NEOEN

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Limited company (société anonyme) with capital of 169,914,996 euros
Headquarters: 6 rue Menars, Paris (75002)
508 320 017 R.C.S. Paris
(the "Company")

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Table des matières

1. BUSINESS REPORT

NEOEN
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MANAGEMENT REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Dear Shareholders,

In accordance with Articles L. 225-100 et seq. of the French Commercial Code, we have called this general shareholders' meeting to report to you on the activity of the Company and its consolidated subsidiaries taken as a whole (hereinafter the "Group") over the fiscal year ended December 31, 2018 and to submit for your approval the corporate and consolidated financial statements for this fiscal year.

The reports of the statutory auditors, the management report and the corporate and consolidated financial statements and other related documents have been made available to you within the timeframes and under the conditions provided for by law for your perusal.

We remind you that on September 12, 2018, the Company changed its corporate form, and therefore we would like to point out that this report covers the entire fiscal year ended on December 31, 2018, including the period from January 1, 2018 to September 12, 2018, during which time the Company was a simplified joint-stock company (société par actions simplifiée).

1.1 BUSINESS ACTIVITIES

1.1.1 General presentation of the Group

1.1.1.1 History

Founded in 2008 under the name Direct Énergie Renouvelable before being re-named Neoen in 2011, from the moment of its creation, the Company's ambition has been to become a key independent player in the renewable generation sector. It quickly built up a significant portfolio of projects in France and saw its commitments take the form of the installation of an initial photovoltaic solar power plant in 2009, followed by the construction of an initial wind farm in 2011. In 2012, the Group won its first solar sector tender in the context of procedures known as "CRE 1" launched by the French Energy Regulator (Commission de Régulation de l'Énergie or "CRE").

2014 was a landmark year for the Group. It saw the coming to fruition of key projects such as the financial and industrial montage for the Cestas solar power plant with installed capacity of 300 MW across 25 plants over approximately 260 hectares (making it the largest photovoltaic plant in Europe) and the operational launch of a large number of solar power projects such as Ygos, Luxey and Geloux in France and Seixal, Cabrela and Coruche in Portugal, as well as the operational launch of the La Montagne wind power project in France. In June that same year, the Group also won its first tender for a solar power project in Central America with the Providencia Solar power plant (75.4 MWp) in El Salvador. The Group continued its progress in 2015 and 2016, winning, in March 2017, the first tranche of the "CRE 4" solar public tenders organised by the Minister of Environment and Energy (86 MW of the 535 MW allocated).

The Group's internationalisation intensified as of 2014 with Australia and El Salvador. Jamaica and Ireland followed in 2016, then Zambia and Finland in 2017. Finally, in 2018, the Group implemented projects in the United States and Mozambique. As of the date of this document, the Group has 16 offices located in 12 countries.

A wholly-owned subsidiary of the Direct Énergie group (controlled in 2008 by the Louis Dreyfus group), the Company then rapidly opened its shareholding structure to other investors. As a sign of the start of a new development phase for the Group, in August 2014, the Company and its long-standing shareholders (Impala and FPCI Capenergie and FPCI Capenergie II, represented by their management company Omnes Capital) signed an investment protocol with FPCI ETI 2020, represented by its management company Bpifrance Investissement, stipulating an investment to be made by FPCI ETI 2020 in the Company's share capital for a total of €25 million, of which one part via the acquisition of shares from FPCI Capenergie and the remainder via the contribution of funds intended for the investment by the Company in new generating capacity. This equity acquisition was completed in October 2014.

Moreover, in order to associate its staff with the results of its business, the Company has opened its share capital to Group employees with several programmes involving the issuance of stock options from 2009 (exercised from 2014) and free share grants from 2015 (vested from 2017).

Finally, from 2015 onwards, the Group diversified its sources of financing by carrying out the issue of its first green bonds in October 2015 in the amount of €40 million, with a maturity of 18 years and non-recourse against the Company, and repayable exclusively through future cash flows generated by a portfolio of 13 solar and wind projects in France and Portugal with total installed capacity of 100 MW.

On October 17, 2018, Neoen completed its initial public offering on Compartment A of the Paris Euronext regulated market. After exercise of the greenshoe option, the size of the transaction was €697 million, making this transaction the largest capital-raising in 2018 on Euronext Paris.

1.1.1.2 Presentation of the Group

Founded in 2008, Neoen is a leading and rapidly growing independent producer of renewable energy, focusing on the production of solar and wind energy, as well as the development of cutting-edge energy storage solutions, in attractive renewable energy markets worldwide. Neoen has established recognised industrial expertise in developing and operating large-scale projects and has built a diversified portfolio of high-quality operating assets together with an extensive and balanced project pipeline. At December 31, 2018, the Group had operations in 12 countries and owned and operated solar, wind power and storage facilities, representing secured capacity ("*secured portfolio*") of 3,156 MW. This *secured portfolio* is broken down into projects *in operation* (1,492 MW), *under construction* (764 MW) and *awarded* (899 MW), along with 15 MW of installed capacity from the Group's biomass plant. Furthermore, the Group had an *advanced pipeline* portfolio corresponding to projects at the *tender-ready and advanced development* phases with capacity of 4,525 MW. To complement this accumulated capacity (*secured portfolio* and *advanced pipeline*) of 7.7 GW, the Group holds over 4 GW of *early stage* projects. At February 28, 2019, the Group had 2,646 MW of assets in operation and under *construction after* giving effect to the entry into construction of 390 MW of previously *awarded projects* on December 31, 2018.

Neoen has created a sound financial foundation over ten years of operation by deploying a proven and scalable business model that has a robust growth trajectory for the future, as the renewable energy sector increasingly competes directly and without subsidy with traditional energy sources.

At December 31, 2018, the Group generated consolidated revenue of €227.6 million, current EBITDA of €174.4 million and a net consolidated income of €13.5 million. For further information on the revenue development, see section 1.2.4.1 “Revenue” of this document.

As part of the assessment and development of solar and wind projects, the Group is focusing on mature, proven and financially viable renewable technologies, which have reached or are close to reaching grid parity, while being technology agnostic (even if the Group is focused on solar and wind power) and by maintaining industrial flexibility. The Group is mainly seeking opportunities through participating in tendering procedures in OECD member countries, and has achieved notable success under these procedures. Its industrial expertise and rigorous financial structuring enable it to target developments of large-scale projects, in addition to smaller projects. The Group invests in the long-term by developing projects, by making their financing secure and by operating them itself (or, in certain cases, by acquiring them, generally before completion of the development), then by selling the electricity produced, mainly under long-term off-take contracts to state players, electricity suppliers and, in certain cases, reliable corporate off-takers. Depending on opportunities and to a lesser degree, the Group also sells, the electricity it produces under short-term contracts on the electricity market (*spot* market).

This approach enables the Group to hold a portfolio of high-quality and diversified assets, most of which it is the sole owner. It benefits from significant visibility of its revenue, thanks to an average remaining term of the off-take contracts of around 15 and a half years at December 31, 2018. At the same date, the off-take contracts signed by the Group for projects in operation, under construction and awarded represented total revenue of €5.7 billion. The Group finances its projects primarily through equity and by long-term non-recourse project financings, for a total amount substantially lower than the revenue generated by the off-take contracts.

The Group's portfolio of assets in operation, at December 31, 2018, included 30 solar assets, 16 wind assets, 2 energy storage facilities and a biomass asset (for a total installed capacity of 1,492 MW, of which 100 MW is the independent energy storage capacity (as opposed to behind the meter energy storage solutions connected to solar or wind energy power plants whose operational capacity on this same date amounted to 6 MW). In addition to these assets, the Group has projects which have not yet gone into operation, presented hereafter:

- Projects *under construction*: 10 solar projects, four wind projects and three storage projects (29 MW/42 MWh) totalling 764 MW;

- Projects awarded: 27 solar projects and five wind projects for a total of 899 MW;
- *Tender-ready* projects: 23 solar projects, 25 wind projects, one biomass project and one energy storage asset totalling 1,204 MW;
- *Advanced development* projects: 64 solar projects, 21 wind projects and four energy storage assets totalling 3,321 MW.

In addition to these various projects under development, the Group has generated over 4 GW of *early stage* projects.

The Group operates on three main business segments:

- ***Solar*** *(segment revenue of €80.3 million and current segment EBITDA of €77.5 million euros for the fiscal year ended December 31, 2018).* In the exercise of its activities relating to solar generation, the Group develops and operates solar plants in a number of countries including the Cestas solar plant in France, which is the largest solar facility in Europe. At December 31, 2018, the Group's portfolio was made up of *40* solar assets *in operation* or *under construction* in Europe - Africa, Americas and Australia, with a cumulative capacity of 1,312 MW, as well as 27 *awarded* projects with a cumulative installed capacity of 819 MW. The Group is continuing to develop a *pipeline* of 87 solar projects, with an additional potential production of 3,116 MW, including 23 *tender-ready* projects (812 MW) and 64 *advanced development* projects (2,304 MW).

- ***Wind*** *(segment revenue of €108.5 million and current segment EBITDA of €91.8 million for the fiscal year ended December 31, 2018).* In the exercise of its activities related to wind, the Group develops and operates wind farms to date located in France, Australia and Finland. At December 31, 2018, the Group's portfolio was made up of 20 wind farms *in operation* or *under construction*, with a cumulative capacity of 794 MW, as well as five *awarded* projects with a cumulative installed capacity of 81 MW. The Group is continuing to develop a *pipeline* of 46 solar projects, with an additional potential production of 1,040 MW, including 25 *tender-ready* projects (382 MW) and 21 advanced development projects (658 MW).

- ***Storage*** *(segment revenue of €17.9 million and current segment EBITDA of €14.2 million for the fiscal year ended December 31, 2018).* This business segment only includes independent storage plants directly connected to the grid (as opposed to behind the meter solutions whose action is connected, upstream of the grid, to the energy generation activity of the solar power plants or wind farms). At December 31, 2018, the Group's portfolio was made up of five storage plants in operation or under construction, with a cumulative capacity of 135 MW/172.2 MWh. The Group is continuing to develop a pipeline of 5 storage plants, with an additional potential production of 364 MW, including one tender-ready project (4 MW) and four advanced development projects (360 MW).

Finally, the Group is the majority shareholder of an operational wood biomass co-generation plant in France. This co-generation plant has an installed capacity of 15 MW of electrical energy and 48.5 MW of thermal energy, sold to a private off-taker[1]. It generated revenue of €20.6 million and a current EBITDA of €7.1 million for the fiscal year ended December 31, 2018. Neoen does not consider this activity to be strategic and does not intend to further develop it

The Group focuses on organic growth through a multi-local "leadership" by which it obtains projects mainly through its own local teams and aims at becoming the leader on its target markets. These local teams set up productive partnerships and analyse market requirements in selected and promising regions. The Group up to now has focused, and intends to continue to focus, on OECD countries; operations in

[1] The Group also has a tendered biomass electricity project with a capacity of 5 MW.

these countries account for 93% of its consolidated revenue in 2018 and 93% of its entire operational portfolio. The teams acquire good knowledge of the particular features of each market, take up the project structuring processes proven on these markets and find new optimisation methods to increase the Group's local competitiveness. This approach enables the Group to obtain better sales terms from its suppliers, reduce the cost of capital and gain credibility as the Group becomes established on the local market, particularly by delivering projects on time and to budget. Furthermore, these economies of scale, the improvement in the procurement conditions from suppliers and the optimised execution of the Group's projects are expressed by more competitive off-take prices, which reduces the risk of payment default or an attempt to renegotiate prices by the counterparties to the electricity purchase contracts. The main regions ("clusters") in which the Group operates are the following:

- *Europe – Africa*: the Group has operations in France (where it is the leading independent producer of solar energy and the leading independent producer of exclusively renewable energy overall, taking into account its awarded projects in Portugal, Finland and Zambia (where it is the leading independent producer of exclusively renewable energy and the commissioning of the project was underway at the time of writing) and in Mozambique and Ireland (projects under development);
- *Australia*: the Group is the leading independent producer of exclusively renewable energy in Australia;
- *Americas*: the Group is established in El Salvador (where it is the leading independent producer of exclusively renewable energy) and it was awarded projects, through tenders, in Mexico, Argentina and Jamaica (where it is the leading independent producer of solar energy and the leading independent producer of exclusively renewable energy). Furthermore the Group has projects in development in the US.

The Group intends to focus and increase its presence in the three foregoing regions ("clusters"), while reinforcing its presence in a timely and gradual way, on other markets or by penetrating new ones, while retaining its multi-local leadership approach.

1.1.2 Competitive environment

The renewable energy market is still very open and fragmented, composed in many countries of actors of all sizes. There are historical national electricity utilities that have driven renewable solutions in their energy mix. Some of these traditional players, which were already regional or global leaders in electricity and have long since emerged from their domestic market, have developed a know-how in renewable energies and have dedicated subsidiaries abroad (EDP Renováveis, EDF Energies Nouvelles, Enel, Engie). In addition, there are international players specialising in renewable energies, such as the Group and Scatec, Falck, Voltalia and Boralex. And there are also small players operating locally, although they are decreasing. It should also be noted that these international or local renewable energy actors ("IPP", *Independent Power Producers*) are sometimes bought out by large integrated energy groups (Terraform Power acquisitions in 2018, Solairedirect by Engie in 2016, Equis Energy by GIP in 2017, Alterra Power by Innergex in 2018). Some of the global energy *leaders*, especially in the oil & gas sector (Total, Shell, Statoil, Repsol) are looking to anticipate the impact of the energy transition (for example, Total's acquisition of Saft and Direct Energie, which is competing with the Group in France through its subsidiary Quadran, in 2018).

The Group is an independent power producer of renewable energy (IPP) exclusively and it is the first among its peers in Australia, El Salvador, Jamaica, Zambia and in France, where it is the leading independent producer of solar energy and the second largest independent renewable energy producer as a whole, taking into account its "awarded" projects.

The award of projects is increasingly competitive. 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. Lastly, access to financing on acceptable terms and financial soundness (tested in the form of bid bonds where appropriate), 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.

Combined with market fragmentation, these barriers should contribute to a consolidation environment. Added to this is the growing interest of investors in holding renewable asset portfolios and the desire of the historic players in electricity, but also more broadly in the energy sector, to rapidly make their energy mix evolve.

1.1.3 Detailed presentation of business activities

1.1.3.1 Operating segments

The Group has three main sectors of activity within the field of renewable energies: solar, wind and storage (the latter being complementary to the first two), which represented 35%, 48% and 8%, respectively, of the Group's revenue in the year ended December 31, 2018. The Group also has a fourth business segment, biomass, which consisted of a single asset at the end of 2018, the cogeneration wood biomass plant Biomasse Energie de Commentry ("BEC"), which constituted 9% of the Group's consolidated revenue at the end of 2018.

The Group aims to keep its assets and development pipeline diversified principally between solar and wind energy, though it primarily focuses on developing solar projects outside of its primary wind energy markets in France and Australia due to, in particular, the shorter development periods for solar projects. The Group does not plan to further develop the biomass activity and may consider divesting its biomass asset in the future.

(i) Solar

The table below sets forth key financial and operating data for the Group's solar segment by geography as of December 31, 2018:

Consolidated solar operating and financial data breakdown by region						
Region	**Number of assets in operation as of 12.31.2018**	**Revenue from assets in operation in 2018**	**Installed peak capacity of assets in operation (MW)**	**Average availability of assets in operation in 2018**	**Number of assets under construction as of 12.31.2018**	**Installed peak capacity of assets under construction (MWp)**
Europe - Africa	23	€39.9M	451	99.0%	7	110
Australia	5	€20.4M	336	98.7%	1	128
Americas	2	€16.4M	101	99.2%	2	192
Total	**30**	**€80.3M**	**888**	**98.9%**	**10**	**430**

(ii) Wind

The table below sets forth key financial and operating data for the Group's wind segment by geographical region as at December 31, 2018

Consolidated wind operating and financial data breakdown by region						
Region	**Number of assets in operation as of 12.31.2018**	**Revenue of assets in operation in 2018**	**Installed capacity of assets in operation (MW)**	**Average availability of assets in operation in 2018**	**Number of assets under construction as of 12.31.2018**	**Installed capacity of assets under construction (MW)**
Europe - Africa	16	€29.3M	172	98.7%	3	111
Australia	3	€79.2M	317	99.1%	1	214[(1)]
Americas	-	-	-	-	-	-
Total	**19**	**€108.5M**	**489**	**99.0%**	**4**	**325**

(1) Of which, 20 MW for storage

(iii) Storage

Energy storage occupies an important place in the Group's business to support the growth of its solar and wind activities. In addition to providing other important functions, services and independent revenue streams.

Neoen believes that energy storage will increasingly develop into a significant and essential part of renewable energy infrastructure. In this sense, 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 that this requirement will become more common. As at the date of this document, the Group operates two independent energy storage facilities (directly connected to the grid): Hornsdale Power Reserve in Australia and Azur Stockage in France. It also operates a storage solution connected to the DeGrussa solar plant in Australia.

Finally, the Bulgana wind farm in Australia and the Capella solar park in El Salvador, which are *under construction* will integrate an energy storage facility.

(iv) Biomass

The Group's biomass segment consists of a biomass plant located in France owned by Biomasse Energie Commentry ("BEC").

The Group does not plan to expand its biomass investment beyond BEC and is considering strategies for eventually disposing of the asset to rationalize its segments and operations.

1.1.3.2 Geographic Footprint

As at the date of this document, the Group operates in twelve countries across the world: France, Australia, El Salvador, Portugal, Zambia, Mozambique, Argentina, Mexico, the United-States, Finland, Colombia et Jamaica. It intends to expand into target regions, in line with its cluster strategy, within regions that meet the Group's criteria. The Group has also diversified its geographic presence over time, while maintaining a general balance of at least 80% of its installed capacity in OECD countries and no more than 20% in non-OECD countries. The Group's goal is to continue expanding selectively and respecting this balanced exposure.

The following table breaks down the Group's electricity production in GWh by geographic cluster as of December 31, 2018:

Production in GWh at December 31, 2018				
Region	Solar	Wind	Biomass	Total
Europe – Africa	248	342	95	685
Australia	320	1,081	-	1,400
Americas	172	-	-	173
Total	**740**	**423**	**95**	**2,258**

1.1.3.3 Customers

While the end users of the electricity provided by Neoen include the public and various types 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 specialized energy companies, to corporate 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, 2018:

Off-taker Type	**Capacity (MW)**	**%**
Utilities	1,823	58%
Public administration	839	27%
Corporate off-takers	124	4%
Merchant	370	12%
Total	**3,156**	**100%**

As at December 31, 2018, the Group's four main purchasers, which together represented over 75% of the total capacity in operation, had *investment grade* ratings at that date. Approximately 80% of the Group's total secured capacity is attributed to "investment-grade" buyers.

The following table shows the Group's main clients, broken down by capacity in operation as at December 31, 2018:

Off-taker	**Country**	**Capacity (MW)**	**%**
EDF OA	France	559	40.1%
Simply Enery (Engie Group)	Australia	212	14.2%
Australian Capital Territory (ACT)	Australia	204	13.7%
Energy Australia	Australia	132	8.8%
Other	-	199	13.3%
Market	-	146	9.8%
Total		**1,492**	**100%**

1.2 RESULTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

1.2.1 Key events

1.2.1.1 Initial public offering

On October 17, 2018, Neoen successfully completed its initial public offering (IPO) on Compartment A of the Paris Euronext regulated market. The offering price was set at €16.50 euros per share, valuing the Group at just over €1.4 billion. In particular, this operation, enabled it to raise €450 million through the issue of new shares (from a total of €697 million raised, greenshoe option included). This entire amount will be allocated to the Group's ongoing development through the commissioning of new renewable energy production facilities. As a reminder, the Group aims to have installed and under construction capacity of at least 5 GW by 2021.

It should be noted that Impala, the Group's long-standing majority shareholder, injected almost €170 million into this operation so as to maintain control of the Group.

On December 3, 2018, Neoen entered into a liquidity contract with Kepler Chevreux. This contract complies with the Ethics Charter recognised by the French Financial Markets Authority (Autorité des Marchés Financiers - AMF).

1.2.1.2 Development

Neoen continued its international expansion, concentrating initially on the countries in which the Group already operates, and on countries within the same clusters in Europe - Africa, Australia and the Americas, identifying opportunities and establishing project feasibility.
The Group's portfolio has thus grown in volume, with 1,993 MW of new projects over the period (net of abandoned projects and excluding "early stage" projects), of which 19 MW are attributable to an adjustment of the capacityof projects in development.

In the Americas, the Group continued its development over the year: projects amounting to 556 MW, all technologies combined, were added to the portfolio. This enabled Neoen to consolidate the Americas as its third main growth hub, after Australia and Europe - Africa.

Australia is the largest region in terms of megawatts secured. This growth is indicative of the success of Neoen's international development. A number of projects totalling 1,100 MW, comprising 350 MW of storage and 750 MWp of solar power were added to the Group's portfolio this year.

In Europe - Africa, 369 MW of projects were added to the portfolio in France, 113 MW in Finland and 16 MW in Ireland. With five solar projects secured for a total capacity of 66 MW, Neoen also won France's first bi-technological tender, the results of which were announced in November: these projects thus progressed from "*tendered*" status, to "*awarded*" status.

In Mozambique at the end of 2018, Neoen signed a 30-year concession agreement on its solar plant in Metoro. Metoro, at 41 MWp, is currently the largest solar plant under development in Mozambique.

These benefits were offset by abandoned projects representing (160) MW.

1.2.1.3 Construction

In Australia, the 194 MW Bulgana wind project entered its construction phase in March. In addition to this 194 MW of wind capacity is a 20 MW / 34 MWh of lithium-ion battery storage facility using batteries provided by Tesla. This will be used to stabilise the electricity supply of a greenhouse farm to be built by Australian company Nectar Farms. The remainder of the electricity and the green certificates will be sold to the State Government of Victoria under a 15-year Power Purchase Agreement (PPA).

Construction began on solar project Numurkah, with a 128 MWp capacity, in August.

Construction also began in France on solar projects won as part of the CRE 3 call for tenders (Lugos, Miremont, Bram, Saint-Avit), as well as some of the projects won as part of the CRE 4 call for tenders (Azur Est, Azur Sud, Cap Découverte 4 bis, Corbas, Saint-Eloy). These projects should generate a total of 78 MWp.
Wind power projects Auxois Sud II and Les Hauts Chemins, representing 16 MW and 14 MW respectively, entered their construction phases in February and August 2018.
Following the success of the Hornsdale Power Reserve storage project in Australia, Neoen has continued its pioneering work in this field, developing opportunities in regions in which the Group currently operates and notably in France, where Neoen began construction on the largest stationary power storage unit in November (Azur Stockage 6 MW/6 MWh).

In Finland, construction began on wind project Hedet (81MW) at the end of 2018.

Over the next 10 years, Google will buy 100% of the green energy produced by this wind farm, which is 80% owned by Neoen and 20% by Prokon Finland.

In Jamaica, solar project Paradise Park entered into construction in June 2018, for 52 MWp capacity.

In El Salvador, construction began in December 2018 on the 140 MWp Capella Solar project. This plant will be connected to a 3 MW/1.8 MWh battery system.

1.2.1.4 Financing

In May 2018, Neoen, majority shareholder in the project, completed the financial closing of its Jamaican solar farm with Proparco and FMO. This project represents a total investment of USD64 million.

In June 2018, Neoen launched a crowdfunding campaign to help finance the projects it won as part of the CRE 4 call for tenders. The Commission de Régulation de l'Energie ("CRE") allows producers using crowdfunding to finance renewable energy projects to benefit from a subsidised feed-in tariff. The Cap Découverte 4 bis solar plant was the first Neoen project to have used crowdfunding.

In October 2018, Neoen launched a crowdfunding campaign for the two phases of the Corbas plant (Corbas 1 and 3), a series of solar shade structures in the communes of Corbas and Saint-Priest, near Lyon, and the Azur Est ground solar plant, in Nouvelle Aquitaine.

In November 2018, Neoen concluded the USD133 million financing for Capella Solar, the 140 MWp solar park in El Salvador, with FMO, BID Invest and Proparco. Wholly-owned by Neoen, Capella Solar is due to become operational in early 2020. This investment amount includes the cost of a 3 MW / 1.8 MWh LG Chem lithium-ion battery installed by Nidec.

1.2.1.5 Operation

In Australia, the three New South Wales projects chosen as part of the ARENA call for tenders (Australian Renewable Energy Agency), Parkes, Griffith and Dubbo, entered into operation during the first and second quarters of 2018. These three projects represent a total of 131 MWp.
The Coleambally solar farm commenced operations in the fourth quarter of 2018. With installed capacity of 189 MWp, Coleambally is wholly owned by Neoen and is now the largest solar farm in operation on Australian soil.

In December 2018, Neoen celebrated the first operational anniversary of its Hornsdale Power Reserve storage unit, whose performance is exceeding expectations. Notably, the study carried out by independent expert Aurecon shows that Hornsdale Power Reserve (HPR) has contributed to the generation of almost AUD40 million in savings, substituting more costly and less responsive alternatives and providing frequency support to steady the grid.

In France, the Champs d´Amour (9 MW), Pays Chaumontais (14 MW) and Chassepain (20 MW) wind farms, and the Lugos solar plant (12 MWp) became operational in January, April and June.

Solar plants Lagarde d'Apt (7 MWp), Cap Découverte 4 bis (5 MWp) and Bram (5 MWp) entered into operation during the second half of the year.

As at December 31, 2018, Neoen had increased its operational asset base by 391 MW to 1.492 MW.

A non-controlled asset is a project in which the Group has a minority and non-controlling interest but for which it oversees operations: the only plants concerned are some of those in the Cestas solar park, for regulatory reasons, and one plant in Portugal (Seixal), of which it owns 50%.

1.2.1.6 Acquisitions / M&A

During the first half of the year, the Group acquired the project company Hedet Vindpark. This transaction, recorded under intangible assets, has enabled Neoen to acquire projects in development. These are subject to straight-line depreciation at the same rate as the plants to which they are linked.

During the second half of 2018, the Group sold the Melissa and Manosque Ombrière solar plants.
In 2018, the Group increased its stakes in Field Fare Argentina and Altiplano Solar (Argentina), and Jiboa Solar and Capella Solar (El Salvador) to 100%.

1.2.2 Key performance indicators

The Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The Group has applied IFRS 9 retrospectively since January 1, 2018 with cumulative adjustments recognised in opening equity without restatement of comparative information. As regards the modifications of liabilities for which the standard does not provide for any specific transitional arrangement, the modification of the comparative information has been applied. The impact of the restatement of the debt renegotiation for the 2017 fiscal year is presented in note 3.a of the notes to the consolidated financial statements.

The consolidated financial statements for the fiscal year ended December 31, 2018 have been audited by the Company's Statutory Auditors and are presented in their entirety in Chapter 5 of this document.

1.2.2.1 Selected financial information from the Group consolidated income statement

In millions of euros	**12.31.2018**	**12.31.2017**	**Var**	**Var en %**
Contract energy revenues	*194.6*	*119.4*	*75,1*	*+ 63%*
Merchant energy revenues	*27.8*	*16.2*	*11.6*	*+ 72%*
Other revenues	*5.3*	*3.7*	*1.6*	*+ 43%*
Revenues	**227.6**	**139.3**	**88.3**	**+ 63%**
Current EBITDA (1)	**174.4**	**102.2**	**72.2**	**+71%**

Current EBITDA margin	***76.6%***	***73.4%***		
Current operating income	**109.0**	**60.7**	**48.2**	**+ 79%**
Other Non-Current Operating Income and Expense	(7.3)	(4.0)	(3.3)	+ 84%
Non-current amortisation and provisions	1.5	(3.0)	4.6	NA
Operating Income	**103.2**	**53.7**	**49.5**	**+ 92%**
Net Financial Expense	(73.9)	(36.4)	(37.5)	NA
Profit (loss) before tax	29.3	17.3	11.9	+ 69%
Income tax	**(15.7)**	**(6.9)**	**(8.9)**	**NA**
Net income from continuing operations	13.5	10.4	3.1	+ 30%
Consolidated net income	**13.5**	**10.4**	**3.1**	**+ 30%**
Of which net income (Group share)	*12.4*	*12.5*	*(0.1)*	*(1)%*
Of which net income (non-controlling interests)	*1.2*	*(2.0)*	*3.2*	*NA*

[1]Current EBITDA corresponds to current operating income adjusted for depreciation, amortisation and provisions.

1.2.2.1 Selected financial information broken down by operating segment and by region

Revenues

(In millions of euros)		12.31.2018	12.31.2017	Change	Change in %
Europe – Africa					
	Wind	29.3	19.1	10.2	+53%
	Solar	39.9	41.2	(1.3)	(3)%
	Biomass	20.6	7.6	13.0	N/A
		89.9	***67.9***	***21.9***	***+32%***
Americas					
	Solar	16.4	12.3	4.1	+33%
		16.4	***12.3***	***4.1***	***+33%***
Australia					
	Wind	79.2	53.5	25.6	+48%
	Solar	24.0	2.5	21.6	N/A
	Storage	17.9	0.6	17.4	N/A
		121.1	***56.6***	***64.6***	***N/A***
Development and investment (1)		***63.1***	***48.6***	***14.5***	***+30%***
Eliminations (2)		(62.9)	(46.1)	(16.8)	+36%
Total		**227.6**	**139.3**	**88.3**	**+63%**

(1) Substantially all of the revenues from this segment are earned by sales to other entities within the Group and are eliminated upon consolidation, with the exception of amounts charged to entities that are not fully consolidated by the Group.
(2) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen SA to its project companies both with regard to the development and the administrative supervision and management of plants.

Current EBITDA (1)

(In millions of euros)		12.31.2018	12.31.2017	Change	Change in %
Europe – Africa					
	Wind	23.0	14.5	8.5	+59%
	Solar	33.8	33.2	0.6	+2%
	Biomass	7.1	0.7	6.4	N/A
		63.9	***48.3***	***15.6***	***+32%***
	As a % of revenue	*71%*	*71%*		
Americas					
	Solar	11.7	8.4	3.3	+39%
		11.7	***8.4***	***3.3***	***+39%***
	As a % of revenue	*71%*	*68%*		
Australia					
	Wind	68.8	45.1	23.7	+53%
	Solar	32.0	10.2	21.8	N/A
	Storage	14.2	0.4	13.8	N/A
		115.0	***55.7***	***59.3***	***+107%***
	As a % of revenue	*95%*	*98%*		
Development and investment (2)		***10.9***	***7.9***	***3.0***	***+38%***
	As a % of revenue	*17%*	*16%*		
Eliminations (3)		(27.1)	(18.1)	(9.0)	+50%
Total		**174.4**	**102.2**	**72.2**	**+71%**

(1) Current EBITDA corresponds to current operating income adjusted for current depreciation, amortisation and provisions.
(2)Substantially all of the revenues from this segment are earned by sales to other entities within the Group and are eliminated upon consolidation, with the exception of amounts charged to entities that are not fully consolidated by the Group.
(3) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen SA to its project companies both with regard to the development and the administrative supervision and management of plants.

1.2.2.2 Selected financial information from the Group consolidated balance sheet

(In millions of euros)	**12.31.2018**	**12.31.2017**	**Change**	**Change in %**
Total non-current assets	**1,982.0**	**1,472.0**	**509.9**	**+ 35%**
Of which intangible assets	*121.7*	*105.0*	*16.6*	*+ 16%*
Of which property, plant and equipment	*1,702.7*	*1,249.2*	*453.5*	*+ 36%*
Total current assets	**586.9**	**337.0**	**249.9**	**+ 74%**
Of which cash and cash equivalents	*503.8*	*260.0*	*243.8*	*+ 94%*
Total assets	**2,568.9**	**1,809.0**	**759.9**	**+ 42%**
Total equity	**655.3**	**177.5**	**477.7**	**+ 269%**
Total non-current liabilities	**1,607.3**	**1,260.7**	**346.6**	**+ 27%**
Of which project financing – non-current	*1,511.8*	*1,200.9*	*310.9*	*+ 26%*
Of which corporate financing – non-current	*13.9*	*15.3*	*(1.4)*	*(9) %*
Of which non-current derivative financial instruments	*33.3*	*17.5*	*15.8*	*+ 90%*
Deferred tax liabilities	*37.8*	*21.2*	*16.6*	*+ 78%*
Total current liabilities	**306.3**	**370.8**	**(64.5)**	**(17)%**
Of which project financing – current	*122.5*	*95.0*	*27.6*	*+ 29%*
Of which corporate financing - current	*2.2*	*63.2*	*(60.9)*	*(96)%*
Of which current derivative financial instruments	*7.1*	*7.4*	*(0.3)*	*(4)%*
Of which trade payables	*136.5*	*157.4*	*(20.8)*	*(13)%*
Of which other current liabilities	*37.9*	*47.9*	*(10.0)*	*(21)%*
Total liabilities	**2,568.9**	**1,809.0**	**759.9**	**+ 42%**

1.2.2.3 Selected financial information from the Group consolidated cash flow statement

(In millions of euros)	**12.31.2018**	**12.31.2017**	**Change**	**Change in %**
Net cash flow from operating activities	156.5	75.4	81.1	+ 108%
Net cash flow from investment activities	(532.1)	(483.2)	(48.9)	+ 10%
Net cash flow from financing activities	624.8	573.9	50.9	+ 9%
Effect of exchange rate fluctuations	(5.1)	(5.0)	(0.0)	+ 0%
Net change in cash and cash equivalents	**244.1**	**161.0**	**83.1**	**+ 52%**

The Group presents, in addition to IFRS measures, several supplementary indicators including (i) current EBITDA, (ii) net debt and (iii) gearing ratio. These are not indicators provided for under IFRS and do not carry standard definitions. Consequently, the definitions used by the Group may not correspond to definitions of these same terms by other companies. These measures must not be used to the exclusion or substitution of 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)	**12.31.2018**	**12.31.2017**	**Change**	**Change in %**
Current operating income	**109.0**	**60.7**	**48.2**	**+ 79%**
Depreciation and amortisation	(65.4)	(41.5)	(23.9)	+ 57%
Current EBITDA (1)	**174.4**	**102.2**	**72.2**	**+ 71%**

(1) See paragraph 1.2.3 "Segment results" of this document for a detailed definition of current EBITDA, as well as a presentation and calculation of current EBITDA by segment.

Net debt

(In millions of euros)	**12.31.2018**	**12.31.2017**
Total financial debt *[(1)]*	**1,690.8**	**1,399.2**
Minority investors and others *[(2)]*	(45.4)	(90.4)
Total adjusted financial debt	**1,645.4**	**1,308.8**
Total cash and cash equivalents	(503.8)	(260.0)
Security deposits *[(3)]*	(97.8)	(66.8)
Derivative instrument assets – hedging effect *[(4)]*	(5.8)	(6.1)
Other receivables *[(5)]*	0.0	(4.9)
Total net debt	**1,037.9**	**970.9**

[(1)] Rent liabilities are included in the calculation of net debt, as regards a current EBITDA which does not include the rent expenses (application of IFRS 16).
*[(2)] Includes shareholder loans granted to project companies or project holding companies by minority shareholders. Refer to [section 1.3.1.8 "*Minority investors and others *"] of this document.*
[(3)] Mainly includes deposits associated with debt service reserve accounts for bank loans on production assets.
[(4)] Derivative instruments hedging interest rate risk with positive market values. Interest rate risk hedging instruments with a negative market value appear under Total financial debt.
[(5)] At December 31, 2017, other receivables comprised funds drawn under project financing and made available to project companies but which have not yet been used to make payments pending receipt of invoices from Biomasse Energy Commentry.

Gearing ratio

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

	12.31.2018	**12.31.2017**
Gearing ratio	6.0x	9.5x

1.2.2.4 Information on key operating data

	12.31.2018
Total MW in operation [(1)]	**1,492**
Europe - Africa	639
Americas	101
Australia	753
Total MW under construction [(1)]	**764**
Europe - Africa	227
Americas	195
Australia	342
Total MW of « ***awarded*** **» projects** [(1)]	**899**
Europe - Africa	316
Americas	583
Australia	0
Total MW of « ***secured portfolio*** **»**	**3,156**
Total MW of « ***tender-ready*** **» and «** ***advanced development*** **» projects** [(1)]	
Europe - Africa	1,244
Americas	1,613
Australia	1,668
Total MW of « ***advanced pipeline*** **»**	**4,525**
Total MW of projects in early stage phase ≥ 4 GW	

(1) *For a definition of the various stages of development of the Group's projects, please refer to the glossary in this document*

Residual PPA – solar (years) (weighted by MWp)	
Europe - Africa	16.0
Americas	15.9
Australia	13.9
Residual duration	**15.3**

Residual PPA – wind (years) (weighted by MW)	
Europe - Africa	14.1
Americas	NA
Australia	18.0
Residual duration	**16.4**

Average availability of assets in operation – solar (%)	
Europe - Africa	99.0%
Americas	99.2%
Australia	98.7%

Average availability of assets in operation – wind (%)	
Europe - Africa	98.7%
Americas	NA
Australia	99.1%

1.2.3 Segment Results

Revenue

(In millions of euros)		**12.31.2018**	**12.31.2017**	**Change**
Europe – Africa				
	Wind	29.3	19.1	+10.2
	Solar	39.9	41.2	(1.3)
	Biomass	20.6	7.6	+13.0
		89.9	***67.9***	***21.9***
Americas				
	Solar	16.4	12.3	+4.1
		16.4	***12.3***	***+4.1***
Australia				
	Wind	79.2	53.5	+25.6
	Solar	24.0	2.5	+21.6
	Storage	17.9	0.6	+17.4
		121.1	***56.6***	***+64.6***
Development and investment		***63.1***	***48.6***	***+14.5***
Eliminations(1)		*(62.9)*	*(46.1)*	*(16.8)*
Total		**227.6**	**139.3**	**+88.3**

(1) *Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen SA to its project companies both with regard to the development and the administrative supervision and management of plants.*

Current EBITDA

(In millions of euros)		**12.31.2018**	**12.31.2017**	**Change**
Europe – Africa				
	Wind	23.0	14.5	+8.5
	Solar	33.8	33.2	+0.6
	Biomass	7.1	0.7	+6.4
		63.9	***48.3***	***+15.6***
	As a % of revenue	*71%*	*71%*	
Americas				
	Solar	11.7	8.4	+3.3
		11.7	***8.4***	***+3.3***
	As a % of revenue	*71%*	*68%*	
Australia				
	Wind	68.8	45.1	+23.7
	Solar	32.0	10.2	+21.8
	Storage	14.2	0.4	+13.8
		115.0	***55.7***	***+59.3***
	As a % of revenue	*95%*	*98%*	
Development and investment		***10.9***	***7.9***	***+3.0***
Eliminations[1]		*(27.1)*	*(18.1)*	*(9.0)*
Total		**174.4**	**102.2**	**+72.2**

(1) Eliminations mainly relate to the cancellation of invoices for services rendered by Neoen SA to its project companies both with regard to the development and the administrative supervision and management of plants.

1.2.3.1 Europe – Africa

Revenues

Revenue for the Europe – Africa region totalled €89.9 million at December 31, 2018, compared with €67.9 million at December 31, 2017, an increase of €21.9 million or 32%, owing to:

- the €10.2 million increase in wind revenues, mainly attributable to the rise in production resulting from newly-operational assets in 2018 (Champs d'Amour, Pays Chaumontais and Chassepain), as well the effect of a full year of operations in 2018 at the Vallée de Grillons and l'Osière plants, which became operational in 2017;
- the €13 million increase in biomass revenues, resulting from the operation of the Commentry plant throughout 2018;
- the €1.3 million decline in solar revenues, mainly due to lower irradiation in 2018. This effect was offset in part by the newly operational facilities (Lugos and Lagarde d'Apt) in 2018.

Current EBITDA

Current EBITDA for the Europe – Africa region stood at €63.9 million at December 31, 2018, against €48.3 million at December 31, 2017, an increase of €15.6 million owing to:

- the €8.5 million increase in wind current EBITDA attributable to the full-year operation of new farms;
- the €6.4 million increase in biomass current EBITDA, generating EBITDA of €7.1 million at December 31, 2018 and attributable to the Commentry plant which had completed its first full-year of operation.

At December 31, 2018, the current EBITDA margin generated by the Europe – Africa region remained stable at 71% of revenues for this region.

1.2.3.2 Americas

Revenues

Revenues for the Americas totalled €16.4 million at December 31, 2018, compared with €12.3 million at December 31, 2017, an increase of €4.1 million, linked to the solar energy revenues from the full-year operation of the Providencia park in El Salvador.

Current EBITDA

Current EBITDA for the Americas stood at €11.7 million at December 31, 2018, against €8.4 million at December 31, 2017, an increase of €3.3 million, attributable to the full-year operation of the Providencia solar park.

At December 31, 2018, the current EBITDA generated by the Americas rose to 71% of revenues generated by this region, compared with 68% at December 31, 2017.

1.2.3.3 Australia

Revenues

In 2018, revenues in Australia increased by €64.6 million. This performance is due to the growth in energy revenues (+€47.2 million) resulting from:

- the full-year operation of certain plants, including the Hornsdale 3 and Hornsdale 2 wind farms;
- the commissioning of the Parkes, Griffith, Dubbo and Coleambally solar plants;
- the higher energy production of the DeGrussa solar park in 2018, which had been affected by a power down in 2017;
- the growth in the storage business (+€17.4 million) resulting from the commissioning of the Hornsdale Power Reserve battery in December 2017.

Current EBITDA

Australia's current EBITDA stood at €115 million at December 31, 2018, an increase of €59.3 million compared with December 31, 2017.

This was mainly due to:

- the increased production at the Hornsdale 2 and 3 wind farms due to their full-year operation;
- the commissioning of the Parkes, Griffith, Dubbo and Coleambally plants, as well as the €7.1 million of compensation received for the loss of revenue associated with their delayed commissioning;
- the entry into service of the Hornsdale Power Reserve storage unit (including the impact of the drop in charges for the Group's frequency control services due to lower market prices for frequency control services owing in particular to its becoming operational).

At December 31, 2018, current EBITDA generated by Australia stood at 95% of revenues generated by this region, compared with 98% at December 31, 2017. These 2017 and 2018 margins were notably affected (positively) by indemnities received and not recognised as revenue, and by the share of market sales or short-term PPAs at higher prices than long-term PPAs.

1.2.3.4 Development and investment

Revenues

Revenue rose by €14.5 million between 2017 and 2018. This reflects the sustained growth in development activity and construction compared with the previous fiscal year.

Current EBITDA

Current EBITDA was up €3 million, which reflects a continuation of business growth. At December 31, 2018, current EBITDA for the Development and investment business represented 17% of revenue generated by this business, compared with 16% at December 31, 2017.

1.2.4 Analysis of the income statement

The presentation and notes on the consolidated income statement for 2018 and 2017 are broken down into two levels of analysis for revenue and current EBITDA: the first covers the Group as a whole and the second covers the different segments (Europe – Africa, Americas and Australia, by activity: wind, solar, storage and biomass; and Development and investment by central activities). Operating Income and net income are subject to a general analysis.

In 2018, taking account of its strategic opportunities, the Group made changes to its segment reporting and now presents certain storage activities separately. These were previously included as part of the "solar" and "wind" activities. The business segments used by the Group are detailed in Notes 3.w and 5 of the Notes to the consolidated financial statements for the 2018 fiscal year.

The Group's results are affected by variations in foreign exchange rates. For details of the Group's exposure to exchange rate risk, see 1.5.1.3 "*Exchange Rate Risk*" of this document.

1.2.4.1 Revenues

(i) Structure of the Group's revenue

At December 31, 2018, contract energy revenue represented 85% of revenues, compared with 86% at December 31, 2017, stable over the period. This enabled the Group to benefit from significant visibility on its revenues, given the average remaining term of the off-take contracts of approximately 15.6 years.

The Group also carries out merchant energy sales, where opportunities arise. These represented 12% of revenues at December 31, 2018, unchanged from 2017.

Furthermore, over the period, the Group strengthened its efforts in the field of storage technology which, at December 31, 2018, had become a separate business in terms of independent batteries, i.e. those directly linked to networks, representing 8% of revenue.

Lastly, and to a lesser extent, the Group supplies project companies with project development and other services, such as administrative supervision and management.

The Group is present in three geographical regions ("clusters"): Europe – Africa, Americas and Australia.

Energy generation revenues

Energy generation revenues are a function of the volume of electricity generated and the average sale prices per MWh sold.

- *Key factors with an impact on power generation revenues*

    - *Demand for renewable energy*. Worldwide demand for renewable energy has grown rapidly over the last decade, driven by government policies promoting clean energy and cost reductions that have made it more competitive.

    - *Off-take prices and contract structure.* The Group recognises revenue from the energy it generates on a per megawatt hour basis based on the energy produced and sold by the Group's generating facilities. The average price per MWh changes in accordance with contract and merchant sales completed, the technological mix and the geographical mix (presented above). The average price per MWh the Group realizes in a given period is affected by a number of factors including*:*

- *Electricity sold pursuant to Feed-in-Tariffs, long-term PPAs* or CfDs *(Contract for difference) awarded following a tender process, and short-term PPAs.*

- *"Merchant revenues" for electricity sold at wholesale and spot-market* rates.

  At December 31, 2018, the Group's merchant revenues (i.e. revenue from *the spot market*) represented only a small percentage of total power generation revenues. The Group's objective is for merchant revenues not to exceed 20% of its total annual energy revenues. See paragraph 1.5.1 "*Risks relating to the Group's business*" of this document.

  The following table summarises the Group's merchant revenues and the percentage they represent of total revenues for the periods indicated.

	Fiscal year ended December 31,	
	2018	**2017**
Merchant revenues (in € millions)		
Total	27.8	16.2
% of the Group's total revenues	12.2%	11.6%

  The amount of revenue earned in wholesale spot market sales depends on the MWh sold and the average prices received. Wholesale market rates can vary widely depending on the time of day, the price and level of other generation sources available and other factors that affect supply and demand in the wholesale market.

- *Factors affecting the Volume of Electricity Sold by the Group*

The following table summarises the volume of energy sold by the Group's generating assets.

	At December 31	
Electricity sold (in GWh)	**2018**	**2017**
Solar	740	390
Wind	1,423	930
Biomass (1)	95	39
Total	**2,258**	**1,359**

(1) Electricity generation only. The increase is due to the full operation of the Commentry biomass plan throughout the 2018 fiscal year.

The main factors affecting the volume of electricity generated by the Group in a given period include additions to generation capacity, resource variability and factors affecting project operations such as generation asset availability and performance.

- *Additions to generation capacity.* The total nominal capacity of the Group's assets in ("operation") has increased from 1,101 MW at the end of 2017 to 1,492 MW at the end of 2018. As new generation assets come on line and start producing electricity, the Group's power generation revenues increase.

The table below presents the energy generation capacity of the Group's assets ("in *operation")* and under construction:

	At December 31,	
Generation assets in *operation* or *under construction* (in MWp) [(1)]	**2018**	**2017**
Solar[(2)]	**1,312**	**916**
Of which ("in operation")	*883*	*535*
Wind	**794**	**488**
Of which ("in operation")	*489*	*445*
Biomass	**15**	**15**
Of which *("in* operation")	*15*	*15*
Storage	**135**	**106**
Of which ("in operation")	*106*	*106*
Total	**2,256**	**1,525**
Of which ("in operation")	*1,492*	*1,101*

(1) These figures include Seixal (9 MWp) and certain Cestas project entities (228 MWp) consolidated under the equity method.

(2) Data is expressed in MWp.

- *Wind and Solar Resource Variability.* While the nameplate capacity of the Group's *projects ("in operation")* is an important indicator of the Group's potential electricity production, the actual electricity produced depends in large part on the availability of the solar or wind resources the Group's facilities are designed to harness. Although the Group plans its projects based on historical patterns of solar radiation and wind resources, the actual amount of wind or sunlight received at a particular site can vary (particularly in the case of wind) and resource predictions may fail to be met. Available sunlight and wind resources are also subject to seasonal variations. For example, the Group's solar plants tend to produce less electricity during the shorter daylight hours in the winter. Variations in the level of wind or irradiation from one period to the next can have a significant impact on the amount of electricity produced by a particular generation facility. However, the fact that the Group's generation assets are located in different geographical locations and the use of different technologies (wind and solar, and biomass to a small extent) generally reduces the impact on the overall portfolio of low resource events affecting particular projects.
- In expanding its platform of generating facilities, the Group benefits from improvements in technology that allow it to better harness available solar and wind resources. Advances in PV technology have led to increases in the performance of PV plants, allowing them to generate more electricity from the same irradiation. Similarly, new turbine sizes and designs have increased the average amount of electricity wind plants can produce, making it possible to generate electricity at lower wind speeds.

- *Project operations.* The volume of electricity the Group produces is also affected by the availability and performance of each generating facility.

  - *Availability.* The availability of a generation asset is defined as the ratio between the energy generated by a solar farm, wind farm or biomass plant during a given period and the maximum energy that it could have generated theoretically. The availability of a generating asset is principally affected by equipment downtime for scheduled or unscheduled maintenance. The volume of electricity generated is negatively impacted when facilities experience downtime due to scheduled and unscheduled maintenance, equipment failures, weather disruptions and similar events.

Availability is also affected by the nature of the generating technology used. Solar parks generally require little equipment downtime for maintenance, and often can continue producing electricity while maintenance is performed. In contrast, maintenance performed on wind or biomass facilities generally requires the turbines to be stopped to carry out the maintenance. To minimise equipment downtime, the Group seeks to use reliable and proven equipment from reputable suppliers with responsive service teams. The Group also takes steps to plan maintenance during periods where they have a lower impact on production. For example, the Group's *O&M contractors* actively monitor wind forecast conditions in an effort to schedule maintenance for wind assets during low wind periods.

The following table summarises the availability of the Group's generating assets in operation during the periods indicated.

Availability (in %)	**2018**	**2017**
Solar	98.9%	98.9%(1)
Wind	99%	97.2%(2)
Storage	100 % (3)	-
Biomass	92.2%(4)	66%

(1) Excluding· in the first half of 2017, the off-line post-maintenance restart period for the DeGrussa plant due to the need to secure the off-taker's approval.

(2) Excluding an unexpected outage due to the replacement of a blade struck by lightning at the Osière wind farm.

(3) New business independent from the Group with effect from 2018.

(4) Full operation of the Commentry biomass plant throughout 2018.

- *Curtailment.* During curtailment periods, the Group may not be able to inject all of the energy it produces into the grid. Curtailment practices vary from system to system, and allow the grid operator to limit the amount of energy injected by a producer into the system in order to manage transmission congestion, ensure the security and reliability of the grid system and govern the order of dispatch in periods when available electricity generation exceeds expected demand. In Australia, for example, this impacts production by 1.3% on average for solar and 5% for wind. Note that curtailment periods are also times during which the HPR battery is more profitable, which partially offsets losses of income.

Other revenues

Most of the Group's generation projects are controlled and fully consolidated in its financial statements and hence the development and project administration revenues charged by Group companies to the project SPVs are eliminated in consolidation. However, some of the Group's projects, including Seixal and part of the Cestas solar plant, are accounted for under the equity method because the Group's shareholding (between 20% and 50%) and governance are not sufficient to constitute control. The Group earns ongoing supervision and management fees from these projects.

(ii) Change in consolidated revenue

(In millions of euros)	**12.31.2018**	**Impact of exchange rate fluctuations**	**12.31.2018 (CER)**	**12.31.2017**	**Change (CER)**	**Change in % (CER)**	**Change**	**Change in %**
					Change (CER)			
Contracted energy revenues	**194.6**	**(7.2)**	**201.8**	**119.4**	**+82.3**	**+68.9%**	**+75.1**	**+62.9%**
Share of consolidated revenue as a %	*85.5%*		*85.1%*	*85.7%*				
Merchant energy revenues	**27.8**	**(2.0)**	**29.8**	**16.2**	**+13.7**	**+84.4%**	**+11.6**	**+72.0%**
Share of consolidated revenue as a %	*12.2%*		*12.6%*	*11.6%*				
Other revenues	**5.3**	**(0.3)**	**5.5**	**3.7**	**+1.8**	**+49.6%**	**+1.6**	**+42.5%**
Share of consolidated revenue as a %	*2.3%*		*2.3%*	*2.6%*				
Revenue	**227.6**	**(9.5)**	**237.1**	**139.3**	**+97.8**	**+70.2%**	**88.3**	**+63.4%**

Energy production revenue

Reference to changes in revenue at constant exchange rates (CER) means that the impact of exchange rate fluctuations has been excluded. This is eliminated by recalculating the revenues for the fiscal year in question using the exchange rates used for the previous year.

Group revenue was €227.6 million (€237.1 million including all taxes) at December 31, 2018, compared to €139.3 million at December 31, 2017, an increase of €97.8 million (including all taxes) i.e. 70.2% purely organic growth and reflecting:

- the full-year generation during the period of assets commissioned during 2017 for +€58.9 million; particularly the Australian wind farms Hornsdale 3 (112 MW and +€23.8 million), Hornsdale 2 (102 MW and +€7.4 million), Hornsdale Power Reserve (100 MW and +€18.7 million) and to a lesser degree the solar power plant Providencia in El Salvador (101 MWp and +€4.8 million);

- the commissioning of new generation facilities in 2018 for +€28.4 million, notably including Coleambally (189 MWp/+€10.0 million), Parkes (66 MWp/+€5.6 million), Dubbo (29 MWp/+€3.2 million) and Griffith (36 MWp/+€3.1 million);

- the operation of the Commentry biomass plant, generating a 15 MW increase in biomass energy production and a positive impact of +€13.0 million on revenues for the period.

These positive changes were partially offset by:

- the price effect due to the drop in the average price of the energy produced by the Hornsdale 1 plant after the transfer to a long-term contract during 2017 for (€1.9) million. The average tariff for 2018 was €94 AUD/MW, compared to €101 AUD/MW in 2017;
- The depreciation in value of the Australian dollar.

In certain opportunistic cases, some plants operate on the market prior to the signature of a long-term energy sale contract. This applies to Coleambally and Dubbo, two new plants commissioned during the period, whose energy sales on the market have increased (readers should refer to the previous analysis). This effect is partially offset by the sales linked to the production of the Hornsdale 3 (revenue of €10.9 million in 2017) and Hornsdale 1 (revenue of €4.6 million in 2017) plants, which were transferred to contracts in 2018.

Other revenues

In 2018, service sales mainly comprised invoicing to the Australian government for the provision of a portion of the storage capacity of Hornsdale Power Reserve for €2.7 million, as well as rent and services invoiced to non-Group entities.

1.2.4.2 From revenue to current operating income

	12.31.2018		12.31.2017			
	€ millions	**% of Revenues**	**€ millions**	**% of Revenues**	**Change**	**Change in %**
Revenue	**227.6**		**139.3**			
Purchases of goods and change in inventories	(9.3)	4.1%	(4.3)	3.1%	(4.9)	+113.9%
External charges and payroll expenses	(49.8)	21.9%	(38.5)	27.6%	(11.4)	+29.6%
Duties, taxes and similar payments	(4.9)	2.1%	(3.5)	2.5%	(1.4)	+39.1%
Share in results of associates	0.8	0.3%	0.4	0.3%	+0.3	+80.5%
Other current operating income and expense	10.0	4.4%	8.7	6.2%	+1.3	+14.4%
Depreciation and amortisation	(65.4)	28.7%	(41.5)	29.8%	(24.0)	+57.8%
Current operating income	**109.0**	**47.9%**	**607**	**43.5%**	**48.2**	**+79.5%**
Impact of exchange rate fluctuations	(5.2)	2.3%				
Current operating income at constant exchange rates	**114.1**	**50.1%**				

Current operating income amounted to €109 million at December 31, 2018 (€114.1 million at constant exchange rates), compared with €60.7 million at December 31, 2017, an increase of €48.2 million, i.e. + 79.5% (+84.4% at constant exchange rates).
As a percentage of revenues, current operating income increased from 43.6% in 2017 to 47.9% in 2018, as operating expenses grew less than revenues.

Purchases of goods and change in inventories

Purchases of goods and change in inventories increased by €4.9 million to €9.3 million in 2018. The increase was driven primarily by higher purchases for the Commentry biomass plant, reflecting the operation of the facilities over the full year 2018.

External charges

External charges amounted to €39.9 million at December 31, 2018 (€32.2 million at December 31, 2017, an increase of +€7.8 million, i.e. +23.9% resulting mainly from the increase in maintenance and repair costs due in particular to the rise in the number of projects in operation and commissioning during the period for +€7.7 million and +€2.4 million respectively.

This was partially offset by the reclassification of rental expenses to interest expenses and to depreciation expenses of the right of use following the application of IFRS 16 in the amount of €(4.2) million (see Notes 3 and 7 of the notes to the consolidated financial statements at December 31, 2018).

Payroll costs

The Group's payroll costs are primarily a function of the average number of employees and average salary levels. Furthermore, the portion of payroll costs allocated to project development (but not prospection) and construction are capitalised (refer to Note 7 of the notes to the consolidated financial statements to December 31, 2018).

At December 31, 2018, payroll costs amounted to €9.8 million compared with €6.3 million at December 31, 2017, an increase of €3.6 million, stemming from:

- a rise of 28% in the full time equivalent employees, and
- a lower percentage of capitalisation of payroll costs in development expenses (50%) compared with the previous fiscal year (61%).

Duties, taxes and similar payments

Duties, taxes and similar payments amounted to €4.8 million at December 31, 2018, an increase of €1.4 million.

Other current operating income and expense

Other current operating income and expense amounted to income of €9.9 million at December 31, 2018, compared to income of €8.7 million at December 31, 2017, a rise of €1.3 million. In 2018, this reflected primarily compensation for lost revenues recorded following delays in the commissioning of the Parkes (66 MWp), Griffith (35 MWp) and Dubbo (29 MWp) solar park projects in Australia for €7.1 million as well as the amortisation of an investment grant awarded to the Group in connection with the DeGrussa solar project (17 MWp) for €2.6 million.

Depreciation and amortisation

Depreciation and amortisation and current operating provisions increased by €23.9 million to €65.4 million at December 31, 2018. This was mainly due to the increase in the number of assets in operation and commissioning of facilities during the period for +€16.4 million and +€6.6 million respectively.

1.2.4.3 From current operating income to operating income

	12.31.2018		**12.31.2017**			
	€ millions	**% of Revenues**	**€ millions**	**% of Revenues**	**Change**	**Change in %**
Revenue	227.6		139.3			
Current operating income	**109.0**	**47.9%**	**60.7**	**43.6%**	**48.2**	**+79.5%**
Other Non-Current Operating Income and Expense	(7.3)	(3.2)%	(4.0)	(2.9)%	(3.3)	+83.5%
Non-current Depreciation and amortisation	1.5	0.7%	(3.0)	(2.2)%	4.6	NA
Operating Income	**103.2**	**45.3%**	**53.7**	**38.5%**	**49.5**	**+92.1%**
Impact of exchange rate fluctuations	(5.1)	(2.3)%				
Current operating income at constant exchange rates	**108.3**	**47.6%**				

Other non-current opzrating income and expense

	Fiscal year ended December 31,				
	2018		**2017**		
	€ millions	**% of Revenues**	**€ millions**	**% of Revenues**	**Change in %**
Write-offs of capitalised development costs	(4.1)	(1.8)%	(3.3)	(2.4)%	+22.6%
Gain / loss on asset disposals	0.5	0.2%	1.3	0.9%	(59.3)%
Other non-current operating income and expense	(3.7)	(1.6)%	(1.9)	(1.4)%	(96.1)%
Total Other Non-Current Operating Income and Expense	**(7.3)**	**(3.2)%**	**(4.0)**	**(2.9)%**	**+83.7%**

Other non-current operating income and expense amounted to a net expense of €7.3 million in 2018 compared to a net expense of €4.0 million in 2017. This change is due to the following:

- an increase in write-offs of capitalised development costs, which amounted to €4.1 million in 2018 compared with €3.3 million in 2017;
- a reduction in income from disposals, reflecting mainly the absence of significant disposals in the 2018 fiscal year and the counter-effect in 2017 of the disposal of the GenSun business for €(1.6) million;
- an increase in other non-current items, for which €3.7 million was recognised in 2018 corresponding mainly to expenses incurred as part of the initial public offering (€3 million). In 2017, the net expense of €1.9 million primarily included penalties billed to the Group (Commentry) by the steam customer.

Non-current amortisation and provisions

At December 31, 2018, non-current operating depreciation, amortisation and provisions amounted to a net reversal of €1.5 million for development projects whose likelihood of success had been reassessed.

Operating Income

Reflecting the above factors, the Group's operating income increased by €49.5 million, or 92.1%, from €53.7 million in 2017 to €103.2 million in 2018 (€108.3 million including all taxes).

1.2.4.4 Net Financial Expense

(In millions of euros)	**Fiscal year ended December 31,**	
	2018	**2017**
Cost of financial debt	(65.6)	(37.7)
Other financial income and charges	(8.3)	1.3
Net Financial Expense	**(73.9)**	**(36.4)**

Net financial expenses increased by €37.5 million, from €(36.4) million for the fiscal year ended December 31, 2017 to €(73.9) million at December 31, 2018 (€(76.2) million at constant exchange rates). This change mainly reflects:

- an increase in the cost of financial debt, which was €(65.6) million at December 31, 2018 compared to (37.7) at December 31, 2017. This is mainly due to the rise in average outstanding debt over the period, driven by an increase in the number of ongoing projects. Cost of financial debt also reflected, to a lesser extent, an increase in average borrowing costs due to the increase in the amount of mezzanine debt in the overall mix of the Group's debt and the impact of the first-time application of IFRS 16. At December 31, 2018, cost of financial debt comprised interest charges on financing of production assets (€(53.9) *million*), corporate borrowing (€(1.8) million), financial instruments (€(7.4) million) and financial expenses related to the application of IFRS 16 (€(2.5) million).

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- Other financial income and expense corresponded to a net expense of €(8.3) million at December 31, 2018 compared to net income of €1.3 million at December 31, 2017. Other financial income and expenses mainly comprised security and guarantee costs and costs related to refinancing. This item also includes the impact of financial instruments (€(0.8) millions in 2018 compared to +€4.0 million in 2017).

1.2.4.5 Income tax expense

The Group's income tax expense includes income tax calculated on the basis of profits generated by the Group as well as the CVAE tax (contribution sur la valeur ajoutée des entreprises) and excludes other levies or taxes paid by the Group, such as property tax or regional business taxes which are shown under "taxes other than income taxes" included in current operating income.

A range of factors can affect the Group's effective tax rate from period to period, including in particular changes in tax rates in the various jurisdictions in which the Group operates, the extent of non-deductible expenses, the effect of thin-rule capitalisation, the difference in tax rates between countries and the amount of withholding tax mainly due to transfers from foreign subsidiaries.

Income tax expense increased from €6.8 million in 2017 to €15.7 million in 2018. The Group's effective tax rate, calculated as income tax expense as a percentage of the Group's pre-tax income, was 53.8% in 2018 and 39.7% in 2017. This rise primarily stems from:

- non-deductible financial expenses due to thin-rule capitalisations;
- the effect of unused tax credits generated by withholdings;
- The increase in the CVAE tax, related to the growth in the number of farms commissioned in France.

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1.2.4.6 Net income

Reflecting the factors above, the Group's net income from continuing operations increased by €3 million, or 29.6%, from €10.4 million in 2017 to €13.5 million in 2018.

The net profit (loss) attributable to non-controlling interests amounted to €1.2 million at December 31, 2018 compared to (€2.0) million at December 31, 2017.

Despite the positive change in net income, the Group share remains stable and amounted to €12.4 million as of December 31, 2018.

The increase in income explained by the commissioning of new production facilities and the full year operation of new plants (+€34.3 million) as well as the restart of the Commentry plant (+€5.0 million) was absorbed essentially by the increase in financial expenses(-€20.4 million) mainly related to the drawdown of the mezzanine debts and the positive impact in 2017 related to the renegotiation of the Cestas debt, as well as certain additional costs in 2018 (mainly salaries and external charges) for €(3.7) million all fully carried by Neoen and not by the minorities.

The negative impact of the tax for €(7.1) million following the increase in the effective rate, putting in place IFRS 16 for € (1.1) million and the foreign exchange impact for €(1.4) million contribute to the stabilization of the group share of income.

1.3 CASH AND CASH EQUIVALENTS AND EQUITY

The Group's primary financing needs are for the funding of investments in the development and construction of wind, solar, biomass and storage projects, the repayment of debt incurred by the project SPVs and holding companies that own those projects and, to a lesser extent, funding working capital requirements. Generally, the Group meets cash needs for construction funding through non-recourse, long-term project finance debt at the level of the project SPV or holding company. This debt is then repaid using the cash flow from the sale of energy generated by the project. Historically, Group equity contributions to project SPVs have been funded mainly through capital increases at the Company level, mezzanine financing and, to a lesser extent, surplus operating cash flow. To finance its working capital requirements and development activities, the Group primarily uses surplus operating cash flow and, to a lesser extent, corporate financing obtained at the level of the Company, which had been repaid in full at December 31, 2018.

Funding needs for project development and construction vary depending on the stage of the project. The Group structures its project debt in the currency in which the revenue flows from the project are expected.

The table below summarises the average initial term of project finance debt for all of the Group's consolidated projects in operation as of December 31, 2018.

Weighted average initial term of indebtedness (in years)	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	18.6	16.7	16.5	17.8
Australia	15.5[1]	20.6	n/a	18.6
Americas	18.5	n/a	n/a	18.5
Total	**17.6**	**19.0**	**16.5**	**18.2**

[1] The shorter duration for the "solar" activity in Australia mainly reflects the shorter terms of power purchase agreements (PPA) and particularly that of the DeGrussa Project which, being linked to a copper mines, limited to the economic life of the latter.

The table below summarises, for all of the Group's consolidated projects in operation as of December 31, 2018, the average remaining term of the project finance debt as of that date:

Weighted average remaining term of indebtedness (in years)	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	16.0	14.1	11.3	15.0
Australia	13.9	18.0	n/a	16.3
Americas	15.9	n/a	n/a	15.9
Total	**15.3**	**16.4**	**11.3**	**15.6**

The table below summarises the weighted average ratio of total project finance debt obtained to project development and construction costs, for all of the Group's consolidated projects in operation as of June 31, 2018, by region and by technology:

Ratio of debt to project cost.	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	88.3%(1)	83.2%(2)	69.5%	84.6%
Australia	70,.4%	73.7%	n/a	72.3%
Americas	77.7%	n/a	n/a	77.7%
Total	**80.3%**	**77.3%**	**69.5%**	**78.5%**

(1) The generally higher leverage rates in the Europe-Africa region reflect in part the presence of EDF OA as the counterparty for PPA contracts in France, which enables the Group to obtain more favourable loan terms due to the counterparty risk being perceived as lower by lenders.

(2) The higher ratio for solar project financing in the Europe-Africa region compared to other technologies and regions reflects mainly (i) the longer PPA contracts for solar projects (20 years for solar, 15 years for wind projects), and (ii) the recent refinancing of the Cestas project debt in France and the Cabrela project debt in Portugal.

The table below summarises, as of December 30, 2018 and for all of the Group's consolidated projects in operation as of that date, the weighted average interest rate of project finance debt, on an *all-in basis* (i.e., the sum of the margin applied by the financial institution and the interest rate swaps or other interest rate derivative products):

"All-in" weighted average **interest rates**	**Solar**	**Wind**	**Biomass**	**Total**
Europe – Africa	3.57%	2.53%	5.96%	3.41%
Australia	5.20%	4.65%	n/a	4.87%
Americas	7.25% (1)	n/a	n/a	7.25%
Total	**4.60%**	**3.78%**	**5.96%**	**4.31%**

(1) The higher interest rate for the Providencia Solar project, which was the only project in operation in the Americas region as of June 31, 2018, reflects the fact that it is located in El Salvador, a non-OECD country with a risk profile perceived to be higher by the Group's financial partners.

1.3.1 Group indebtedness

1.3.1.1 Overview

Investments in the construction of projects are generally incurred and financed at the level of the project SPV formed to hold and carry the project-related debt. Under this approach, the project SPV finances the majority of the project using non-recourse debt that is without recourse to the Company or other entities outside the scope of the specific financing. With a few exceptions (Seixal (investments in associates) and a portion of the Cestas project SPVs (recorded as available-for-sale assets), the Group fully consolidates all project SPVs. The Company also refinances equity at project group level through junior mezzanine project debt ("Green Bonds"). These mezzanines are located at the level of intermediary holdings and meet the same criteria as the senior project finance, i.e. non-recourse vis-a-vis the Company, long term without refinancing risk and at fixed rates or hedged in the same currencies as the cash flows. For consolidated projects and holdings, the debt is reported as financial debt in the Group's consolidated financial statements.

The Group's indebtedness primarily consists of long-term project debt designed to be repaid using expected cash flows from the sale of energy and green certificates from the underlying projects. As a result, the Group's outstanding debt has increased progressively as the number of projects in operation and under construction has grown.

In analysing and managing its debt levels, the Group considers not only its total consolidated financial debt (detailed below in section 1.3.1.3), but also its "net debt," a non-IFRS financial indicator.

1.3.1.2 Change in Group indebtedness

Net debt was €1,037.9 million at December 31, 2018 compared with €970.9 million at December 31, 2017. The table below shows the calculation of the Group's net debt:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Total financial debt *(1)*	**1,690.8**	**1,399.2**
Minority investors and others *(2)*	(45.4)	(90.4)
Total adjusted financial debt	**1,645.4**	**1,308.8**
Total cash and cash equivalents	(503.8)	(260.0)
Security deposits *(3)*	(97.8)	(66.8)
Derivative instrument assets – hedging effect *(4)*	(5.8)	(6.1)
Other receivables *(5)*	0.0	(4.9)
Total net debt	**1,037.9**	**970.9**

(1) Rent liabilities are included in the calculation of net debt, as regards a current EBITDA which does not include the rent expenses (application of IFRS 16).
(2) Includes shareholder loans to project companies or holding companies of project companies by minority shareholders; please refer to section 1.3.1.8 "Minority investors and others" of this document.
(3) Mainly includes deposits associated with debt service reserve accounts for bank loans on production assets,
(4) Interest rate risk hedging derivative instruments with a negative market value appear under Total financial debt.
(5) At December 31, 2017, other receivables comprised funds drawn under project financing and made available to project companies but which have not yet been used to make payments pending receipt of invoices from Biomasse Energy Commentry.

1.3.1.3 Change in the Group's financial debt at December 31, 2018

The Group's consolidated financial debt at December 31, 2018 was €1,690.8 millions compared to €1,399.2 million at December 31, 2017. It is presented in the table below:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Bank loans – Project financing	1,229.3	974.3
Bond financing of projects	262.8	231.1
Lease liabilities*(1)*	96.9	-
Corporate financing	16.1	78.4
Minority investors and others	45.4	90.4
Derivative instrument liabilities – hedging effect	40.3	24.8
Total financial debt	**1,690.8**	**1,399.2**

(1) Lease liabilities recognised in respect of the prospective application of IFRS 16 from January 1, 2018 (early application by the Group in its financial statements at June 30, 2018).

1.3.1.4 Long-term non-recourse loans at the level of the project SPVs and SPV holding companies

The Group finances a significant share of its investments from "non-recourse" debt to the parent company ("Project Finance").

Loans structured as project SPV (or holding company) “non-recourse project financing” involve debt repayment to lenders made solely from revenues generated by energy production. These loans are generally secured by the plant’s physical assets, major contracts and agreements, insurance contracts, cash accounts, and the Group’s equity investment and current account advances to the subsidiary that holds the facility. These types of financing are generally structured so that all of the facility’s revenues are deposited into pledged bank accounts. These funds are then disbursed in a specified order of priority set forth in the financing documents to ensure that, to the extent available, they are used first to pay operating expenses (including management fees), taxes, and debt service on the senior debt, and then to fund reserve accounts to reach the amounts specified in the relating financing agreements. Because of this, and subject to meeting the conditions specified in the financing agreement, the available funds may be disbursed for the payment of subordinate debt servicing (notably the mezzanine debt) or dividends or the repayment of current account advances to shareholders.

The Group’s non-recourse debt has two components:

- ***Bank loan – financing of production assets,*** in the form of loans taken out by project companies for the construction of the Group's projects. At December 31, 2018, these amounted to €1,229,3 million, compared to €974.3 million at December 31, 2017, a rise of €254.9 million mainly due to the following:

  - o the subscription of new long-term "non-recourse" loans at December 31, 2018 for €342.8 million;
  - o the repayment of debt in the amount of €(66.1) million; and
  - o exchange rate effects for €(21.5) million.

- ***Bond financing for projects***

  They mainly consist of outstanding *green bonds* issued since 2015, from junior mezzanine financing enabling the Group to monetize the residual expected cash flows from a group of project SPVs after payments due under their senior debt. These mezzanine bond issued by the Group, which use expected cash flows from projects in a given scope of financing, finance a share of equity in new projects outside this scope to be financed.

  In 2017, the Group had completed a green bond issuance for a total amount of up to €245 million, denominated in three tranches (euros, AUD, and USD, to be repaid using cash flows from the underlying projects in the same currencies). The issuance bears an average interest rate for the three tranches of approximately 8% per annum before tax, has a maturity of 20 years, and is intended to help finance a portfolio of land-based wind and solar projects in Australia, Latin America, and France totalling 1.6 GW of combined capacity (including the Villacerf, Osière, Vallée aux Grillons, Raucourt, Bussy, Cap Découverte, Providencia Solar, Hornsdale 1, 2 and 3, Dubbo, Griffith and Parkes projects).

  In this respect, at December 31, 2017, the Group had drawn down €144.9 million to finance a portfolio of 42 multicountry 1.6 MW projects. At December 31, 2018, the Group made an additional drawdown of €50.2 million and repaid €8.7 million.

1.3.1.5 Corporate financing debt

The Group'*s* corporate financing corresponds to:

- amortisable term loans taken out with BPI in 2015 and 2017 and for which the outstanding amounted to €15.3 million at December 31, 2018;
- a line of short-term bank financing taken out by Biomass Energy Commentry for €0.8 million to finance its working capital requirements:

- a set of short-term bank financing lines in order to ensure its working capital requirements and with an available amount at December 31, 2018 of €145 million (after repayment of €62 million during the period);

1.3.1.6 Overall weighted average interest rates

As of December 31, 2018, the weighted average interest rate for the Group's various debt financings (project debt, mezzanine debt and corporate debt, but excluding shareholder loans) was:

- 3.50% in euros (excluding all of the holdings of the Cestas and Seixal projects, which are not consolidated);

- 5.26% in Australian dollars;

- 7,09% in US dollars.

This average interest rate is (i) calculated on the basis of all financing to date (i.e., debt that is signed, drawn down, being repaid, consolidated (ii) weighted on the basis of (x) the total initial project and mezzanine debt; (y) the debt drawn at December 31, 2018 from the 2017 green bond; and (z) the total amount of corporate lines (drawn and undrawn amounts), and (iii) calculated on an *"all-in"* basis, i.e., the sum of the margin applied by the bank and the rate swaps or other rate derivatives.

1.3.1.7 Financial agreements

Financial covenants

With the exception of the two plants below, there is no indication that the various companies financed by project debt are not in compliance with their minimum financial covenant DSCR or equity ratios.

- Auxois Sud: shutdowns were carried out at the end of 2018 to enable the construction of an extension (the Plateau d'Auxois Sud plant) leading to a loss of revenue equivalent to two months of production, which reduced the DSCR to below the default trigger. This event remains exceptional and does not in any way reflect lower performance from the plant;

- Champs d´Amour: In this first year of operation, the Champs d´Amour wind farm was penalised by lower resources at the same time as a slower than expected ramp-up. This combination pushed the DSCR below the default trigger.

At the time of writing this Document, the Group had begun discussions with lenders and creditors to obtain waivers from these cases of failure to meet minimum DSCRs. The Group does not anticipate major difficulties in obtaining these waivers.

For further information on the description of the financing agreements and related risks, the reader is invited to see paragraph 1.5.1.1 "Risks relating to the Group's projects and plants".

Reorganisation of Biomasse Energie de Commentry

In connection with the financing of its Commentry biomass power plant, the Group, acting through Biomasse Energie de Commentry ("BEC"), entered into a financing agreement dated September 27, 2013, providing for (i) a credit line with a maximum principal amount of €57,001,500, intended for the partial financing of the investment costs for the construction of the biomass power plant; and (ii) a credit line with a maximum principal amount of €5,000,000 to permit financing of the value-added tax (VAT) relating to the plant's construction (this VAT line having since been repaid).

Construction was delayed by 28 months and was not fully completed until February 2018. The difficulties incurred in building the power plant led to delays in repaying the principal amount of the project debt. These delays have been the subject of waivers by the financing banks and the project debt has been rearranged, through addenda to the 2018 financing agreement, thus ensuring the economic sustainability of the project.

The BEC power station, which is operational again since November 2017 and delivered in February 2018, is currently performing well

1.3.1.8 Minority investors and others

The financial debt included in the line item "Minority investors and others" corresponds to current account advances granted to the Company by its shareholders, or granted to the project SPVs or project SPV holding companies by their minority shareholders.

At December 31, 2018, this financing represented debt of €45.3 million compared to €90.4 million at December 31, 2017, i.e., a fall of €45.1 million resulting primarily from the repayment of shareholder loans (Impala) in the amount of €53,6 million, with a corresponding increase in the company's equity as part of the Initial public offering and, to a lesser extent, additional contributions made by minority investors in Group companies.

1.3.1.9 Derivative financial instruments – hedging effect

The Group's exposure to variable interest rates is systematically managed using swaps and caps, more fully described in paragraph 1.5.3.1 "*Interest rate risk*" in this document. The derivatives used by the Group are intended to hedge interest rate risks on variable-rate borrowings. When they have a negative market value, they are reported under the Group's liabilities as "Current derivative financial instruments" and Non-current derivative financial instruments".When they have positive market values, they are recorded as Group assets under "Current derivative financial instruments" and "Non-current derivative financial instruments".

At December 31, 2018, derivative instruments used by the Group and having a negative value represented debt of €40.3 million compared to €24.8 million at December 31, 2017, while derivative instruments with a positive value represented assets of €5.8 million.

1.3.2 Position and cash flows

(In millions of euros)	**12.31.2018**	**12.31.2017**
Net cash flow from operating activities	156.5	75.4
Net cash flow from investment activities	(532.1)	(483.2)
Net cash flow from financing activities	624.8	573.9
Effect of exchange rate fluctuations	(5.1)	(5.0)
Net change in cash and cash equivalents	**244.1**	**160.9**

1.3.2.1 Net cash flow generated by operating activities of the Group.

(In millions of euros)	**12.31.2018**	**12.31.2017**
Net income	13.5	10.4
Eliminations[(1)]	151.6	84.8
Effect of changes in working capital requirement	(6.0)	(16.2)
Tax paid (received)	(2.6)	(3.6)
Net cash flow generated by operating activities	**156.5**	**75.4**

[(1)] *Includes non-cash changes, including depreciation, amortisation, and provisions, net finance cost, fair value changes of derivative financial instruments, capital gains and losses from sales and deferred tax expense* (income). *The increase over the period reflects the growth of operating companies.*

Net cash flows generated by operating activities totalled €156.5 million at December 31, 2018, compared to €75.4 million At December 31, 2017, a rise at €81.1 million. This is mainly due to growth in activity, but also reflects the change in working capital requirement, which was €(6.0) million at December 31, 2018 compared to €(16.2) million at December 31, 2017, i.e., an improvement of €10.2 million due to:

- a reduction in customer payment periods, despite the rise in activity (positive impact of €7.8 million);
- the drop in amounts due by suppliers (positive impact of €11.9 million).

These effects are partially offset by a faster growth in trade payables (€9.1 million) due to increased activity over the period, particularly as regards biomass technology.

Tax receivables and liabilities, including VAT, changed in the same proportions and had no significant impact on the working capital requirement.

1.3.2.2 Net cash flows from (used in) the Group's investing activities

(In millions of euros)	**12.31.2018**	**12.31.2017**
Acquisition of subsidiaries, net of cash acquired	(18.9)	(7.7)
Disposals of subsidiaries, net of cash sold	0.8	2.3
Acquisition of tangible and intangible assets	(483.9)	(468.0)
Disposal of tangible and intangible assets	0.4	1.1
Acquisition of financial assets[(1)]	(31.3)	(11.4)
Dividends received	0.8	0.4
Disposal of financial assets	(0.0)	-
Net cash flow from investment activities	**(532.1)**	**(483.2)**

(1) Financial assets essentially comprise the escrow accounts arranged by the Company to finance its projects. The rise in investments made over the period primarily reflects the 2018 inclusion of the DSRA (Debt Service Reserve Account) on Australian projects.

Net use of cash from Group investments was €532.1 million in 2018 and €483.2 million in 2017. These cash flows primarily reflect the acquisition of tangible and intangible assets relating to ongoing projects, and, to a lesser extent, acquisitions of financial assets and subsidiaries. For a detailed description of the underlying investments, see section 1.3.3.1 "*Investments*".

1.3.2.3 Net cash flows from (used in) the Group's financing activities

(In millions of euros)	**12.31.2018**	**12.31.2017**
Capital increase of the parent company	441.7	3.1
Contributions of minority investors to capital increases	0.6	8.2
Net disposals (acquisitions) of treasury shares	(2.7)	0.5
Debt issuances	412.7	716.2
Dividends paid	(3.8)	(2.1)
Debt repayment	(161.1)	(114.5)
Net financial interest paid	(62.6)	(37.6)
Net cash flow from financing activities	**624.8**	**573.9**

Between 2017 and 2018, the increase of €50.9 million in net cash flows from financing activities mainly reflects:

- the capital increase at the time of the Company's initial public offering on October 18, 2018 for €449.9 million (see Note 23 of the notes to the consolidated financial statements);

- the increase of €46.6 million in debt repayments (see Note 25 of the notes to the consolidated financial statements);

- the fall in debt issuances €(303.5) million (see Note 25 of the notes to the consolidated financial statements);

- The increase in net financial interest paid for €(25) million (see Note 25 of the notes to the consolidated financial statements)

1.3.3 Group investments

The Group’s investment expenditure essentially involves solar power plants and wind farms, biomass or storage plants, either in development or under construction, and is comprised of acquisitions of property, plant and equipment and of intangible assets. Cash flows linked to investments include financial investments made via the acquisition of financial assets and the acquisition of subsidiaries.

Property, plant and equipment acquired by the Group mainly comprises the production assets held by the Group, generally capitalised from the construction launch of a project or from the date of its acquisition by the Group. To a lesser extent, property, plant and equipment includes other types of assets such as the plots of land purchased by the Group for the construction of its facilities or structuring costs in connection with the arrangement of facilities used to finance the assets until the commissioning of the projects.

Intangible assets acquired by the Group mainly comprise the capitalised development costs related to the various projects, which are capitalised once the activation criteria have been met. The Group considers that these criteria have been met once a project is added to the development portfolio, i.e. once all contractual items and the technical studies indicate the probable feasibility of a project (most frequently, at the "*early stage*" phase). At December 31, 2017 and December 31, 2018, the total value of capitalised development costs on the consolidated balance sheet corresponding to stages prior to the "*awarded*" phase (i.e. the "*early stage*", "*advanced development*" and "*tender ready*" phases) was €18.3 million and €21.8 million respectively. Conversely, development costs not capitalised over the course of the fiscal years ended December 31, 2017 and 2018 totalled €0.9 million and €1.3 million respectively and correspond essentially to cross-sector prospecting and the development of projects not yet added to the portfolio. Intangible assets also include development costs restated further to the acquisition of projects, together with the valuation of any rights acquired by the Group in the context of the signature of power purchase agreements in Australia.

Finally, financial investments mainly include acquisitions of financial assets comprised of reserve accounts (*Debt Service Reserve Account* or DSRA) held within the SPVs, of guarantee deposits set up in the context of responses to invitations to tender, as well as, to a lesser extent, shares and contributions made to current accounts with maturity dates in excess of one year, granted to SPVs that are not fully consolidated. Financial investments are also comprised of other investments shown in the cash flow table, such as the acquisition of subsidiaries.

Acquisitions of property, plant and equipment by the Group are mainly financed via external debt from the SPVs or intermediate holding companies specific to the projects. Such debt is non-recourse other than to the relevant special purpose vehicle's assets, securities and shareholders’ current account, or project-specific assets of intermediate holding companies (in certain exceptional cases, collateralisation is put in place across a group of projects for reasons relating to financing efficiency). To a lesser extent, these acquisitions are financed via current account advances or equity granted by the Group to the special purpose vehicle.

In the context of financing via external debt, all issue premiums and costs linked to borrowings used to finance the assets until their commissioning are incorporated into the entry costs of the fixed assets. If advances are granted from current accounts or equity is granted to associates or joint ventures, the advances from current accounts are recorded as non-current financial assets and the equity contributions are recorded on the balance sheet as investments in associates and joint ventures. When advances from current accounts or in equity are granted to fully consolidated companies, the equity and advances from current accounts are eliminated upon consolidation.

Lastly, the vast majority of the intangible assets acquired by the Group are financed via equity at the level of development companies.

The Group's investment policy is determined by the Board of Directors which, each year, validates the budget allocated to capital expenditure and approves (i) any investment made by the Company or any one of its subsidiaries, either immediately or at a future date, in equity or expenditure relating to a project not included in the budget (including any partnership or *joint-venture* arrangement) of a unitary value in excess of €7,500,500, (ii) any investment or expenditure by the Company or any one of its subsidiaries in relation to a project included in the budget or authorised by the Board of Directors, as applicable, for an amount which increases by more than 15% the equity anticipated in the budget or authorised by the Board of Directors as applicable, for the said project. For a presentation of the areas within the authority of the Board of Directors, see paragraph 3.2.1.2 (ii) "*Matters reserved for the Board of Directors*" of this document.

1.3.3.1 Key investments in 2018 and 2017

The table below shows, by purpose, the consolidated investments for the fiscal years ended December 31, 2018 and December 31, 2017:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Acquisitions of property, plant and equipment and intangible assets(1)*:*	**464.2**	**539.4**
- Of which acquisitions of intangible assets	22.0	32.2
- Of which acquisitions of property, plant and equipment	442.2	507.2
Financial investments:	**50.2**	**19.1**
- Of which acquisitions of financial assets	31.3	11.4
- Of which acquisitions of subsidiaries, net of cash acquired	18.9	7.7

(1) The gross amounts of acquisitions of property, plant and equipment and intangible assets are set out above before the impact of the change in trade accounts payables (included in the item "cash change in trade accounts payable" of Note 15 to the Annual Financial Statements) which enables the value of fixed assets to be reconciled with the cash expenses incurred. The net figures for these changes are set out in the cash flow statement for the fiscal years ended December 31, 2017 and 2018 and total €468.0 million and €483.9 million respectively.

Main investments made during the period

At December 31, 2018, the Group had made the following investments:

- €22.0 million for the acquisition of intangible assets corresponding to the capitalisation of costs directly related to the development of projects for a total of €21.8 million (notably the Bangweulu, El Llano, Metoro, Kaban, Altiplano, Hedet, Albireo, Paradise Park, La Puna and Numurkah projects) as well as the acquisition of other intangible assets for a total of €0.3 million;

- €442.2 million for the acquisition of property, plant and equipment corresponding mainly to the construction of projects in Australia worth €261.9 million (Coleambally, Bulgana and Numurkah), in France for a total of €100.5 million (Plateau de l'Auxois Sud, Chassepain, Pays Chaumontais, Lagarde d'Apt, Lugos and Corbas), in Zambia for a total of €27.8 million (Bangweulu), in Finland for €24.6 million (Hedet) and in Jamaica for €15.7 million (Paradise Park);

- the gross amounts of acquisitions of property, plant and equipment and intangible asset set out above are presented before the €19.6 million impact of the cash change in trade accounts payable. The net cash flow used for these acquisitions, after consideration of the cash change in trade accounts, stood at €483.9 million;
- financial investments in the amount of €50.2 million, corresponding mainly to deposits held as part of the construction of the Numurkah project, as well as DSRAs in relation to projects commissioned during the period and earn-out payments relating to the Bulgana and La Puna projects acquired in 2017 and to the acquisition of an 80.1% stake in the share capital of Hedet Vindpark AB, which operates the "Hedet" wind farm projects in Finland.

Main investments made during the fiscal year ended December 31, 2017

During the course of the fiscal year ended December 31, 2017, the Group made the following investments:

- €32.2 million in acquisitions of intangible assets corresponding to the capitalisation of costs attached directly to project development for a total of €18.3 million (notably in Australia, France, Mexico and Argentina) together with the acquisition of other intangible assets for a total of €13.9 million, comprised mainly of rights acquired by the Group in the context of the signature of power purchase agreements in Australia;
- €507.2 million in acquisitions of property, plant and equipment corresponding mainly to the construction of projects in Australia for a total of €337 million (HWF 2 (€33 million), HWF 3 (€141 million), Parkes (€66 million), Griffith (€36 million), Dubbo (€31 million) and Coleambally (€30 million)), the construction of projects in France for a total of €61 million (Osière (€18 million), Vallée aux Grillons (€12 million), Chassepain (€14 million), Pays Chaumontais (€7 million) and Champ d'Amour (€10 million)), the construction of the Providencia Solar power project in El Salvador for a total of €33 million and the Bangweulu project in Zambia for a total of €10 million, as well as generating assets under construction or commissioned in 2017 (essentially, Hornsdale Power Reserve) for a total of €56 million;
- The gross amounts of property, plant and equipment and intangible asset acquisitions set out above are presented before the €71.4 million impact from the increase in trade accounts payable. The net cash flow used for these acquisitions, after consideration of the cash change in trade accounts, stood at €468.0 million;
- financial investments totalling €19.1 million, corresponding mainly to the amounts paid for the acquisition of financial assets including notably the *DSRA* for the HWF and Providencia Solar projects, after a reimbursement from the Cestas project current account not consolidated within Neoen Solaire and increased via the acquisition of a rates cap option for the first drawdown on the green bond issuance of December 2017 for the purpose of interest rate hedging.

1.3.3.2 Key investments currently underway

As of the date of this document, the Group's key investments underway correspond to projects under construction or in development for which investments and expenses have been incurred.

1.3.3.3 Key investments envisaged

Neoen pursues a "develop-*to-own*" strategy under which it develops its projects with the intention to continue to own and operate the assets post-construction. In this context, the investments which the Group is considering making in the future will consist primarily of (i) the continuous flow of new projects into this portfolio and (ii) progressing the projects which form the Group's portfolio at more advanced stages up until the commissioning of the facilities.

1.4 OTHER INFORMATION

1.4.1 Events after the reporting period

In January 2019, Neoen announced the commissioning of the first Corbas tranche. With total power of 16 MWp, Corbas is the largest shade house project in France. Solar panels will protect new vehicles on the site from bad weather. Local residents have been involved in the financing. In the space of four weeks, they have contributed €1.2 million to the project as crowdfunding, which makes it the largest and fastest collection to finance a solar project in France according to the terms proposed by the Commission de Régulation de l'Énergie (CRE).

In February 2019, Neoen entered into a new senior debt financing programme for a portfolio of solar and wind projects in France. This programme is scaled to reach a hundred million euros or so. La Caisse d'Épargne CEPAC, as loan arranger, coordinator and lending agent structured the finance, Bpifrance and the BEI are its financial partners.

Further, **in February 2019** and six months after the signature of an electricity purchase contract with Google was announced, Neoen secured financing for Hedet, a 81 MW wind project in Finland. KfW Ipex and SEB contributed the senior debt for the project (€66.5 million). Hedet will be Neoen's 1st project to be commissioned in Finland, where the company intends to step up its growth.

In March 2019, Neoen was awarded the latest government tender representing aggregate power of 45 MWp for ground-based solar plants (known as CRE 4.5 - Commission de Régulation de l'Énergie). These 45 MWp break down into 5 projects which are fully owned by Neoen. These 5 projects are located in the départements of Tarn-et-Garonne, Moselle, Meurthe-et-Moselle, l'Allier and Landes. Three of them will rely on local crowdfunding.
Two of them will be involved in the rehabilitation of damaged sites. Finally, the construction of three projects is expected to begin this year.

Also **in March 2019**, Neoen signed the financing of its El Llano project in Mexico. Bancomex, Natixis and Société Générale will contribute the senior debt for the project for which the total investment excluding finance costs amounts to US$280 million. This 375 MWp solar power plant, fully developed by Neoen, is to date the most powerful plant in its asset portfolio. In November 2017, this project won the 3rd tender by the Mexican government for renewable energies. With a PPA at under 19 dollars per MWh, it is one of the world's most competitive solar projects.

At the end of March 2019, Neoen finally announced the launch of the construction of the solar plant in Miremont, Haute-Garonne. Located on a former gravel quarry, this 10 MWp project will play a role in the rehabilitation of the site. It is expected to be commissioned in July this year.

1.4.2 Other information about the parent company Neoen SA

1.4.2.1 Business activities

Neoen SA, the parent company, specialises in the development, financing and operation of electricity production facilities using renewable energy.
It also holds intermediate holding companies for each of its operating sectors (wind, solar, storage and biomass) and/or for certain geographical areas Neoen Production 1 and Neoen Production 2 have been created to support projects under construction and in operation and those for which financing has been put in place with the objective of raising mezzanine debt.
Through these intermediate holding companies, Neoen S.A. generally holds 100% of various project companies, with the exceptions set forth below.

1.4.2.2 Comments on Neoen SA's business

Revenues

Revenue stood at €50.7 million at December 31, 2018, an increase of €14.7 million compared with 2017. This is mainly due to the rise in development facilities for new projects, particularly in Australia (Bulgana, Coleambally and Numurkah), in France (Pays Chaumontais, Pays de l'Auxois, Le Camp, Chassepain, Champs d'amour), and El Salvador (Providencia).

Net income

Net income was €9.4 million, up €0.9 million i.e. an increase of 11% compared to 2017.

1.4.2.3 Table of income from the last 5 fiscal years

FINANCIAL RESULTS FOR THE PAST FIVE YEARS

NEOEN SA *Amounts in euros*	**12/31/2018**	**12/31/2017**	**12/31/2016**	**12/31/2015**	**12/31/2014**
I. - Financial position at the end of the fiscal year:					
a) Share capital (1)	169,914,996	107,964,140	105,907,569	85,817,968	81,249,138
b) Number of shares making up the share capital (1)	84,957,498	107,964,140	105,907,569	85,817,968	81,249,138
Number of shares issued with a par value of 1 euro	830,000	2,056,571	20,089,601	4,568,830	12,965,000
Number of shares issued with a par value of 2 euros	30,560,428				
c) Number of bonds convertible into shares	-	-	-	-	-
II. - Comprehensive income from operations carried out:					
a) Revenue excl. tax	50,730,202	36,059,479	29,042,188	20,381,310	11,600,475
b) Earnings before tax, amortisation, depreciation and provisions	14,522,194	8,865,932	7,940,932	1,733,217	1,069,040
c) Income tax	(3,149,163)	56,956	(914,856)	13,630	67,479
d) Earnings after tax, amortisation, depreciation and provisions	9,376,196	8,468,865	7,469,673	1,121,127	1,074,944
e) Earnings distributed	-	-	-	-	-
III. - Earnings per share:					
a) Earnings after tax, but before amortisation, depreciation and provisions	0.13	0.08	0.07	0.02	0.01
b) Earnings after tax, amortisation, depreciation and provisions	0.11	0.08	0.07	0.01	0.01
c) Dividend paid per share		-	-	-	-
IV. - Personnel:					
a) Number of employees	90	79	71	50	47
b) Payroll	7,943,796	6,406,270	5,746,228	4,892,221	4,251,225
c) Total sums paid in employer benefits (social security, works, etc.)	4,207,081	4,056,982	3,197,396	2,679,759	2,251,384

(1) On 1 October 2018, the Company carried out a reverse stock split; one new share is now worth two old shares. The par value of its shares rose from 1 euro to 2 euros.

1.4.2.4 Group structure

(i) Neoen S.A., parent company

Neoen S.A., a limited company (société anonyme), was initially incorporated and registered with the Paris Trade and Companies Register on September 29, 2008, as a simplified joint-stock company under number 508 320 017. Its shares were listed on the regulated Euronext Paris market on October 17, 2018. It is controlled by its main shareholder described in paragraph 2.3"Shareholding structure" of this document.

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

Neoen Production 1 and Neoen Production 2 have been created to support projects under construction and in operation and those for which financing has been put in place with the objective of raising mezzanine debt.

Through these intermediate holding companies, Neoen S.A. generally holds 100% of various project companies, with the exceptions set forth below.

(ii) Significant subsidiaries

Intermediate holding companies

Neoen Solaire is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 509 319 257, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Solaire mainly owns companies that hold the Group’s solar projects under development in France.

Neoen Éolienne is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 509 212 585, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Éolienne owns companies that hold the Group’s wind projects under development in France.

Neoen Stockage France is a simplified joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 845 212 406, with a share capital of 2,500 euros, headquartered at 4 rue Euler, 75008 Paris. Neoen Stockage France was registered in January 2019 and holds storage projects in France.

Neoen Biopower is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 511 780 215, with share capital of €37,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Biopower holds 51% of Biomasse Energie Commentry (BEC), the company operating the BEC plant, with the remaining 49% being held by Caisse des Dépôts et Consignations (“CDC”).

Neoen International is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 789 991 635, with share capital of €100,000, headquartered at 4 rue Euler, 75008 Paris. Neoen International mainly owns companies that own the Group's photovoltaic, wind and electricity storage projects located in Australia, Ireland and Jamaica.

Neoen Northern Hemisphere is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 828 197 798, with share capital of €20,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Northern Hemisphere currently owns two companies that hold projects under development in the United States and intermediate parent companies of the Group’s solar, wind and storage project companies located in member countries of the Organisation for

Economic Cooperation and Development (the "OECD") other than Australia and France (e.g., in the United States, Mexico and Finland).

Neoen Investissement is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 820 556 074, with share capital of €20,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Investissement owns the companies that hold the Group's solar and wind projects located in countries that are not members of the OECD (e.g., Zambia and Argentina).

Neoen Services (formerly Poweo ENR) is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 492 690 821, with share capital of €51,210,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Services was acquired by the Group in September 2011 and holds minority interests in certain project companies controlled by the Group, as well as project companies developed by Poweo ENR and acquired together with Poweo ENR in 2011.

Neoen Production 1 is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 799 259 429, with share capital of €10,000, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 1 completed the Group's green bond *issuance* in October 2015 and holds projects in operation that have been financed by the proceeds of the green bond issuance.

Neoen Production 2 is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 824 735 559, with share capital of €2,500, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 2 issued green bonds in December 2017 and mainly holds, directly or indirectly, companies that own projects that are beyond the development stage and that have been financed by such issuance.

Neoen Production 3 is a French joint-stock company with a single shareholder, registered with the Paris Trade and Companies Register under number 523 207 207 with share capital of €2,500, headquartered at 4 rue Euler, 75008 Paris. Neoen Production 3 holds projects in France that are beyond the development stage and have been financed by banks.

Project companies

These companies are special purpose vehicles ("SPVs") They were set up or, to a lesser extent, acquired by the Group for the purpose of holding the Group's solar, wind, biomass or storage assets and generally carry the non-recourse debt incurred to finance such projects.

The Group generally owns all of the share capital and voting rights of these project companies, subject to certain exceptions, such as the following:

- for a portion of the project companies in the Cestas solar park, composed of 25 plants with a capacity of 12 MW each (a total of 300 MW) held by 25 project companies, of which only six are wholly owned by the Group, two others being 32% owned and seventeen others being 20% owned, it being specified that the Group benefits from options to acquire the interests not held in 2045;

- Biomasse Energie de Commentry (BEC), whose purpose is to operate the BEC cogeneration plant located in France, and of which Caisse des Dépôts et Consignations ("CDC") holds 49% of the share capital and voting rights;

- for certain project companies located outside of France:

    - Bangweulu Power Company Limited, whose purpose is the operation of a solar power plant located in Zambia, and of which Industrial Development Corporation ("IDC") indirectly holds 19.65% of the share capital and voting rights through its subsidiary West Lunga Power Company. The remaining 80.35% of the company's share capital and voting rights are held by Zambian Sunlight One S.A.S., which is itself owned by Neoen

Investissement and First Solar Investment Holdco One LLC, holding 68.70% and 31.30% of its share capital and voting rights, respectively;

- Each of Hornsdale Wind Farm 1, 2 and 3, whose purpose is the operation of the wind farm located in Hornsdale, Australia, and of which the company John Laing holds 30%, 20% and 20% of the share capital and voting rights, respectively;

- CSNSP 441, whose purpose is the operation of a solar power plant located in Seixal, Portugal, and of which the company EOS holds 50% of the share capital and voting rights;

- Eight Rivers Energy Company Limited ("EREC"), whose purpose is the operation of a solar power plant located in Jamaica, and of which MPC and Mrs. Angella Rainford indirectly hold, through various companies, including EREC Investment Limited, one share less than 50% of the share capital and voting rights;

- Blue Mahoe Energy Company Limited, whose purpose is the developement, construction and operation of solar plants in Jamaica, in which Ms. Angella Rainford indirectly holds 25% of the share capital and voting rights;

- Central Solar Metoro SA, whose purpose is to operate a solar power plant located in Mozambique, and of which Electricidade de Moçambique ("EDM") holds 25% of the share capital and voting rights;

- Hedet Vindpark AB and Björkliden Vindpark AB, whose purposes are to operate wind farms in Finland, in which Prokon Finland indirectly holds 19.9% of the share capital and voting rights ; and

- BNRGN Kerdiffstown Limited, BNRGN Milvale Limited, BNRGN Hortland Limited, BNRGN Hilltown Limited, BNRGN Ballyduff Limited, BNRGN Johnston North Limited, BNRGN Dunmurry Limited, BNRGN Finnis Limited and BNRGN Mothel Limited, whose purpose is the development, construction and operation of solar power plants in Ireland, in which BNRG indirectly holds 50% of the share capital and voting rights.

(iii) Recent acquisitions and sales of subsidiaries

Acquisitions

As part of its project development activities, the Group occasionally acquires companies with solar or wind power projects, generally at an early stage of development rather than after a project has already been developed by third parties. In this respect, the following acquisitions have been carried out since 2017:

- in January 2017, the Group acquired Bulgana Holding Pty Ltd, which held the Bulgana wind farm project, with a capacity of 194 MW on the date of acquisition, in the Australian state of Victoria;

- in August 2017, the Group acquired 95% of the shares of La Puna Solar S.R.L (formerly Fieldfare Argentina II S.r.L), which held the "La Puna" solar farm project, with a capacity of 100 MW on the date of acquisition, in the Province of Salta, Argentina. In June 2018, the Group acquired the remaining 5% of shares and now holds 100% of the shares.

- in May 2018, the Group acquired 80.1% of the shares of Hedet Vindpark AB, which held both the Hedet wind farm project, with a capacity of approximately 75 MW on the date of acquisition, and the Björkliden wind farm project, with a capacity of approximately 29 MW on the date of acquisition, in Finland.

- While it held 80% of the shares of Altiplano Solar S.A, which owns the "Altiplano" solar farm project in the province of Salta, Argentina, which had a capacity of 100 MW at the date of acquisition, the Group acquired the remaining 20% of shares in July 2018 and now holds 100% of the shares

In addition, although the Group's development was mainly achieved through organic growth, the Group has also grown (to a lesser extent) through acquisitions.

Sales and liquidations

In connection with its ongoing project management, the Group rationalizes its project portfolio from time to time, though it is generally committed to holding the projects it develops over the long term.

During the fiscal years 2017 and 2018, the Group sold certain investments due to financial or strategic considerations:

- on 10 February 2017, the Group sold the 60% interest it held in the share capital of GenSun, a company that specialized in the design, construction, operation and maintenance of solar power plants of all capacities in France and internationally (and which itself owned GenSun PVS and Genwind).

- on 13 August 2018, the Group sold the 100% interest it held directly in the share capital of CS Manosque Ombrière, a company specialized in the development and operation of solar shelters;

- on September 30, 2018, the Group sold the 100% interest it held directly in the share capital of SASU PV Melissa, which owns and operates a solar power plant in France;

- on December 26, 2018, the Group sold the 50% interest it held directly in the share capital of Peacock for Technical Consulting, a Jordanian company whose purpose was the development of three solar projects in Jordan (the Group decided to halt these projects).

Finally, Neoen Services Panama and Neoen Panama were voluntarily wound up in June and December 2017, respectively. Neoen Egypt Solar 1 was also wound up in December 2018.

Interests and Joint Ventures

For a presentation of the investments held by the Group, see Note 1 to the Annual Financial Statements.

For a presentation of joint-ventures set up by the Group, see Note 1 to the Annual Financial Statements.

In 2017 and 2018, no *joint venture* agreements were concluded by the Group.

1.4.2.5 Customer and supplier payment terms

Article D.441 I.-1°: Overdue invoices *received* and unpaid at year-end.

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payments brackets						
Number of invoices concerned	35	28	12	4	55	99
Total value of the invoices concerned inc. tax (1)	2,060,940	3,612,432	473,657	(108,601)	(211,234)	3,766,254
Percentage of the total value of purchases including taxes for the fiscal year	6.5 %	11.4 %	1.49%	-0.34%	-0.67%	11.88%
(B) Invoices not included in (A) relating to disputed debts or non-recorded debts						
Number of invoices excluded		0				
Total value of the invoices excluded		0				
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payment delays		30 days from date of invoice				

Article D.441 I.-2°: Overdue invoices *issued* and unpaid at year-end

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payments brackets						
Number of invoices concerned	1	3	12	4	9	28
Total value of the invoices concerned inc. tax (1)	(368,118)	8,176,370	912,574	137,595	893,494	10,120,033
Percentage of the total value of purchases including taxes for the fiscal year	-0.53%	11.73%	1.31%	0.2 %	1.28%	14.51%
(B) Invoices not included in (A) relating to disputed debts or non-recorded debts						
Number of invoices excluded		0				
Total value of the invoices excluded		0				
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payment delays		30 days from date of invoice				

(1) Negative amounts correspond to the following situations:
- *Deductions for which the invoices will be received in the 2019 fiscal year*
- *Advance payments to suppliers/cash calls*

1.4.2.6 Fines

None

1.4.2.7 Luxury expenses

Vehicle rentals considered as non-deductible expenses amounted to €73,804 in 2018.

1.4.2.8 Reintegration of general costs following tax adjustment

None

1.5 RISKS AND UNCERTAINTIES

1.5.1 RISKS RELATING TO THE GROUP'S BUSINESS

1.5.1.1 Risks relating to the Group's projects and plants

The Group's project development activities are subject to uncertainties

At December 31, 2018, the Group's pipeline of projects under development was made up of 139 projects at various stages of development (*tender ready* and *advanced development* projects, excluding *early stage* projects). Projects under development are often complex and large-scale and are subject to significant uncertainties, which may prevent the Group from being able to complete them according to plan, or at all.

The Group devotes considerable time to developing the projects it has in its pipeline, especially in prospecting and identifying sites, obtaining land licenses, financing for third-party environmental studies, undertaking technical assessments and the involvement of local stakeholders. The Group allocates financial resources to these activities, which increase as projects progress through their development stages.

The obstacles faced by the Group during the development phases may create delays or additional costs which could make the projects less competitive than initially planned. As a result, the Group may be unable to secure the power purchase agreements it targets for such projects, obtain financing on terms that will allow sufficient profitability, or generate the projected returns on investments. In certain cases, this could result in the project being postponed or abandoned and could result in the loss or impairment of the development expenses incurred, which could have a negative impact on the Group's growth rate, outlook and results.

The Group depends on financing arrangements obtained from various sources for the development and construction of its renewable energy facilities, particularly from external debt financing

The development and construction by the Group of solar plants and wind farms and, in some cases, energy storage facilities, are expensive activities that require significant financing, mainly through the use of equity and external debt. This third-party debt financing generally covers 75% to 85% of the project costs for projects in OECD countries, between 65% and 75% of project costs for projects in non-OECD countries, and as low as 60% or even 40% of project costs for projects with strong merchant revenue components. At December 31, 2018, the Group's outstanding bank debts amounted to €1,229 million in project financing, along with €262 million in project bond financing (essentially mezzanines), for energy generation facilities.

Under certain conditions or in certain markets, particularly in the event of unfavourable general conditions in the credit market, the Group may encounter difficulties in obtaining financing in a timely manner and under conditions that allow a satisfactory profitability of the projects, sufficient loans, or even to obtain financing at all. This risk is increased in periods of rising market rates, unless the Group is able to pass on the increase in the financing cost on to its power purchase agreements rates. Nevertheless, the Group's leeway could be hampered by various factors, including, for example, competition from actors that benefit from less expensive sources of funding (for example, groups that sell an interest in their projects). The interval between the response to a tender and the signing of the power purchase agreement, on the one hand, and the obtaining of financing (which may be over a year), on the other hand, may also put pressure on margins in a rising rate environment. Funding may also be subject to binding conditions that increase operating costs and reduce project value. In addition, the Group's ability to obtain project financing may vary from country to country, and no assurance can be given as to whether banks that have provided financing for the Group's projects in the past will continue to do so for new projects or markets as the Group expands into new markets.

Moreover, the Group's ability to negotiate financing for renewable energy projects on competitive terms is further limited by regulatory constraints or market conditions in the less mature markets where the

Group is developing its project pipeline. This may require the Group to establish partnerships with particular potential lenders or with a development bank. Reduced competition among lenders is likely to result in increased financing costs. These lenders may also be able to impose less favourable financing terms.

In some cases, particularly in non-OECD countries, the Group may be unable to close its financing after obtaining initial financing commitments, for example, if the required permits and administrative authorisations are not delivered or if extreme weather events occur or political problems arise. In some countries, the Group is often required to provide financial guarantees or deposits upfront to participate in the tendering process. Insofar as the banks providing such guarantees demand counter-guarantees, the Group may have to draw on its lines of credit to meet these demands without any assurance that the Group's bid will be successful.

If the Group is unable to negotiate financing or if the financing terms are unfavourable, the Group may be unable to build some of is forthcoming projects or will only be able to do so under less profitable terms. Difficulties in obtaining favourable financing or the inability to manage liquidity and other risks related to financial guarantees and deposits provided in tenders or more generally in the event of unforeseen investment expenses during the period prior to the recognition of revenue from a particular project may have a material adverse effect on the Group's business, financial position and results.

The profitability and, in many cases, the financing of the Group's renewable energy projects are dependent on securing power purchase agreements beforehand. The Group may be unable to obtain these power purchase agreements on terms that allow sufficient profitability from the projects

The value and viability of the Group's renewable energy projects depend on its ability to sell the electricity produced under contracts concluded with solvent counterparties and at appropriate prices, especially within the context of public tenders. As of December 31st, 2018, over 80% of the Group's secured capacity (in MW) are allocated to power purchase agreements resulting from public tenders (or feed in tariff) or were won after a public procedure.

These public tenders are usually governed by a specific regulatory framework and/or government initiatives. Tenders are mainly won according to the price in the offer. Consequently, if competitors are willing to accept lower margins than the Group or have less stringent project profitability analyses, margins may be on pressure, it may be harder for the Group to win tenders or win them at prices that ensure the project is sufficiently profitable.

In some cases, tenders may be announced before the Group or its local business partners have sufficient time to develop projects to present in its bid. Also, some tenders include local commitments or criteria other than the price of the offer that the Group may not be able to meet.

If the Group is unable to secure power purchase agreements for a given project under a public tender or under sufficiently favourable terms, it will likely be unable to finance that project or will only be able to do so on unfavourable financing terms. In such circumstances, the Group may retain such a project in its pipeline and attempt to obtain power purchase agreements afterwards, through future tenders, but cannot guarantee that such a tender would take place or that it will be successful in winning it. Such a situation may lead the Group to incur additional interim costs to maintain projects that may never be built. If these projects are not carried out, all the associated prior development costs that are capitalised in the balance sheet will be written down and a corresponding expense will be recognised in the Group's income statement, which may adversely affect the Group's growth prospects, as well as its financial results.

Lastly, the Group cannot guarantee that it will be able to renew or negotiate new power purchase agreements after the termination 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. For more information, please refer to "*The Group is exposed to wholesale market price risks*" below. The Group’s inability to negotiate such long-term contracts may increase volatility in the Group's earnings and cash flow, or result in substantial future losses (or facility impairment), which could have a significant adverse effect on the Group's business, financial position and results.

The early termination of a PPA or a counterparty's default could also adversely affect the Group's business

The Group sells most of the electricity it generates under long-term power purchase agreements (with a 25-year term) with state counterparties (states or state-owned companies), utilities, and a limited number of corporate off-takers.

Power purchase agreements entered into by the Group may be terminated by the counterparties subject to penalties and in limited circumstances, including events that render any payment made under such contracts illegal, cases of force majeure (including acts of state) and certain tax events. The loss of significant power purchase agreements that may result from an early termination, particularly if they concern a large plant, may have a significant adverse effect on the Group's business, financial position and results.

The Group aims to reduce counterparty risk on electricity sales contracts, in part by entering into contracts with states, public electricity utilities or other clients with high credit quality, and by obtaining performance guarantees by the purchasers. However, whenever a current or future counterparty does not have, or loses, an *investment-grade* credit rating and/or the Group cannot obtain guarantees from the state, the Group is or will be exposed to increased counterparty risk. Even when the Group obtains such state guarantees, the guarantor may not have an investment-grade credit rating, or may lose it. As of December 31, 2018, the Group's main four clients, which accounted for around 75% of its capacity in operation (in MW), all have *investment-grade* credit ratings.

Similarly, the Group may be unable to fully limit its exposure to regional economic crises, as well as the ensuing credit risk, despite its diversity of locations. These risks may increase when there is volatility in the global or regional economy. Also, as long as the Group's purchasers are state entities or state-owned entities, it is exposed to an increased risk of expropriation or regulatory or political risks, including the privatisation of counterparties, which may affect the proper performance of the relevant contracts.

For an analysis on the Group's exposure to counterparty risk, please refer to paragraph 1.5.3.3 of this document.

The financial performance of the Group's plants depends on its counterparties' credit quality and regular performance of their obligations under electricity sales contracts. A counterparty's default in this regard may have a significant adverse effect on the Group's business, financial position and results.

The Group is exposed to 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 instrument specific to a given market (for example, large-scale generation certificates or LGCs in Australia) on which it sells part of the electricity generated by its facilities. The Group currently generates revenues from electricity sales on the market in the following situations:

- In some cases, where wholesale spot prices are expected to be higher than the long-term PPA price, the Group aims to structure the start date of the project’s long-term PPA to allow the Group to benefit from a period of spot market sales prior to the long-term PPA taking effect;
- In other cases, the PPA only covers a part of the estimated electricity produced, which allows the Group to sell the remainder on the spot market;
- Finally, for timing and strategic reasons, the Group may exceptionally decide to construct a project prior to securing an expected PPA and to sell at spot rates all energy generated before the PPA is secured or enters into force.

In each of these cases, as in all circumstances where the Group sells the electricity it produces on the wholesale electricity market, the Group is and/or will be exposed to the risk that prices decrease on the electricity market. In 2018, revenues from the electricity market amounted to €27.8 million, that is

12,2% of the Group's total revenue. The Group's current policy (which may change in the future) is to maintain a market exposure below a 20% threshold of its annual revenue.

Wholesale electricity prices are generally highly volatile, market-specific and dependent on many factors. These include the level of demand, time, availability and the cost of producing the available capacity to meet demand, as well as the structure of wholesale markets (especially the rules that define the order in which generation capacity is allocated), and the factors affecting the amount of electricity that can be carried by the available infrastructure at any given 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 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 or nuclear energy, may lead to a decrease in the wholesale market price. Similarly, new electricity generation capacity could also lead to a decrease in the wholesale market price, or even cause prices to be negative at given times. More significant regulatory changes in the electricity market (such as changes in the integration of transport allocation or changes relating to electricity exchange and transport pricing) could also have an impact on electricity prices. Given the intermittency of solar and wind resources (and in the absence of energy storage facilities near the sites), it is difficult for the Group to capitalise on the periods of strongest demand in the wholesale markets when these periods happen 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.

There have previously been periods of high volatility in the wholesale electricity market, and there could be more such periods in the future. Electricity prices have fallen significantly in some markets in recent years and periods of initially high prices can quickly be followed by periods of declining prices. More generally, in the absence of a *contract for difference* or equivalent arrangement, 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 within the framework of a PPA covering the entire production of the installation. The greater volatility of income from a project exposed to market prices reduces the percentage of the financing of a project by debt.

The Group generates revenues from the sale of renewable energy certificates or green certificates (large-scale generation certificates or LGCs) it obtains through the generation of electricity by wind and solar projects in Australia. It then sells its LGCs either as part of a bundled package with the electricity sold under the PPA or in sales on the market via brokers or directly to distributors, or pursuant to LGC sales contracts. In these latter cases, the Group is exposed to the risk of decrease or volatility of LGC prices on the markets. In 2018, income from the sale of LGCs amounted to €48.2 million, i.e. 21.1% of the Group's total revenue

A slump in the market price of electricity or LGCs could have a negative impact on the financial appeal of new projects and the profitability of the Group's facilities to the extent that part of their electricity production, and some of the underlying LGCs, are sold on the market. The impact on the Group's operating results and financial position may be significant, depending on the extent of the market exposure (i.e., spot sales or LGC sales) of its portfolio.

The Group may be unable to complete its projects under construction

Projects still incur risk after a PPA and financing have been obtained, during the construction phase, and especially with regard to engineering, equipment and the proper performance of the EPC. At December 31,2018, the Group's projects *under construction* accounted for 764 MW.

The Group's inability to complete the construction of a facility or to 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 due to non-compliance with certain stages, or delays and/or costs overruns, which may not be fully covered or adequately provided for by guarantees, indemnification clauses or EPC insurance. A project's eligibility to certain regulated tariffs may be jeopardised or lost if the facilities are not commissioned within agreed deadlines, and lengthy and costly litigation may ensue between the Group and the parties involved in the development, construction and financing of the project.

When the Group undertakes to make capital expenditure for the construction of a project, it does so in the prospect of recovering these costs. However, the Group cannot guarantee that a project will be completed and reach the operational stage. If the Group is not able to achieve completion of a project under construction, it may be forced to abandon it and depreciate the costs incurred. Inefficient construction or operation management is likely to give rise to unforeseen delays or cost overruns in the completion of these projects, which may have a significant adverse effect on the Group's activity, its financial position or its results.

The Group has high leverage and significant project debt, which may affect its operational flexibility and, in a crisis scenario, have a significant adverse impact on its financial position

To finance its projects, the Group uses significant leverage to limit its equity exposure. In this sense, as of December 31, 2018, the Group's leverage ratio, that is the ratio between its net debt and its current EBITDA (calculated over the last 12 months) was 6.0x. The Group's medium-term objectives, including its net debt/EBITDA target, assume a financial leverage ratio of approximately 80-85% of the invested capital, taking into account all funding, whether senior, subordinated or corporate. The Group's projects therefore imply a significant reliance on debt by the special purpose vehicles, which entails the risks detailed below. Moreover, the Group may be unable to maintain the necessary leverage to attain its growth targets for various reasons (including a possible rise in market rates or a higher equity contribution required by lenders, notably due to a larger proportion of sales at market prices of the electricity produced by a project), which would entail greater exposure by its shareholders to meet the Group's equity requirements.

At December 31, 2018, the Group's consolidated financial debt amounted to €1,690.7 million, of which €1,492 million in project financing debts contracted by special purpose vehicles or intermediate holding companies, and €16.1 million in corporate financing contracted by the Company that are not intended for financing projects. The remaining €182.5 million corresponds (following application of IFRS 16) to rental liabilities (€96.9 million), current account advances granted to project companies or project company holding companies by minority shareholders (€45.3 million) and hedging instruments (€40.3 million). For a description of the Group's indebtedness, please refer to Section 1.3.1 of this document. The indebtedness of each of the Group's project companies in the project amount is without recourse to the Company and the other entities located outside the specific financing scope, although there are isolated exceptions such as a guarantee granted by the Company during the period prior to the commissioning of the Altiplano 200 project in Argentina, scheduled for the first quarter of 2020. This means that the debt is repayable only from the income generated by the SPV concerned or its direct holding company (if several projects have been syndicated) and that the repayment of these loans (and interest thereon) is generally secured by the SPV's equity, physical assets, contracts, insurance policies and cash flows, or those of its holding if applicable.

If an SPV, 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 a given minimum debt service coverage ratio, the debt of the project would become due immediately. In the absence of a waiver or a 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).

Moreover, the failure of an SPV 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 cash distribution, since the defaulting entity is generally prohibited from distributing cash. This would probably result in a loss of confidence by the Group's clients, lenders or counterparties, which would adversely affect the Group's access to other sources of financing for its projects.

Finally, in the event of insolvency, liquidation or reorganisation of one of the special purpose vehicles, the creditors (including suppliers, adjudicated creditors and tax authorities) would be entitled to the full payment of their claim from the project's revenues, before the Group is allowed to receive any distribution from that project. Where there is indebtedness for a given project, lenders may request the forfeiture of the term of the debt and seize any collateral; the Group could then lose its stake in the relevant special purpose vehicles.

The Group's project financing documents includes a certain number of covenants the non-compliance of which could lead to default on the project debt

Due to its project financing strategy, the Group has to manage multiple financing contracts signed by many special purpose vehicles in different countries and jurisdictions. Although the Group endeavours 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

Each financing agreement contains financial and non-financial covenants that are binding on the project SPV. In particular, financing agreements generally contain a *minimum debt service coverage ratio* or *minimum DSCR* defined in the financing contract (generally 1.05x to 1.10x depending on the contract). The typical financing agreement also imposes restrictions on distributions of funds to shareholders and repayments of current account advances, including compliance with a “lock-up” DSCR, which is generally set at a higher level than the minimum DSCR (usually from *1.10x to 1.15*x depending on the agreement, or even higher for projects located in countries that are not OECD members or that have a high merchant component), and the maintenance of a "debt service reserve account". Certain financing agreements impose minimum ratios of equity to indebtedness. Lastly, some agreements also include cross-default clauses in regard to the SPV or its direct holding company and, in some cases, in relation with the financial position of the Company.

Failure to meet these covenants by the Group could lead to an event of default on a project's financing and have adverse consequences, such as the blocking of the project distributions, an increase in costs or even the acceleration of the project debt, and thus have a significant negative impact on the Group's ability to obtain financing in the future or have an effect on the cost of its future financing. In addition, if the Company experienced financial difficulties, this could trigger the cross-default clauses included in some financing contracts and thus lead to simultaneous defaults on several project SPVs.

At December 31, 2018, the minimum DSCRs and/or the minimum equity/debt ratios were adhered to by the Group's companies, with the exception of two cases of non-adherence to minimum DSCRs stated below:

- Concerning the Auxois Sud wind farm, shutdowns were carried out at the end of 2018 to enable the construction of an extension (the Plateau d'Auxois Sud plant) leading to a loss of revenue equivalent to two months of production, which reduced the DSCR to below the default trigger. This event remains exceptional and does not in any way reflect lower performance from the plant;
- Concerning the Champs d’Amour wind farm, in its first year of operation it suffered from less wind combined slower ramp-up than expected in the first months of operation. This combination pushed the DSCR below the default trigger.

At the time of writing this document, the Group had begun discussions with lenders and creditors to obtain waivers from these cases of failure to meet minimum DSCRs. The Group does not anticipate major difficulties in obtaining these waivers.

Relying on third party contractors exposes the Group to risks

The Group calls on various contractors for building its projects, for operating and maintenance services (O&M) as well as for certain aspects in project development such as technical and environmental studies. If the Group's contractors (or their sub-contractors) do not fulfil their obligations, provide services that are not up to the standard of the Group's quality, encounter financial difficulties or do not comply with the laws and regulations in force, the Group's reputation may be undermined, in addition to running the risk of penalties or significant public liability. The ability of the Group to obtain compensation from its sub-contractors may be limited by their financial solvency or contractual limitations to their liability and the guarantees granted by these sub-contractors or their affiliates may not entirely cover the losses suffered by the Group.

More generally, serious repercussions may result from the failure of an EPC contractor to fulfil its obligations, and particularly construction deadlines, or this contractor's financial difficulties. In particular, commissioning delays can have a substantial impact on the Group's income for the current year and, beyond a certains date, PPAs may be cancelled owing to their strict deadlines for commissioning plants. Furthermore, insofar as most of the EPC contractors selected to provide O&M services, once construction of the plant has been completed, a failure of the EPC can have a long-term impact on the plant owing to the contractors' understanding of the technical aspects and the characteristics of the equipment and the plant. If an EPC contractor must withdraw from an EPC contract or a project, the necessity of finding another contractor to provide the O&M services could lead to delays, additional costs and logistical difficulties.

Moreover, EPC contractors may fail to fulfil their guarantee commitments, owing to financial or other difficulties, with regard to the performance levels of the equipment provided for in the EPC or O&M contracts. In this case, the Group might be unable to complete the construction of the project, as initially planned, if the operational performance of its facilities fall below the contractually guaranteed level, leading to contractual failures or compel the Group to set up a reserve account (maintenance reserve account, which consists in a cash reserve of a potentially significant amount) put aside to cover project-related expenses.

Even if the Group is not dependent on a single supplier for key products and services, in certain cases, and depending on the region, there may only be a number of potential suppliers, so that the withdrawal of an important player could affect the availability, pricing or guarantees relating to the products and services concerned.

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

Any failure by the EPC key contractors in fulfilling their obligations, or the Group's inability to effectively manage the risks using co-contractors could have a negative effect on the Group' activity, its financial position and its income.

Should a significant case of liability not entirely covered by insurance policies occur, it could have a negative effect on the Group's financial position, cash flows and income

Electricity production entails hazardous activities, including the operation of large rotating equipment and systems delivering electricity to the transport and distribution grids. Apart from natural hazards, unforeseeables (fires, explosions and defective equipment) are risks inherent in the activity of the Group, which could result from internal procedures being inadequate, technical defects, human errors or external events. These dangers are liable to cause serious even fatal injuries, serious damage, destruction of property, plant and equipment, as well as interruption of the operation. Should one of these events occur, an investigation is liable to be opened against the Group, as well as the necessity to adopt corrective measures, and could result in significant damages including for bodily harm and environmental damage, fines and/or penalties and a loss of income due to the suspension of activities.

Furthermore, even if the Group obtains guarantees from its suppliers and requires its co-contractors to comply with certain performance levels, indemnities on the basis of these performance guarantees are unlikely to be sufficient to compensate for the loss of revenue for the Group, the increase in expenses and financing costs or damages paid in the event that the Company suffers from a malfunction in its equipment or non-performance by its co-contractors or suppliers.

Damage or losses not covered by the contractor's guarantees may be covered by taking out insurance, but this is not systematic as it may be outside the scope of the cover provided by applicable insurance policies or be considered as such by the insurers. For example, with regard to the Commentry biomass plant, the Group had disagreements with the project's insurers about the cover for damage caused to equipment as well as for the operating time lost during the plant construction and operation. Discussions are under way with a view to a commercial solution to the disagreement under satisfactory conditions for the Group and the Areva-LLT consortium on the one hand, and the insurer (RSA) on the other, failing which the Group reserves the right to exercise all legal means, including legal proceedings, available in due course. There is no guarantee that the Group's insurance cover will be enough to cover the anticipated or potential losses arising from insurable events, or again that the insurance cover will be applicable to the damages that the Group could suffer within the scope of its activities.

In addition, in certain cases, the compensation received from the insurance company concerned could be reduced. The occurrence of event giving rise to claims being made to the insurers can in turn lead to additional preventive measures being adopted, such as increased security and/or insurance premiums, which would have a negative effect on the plants' profitability. Furthermore, the Group cannot guarantee that the insurance policies will be renewed on the same terms as existing policies or that it will be in a position to take out insurance on normal and acceptable terms to provide appropriate cover for its activity and plants.

Lastly, the Group could be indirectly affected by the risks arising from the occurrence of major losses in the renewable energy sector. Hence, following a series of losses which occurred particularly in the field of dams as well as several losses arising from natural disasters in Latin America, some Lloyds syndicates and insurers announced at the last congress of the Association for Management of Corporate Risks and Insurance (*Association pour le Management des Risques et des Assurances de l'Entreprise*) their withdrawal from the renewable energy market as well as a possible increase in insurance premiums for construction in 2019 or 2020.

Each of the aforementioned risks could have a significant negative effect on the Group's activity, its financial position or its income.

Repairs and renovation of the electricity production plants carry significant risks which could lead to unexpected interruptions, reduced production and unanticipated capital expenditures

The operation of the Group's plants includes risks of breakdowns and failures if equipment and procedures or again risks of performance lower than the expected production or efficiency levels. A certain number of factors can be responsible for these performance failures and problems, such as human error, lack of maintenance and general wear over time. Unexpected interruptions of the production units, including extended programmed interruptions due to mechanical failures or other problems in connection with the Group's production plants, can also occur and constitute a risk inherent in its activity.

Unexpected interruptions of the Group's electricity production units generally involve an increase in operating and maintenance costs, which may not be recoverable under off-take contracts and thereby reduce the Group's revenue arising from a reduction in the quantity of electricity sold or compel the Group to incur substantial expenses as a result of the increased operating cost of the plant, or could even constitute a default under an off-take contract leading to its termination. Furthermore, essential equipment and components may not always be immediately available when needed, which could lead to non-negligible downtime and a delay in resuming the plant's operation, involving a loss of income which would probably not be entirely compensated by the penal clauses included in the O&M contracts. Certain designed-to-measure equipment and parts require substantial time limits and manufacturing and delivery costs: if these items do not function as planned or are damaged, replacing them may require significant expenses for the Group and lead to a long interruption for the plant concerned.

Capital expenditures higher than those provided for may be necessary following changes in the laws and regulations on the environment, health and safety (including changes in their interpretation and application), necessary repairs to the plants or unexpected events (such as natural or human disasters or terrorist attacks). Any unexpected failure, particularly breakdowns, forced interruptions or unexpected capital expenditures, could lead to reduced profitability for the projects and/or compromise the ability of the SPVs to repay their debts or to retain the benefit of an off-take contract, to fulfil other obligations and to pay dividends and could have a significant negative effect on the Group's cash flow and financial position.

Some of the Group's power purchase agreements expose it to inflation risk

Some of the Group's power purchase agreements do not provide for the possibility of increasing prices based on inflation or provide for a partial increase only. Even if the currencies in which the Group's power purchase agreements are denominated (euros, US dollars and Australian dollars) have experienced limited inflation in recent years, they may be exposed to increased inflation in the future. The Group's operating costs may increase if a given country where it operates experiences a rise of inflation, and its financial performance may thus be hindered and, in extreme cases, its ability to comply with financial covenants under project financing arrangements since the Group could not generate sufficient revenue under the relevant power purchase agreements without a price adjustment mechanism to offset inflation.

1.5.1.2 Risks relating to the organisation and strategy of the Group.

The internationalisation of the Group's activities and its expansion in developing markets expose it to legal, political, operational and other risks which could have a negative effect on its operations and profitability

The Group currently operates solar plants, wind farms, electricity storage facilities and a biomass plant, mainly in France and Australia, its main markets in which it generated over 90% of its revenue in 2018, and to a lesser degree, solar plants on selected markets in Europe, Latin America and Africa. It plans to extend its operations to a large degree outside France and Australia, particularly in Latin America (market in which the Group generated 7% of its revenue in 2018 but which constitutes 28% of the MWs in its portfolio of secured projects at December 31, 2018.)

The existing international activities of the Group and its expansion strategy expose it to a certain number of risks connected to its penetration in new markets and the management of its international operations, particularly risks such as political (decline in public policies to promote the development of renewable energies), competitive (decrease in the costs of producing other sources of energy compared with solar and wind energy on local markets or giving preference to local competitors, through greater requirements of local content), legal (increased exposure to disagreements or disputes or increased legal and tax restrictions), relational (difficulties in maintaining relations with local technical, financial and legal partners) or operational (increased amount of work for the management of the Group or failure to adjust the Group's policies and commercial practices to local markets). The inability to effectively manage risks linked to international expansion could have a substantial negative effect on the Group's activity, financial position and income.

Furthermore, the current and expected operations of the Group in emerging markets, particularly in Latin American and Africa, expose it to specific risks inherent in investments and operations in developing markets, and particularly:

- emerging markets in which the Group operates or contemplates operating are at various stages of development and could suffer considerable changes in their economic performance, as well as political unrest, social movements, war, terrorist acts or any other violence. The level of security of certain markets may be reduced and, from time to time, the Group has experienced theft or security failures on these markets, which may also increase the risk of failure or shortcomings of the infrastructure;

- grid managers and other key counterparties in certain markets, particularly concerning developing markets, may have limited or no experience of the technical requirements for the development and construction of renewable energy plants and their connection to the electricity grid. This may lead to substantial delays in the development and the non compliance of some of the development, construction and commissioning stages;

- the activities of the Group on developing markets may present risks of losses in the event of expropriation, nationalisation, confiscation of assets and property, restrictions on foreign investment and recovery of invested capital;

- imposition of foreign exchange controls or no acceptable foreign currency in one or more emerging markets in which the Group operates or intends to operate may lead to restrictions on converting the local currency into a foreign currency and the transfer of funds abroad, which could limit upstream payments of the Company's dividends;
- certain emerging markets have implemented measures to encourage foreign investment, particularly tax benefits, the elimination of which could have a negative impact on the Group's income or on the availability or the cost of project financing in these countries;
- certain emerging markets could impose limits, new or additional, on direct foreign investment, in which case the Group would have to cope with additional costs or would have limited access to project financing on attractive terms;
- the inadequacy of the legal system and laws may create some uncertainty for investments and the Group's activity in some countries, due to the changes in requirements which could turn out to be costly or unexpected, judicial systems' limited budgets, unfavourable judicial interpretations and/or inappropriate or uncertain regulatory systems. This could expose the Group to even more risks with regard to the performance of contracts and could increase the financing cost or reduce the financing available for the Group's projects. These considerations led to, and could in the future lead to the Group entirely abandoning certain projects or markets without being able to recover all its investment; and
- the Group operates or plans to operate in certain countries in which corruption may be more widespread than in others. Even though the Group has adopted a Neoen charter designed to respond to these problems, the Group's controls and procedures could fail to prevent anti-corruption laws and regulations being violated. Any failure to comply with the applicable anti-corruption laws and regulations could result in substantial fines, civil or penal penalties, and an undermining of its reputation which could have a negative effect on the cost and availability of financing for projects.

The Group's inability to adequately cope with the risks in connection with operations and investment on developing markets could have a significant negative effect on its activity, reputation, financial position and income.

The Group may be unable to realise the envisaged benefits from its acquisitions

The Group has mainly seen organic growth in the past, but has also acquired interests in projects partially developed by third parties, notably the Cestas solar plant in France, the Hornsdale wind farm in Australia and more recently the Hedet wind farm in Finland. The Group selectively acquires interests and some projects when it believes that it can bring substantial added value in the development of a facility. However, there is no guarantee that the envisaged advantages will materialise.

The Group may discover, during development of a project and after having acquired it, difficulties or problems linked to the project, which have a negative impact on its profitability and make it difficult or impossible to develop it at cost and with the initially envisaged financial returns. These problems may force the Group to restructure its investment or abandon the entire acquired project, which could have a major negative impact on its financial situation and its results.

Further, the Group has already acquired and could in future acquire energy companies in markets where it already operates or in its target markets. Interesting opportunities may present themselves due to an ad hoc situation in a region, conditions in the renewable energy sector or circumstances specific to a seller. In these situations, the Group may have to act quickly so as not to miss an opportunity. The activities linked to these acquisitions may take up some of the attention of the Group's management and could increase the Group's leverage. Future acquisitions could be significant and/or complex, and the Group may be unable to complete them as envisaged or be unable to complete them at all. There is no guarantee that the Group will be able to negotiate the required agreements, overcome local or international opposition and obtain the necessary licences, permits and finance. Such risks, as well as political developments, could hinder or prevent the completion of such acquisitions. Even if the Group is able to complete these acquisitions, their success and the performance under the related agreements will be subject to additional risks, including risks linked to operation in developing countries and risks linked to legal and regulatory changes. The expected synergies may not materialise, and the Group may have difficulty in consolidating the companies acquired. The Group may also be exposed to major unforeseen liabilities and problems affecting the target companies that it may have failed to identify during its due diligence. The costs associated with these liabilities or problems may not all be covered by compensation clauses that the Group negotiates as part of its purchase agreements. One of the abovementioned problems may have a major negative impact on the Group's financial situation and results.

The success of the Group depends on its 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, 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 could have a significant negative effect on the growth, project development, financial position and income of the Group.

As the Group extends its activities, its portfolio and establishment in various regions, its operational success and its ability to pursue 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 Group's engineering and personnel are crucial to the development of new projects and the profitable operation of existing projects. The success of these projects depends on the recruitment and retention of personnel, worldwide, with sufficient expertise to enable the Group to complete accurately and timely its analysis and report production requirements. 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 a sufficient number to support its business plan and its growth. The inability to recruit and retain qualified personnel could have a negative effect on the Group's activities.

Furthermore, sometimes executives and other employees with technical or market segment expertise leave the Group. If the Group does not manage to rapidly appoint qualified and effective successors or is unable to effectively manage the temporary expertise discrepancies or other disruptions brought about by such departures, this could have a significant negative effect on its activities and growth strategy.

The Group's activities depend on its IT infrastructure, and delays or breakdowns, or any potential cyber-attack on its IT networks and system could have a negative effect on its income

The Group's activity is based on the effective and uninterrupted operation of its IT infrastructure, which includes complex and sophisticated IT systems, telecommunications system, audit, accounting *and* reporting, data processing, data 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. These 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 disrupt administrative and sales operations, including causing a loss of sensitive data and compromise operating capacity. This could also lead to a loss of service for customers and incur substantial expenditures to correct the security breaches and damage to the system. Furthermore, in addition to having a negative effect on the Group's activity, a failure of the operations' monitoring system (focused on availability, the activity and efficiency of the plant, accounting and reporting, operational monitoring, health and safety and compliance with the laws and regulations on the environment) could lead to a loss of revenue, non-compliance with contractual, regulatory or tax obligations, requirements regarding permits and give rise to fines and penalties.

1.5.1.3 Accounting and financial risks relating to the activity of the Group

Impairment of the carrying value of the plant, property and equipment and intangible assets of the Group would have a negative effect on its income and consolidated balance sheet

The property, plant and equipment acquired by the Group is mainly comprised of the generating assets held by the Group, generally recorded as such as from the construction launch of a project or from the date of its acquisition by the Group. To a lesser extent, property, plant and equipment includes other types of assets such as the plots of land purchased by the Group for the construction of its facilities or structuring costs in connection with the arrangement of facilities used to finance the assets up until the commissioning of relevant projects. Intangible assets acquired by the Group mainly comprise the capitalised development costs related to the various projects, which are capitalised once the activation criteria have been met. The property, plant and equipment and intangible assets stood at €1,703 million and €122 million, respectively, at December 31, 2018.

These assets are initially recorded at their cost and their fair value and the property, plant and equipment and intangible assets relating to projects in operation are amortised or depreciated over their useful life. When impairment indicators are available, an impairment test is carried out on the property, plant and equipment and intangible assets.

When the recoverability of the assets is assessed, the Group makes estimates and assumptions on the sales, climate resources, interest rates, raw materials prices and discount rates in accordance with the Group's budgets, business plans, economic forecasts, forecasted cash flows of the Group as well as market data. There are uncertainties inherent to these factors and the management's judgement when applying them. As a general rule, the fair value of the property, plant and equipment and intangible assets is determined by discounting the future cash flows generated by each group of assets. The Group could be required to assess the recoverability of its property, plant and equipment and intangible assets in a certain number of situations, particularly when there is a diminished probability of the project's development succeeding, a disruption of the activities, an unexpected significant reduction in the operating income, the sale of a major component of its activities or when an unfavourable measure or decision is taken by regulatory authority. Impairment expenses relating to the property, plant and equipment and intangible assets significantly affect the Group's net expenses during the periods in which they are recorded. If the current economic conditions worldwide deteriorate, or if environmental policies with regard to renewable energy become unfavourable, this could increase the risk that the Group depreciates its property, plant and equipment and intangible assets.

The Group might not be in a position to fully or effectively hedge against exposure to exchange rate risk

The Group generally hedges against a potential exchange rate risk insofar as certain of its project development costs and, in certain cases, the project construction costs are paid in a currency other than the one used to finance the project or the one in which the Group receives its income from operations. For an analysis of the Group's exposure to exchange rate risk and hedging, refer to paragraph 1.5.3.2 of this document. Nevertheless, the risk management procedures set up by the Group with regard to such hedging might not always be effective or protect it as planned against exchange rate fluctuations. In particular, when foreign exchange exposure is not yet certain, the Group could decide not to hedge the risk. Consequently, the exchange rate fluctuation may have a negative effect on the financial results of the Group insofar as the Group did not hedge certain positions or did not hedge them sufficiently. Furthermore, certain types of economic hedging activities might not be eligible for hedge accounting in accordance with IFRS, which would increase volatility in the Group's net income.

The Group is not entirely hedged and might not be effectively covered against the interest rate fluctuations provided for in the project financing contracts to which it is party

In the majority of its project financing contracts, the Group has hedged most of its exposure to the risk of a variable interest rate. For an analysis of the Group's exposure to the interest rate risk, refer to paragraph 1.5.3.1 of this document.

Nevertheless, with the aim, among others, of ensuring the greatest flexibility in the case of early repayment or cancellation of the debt, part of its exposure to the rate risk cannot be hedged. In certain cases, the lender concerned is not in a position to provide an interest rate risk at financial close, thereby exposing the project to variable interest-rate fluctuations until the full draw-down on the debt concerned.

In such cases, the resulting increases in interest rates and financial expenses may affect the project company's ability to pay dividends, to repay loans to shareholders or even to service its debt, or again to increase the investment amounts required during construction, which could lead to insufficient funds to complete commissioning the plant.

1.5.2 RISKS RELATING TO THE RENEWABLE ENERGY SECTOR

1.5.2.1 Risks relating to regulation and public policy

Any reduction in or challenge to regulated prices and tariffs for the purchase of renewable electricity by national or local authorities or any other public entity could have a material adverse effect on the Group

The value and viability of the wind and solar power, storage and biomass 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 on 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 the "feed-in premium" mechanism based on the option to sell the electricity generated by certain facilities directly on the wholesale market (in particular to suppliers and traders) while also receiving a premium paid by EDF. The feed-in premium agreement works on the basis of a "contract for difference" by which EDF has an obligation to pay the producer the difference between the price that it would have paid under a feed-in tariff mechanism and the price at which the producer is selling the electricity on the market. These contracts for difference are either signed further to invitations to tender or, to a lesser extent, in the context of an open-window framework.

These 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 has a presence. For example, in Zambia, the "*Scaling Solar*" programme 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" programme which includes provision for invitations to tender further to which the successful bidders are awarded power purchase agreements offering them a U.S. 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 the prices offered on an open-window basis or further to invitations to tender could have a material impact on the profitability of the Group's projects and the revenue generated, particularly if the said feed-in premiums or feed-in prices are not sufficiently high to cover the project costs (notably the cost of repaying agreed 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 the feed-in premiums or regulated prices in France or other countries, the projects based on such remuneration conditions may not be viable.

Any adverse change in the regulations or public policy in support for renewable energy could have a material effect on the Group's activities

The Group's activities are, to a certain extent, dependent on the incentive-based public policies adopted in those 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 take the form of commitments and planning for the production of renewable energy (such as the multi-year energy programme in France or the "Renewable Energy Target" programme in Australia), 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 invitations to tender, pricing rules for electricity generated using renewable sources, quotas for the supply of renewable energy imposed on private professional consumers, the issuance of green certificates which can be traded in the marketplace (notably, the large-scale generation certificates in Australia), preferential rights to access electricity transport and distribution networks and tax incentives. These 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 favourable nature depend on the political and strategic options selected with regard to the environmental issues in a given country or region, which may be impacted by a wide range of factors including macro-economic conditions in the country or region in question, changes within governments and lobbying efforts made by the various stakeholders, including the renewables sector, other electricity producers and consumers, environmental groups, farming businesses and others.

Moreover, the organisation of public invitations to tender which constitute the main opportunities for the Group to sell the electricity generated depends to a great extent on the willingness of States or regions to promote the production of renewable energy within their territory, or even on planning tools such as the multi-year energy programme in France. States or regions, due to political changes or new governments could reduce the number of tender procedures or throw into question ongoing or announced procedures. For example, in Mexico, after the federal elections of 2018, the *Centro Nacional de Control de Energía* or "CENACE" announced the postponement then abandonment of tender procedures initially planned for the end of 2018, for which the Group was a preselected candidate. These decisions delay the Group's ability to conclude PPAs and find openings for the projects it develops in the country.

More generally, any challenge to, or adverse change in these incentive-based public policies and any issues or uncertainties in relation to their interpretation or implementation or any reduction in the number of invitation to tender procedures carried out or in the volumes allocated thereby could have a material adverse effect on the Group's business, results or financial position.

More generally, the Group is doing business within a restrictive regulatory environment. These regulations relate to matters of urban planning, environmental protection (planning regulations, noise regulations, biodiversity), protection of local populations (such as Aboriginal populations in Australia), hygiene, safety and health at work, maintenance and control of operational facilities, dismantling of facilities at end of life and recycling of their components. If the Group does not make its facilities compliant, or ensure their compliance with the relevant provisions, it may have its authorisations withdrawn (licences, permits, etc.) or be fined by the regulatory authorities or grid managers which could have a major negative impact on its business, results and financial situation.

If the Group is unable to secure the permits, licences and authorisations necessary for the conduct of its business or the construction of its facilities, this could have a material adverse effect on business and on the value of its portfolio of assets

In the context of its activities, the Group is subject to significant constraints relating to the issuance of the permits, licences and authorisations required by the regulations in force and issued by local or national authorities. Depending on the country, these permits, licences and authorisations may take the form of planning permission (such as building permits), environmental surveys and mandatory impact surveys, generating and operating authorisations, network connection authorisations and any other specific authorisations related to the presence of protected areas close to the facilities (archaeological sites, historic buildings, military or nuclear facilities, forests, etc.).

Depending on the country, national governments and local authorities may have greater or lesser discretionary powers with regard to the granting of these permits, licences and authorisations and may exercise these discretionary powers in an arbitrary or unpredictable manner. Moreover, the number of competent authorities may make the process for obtaining these authorisations and permits lengthy, complex and costly. Therefore, the Group cannot guarantee that it will be able to obtain the permits, licences and authorisations necessary for the construction of a given facility or for any activity that it intends to carry out in a specific country 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 authorisations necessary and may therefore have to withdraw from or abandon a project, which could have a material adverse effect on its business, development or financial position.

More generally, if the Group is unable to secure these permits and authorisations, this could have a material adverse effect on its business and on its operating results.

Any opposition to the construction of facilities from local communities or any challenge to permits, licences and authorisations once granted to the Group may extend the development timeline or force the Group to abandon certain projects

The wind power projects and, to a lesser extent, solar projects developed and operated by the Group may be the target of strong opposition from local communities and associations, specialised in particular in the fight against wind farms, particularly in France.

In particular, the permits, authorisations and licences necessary for the construction of a facility may, once granted, become the subject to an appeal filed by neighbours and associations who generally cite damage to the landscape, noise pollution, damage to biodiversity or, more generally, harm to the local environment before the courts.

Appeals of this kind are very frequent for those of the Group's wind farm projects located in France and may arise for projects worldwide. When the permits and authorisations obtained by the Group are challenged or cancelled, the periods needed to develop the projects are longer, and in some extreme cases, may force the Group to abandon these projects under development.

At December 31, 2018, less than 10% of the Group's 87 solar power projects and 27% of the Group's 45 wind power projects in the "*awarded*", "*tender-ready*" and "*advanced development* " phases in France had become the subject of an appeal (projects in the "*early stage*" phase are not generally far enough advanced to be challenged by an appeal). Between January 1, 2018 and December 31, 2018, the Group was forced to abandon one solar power project and one wind farm project as a result of appeals.

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 will be given a positive reception or be accepted by its neighbouring communities. Even if there are various regulations aimed at restricting the exact locations of wind farms or solar power plants, opposition from the local community may make it more difficult to obtain a building permit and this could 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 change to their outcome could lead the Group to abandon certain projects and, therefore, have an adverse effect on the Group's prospects and financial performance.

The Group could have exposure to tax risk

As an international group doing business in a large number of countries, the Group has structured its commercial and financial activities in accordance with the various regulatory obligations to which it is subject and with its commercial and financial objectives. The structure of the Group will moreover have to change as and when the Group's activities develop, notably on an international level. To the extent that the tax laws and regulations of the various countries in which the Group entities are located or doing business do not make it possible to establish any clear or definitive guidelines, the tax regime applied to its activities, transactions or intra-group reorganisations (past or future) involving Group companies is or could on occasion be based on an interpretation of French or foreign tax laws and regulations. The

Group cannot guarantee that these interpretations will not be challenged by the relevant tax authorities. More generally, any violation of the tax laws and regulations in force in those countries in which the Group or Group entities are located or doing business may lead to tax audits or to the payment of interest for late performance, fines and penalties. In addition, tax laws and regulations may change or be amended with regard to the interpretation and application made by the relevant courts or authorities, potentially with retroactive effect, in particular in the context of joint initiatives adopted on an international or EU level (OECD, G20, European Union). Each of the foregoing points is liable to take the form of an increase in the Group's tax burden and have a material adverse effect on its financial position or results.

The Group was the subject of tax audits in 2018 which could reoccur in the future. The outcome of the tax audits could alter the Group's forecasts and the amount recorded as a provision, if required, in the consolidated financial statements, which could have a material adverse effect on the Group's deferred tax assets, cash flow, business, financial position or results of the Group.

The Group currently benefits (directly or via its special purpose vehicles) from beneficial tax regimes or tax incentives in certain of the countries in which it is active, designed to facilitate the development and promote the use of renewable energy sources or the investments related thereto. The benefit and scale of the tax incentive regimes are not guaranteed and changes to these policies could have a material adverse effect on the Group's business, results and financial and tax situation.

Conversely, the Group is subject to specific taxes applicable to companies in the energy sector in general and to local taxes applicable to the construction of energy production facilities or the use of electricity networks. The scale of these taxes could change in response to shifts in political and social sensitivity to environmental matters and in view of the maturity and growing profitability of the renewable energy industry as a whole. Any increase in the specific taxes and local levies could have a material adverse effect on the Group's activities, its results, financial and tax position, in particular if such an increase were to apply specifically to renewable energies without targeting other energy sources, which could lead to a potential reduction in the competitiveness of renewable energy.

The Group could see a reduction in its capacity to make interest tax deductible

Articles 212 *bis* and 223 B *bis* of the French General Tax Code, in the version in force prior to the 2019 budget act, limit the percentage of the net financial expenses which can be deducted from company tax, subject to certain terms and conditions and other than for exceptions at 75% for fiscal years beginning after January 1, 2014 and before January 1, 2019 (the "planing" rule).

In addition, according to the terms of the French rules on under-capitalisation applicable to fiscal years beginning before January 1, 2019, the deduction of any interest paid on loans granted by a related party and, subject to certain exceptions, on loans granted by third parties but guaranteed by a related-party, is subject to limitations, in accordance with the rules set out in article 212 of the French General Tax Code in the version pre-dating the 2019 Finance Act.

The rules referred to above limiting the ability to deduct interest by virtue of French tax legislation have been abandoned with effect from fiscal years starting from January 1, 2019 in the context of the partial transposition of the European directive establishing the rules for the prevention of tax fraud, having a direct impact on the operation of the internal market, adopted on July 12,2016 ("ATAD").

For fiscal years starting after January 1, 2019, the 2019 Finance Act has introduced a new mechanism to limit the ability to deduct net financial expenses at 30% of EBITDA for tax purposes (or €3 million if greater), applied on the level of the tax group. This threshold is reduced to 10% of EBITDA for tax purposes (or to €1 million if greater) if the tax group is considered to be under-capitalised pursuant to the new provisions. More favourable measures such as protection clauses and the carry-forward of non-deductible financial expenses may apply under certain conditions depending on the situation of the Group.

The impact of these rules on the Group's capacity to carry out the effective deduction of interest charges for tax purposes could have a material adverse effect on its results and financial position.

The Group's future results, French and foreign tax rules and tax audits and disputes could limit the Group's capacity to record deferred tax assets and thereby have an effect on the Group's financial position

The Group may record deferred tax assets on its balance sheet as the difference between the recording of tax in accordance with IFRS and the actual tax paid by Group entities. This difference includes inter alia the deferred impact of any reduction in tax on losses carried forward. At December 31, 2018, deferred tax assets net of tax liabilities carried forward stood at €1.3 million, it being stipulated that this figure includes the deferred tax assets corresponding to Group tax deficits and tax credits for €45.3 million (please see Note 27 to the Annual Financial Statements). The actual realisation of these assets in future years will depend on a set of factors including (i) the ability to generate a profit for tax purposes and the degree of adequacy between the level of realisation of these profits and the level of losses, (ii) the general limit applicable to French tax deficits, according to which the percentage of any deficit which can be carried forward for tax purposes which can be used to off-set the portion of the taxable earnings in excess of €1 million for each relevant subsequent fiscal year is capped at 50%, (iii) the limits imposed on the use of the tax deficits imposed by foreign laws and regulations, (iv) the consequences of any current or future tax audits or litigation and (v) any potential changes to the applicable laws and regulations.

The impact of these risks could increase the tax burden imposed on the Group and thereby have an adverse effect on the Group's effective tax rate, financial position and results.

The Group has exposure to risk linked to various legal or administrative proceedings or proceedings launched by tax or regulatory authorities

The Group is currently involved in legal proceedings and litigation and could, in the future, be involved in litigation of all kinds or in any other judicial, governmental, administrative or tax proceedings, in the normal course of its business. These proceedings may lead to an adverse decision, to the payment of considerable damages, to regulatory penalties or even criminal law penalties, and cause damage to the reputation of the Group and thereby have a material adverse effect on its business, financial position or results. Even if proceedings of this kind are finally resolved in favour of the Group, they may take up a significant volume of its resources and of its employees' time or lead to negative publicity, to the detriment of the Group's reputation and business.

1.5.2.2 Risks linked to climate and natural disasters

Generating electricity from renewable energy sources is highly dependent on meteorological conditions, notably sun and wind, and the intermittent nature of renewable energies may cause fluctuations and be a problem from a competitive perspective

The Group is investing in and plans to continue investing in electricity generating projects dependent on wind and sun. At December 31, 2018, those of the Group's solar facilities and wind farms in *operation* represented 883 MW and 489 MW respectively, i.e. approximately 59% and 33% 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 outside of the Group's control and which may vary significantly depending on the period. Predicting general meteorological conditions, such as seasonable variations in resources, is highly complex, particularly given that exceptional poor weather conditions may lead to one-off fluctuations in generating levels and in the levels of income generated by the projects. While, at the time of writing this Reference document, the Group's activities are primarily concentrated in France (41% of the MW in operation as of December 31, 2018) and in Australia (50% of the MW in operation as of December 31, 2018), the geographical and technological diversification strategy being applied to the portfolio of Group projects should in the future restrict the scale of this risk on a consolidated level. If adverse weather conditions were to continue over the long term, this could have a negative impact on the level of profitability of the projects in question.

Insufficient levels of irradiation or wind are liable to trigger a reduction in the amount of electricity generated. Inversely, 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. In 2016, for example, tornados led to power cuts in Southern Australia through damage caused to the electricity transmission network. This led to cascading transmission network faults and reductions in, or even the suspension of, electricity production at several wind farms (including *Hornsdale Wind Farm* 1, HWF 1). The Australian Energy Regulator (AER) carried out an inquiry into this power cut and published a report on it. Although the report did not find any failure on the part of renewable energy producers to comply with the regulations in effect, the risk of administrative action and legal action by third parties who were affected could not be entirely excluded.

The Group makes forecasts relating to the amount of electricity generated using statistical surveys based on the past meteorological record for the sites. The Group's internal rate of return ("IRR") and the financial covenants negotiated in the context of project financing are generally based on the assumption that these forecasts will be accurate at least for a defined percentage of the time. 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 available on a given site for a given period. Although the Group draws up forecasts for variations compared with the meteorological track record as well as the potential impacts on its business, it cannot guarantee that these forecasts will be sufficient to anticipate the most significant adverse impacts on its business and predict future weather conditions. Any reduction in the amount of electricity generated for the reasons set out above would be liable to trigger a fall in revenue and in the profitability of the Group and could have a material adverse effect on its business, financial position or operating income and, in extreme cases, on its capacity to comply with the financial covenants pursuant to the project financing agreements.

Risks linked to climate change and to extreme weather events could have an adverse impact on Neoen's business.

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 again 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 are liable to cause damage to the Group's facilities or increase the number of stoppage periods, an increase in operating and maintenance costs (O&M costs) or again interfere with the development and construction of large-scale projects. For example, in certain markets in which the Group has a presence, the Group has already had to deal with extreme weather events such as hurricanes in Jamaica and earthquakes in El Salvador.

1.5.2.3 Risks linked to competition in the renewable energy sector and the competitiveness of the sector compared with other sources of energy production

Competition in the renewable energy market is increasing constantly and may have an adverse effect on the Group

There is a great deal of competition in the solar, wind and biomass energy sector which is undergoing constant change, and the Group is faced with significant competition in each of the markets in which it operates. This competition is the result of multiple factors including notably an increase in the number of stakeholders in the renewable energy sector in recent years, the fall in the cost of solar panels and wind turbines, of other system components (BOS or BOP components), and also in construction and maintenance costs, the cost of capital and other costs, a fall in electricity prices both in the spot market and via feed-in tariffs or through competitive tendering, and, again, further to rapid changes in technology having an impact on the sector.

All these factors may reduce the average sale price in power purchase agreements or accentuate the Group's difficulties in bidding successfully in invitations to tender at prices which guarantee the desired or necessary returns, notably in order to guarantee the financing of the projects in question. This intensive and increasing level of competition has, along with the reduction in supply costs, contributed to pushing down the prices on offer in the context of invitations to tender, thereby leading to ever lower prices being seen in the context of recent procedures.

Moreover, in each of the markets in which it operates, the Group is facing competition both from local entities and global stakeholders, many of which have a great deal of experience (both nationally and internationally) in the development and running of power plants and financial resources which are at least equivalent to or better than those of the Group.

In addition, in recent years, the renewable energy sector has been marked by a trend toward consolidation, notably via the arrival of international energy groups in this market. As an example, EDF, the main electricity supplier in France which is controlled by the French State, has recently announced an ambitious programme for the development of solar energy in France as well as a plan to develop electricity storage in France and internationally which will be implemented via dedicated subsidiaries. Other leading energy operators such as Engie and Total have also strengthened their positions in the renewable energy market via recent acquisitions of independent wind and solar developers and producers. Finally, other competitors have attempted to increase their market share via merger transactions and company consolidations which have led to the creation of larger stakeholders, having significant financial resources, in many cases exceeding those of the Group.

The renewable energy market is a young market compared with the conventional energy market and is changing rapidly, and it may not develop as rapidly or in the manner anticipated by the Group and could suffer from competition with other sources of electricity generation

The renewable energy market is a market which is relatively young compared with the market for electricity generated using fossil fuels or nuclear energy. This market may change more rapidly or in a different manner from that as currently anticipated by the Group or by sector analysts. Several factors may impact growth in terms of generating capacity and the attractiveness of renewable energies compared with other sources of energy, in particular:

- the competitiveness of the electricity generated by production facilities using renewable energy sources compared with conventional energy sources such as natural gas or nuclear fuel;
- the performance, reliability and availability of the energy generated by facilities producing electricity from renewable energy sources compared with other conventional energy sources;
- improvements in technology and changes in the cost of components (solar panels, wind turbines, other system components) as well as in development and construction costs (EPC costs) and operating and maintenance (O&M costs) of the facilities;
- fluctuations in economic and market conditions having an impact on prices and on demand for conventional energy, notably price rises or falls concerning primary energy sources such as natural gas, coal, oil and other fossil fuels, as well as developments relating to cost structure, efficiency and investment in the equipment necessary for other electricity generating technologies;
- fluctuations impacting global demand for renewable energy both from State entities (in the event of challenges to public incentive schemes) and private stakeholders (notably in the event of a reduction in the positive image enjoyed by private companies powered exclusively or mainly by renewable energy); and
- for those geographical markets in which network parity has not yet been achieved, fluctuations in the availability, content and scale of support programmes, including objectives set by public authorities, subsidies, incentives and standards favourable to renewable energy and including the possible adverse changes concerning the programmes applicable to the other forms of production, convention or other, of electricity.

Any one of the factors listed above could undergo changes not currently anticipated by the Group. New market conditions could emerge and be liable to impact the Group's strategy planning in an unexpected manner. If the renewable energy market were to develop more slowly or other than anticipated, investors' interest in investing in this sector could erode and the Group could experience difficulties in achieving its development objectives or commercial objectives.

The Group has exposure to risks linked to fluctuations in the price of solar panels and wind turbines, in other system components, design, construction and manpower costs and the raw materials necessary for the production of renewable equipment

Although the Group entrusts the construction of its solar power plants and wind farms to third-parties via turnkey EPC contracts, the specific wind turbines and solar panels which it wants to see installed in its solar power plants and wind farms are almost always stipulated and the Group gives its opinion on the suppliers of other system components (BOS or BOP components) such as inverters, transformers, electric protection measures, cabling and monitoring equipment, as well as structural elements such as the mounting frames or wind turbine masts.

The price of these wind turbines, solar panels and other system components (BOS or BOP components) may increase or fluctuate depending on a range of factors outside of the Group's control such as adverse changes in the price of the raw materials required for the production of renewable generating equipment (steel, lithium, cobalt, etc.), the re-imposition of anti-dumping measures targeting Chinese solar panel manufacturers (as was the case in the United States in 2018) or the adoption of any other inter-governmental commercial measures targeting key materials used in the plants. These measures could therefore increase the Group's supply costs, which could damage 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.

In order to remain competitive, the Group must respond to the rapidly changing solar and wind power and electricity storage markets, notably via the identification of new technologies and their integration into projects currently under development

The solar and wind power and electricity storage sectors are marked by rapid progress and an increase in the range of technologies, products and services available. Technological progress made in terms of solar, wind and electricity storage contributes to reducing costs as well as improving techniques in order to offer better network integration and improved returns, making older technologies less competitive. Moreover, companies may perfect new electricity generating or storage technologies which are more competitive from the point of view of costs or more profitable than the solar, wind and storage equipment used by the Group. If the Group does not manage to identify and develop these new technologies or to adapt its existing facilities to use these innovations, it could experience difficulties in the context of participation in invitations to tender or in signing attractive power purchase agreements for its new projects. There could therefore be a material impact on the Group's business, its financial position and the results of operations.

The Group may also experience difficulties with regard to negotiating financing for projects using new but relatively unusual and as yet untested technologies, which may place the Group at a disadvantage compared with those of its competitors who have sufficient resources in order to finance projects using these new technologies themselves, in particular when these require a significant initial investment and/or then give a material advantage in terms of costs.

If the Group's competitors manage to develop technologies enabling them to submit lower bids or bids with more attractive conditions in the context of invitations to tender, the Group may not be in a position to align itself with these bids without causing an impact on its profitability or could even be unable to submit a bid in the context of the procedure. This situation could have a material adverse effect on the Group's business, its future prospects, financial position and operating results.

1.5.2.4 Risks related to access to and the performance of electricity grids

Difficulties relating to the connection to distribution and transmission networks, insufficient electricity transport capacity and the possible cost of renovating the transport network could have a material effect on the Group's capacity to build its plants and sell the electricity generated thereby

In order to sell the electricity generated by the plants it operates, the Group must have these plants connected to public distribution networks or, to a lesser extent, electricity transportation networks. So, the possibility of installing a production site at any given location depends closely on the possibility of connecting the plant to the distribution and/or transportation networks. As the sites available for the construction of plants are sometimes located at a distance from distribution and/or transportation networks, the Group cannot guarantee that it will be able to obtain sufficient network connections, within the contemplated cost and time parameters, for the construction of its future plants, notably in non-mature or emerging markets for which the network manager still lacks the experience required in terms of connecting renewable energy generating facilities.

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

Insufficient capacity of this kind could also lead the grid operator to ask the Group to cap the supply to the network below its regular production capacity (grid curtailment). At the moment, this phenomenon is mainly an issue for the Group in Australia where the network is accessible to all electricity generators (an open access network), with no priority granted to renewables, and where the Group is obliged to keep losses in terms of energy transported to a minimum (*marginal loss factors* or "MLF"), notably in the event of positive or negative fluctuations in network supply. In South Australia, lack of network capacity has led the *Australian Energy Market Operator* to limit the amount of wind-generated electricity injected into the network based on the number of gas-powered power stations on-line at the same time. The occurrence of curtailment requests of this kind automatically leads to a loss of income generated by the facilities impacted and a reduction in their profitability. Moreover, for each of its projects in Australia, the Group has established financial models taking grid curtailment and MLF forecasts into account on the basis of the scenarios considered to be probable as of the date of the financial closing. If these assumptions were to prove insufficient, this would have a potentially material adverse effect on the internal rates of return for the projects in question and, in extreme cases, could impact the special purpose vehicles' ability to service their debt. The introduction of energy storage measures by the Group has provided a partial response to the risks generated by *curtailment*., as is shown in Section 1.2.4.1 of this document.

Finally, in certain markets (notably Australia), the Group (like other producers) has to make a contribution to the commissions paid to energy producers (notably fossil fuel generators but also renewables generators who have storage facilities in addition to their plants) for services rendered for the stabilisation of the electricity network, in particular in order to correct the phenomena of the intermittent supply of electricity to the network by generators using renewable energy sources or to correct fluctuations in frequency (so-called "FCAS" or "frequency control ancillary services"). Details of the value of these FCAS contributions as well as of the commissions received by the Group for its FCAS services for the fiscal years ended December 31, 2017 and 2018 are set out in the table below:

In Australian dollars	**Fiscal year ending on December 31**	
	2018	**2017**
FCAS revenue	18 582 532	409 630
FCAS contributions	(2 941 752)	(2 028 869)
Balance	**15 640 780**	**(1 619 239)**

For each of its projects in Australia, the Group establishes financial models taking FCAS forecasts into consideration, on the basis of the scenarios considered to be probable as of the date of the financial closing. 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 off-set by the commissions received by the Group in its capacity as a supplier of these FCAS services via its storage facilities. If applicable, this would have a potentially material adverse effect on the internal rate of return of the projects in question.

1.5.3 Market Risk

1.5.3.1 Interest Rate Risk

The Group has exposure to market risk in the connection with its investment activities. This exposure is mainly linked to fluctuations in the interest rates applied to its borrowings in relation to the projects.

The following table summarises the Group's exposure by interest rate type at December 31, 2017 and 2018:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Fixed-rate borrowing	657.2	619.7
Variable-rate borrowing	993.3	754.7
Hedging	40.3	24.8
Total financial debt after hedging	**1,690.8**	**1,390.2**

As a matter of principle, project financing arranged at variable rates is covered by hedging which, in general, represents a rate weighted over the lifetime of the loan of 75% or more of the amount of the borrowing. Interest rate risk is hedged via privately-negotiated instruments (rate swaps) with international banking counterparties which are recorded at fair value and, for part of the hedging which is assessed as effective, recorded in the Group's equity, and variations in these fair values are recorded in the consolidated statement of comprehensive income included in the Annual Financial Statements.

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 table below sets out the Group's use of derivatives at December 31, 2017 and 2018 in order to hedge 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, 31 2017						
Rate swaps - Solar	74.1	196.4	270.5	(15.3)	(15.3)	0
Rate swaps - Wind	78.3	235.6	313.9	(9.5)	(9.5)	0
Total	**152.4**	**432.0**	**587.3**	**(24.8)**	**(24.8)**	**0**
At December 31, 2018						
Interest rate swaps - Solar	79.6	220.6	300.3	(18.1)	(18.1)	0
Rate swaps - Wind	78.3	301.9	380.2	(22.2)	(22.2)	0
Total	**157.9**	**522.5**	**680.5**	**40.3**	**40.3**	**0**

1.5.3.2 Exchange rate risk

The exchange rate risk to which the Group has exposure includes first of all the "translation" risk, i.e. risks related to the conversion of the financial statements of Group subsidiaries, established in currencies other than the euro, into the consolidation currency, in this case, the euro. To date, this risk has related mainly to the Group's Australian subsidiaries whose financial statements are stated in Australian dollars and to the solar power plant in El Salvador whose financial statements are stated in US dollars.

With regard to the so-called "transaction" risk, i.e. the risk of non-alignment between the currencies in which the Group's revenue and costs are respectively generated and incurred, the Group minimises its exposure by aligning project borrowing, investment expenses incurred to finance these projects and the revenue generated by these projects 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 the development costs incurred in certain countries. Moreover, while the prices of certain power purchase agreements are stated in US dollars, the payment currency may be a local currency which the Group must then without delay convert into US dollars to guarantee the servicing of the debt and distribute any excess cash to shareholders.

The Group also incurs transaction risk on any equity and current account loans that it may grant to special purpose vehicles (which constitute an equity contribution in the context of project financing), which are financed in Euros while the investment expenses incurred by these special purpose vehicles (for projects located outside of the Eurozone) will be stated in local currency (mainly US and Australian dollars, but also to a limited extent the in the Mexican peso, Argentine peso, Mozambique's metical, Zambia's kwacha, etc.)

In order to hedge the risk of a fall in the value of the Euro against the US dollar and Australian dollar, and to the extent that the project's probability is sufficiently established, the Group signs currency forward contracts via which it purchases Australian or US dollars with payment generally stipulated shortly before the date of the necessary contribution of equity or quasi-equity into the projects. These hedging instruments are generally agreed when the Group has clear visibility surrounding investment expenses and the debt/equity ratio applicable to the project, i.e. just after the finalisation of an EPC contract.

Finally, under certain exceptional circumstances, a project may be exposed to payments in currencies other than its operating currency, notably when the EPC contract is stipulated in several different currencies. The Group must therefore ensure that the project company purchases forex hedging at the moment of the financial closing in order to ensure that the resources defined for the project will be sufficient to ensure its proper completion.

The following table provides details of Group financial debt by currency type at December 31, 2017 and 2018:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Debt recorded in euros	766.7	727.7
Debt recorded in Australian dollars (converted into Euros)	745.2	558.7
Debt recorded in US dollars (converted into Euros)	178.4	112.7
Debt recorded in other currencies (converted into Euros)	0.5	-
Total financial debt	**1,690.7**	**1,399.2**

1.5.3.3 Counterparty risk

Counterparty risk corresponds to the risk of default by co-contracting parties, in particular the counterparties in power purchase agreements, with regard to the performance of their contractual commitments, liable to generate financial losses for the Group.

The following table summarises the situation of the client accounts and related accounts at December 31, 2017 and 2018:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Trade receivables	34.1	29.0
Impairment of trade receivables	(0.4)	-
Total trade receivables	**33.7**	**29.0**

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.

For a description of the power purchase agreements signed by the Group, please see Section 1.2.4.1 of this document. For a description of the various types of Group counterparties and their respective weighting in the Group's total sales, please see Section 1.1.3.3 of this document.

As indicated in this section, the Group's current counterparties are mainly State-owned or semi-State-owned. The share held by private entities as well as market counterparties (spot exposure) is nevertheless expected to increase in the future. When the counterparty in a power purchase agreement is a private company, its credit rating is taken into consideration for the calculation of the target internal rate of return ("IRR") of the underlying project. When the counterparty is a market counterparty, a premium for risk is also added to the project target IRR calculation.

The Group invests its available and semi-available cash resources and signs interest rate hedging agreements with leading financial establishments.

1.5.3.4 Liquidity Risk

Liquidity risk corresponds to the risk of the Group not being in a position to meet its cash flow requirements using its available resources.

The Group's cash requirements and the resources used to meet these are detailed in Section 1.3 of this document.

The table below summarises the Group's available resources (liquidity position) as of December 31, 2017 and 2018:

(In millions of euros)	**12.31.2018**	**12.31.2017**
Cash and cash equivalents:	503.8	260.0
- including short-term investments	165.4	3.8
- including available cash resources	338.4	256.2
Overdrafts available	145.0	39.0
Total	**648.8**	**299.0**

As of December 31, 2017, the €256 millions of available cash resources was mainly composed of draw-downs on the green bond issuance (green bonds) of December 2017 for a total of €95.9 million, for investment in new projects, and draw-downs on senior facilities for €76.3 million in order to pay investment invoices within projects and liquidity on a Company level. As of December 31, 2018, cash was mostly made up of cash from Neoen SA for €253.2 million, mainly from the €450 million capital increase as part of the Initial Public Offering, senior debt drawdowns to pay €92.7 million in project investment costs and green bond drawdowns of €26.2 million for new project investments. Moreover, the Company has repaid most of its corporate facilities using funds raised by the Initial Public Offering, which explains the considerable availability of possible borrowing facilities.

The short-term investments made by the Group are made fully available to the company which holds such investments and do not generate any risk of change in value.

1.6 INSURANCE AND RISK MANAGEMENT

Risk management forms an integral part of the Group's operational activities. As a developer and operator of solar, wind and biomass plants and of the storage facilities related thereto, the Group adapts its range of risk control measures either internally or via the transfer of such risk using insurance policies.

1.6.1 Insurance

In the context of its business, the Group has recourse to insurance on two levels:

- on the Company level, essentially to hedge the risk of third-party liability which exists on a Group scale, as well as damages relating to business travel by the Group's employees, corporate officers and executives;
- on the level of the special purpose vehicles, to obtain protection against the risks relating specifically to the solar, wind and biomass plants and the storage facilities under development, under construction and in operation.

Insurance policies are defined and managed in-house by the legal department which works closely with operations staff worldwide and with the Group's insurance brokers.

1.6.1.1 The Group's third-party liability and "business travel" insurance

The insurance policies taken out by the Company to cover all Group entities and its employees, corporate officers and executives are essentially third-party liability policies as well as "business travel" policies. As of the date of this document, the Group has taken out the following main insurance policies, with the levels of cover (and caps on compensation) that it considers appropriate and usual for businesses active in the same market:

- an international third-party liability insurance programme, provided by XL Insurance Company SE, the purpose of which is to insure the Group and those of its representatives and employees located in France and in certain countries (notably Australia, Portugal, Jamaica, El Salvador, Mexico, Mozambique, Argentina, Zambia, Finland and the United States) against the financial consequences of any liability potentially arising in relation to bodily, material and non-material damages resulting from faults, errors of fact or law, oversights, omissions, negligence or inaccuracies by them or their agents and caused to third parties, including clients of the Group, in the conduct of their professional activities. This insurance programme also includes a "criminal defence" package covering the payment of fees charged by any agents (solicitors, barristers, bailiffs, appraisers) and the expenses necessary for the defence of the Group in the event of lawsuits filed as a result of serious incidents. The total value of these guarantees is capped per claim and per year of insurance, with sub-limits imposed by type of damage. This insurance is comprised of a master policy, completed where applicable by local policies in Jamaica, Mozambique and in the United States where the Group has subsidiaries. This master policy is to apply in addition to or instead of the local policies for coverage not provided thereby or when an obligation exists to obtain local cover as a first resort;
- a third-party liability insurance programme for executives and corporate officers, provided by AIG (primary insurer) and Liberty, intended mainly to provide cover for the directors, executives and corporate officers of Group entities worldwide against the financial consequences of any claims filed against them and on the basis of any professional fault perpetrated in the performance of their duties. The programme also covers defence costs incurred by insured persons in proceedings in the civil, criminal and administrative courts;
- a "business travel" insurance programme ("employee assignments" policy), provided by Chartis, aimed at covering all employees, corporate officers, executives and directors or any person tasked with an assignment by the Group, including expatriates and those on secondment, against any damage caused in the context of their business travel (by air or land, etc.). The total value of these guarantees is capped per claim (each time with sub-limits imposed by type of damage). This

policy is completed 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.

The insurance policies taken out by the Group contain caps, exclusions and deductibles which could, in the event of a major claim or a lawsuit being 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 could incur material expenses not covered or not sufficiently covered by its insurance policies cannot be excluded

1.6.1.2 Insurance specific to the special purpose vehicles

In the performance of its activities relating to the development and operation of wind, solar and biomass projects and of the storage facilities related thereto, the Group is protected via insurance policies against any damages and incidents that could occur and impact a facility.

The Group's general insurance policy is based on the following principles:

- each Group project must be covered by:
    - a "comprehensive construction risk" policy, providing both the Group and the project company with cover relating to the environmental and third-party liability risk that could apply during the facility's construction phase;
    - when the facility has been commissioned, operating insurance providing cover for third-party liability, damages and loss of income caused by or to the facility (for example, fire, theft and acts of vandalism, natural disasters, etc.);
- if each project has its own insurance cover, separate from that applicable to other projects, such cover must be in line with Group policy on insurance cover. In the specific case of French solar projects, standard terms and conditions have been set in the master policies negotiated upstream by the Group with leading insurance providers, notably via insurance brokers. Therefore, as of the date of this Registration Document, master policies have been taken out with Covéa and Royal and Sun Alliance (RSA) for the Group's solar power projects located in France under construction or in operation (respectively);
- concerning the Group's international activities, the policies which cover said projects are periodically taken out following invitations to tender (of the " request for quotation" type) before recourse to the services of a broker. In these situations, the Group relies in particular on its local financial partners:
- the insurance policies are generally audited by the lenders financing the project who ask to be designated as joint insured parties in order to be able, if applicable, to receive any potential pay-outs made on the insurance in the event of a claim via subrogation in the context of the loan agreements signed;
- the Group ensures that its insurance policies cover all stakeholders, including notably, in addition to the project company, the EPC co-contractor, suppliers of wind turbines and other system components (suppliers of BOS and BOP), sub-contractors and employees;
- taking out "Comprehensive Construction Insurance" or "All Risk Construction Insurance" policies enables compensation to be paid without any prior search to determine liability, so as to avoid lengthy site stoppages;
- finally, the insurance policies taken out by the special purpose vehicles generally contain ceilings, deductibles and exclusions calibrated on a project-by-project basis, the levels of which are set on an adequate basis further to due diligence carried out by the Group, in concert with the financing banks.

In addition to this general policy, certain mandatory local insurance policies are put in place based on the country in question, 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 the earthquake risk in El Salvador.

In order to ensure that coherent 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 the projects being developed.

As of the date of this Registration Document, the Group has put in place a policy for the coverage of the key insurable risks with guarantees that it considers compatible with the nature of its activities. In the future, the Group is not contemplating any specific difficulties in retaining adequate levels of insurance within the limit of market conditions and availability.

Over recent years, the Group has not experienced any material incidents having called into question its insurance policies.

1.6.2 Risk Management

Risk management is reflected in the measures implemented by the Group in order to survey, analyse 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 culture and has launched 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 wide, inclusive of all activities, duties 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 measures are 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
- to identify, analyse and control all risks liable to have a material impact on the assets, income and operations of the Group and on the achievement of its objectives, whether operational, commercial, legal or financial, or related to compliance with laws and regulations.

An organisation and tools to provide structure have been put in place to support these measures on all levels of the Group's organisation.

1.6.2.1 Risk Mapping

The Group has perfected a risk mapping procedure to identify the major risks relating to its business, as described in Chapter 1.5 "*Risks and uncertainties*" of this document, with support from an external consultant specialised in these subjects. 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 sectors 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 the most significant for the Group, sorted into different families (development, operating, financial, etc.). A description of these risks and their causes is drawn up 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 creation of action plans.

Risk mapping will be updated every three years, under the supervision of the Chief Executive Officer; the next update is scheduled for the second half of 2019. A presentation to the Audit Committee will be made following each update.

Focus on Fraud Risk

Specific action has been taken to control the risk of fraud. In order to plan for this major risk, awareness-raising training has been specifically designed and rolled out to all employees within the Group's Finance department.

Moreover, training relating to cybersecurity led by a specialist from the French intelligence services has been organised for all employees of the Company.

Specific alerts have been issued regarding the types of fraud to which the Group has particular exposure, such as the"Chairman fraud" (external fraud which consists of stealing the identity of the Chairman and then requiring fund transfers).

Specific monitoring activities have also been defined in order to manage this risk on an operational level and these have been integrated into the various different processes concerned.

1.6.2.2 Organisational framework for risk management and internal control

Roles and responsibilities in terms of risk management and the 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 the various management bodies, notably the project management and business bodies (local Development, Construction and Management Committees).

The Executive Committee is at the very heart of this process. It is responsible for the design of the measure and examines and oversees all subjects relating to risk management and the internal control. It ensures the implementation within the Group of the internal control process and 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. This person is in charge of coordinating the implementation, running and reporting functions of the internal control department. He also coordinates the risk mapping process.

In addition, *business process owners* have been designated within the Executive Committee to manage the control tools (resources, policies, procedures, actions, etc.) necessary for the control of each process.

Finally, the Control Committee plays a role in terms of risk management and internal control, by requiring a report to be produced 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.

1.6.2.3 Range of internal control measures

The range of Group internal control measures is intended to ensure that all accounting and financial information produced is reliable and to guarantee compliance with all laws and regulations in force applicable to the Group and operational efficiency. They are mainly based on a control environment, on control activities and on the dynamic management of this topic.

Nevertheless, should any significant weaknesses in the Group's internal control arise in the future, these could lead to material inaccuracies in its consolidated financial statements, which could oblige the Group to re-issue its financial statements or lead to a loss of investor confidence in the reliability and exhaustiveness of its financial statements and thereby have a negative impact on the market price for the Company's shares.

The control environment is based in particular on the business culture promoted. The Group has defined and deployed a code of ethics and demonstrates a managerial culture which is sensitive to risk management. The organisation of the Group and the clear definition of roles and responsibilities, supported by the "Chart of Authorities" in place also contribute to create a solid control environment.

Control activities have been defined for the ten major processes identified by the Group, whether operational, support or cross-departmental. For each one, control activities have been listed and circulated via "control matrices". This work has been carried out under the responsibility of the business process owner. The control activities have been defined on the basis of the operating risks identified in each of the processes and with regard to the risks identified via the risk mapping process. These have been detailed and defined clearly in order to guarantee that they can be easily rolled out by all Group subsidiaries. In addition to this organisation, a concrete set of tools (checklist, model form documents, etc.) has been designed and circulated within the Group for improved appropriation and implementation of these control activities, in a harmonised manner across all territories.

Finally, the implementation of the set of internal control measures is assessed in the context of the annual internal audit self-assessment campaigns, the first of which was launched in 2017 and a second cross-departmental audit was completed in late 2018. Each relevant manager draws up an assessment, for the area for which he is responsible or for that of a colleague, of the effectiveness of the control measures defined by the Group. This allows the level of deployment of the internal control measures within the Group to be assessed, and also enables action plans to be drawn up with the aim of strengthening any activities not sufficiently controlled at the current time. The results of these processes are then reported to the Executive Committee and the Audit Committee.

The Group is moreover considering deploying external audit campaigns in the second half of 2019 aimed firstly at verifying the correct performance, in the various countries in which the Group has a presence, of the control activities defined, and, secondly, at verifying the proper functioning of the range of measures defined for the management of all major risks, as well as of any other major risks that may have been identified between two risk mapping exercises.

Finally, in 2018, the Group was the subject of a compliance control carried out by an external consultant. This audit related mainly to the prevention of corruption. On the completion of this audit, (x) an action plan was drawn up and (y) training was provided to those Group employees considered as being at the greatest risk of exposure to corruption risks (this training being one of the measures set out in the action plan).

Although the Group has established internal control policies and procedures in order to identify any cases of fraud, these policies and procedures may 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 other criminal or unethical activities, financial penalties could be imposed on the Group, 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.

1.7 INTELLECTUAL PROPERTY

1.7.1 Research and development

The Group’s business consists of developing and overseeing the operation of renewable energy plants that generate electricity, the construction of which is financed in part by debt that is non-recourse other than to the relevant project SPV’s assets, securities and shareholders’ current account, or project-specific assets of intermediate holding companies (in certain exceptional cases, the Group cross-collateralizes a bundle of projects to obtain better financing terms), and in part by equity contributions. This financing structure depends on the near-exclusive use of reputable suppliers and tested technologies. See Section 1.3 "Cash and Cash equivalents and Equity" of this document for an outline of the Group's financing policy.

The Group’s research and development (“R&D”) activities are based on partnerships with companies operating in the fields of innovative solar energy, energy storage and production forecasting. These partnerships involve:

- selecting products and counterparties that are well-positioned in their markets, based on innovative technologies that the Group believes can improve the competitiveness of its solar, wind, biomass and energy storage plants; and
- working to develop the technology and the research units and/or the manufacturing processes of proposed suppliers.

For each partnership, the Group enters into an agreement relating to joint efforts on one or more projects, but does not impose commitments upon the Group beyond the agreement’s defined scope. For example, the Group reached an agreement with Tesla with respect to the storage solutions the Group sought to implement at the Hornsdale Power Reserve.

As a result, the Group does not finance specific R&D research, except for development costs for its various solar, wind, biomass or energy storage projects.

Further, the Group's R&D activity is mainly focused on a competence centre, with 4 people whose work includes identifying and monitoring new technologies to reduce the cost of the energy produced for new projects, improve the yield of existing projects, or the competitiveness of energy storage.

Lastly, the Group takes technological innovation into account in its project development, particularly when it is a criterion in tenders. For example, in connection with the Hornsdale facility in Australia, the Group financed the construction of a hydrogen plant on behalf of the city of Canberra to develop hydrogen-powered vehicles.

1.7.2 Intellectual property

1.7.2.1 Intellectual property rights

The Group’s intellectual property rights primarily comprise rights to distinctive marks, such as trademarks, including the “Neoen” name and semi-figurative marks, and domain names, in particular those including the name “Neoen”, such as www.neoen.com, www.neoen.eu and www.neoen.fr.

The Group’s intellectual property rights are registered or in the process of being registered in the principal markets in which the Group does business in order to appropriately protect them. The “Neoen” trade name is registered in the European Union, Switzerland, the United States and Australia.

1.7.2.2 Licenses

The Group’s companies hold the licenses required for the use of information systems in the ordinary course of their business. Other than such licenses, no material intellectual property rights have been granted to the Group’s companies.

1.8 FORESEEABLE DEVELOPMENTS AND FUTURE PROSPECTS

The objectives and trends presented below result from the Group's strategies and are based on data, assumptions and estimates which are considered reasonable by the Group as of the date of this document. Such data, assumptions and estimates are subject to change or modification based on uncertainties in the economic, financial, competitive and regulatory environment that impact the Group or in response to other factors the company is unaware of at the time of writing. In particular, the occurrence of one or more of the risks described in Chapter 1.4 "*Risks and uncertainties*" in this document could have an impact on the Group's business, results, financial condition or prospects and adversely affect its ability to achieve the objectives presented below. Moreover, the Group does not guarantee and can give no assurance that the objectives described in this section will be achieved.

The aims of the Group over the medium term are the following:

- *Capacity growth*. The Group's objective is to achieve total capacity in operation and under construction by the end of 2021 of at least 5 GW, the entirety of which would be in operation by the end of 2022, balanced between its three principal geographic regions (Europe - Africa, Australia, Americas), with no major shift in terms of the technology (i.e., solar and wind) mix reflected in its secured portfolio of projects as of December 2018 (i.*e*. projects in operation, *under construction* or *awarded*). Attaining this objective requires transformation of its portfolio of secured projects and projects under development which amounted at the end of 2018 to 7.7 GW (including operational projects and those under construction). Further, the Group plans to continue developing the storage activity, to facilitate the integration of solar plants and wind farms ("behind the meter" batteries) and independent batteries directly connected to the grids to supply balancing and regulation services. The activity of independent batteries directly connected to the grid will now be reported as a completely separate business line. Lastly, the Group is not contemplating continuing with its investments in the biomass sector and may even be exiting it.

    - In structuring projects to achieve the above capacity increases, and assuming that interest rates remain at current levels, the Group expects to continue to be able to achieve Bid IRRs in the high single digits in OECD countries and in the low double digits in non-OECD countries.

    - The Group expects the increased capacity to drive revenue growth, partially offset by continued erosion in average prices per MWh, reflecting a continued decline in PPA prices per MWh, in line with industry trends, assuming interest rates remain at current levels. The Group expects the effect of declining PPA prices to be partially offset by an increasing portion of higher merchant revenues (with higher average per MWh prices) in the Group's revenue mix. Subject to temporary exceptions for periods prior to entry into a PPA the Group intends to maintain a strategy of limiting merchant revenues to 20% of total revenues.

- *Current EBITDA growth*. The Group's objective is to generate close to €400 million in current EBITDA in 2021, evenly balanced between the three regions of Europe - Africa, Australia and the Americas. The vast majority of current EBITDA should be contributed by the Group's solar and wind businesses. This objective is based in part on the Group maintaining relative stability in its overall current EBITDA margin in 2021 as compared to the Group's current EBITDA margin in 2018 for solar and wind. The Group also anticipates the current EBITDA margin will be supported by decreases in average O&M costs for solar and wind, the impact of higher energy yield solar projects located in countries like Mexico and Argentina with greater solar resources and the increasing proportion of higher-margin merchant revenues in the Group's revenue mix combine which will help offset the expected erosion in average prices per MWh. Regarding the independent battery business, despite its growing market share, the Group anticipates that this activity will remain limited in volume and be more volatile in terms of earnings due to the very nature of this business.

- *Net Debt to Current EBITDA*. The Group anticipates that its financing strategy will achieve a ratio of net debt to current EBITDA of approximately 8.0x by the end of 2021. This level of leverage reflects the financing the Group expects to be necessary to fund the capital expenditures described above, as well as its objectives for current EBITDA noted above. This objective also assumes that the Group will maintain an overall project financing approach similar to that used at the date of this Document, and assumes normal repayment of project debt in accordance with its terms (i.e. no refinancing or early repayments). It also reflects the expected impact of the increasing percentage of its projects incorporating merchant revenues, as lower percentages of debt financing tend to be available for such projects. This objective assumes an average leverage ratio of approximately 80-85% of invested *capital, on* an all-in basis including all project-backed Group debt, whether senior or junior as the case may be. The outlook of 8.0x is based on the Group's expectations for net debt and current EBITDA as of the fiscal year ending December 31, 2021 (i.e. including financed projects in operation for less than a full year or still under construction). On a run-rate basis reflecting a full year of current EBITDA from all financed projects, the net debt to current EBITDA ratio corresponding to the Group's objective of 8.0x would be lower.

- *Self-Financing Capacity*. By 2021, the Group's objective is to achieve a level of cash flow generation that would be sufficient to allow it to fund from its own cash flow available for repayment of shareholder loans and distributions to equity holders (see section 1.2.1.4 "Dividends paid" of this document), the required equity contributions necessary to finance, together with project financing, projects representing an additional 400 - 500 MW of installed capacity per year. By the end of 2021, the Group expects that it will be able to generate more projects than the 400-500 MW it can finance from its such cash flow. The Group may decide to raise additional equity to fund larger capacity increases or to sell certain projects to finance additional capacity or to distribute dividends to shareholders.

2. SHARE CAPITAL AND SHAREHOLDING STRUCTURE

2.1 INFORMATION ON THE COMPANY

2.1.1 Corporate name

The Company's corporate name is "NEOEN".

2.1.2 Headquarters

The company's registered office is located at 6 rue Ménars, 75002 Paris.

2.1.3 Legal form

Until September 12, 2018, the Company was a simplified joint stock company (*société par actions simplifiée*) with a statutory Supervisory Board. As of the date hereof, the Company is a French law limited company (*société anonyme*) governed by all of the 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.

2.1.4 Legislation

A limited company (*société anonyme*) incorporated under French law.

2.1.5 Term

The Company was registered on September 29, 2008. The Company has been incorporated for a period of 99 years as from the date of its registration with the Trade and Companies Register, i.e. up until September 28, 2107, except in the event of extension or early dissolution.

2.1.6 Corporate purpose

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, 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.

2.1.7 Trade and Companies Register

The Company is registered with the Paris Trade and Companies Register under number 508 320 017.

2.1.8 Location where documents and information on the Company may be consulted

Information concerning the Company and particularly the bylaws, balance sheets, income statements, reports by the Board of Directors to the general shareholders' meetings and the report by the Statutory Auditors may be consulted on request at the Company's headquarters.

2.1.9 Fiscal year

The fiscal year begins on 1 January and ends on December 31, of each year.

2.1.10 Statutory distribution of the profits

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.

Dividend payment methods shall be determined by the general shareholders' meeting, or, otherwise, by the Board of Directors.

However, dividends must be paid within a maximum period of nine months after the close of the fiscal year.

The general shareholders' meeting voting on the financial statements for the fiscal year may grant each shareholder, for all or part of the dividend being distributed, an option between payment in cash and payment in shares.

Similarly, the ordinary general shareholders' meeting, voting pursuant to Article L. 232-12 of the French Commercial Code, may grant each shareholder an interim dividend and, for all or part of such interim dividend, an option between payment in cash and payment in shares.

The availability of payment in shares, the price and terms for issuance of the shares, and the request for payment in shares and the terms for carrying out the capital increase shall be governed by laws and regulations.

Where a balance sheet prepared during or at the end of the fiscal year and certified by the statutory auditor or auditors shows that the Company – since the close of the prior fiscal year, after taking the necessary depreciation, amortization, and provisions, after deducting any prior losses and any amounts to be allocated to reserves pursuant to law or these by-laws, and taking into account profits carried forward – has earned a profit, the Board of Directors may decide to distribute interim dividends prior to the approval of the financial statements for the fiscal year and set the amount and date of the distribution.

The amount of such interim dividends may not exceed the amount of the profit defined in this paragraph. In that event, the Board of Directors may not use the option described above.

2.1.11 General shareholders' meeting

General shareholders’ meetings shall be called and held as provided for by law.

Meetings shall take place either at the registered office or at any other location specified in the final notice of meeting (*avis de convocation*).

All shareholders, whatever the number of shares they possess, have the right to participate in shareholder meetings as provided for by law and by these by-laws, upon proving their identity and registration of their shares in their name or in the name of the intermediary registered on their behalf as provided for by law.

Shareholders who do not personally attend the meeting may choose one of the three following possibilities:

- They may give a proxy to another shareholder or to their spouse; or
- They may vote by correspondence; or
- They may send a proxy to the Company without indicating a representative,

as provided for by laws and regulations.

In accordance with applicable laws and regulations, the Board of Directors may make arrangements for shareholders to participate in and vote at general meetings by video conference or by other means of telecommunication that make it possible to identify them. If the Board of Directors decides to use this option for a given meeting, the Board’s decision shall be stated in the preliminary (*avis de réunion*) and/or final (*avis de convocation*) notice of meeting. Shareholders who participate in meetings by video conference or any other means of telecommunication referred to above, as chosen by the Board of Directors, shall be deemed present for purposes of calculating the quorum and majority.

Meetings are chaired by the Chairman of the Board of Directors, or, in the Chairman’s absence, by a director specifically delegated for the purpose by the Board. Otherwise, the meeting shall appoint its own chairman.

The role of scrutineer (*scrutateur*) shall be filled by the two shareholders with the greatest number of voting rights who are present and agree to perform the function. The bureau shall appoint a secretary, who need not be a shareholder.

An attendance sheet must be maintained as provided for by law.

On the first notice of meeting, the ordinary general shareholders’ meeting may deliberate validly only if shareholders present, represented, or voting by correspondence or by electronic means hold at least one-fifth of shares with voting rights. On the second notice of meeting, no quorum is required.

Decisions of the ordinary shareholders’ meeting are made by a majority vote of shareholders present or represented.

The extraordinary general shareholders’ meeting may deliberate validly only if shareholders present, represented, or having voted by correspondence or by electronic means hold at least, on the first notice of meeting, one-fourth, and on the second notice of meeting, one-fifth of the shares with voting rights. In the absence of the latter quorum, the second meeting may be postponed by a maximum of two months following the date for which it was called, with the same requirement of a quorum of one-fifth.

Decisions of the extraordinary shareholders’ meeting are made by a two-thirds majority of shareholders present or represented.

Copies or extracts of the meeting minutes may be validly certified by the Chairman of the Board of Directors, by a director serving as CEO, or by the meeting's secretary.

Ordinary and extraordinary general shareholders' meetings shall exercise their respective powers pursuant to the conditions provided for by law.

2.1.12 Shareholders' voting rights

Each share gives its holder the right to a percentage, proportionate to the number of shares issued, of the Company's assets, of the distribution of profits, and of the liquidating distribution.

Each share gives its holder the right to participate in and vote at general shareholders' meetings, in accordance with the conditions set forth by law and in these by-laws. Each ordinary share gives its holder the right to one vote at general shareholders' meetings, with double voting rights as provided for by Article L. 225-123 of the French Commercial Code being expressly excluded.

Whenever it is necessary to hold more than one share to exercise a particular right, in the event of an exchange, regrouping, or grant of shares, or in the event of a capital increase or decrease, merger, or other corporate transactions, owners of single shares or of a smaller number of shares than that required may exercise the right only by personally undertaking to regroup, purchase, or sell shares or rights to shares, as necessary.

As the shares are indivisible vis-à-vis the Company, the Company shall recognize only one owner for each share. Undivided co-owners must be represented vis-à-vis the Company by a single person. The voting right attached to a share belongs to the usufructuary (*usufruitier*) at ordinary general shareholders' meetings and to the bare owner (*nu-propriétaire*) at extraordinary general shareholders' meetings.

2.1.13 Declaration of intent

None.

2.2 CAPITAL

2.2.1 Share Capital

At December 31, 2018, the capital was set at €169.914.996 and represented by 84.957.498 shares with a par value of €2 each, of the same class and fully paid up.

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.

2.2.2 Potential share capital

At December 31, 2018, the potential share capital is broken down as follows:

- 786.698 shares under free share allocations plans;
- 528.750 shares under stock option plans;
- i.e. a total of 1.315.448 potential shares.

The maximum potential dilution in the event that all the shares arising from the free shares and stock options are issued comes to 1.55% of the share capital at December 31, 2018.

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2.2.3 Securities not representing share capital

At December 31, 2018, the Company has not issued any securities not representing share capital.

2.2.4 Conditions laid down by the Board of Directors relating to the exercise of the subscription and purchase options granted to the officers

None.

2.2.5 Conditions laid down by the Board of Directors relating to the disposal of the free shares allocated to the officers

At December 31, 2018, the free shares held by Mr Xavier Barbaro, were allocated to him prior to the Company's change in corporate form and the listing of the securities for trading on a regulated market.

2.2.6 Summary statement of the transactions carried out during the fiscal year by the executives or similar persons on the Company's securities or on related financial instruments.

Persons	Financial instruments	Transaction date	U.P. (in euros)	Transaction type	Transaction amount
Olga Kharitonova	Shares	10/18/2018	16.50000	Acquisition	1,500
BPI France Investissement	Shares	10/18/2018	16.50000	Disposal	(1,506,916)
Olga Kharitonova	Shares	10/22/2018	16.50000	Acquisition	1,500
Serge Stepanov	Shares	10/22/2018	16.50000	Disposal	(120,000)
Xavier Barbaro	Shares	10/22/2018	16.50000	Disposal	(278,150)
Xavier Barbaro	Shares	10/22/2018	16.50000	Disposal	(21,850)
Paul-François Croisille	Shares	10/22/2018	16.50000	Disposal	(37,500)
Impala SAS	Shares	10/22/2018	16.50000	Acquisition	13,484,145
Impala SAS	Shares	10/22/2018	16.50000	Acquisition	457,500
Stéphanie Levan	Shares	10/23/2018	18.00000	Acquisition	1,950
Stéphanie Levan	Shares	10/23/2018	17.50000	Acquisition	1,550
Impala SAS	Shares	10/23/2018	17.79456	Acquisition	100,000
Impala SAS	Shares	10/23/2018	16.50000	Loan	1,043,984
Hélène Lee Bouygues	Shares	10/26/2018	17.30000	Acquisition	632
BPI France Investissement	Shares	11/20/2018	16.50000	Disposal	(1,043,984)
Impala SAS	Shares	11/20/2018	16.50000	Disposal	(1,043,984)
Hélène Lee Bouygues	Shares	12/10/2018	17.80000	Acquisition	1.000

2.2.7 Treasury shares and purchase by the Company of its own shares

At December 31, 2018, none of its subsidiaries or a third party acting on its own account held any of the Company shares. At December 31, 2018, the Company held 150.658 of is shares, representing 0.17% (on the basis of the share capital at December 31, 2018), of which 3.592 shares held under the liquidity contract. These shares have no voting rights.

2.2.8 Other securities giving access to the share capital

2.2.8.1 Stock options

At December 31, 2018, the general shareholders' meeting of the Company of October 2, 2018, in its 13th 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.

2.2.8.2 Allocations of free shares

At December 31, 2018, [the general shareholders' meeting of the Company of October 2, 2018, in its 12th 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.

2.2.9 Terms governing any acquisition rights and/or obligations attached to subscribed but not paid-up capital

None.

2.2.10 Share capital of any Group company subject to an option or option agreement

None.

2.2.11 Programme for Neoen to buy back its own shares

Authorisation given by the general shareholders' meeting of October 2, 2018

The general shareholders' meeting of October 2, 2018 authorised the Board of Directors to carry out stock market transactions on the Company's own shares. This authorisation was given for 18 months, until April 1, 2020.

The maximum buy-back unit price was set by the fourth resolution, adopted by the combined general shareholders' meeting of the Company on October 2, 2018, at 200% of the price of the shares offered to the public when the Company's shares were listed for trading on the Euronext Paris regulated market, i.e. a unit price of €33 per share for a maximum amount of €50 million.

The objectives of this programme are the following:

- allocation of free shares under the provisions of Articles L.225-197-1 et seq. of the French Commercial Code and/or the reduction of capital by cancellation of all or part of the shares thus purchased;

- stabilising the secondary market or the liquidity of the shares of the Company by an investment service provider operating under a liquidity contract complying with the Charter of Ethics recognised by the Financial Market Authority (Autorité des Marchés Financiers - AMF).

Assessment of the share buy-back programme

In number of treasury shares	**Stock market stabilisation**	**Share buy-back programme**	**Total**
Positions at December 31, 2017	**0**	**5.000(1)**	**5.000**
Procurement	25.509	142.066	167.575
Sales	(21 917)	-	(21 917)
Positions at December 31, 2018	**3.592**	**147 066**	**150.658**

(1) Number of shares after the implementation of the regrouping of shares on October 1, 2018

Over the whole year 2018, 167.575 shares were purchased at the average price of €18.67 per share and 21.917 shares were sold at the average price of €18.79 per share. At December 31, 2018, Neoen directly or indirectly held 150.658 treasury shares, representing a value of €207 million on the basis of the book value.

2.2.12 Agreement providing for employees' shareholding in the Company's capital

Profit-sharing agreement

The introduction of a profit-sharing agreement is mandatory in companies with 50 or more employees recording profits for tax purposes in excess of the remuneration on 5% of the equity capital in application of article L. 3322-2 of the French Labour Code.

In 2017, the Company signed a profit-sharing agreement with the combined employee representative body, which was filed with the DIRECCTE.

Company savings schemes and assimilated schemes

The creation of a savings scheme is mandatory in companies having put in place a profit-sharing arrangement in application of articles L. 3323-2 and L. 3323-3 of the French Labour Code. A company or group savings scheme is a collective savings system offering employees of member companies the option to build up a portfolio of securities with the help of their employer.

In 2014, the Company put in place a company savings scheme (PEE) and a collective retirement savings scheme (PERCO).

Any amounts generated under the profit-sharing scheme as well as contributions made by employees on a voluntary basis, potentially topped by an additional payment made by the employer (top-up), may be paid to the PEE and the PERCO.

This arrangement for payment of a top-up 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 PERCO remain locked up until the retirement of the beneficiary other than in those cases of early release defined by law.

In accordance with article L. 3332-25 of the French Labour Code, the saver has the option to liquidate all assets held in the scheme in order to exercise the share purchase options allocated under the conditions set out in articles L. 225-177 or L. 225-179 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 this payment.

At December 31, 2018, the employees did not have any share in the profits of the Company under the agreements described above.

2.2.13 Shares not representing capital

There are no shares not representing capital

2.2.14 Change in the share capital

The following table presents the history of changes in the Company's share capital over the past three fiscal years, taking into account, as from October 1, 2018, the reverse stock split, on the basis of two existing shares for one new share, which was decided at the Company's general shareholders' meeting of September 12, 2018 and was implemented on October 1, 2018:

Date	Type of transaction	Share capital prior to the transaction *(in euros)*	Issue premium per share *(in euros)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)* (1)	Share capital after the transaction *(in euros)*(1)
03/31/16	Capital increase (exercise of stock options)	85 817 968	N/A	85 817 968	85 921 638	1	85 921 638
05/31/16	Capital increase (exercise of share subscription warrants)	85 921 638	0.39	85 921 638	87 136 678	1	87 046 638
	Capital increase (exercise of stock options)	87 046 638	0.20	87 046 638	87 076 638	1	87 076 638
06/23/16	Capital increase	87 076 638	2	87 076 638	93 743 303	1	93 743 303
08/22/16	Capital increase (exercise of stock options)	93 743 303	N/A	93 743 303	93 773 303	1	93 773 303
	Capital increase (exercise of stock options)	93 773 303	0.20	93 773 303	93 822 253	1	93 822 253
12/16/16	Capital increase	93 822 253	2	93 822 253	103 822 253	1	103 822 253
12/19/16	Capital increase (exercise of share subscription warrants)	103 822 253	0.39	103 822 253	103 997 253	1	103 997 253
12/22/16	Capital increase (exercise of share subscription warrants)	103 997 253	0.39	103 997 253	104 610 915	1	104 610 915
12/23/16	Capital increase	104 610 915	2	104 610 915	104 810 915	1	104 810 915
12/30/16	Capital increase (exercise of share subscription warrants)	104 810 915	0.39	104 810 875	105 907 569	1	105 907 569
01/31/17	Capital increase	105 907 569	2	105 907 569	106 157 569	1	106 157 569

Date	Type of transaction	Share capital prior to the transaction *(in euros)*	Issue premium per share *(in euros)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)* (1)	Share capital after the transaction *(in euros)*(1)
	Capital increase (exercise of stock options)	106 157 569	N/A	106 157 569	106 257 569	1	106 257 569
06/30/17	Capital increase (exercise of stock options)	106 257 569	N/A	106 257 569	106 347 569	1	106 347 569
	Capital increase (exercise of stock options)	106 347 569	0.20	106 347 569	106 373 619	1	106 373 619
	Capital increase (exercise of share subscription warrants)	106 373 619	0.39	106 373 619	106 523 619	1	106 523 619
07/04/2017	Capital increase (exercise of stock options)	106 523 619	1	106 523 619	106 543 619	1	106 543 619
11/06/17	Capital increase (exercise of stock options)	106 543 619	N/A	106 543 619	106 618 619	1	106 618 619
	Capital increase (exercise of share subscription warrants)	106 618 619	0.39	106 618 619	107 328 619	1	107 328 619
12/29/17	Capital increase (exercise of share subscription warrants)	107 328 619	0.39	178 381 610	107 746 965	1	107 746 965
	Capital increase (allocation of free shares)	107 746 965	N/A	107 746 965	107 964 140	1	107 964 140
07/02/18	Capital increase (exercise of stock options)	107 964 140	1	107 964 140	108 719 140	1	108 719 140
	Capital increase (exercise of share subscription warrants)	108 719 140	0.39	108 719 140	108 794 140	1	108 794 140

Date	Type of transaction	Share capital prior to the transaction *(in euros)*	Issue premium per share *(in euros)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)* (1)	Share capital after the transaction *(in euros)*(1)
10/18/18	Capital increase (reserved to Impala)	108 794 140	14.50	108 794 140	57 647 271 (2)	2	115 294 542
10/18/18	Capital increase (public offering)	115 294 542	14.50	57 647 271(2)	84 919 998(2)	2	169 839 996
11/21/18	Capital increase (exercise of stock options)	169 839 996	N/A	84,919,998(2)	84.957.498(2)	2	169.914.996

(1) *The number of shares shown in this table corresponds to the number of shares with a par value of €1 before taking into account the reverse stock split implemented on October 1, 2018, excluding capital increases subsequent to the reverse stock split.*

(2) *The number of shares after implementation of the reverse stock split of October 1, 2018*

2.2.15 Disposal of shares

None.

2.2.16 Pledges

Please refer to section 1.3.1 "Indebtedness, cash flow" of this Registration Document.

2.3 SHAREHOLDING STRUCTURE

2.3.1 Allotment of capital and voting rights

The table below shows the breakdown of share capital and voting rights in the Company as atDecember 31, 2018. This description is made to the knowledge of the Company, based on the information available to it as of December 31, 2018:

Shareholders	Number of Shares	% of Capital	% of Voting Rights
Impala SAS	42 560 000	50.10%	50.19%
Fonds Stratégique de Participations (FSP)	6 400 000	7.53%	7.55%
Fonds FPCI ETI 2020 *Represented by fund manager Bpifrance Investissement*	4 983 683	5.87%	5.88%
Céleste Management SA	2 800 000	3.30%	3.30%
Fonds FPCI Capenergie 3 *Représenté by fund manager Omnes capital*	2 113 195	2.49%	2.49%
Neon's Senior management	2 802 351	3.30%	3.30%
Treasury Shares	150 658	0.17%	-
Float	23 147 611	27.24%	27.29%
Total	**84 957 498**	**100%**	**100%**

Impala SAS

Impala SAS is a simplified joint-stock company belonging to the Impala group, established in July 2011, owned and managed by Jacques Veyrat and his family. The Impala Group invests in projects with strong development potential, mainly in four sectors: energy (interests in Neoen, Castleton Commodities International and Albioma), industry (stakes in Technoplus Industries, Electropoli, P & B Group , ASC Regenity, Arjo Solutions), brands (holdings in Pull-in, Maison Lejaby and Exception) and asset management (stake in Eiffel Investment Group, important projects in China, real estate projects in the Paris region, Spain, Luxembourg and a hotel group in Portugal). Impala is an investor with a long-term view that supports management and developing the company.

The Impala Group has over €1 billion in equity.

Fonds Stratégique de Participations (FSP)

The Fonds Stratégique de Participations (FSP) is an open-end investment fund registered with the Autorité des Marchés Financiers with a long-term equity investment objective which invests in equity in French companies that are considered "strategic". Seven insurance companies (BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, SOGECAP (Société Générale Insurance), Groupama, Natixis Assurances and Suravenir) are now shareholders of the FSP and sit on its board of directors. To date, the FSP comprises seven sub-funds, invested in the capital of Arkema, Seb, Safran, Eutelsat Communications, Tikehau Capital, Elior Group and Neoen. The FSP continues to study of investment opportunities in the share capital of French companies.

FCPI ETI 2020

Subsidiary of the Caisse des Dépôts et Consignations and the State, Bpifrance assists entrepreneurs and businesses, in credit and equity, from seed to stock market listing. The ETI 2020 fund is a professional private equity fund (FPCI), managed by Bpifrance Investissement, whose objective is to support long term mid-cap companies with potential to accelerate their emergence and development, strengthen their capacity to innovate and promote their international development.

Céleste Management SA

Celeste Management SA is a Swiss family office. Celeste Management SA provides long-term support to players in resilient sectors that require a long-term vision such as energy transition, health and education.

FPCI Capenergie 3

Capenergie 3 is a professional private equity fund (FPCI) that specialises in the field of renewable energies. Its management company, Omnes Capital, is a major player in private equity and infrastructure investment, particularly in the field of renewable energies with €3.6 billion under management in this sector and 1.5 GW in operation. Formerly a subsidiary of Crédit Agricole SA until March 2012, Omnes Capital is now owned by its employees.

To the best of the Company's knowledge, no other shareholder owns, directly or indirectly, alone or in concert, more than 5% of the Company's share capital and/or voting rights.

None of the companies controlled by the Company hold treasury shares of the Company.

2.3.2 Commitments made by the shareholders to retain the securities in connection with the initial public offering

In application of the guarantee contract signed on October 2, 2018 between Neoen, the guarantor banks in the initial public offering, and some of its shareholders, a commitment was made to retain the securities:

- for a period expiring 180 days after the settlement date of the offer (which took place on October 18, 2018) by:

- FPCI Capenergie II (represented by Omnes Capital)
- FPCI Fonds ETI 2020 (represented by Bpifrance Investissement)
- Impala
- FPCI Capenergie 3 (represented by Omnes Capital)
- Le Fonds Stratégique de Participation (FSP)
- Celeste Management SA

- for a period expiring 365 days after the settlement date of the offer (which took place on October 18, 2018) by certain executives:

2.3.3 Obligation to retain the Company's shares

-

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 (five hundred) shares throughout his/her term of office and, in any case, at the latest within six months after his/her appointment.

Furthermore, in accordance with the AFEP MEDEF corporate governance code to which the company refers, an obligation to retain shares, registered and up to the end of their terms of office, was laid down at 5,000 (five thousand) shares by the Board of Directors for the executive officers.

2.3.4 Exceeding legal and/or statutory thresholds

In addition to the thresholds provided for by applicable laws and regulations, any natural person or legal entity, acting alone or in concert, who comes to hold or ceases to hold, directly or indirectly, a fraction equal to or greater than one percent (1%) of the Company's share capital or voting rights or any multiple of such percentage, including beyond the reporting thresholds provided for by laws and regulations and up to 50% of the share capital or voting rights, must inform the Company of the total number of shares and voting rights that it possesses as well as of securities giving access to the share capital and voting rights that are potentially attached thereto, by registered letter with return receipt requested sent to the Company's senior management at the registered office no later than the close of the fourth trading day following the day on which the threshold is crossed.

The thresholds referred to above shall be determined also taking into account indirectly held shares or voting rights and shares or voting rights having the same rights as the shares or voting rights held, as defined in Articles L.233-7 *et seq*. of the French Commercial Code.

In the event of non-compliance with the above provisions, the sanctions provided for by law for the failure to comply with the obligation to report the crossing of legal thresholds shall apply to the thresholds set forth in the by-laws only upon the request (recorded in the minutes of the general shareholders' meeting) of one or more shareholders holding at least five percent (5%) of the Company's share capital or voting rights.

The Company reserves the right to inform the public and the shareholders either of the information that shall have been provided to it or of the non-compliance by any person with the obligation set forth above.

Reporting thresholds exceeded:

At December 31, 2018, the following shareholders reported holding more than 1% of the voting rights in the Company (on the basis the declarations of exceeding the statutory thresholds):

Declaration date	**Date of the market transaction**	**Registered intermediaries of fund managers**	**Type of threshold crossing**	**Number of shares**	**% Capital**
10/18/2018	10/17/2018	Fonds Stratégique de Participations	Upwards	6,400,000	7.54%
12/19/2018	10/17/2018	La Financière de l'Echiquier	Upwards	1,786,026	2.10%
12/19/2018	10/18/2018	Caisse des Dépôts	Downwards	6,577,667	7.74%
12/19/2018	10/18/2018	Bpifrance indirectly	Upwards	6,027,667	7.10%
10/22/2018	10/18/2018	Omnes	Downwards	2,113,195	2.49%
10/23/2018	10/18/2018	Crédit Agricole SA	Upwards	2,300,651	2.71%
11/21/2018	11/15/2018	Caisse des Dépôts	Downwards	5,686,241	6.69%
11/21/2018	11/15/2018	Bpifrance indirectly	Downwards	4,983,683	5.86%
11/28/2018	11/28/2018	Amundi	Upwards	1,314,051	1.54%

2.3.5 Changes in shareholding over three years

The table below shows the breakdown of capital and voting rights as at December 31, 2016, December 31, 2017 and December 31, 2018 on an undiluted basis:

	Capital as at December 31, 2016			Capital as at December 31, 2017			Capital as at December 31, 2018		
Shareholder	**Number of ordinary shares[1] and voting rights**	**Percentage of capital (and theoretical voting rights)**	**Percentage of potential voting rights**	**Number of ordinary shares[1] and voting rights**	**Percentage of capital (and theoretical voting rights)**	**Percentage of potential voting rights**	**Number of ordinary shares[3] and voting rights**	**Percentage of Capital (and theoretical voting rights)**	**Percentage of potential voting rights**
Impala SAS[2]	59 040 768	55.75%	55.86%	59 124 678	54.76%	54.76%	42 560 000	50.10 %	50.19%
Fonds Stratégique de Participations (FSP)	-	-	-	-	-	-	6 400 000	7.53%	7.55%
FPCI ETI 2020	15 048 166	14.21%	14.24%	15 069 166	13.96%	13.96%	4 983 683	5.87%	5.88%
Céleste Management SA	-	-	-	-	-	-	2,800,000	3.30%	3.30%
Omnes Capital	-	-	-	-	-	-	-	-	-
FPCI Capenergie II	22 763 691	21.49%	21.54%	22 763 691	21.08%	21.08%	-	-	-
FPCI Capenergie 3	2 105 178	1.99%	1.99%	2,105,178	1.95%	1.95%	2,113,195	2.49%	2.49%
Neon's Senior management[4]	6 732 266	6.36%	6.37%	8 891 427	8.24%	8,25%	2 802 351	3.30%	3.30%
Float	-	-	-	-	-	-	23 147 611	27.24%	27.29%
Treasury Shares	217 500	0.20%	-	10 000	0.01%	-	150 658	0.17%	-
Total	**105 907 569**	**100%**	**100%**	**107 964 140**	**100%**	**100%**	**84 957 498**	**100%**	**100%**

[1] *Ordinary shares, with a par value of one euro each fully paid before taking into account share consolidation, on the basis of two old shares for one new share, which was decided at the general shareholders' meeting of the Company of September 12, 2018.*

[2] *Impala SAS is wholly owned by the Impala Group, controlled and managed by Mr Jacques Veyrat and his family.*

[3] *Ordinary shares, with a par value of two euros each, of the same class and fully paid*

([4] *As the data is from December 31, 2016 and December 31, 2017, the number of shares indicated also includes those held by employees, and former employees. The number of shares held by senior management on December 31, 2017 was 5,816,503, i.e. 5.39% of the share capital and voting rights of the Company on an undiluted basis.*

2.3.6 Control structure

At December 31, 2018, the Company is indirectly controlled by Mr Jacques Veyrat and his family, who hold the majority of the capital and voting rights through Impala SAS.

As a result, Impala SAS is the reference shareholder of the Company. In this context, the Company has taken all necessary measures to ensure that control is not improperly exercised:

- out 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; and

- one director is a representative of Bpifrance Investissement.

2.3.7 Agreements that may lead to a change of control

To the best of the Company's knowledge, at the date of this Registration Document, there are no agreements whose implementation could, at a later date, result in a change of control.

2.3.8 Dividends

2.3.8.1 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 Section 1.8 "Medium-term 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 any such dividend would depend on market opportunities and the Group’s assessment of the best way to achieve total returns for shareholders based on then-prevailing market conditions. Future dividends depend, in particular, on the business' general terms and conditions and any factors deemed relevant by the Board of Directors.

2.3.8.2 Dividends distributed over the past three years

The Group did not distribute dividends for the years ended December 31, 2016, 2017 and 2018.

2.4 SECURITIES MARKET AND RELATIONS WITH SHAREHOLDERS

2.4.1 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: SSP
- DSS: Eligible
- SSP: Eligible
- ISIN code: FR0011675362
- Date of initial listing: October 17, 2018

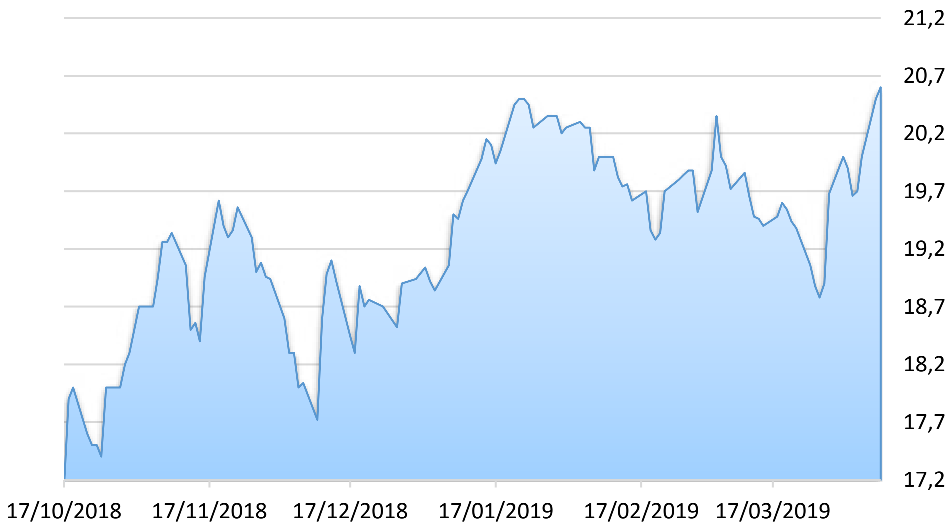
Stock market data

Average price since initial listing	€18.56
Average volume	58.245 shares
Highest price over the last 12 months	€21.2 on 08/04/2019
Lowest price over the last 12 months	€17.1 on 17/10/2018
Progress of the share since listing	+24.85%
Change since 01/01/2019	+8.19%
Market capitalisation at 04/09/2019	€1.75 billion

Change in the price and volume of transactions on the Neoen share

Dates	Opening (in euros)	Highest price (in euros)	Lowest price (in euros)	Closing (in euros)	Volume of transaction at month end
10/31/2018	17.1	18.8	17.1	18.3	3,429,506
11/30/2018	18.4	20.2	18,2	18.9	844,535
12/31/2018	19.0	19.4	17.7	18.9	681,115
01/31/2019	18.9	20.5	18.8	20.2	420,457
02/28/2019	20.4	20.4	19.2	19.9	467,330
03/29/2019	20.0	20.4	18.6	19.7	468,949
04/09/2019	20.5	20.65	20.5	20.6	26,537

Change in the price of Neoen shares



2.4.2 Relations with shareholders

2.4.2.1 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 Registration Document (including the annual financial report and the half-year financial report) filed with the AMF;

- all the financial press releases and financial communication media (publication of results, webcasts, etc.);

- documents relating to the general shareholders' meeting: none as of the date of this report;

This information can also be sent by post by simply requesting it from the Financial Communications Department.

The legal information (bylaws, meeting minutes of shareholders' meetings, auditors' reports), are available for review at the head office.

2.4.2.2 Relations 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 fiscal year 2018, financial publications were presented by senior management at webcasts during which it also replied to questions asked by financial analysts.

Furthermore, since the share was listed, 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 six financial analysis firms.

2.4.2.3 Forward-looking agenda

Publication of financial results: April 17, 2019 after market closing

Investor webcast: April 18, 2019

General shareholders' meeting: June 28, 2019

2.4.2.4 Financial communication contacts

Neoen

6, rue Ménars

75002 PARIS

Contact: Axelle Vuillermet

T: +33 7 77 68 62 34

axelle.vuillermet@neoen.com

3 REPORT ON CORPORATE GOVERNANCE

This report was drawn up pursuant to Article 225-37 of the French Commercial Code.

The Board of Directors approved the report on corporate governance at its meeting on April 17, 2019. It will be presented to the shareholders at the next general shareholders' meeting on June 28, 2019.

3.1 STATE OF GOVERNANCE

The Company is a limited company (*société anonyme*) with a Board of Directors as of September 12, 2018.

3.1.1 Composition of the Board of Directors

At April 17, 2019, date on which the corporate governance report was issued by the Board of Directors, the Board was comprised of seven members. The composition of the Board of Directors is described in the tables below.

The number of the Company's shares held by each director takes into account the reverse stock split, resulting in two old shares for one new share, decided at the general shareholders' meeting of the company on September 12, 2018 and implemented on October 1, 2018.

Chairman and Chief Executive Officer

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
Xavier Barbaro 6 rue Ménars 75002 Paris Number of Company shares held: 1,425,731	43	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2021	Chairman and Chief Executive Officer	Positions and offices held as of the date of the document: None Positions and offices held during the last five years that are no longer held: None

Xavier Barbaro is the Company's Chairman and Chief Executive Officer. He started his career at Louis Dreyfus Communications (Neuf Cegetel) in Geneva 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 graduated from École Polytechnique and École Nationale des Ponts et Chaussées and holds an MBA from Harvard Business School.

Directors

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
Simon Veyrat 4 rue Euler 75008 Paris Number of Company shares held: 0(1)	28	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2019	Director	Positions and offices held as of the date of the document: None Positions and offices held during the last five years that are no longer held: None
Stéphanie Levan 4 rue Euler 75008 Paris Number of Company shares held: 25,000	47	French	General shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2018	Director	Positions and offices held as of the date of the document: - Chief Financial Officer of Impala SAS Positions and offices held during the last five years that are no longer held: - Permanent representative of Impala SAS on the Board of Directors and the Audit Committee of Direct Energie(3)
Céline André 6/8 boulevard Haussmann 75009 Paris Number of Company shares held: 0(2)	40	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2020	Director as permanent representative of Bpifrance Investissement	Positions and offices held as of the date of the document: - 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 - Director of Cosmeur - Censeur of the Board of Directors of Dupont Restauration SAS Positions and offices held during the last five years that are no longer held: - Permanent representative of Bpifrance Investissement on the Supervisory Board of Vergnet(3) - Permanent representative of Bpifrance Participation on the Board of Directors and

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
					the Audit Committee of Viadeo (3) - Permanent representative of Bpifrance Investissement on the Board of Directors of Gascogne SA(3) - Supervisory Board member of STH

(1) *Mr Simon Veyrat is an indirect shareholder of the Company through Impala SAS, of which he is a minority shareholder.*

(2) *Bpifrance Investissement, of which Céline André is the permanent representative, is a shareholder of the Company through its fund FPCI ETI 2020 (see paragraph 2.3 "*Shareholding*" of this document).*

(3) *Listed French companies.*

Simon Veyrat has been business manager at the Impala Group since October 1, 2018, after having held a variety of roles at commercial law firms in the context of his studies. Simon **Veyrat** graduated from École des Hautes Études Commerciales de Paris (HEC Paris), where he studied management and business law. He also studied and business and tax law at université Sorbonne Paris 1, and is a qualified attorney (holding a Certificat d'Aptitude à la Profession d'Avocat (CAPA).

Stéphanie Levan began her career at Ernst & Young, where she carried out audit and consulting assignments during five years at various listed French and international companies. She then joined the Plastic Omnium group, an automobile equipment manufacturer and specialist in the collection and management of urban waste, 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 graduated from EDHEC and is a certified public accountant.

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). Céline André holds a master's in private law from the university of Lille 2 and a CAPA (Certificate of Aptitude à la Profession d'Avocat – qualified attorney). She is also a graduate of EDHEC – Grande École (2002) and holds a corporate director certificate from the Institut français des administrateurs (IFA).

Independent Director

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
Helen Lee Bouygues 184 avenue Victor Hugo 75116 Paris Number of Company shares held: 1,632	46	American	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2020	Independent Director Lead Director	Positions and offices held as of the date of the document: - President of HLB Partners - Member of the Board of Directors and Audit Committee of Vivarte - Member of the Board of Directors and Audit and Remuneration Committee of Burelle SA(1) - Governor and member of the Finance Committee of the American Hospital (Association) - Member of the Board of Directors of CGG(1) Positions and offices held during the last five years that are no longer held: - Founder and Managing Director of Lee Bouygues Partners - Partner of McKinsey RTS France
Bertrand Dumazy 166-180 boulevard Gabriel Péri, 92240 Malakoff Number of Company shares held: 0	47	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2021	Independent Director as permanent representative of Sixto	Positions and offices held as of the date of the document: - Chairman and Chief Executive Officer of Edenred SA(1) - Chairman of the Supervisory Board of Union Tank Eckstein GmbH & Co. KG (Germany – company of the Edenred group) - President of PWCE Participations SAS (company of the Edenred group) - Member of the Board of Directors of Terreal SAS Positions and offices held during the last five years that are no longer held: - President of Cromology (formerly Materis Paints) - President of Cromology Services (formerly Materis Peintures) - President of Materis SAS

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
					- President 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 A.S (Turkey) -Censeur on the Board of Directors of d'AB Science
Christophe Gégout 25 rue Leblanc 75015 Paris Number of Company shares held: 0(2)	42	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2019	Independent director in the capacity of permanent representative of FSP	Positions and offices held as of the date of the document: - Member of the Board of Directors and Chairman of the Audit Committee of Soitec(1) - Member of the Board of Directors of Séché environnement - Member of the Board of Directors of Allego BV Positions and offices held during the last five years that are no longer held: - Permanent representative of CEA, member of the Supervisory Board of Areva(1) - Permanent representative of CEA Investissement, censeur of the Board of Directors of Areav(1) - Director of Areva NC - Director of Areva Mines - Assistant managing director of the French Alternative Energies and Atomic Energy Commission (CEA)

Name, business address, number of Company shares held	Age	Nationality	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Company and Group during the last 5 years
					- Chairman of the Board of Directors of CEA Investissement - Member of the Supervisory Board of Supernova Invest - Permanent representative of CEA, director of FT1CI - Permanent representative of CEA Investissement, censeur of the Supervisory Board of Kalray(1)

(1) *Listed French companies*

(2) *As of the date of this document, the Sixto Company, of which Bertrand Dumazy is the permanent representative, has undertaken to acquire 500 shares in the Company.*

(3) *The Fonds Stratégique de Participations (Strategic Investment Fund) of which Mr Christophe Gégout is the permanent representative is a shareholder of the Company (see paragraph 2.3 "*Shareholding*" of this document).*

Helen Lee Bouygues began her career in 1995 with J.P. Morgan and an M&A *associate* 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 joined Cogent Communications where she worked as Treasurer**, *Chief Operating Officer* and **Chief** *Financial Officer* until 2004. Helen Lee Bouygues was subsequently appointed partner at Alvarez & Marsal in Paris, which she left in 2010 to create her own consulting firm. In 2014, she joined McKinsey & Company, where she became a partner in charge of the *Recovery and Transformation Services department*. Since February 2018, she has been President of LB Associés, a consulting firm. Helen Lee Bouygues holds a *Bachelor of* Arts *in political* science, magna cum laude, from Princeton University and an MBA from Harvard Business School.

Bertrand Dumazy began his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then worked as an Investment Director of BC Partners in 1999 before founding Constructeo. In 2002, he joined the Neopost group. Initially head of Marketing and Strategy, he was appointed Chairman and Chief Executive Officer (CEO) of Neopost France in 2005 and then Chief Financial Officer for the Neopost Group in 2008. In 2011, he became President and CEO of Deutsch, a world leader in high performance connectors, a position he held until the group was acquired by TE Connectivity. In 2012, he joined Materis Group as Executive Vice-President and then CEO and eventually President and CEO of Cromology. In October 2015, he was appointed Chairman and CEO of Edenred group. He also became Chairman of the Supervisory Board of UTA in November 2015. Bertrand Dumazy is a graduate of ESCP Europe with an MBA from Harvard Business School.

Christophe Gégout began his career in 2001 at the French Treasury and by 2003 worked at the Budget Department, where he was a consultant for the government. In 2007, he become an advisor to the Minister 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 was also Chairman of CEA Investissement, a subsidiary of CEA, since January 2010. In 2018, he became the new President of the Alliance nationale de coordination de la recherché pour l'énergie (Ancre). He is now Senior Investment Director at Meridiam, one of the world's leaders in investment and asset management in public infrastructures at the service of the community Christophe Gégout graduated from École Polytechnique, Sciences-Po Paris and ENSAE (École nationale de la statistique et de l'administration économique).

3.1.2 Censeurs of the Board of Directors

The Board of Directors may appoint censeurs.

Censeurs act as observers, and may be consulted, at meetings of the Board of Directors. The Board of Directors may grant specific duties to the censeurs; they can join, and chair, committees created by the Board of Directors.

Name, business address, number of Company shares held	**Age**	**Nationality**	**Expiration date of term of office**	**Main position within the Company**	**Main positions and offices held outside the Company and Group during the last 5 years**
Jacques Veyrat 4 rue Euler, 75008 Paris Number of Company shares held: 0(1)	56	French	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2021	Censeur	Positions and offices held as of the date of the document: - President of Impala SAS - Chairman of the Board of Directors of Fnac-Darty(2) - Director of HSBC France - Director of Nexity(2) - Censeur on the Supervisory Board of Louis Dreyfus Armateurs - Censeur on the Supervisory Board of Sucres et Denrées - Censeur on the Board of Directors of ID Logistics(2) Positions and offices held during the last five years that are no longer held: - Member of the Supervisory Board of Eurazeo(2) - Director of Direct Énergie(2) - Director of ID Logistics Group - Director of Imerys

(1) Jacques Veyrat controls Impala SAS that holds the majority of the Company's share capital.

(2) Listed French companies.

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 President of Impala SAS. Jacques Veyrat graduated from the École polytechnique and Collège des ingénieurs, and is an engineer of the Corps des Ponts et Chaussées.

3.1.3 Proposal to the annual shareholders' meeting concerning the composition of the Board of Directors

Proposed renewal of Ms Stéphanie Levan's appointement as director

Ms Stéphanie Levan's tenure expires immediately after the general shareholders' meeting approving the financial statements for the fiscal year ended December 31, 2018, i.e at the next annual general shareholders' meeting.

Ms Stéphanie Levan was appointed director of the Company on September 12, 2018, date on which the company became a joint-stock company (société anonyme), at the initiative of Impala and for a term ending on said date in the event of completion of the Company's IPO, in order to ensure the gradual renewal of the Board of Directors in the future, in accordance with the recommendations in the AFEP-MEDEF code which the Company has decided to apply.

It will be proposed to the annual shareholders' meeting of the Company to renew Ms Stéphanie Levan's appointment as a director, for a period of four (4) years which shall expire immediately after the annual general meeting approving the financial statements for the year ending December 31, 2022.

Ms Stéphanie Levan, who is the Chief Financial Officer of Impala, is not currently and, as of her renewal, would not be considered an independent director.

This renewal would allow for a balanced composition of the Board of Directors, as well as high level of competence and stability in the Company's corporate bodies, recently changed into a joint-stock company.

As Stéphanie Levan is a member of the Company's Audit Committee, it is therefore appropriate to proceed with the renewal of her term of office as Director, upon the favourable opinion of the Nomination and Compensation Committee.

Proposal to appoint a Lead Director

Appointing a lead director is an additional guarantee of the proper operation of the Board of Directors and ensures a balance of powers. It helps to prevent any conflicts of interest, notably in a context where the duties of Chairman and Chief Executive Officer are not separate.

The AFEP-MEDEF Code recommends that the lead director be chosen from amongst the independent members of the Board of Directors. As a result, the Nomination and Compensation Committee has examined the profile of the Company's independent directors and decided that Ms. Helen Lee Bouygues would be an ideal candidate owing to her skills and expertise. In fact, it stresses that Ms. Helen Lee Bouygues, an independent director, based on her experience, her involvement in corporate bodies including before the Company's initial public offering and her leadership, has the ideal background to play this role.

Ms. Helen Lee Bouygues has said that she would accept this role if it were offered.

The Nomination and Compensation Committee has decided to propose to the Board of Directors the appointment of Ms. Helen Lee Bouygues as lead director for the duration of her term as director.

In this context, the Nomination and Compensation Committee has also decided to propose to the Board of Directors to amend the internal regulations of the Board of Directors, in accordance with Article 3.3 of the AFEP-MEDEF Code to specify the particular duties assigned to the lead director, as well as the resources and prerogatives available to her.

3.2 CORPORATE GOVERNANCE ORGANISATION

3.2.1 Principles governing the composition of the Board of Directors

3.2.1.1 Rules applicable to the composition of the Board of Directors

The Company is governed by a Board of Directors comprising at least three (3) members and eighteen (18) at the most, appointed by the ordinary general shareholders' meeting.

A legal entity may be appointed as director but it must, under the conditions laid down by law, appoint a natural person who will act as its permanent representative on the Board of Directors.

The Board of Directors has staggered terms for its members and terms will be renewed each year on a rolling basis.

The ordinary general shareholders’ meeting set the duration of directors’ terms at four (4) years, subject to legal provisions allowing an extension of the term’s duration. The duties of each director will terminate following the ordinary general shareholders’ meeting called to approve the financial statements of the prior fiscal year and which is held in the year during which such director’s term expires.

On an exceptional basis, the general shareholders’ meeting may, in the interest of establishing a staggered renewal of the Board of Directors, appoint one or more directors for durations other than four (4) years but not exceeding four (4) years, or may reduce the duration of the terms of one or more directors to a duration less than four (4) years. The duties of any director who is either appointed in such a manner, or for whom the duration of the term is modified to a duration not exceeding four (4) years, will end following the ordinary general shareholders’ meeting called to approve the financial statements of the prior fiscal year and which is held in the year during which such director’s term expires.

3.2.1.2 Internal regulations for the Board of Directors

On September 12, 2018, the Company's Board of Directors adopted internal regulations describing the composition, duties and rules governing its functioning in addition to the applicable legislative, regulatory and statutory provisions.

(i) Participation in meetings of the Board of Directors by video-conference or any other means of communication

In accordance with the provisions of article L. 225-37 of the French Commercial Code, and as stipulated in article 14.3 of the bylaws, meetings of the Board of Directors may be held by any methods of video-conference or telecommunications enabling the directors to be identified and guaranteeing their effective participation, i.e. which transmits at least the voice of the participants and complies with technical characteristics enabling the uninterrupted and simultaneous transmission of the deliberations in order to enable them to participate in meetings of the Board of Directors.

Any members of the Board of Directors taking part in board meetings via video-conference or other means of telecommunication under the conditions set out above are considered as being present for the calculation of the quorum and majority.

The methods of participation described above 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 respectively 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.

The aforementioned exclusions relate solely to the inclusion of those directors taking part remotely in the calculation of the quorum and majority and not to the possibility of the relevant directors to take part in the meeting and give their opinions, on a non-voting basis, on the relevant decisions.

Participation via video-conference or telecommunications may also be refused by the Chairman for technical reasons, to the extent that such technical reasons would prevent the holding of the meeting of the Board of Directors via video-conference or other means of telecommunication in accordance with the applicable legal and statutory conditions.

(ii) Reserved matters of the Board of Directors

According to the terms of article 15 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 issuance by the Company of shares or other securities giving the right, at any time whatsoever, by conversion, exchange, reimbursement, presentation or exercise of a warrant or in any other manner, to equity securities representing a share of the Company’s share capital or voting rights;

(ii) any acquisition or disposal (in particular by means of sale, merger, spinoff, or partial asset contribution) by the Company or one of its subsidiaries of an asset or equity investment of more than €5,000,000 (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);

(iii) approval or modification of the Company's annual budget;

(iv) 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 €7,500,000;

(v) any investment or expense by the Company or one of its subsidiaries relating to a project included in the budget or authorized 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;

(vi) closure of the Company’s annual financial statements and half-year financial statements, and the annual and half-year consolidated financial statements;

(vii) any dividend distribution by the Company;

(viii) the adoption of a new business plan or any modification to the current business plan;

(ix) any change in the compensation policy for the Company’s senior executives and any hiring, removal, or compensation changes of any kind for the Company’s five employees or officers receiving the highest compensation of all employees and corporate officers;

(x) any change in the Company’s corporate form or corporate purpose, and any strategic change in the nature of its activities;

(xi) without prejudice to the provisions of the French Commercial Code applicable to related party agreements, the entry into, amendment, or termination of any agreement, other that those referred to in paragraph (xii) below, between, on the one hand, any entity controlled by the Company within the meaning of Article L.233-3 of the French Commercial Code (a "**Group Company**") and, on the other hand, (i) one of the Company's shareholders and/or one of its executives, company officers, or directors; and/or (ii) any entity or company affiliated with one of the persons or entities referred to in (i) and the shareholders, executives, company officers or directors of those affiliates; and/or (iii) any person with an indirect interest in the entry into such agreement (the "**Related Parties**"), it being specified that for the purposes hereof, an affiliate of a company means any entity that controls, is controlled by, or is under common control with such company, in each case within the meaning of Article L.233-3 of the French Commercial Code;

(xii) approval of a list including all of the following agreements, other than those referred to in paragraphs (xi) above and (xii)(a) below, entered into since the meeting of the Board of Directors approving the previous list, and their characterization as an agreement within the scope of that list (it being specified that the list must be prepared by the CEO, shall provide details on the main provisions of each agreement referred to in paragraphs (c) through (e) and included in the list, and shall be submitted at each meeting of the Board of Directors):

(a) agreements that are entered into only between Group Companies and that benefit only such Group Companies,

(b) loans granted by the Company in the form of an advance in current account by the Company's shareholders on arm's length terms equivalent to the terms that such loans would include if entered into with persons or entities that are not Related Parties,

(c) to the extent that they represent a unit amount of €15,000,000 or less and a total annual amount for all Group Companies of €75,000,000 or less, the guarantees or endorsements granted by the majority shareholder to one of the Group Companies, on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties, and in the ordinary course of business,

(d) to the extent that they represent a unit amount of €1,000,000 or less and a total annual amount for all Group Companies of €1,500,000 or less, the legal, accounting, or financial services agreements or site lease agreements entered into between the majority shareholder (or any person or entity that controls or is controlled directly or indirectly by the majority shareholder) and one of the Group Companies, in the ordinary course of business and on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties; and

(e) to the extent that they represent a unit amount of €1,000,000 or less and a total annual amount for all Group Companies of €1,500,000 or less, any commercial partnership, production, or distribution agreements entered into between one of the Group Companies and one of the Company's shareholders, in the ordinary course of business and on arm's length terms equivalent to the terms that would be included in such agreements if entered into with persons or entities that are not Related Parties;

(xiii) 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 reorganization transactions without any effect on the shareholders' rights and obligations);

(xiv) 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 other similar payment commitment by the Company having the effect of increasing the Company's total indebtedness by more than 10%, 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 (xiv);

(xv) 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 (*marché réglementé* or *marché régulé*;

(xvi) the decision to transfer the registered office outside of France (or to move the main decision-making centers outside of France); and

(xvii) the implementation of any incentive plan or plan to grant options, free shares, or securities giving access to the Company's share capital, either immediately or in the future, for the benefit of the executives and/or employees of the Company and Group Companies that result in the dilution of all of these share capital incentive and involvement mechanisms beyond a threshold of 13%.

3.2.1.3 Corporate governance code

Since the listing of its shares on the Euronext Paris regulated market, the Company has been referring to the Code of Corporate Governance for Listed Companies issued by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) (the "**AFEP-MEDEF Code**").

The Company complies with the recommendations of the AFEP-MEDEF Code.

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.

3.2.1.4 Review of the independence of Directors

In accordance with Article 1 (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 report, the position of each member of the Board of Directors with regard to the independence criteria adopted by the Company*".

In accordance with the AFEP-MEDEF Code, to which the Company adheres, and the internal rules of the Board of Directors, directors who do not have any relationship with the Company, its 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 or director of the parent company or of a company or entity in the Group, 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, or corporate finance banker of the Company or the Group, or for which the Company or the Group represents a significant share of its business. It is specified that the characterization of the director or candidate's relationship with the Company or the Group as significant or not shall be debated by the Board of Directors, and that the criteria leading to the characterization shall be explicitly stated in the Company's Registration Document;

(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, or of a company or entity holding at least 10% of the Company's share capital, or of a company of which the Company held at least 10% of the share capital at the time such director or nominee ceased to serve as statutory auditor;

(vi) may not have been a director of the Company for longer than twelve (12) years, it being noted that the loss of the status of independent director shall occur only upon expiration of the term during which the director exceeds the twelve (12) year limit.

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 its 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.

In conformity with these criteria, the following persons were previously considered independent, on the occasion of the Company's IPO in October 2018: Ms Helen Lee Bouygues, Mr Bertrand Dumazy (as permanent representative of the company Sixto, director) and Mr Christophe Gégout (as permanent representative of the Strategic Investment Fund (Fonds Stratégique de Participations), director).

With regard to the composition of the capital of the Company,

- three directors (Ms Stéphanie Levan, Mr Xavier Barbaro and Mr Simon Veyrat) should not be considered independent given their nomination on the proposal of the reference shareholder Impala SAS;
- a director (Ms. Céline André (as permanent representative of Bpifrance Investissement) should not be considered independent, Bpifrance Investissement's stake now represents 5.9% of the Company's share capital, a sharp reduction compared to the 13.85% interest it held before the IPO, and that this stake is now below 10% of its capital; however, given that Bpifrance Investissement is the manager of the FPCI ETI 2020 which in the previous five years held over 10% of the capital of the Company, Ms Céline André (as permanent representative of Bpifrance Investissement) is not considered an independent director, and
- three directors (Mrs Helen Lee Bouygues, Mr. Bertrand Dumazy (as permanent representative of Sixto, director) and Mr. Christophe Gégout (as permanent representative of the Strategic Investment Fund (FSP), director) may be considered as independent from the Company, according to these criteria:
    - o they meet all the independence criteria contained in the Board of Directors' internal rules and the AFEP-MEDEF code; and
    - o the independence assessment made by the Board when they were appointed is still valid and they must therefore be qualified as independent directors.
    -

With regard to the FSP (director corporation) and its permanent representative, Mr Christophe Gégout, it is recalled that the FSP is an investment vehicle to promote long-term investment in French companies, whose investors are Cardif Life Insurance (BNP Paribas Group), CNP Assurances, Predica (Crédit Agricole Group), Sogecap (Société Générale Group), Groupama, BPCE Vie (Natixis Assurances Group) and Suravenir (Crédit Mutuel Arkea Group), and neither the FSP nor any of its investors do not have significant commercial relationships with the Company.

The 7.5% interest that the FSP holds in the Company's capital does not affect its independence given the nature of this professional investor and the absence of any other or previous relationship with the Company.

In addition, Mr Christophe Gégout, permanent representative of the FSP, meets all the aforementioned independence criteria.

According to this analysis, on April 17, 2019, the Board of Directors of the Company, having received the opinions of the Nomination and Compensation Committee, concluded that three directors (Mrs Helen Lee Bouygues, Mr. Bertrand Dumazy and Mr. Christophe Gégout) can be considered as independent with regard to the above-mentioned criteria.

3.2.1.5 Diversity Policy Applied to the Board of Directors and the Executive Committee

The Board of Directors, both within the Company under its former form of simplified joint-stock company as well as after its transformation into a limited company *(société anonyme)* in the fiscal year 2018, 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, 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. In fact, three out of seven members currently sitting in the Board are women, a mix rate (42%) that is higher than the applicable legal requirements (40%). The majority of the members sitting in Audit Committee are women and the majority of the members sitting in the Nomination and Compensation Committee are men. The Board of Directors of the Company, on April 17, 2019, deemed that these elements being very satisfactory, it would be advisable to maintain 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 will be discussed each year in the Board of Directors, and one session per year of the Nomination and Compensation Committee will include an item on diversity policy on its agenda.

On December 31, 2018, women represented 29.9% of the total workforce and 30.4% of executives (excluding the Executive Committee). Their representation on the Executive Committee to date is 20%.

At Group level, Neoen continues to endeavour to achieve a satisfactory gender distribution and a great diversity both in terms of backgrounds and nationalities (more than 23 nationalities).

The diversity policy also takes into account the director's varied and complementary skills. Indeed, some have strategic skills, while 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. 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 shareholders in particular. The terms of office and their extension also contribute to the proper functioning 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.

With respect to the above, on April 17, 2019, the Board of Directors of the Company deemed that the diversity of skills within the Board of Directors is satisfactory.

The Board of Directors is also international in nature with the presence of Mrs Helen Lee Bouygues, an American citizen with international experience, and Mr. Bertrand Dumazy, who heads a group that has a strong international presence.

To date, directors are between 28 and 47 years old, which averages 42 years of age.

3.2.2 Principles governing the functioning of the governance

3.2.2.1 Method of governance

(i) 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 of Directors 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.

Mr Xavier Barbaro held the position of chief executive officer (*Président*) 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 joint stock company (société anonyme) on the same date, September 12, 2018.

(ii) Executive Committee

As of the date of this document, the Executive Committee is comprised of five members including Xavier Barbaro.

Romain Desrousseaux	Deputy Chief Executive Officer
Paul-François Croisille	Deputy Chief Executive Officer
Serge Stepanov	Chief Financial Officer
Olga Kharitonova	Secretary General

Mr Xavier Barbaro's resume is set out in paragraph 3.1.1 of this document.

Romain Desrousseaux 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. He joined Neoen in 2013 as Deputy Chief Executive Officer in charge of international project development. Romain Desrousseaux is a graduate of France's Ecole Normale Supérieure.

The Board of Directors of the Company in its April 17, 2019 meeting, on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Nomination and Compensation Committee, has decided to appoint Romain Desrousseaux, a member of the Executive Committee and current Deputy Chief Executive Officer in charge of international project development, as Chief

Executive Officer (*directeur general adjoint*). This proposal is justified by the importance of the development of international projects as part of the implementation of the Company's strategy and the desirability that these development activities be directly supervised by a corporate officer of the Company. In accordance with the law, a Deputy Chief Executive Officer has the legal power to represent the Company and has the same powers with respect to third parties as the Chief Executive Officer.

Paul-François Croisille joined LDCom in 2000 where he developed transmission systems and then operator communication services, after ten years in innovation and marketing at France Télécom and with the Spanish operator Uni2. In 2003, he launched Swisscom Hospitality Services' business in France before taking over global operations management in 2006. Paul-François Croisille joined Neoen 2010. He graduated from Ecole Polytechnique with a degree in telecommunications and holds an MBA from Harvard Business School.

Serge Stepanov has over eighteen years' experience in operations and finance. He began his career with Danone in Russia before moving to France and Asia. He joined Louis Dreyfus Commodities in 2007 where he was in charge of *business development* and cash flow management in North America. In 2010, he was appointed Chief Executive Officer of Biosev in Brazil and led its IPO in 2013 before joining Neoen in 2014. Serge Stepanov graduated from the Ecole des Mines in Paris and holds an MBA from Harvard Business School.

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 Steel & 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.

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(iii) Powers of the Chief Executive Officer (Article 16 of the bylaws and Article 4.2 of the internal regulations of the Board of Directors)

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 bylaws 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 bylaws alone shall not in itself be sufficient proof thereof.

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, they must obtain the prior approval of the Board of Directors for operations listed in paragraph 3.2.1.2 (ii) "*Matters reserved to the Board of Directors*" in this Registration Document.

(iv) Succession plan

Under Article 1 (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 Executive Board, as well as for the Company's senior management, in order to be in a position to propose quickly to the Board of Directors succession solutions, especially in case of unforeseeable vacancy.

The Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, has examined this point and considered the following:

-The Company may appoint a Deputy Chief Executive Officer sitting in the Board of Directors, if there is one, as part of the immediate succession of the Chief Executive Officer in the event of an unforeseeable vacancy. This internal solution has the advantage of ensuring a certain form of continuity as well as the thorough knowledge of the company by the successor thus designated.

-The appointment of a lead director by the Board of Directors enables the Board to play the role of interim successor by immediately assuming the duties of Chairman of the Board of Directors in the event the position becomes vacant unexpectedly. Given the role of the lead director, this would enable the Company and its Board of Directors to benefit from a certain form of continuity throughout the corporate bodies and the ultimate successor would benefit from its knowledge of the Company; and

-Regarding the members of the Board of Directors, this subject is currently being discussed, it being reminded, however, that three out of the nine directors are legal persons and thus the question of succession does not arise with regard to them, with the exception of Sixto, and that, with respect to Impala, Jacques Veyrat resigned from his position as a member of the Supervisory Board of the Company under its former form of simplified joint-stock company to give way to his son, Simon Veyrat, who also performs duties in Impala.

3.2.2.2 Rules applicable to the operation of the Board of Directors

(i) Duties (internal regulations - Article 4)

The Board of Directors shall perform the responsibilities and exercise the powers attributed to it by law, the Company's by-laws, 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. Subject to the powers attributed to the 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 by-laws 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.

(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.

(iii) Ethics (conflicts of interest, family links, service contracts)

Criminal record and bankruptcy

To Company's knowledge, over the course of the last five years:

- none of the aforementioned individuals has been found guilty of fraud,
- none of the aforementioned individuals has been associated with any bankruptcy, compulsory administration order or liquidation,
- no condemnation and/or official public sanction has been handed down against any one of the aforementioned individuals by any statutory or regulatory authorities (including any designated professional bodies),
- none of the aforementioned individuals has been prevented by any court from acting as 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, to the Company’s knowledge, other than the family relationship between Jacques Veyrat (censeur of the Board of Directors 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 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, 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.

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 in performance of which any member whatsoever of the Board of Directors or an executive officer may have been appointed to the Board of Directors or Executive Committee respectively.

To the Company’s knowledges and as of the date of this document, there are no potential conflicts of interest between the duties owed to the Company by the members of the Board of Directors, set forth in paragraph 3.1.1 “*Composition of the Board of Directors*” herein and of the Company’s Executive Committee and their private interests.

As of the date of this document, to the Company’s knowledge, the restrictions accepted by the members of the Board of Directors listed in paragraph 3.1.1 "*Composition of the Board of Directors*" herein or members of the Company's Executive Committee concerning the disposal of their interests in the Company's share capital are as follows:

- pursuant to the guarantee agreement signed on October 2, 2018 between Neoen, the Banks and certain shareholders of the Company, the commitment to keep the securities for a period expiring 365 days after the settlement date of the offer (which took place on October 18, 2018) by certain directors;
- the 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) 500 (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 5,000 (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 Board of Directors.

3.2.2.3 Assessment and work of the Board and the Committees

In accordance with the provisions of 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 functioning. 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's work.

Article 7 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.

The assessment is carried out as follows:

- once a year, the Board discusses its operation;
- a formal assessment of the Board of Directors and the Committees is made at least every three years, possibly managed by an independent member of the Board of Directors and, if applicable, assisted by an external consultant; and
- the shareholders are informed each year in the corporate governance report about the assessments carried out and their follow-up, if any.

The Company's corporate from was changed into a joint-stock company on September 12, 2018 and its shares were listed on the Euronext Paris regulated market on October 17, 2018.

Consequently, the period covered by the assessment of the Board of Directors' functioning for the 2018 fiscal year, in application of the abovementioned AFEP-MEDEF Code recommendation applicable to the Company since its IPO, concerns a period of less than three months.

For this reason, no assessment questionnaires were formally sent to the directors and the assessment for the period in question was made on the basis of informal discussions and deliberations within the Nomination and Compensation Committee and the Board of Directors.

The current composition of the Board of Directors is the one set up for the Company's IPO, which includes the resignation of two directors, Mr Serge Savasta and Mr Christophe Gégout, and the appointment of the FSP, whose permanent representative is Mr Christophe Gégout.

The year 2018 was marked by a very intense activity by the Company's governance bodies, before and after the conversion into a limited company (société anonyme), due to the Company's IPO in 2018. Since the Company's shares were listed on Euronext Paris on October 17, 2018, the Board of Directors began meeting more frequently. Thus, since that date, the following were held in 2018:

- 2 Board meetings;
- 1 Nomination and Compensation Committee meeting; and
- 1 meeting of the Audit Committee.

The average duration of the Board meetings were 2.5 hours and the directors' attendance rate was very high, a participation rate of approximately 93% on average. The attendance rate of each director is 100%, and with the exception of Mr Simon Veyrat who was unable to attend a Board meeting. The Board's work focused on the approval of the 2019 budget, the Group's strategy and governance issues (director resignations, co-optation of a director, distribution of directors' fees for 2018, the share buyback program voted by the shareholders general meeting of October 2, 2018, etc.). The directors' involvement in the Company's IPO project was highlighted by the Board of Directors, as the directors were called upon to attend numerous workshops on the subject, in addition to the Board meetings.

The average duration of Nomination and Compensation Committee meetings was two hours. The participation rate of its members was 100%.

The average duration of Audit Committee meetings was 2 hours. The participation rate of its members was 100%. The Audit Committee's work focused on closing options, the 2019 budget and internal control.

The assessment of the Board's functioning is very positive overall, the Directors highlighting in particular:

- the involvement of the Board, illustrated by the high number of meetings and its involvement in the Company's IPO and, more generally, in the Company's strategic decisions since its conversion into a limited company *(société anonyme)* in 2018;
- the directors considered the Board's diversity to be fully satisfactory, with a very satisfactory proportion of women (3/7, i.e. 42% of Board members) and independent directors (3/7, i.e. 42% of Board members);
- the majority of the Directors consider that the time required to convene the Board, the conduct of Board meetings, the consideration of their requests, and the work allocation between the Council and the Committees are satisfactory;
- the directors appreciated the quality of the debates and the management's interventions. They further noted that the important issues are properly prepared and discussed, and that the actual contribution of each director to the Board's work is satisfactory in view of its competence and involvement in the various deliberations;
- the majority of directors believe they receive the information they need to fully exercise their mandate;
- the directors consider the Board's organisation and functioning to be satisfactory.

The same observations apply to the Nomination and Compensation Committee and the Audit Committee.

3.2.2.4 Board committees

At its meeting held on September 12, 2018, the Board of Directors decided to set up two permanent committees: an Audit Committee and a Nomination and Compensation Committee. The composition of these two committees is compliant with the recommendations set out in the AFEP-MEDEF Code.

(i) Audit Committee

(A) Composition

	Year set up	Chairman	Members	Positions
Audit Committee	2018	Christophe Gégout	Stéphanie Levan	Director
			Christophe Gégout	Permanent representative of FSP, independent director
			Helen Lee Bouygues	Independent Director

The Audit Committee is comprised of 3 members, at least two thirds of whom are independent directors as per article 1.2 of the Board of Directors' internal regulations. Members of the Audit Committee may resign at any meeting of the Board of Directors without justifying their decision or giving any notice. Their appointments may be renewed. The Board of Directors may dismiss *ad nutum* any member of the Audit Committee, without any requirement to justify such dismissal.

In particular, in accordance with applicable law, members of Committee must have specific financial and/or accounting skills.

The term of appointment of members of the Audit Committee corresponds to the term of their appointments as members of the Board of Directors. The appointment may be renewed at the same time as the latter appointment.

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 article 1.2 of the Board of Directors' internal regulations. No executive corporate officer may sit on the Audit Committee.

(B) Duties

The Audit Committee's duty is to ensure the monitoring of all matters relating to the setting up and control of all accounting and financial information and to ensure the effectiveness of the risk management and internal operating control, in order to facilitate the performance by the Board of Directors of its corresponding supervisory and audit duties.

In this context, the Audit Committee carries out the following key tasks in particular:

- monitoring the process used for the preparation of financial information;
- monitoring the effectiveness of the internal supervision, internal audit and risk management systems relating to financial and accounting information;

- monitoring the legal supervision of the corporate and consolidated financial statements by the Company's statutory auditors; and
- supervision of the statutory auditors.

(C) Work by the Audit Committee in 2018

See paragraph 1.2.2.3 of this document

(ii) Nomination and Compensation Committee

(A) Composition

	set up Year	Chairman	Members	Positions
Nomination and Compensation Committee	2018	Bertrand Dumazy	Helen Lee Bouygues	Independent Director
			Bertrand Dumazy	Permanent representative of Sixto, independent director
			Jacques Veyrat	Censeur

(B) Duties

The Nomination and Compensation Committee is a specialist Committee attached to the Board of Directors, whose main duty is to assist the Board with the composition of the executive bodies of the Company and with the determination and regular evaluation of all of the remuneration and benefits granted to the executive officers and/or senior managers of the Company, including any deferred benefits and/or remuneration paid upon voluntary or forced departure from the Company.

In this context, the Committee in particular carries out the following duties:

- proposals relating to the appointment of members of the Board of Directors and its Committees and of the executive officers of the Company and other members of the executive committee;
- annual assessment of the independence of the members of the Board of Directors;
- review and proposals to the Board of Directors relating to all items and conditions of the remuneration paid to the Company's executive committee;
- review and proposal to the Board of Directors concerning the method used for the distribution of attendance fees; and
- exceptional assignments.

The Committee is consulted on recommendations to the Board of Directors regarding all exceptional remuneration relating to any exceptional assignments that could be entrusted, as applicable, by the Board of Directors to certain of its members.

(C) The Nominations and Compensation Committee's work in 2018

See paragraph 1.2.2.3 of this document

3.2.2.5 Special arrangements for participation in the general shareholders' 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 or to spouse, or;
- vote by correspondence, or

send a proxy to the Company without voting indication;

under the provisions laid down by the law and the regulations.

3.3 REMUNERATION OF EXECUTIVE OFFICERS

The Company generally refers, and specifically with regard to remuneration, to the AFEP-MEDEF Corporate Governance Code for Listed Companies, as interpreted by the High Committee on Corporate Governance (AFEP-MEDEF Code application guide; Activity Report of the High Committee on Corporate Governance of October 2018) and the AMF recommendations presented in the AMF's guide to preparing registration documents, as well as the AMF's report on corporate governance and executive remuneration at listed companies, published on November 26, 2018.

Pursuant to Article L. 225-100-II of the French Commercial Code, the general shareholders' meeting of June 28, 2019 will be asked to approve the elements that make up the total remuneration and benefits of any kind paid or awarded to executive officers with respect to the 2018 fiscal year. Furthermore, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, distribution and allocation of fixed, variable and exceptional elements of the total remuneration and benefits of any kind attributable to the executive officers, as described below, are subject to the approval of the general shareholders' meeting.

This report was examined by the Nominations and Compensation Committee.

3.3.1 Remuneration of executive officers

3.3.1.1 Principles and rules for the determination of remuneration granted to the executive officer for the 2018 financial year

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 joint stock 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. Prior to the date of this change in corporate form, Xavier Barbaro was Chairman of the simplified joint stock company (*société par actions simplifiée*) since his appointment by the general shareholders' meeting on February 7, 2011, with effect from March 1, 2011.

With regard to his position as Chairman and CEO of the Company, the fixed and variable remuneration of Xavier Barbaro is determined in accordance with the principles set out hereunder. These principles have been reviewed by the Nomination and Compensation Committee and approved by the Board of Directors on September 2018.

Remuneration

The remuneration of Xavier Barbaro comprises a fixed portion and a variable portion, with the latter being determined in accordance with performance criteria set by the Board of Directors, after consultation with the Nomination and Compensation Committee. These criteria are regularly reviewed by the Board.

The payment of the variable and exceptional elements of remuneration is conditional upon the approval by an ordinary general meeting of the elements of Xavier Barbaro's remuneration.

Fixed remuneration

The gross annual fixed remuneration of Xavier Barbaro is set at €200,000, with effect from September 1, 2018.

Annual variable remuneration

The gross variable remuneration of Xavier Barbaro represents an amount equal to 100% of the annual fixed remuneration, subject to the fulfilment of quantitative and qualitative criteria set by the Board of Directors.

75% of these are quantitative criteria based on the achievement of revenue targets (up to 15% and for a maximum gross remuneration of €45,000), EBITDA targets (up to 30% and for a maximum gross remuneration of €90,000) and the achievement of an annual new "*awarded*" MW target (up to 30% and for a maximum gross remuneration of €240,000). The remaining 25% relate to qualitative criteria. These are based on (i) the leadership of the Company's senior management, his capacity to lead the Company and unite its members with a focus on growth and international expansion, together with his ability to represent the Company externally and (ii) compliance with a CSR objective, namely the implementation of a CSR strategy resulting in an improvement in the key performance indicators taken into account by Vigeo-Eiris for its assessment. In the event of the over-achievement of one or more criteria, the weighting of the various criteria will be adjusted in accordance with the level of performance achieved and the criteria in question.

In the event of the over-achievement of these targets, the maximum share of variable remuneration is increased to 212.5% of the gross annual fixed remuneration, i.e. €425,000.

Benefits in kind

Xavier Barbaro benefits from a company vehicle worth a maximum of €6,000 per year.

3.3.1.2 Summary of the remuneration paid to executive officer Xavier Barbaro for 2018

The tables below follow the standard format recommended in the AFEP-MEDEF Code and by the AMF in its guide to preparing registration documents.

Table 1 – Summary of remuneration, options and shares awarded to each executive officer (AMF classification)

In euros	**Gross amounts paid during the fiscal year**			
	2017 (1)		**2018 (1)**	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Xavier Barbaro, Chairman and CEO:				
Remuneration owed for the fiscal year (*detailed in Table 2*)	180,000.00	295,000.00	392,168.68	295,366.68
Valuation of multi-year variable remuneration awarded during the fiscal year	-	-	-	-
Valuation of options granted during the fiscal year	-	-	-	-
Valuation of free shares	-	-	-	242,690.00
Total	**180,000.00**	**295,000.00 (2)**	**392,168.68**	**538,056.68 (3)**

(1) *On a gross basis (before social security contributions and taxes).*

(2) *There is an additional amount of €10,121.22 corresponding to the leave paid in May 2017 at the time the employment contract of Xavier Barbaro was suspended..*

(3) *Includes the fixed remuneration paid to the Chairman and CEO for the year 2018 in the amount of €186,666.68 and a part of the annual variable remuneration in the amount of €108,700 already paid in accordance with the decision by the Nomination and Compensation Committee of 21 December 2018 will be increased by the balance of the annual variable remuneration of the Chairman and CEO (approval of which will be submitted to the general shareholders' meeting of June 28, 2019), which will be paid in July 2019*

Table 2 – Summary of the remuneration of each executive officer (AMF classification)

(In euros)	Gross amounts paid for the fiscal year			
	2017(1)		2018(1)	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Xavier Barbaro, Chairman and CEO				
Fixed remuneration	180,000.00	180,000.00	186,666.68	186,666.68
Annual variable remuneration	-	-	205,502.00	108,700.00(2)
Multi-year variable remuneratio	-	-	-	-
Exceptional remuneration(3)	-	115,000.00	-	
Benefits in kind(4)	4,612.33 (*company car*) 4,766.40 (*unemploymen t insurance*)	9,378.73	4,612.32 (*company car*) 7,083.34 (*unemploymen t insurance*)	11,695.66
Total	**189,378.73**	**304,378.73**	**403,864.34**	**307,062.34**

(1) On a gross basis (before social security contributions and taxes).

(2) Corresponds to a portion of the annual variable remuneration in the amount of €108,700 already paid in accordance with the decision by the Nomination and Compensation Committee on 21 December 2018. The balance of the annual variable remuneration of the Chairman and CEO (approval of which will be submitted to the general shareholders' meeting of June 28, 2019) will be paid in July 2019.

(3) The amount of exceptional remuneraton of the Chairman and CEO was paid in January 2018.

(4) Xavier Barbaro has a company car and an unemployment insurance policy (see paragraph 3.3.3 "Other information about the corporate officer of this document for more information on this unemployment insurance).

(5) There is an additional amount of €10,121.22 corresponding to the leave paid in May 2017 at the time the employment contract of Xavier Barbaro was suspended.

Payment of variable and exceptional items will be contingent on approval by an ordinary general shareholders' meeting of the remuneration by the Chairman and CEO under the conditions of Article L 225-100 as presented to him by the following resolution:

***" [·] th resolution** (Approval of the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid or awarded to Xavier Barbaro, Chairman and CEO, for fiscal year 2018, for the period covering the time the Company's shares were listed for trading on the Euronext Paris regulated market)*

The shareholders' meeting, ruling on the conditions of quorum and majority required for ordinary general shareholders' meetings, and after reviewing the report of the Board of Directors on corporate governance, approved, in accordance with Article L 225-100, II of the French Commercial Code, the fixed, variable and exceptional items comprising the total remuneration and other benefits paid or awarded to Xavier Barbaro, Chairman and CEO, for fiscal year 2018, for the period covering the time the Company's shares were listed for trading on the "Euronext Paris regulated market, as presented in this report.

The following information is provided for that purpose:

Summary table of remuneration principles and criteria

<table>
<tr><th>Remuneration due or granted for the year ended December 31, 2018.</th><th>Amount or accounting value submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed remuneration</td><td>€200,000</td><td>The amount of the annual fixed remuneration of the Chairman and CEO applicable from September 1, 2018 amounts to €200,000.</td></tr>
<tr><td>Variable remuneration</td><td>€205,502</td><td>The amount of the variable remuneration of the Chairman and CEO for his duties within the Company is set by the Board of Directors of the Company, after the opinion of the Nomination and Compensation Committee, and based on performance criteria.

The variable portion of the Chairman and CEO will amount to 100% of the gross amount of his fixed remuneration in the event the performance criteria are reached 100%, not to exceed 212.5% of the gross amount of his fixed remuneration in the event of overperformance.

During its meeting of April 17, 2019, the Board of Directors, after receiving the opinion of the Nomination and Compensation Committee, noted the performance criteria reached and the variable remuneration as follows:

<table>
<tr><th>Indicator</th><th>Weighting</th><th>Targeted objectives reached</th><th>Overperformance</th></tr>
<tr><td>Revenue criteria</td><td>15%</td><td>>100%</td><td>6.9%</td></tr>
<tr><td>EBITDA Criterion</td><td>30%</td><td>>100%</td><td>5.18%</td></tr>
<tr><td>Awarded " MW criterion"</td><td>30%</td><td>>100%</td><td>0.54%</td></tr>
<tr><td>Qualitative criterion</td><td>25%</td><td>100%</td><td>N/A</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>2.75%</td></tr>
</table>

Thus, in all the amount of the variable remuneration of Xavier Barbaro for the year 2018 is equal to €205,502, corresponding to (x) 102.75% of his fixed remuneration for 2018 and (y) 48.35% of the maximum amount of variable remuneration liable to be allocated for 2018 (the maximum amount being €425,000).

Payment of variable remuneration is contingent on approval by the shareholders in the next Ordinary Shareholders' Meeting to rule on the accounts closed on December 31, 2018.</td></tr>
<tr><td>Exceptional remuneration</td><td>None</td><td>Lack of exceptional remuneration</td></tr>
<tr><td>attendance fees</td><td>None</td><td>As administrator of the Company, the Chairman and CEO may receive attendance fees. However, the Chairman and CEO has announced that he will not collect attendance fees for his participation in the work of the Company's Board of Directors, as long as he performs the above-mentioned duties.</td></tr>
</table>

Remuneration due or granted for the year ended December 31, 2018.	**Amount or accounting value submitted for a vote**	**Presentation**
Valuation of benefits of any kind	€6,000	The Chairman and CEO receives a company car, paid for by the Company for a maximum value of €6,000 a year.
Stock options, free shares or any other long-term form of remuneration	Options: None Shares: 129,296 free shares	No stock options were awarded to Xavier Barbaro for the year 2018. During the year 2018, 129,296 free shares were granted to Xavier Barbaro by decision of the Chairman on February 23, and July 5, 2018 (the Company was in the form of a simplified joint stock company at the time).
Severance pay:	None	For the cessation of his term as CEO within the Company, the Chairman and CEO is entitled to severance pay in the event his term of office is revoked or not renewed (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to 6 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 condition that the sum of the group's net income for the past two years ended, preceding his revocation or, as the case may be, expiry of his term of office not renewed, be positive.
Non-competition payment	None	For the cessation of his term of office as Chief Executive within the Company, he is entitled to a non-competition payment for his obligation not to carry out in France under any circumstances any business activity competing with the business of the Company and not to become involved directly or indirectly with an business activities that could compete with the business activities of the Company for a period of 12 months from the cessation of the said duties. This will be paid monthly for the 12 months following the cessation of the said duties for an amount equal to 70% of his remuneration (one month of remuneration being defined as being the sum of (i) the average of the fixed monthly 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 payment may not be made if (i) the Chief Executive Office claims his pension rights and/or (ii) he passes the age of 65.
Supplementary pension scheme	None	Under his term within the Company, Xavier Barbaro does not quality for the supplementary pension scheme.

3.3.1.3 Attendance fees and other remuneration received by non-executive corporate officers (Table 3)

(i) Principles for the setting and distribution of attendance fees

The Company pays the directors, on an annual basis (gross, before social security contributions and taxes), the following amounts in respect of attendance fees:

- Members of the Board of Directors: remuneration of €17,500 is paid to each director, to be adjusted in accordance with the effective attendance of each director at the meetings of the Board of Directors and the time dedicated to the work of the Board. Thus:
    - in the event of absence from 20% of meetings: the amount paid is reduced by 10%;
    - in the event of absence from between 20% and 50% of meetings: the amount paid is reduced pro rata to attendance; and
    - In the event of absence from over 50% of meetings: the amount paid is reduced by 50%.
- Members of the Committees: remuneration of €7,500 is paid to each member of the Audit Committee and remuneration of €5,000 is paid to each member of the Nomination and Compensation Committee, plus, where applicable, attendance fees that the committee member may be entitled to receive as a member of the Board of Directors. Compensation of €12,500 will be paid to the Chairman of the Audit Committee and €10,000 is paid to the Chairman of the Nomination and Compensation Committee.

Pursuant to applicable law, the maximum sum of attendance fees that may be distributed annually to the directors is set by the general shareholders' meeting. The approved resolution remains valid until a new decision is made by a general shareholders' meeting. The general shareholders' meeting of October 2, 2018 set this amount at €170,000 per year. Furthermore, as the attendance fees are allocated on an annual basis, this amount is calculated *prorata temporis* in the event of a new appointment or the termination, for any reason whatsoever, of the term of office of a member of the Board of Directors during the fiscal year.

Within the limit set by the general shareholders' meeting, the Board of Directors decides at the beginning of each year the amount of attendance fees to be allocated to its members in respect of the fiscal year just ended, the distribution rules thereof and the methods of calculation if the attendance fees for the fiscal year in progress.

(ii) Total attendance fees allocated in 2018

Table 3 – Summary of the remuneration of each member of the Board of Directors (AMF classification)

Members of the Board of Directors *(in euros)*	**Gross amounts paid for the fiscal year**[(1)(2)]	
	2017	**2018**
Xavier Barbaro		
Attendance fees[(3)]	-	-

Members of the Board of Directors *(in euros)*	Gross amounts paid for the fiscal year[(1)(2)] 2017	2018
Other remuneration	299,612.33	299,979.00
Simon Veyrat		
Attendance fees	N/A	17,500.00
Other remuneration	N/A	N/A
Stéphanie Levan		
Attendance fees	N/A	25,000.00
Other remuneration	N/A	N/A
Céline André		
Attendance fees[(4)]		
Other remuneration	N/A	N/A
Helen Lee Bouygues		
Attendance fees	N/A	30,000.00
Other remuneration	N/A	N/A
Christophe Gégout		
Attendance fees	15,800.00	30,000.00
Other remuneration	-	N/A
Bertrand Dumazy		
Attendance fees	N/A	9,166.00
Other remuneration	N/A	N/A

(1) The remuneration presented in the table above also includes attendance fees paid with respect to Audit Committee and Nomination and Compensation Committee meetings.
(2) On a gross basis (before social security contributions and taxes).
(3) Xavier Barbaro, Chairman and CEO of the Company, who receives remuneration for his position as corporate officer, does not receive additional attendance fees.
(4) Céline André, permanent representative of Bpifrance Investissement, has waived her attendance fees payable by the Company.

No attendance fees were paid to Serge Savasta, director of the Company, prior to his resignation effective on the day of admission to trading of the Company's shares on the Euronext Paris regulated market, nor to Jacques Veyrat during the fiscal years ended December 31, 2017 and 2018.

3.3.2 Report on options and free shares

3.3.2.1 Principles and rules for the allocation of options and free shares

Combined general shareholders' meeting of October 2, 2018:

- in its 12th resolution, granted authorisation to the Board of Directors, for a thirty-eight month term, to grant existing or new free shares to some or all employees and executive officers of the Group;

- in its 13th resolution, granted authorisation to the Board of Directors, for a thirty-eight month term, to grant, once or more than once, 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 common overall cap is planned for these delegations, and is equal to the total at 2% of the share capital, with the understanding that for every fiscal year, the total number of outstanding shares or shares to be issued, or stock subscription or purchase options awarded under these corporate officers of the Company may not represent more than 1% of the Company's share capital on the day of the decision by the Board of Directors

The 12th and 13th resolutions on the options and granting of free shares cover:

- the setting by the Board of Directors of the conditions, notably the maximum ceiling for the options and/or shares granted to the executive officers, as well as the performance criteria applicable thereto;

- the preparation by the Board of Directors of the list or categories of other beneficiaries of the options and/or shares and the setting of applicable performance criteria.

Moreover, the 13th resolution on the options states that the price to be paid upon exercise of the stock options or share purchase options shall be set on the day on which the options are granted and that (i) in the case of the granting of stock options, this price must not be less than 80% of the Company's average share price on the Euronext Paris regulated market during the twenty trading days preceding the day on which the stock options are granted, and (ii) in the case of the granting of share purchase options, this price must not be less than the value of (i) above, nor less than 80% of the average purchase price of shares held by the Company pursuant to Articles L.225-208 and L.225-209 of the French Commercial Code.

3.3.2.2 Stock options and share purchase options

(i) Company stock options and share purchase options allocated during the 2018 fiscal year to executive officers

None

(ii) Company stock options and share purchase options exercised during the 2018 fiscal year by executive officers

None

(iii) Stock options and share purchase options granted to the top ten employees

Table 9 – Stock options and share purchase options (after the reverse stock split) granted to the top ten non-corporate officer employees and options exercised thereby (AMF classification)

Stock options and share purchase options granted to the top ten non-corporate officer employees and options exercised thereby	**Total number of options granted / shares subscribed or purchased**	**Weighted average price**	**2018 Plan (III)**	**2015 Plan**
Options granted, during the 2018 fiscal year, by the issuer and any qualifying company, to the top ten	25,000(1)	€10(2)	25,000(1)	-

employees of the issuer or any qualifying company, with the highest number of options granted (comprehensive information)				
Options held by the issuer and the aforementioned companies, exercised during the 2018 fiscal year by the top ten employees of the issuer and said companies, with the highest number of options purchased or subscribed (comprehensive information)	350,000(1)	€4(2)	-	350,000(1)

(1) This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.
(2) This exercise price was multiplied by two following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(iv) History of stock option and share purchase grants

Table 8 – History of stock option and share purchase grants (<u>after the reverse stock split</u>) (AMF classification)

	2018 Plan (III)	**2018 Plan (II)**	**2018 Plan (I)**	**2016 Plan**	**2016 Plan**	**2015 Plan**
Date of general shareholders' meeting	07/04/2018	05/29/2018	05/29/2018	03/17/2014[(1)]	03/17/2014	03/17/2014
Date of the Chairman's decision approving the list of beneficiaries	07/05/2018	05/30/2018	05/30/2018	12/23/2016	01/08/2016	01/21/2015
Total number of shares that can be subscribed or purchased, of which the number that can be subscribed by[(2)]:	65,000	5 000	40,000	235,000	152,500	571,250
Xavier Barbaro, Chairman and CEO	-	-	-	-	-	-
Start of option exercise period	07/06/2021	05/31/2021	05/32/2021	12/24/2019	01/11/2019[(3)]	01/022017
End of option exercise period	07/05/2023	05/30/2023	05/30/2023	12/23/2021	01/10/2021[(3)]	01/01/2020
Subscription or purchase price [(4)]	€10	€10	€10	€6	€4	€4
Conditions of exercise (if the plan has more than one tranche)[(5)]	-	-	-	-	-	-
Number of shares subscribed at March 31, 2019	0	0	0	0	39,500	505,295
Aggregate number of stock options or share purchase options cancelled or lapsed	5 000	0	5 000	10 000	37,500	30,000
Stock options and share purchase options outstanding at March 31, 2019	60,000	5,000	35,000	225,000	75,500	35,955

(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 (12) months.
(2) This number has been adjusted following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, effective October 1, 2018.
(3) 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.

(5) This exercise price was multiplied by two following the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.

(5) *The 2018, 2016 and 2014 plans presented carry* a vesting *period of thirty-six (36) months. The 2015 plan has a* vesting *period of twenty-four (24) months.*

3.3.2.3 Allocations of free shares

(i) Free shares allocated to corporate officers during 2018

Table 6 – Shares allocated during the fiscal year to each corporate officer

	2018 Plan	**2018 Plan**	**2018 Plan**	**2018 Plan**
Date of general shareholders' meeting	07/042018	05/29/2018	02/23/2018	02/23/2018
Date of Chairman's decision to grant	07/05/2018	05/30/2018	04/09/2018	02/23/2018
Total number of free shares granted, of which the number granted to:(1)	570,644	107,500	2,500	106,054
Xavier Barbaro, Chairman and CEO(1)	105,000	-	-	24,269
Share vesting date	10/06/2020	05/30/2021	04/09/2020	02/23/2019
Date of availability	-	-	04/09/2021	02/23/2020
Performance conditions	-	-	-	-
Number of shares granted during the fiscal year	105,000	0	0	24,269
Valuation of shares under the method used for the consolidated financial statements	1,050,000	-	-	242,269

(1) *This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.*

(ii) Free shares becoming available during 2018

Table 7 – Shares becoming available during the fiscal year for each corporate officer

	2016 Plan	**2015 Plan**
Date of general shareholders' meeting	12/23/2016	10/05/2015
Date of Chairman's decision to grant	12/23/2016	10/06/2015
Total number of free shares granted, of which the number granted to:(1)	108,587(2)	108,750
Xavier Barbaro, Chairman and CEO(1)	18,900	-
Share vesting date	12/23/2017	12/28/2017
End of holding period	12/23/2018	12/28/2018
Number of shares vesting during the fiscal year	108,587(2)	103,750

(1) *This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.*

(2) *The grant covered 217,175 shares prior to the reverse stock split decided by the general shareholders' meeting of September 12, 2018, and the Board of Directors' meeting of September 12, 2018, effective on October 1, 2018.*

3.3.2.1 History of free share grants

Table 10 – History of free share grants – Information on free share grants (after the reverse stock split) (AMF classification)

	2018 Plan	**2018 Plan**	**2018 Plan**	**2018 Plan**	**2016 Plan**	**2015 Plan**
Date of general shareholders' meeting	07/04/2018	05/29/2018	02/23/2018	02/23/2018	12/23/2016	10/05/2015
Date of Chairman's decision to grant	07/05/2018	05/30/2018	04/09/2018	02/23/2018	12/23/2016	10/06/2015
Total number of free shares granted, of which the number granted to:(1)	570,644	107,500	2,500	106,054	108,587(2)	108,750
Xavier Barbaro, Chairman and CEO(1)	105,000	-	-	24,269	18,900	-
Share vesting date	10/06/2020	05/30/2021	04/09/2020	02/23/2019	12/23/2017	12/28/2017
End of holding period	-	-	04/09/2021	02/23/2020	12/23/2018	12/28/2018
Number of shares vested at March 31, 2019	0	0	0	106,054	108,588	103,750
Total number of shares cancelled or lapsed	0	0	0	0	0	5 000
Free shares outstanding at March 31, 2019	570,644	107,500	2,500	0	0	0

(1) *This number has been adjusted following the reverse stock split on the effective date of the share consolidation decided by the general shareholders' meeting of September 12 2018 and the Board of Directors' meeting of September 12, 2018, implemented on October 1, 2018.*
(2) *The grant covered 217,175 shares prior to the reverse stock split decided by the general shareholders' meeting of September 12, 2018 and the Board of Directors' meeting of September12, 2018, effective on October 1, 2018.*

3.3.3 Other information about the executive officer

Table 11

Executive officer	Employment contract		Supplementary pension scheme		Compensation or benefits payable or likely to become payable due to the termination of or change in duties		Compensation relating to a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Xavier Barbaro Chairman and Chief Executive Officer Start of term of office: September 12, 2018 End of term of office: general shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2021	-	X	-	X	X	-	X	-

Employment contract

To comply with the provisions of the AFEP-MEDEF Code, Xavier Barbaro, who was party to an employment contract signed April 30, 2009 with the Company, resigned from his position on the date of admission to trading of the Company's shares on the Euronext Paris regulated market.

Supplementary pension scheme

Xavier Barbaro does not have a supplementary pension scheme.

Compensation or benefits payable or likely to become payable due to the termination of or change in duties

Xavier Barbaro is entitled to severance pay in the event of dismissal (excluding due to gross or wilful misconduct) or the non-renewal of his corporate mandate, the amount of which will be calculated in accordance with the fulfilment of performance conditions and equivalent to six (6) months of remuneration, based on the fixed remuneration of the past twelve (12) months and the average of the past two monthly variable remuneration amounts, where one month's remuneration is defined as the sum of (i) the average of the fixed monthly remuneration paid for the twelve months preceding the termination of the corporate mandate and (ii) the monthly average of the past two amounts of variable remuneration paid.

Compensation relating to a non-competition clause

In the event of the termination of his duties as a corporate officer, for any reason whatsoever, Xavier Barbaro commits 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 activities that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties.

In consideration of this non-competition commitment, Xavier Barbaro shall receive, for twelve (12) months following the termination of his duties as a corporate officer, monthly financial remuneration of an amount equal to 70% of the gross remuneration received for the twelve (12) months preceding the date of termination of his duties within the Company. The Company reserves the right to withdraw the remuneration relating to this non-competition clause.

It is specified that the payment of the non-competition remuneration is excluded as soon as the corporate officer retires. In all cases, no remuneration shall be paid beyond the age of 65 years.

Unemployment insurance

Xavier Barbaro has an unemployment insurance policy in place since May 1, 2017 with Axa France, providing him with remuneration, for a period of twelve months, equivalent to 70% of his gross annual remuneration.

Commitments of any kind made by the Company in favour of its corporate officers

None.

3.3.4 Sum of provisions made by the Company or its subsidiaries for pensions, retirement benefits or other benefits

The Company has not made any provisions for pensions, retirement benefits or any other similar benefits for its corporate officers.

3.3.5 Principles and Criteria for Determining, Allocating and Granting Compensation of the Chairman and Chief Executive Officer in 2019

The Board of Directors, on April 17, 2019, resolved to approve the proposal of the Remuneration and Nomination Committee to renew the general structure of Chairman and Chief Executive Officer remuneration applicable for the 2018 fiscal year, subject to a few minor amendments presented below.

Fixed remuneration

The gross fixed remuneration of the Chairman and Chief Executive Officer will be maintained at €200,000 per year.

Variable remuneration

With regard to the gross variable remuneration, it is proposed that it be based 75% on quantitative criteria and 25% on qualitative criteria, subject to the achievement of target objectives set with regard to the Company's budget, as approved by the Board of Directors and, with respect to the "awarded" MW criterion, on the basis of the target 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 remuneration to the performance achieved by the Group. The qualitative criteria take into consideration (i) on the one hand, the improvement of the Company's compliance with the social and environmental standards, the importance of which continues to grow and constitutes a major point of concern for the Group, whose activity is focused on the development of renewable energies, and (ii) on the other hand, the leadership that the Chairman and Chief Executive Officer has demonstrated in order to contribute to the Group's development.

The amount of the annual variable remuneration would be equal to 100% of the annual fixed remuneration in case the quantitative and the qualitative criteria set by the Board of Directors were achieved, with the understanding that, if these criteria are outperformed, the maximum amount of the variable remuneration cannot exceed an amount corresponding to 200% of the gross annual fixed remuneration.

With regard to quantitative criteria :

The quantitative criteria would represent 75% of the gross annual variable remuneration in the event that the target objectives were achieved, and would be appreciated with regard to the revenue and EBITDA criteria in view of the realisation of the budget set by the Board of Directors.

For each criterion defined below (i) a triggering threshold in relation to the fixed objective is stipulated, (ii) in case of outperformance of the said criterion in relation to the objective set, the weighting of this criterion will be increased in order to account for this outperformance; and (iii) an outperformance cap with regard to the target set is stipulated.

These criteria are as follows:

- *Revenue criteria:*
  15% of the gross annual variable remuneration (this percentage is applicable in the event that the target objectives are achieved), taking into account the Company's revenue, with a threshold at 90% of the revenue forecasted in the budget adopted by the Board of Directors, as well as the following conditions for outperformance:

  - If revenue is between 90% and 100% (inclusive) of the forecasted revenue, the realised percentage will be taken into consideration in a linear manner. Thus, for example, if 95% of the target revenue is attained, this criterion will allow the Chairman and Chief Executive Officer to receive 50% of the target amount of annual gross variable remuneration for this criterion (that is, 7.5% of the amount of his annual fixed gross remuneration), i.e. €15,000;

  - if revenue exceeds 100% of the forecasted revenue, a multiplying factor of two will apply to the percentage of the outperformance (i.e., the percentage between 100% and the revenue attained). For example, if 120% of the target revenue is attained, 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 percentage of outperformance (20%) multiplied by two) of its annual fixed gross remuneration, i.e. €42,000. It is pointed out that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the forecasted revenue, so that the maximum amount that may be due in the event of outperformance under this criterion cannot exceed 15% of 150% of his annual fixed gross remuneration, i.e. €45,000.

- *EBITDA Criterion:*
  30% of the gross annual variable remuneration (this percentage is applicable in the event that the target objectives are attained), taking into account the EBITDA attained, with a threshold at 90% of the EBITDA amount forecasted in the budget approved by the Board of Directors (with linear application to the target amount of the percentage attained between 90% and 100%) and identical conditions of outperformance *mutatis mutandis* to those provided for the revenue criterion, with the understanding that the maximum amount that may be due in the event of outperformance under this criterion may not exceed 30% of 150% of its annual fixed gross remuneration, i.e. €90,000.

- *Awarded New MW criterion:*
  30% of the annual gross variable remuneration (this percentage is applicable in the event that the target objectives are reached), taking into account the number of new MWs *awarded* (including all new MWs acquired within the framework of any external growth operations as well as the new MWs having gone directly to the "*under construction*" phase without going

through the "*awarded*" phase, and the new MWs corresponding to the incremental power within the context of repowering projects) (the "Nouveaux MW"), with a threshold at 50% of the number of MWs in the "*awarded"* target phase provided for by the Board of Directors (the "« Annual Target Number of New MW *"Awarded*", as described below) and the following outperformance conditions:

- o if the number of New MWs is between 50% and 100% (inclusive) of the Annual Target Number of New *MW Awarded* for a given year, the percentage attained will be taken into consideration in a linear manner. For example, if the number of new MWs reaches 70% of the Annual Target Number of New MWs *Awarded*, this criterion will allow the Chairman and Chief Executive Officer to receive 40% of the target amount of the gross variable remuneration for this criterion (i.e., 30% of his annual fixed remuneration), i.e. €24,000;

- o if the number of New MWs exceeds 100% of the Annual Target Number of New MWs *Awarded* for a given year, a multiplying factor of two applies to the percentage of outperformance attained (i.e., the percentage between 100% and the level attained). For example, if the number of New MWs reaches 200% of the Annual Target Number of New MWs Awarded, this criterion *will allow* the Chairman and Chief Executive Officer to be paid 30% of 300% (i.e., 100% added to the percentage of outperformance (i.e., 100%) multiplied by two) of its annual fixed gross remuneration, i.e. €180,000. It is pointed out 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 MWs *Awarded* for a given fiscal year, so that the maximum amount that may be due in the event of outperformance this criterion cannot exceed 30% of 400% (i.e., 100% plus the percentage of maximum outperformance (150%) multiplied by two) of his annual fixed gross remuneration, i.e. 240,000 euros.

The Annual Target Number of New MWs *Awarded* is set by the Board of Directors. In that owing to the postponement and then the cancellation of the Mexican bid, the Group was unable to win 402 MW under the Peubla project, despite the fact that this project was taken into account in the 2018 budget, the Committee recommends to the Board of Directors to set the Annual Target Number of New MW *Awarded* for the purpose of variable remuneration for fiscal years 2019 and 2020 to 901 MW per year. The Board of Directors will have the option of adjusting the New MW target *Awarded* to take into account the number of bids in which the Company will have been able to participate during the year compared with the number of bids taken into account in the 2019 budget.

With regard to qualitative criteria:

The qualitative performance criteria selected would represent 25% of the Chairman and Chief Executive Officer's annual gross variable remuneration (this percentage is applicable in the event that the target objectives are attained) and take into account:

- the leadership of the Company's Senior Management, its ability to lead the Company and unite it around a growth and internationalisation project and its ability to represent the Company vis-à-vis the outside world; and

- in order to comply with the requirements of the AFEP-MEDEF Code, compliance with a CSR objective, namely a CSR strategy to apply the highest standards in terms of governance and social and environmental practices.

<u>Benefits in kind and other elements of remuneration</u>

It is reminded that the Chairman and Chief Executive Officer has a company car with a maximum value of €6,000 per year.

Mr Xavier Barbaro will continue to benefit from the other conditions of his tenure as Chairman and Chief Executive Officer set upon the appointment of President and Chief Executive Officer, as decided by the Board of Directors at its meeting of September 12, 2018 (defined contribution supplementary pension as of its implementation for the Company's senior executives, severance package (average six months of fixed and variable remuneration) and 12- month non-competition indemnity (in exchange for a monthly financial remuneration equal to 70% of the average monthly remuneration).

Pursuant to Article L.225-37-2 of the French Commercial Code, the following will be submitted for approval by the general shareholders' meeting ruling on the 2018 accounts: the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for fiscal year 2019, comprising the remuneration policy concerning him:

" [·] th resolution*(Approval of the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for fiscal year 2019)*

The General Shareholders' Meeting, ruling on the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the report by the Board of Directors on corporate governance, in accordance with Article L.225-37-2 of the French Commercial Code, approves the principles and the criteria for determining and distributing the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind that can be granted to the Chairman and CEO for exercising his term for the year 2019 as presented in this report.

3.4 OTHER INFORMATION

3.4.1 List of delegations in place granted by the general shareholders' meeting with regard to capital increases (including uses)

Securities concerned **Date of the general shareholders' meeting (authorisation duration/delegation and expiry)**	**Maximum amount of capital increase**	**Use of the delegations during the fiscal year**
Issues with preferential rights		
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future (A) GM of October 2, 2018 5th resolution 26 months	€20 million (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	
Delegation of authorityto increase the share capital through the incorporation of premiums, reserves, profits or other amounts (B) GM of October 2, 2018 9thresolution 26 months	€20 million (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	
Issues with or without preferential rights		
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future (C) GM of October 2, 2018	€60 million (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	Use during the fiscal year: €54,545,454

Securities concerned **Date of the general shareholders' meeting (authorisation duration/delegation and expiry)**	**Maximum amount of capital increase**	**Use of the delegations during the fiscal year**
6th resolution 26 months		
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, by private investment referred to Article L. 311-2, II of the French Monetary and Financial Code (D) GM of October 2, 2018 7th resolution 26 months	€10 million (A)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K) are limited to €125 million	
Delegation of authority to issue shares and/or marketable securities giving access immediately or in the future to shares to be issued by the Company as remuneration for contributions in kind constituted by equity securities or marketable securities giving access to the capital immediately or in the future (E) GM of October 2, 2018 8th resolution 26 months	10% of the share capital (A)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K) are limited to €125 million	Condition precedent for listing the Company's shares on the Euronext Paris regulated market
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to members of savings plans (F) GM of October 2, 2018 11th resolution 26 months	1% of the share capital (A)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K) are limited to €125 million	
Delegation of authority to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to Group employees outside France (G) GM of October 2, 2018 14th resolution 18 months	1% of the share capital (A)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K) are limited to €125 million	
Delegation of authority to be given to the Board of Directors to decide to increase the share capital of the Company by issuing shares and/or marketable securities giving access to the capital immediately or in the future, reserved to Impala SAS (H) GM of October 2, 2018 15th resolution 18 months	€10 million (A)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K) are limited to €125 million	Use during the fiscal year: €6,500,402
Issues with or without preferential rights		
Delegation of authority to increase the number of securities to be issued in the	Cap equal to the limit set by applicable	

Securities concerned Date of the general shareholders' meeting (authorisation duration/delegation and expiry)	Maximum amount of capital increase	Use of the delegations during the fiscal year
case of a capital increase with or without preferential subscription rights (I) GM of October 2, 2018 10th resolution 26 months	regulations (15% of the initial issue) (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	
Allocation of free shares or stock options		
Authorisation to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group (J) GM of October 2, 2018 12th resolution 38 months	2% of the share capital (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	
Authorisation to grant stock options or share purchase options to some or all employees and corporate officers of the Group (K) GM of October 2, 2018 13th resolution 38 months	2% of the share capital (A)+(C)+(D)+(E)+(F)+(G)+ (H)+(J)+(K) are limited to €125 million	

(1) Capital increases carried out under the Company's initial public offering, by decision of the Board of Directors on October 17, 2008.

3.4.2 Agreements entered into by officers or shareholders with subsidiaries or sub-subsidiaries of Neoen

Pursuant to Article L. 225-37-4 of the French Commercial code, the corporate governance report must mention, unless they are agreements concerning current transactions and entered into under normal conditions, directly or through a third party between, on the one hand, the chief executive officer, a director or a shareholder with more than 10% of the voting rights in Neoen and, on the other hand, another company in which Neoen holds, directly or indirectly, more than half the capital.

The Company is not aware of any such agreements.

3.4.3 Factors that may have an impact in the event of a public offer

In accordance with Article 225-37-5 of the French Commercial Code, the Company must set out and, if appropriate, explain the factors that may have an impact in the event of a public tender or exchange offer. These factors include the agreements entered into by the Company that are modified or terminated in the event of a change of control of the Company Hence, the financing contracts contain change of control clauses.

To the Company's knowledge, there are no other factors that may have an impact in the event of a public purchase or exchange offer.

4 SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

Neoen is an independent renewable energy producer which decided to focus on mature and entirely carbon-free technologies in order to provide energy to as many people as possible, in all the geographies in which it operates and at the best price. Conscious of the special role it has to play in promoting sustainable development and its responsibility to "give an example", Neoen develops, finances, builds and operates its facilities in accordance with the best performance standards as defined by major international institutions. Neoen voluntarily initiated a ratings-based approach to its environmental and societal responsibility by recognised bodies in order to be in the forefront of best practices. Regarding its positioning and the initiatives it has set up, Neoen makes a positive contribution to sustainable development issues. On top of its general policy, Neoen has a long-term vision and continuity approach for its plants. On this basis, the Group keeps a close watch on the challenges relating to local acceptance of its projects. Moreover, the Group pays particular attention to promoting social measures to the benefit of its own employees and to abiding by the principles of good governance. In this case, the Group adopted the recommendations of the AFEP-MEDEF Code. Please refer to chapter 3 " *Corporate Governance Report* " of this document for more information.

On the date of this Registration Document, the Company is not required to prepare a Corporate Social Responsibility (CSR) report, as provided for by Article L. 225-102-1 of the French Commercial Code, insofar as it does not meet applicable regulatory criteria.

4.1 A POSITIVE CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

Direct impacts

Regarding its positioning and the initiatives it has set up, Neoen makes a positive contribution to the sustainable development goals (SDG), that 193 members of the United Nations adopted in September 2015, with the aim of ending poverty, protecting the planet and guaranteeing prosperity for all. Neoen's contribution is more directly related to Goal 7 (clean energy and at an affordable cost), in particular its targets 7.1 ("by 2030, ensure universal access to affordable, reliable and modern energy services, at an affordable cost"), 7.2 (by 2030, increase substantially the share of renewable energy in the global energy mix), and also Goals 12 (responsible consumption and production) and 13 (actions to combat climate change) which are the priority goals immediately relating to its activity.

Indirect impacts

Neoen also considers that due to its positioning, which is focused on marketing, at or less than grid parity, the most competitive electricity wherever the Group is established, it contributes to facilitating access to electricity, which is an essential service, and hence participates in ending poverty (Goal 1 – No poverty) and in reducing inequalities within a said country (Goal 10 – Reduced inequalities) by fostering its economic activity. Furthermore, Neoen only markets green energy. In this way, the Group contributes to reducing the exposure of people in vulnerable situations to climate-related extreme events (Goal 1.5) and takes action against air pollution and contamination so as to enable all to live in good health and promote well-being at any age (Goal 3)

Neoen is an extremely local player. With more than 23 nationalities, the Group is concerned with giving priority to local employment, whether directly, in its own subsidiaries, or indirectly, by encouraging its co-contracting parties to use, as far as possible, local labour and local sub-contractors to enable the local economy to become more dynamic. In this way, in Zambia, the construction of its Bangweulu solar plant, at the peak of the works, needed to employ more than 800 workers on the site, the large majority of whom were local people. In Mexico, the construction of the El Llano plant should employ up to 820 people on site during its construction. This requirement meets Goal 8 (Decent work and economic growth) of the SDGs.

Neoen is a responsible player. In line with its internal code, signed by all employees and according to which it undertakes to carry out its business in such a manner to avoid or limit, as far as possible, damage to the environment other than the visual damage inherent in the activity in question, Neoen has a specific vision regarding environmental protection and the respect for biodiversity (Goal 15 - Life on land).

Contribution through the Group's values and setting up operational processes on an ad hoc basis.

The Group's internal Code also formalises the Group's social commitments. This Code is based on the following principles:

- health and safety: the Group ensures the safety of its employees and seeks to prevent any health risk they might incur, especially when travelling in countries with specific risks;
- compliance with local laws and regulations: the Group respects, and ensures that its employees comply with, the laws and regulations of each country in which it operates. More specifically, rules of conduct are established to fight passive and active corruption risks; and
- reporting obligation: to better enable the Group to monitor the ethical behaviour of its employees, the charter provides for upward reporting obligations to management, particularly with respect to conflicts of interest or, more generally, in the event of a risk of non-compliance with local regulations. In addition, employees have the opportunity to retain the services of a third-party lawyer regarding any difficulty they may encounter, both in terms of interpretation of the principles of the charter and in the context of its application.

The principles of this Code, and particularly the special emphasis the Group places on combating corruption, fall under Goal 16 (Peace, justice and strong institutions) of the SDG. It should be noted that at the date of this registration document, the Group is not aware of past occurrences, nor the existence of any current conduct, that violates the provisions of Neoen’s charter

Neoen builds sustainable infrastructures. Scaled to produce electricity at or under grid parity and non-polluting, in general they have the advantage of excellent local acceptance. Neoen has a long-term vision: in general, it is the majority shareholder of its infrastructure and, therefore, its goal is to optimise the yield of its plants over their entire life cycle. Consequently, this enables it to take appropriate decisions regarding plant maintenance. In some cases, such as in Mozambique, the facilities are operated in the form of concessions of limited duration (30 years in Mozambique). Neoen's responsible attitude with regard to the construction of resilient infrastructures, which, in addition, uses local labour trained for their construction and operation, falls within Goal 9 of the SDG (Industries, innovation and infrastructure).

Societal and cultural commitment (philanthropy)

Lastly, and as a complement to its activities, Neoen regularly contributed to philanthropic initiatives and in support of local education and culture. For instance, in El Salvador, Neoen financed an giant fresco by the artist Fernando Llort on the walls of its Providencia solar plant. In Australia, the Group chose to display aboriginal paintings on the wind turbine masts at its Hornsdale plant. From a philanthropic standpoint, in France, the Group decided for the first time in 2018 to support the Helen Keller International foundation for its unique PlanVue project - the aim of which is to create awareness of, detect and treat vision problems in schools. Similarly, during 2018, the Group tasked in Madagascar Electriciens Sans Frontières to install electricity in two schools built by the non-profit organisation Se Tendre la Main. Provided that this initiative, which should be completed during 2019, is a success, the Group could perpetuate its programme to install electricity in schools in partnership with the two organisations. These two initiatives fall within Goal 4 (Give access to education) which is dear to Neoen.

4.2 CONSIDERATION OF CSR / HSE MATTERS IN THE GROUP'S PROJECT MANAGEMENT

The perpetuation of its plants is part of Neoen's philisophy. On this basis, the Group keeps a close watch on the challenges relating to local acceptance of its projects.

4.2.1 Integrate and involve all stakeholders in managing the project.

Throughout its entire value chain, the Group ensures that both it, and the persons for whom it is responsible, comply with the environmental, social and loyalty principles it has set for itself or to which it is bound.

In the development phase

Hence, each plant's establishment is decided in collaboration with the local authorities and residents close to the plants. Public meetings are systematically organized to bring local residents and communities into the projects. These meetings are an opportunity for the Neoen teams to present the project's integration into the landscape, the conclusion of the social (in developing countries) and environmental study of the project and the support measures that will be undertaken accordingly, and more generally, together with the local people so as to be in a position to propose solutions that most people will find satisfactory. In this context, specific support measures may be proposed (for example, in France, financing a skating rink, setting up an educational pathway, etc.). In Australia, a specific website for each project goes online from the beginnings of the project's development so that everyone can obtain all the information available on the project and, if need be, contact the team in charge of developing the project. An online book of grievances is also available.

The Group may also take specific steps in favour of local populations, particularly in Western Australia where the Group, prior to each project, carries out a study to preserve the aboriginal population (*Aboriginal Heritage Survey Report*) submitted to the Western Australia *Department of Planning, Lands and Heritage*. In El Salvador, the development of both the Goup's projects was conducted right from the start in close conjunction with the funds dedicated to the development of social projects for the benefit of the local population.

In the construction phase

The Group endeavours to retain suppliers that are responsible and comply with the most stringent standards and afterwards check that these rules were complied with through their integration in the EPC (Engineering Procurement Construction) contracts or the contracts for the supply of wind turbines signed by the Group. Accordingly, the Group, through its procurement policy and in accordance with its processes, selects suppliers of solar panels, wind turbines and other system components (BOS and BOP components) whose products come from ISO 9001 and ISO 14001 certified factories. The Group systematically visits its main potential suppliers' factories before initiating a business relationship. Afterwards, it endeavours to repeat these visits as often as possible, at least once a year.

Regardless of the country in which its projects are located, the Group only works with first-class *EPC* contractors which can only be chosen after a rigorous pre-selection process. In particular, and in developing countries, special attention is paid to combating corruption: any co-contractor whose revenue exceeds the threshold of US$75,000 must produce a *Compliant Policy* before undertaking any work for the Group. In emerging markets, the Group carries out social and environmental studies that are shared with EPC contractors during their selection procedure. In emerging markets, the EPC must then implement social action and environmental plans and undertake, as far as possible, to call on local sub-contracts and local labour. In some cases, as in Zambia or Jamaica, these actions plans may be broken down into specific action plans for the benefit of the communities (Community Engagement and Development Plan) and on-site work covered by a specific contract (Site Labour Agreement). At the contract stage, the Group sends the *EPC* contractor the guidelines on health, safety and the environment ("HSE") incorporated into the plan, produced by its construction department (*Health, Safety and Environnement Management Plan* or "HSEMP). These HSE guidelines are drawn up in line with the regulations in France and Australia, where the Group considers that local regulations are sufficiently stringent and, stricter than local regulations in the other countries, particularly in the emerging countries. In this case, the Group will particularly refer to the *International Finance Corporation* (IFC) guidelines. The HSE guidelines are systematically appended to EPC and *O&M* contracts and apply to all the Group's contractors, as well as their sub-contractors.

In addition to being responsible for monitoring the construction, dedicated third parties are in charge of confirming that these social and environmental measures are properly applied and, more generally, that the fundamental rules recommended by the International Labour Organisation (ILO) and the European Convention on Human Rights (for developing countries) are complied with on the site. In France, for example, this management is entrusted to entities (Apave, Socotec, Bureau Veritas, etc.) that assume the role of coordinator for safety and health protection (coordinateur en matière de sécurité et de protection de la santé, "CSPS") and establish a general coordination plan (plan général de coordination, or "PCG") that sets forth safety and health guidelines to be followed at the Group's sites. Outside of France, such management is carried out by dedicated third-party organisations with established track records, which prepare monthly monitoring reports. At any time, the HSE third-party organisation can alert the project manager or the parent company if it notices that a commitment is not respected. In certain cases, like in Zambia, a dedicated Community Liaison Officer may also be appointed when the project construction starts and for the entire duration of the operation.

In the operation phase

Once the facility begins operating, the monitoring of HSE compliance is delegated to the service provider that ensures the maintenance of the facility (the O&M provider), which is usually the EPC contractor or the wind turbine supplier, in coordination with the relevant asset manager. HSE reporting to the Group is carried out on a monthly basis and focuses on workplace accidents and environmental impact, the application of the measures recommended by the environmental impact study as well as the implementation of the rules applicable to the facility. All of the Group's HSE management systems are implemented using OHSAS 18001 and ISO 14001 guidelines.

At the same time, the Group closely supervises the performance of its facilities as well as the satisfaction of the population living near the site and the communities enjoying the economic benefits of the projects through taxes and land leases. Lastly, in many cases, aware of the role it can play in local development, the Group continues to actively back social economic projects, particularly:

- in Australia where the majority of projects support community funds created for each project, on an ad hoc basis. For instance, in South Australia, the Group founded the Hornsdale Wind Farm Community Fund, which aims to fund local initiatives in the Jamestown area. Administered jointly with a local elected official and community representatives, the fund will be financed up to AUD 120,000 per year for 20 years. 39 projects were supported in 2017 and 2018, including the construction of a children's garden and the installation of solar panels at the Gladstone memorial site. Furthermore, an Aboriginal community fund with A$50,000 provided by Hornsdale Asset Co for 25 years, intended for the Ngadjuri and Nukunu Aboriginal Corporations was set up to preserve aboriginal culture;

- in El Salvador where 3% of the revenue generated by the Providencia and Capella solar plants are given to social development projects in co-ordination with the Social Investment Funds for Local Development for Providencia (the Social Investment Fund for local Development develops local projects such as roads, water and electricity supplies or school renovation), in co-ordination with the FUSAL El Salvador foundation for Capella;

- in Zambia where 0.5% of income generated by the plant will be given back into the Community Development Plan to benefit people living near the project;

- in Mozambique where it is planned to continue participating in projects financing the local economy after the facility has been commissioned;

- in Portugal, where the Group supports the University of Coruche of the municipality where its solar plant is located, by financing three-year scholarships intended to promote renewable energy academic curricula and to train the industry’s future actors. The Group has also implemented a five-year financing program with the Seixal municipal energy agency, the objective of which is to promote more thoughtful energy consumption, increase the use of renewable energies and sustainably develop the municipality.

Since the summer of 2018, the Group has set up a HSE committee which is composed of members of Group’s management and personnel, and which meets quarterly. The HSE rules recommended by the Group aim to prevent accidents, injuries and pollution in the workplace, especially on the Group’s sites, and also during the construction and operation phases of the facilities. These objectives are set forth in the HSE specifications developed by the Group, as follows:

- avoid serious employee injuries;
- improve working conditions and reduce risks for each workstation;
- promote proactive information reporting related to near-accidents and dangerous situations;
- promote the Group’s HSE culture (site visits, 15-minute safety meetings, audit, training, etc.); and
- minimize as much as possible the use and prevent the risk of spills of hazardous substances.

The task of the HSE committee is to control the Group's performance of the HSE policy through monitoring, on a consolidated basis, of all the indicators relating to these objectives. These indicators also directly concern the Group's teams and also all the employees of the co-contractors working on the Group's sites, especially during the construction phase.

4.2.2 A proactive policy on the environment and protection of biodiversity

The Group pays particular attention to respecting the habitats of the species on its project sites as well as to land protection. For each project and regardless of the country, an assessment of the environmental impacts, the impact study (botanical, avifauna, landscape, acoustic and other studies) is carried out to establish the support measures which will have to be put in place during construction and also during operation of the facility. The Group has also formally made several commitments in favour of the environment and biodiversity among which are:

- limited construction phases to limit disturbances during the breeding season of surrounding species;
- construction of drainage networks simultaneously with the construction of the facility;
- construction of corridors to facilitate mobility of native animal species;
- monitoring the evolution of animal species on the site;
- land-clearing to prevent the spread of fires and facilitate the circulation of fire-fighting vehicles;
- preservation of historical heritage that may be present on the facility site;
- limitation of noise pollution, especially for wind turbines.

For example, in France, the Cestas power plant incorporates environmental protection measures such as the preservation of wetlands, the protection of plants and animals species on-site (in particular butterflies), and full landscape integration achieved by planting hedgerows at the edge of the power plant. Furthermore, the equivalent of the entire surface area occupied by the Cestas plant has been reforested in the same locality through financing from the project’s revenues. In Portugal, during the construction of the Seixal power plant, more than a thousand native trees and shrubs were planted around the facility to promote landscape integration. In Australia, the Hornsdale plant was designed to ensure the preservation of the site’s gray lizard population. In Jamaica, the Paradise Park project's Biodiversity Management Plan requires all activity to cease when the Jamaican crocodile (protected species) is present, until NEPA (National Environment and Planning Agency) can send a team to the site to capture the animal and release it in another area.

All the Group's development, construction and operating teams are trained to protect the environment and respect biodiversity. Correct application of the support measures recommended by the impact study will be closely monitored by a third party, during the construction and for a large part of the facility's life.

Lastly, in line with its Code of conduct, according to which it undertakes to carry out its activity avoiding or limiting, as far as possible, damage to the environment other than visual damage inherent in the activity concerned, the Group complies with all the obligations applicable thereto, particularly with regard to standards and constitution of provisions and guarantees for dismantling its facilities at the end of its operation. For the dismantling and recycling of solar park components, the Group is a member of PV Cycle, a waste-collection and recycling provider for solar panels at the end of their useful lives that is active throughout Europe. More generally, the Group seeks to keep its facilities’ sites clean and reusable for future renewable energy production facilities.

4.3 MEASUREMENT OF THE IMPACTS

The Group's main consolidated indicator for the measurement of its action is the quantification of the tonnes of CO2 carbon avoided thanks to its business. Furthermore, the scope of the actions initiated by the Group is widely recognised by third-party organisations.

4.3.1 Carbon emissions avoided

As a responsible participant in the renewable energy sector, the Group is actively involved, due to the nature of its business, in the global challenges, such as the fight against greenhouse gas emissions and climate change. During the course of the year ended December 31, 2017 and December 31, 2018, the Group reduced its carbon footprint by 810,239 and 1,494,678 metric tons of CO2, respectively, according to its own calculations deriving from the strict application of the dedicated methods proposed by the European Investment Bank.

The Group appointed Deloitte to review compliance of its understanding of the EIB methods and the formulas it applied.

4.3.2 Recognition by third-party organisations

4.3.2.1 Vigeo certification

In line with its positioning and its convictions, early on, the Group has been concerned to incorporate the environmental components into the methods for financing its projects. As a result, it completed its first issuance of *green bonds* in an amount of €40 million in October 2015, intended to finance 13 solar and wind projects located in France and Portugal with aggregate installed capacity of 100 MW. This financing method was repeated in December 2017, when the Group completed the issuance of another round of *green bonds* in a maximum amount of €245 million to finance a portfolio of solar and onshore wind projects in Australia, Latin America and France totalling 1.6 GW of aggregate installed capacity. These green bond financings have been validated in accordance with the applicable green bonds principles published by the International Capital Market Association (“ICMA”) in 2015 and in 2017, and certified by Vigeo Eiris (“Vigeo”), a recognized expert in sustainable development, which completed such certification following its environmental, social and governance (“*ESG*”) due diligence with respect to the Group.

In September 2018, the Group initiated a corporate rating process with Vigeo Eiris on a voluntary basis. The result of this was an A1 rating representing the Group's inclusion in the 1st quartile of companies rated by Vigeo Eiris and ranked Neoen among the first 4 percent of companies with the organisation's best rating.

4.3.2.2 Award by the Climate Bonds Standard Board

In March 2019, Climate Bonds Standard Board spontaneously awarded the Group the Green Loan certification for its project's financing put in place in Mexico for its El Llano solar project.

4.4 VIGILANCE PLAN

At the date of this Registration Document, in view of the number of employees, the company is not required to prepare a duty of care plan as provided for under Article L. 225-102-4 of the French Commercial Code

5 FINANCIAL STATEMENTS AND STATUTORY AUDITORS REPORTS

5.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2018

Consolidated income statement

In thousands of euros		12.31.2018	12.31.2017
Energy sales under contract		194,564	119,445
Energy sales in the market		27,810	16,174
Other income		5,252	3,685
Revenue	5	**227,626**	**139,304**
Purchases of goods and change in inventories	6	(9,293)	(4,345)
External charges and payroll costs	7	(49,848)	(38,452)
Duties, taxes and similar payments	8	(4,853)	(3,489)
Share of net income (loss) of associates		765	424
Other recurring operating income and expenses	9	9,997	8,741
Recurring operating depreciation, amortisation and provisions	10	(65,432)	(41,466)
Recurring operating income (loss)		**108,963**	**60,717**
Other non-recurring operating income and expenses	11	(7,316)	(3,987)
Non-recurring operating depreciation, amortisation and provisions	11	1,524	(3,032)
Operating income (loss)		**103,171**	**53,698**
Cost of debt		(65,606)	(37,734)
Other financial income and expenses		(8,305)	1,348
Net financial income (expense)	12	**(73,910)**	**(36,386)**
Net income before income tax		**29,261**	**17,312**
Income tax	13	(15,738)	(6,879)
Net income from continuing operations		**13,523**	**10,433**
Net income (loss) from discontinued operations		**-**	**-**
Net income of the consolidated group		**13,523**	**10,433**
Of which attributable to owners of the Company		*12,365*	*12,454*
Of which attributable to non-controlling interests		*1,158*	*(2,021)*
Basic earnings per share attributable to owners of the Company (€)		*0.195*	*0.195*
Diluted earnings per share attributable to owners of the Company (€)		*0.192*	*0.191*

Consolidated statement of comprehensive income

The statement of comprehensive income presents net income for the period as well as income and expenses for the period recognised directly in equity under IFRS.

In thousands of euros	12.31.2018	12.31.2017
Net income of the consolidated group	**13,523**	**10,433**
Exchange differences on translation of foreign operations	(15,746)	(13,908)
Cash flow hedges (interest rate swaps)	(17,170)	(4,499)
Deferred taxes relating to cash flow hedges	4,558	773
Items that may subsequently be reclassified to income	**(28,358)**	**(17,634)**
Other	-	-
Items that will not subsequently be reclassified to income	-	-
Comprehensive income (loss) of the consolidated group	**(14,835)**	**(7,201)**
Of which comprehensive income attributable to owners of the Company	*(14,662)*	*(2,898)*
Of which comprehensive income attributable to non-controlling interests	*(173)*	*(4,303)*

CONSOLIDATED BALANCE SHEET

In thousands of euros	Notes	12.31.2018	12.31.2017
Goodwill		-	-
Intangible assets	14	121,672	105,042
Property, plant and equipment	15	1,702,717	1,249,197
Investments in associates and joint ventures	16	6,713	7,039
Derivative financial instruments – non-current	26	5,834	6,119
Non-current financial assets	17	105,968	78,377
Deferred tax assets	27	39,075	26,264
Total non-current assets		**1,981,979**	**1,472,038**
Inventories	19	349	453
Trade accounts receivable	20	33,755	29,024
Other current assets	21	48,946	47,483
Derivative financial instruments – current	26	-	-
Cash and cash equivalents	22	503,832	260,000
Total current assets		**586,882**	**336,960**
Non-current assets and disposal groups held for sale		-	-
Total assets		**2,568,861**	**1,808,998**

In thousands of euros	Notes	12.31.2018	12.31.2017
Share capital		169,915	107,964
Share premiums		500,784	64,027
Reserves		(35,190)	(20,340)
Treasury shares		(2,741)	(20)
Net income attributable to owners of the Company		12,365	12,454
Equity attributable to owners of the Company		**645,133**	**164,086**
Non-controlling interests		10,140	13,462
Equity	23	**655,273**	**177,548**
Non-current provisions	24	10,573	5,795
Project financing – non-current	25	1,511,821	1,200,933
Corporate financing – non-current	25	13,850	15,250
Derivative financial instruments – non-current	26	33,270	17,475
Deferred tax liabilities	27	37,782	21,221
Total non-current liabilities		**1,607,297**	**1,260,674**
Current provisions	24	-	-
Project financing – current	25	122,524	94,974
Corporate financing – current	25	2,241	63,179
Derivative financial instruments – current	26	7,056	7,369
Trade accounts payable	28	136,527	157,355
Other current liabilities	29	37,943	47,899
Total current liabilities		**306,292**	**370,776**
"Liabilities associated with assets and disposal groups held for sale"		-	-
Total equity and liabilities		**2,568,861**	**1,808,998**

Consolidated statement of changes in equity

In thousands of euros	Share capital	Share premiums	Reserves and net income	Treasury shares	Other comprehensive income	Equity – attributable to owners of the Company	Amounts payable to related parties	Total equity
Equity at 31 December 2016	**105,908**	**62,928**	**5,561**	**(510)**	**(10,135)**	**163,752**	**11,248**	**175,001**
Distribution of dividends	-	-	(0)	-	-	(0)	(2,079)	(2,079)
Capital increase	2,057	1,099	(217)	-	-	2,938	8,385	11,323
Share-based payments	-	-	784	-	-	784	-	784
Other transactions with non-controlling interests	-	-	(985)	-	22	(963)	216	(746)
Change in treasury shares	-	-	-	490	-	490	-	490
Change in scope and other changes	-	-	(18)	-	0	(18)	(6)	(23)
Total transactions with owners	**107,964**	**64,027**	**5,126**	**(20)**	**(10,113)**	**166,984**	**17,765**	**184,749**
Comprehensive income	**(0)**	**-**	**12,454**	**-**	**(15,352)**	**(2,898)**	**(4,303)**	**(7,201)**
Equity at 31 December 2017	**107,964**	**64,027**	**17,580**	**(20)**	**(25,465)**	**164,086**	**13,462**	**177,548**
Distribution of dividends	-	-	-	-	-	-	(3,758)	(3,758)
Capital increase	55,450	386,287	(0)	-	-	441,738	551	442,288
Share-based payments	-	-	2,473	-	-	2,473	-	2,473
Other transactions with non-controlling interests	-	-	(2,528)	-	(223)	(2,751)	58	(2,694)
Change in treasury shares	-	-	-	(2,721)	-	(2,721)	-	(2,721)
Change in scope and other changes	6,500	50,470	205	-	(205)	56,970	(0)	56,970
Total transactions with owners	**169,915**	**500,784**	**17,730**	**(2,741)**	**(25,893)**	**659,795**	**10,313**	**670,108**
Comprehensive income	**0**	**(0)**	**12,365**	**-**	**(27,027)**	**(14,662)**	**(173)**	**(14,835)**
Equity at 31 December 2018	**169,915**	**500,784**	**30,095**	**(2,741)**	**(52,920)**	**645,133**	**10,140**	**655,273**

Consolidated cash flow statement

In thousands of euros	Notes	12.31.2018	12.31.2017
Net income for the year		**13,523**	**10,433**
Eliminations:			
Share of net income of associates		(765)	(424)
Deferred tax expense		8,028	4,140
Depreciation, amortisation and provisions	10 & 11	63,527	42,945
Change in fair value of derivative financial instruments through income		1,743	(1,344)
Disposal gains and losses		3,580	2,255
Income and expenses arising on share-based payments		2,473	784
Other non-cash income and expenses		(329)	(32)
Current tax expense	8	7,710	2,738
Cost of net debt	12	65,606	33,728
Impact of change in working capital	18	(5,960)	(16,217)
Tax paid/(received)		(2,653)	(3,643)
Cash flow from operating activities – discontinued operations		-	-
Net cash flow from operating activities		**156,483**	**75,364**
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	4	(18,854)	(7,676)
Disposals of subsidiaries, net of cash and cash equivalents transferred	4	818	2,339
Impact of change in control		-	-
Acquisitions of property, plant and equipment and intangible assets	14 & 15	(483,862)	(468,007)
Investment grants received		-	-
Disposals of property, plant and equipment and intangible assets	14 & 15	350	1,093
Acquisitions of financial assets		(31,337)	(11,396)
Dividends received		822	426
Disposals of financial assets		(23)	-
Cash flow from (used in) financing activities – discontinued operations		-	-
Net cash flows used in investing activities		**(532,087)**	**(483,220)**
Capital increase (parent company)	23	441,738	3,155
Contribution of non-controlling interests to capital increases	23	553	8,165
Net disposals/(acquisitions) of treasury shares	23	(2,721)	490
Proceeds from borrowings	25	412,674	716,248
Dividends paid		(3,758)	(2,079)
Repayments of borrowings	25	(161,121)	(114,488)
Net interest paid		(62,599)	(37,632)
Cash flow from (used in) financing activities – discontinued operations		-	-
Net cash flows from financing activities		**624,767**	**573,860**
Effect of exchange rate fluctuations		(5,051)	(5,032)
Effect of changes in accounting principles		-	-
Effect of the reclassification of cash and cash equivalents relating to non-current assets and disposal groups held for sale		-	-
Change in cash and cash equivalents		**244,111**	**160,972**
Opening cash and cash equivalents balance		259,721	98,749
Closing cash and cash equivalents balance	22	503,832	259,721
Net cash flow as shown in the balance sheet		**244,111**	**160,972**

Notes to the consolidated financial statements

1. General information

The Neoen Group develops and operates power plants to generate electricity and heat from renewable energies (wind, solar, biomass), as well as energy storage facilities.

With nearly 2.3 GW of projects in operation and under construction (including 237 MW under management) and 0.9 GW of projects awarded at December 31, 2018 (secured portfolio of 3.2 GW), Neoen is the leading independent producer of renewable energies in France. The Group continues to grow, with an advanced pipeline of 4.5 GW and more than 4 GW of early stage projects.

The Group operates in Europe-Africa, Australia and the Americas.

Previously a simplified joint-stock company (*société par actions simplifiée*), the company was transformed into a public limited company at the general meeting of September 12, 2018.
Following the move early in the second half of 2018, its head office is located at 6 rue Menars, 75002 Paris.

The basis of preparation of these consolidated financial statements is described in note 3 "Accounting policies".

The financial statements are presented in thousands of euros. They were approved by the Board of Directors on April 17, 2019 and will be submitted to the general meeting of June 28, 2019.

2. Key events

Initial public offering

On October 16, 2018, Neoen successfully completed its initial public offering in compartment A of the regulated market of Euronext in Paris. The offering price was set at €16.50 per share, valuing the Group at just over €1.4 billion. This transaction, predominantly in the primary market, allowed it to raise €450 million through the issue of new shares (out of a total of €697 million, including a Greenshoe option). The entire amount will be used to continue the Group's strong growth. As a reminder, the Group is aiming for capacity of at least 5 GW in operation and under construction by 2021.

Impala, the Group's majority and long-standing shareholder, injected nearly €170 million into the transaction in order to maintain its control of the Group.

On December 3, 2018, Neoen entrusted Kepler Cheuvreux with the implementation of a liquidity contract that complies with the code of ethics recognised by the Autorité des marchés financiers (AMF).

Development

Neoen continues to pursue international expansion, primarily by concentrating on countries where it already operates and countries belonging to the same clusters in Europe-Africa, Australia and the Americas, by identifying opportunities and determining the feasibility of projects.
The Group's portfolio has changed in volume, with 2,008 MW of new projects over the period (net of abandoned projects and excluding early stage projects). Of this, 19 MW are attributable to a re-evaluation of the generating capacity of projects under development.

In the Americas, development remained on a positive trend this year: 556 MW of projects entered the portfolio across all technologies, enabling Neoen to reinforce the Americas as the third pillar of its development, after Australia and Europe-Africa.

Australia is the Group's biggest region in terms of secured MW, underlining Neoen's successful international expansion. Projects totalling 1,100 MW were added to the Group's portfolio during the period, of which 350 MW in storage and 750 MWp in solar.

In Europe-Africa, projects totalling 384 MW entered the portfolio in France, 113 MW in Finland and 16 MW in Ireland. With the gain of five solar projects representing total capacity of 66 MW, Neoen was also the biggest winner of the French government bi-technological tender, the results of which were announced in November. The status of these projects has accordingly be changed from tender-ready to awarded.
In Mozambique, Neoen signed a 30-year concession agreement for its Metoro solar farm at the end of 2018. The signature of this contract confirms the finalisation of the project's development. Metoro (41 MWp) is currently the largest solar farm under development in Mozambique.

These wins were diminished slightly by the discontinuation of 160 MW in other projects.

Development costs are capitalized in intangible assets (note 14).

Construction

Construction projects have a material impact on growth in the Group's property, plant and equipment, as disclosed in note 15.

In Australia, work began on the Bulgana wind farm in March. In addition to this 194 MW of wind power is a 20 MW/34 MWh of lithium-ion battery storage facility using batteries provided by Tesla. The facility will supply electricity to greenhouses to be built by the Australian company Nectar Farms. The rest of the output and the green certificates will be sold to the government of the state of Victoria as part of a 15-year power purchase agreement ("PPA").
Work began on the Numurkah solar farm, with capacity of 128 MWp, in August.

In France, solar projects won at CRE tender 3 (Lugos, Miremont, Bram, Saint-Avit) as well as some of the projects won at CRE tender 4 (Azur Est, Azur Sud, Cap Découverte 4bis, Corbas, Saint-Eloy) are under construction. They represent total capacity of 78 MWp.
Work on the Auxois Sud II and Les Hauts Chemins wind projects (16 MW and 14 MW respectively) began in February and August.
Following the success of the Hornsdale Power Reserve storage project in Australia, Neoen continues to lead the way in this area by developing opportunities in its various geographies, particularly in France, where it has launched the construction of the largest stationary power station, Azur Storage, with capacity of 6 MW representing power storage of 6 MWh.
In Finland, work started on the Hedet wind project (power capacity of 81 MW) in late 2018.
Google has signed a 10-year agreement to buy 100% of the green electricity generated by the farm, 80.1% owned by Neoen and 19.9% by Prokon Finland.

In Jamaica, work began on the 51 MWp Paradise Park solar project in June 2018.

In El Salvador, work began on the 140 MWp Capella solar project in December 2018. This solar power will be compounded by a 3 MW/1.5 MWh battery.

Financing

In May 2018, Neoen closed financing for its majority owned Jamaican solar farm, with Proparco and FMO. The project represents a total investment of US$64 million.

In June 2018, Neoen signed a framework agreement to crowdfund projects awarded at CRE tender 4. Under the incentive arrangements put in place by the French Energy Regulatory Commission (CRE), energy producers that crowdfund from the local area to cover the costs of their renewable energy projects are entitled to higher tariffs. The Cap Découverte 4 bis solar farm was Neoen's first crowdfunded project to open.

In October 2018, Neoen launched a crowdfunding campaign for the two phases of the Corbas power plant (Corbas 1 and 3), a photovoltaic shelter in the municipalities of Corbas and Saint-Priest, near Lyon, and the Azur Est ground solar project in Nouvelle Aquitaine.

In November 2018, Neoen closed US$133 million in funding for Capella Solar, a 140 MWp solar farm in El Salvador, with FMO, BID Invest and Proparco. Wholly owned by Neoen, Capella Solar is expected to be commissioned in early 2020. This investment amount includes the cost of a 3 MW/1.5 MWh LG Chem lithium-ion battery to be installed by Nidec.

Note 25 contains details of funding arranged during the period.

Operations

In Australia, in the state of New South Wales, Parkes, Griffith and Dubbo, the three projects selected for the Australian Renewable Energy Agency (ARENA), went into operation in the first and second quarters of 2018. The three projects represent a total of 131 MWp.
The Coleambally solar plant was commissioned in the fourth quarter of 2018. With installed capacity of 189 MWp, Coleambally is wholly owned by Neoen. It is also the largest solar power plant ever to operate in Australia.
In December 2018, Neoen celebrated the first anniversary of the operation of its Hornsdale Power Reserve storage facility, revealing a performance well above expectations by its asset. In particular, the study by independent expert Aurecon showed that the Hornsdale Power Reserve (HPR) has helped to generate nearly AU$40 million in savings by replacing more expensive and less reactive alternatives to regulate network frequency.

In France, the Champs d'Amour (9 MW), Pays Chaumontais (14 MW) and Chassepain (20 MW) wind farms and the Lugos solar farm (12 MWp) were commissioned in January, April and June (for the last two) respectively.
The Lagarde d'Apt (7 MWp), Cap Découverte 4 bis (5 MWp) and Bram (5 MWp) solar farms were commissioned during the second half of the year.

Neoen increased its base of assets in operation by 391 MW, to 1,492 MW (controlled or non-controlled) at December 31, 2018.

A non-controlled asset is a project in which the Group holds a non-controlling interest but whose operations it oversees. The only plants in operation that are classified as non-controlled assets are certain plants at the Cestas solar farm (for regulatory reasons) and a plant in Portugal (Seixal) in which the Group holds a 50% stake.
Changes in energy revenue derived from facilities commissioned during the period are described in note 5.

M&A

In the first half of 2018, the Group acquired the Hedet Vindpark project company. The transaction is recognized under intangible assets and enables Neoen to purchase projects under development. The intangible assets will be amortized on a straight-line basis over the same period as the plants to which they relate (note 14).
In the second half of 2018, the Group sold Melissa and Manosque Ombrière.
In 2018, the Group increased its stakes in FieldFare Argentina and Altiplano Solar (Argentina), and Jiboa Solar and Capella Solar (El Salvador) to 100%.

3. Accounting policies

The Neoen Group's financial statements for the year ended December 31, 2018 include:
- The financial statements of Neoen;
- The financial statements of its subsidiaries;
- The share of net assets and net income of equity-accounted companies (joint ventures and associates).

a. Standards

The Group's consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2018.

The accounting policies applied for the preparation of the 2018 consolidated financial statements are identical to those used by the Group to prepare the consolidated financial statements for the year ended December 31, 2017, with the exception of the new standards and amendments listed below:

Standards, interpretations and standard amendments of mandatory application as from January 1, 2018:

The Group applied IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers for the first time during the period.

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments entered into force on January 1, 2018.

As part of the transition to IFRS 9, the Group examined the following points:
- Classification and measurement: equity securities classified under IAS 39 as available-for-sale assets have been classified as financial assets at fair value through other comprehensive income that will not be subsequently reclassified through other comprehensive income;
- Impairment: the Group reviewed its trade receivables impairment methodology. Given its business and the very low rate of losses incurred, IFRS 9 had no impact in this respect;
- Hedge accounting: the Group uses derivative instruments to hedge interest rate risk on its floating rate loans. All derivative instruments held by the Group are currently classified as cash flow hedges. The Group has chosen to apply the IFRS 9 hedge accounting requirements and recognizes the time value of option-type instruments (such as caps) as the cost of hedging;
- Debt renegotiation: in December 2017, the Group renegotiated a portion of its debt. The transaction was classified as a debt modification within the meaning of IAS 39 (non-substantial modification). Following the publication of IFRS 9's Basis for Conclusions, which states that non-substantial modifications give rise to a gain or loss on the amortized cost at the modification date, which must be recognized in full in the income statement, the Group retrospectively restated the recognition of the debt modification.
  Accordingly, it recognized a gain of €4 million in 2017, at the date of the renegotiation.

The Group has applied IFRS 9 retrospectively since January 1, 2018, with cumulative adjustments recognized in opening equity without restatement of comparative information. For modifications to debt for which the standard does not provide for any specific transition provisions, the comparative information has been changed.

The impact of restating the 2017 debt renegotiation is presented in the table below:

	In thousands of euros	12.31.2017 before IFRS 9 impact	IFRS 9 Impact	12.31.2017 after IFRS 9 impact
Balance sheet – Liabilities	Net income for the year	9,450	3,004	12,454
	Project financing – current	1,204,562	(3,629)	1,200,933
	Project financing – current	95,352	(377)	94,974
	Deferred tax liabilities	20,220	1,001	21,221
Income statement	Other financial income and expenses	(2,658)	4,006	1,348
	Income tax	(5,877)	(1,001)	(6,879)

IFRS 15, Revenue from Contracts with Customers and related amendments, and Clarifications to IFRS 15

IFRS 15, Revenue from Contracts with Customers is applicable for reporting periods beginning on or after January 1, 2018. It constitutes the new single standard for revenue recognition. In particular, it replaces IAS 18, Revenue which the Group had previously applied.
The Group has applied IFRS 15 since January 1, 2018, using the cumulative effect method. Application of the standard had no impact on opening equity.
As part of the application of IFRS 15, the Group began by performing a qualitative and quantitative analysis of the main factors that could impact its financial statements.

In particular, the following factors were thoroughly examined:

- Payment facilities: under some agreements, the Group may grant payment facilities, which never exceed one year. In accordance with IFRS 15.63, no financial income or charge is recognized in respect of such facilities;
- Revenue derived from sales of green certificates: the Group considers that the sale of green certificates constitutes a separate performance obligation from the provision of energy.

This analysis concluded that IFRS 15 has no impact on the rate of recognition of the Group's revenue.

However, and in accordance with the application of the standard, the Group has reviewed its presentation of revenue on the income statement for the year ended December 31, 2018 (including comparative information for the year ended December 31, 2017) distinguishing between energy sales under contracts from sales on the market.

Detailed analysis by product type and by technology (corresponding to the sectors monitored by the Group) is presented in note 5 on revenue.

The following standards and amendments did not have a material impact onthe Group's consolidated financial statements:

- Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 4, Interactions between IFRS 9 and IFRS 4;
- IFRS annual improvements: 2014-2016 cycle;
- Amendments to IAS 40, Transfer of Investment Property;
- IFRIC 22, Foreign Currency Transactions and Advance Consideration;

Standards, interpretations and amendments early adopted as from January 1, 2018

IFRS 16, Leases: Standards and interpretations early adopted by the Group at December 31, 2018

The Group has applied IFRS 16, Leases since January 1, 2018 (initial application date) using the cumulative effect approach, whereby the comparative period is not restated and continues to be presented in accordance with the previous standard, IAS 17.

The changes in accounting policies introduced as a result of IFRS 16 are presented below.

The Group has chosen to apply the practical option of applying IFRS 16 only to contracts that were previously identified as leases. Any contracts that were not identified as leases under IAS 17 and IFRIC 4 have not be reassessed to determine whether they contain a lease.

At the transition date, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate at January 1, 2018. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients for the purposes of applying IFRS 16 to leases that were previously classified as operating leases under IAS 17:

- Application of the recognition exemption for right-of-use assets and lease liabilities for leases with a lease term of less than 12 months;
- Exclusion of initial direct costs from the measurement of the right-of-use assets at the initial application date.

The leases signed by the Group during the comparative period were all classified as operating leases.

Impact on the financial statements

On the first-time application of IFRS 16, the Group recognized an additional €74.6 million of right-of-use assets and €74 million of lease liabilities.

	In thousands of euros	31 décembre 2017	IFRS 16 Impact	1 January 2018
lance sheet – Ass	Property, plant and equipment	1 249 197	74 598	1 323 795
	Other current assets	47 483	(596)	46 887
Balance sheet – Liabilities	Project financing – current	1 204 562	71 420	1 275 982
	Project financing – current	95 352	2 581	97 933

The Group discounted its lease payments using the incremental borrowing rates applicable at January 1, 2018 and calculated based on the rates applied to the financing of its production assets. Accordingly, the weighted average incremental borrowing rate applied by the Group was 3.52%. Operating lease commitments at December 31, 2017 under IAS 17 and lease liabilities recognised at January 1, 2018 can be reconciled as follows:

In thousands of euros	12.31.2018
Operating lease commitments at December 31, 2017 presented in the consolidated financial statements	**87,649**
Extension and termination options that the Group is reasonably certain to exercise	73,142
Discounting using the incremental borrowing rate at January 1, 2018	(86,790)
Finance lease liability recognized at December 31, 2017	-
Recognition exemption for:	
short-term leases	-
leases of low-value assets	-
Variable lease payments that depend on an index or rate	-
Residual value guarantees	-
Lease liabilities recognized at January 1, 2018	**74,001**

The following amounts are recognised in the income statement and the cash flow statement:

In thousands of euros	12.31.2018
Amounts recognized in the income statement – IFRS 16 impact	**(5,777)**
Depreciation and impairment charges right-of-use fees	(3,269)
Interest charges on lease liabilities	(2,508)
Amounts recognized in the income statement – Short-term lease expenses	**(314)**
Variable lease payments not included in the measurement of lease liabilities	(50)
Income from subleasing right-of-use assets	-
Expense relating to short-term leases	(257)
Expense relating to leases of low-value assets	(7)
Total amount recognized in the income statement	**(6,091)**

In thousands of euros	12.31.2018
Total cash outflow for leases	**(4,431)**

Accounting policy for leases

The Group leases land for its electricity production facilities and office space for its administrative activities.

The land leases generally have a term of between 18 to 99 years, including in some cases an extension option which the Group can elect to exercise. The terms used by the Group include enforceable extension periods if the Group is reasonably certain to exercise the extension options in view of the land's strategic location.

Office leases have terms of between 1 and 10 years.

IAS 17

During the comparative period and in accordance with IAS 17, Leases, *assets* held under finance leases are recognized as assets when the lease agreements transfer substantially all of the risks and rewards of ownership of these assets to the lessee. Assets held under these contracts are depreciated over their useful life or, if shorter, over the term of the relevant lease.

Lease agreements not considered as finance leases are recognised as operating leases and only lease payments are expensed in income.

IFRS 16

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an asset throughout the period of use, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - The Group has the right to operate the asset, or
    - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

These criteria apply to contracts signed or amended on or after January 1st, 2018.

At inception or on reassessment of a contract containing a lease component, the Group has elected not to separate the non-lease components and to account for the lease as a single lease component.

The Group recognises a right-of-use asset and a lease liability at contract inception:
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the carrying amount of the right-of-use asset is adjusted for certain remeasurements of the lease liability and – where appropriate – reduced to reflect impairment losses, in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the lessee’s incremental borrowing rate, that is the rate the lessee would have to pay to borrow funds over a similar term.
The following lease payments are included in the measurement of the lease liability:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Lease payments during an optional extension period if the Group is reasonably certain to exercise the extension option.

The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or a rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, or leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense.

Standards and interpretations not yet adopted by the European Union and not early adopted by the Group at December 31, 2018:

Amendment to IFRS 9, Prepayment Features with Negative Compensation;
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures;
Amendments to IAS 19, Plan Amendment, Curtailment or Settlement;
Amendment to IFRS 3, Definition of a Business;
Amendments to IAS 1 and IAS 8, Definition of Significant;
Amendments to references to the conceptual framework in IFRS;
IFRS annual improvements: 2015-2017 cycle;
IFRIC 23, Uncertainty over Income Tax Treatments.
As these standards have not yet been adopted by the European Union, the Group has not started analyzing the potential impacts of their application for the Group.

b. Comparison between reporting periods

As stated in the previous note, the Group has applied IFRS 16 using the cumulative effect approach, whereby the comparative period is not restated and continues to be presented in accordance with the previous standard, IAS 17.

The impact on the income statement indicators is as follows:

	In thousands of euros	12.31.2018 before IFRS 16 impact	IFRS 16 Impact	12.31.2018 after IFRS 16 impact
Income statement	External charges and payroll costs	(53 965)	4 118	(49 848)
	Share of net income (loss) of associates	774	(8)	765
	Recurring operating depreciation, amortisation and provisions	(62 163)	(3 269)	(65 432)
	Cost of debt	(63 098)	(2 508)	(65 606)
	Income tax	(16 193)	455	(15 738)

The impacts of the application of IFRS 9 are described in note 3.a.

Neoen Group did not proceed other than the changes in estimates described above, the Group's accounting methods and financial statement presentation over the period from January 1, 2018 to December 31, 2018 compared with that from January 1, 2017 to December 31, 2017.

c. Estimates and assumptions

To prepare the Neoen Group's financial statements, management makes estimates whenever items included in the financial statements cannot be accurately measured. Management reviews its estimates and assessments regularly to take into account past experience and other factors deemed relevant in light of economic conditions. Accordingly, the amounts in future financial statements may differ from current estimates.
The main items impacted by estimates and assumptions at December 31, 2018 are the following:

- Estimates of the recoverable amount of goodwill, property, plant and equipment and intangible assets (notes 14 and 15);
- Capitalisation of development costs (note 14);
- Estimate of lease renewals following the application of IFRS 16;
- The useful lives of production assets (notes 10 and 15);

- 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 27);
- Provision amounts (note 24).

d. 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. Control results from power over an entity, exposure to variable returns from its involvement in the entity, and the ability to use its power to influence the amount of those returns.

In accordance with IFRS 11, Joint Arrangements, the Group accounts for joint arrangements (agreements in which Neoen has joint control with one or more other parties) using the equity method. Neoen has joint control over a partnership when decisions about the relevant activities require the unanimous consent of Neoen and the other parties sharing control.

The equity method of accounting is applied to associates over which the Group has significant influence but not control. The equity method consists in recording the net assets and net income of a company based on the interest held by the parent company in the capital and, where applicable, any related goodwill.

All inter-company balances and transactions are eliminated on consolidation. The list of subsidiaries, joint ventures and associates is provided in note 37.

e. Revenue

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 calculated net of any discounts and rebates and less any inter-company 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 energy and green certificates.

Sales of energy are sales of electricity and steam produced at the production unit level as well as associated green certificates, or trading revenue for storage activities.

Energy is sold either in accordance with various contracts in which selling prices are set by decree or following calls for tenders, 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.

f. Other non-recurring operating income and expenses

This heading includes material amounts of non-recurring operating income and expenses that, by definition or owing to their extraordinary nature, may distort the interpretation of the Group's recurring operating performance. Such items may include:
- Disposal gains and losses or material and non-recurring impairment of property, plant and equipment and intangible assets;

- Certain material expenses relating to restructuring operations or unusual transactions;
- Other operating income and expenses such as a material provision or penalty relating to a dispute.

g. Business combinations

In accordance with IFRS 3 as amended, business combinations are accounted for using the acquisition method. Under this method, assets acquired as well as liabilities and contingent liabilities assumed are measured at fair value. Goodwill represents the difference between the purchase price paid for the business combination and the amount of identifiable assets and liabilities 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 and is subject to impairment tests.

In accordance with IFRS 3 as amended:
- Acquisition costs are recognised in income in the period they are incurred;
- Contingent earn-outs are estimated at fair value and included in the share acquisition price.

For each business combination, the Group can measure non-controlling interests either at fair value or at its share in the acquiree's net identifiable assets as 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.

h. Intangible assets

The main intangible assets recognised by the Group relate to costs incurred to develop renewable energy plants.

Direct and indirect, external or internal development costs are capitalised as soon as the success of the corresponding projects becomes probable.

Development costs are capitalised in accordance with IAS 38, Intangible *assets*.

The main criteria for capitalisation are:
- The technical feasibility of the project;
- The intention to complete the intangible asset and to either use or sell it;
- The ability to commission the intangible asset;
- The probability that the asset will generate future economic benefits;
- The availability of technical and financial resources to complete the development of the project;
- The ability to reliably estimate the expenditures attributable to the asset during its development.

The Group considers that these criteria are met when a project enters its portfolio, i.e. when contractual factors and technical studies indicate that the feasibility of the project is probable.
When the conditions for the recognition of an asset generated internally are not met, development costs are expensed in the period in which they occurred.

Capitalisation of the costs associated with these projects ceases when the plant is commissioned.

If a project is discontinued, the associated development costs are expensed and presented in "Other non-recurring operating income and expenses".
If the Group considers that the probability of success has decreased, the development costs are impaired and included in "Non-recurring operating depreciation, amortisation and provisions".

The Group identifies development costs relating to "Studies" and those relating to "Operations", based on the percentage of completion of the project at the year-end. The "Operations" phase includes the construction and operation of the plants.

After the project is commissioned, amortisation is calculated on a straight-line basis over the useful life of the underlying asset.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.
The Group's main intangible asset categories and their useful lives are listed below:

- Software: 1 to 3 years
- Development costs: 25 years, in line with the estimated useful lives of the power plants.

i. Property, plant and equipment

Property, plant and equipment is carried at acquisition cost in accordance with IAS 16, Property, Plant and *Equipment*. Property, plant and equipment acquired in business combinations is recognised at fair value.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset up to commissioning.

Depreciation is calculated from the date the assets are commissioned and is recognised over the assets' estimated useful lives using the straight-line method, as follows:

- Power plants: 25 years
- Fixtures and fittings: 3-10 years
- Office equipment and furniture, IT equipment: 3-4 years

Depreciation, useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

Production assets in progress relate to plants under construction. An asset is identified from the date construction costs are incurred until the date the plants are commissioned.

(*) The Group considers that power plants have a useful life of 25 years but may adopt different useful lives in light of technical, regulatory or contractual constraints.

j. Leases

IFRS 16 replaces IAS 17 and its related interpretations. This new standard removes the distinction between operating leases and finance leases for lessees. It provides for the principle of recognising lease contracts on lessees' balance sheets, with recognition of:

- an asset representing the right to use the leased asset; and
- a liability representing its obligation to make lease payments.

Exemptions are allowed for short-term contracts and contracts covering low-value assets.
Operating lease expenses are replaced by amortisation and interest expense.

k. Impairment of assets

In accordance with IAS *36, Impairment of Assets*, the Group also regularly reviews whether there is any evidence that intangible assets and property, plant and equipment with finite useful lives are impaired. 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 costs to sell and value in use.

Most fixed assets relate to production assets (plants under development or construction or in operation). These assets have a finite useful life and are subject to impairment tests whenever there is evidence that they may be impaired.
In the course of the Group's activities, only projects with adequate initial profitability are built and operated. In so far as, in the absence of any production incidents, the resources generated by the project can be reliably estimated, the risk of failing to achieve the expected cash flows is low.

The value in use of an asset is generally assessed by discounting the future cash flows produced by the asset. Assets that do not generate largely independent cash flows are grouped into cash-generating units (CGUs). The Group considers each project to be a CGU.

Data used to perform impairment tests based on discounted cash flows is taken from the business plans drawn up for the relevant projects and covering the term of the power sales agreements. The underlying assumptions are revised at the test date.

l. Inventories

Inventories mainly comprise work-in-progress related to development activities as well as wood for the biomass plant.
Inventories are stated at the lower of cost price and net realisable value.

m. Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that are considered highly liquid, convertible to known amounts of cash and subject to an insignificant risk of change in value in regard to the criteria set out in IAS 7, *Statement of Cash Flows*.
Overdrafts are excluded from cash and cash equivalents and are shown within current borrowings.

n. Financial assets

Financial assets consist of operating receivables, security deposits related to financing agreements, term deposits, loans, non-consolidated investments, short-term investments and cash equivalents and derivative instruments with a positive market value.
Financial assets are classified and measured as follows:
- Operating receivables, deposits and term deposits are recorded at amortised cost;
- Non-consolidated securities are recorded at fair value.

o. Financial liabilities

Financial liabilities include borrowings, operating liabilities and derivative 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 rate method and are broken down into:

- Non-current borrowings, for the portion falling due in more than one year;
- Current borrowings, 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 qualifying asset should be included in the cost of that asset.

p. Derivative financial instruments

As part of its financing operations, the Group takes out floating rate loans. In accordance with its financial risk hedging policy, the Group systematically uses derivative financial instruments (mainly swaps).

Derivative financial instruments with a positive market value are recognised as assets, and those with a negative market value are recognised as liabilities.

When not treated for accounting purposes as cash flow hedging instruments, changes in the fair value of these instruments are recognised in income. The effective portion of changes in the fair value of instruments classified as cash flow hedges for accounting purposes is recognised in other comprehensive income to be subsequently reclassified to income, while the ineffective portion is taken to income. The new principles set out in IFRS 9 have not had a material impact on the Group's financial statements as such, since all transactions that qualified as hedges under IAS 39 continue to qualify as hedges under IFRS 9.

q. Employee 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 the employees during the financial year and are expensed as incurred.
Defined benefit plans guarantee employees additional benefits such as retirement indemnities. These guaranteed additional benefits represent a future obligations for the Group which is quantified. The provision is calculated by estimating the amount of benefits that employees have accumulated in exchange for services rendered during the current and prior years.

Given the average age of Group employees, no liability has been recognised for employee benefits since these are not material.

r. Provisions

Provisions are recognised when:

- The Group has a present obligation resulting from a past event;

- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- The amount of the obligation can be reliably estimated.

Provisions are measured in accordance with IAS 37, Provisions*, Contingent Liabilities and Contingent Assets on* the basis of the most probable estimate of the expense required to settle the obligation. When the effect of the time value of money is significant, the amount of the provision is discounted.
Where no reliable estimate can be made, the liability cannot be recognised (contingent liability).

Provision for dismantling obligations

When the Group has a legal or contractual obligation to dismantle a plant, it recognises a provision for its dismantling obligation against a "dismantling asset". The cost of this obligation is regularly estimated based on independent valuations. In the event of a significant change in the estimate leading to an increase in the provision, the net value of the dismantling asset is also increased. If the change in estimate leads to a decrease in the provision, the Group recognises an impairment loss against the asset.

s. Income tax and other tax payables

Income tax

Income taxes include tax expense (income) payable and deferred tax assets (liabilities), calculated in accordance with the tax laws in force in the countries where profits are taxable. Current and deferred taxes are generally recognised in income or equity to match the underlying transaction.

The current tax expense (benefit) is the estimated amount of tax due on taxable income for the period, determined using the tax rates adopted at the reporting date. Deferred taxes result from temporary differences between the carrying amount of assets and liabilities and their tax basis. However, no deferred taxes are recognised for temporary differences generated by:

- Goodwill not deductible for tax purposes;
- The initial recognition of an asset or liability in a transaction that is not a business combination and which affects neither book income nor taxable income (tax loss) at the transaction date;
- Investments in subsidiaries, joint ventures and associates, when the Group controls the date on which the temporary differences will reverse and it is likely that these differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the expected tax rate for the year in which the asset will be realised or the liability settled and which were enacted at the reporting date. In the event of a change in tax rates, deferred taxes are adjusted to the new applicable rate and the adjustment is charged to the income statement unless it relates to an underlying item recognised in equity, in particular fair value gains and losses on hedging instruments.
Deferred taxes are reviewed at each reporting date, notably to reflect changes in tax law and the probability that deductible temporary differences will be recovered. A deferred tax asset is recognised only to the extent that it is probable that the Group will have sufficient future taxable income against which this asset can be utilised in the foreseeable future, or will have deferred tax liabilities with matching maturities.

Other tax payables

In France, the 2010 Finance Law introduced the Contribution Economique Territoriale (CET) (Territorial Economic Contribution) in lieu of the Taxe Professionelle (Business Tax). The CET comprises two new contributions: the Cotisation Foncière des Entreprises (CFE), or Corporate Real Estate Tax, and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE), or Corporate Value Added

Tax. For the years presented, the Group recognised the CFE tax in operating income under "Duties, taxes and similar payments" and considered that the CVAE tax fell within the scope of *IAS 12, Income Taxes.*

t. Non-current assets held for sale and discontinued operations

IFRS 5, Non-current Assets *Held for Sale and Discontinued Operations*, requires the separate recognition and presentation of assets and disposal groups held for sale, and discontinued operations sold or in the process of being sold.
Non-current assets or disposal groups and any directly associated liabilities are considered as held for sale if it is highly probable that the carrying amount will be recovered mainly through a sale rather than through continuing use. Assets held for sale are measured and recognised at the lower of carrying amount and fair value less costs to sell. Depreciation of these assets ceases once they are recognised as assets (or disposal groups) held for sale. They are shown on a separate line of the Group's balance sheet, and prior periods are not restated.

An operation is a component of the Group that has identifiable cash flows and that represents a separate major line of business or geographic area of operations.
In accordance with IFRS 5, the "Net income (loss) from discontinued operations" line in the income statement includes net-of-tax income and expenses arising on discontinued operations or assets held for sale.

u. Share-based payments

In accordance with *IFRS 2*, Share-based Payment, the fair value of options and free share grants is assessed using methods that are appropriate in light of their characteristics, and is recognised in payroll costs over the rights vesting period.
Share subscription options with no share price performance condition are valued using the Black-Scholes model.

The fair value of share subscription options at the grant date is recognised as an expense over the vesting period, depending on the probability that these options will be exercised before they lapse, with a corresponding increase in consolidated reserves.
The fair value of free share grant plans is assessed based on the last share capital increase, taking into consideration the absence of dividend payments during the vesting period and the lock-up period. The expense is recognised over the vesting period with a corresponding increase in consolidated reserves.

At each reporting date, the Group assesses the probability that rights to options or free share grants will be lost before the end of the vesting period. Where applicable, the impact of revised estimates is recognised in income with a corresponding adjustment to consolidated reserves.

v. Translation methods

Presentation currency of the consolidated financial statements.

The Group's consolidated financial statements are presented in 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 provided it reflects the currency of the entity's main trading and economic environment.

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at 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 balance sheet is translated into euros at the closing exchange rate. 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 functional currency of the entity and translated at the closing rate.

Hyperinflation

Through its international operations, the Group may be exposed to economies qualified as hyperinflationary within the meaning of IFRS when the functional currency of the entity is the local currency of the hyperinflationary economy.

In such cases, the Group applies IAS 29 and restates its non-monetary assets and liabilities and its income statement to reflect the effects of inflation by applying a general price index.

w. Operating segments

In accordance with *IFRS* 8, Operating Segments, segment information is presented based on the internal organisation and reporting structure used by the Group's management. Neoen uses the following breakdown for its operating segments:

- **Wind:** wind turbine production;
- **Solar:** photovoltaic production;
- **Biomass:** biomass production;
- **Storage:** this segment includes the activity related to independent batteries, directly connected to the grid;
- **Development and investments:** mainly development and financing;
- **Eliminations:** intercompany flows between the segments eliminated in the consolidated financial statements and development costs capitalised.

Geographic areas are defined based on their specific economic environment and are subject to varying risks and returns. The Group’s geographic areas are:

- **Europe-Africa:** this region includes production operations in Europe and Africa
- **Americas:** this region includes production operations in North America, Central America, South America, South America and the Caribbean;
- **Australia:** this region includes production operations in Australia.

Recurring EBITDA corresponds to current operating income adjusted for current depreciation, amortisation and provisions.

x. Earnings per share

The Group applies IAS 33, *Earnings per Share*.
Basic earnings per share: net income for the period attributable to the Group divided by the weighted average number of ordinary shares outstanding less any treasury shares held.

Diluted earnings per share: net income for the period attributable to the Group and the weighted average number of ordinary shares outstanding after deducting treasury shares used to calculate basic earnings per share are adjusted for the impact of any potentially dilutive instruments.

4. Changes in the scope of consolidation

a. Consolidated companies

At December 31, 2018, the Neoen Group comprised 280 consolidated companies, of which 276 were fully consolidated and 4 were equity-accounted.

b. Non-consolidated companies

The Group has consolidated all its subsidiaries, including some that could be considered non-material.

c. Changes in scope

Finland
On May 4, 2018 Neoen Northern Hemisphere acquired from Prokon Wind Energy Finland 80.1% of the shares of Hedet Vindpark, the company that holds the Hedet and Bjorkliden projects in Finland.
The acquired entity has been accounted for as an asset purchase and included in intangible assets (note 14) for €2.2 million.

France
The Group sold the Melissa and Manosque Ombrière solar farms, previously wholly owned.

Business development
As part of its development, Neoen frequently creates new companies.

Notes to the income statement

5. Revenue

Revenue breaks down as follows:

In thousands of euros	Solar	Wind	Biomass	Storage	Other	Total 2018
Electricity	62,262	68,054	16,515	-	-	146,831
Green certificates	4,380	39,230	-	-	-	43,610
Steam	-	-	4,124	-	-	4,124
Energy sales under contract	**66,642**	**107,284**	**20,639**	**-**	**-**	**194,564**
Electricity	7,904	-	-	15,251	-	23,154
Green certificates	4,656	-	-	-	-	4,656
Steam					-	-
Energy sales in the market	**12,559**	**-**	**-**	**15,251**	**-**	**27,810**
Other income	**1,174**	**286**	**-**	**2,687**	**1,104**	**5,252**
At of 31 December 2018	**80,375**	**107,570**	**20,639**	**17,938**	**1,104**	**227,626**

In thousands of euros	Solar	Wind	Biomass	Storage	Other	Total 2017
Electricity	54,028	38,381	6,814	-	-	**99,223**
Green certificates	624	18,796	-	-	-	**19,420**
Steam	-	-	802	-	-	**802**
Energy sales under contract	**54,652**	**57,177**	**7,616**	**-**	**-**	**119,445**
Electricity	265	7,285	-	445	-	**7,995**
Green certificates	-	8,179	-	-	-	**8,179**
Steam					-	**-**
Energy sales in the market	**265**	**15,464**	**-**	**445**	**-**	**16,174**
Other income	**806**	**-**	**-**	**122**	**2,758**	**3,685**
At of 31 December 2017	**55,723**	**72,641**	**7,616**	**566**	**2,758**	**139,304**

Energy sales under contract

The increase in photovoltaic power generation revenue compared with the year ended December 31, 2017 is attributable chiefly to the commissioning of the Parkes and Griffith power stations in Australia in the first half of 2018 (+€8.1 million) and the impact of year-round production at the Providencia power plant, commissioned in mid-2017 (+€3.8 million).

The significant increase in revenue from the wind power segment stems chiefly from the full-year impact of the commissioning of the Hornsdale 2 and Hornsdale 3 projects in Australia in 2017 (+€5.3 million and +€32.3 million respectively), 2017 revenues having been derived from sales on the market, the commissioning of the Vallée aux Grillons and Osière projects in France in 2017 (+€4.3 million) and the commissioning of the Champs d'Amour, Chassepain and Pays Chaumontais projects in France in 2018 (+€4.8 million).
The €13 million increase in revenues from the production of biomass energy (+€13.0 million) was attributable to the resumption of production at the Commentry plant at the end of 2017, following a shutdown due to a technical incident at the end of 2016.

The increase in revenue from the storage business is related to the commissioning of Hornsdale Power Reserve at the end of 2017.
It should be noted that the change in the US and Australian dollars had a negative impact of €7.2 million over the period.

Energy sales on the market

Energy sales on the market consist primarily of revenues from the HPR storage facility (€15.2 million) as well as the Coleambally (€9.4 million) and Dubbo (€3.0 million) solar farms commissioned in Australia this year.
2017 only included a portion of the revenues of the Hornsdale 1 and Hornsdale 3 projects (€4.6 million and €10.9 million respectively), whose revenues are now governed entirely by purchase contracts.

Other income

In 2018, sales of services mainly included billing to the Australian government for the provision of a portion of the storage capacity of the Hornsdale Power Reserve in the amount of €2.7 million, as well as services and rents billed to entities outside the Group.

6. Purchases of goods

Purchases of goods correspond to purchases of wood to operate the Commentry biomass plant.
The change in the "Purchases of goods and change in inventories" line was attributable to wood purchases carried out by the biomass business.

7. External charges and payroll costs

These expenses are mainly comprised of production asset operating expenses (insurance, maintenance, etc.) and other costs not directly allocated to projects.

In thousands of euros	12.31.2018	12.31.2017
Maintenance and repairs	(14,273)	(9,047)
Other external charges	(25,716)	(23,129)
External charges	**(39,989)**	**(32,175)**
Payroll costs	(9,859)	(6,276)
External charges and payroll costs	**(49,848)**	**(38,452)**

The increase in external charges comes mainly from the Providencia solar farm (+€1.2 million), the Hornsdale 3 wind farm (+€1.8 million) and the Hornsdale Power Reserve storage battery (+€2.6 million), commissioned in 2017.
The increase is also attributable to the commissioning in 2018 of new production units, in particular the Griffith, Parkes and Dubbo solar farms in Australia (+€1.1 million).

In addition, a total of €1.3 million in development costs were expensed during the period.

The application of IFRS 16 generated a €4.2 million reduction in external charges in 2018.

The increase in personnel expenses reflects the growth of the business and an increase in the workforce (from 134 employees at the end of 2017 to 184 at the end of 2018) and a reduction in the capitalisation of personnel expenses during the period (50% in 2018, compared with 61% in 2017).

8. Duties, taxes and similar payments

The Group recognises these items in accordance with IFRIC 21. The increase stems in part from the commissioning of the Vallée aux Grillons and Osière plants in 2017, which were subject to several taxes for the first time (e.g. property tax, IFER flat-rate tax on utility companies).

9. Other recurring operating income and expenses

Other recurring operating income and expenses break down as follows:

In thousands of euros	12.31.2018	12.31.2017
Other recurring operating income	10,744	9,169
Other recurring operating expenses	(747)	(428)
Other recurring operating income and expenses	**9,997**	**8,741**

Other recurring operating income mainly consisted of (i) €8.4 million in compensation for revenue losses following the delayed commissioning of the Parkes, Griffith and Dubbo projects in Australia and (ii) amortisation of the non-refundable portion of the subsidy received in connection with the DeGrussa (€2.6 million) and Arena (€0.3 million) projects.

10. Recurring operating depreciation, amortisation and provisions

In thousands of euros	31.12.2018	31.12.2017
Net depreciation and amortisation of fixed assets	(65 754)	(41 466)
Provisions	(356)	-
Reversal of provisions	678	-
Depreciation, amortisation and provisions	**(65 432)**	**(41 466)**

The increase in the depreciation and amortisation of production assets is primarily due to the depreciation and amortisation charged against plants commissioned since 2017 in an amount of €21,4 million and the depreciation and amortisation charged in connection with the application of IFRS 16 in an amount of €3.3 million.

11. Other non-recurring income and expenses

In thousands of euros	12.31.2018	12.31.2017
Prior period development costs	(4,102)	(3,346)
Gains (losses) on asset disposals	520	1,264
Other income and expenses	(3,734)	(1,904)
Other non-recurring operating income and expenses	**(7,316)**	**(3,987)**
Non-recurring operating depreciation, amortisation and provisions	**1,524**	**(3,032)**

Other non-recurring operating income and expenses

Capitalised development costs that the Group no longer considers meet the capitalisation criteria set out in IAS 38 owing to external circumstances, were reclassified in other non-recurring operating expenses during the period (€4.1 million).

Other non-recurring items mainly include costs incurred in connection with the IPO in the amount of €3 million.

Non-recurring operating depreciation, amortisation and provisions

During the period, this item reflected a net reversal of impairment charged against capitalised development costs in an amount of €1.5 million.

In 2017, non-recurring operating depreciation, amortisation and provisions can be explained by depreciation net of reversals of development costs for €1.5 million, along with the impairment of studies relating to offshore wind development activities for €1.5 million.

12. Net financial income (expense)

The net financial expense mainly corresponds to interest charges on loans granted to finance production assets and on corporate loans.

In thousands of euros	12.31.2018	12.31.2017
Interest charges on loans	(55,653)	(33,587)
Financial charges on derivative instruments	(7,445)	(4,147)
Interest charges on right-of-use assets	(2,508)	-
Cost of debt	**(65,606)**	**(37,734)**
Interest income and expenses on shareholder loans	(2,378)	(178)
Foreign exchange gains (losses)	(2,464)	(1,094)
Other financial income and expenses	(3,463)	2,619
Total other financial income and expenses	**(8,305)**	**1,348**
Net financial income (expense)	**(73,910)**	**(36,386)**

The net cost of financial debt comprises interest expense on: (i) loans taken out to finance production assets (€53.9 million); (ii) corporate loans (€1.8 million); (iii) financial instruments (€7.4 million) and (iv) financial expense relating to the application of IFRS 16 (€2.5 million).
The increase in the cost of financial debt primarily reflects the increase in the number of plants financed.

Other financial income and charges mostly comprise fees on deposits and guarantees as well as fees relating to refinancing (notably GS Cestas 1 in 2017).
They also reflect the impact of derivative financial instruments (negative €0.9 million impact in 2018, versus positive €4.0 million impact in 2017).

13. Income tax

Income tax expense breaks down as follows:

In thousands of euros	12.31.2018	12.31.2017
Current tax	(7,710)	(2,738)
Deferred tax	(8,028)	(4,140)
Total income tax	**(15,738)**	**(6,879)**

The actual income tax expense can be reconciled to the theoretical tax expense as follows:

In thousands of euros	12.31.2018	12.31.2017
Net income before income tax	**29,261**	**17,312**
Tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax expense	**(9,753)**	**(5,770)**
Tax rate differences	(414)	891
Permanent differences	(4,446)	1,055
Tax without base	(711)	68
Change in tax assets on tax loss carryforwards	412	(363)
Tax losses generated during the period for which deferred tax assets have not been recognized	(897)	(1,954)
Utilisation of prior period tax losses for which deferred tax assets were not recognised	71	88
Impact of change in tax rate		(1,140)
Other		246
Actual tax expense	**(15,738)**	**(6,879)**
Effective tax rate	53.78%	39.74%

The change in the impact of permanent differences is attributable chiefly to tax adjustments related to the non-deductibility of excess interest and the thin-capitalisation rules, as well as the non-use of tax credits related to withholding taxes.

Notes on the balance sheet

14. Intangible assets

In thousands of euros	Capitalized development costs – Operation	Capitalized development costs – Studies	Other intangible assets	**Total**
Gross values				
At December 31, 2016	**26,687**	**31,984**	**3,699**	**62,369**
Acquisitions	4,529	13,774	13,908	32,211
Decreases	-	(3,272)	-	(3,272)
Effect of changes in scope	-	-	17,661	17,661
Other changes and reclassifications	5,154	(8,147)	8,607	5,615
At of December 31, 2017	**36,370**	**34,339**	**43,875**	**114,585**
Acquisitions	4,925	16,825	299	22,048
Decreases	-	(4,102)	-	(4,102)
Effect of changes in scope	-	-	6,261	6,261
Other changes and reclassifications	7,378	(9,311)	(5,120)	(7,054)
At of December 31, 2018	**48,672**	**37,751**	**45,315**	**131,738**
Amortisation and impairment				
At December 31, 2016	**(2,809)**	**(3,197)**	**(239)**	**(6,244)**
Amortisation	(1,502)	-	(337)	(1,839)
Impairment losses	-	(3,743)	-	(3,743)
Reversal of impairment	-	2,252	-	2,252
Decreases	-	-	-	-
Effect of changes in scope	-	-	-	-
Other changes and reclassifications	-	5	27	32
At of December 31, 2017	**(4,311)**	**(4,683)**	**(549)**	**(9,543)**
Amortisation	(1,690)	-	(405)	(2,095)
Impairment losses	-	(2,050)	-	(2,050)
Reversal of impairment	-	3,574	-	3,574
Decreases	-	-	25	25
Effect of changes in scope	-	-	-	-
Other changes and reclassifications	17	0	5	22
At of December 31, 2018	**(5,984)**	**(3,158)**	**(924)**	**(10,066)**
Net values				
At January 1, 2017	23,878	28,787	3,460	56,125
At of December 31, 2017	32,059	29,656	43,327	105,042
At of December 31, 2018	**42,688**	**34,593**	**44,392**	**121,672**

Development costs

In 2018, the Group capitalised expenses directly attributable to the development of projects in a total amount of €21.8 million.

Previously capitalised development costs were taken to income after the corresponding projects were discontinued or sold. The related expenses represent €4.1 million. An impairment loss was recognised against these projects in previous periods for €3.3 million.

Lastly, capitalised development costs were impaired due to factors external to the company reducing the likelihood of success of these projects, while others were revalued over the period, in a net amount of negative €1.8 million.

The "Capitalised development costs – Studies" line amounting to €34.6 million includes €10.2 million in capitalised costs relating to projects for which pricing has been secured.

Other intangible assets

Other intangible assets include:

- Commitments undertaken by the Group within the scope of power purchase agreements signed in Australia (€24.9 million).
- Intangible assets recorded on the acquisition of projects under development, including Bulgana in Australia for €12.8 million (wind), La Puna in Argentina for €3.3 million (solar), and Hedet in Finland for €2.2 million (wind).

15. Property, plant and equipment

In thousands of euros	Production assets	Production assets in-progress	Right-of-use assets	Other property, plant and equipment	Total
Gross values					
At December 31, 2016	**666,279**	**221,373**	**-**	**7,713**	**895,365**
Acquisitions	57,111	449,517	-	574	507,201
Disposals	-	(1,448)	-	(7)	(1,456)
Effect of changes in scope	-	1,556	-	101	1,657
Effect of changes in foreign exchange rates	(29,330)	(13,810)	-	(558)	(43,699)
Other changes and reclassifications	441,630	(444,389)	-	164	(2,595)
At of December 31, 2017	**1,135,690**	**212,797**	**-**	**7,986**	**1,356,474**
Acquisitions	3,156	428,498	-	10,534	442,188
Disposals	-	(132)	(16)	(142)	(289)
Effect of changes in scope	(1,028)	2,093	-	(14)	1,051
Effect of changes in foreign exchange rates	(30,464)	(3,136)	(651)	199	(34,052)
Other changes and reclassifications	378,689	(372,305)	99,802	11	106,196
At of December 31, 2018	**1,486,043**	**267,816**	**99,135**	**18,574**	**1,871,568**
Amortisation and impairment					
At December 31, 2016	**(66,908)**	**(1,063)**	**-**	**(611)**	**(68,582)**
Amortisation	(39,404)	-	-	(223)	(39,627)
Impairment losses	-	-	-	-	-
Disposals	-	-	-	2	2
Effect of changes in scope	-	-	-	(24)	(24)
Effect of changes in foreign exchange rates	944	12	-	15	972
Other changes and reclassifications	(146)	-	-	128	(17)
At of December 31, 2017	**(105,513)**	**(1,051)**	**-**	**(711)**	**(107,276)**
Amortisation	(59,981)	-	(3,269)	(327)	(63,578)
Impairment losses	-	-	-	-	-
Disposals	2	(2)	16	60	76
Effect of changes in scope	363	-	-	2	365
Effect of changes in foreign exchange rates	1,484	(7)	27	8	1,512
Other changes and reclassifications	49	2	-	(0)	51
At of December 31, 2018	**(163,597)**	**(1,059)**	**(3,226)**	**(968)**	**(168,850)**
Net values					
At January 1, 2017	**599,371**	**220,309**	**-**	**7,103**	**826,783**
At of December 31, 2017	**1,030,177**	**211,746**	**-**	**7,275**	**1,249,197**
At of December 31, 2018	**1,322,446**	**266,757**	**95,908**	**17,606**	**1,702,717**

Production assets in progress

Acquisitions in the period mainly concern plants under construction in 2018 and in particular:

- **In Australia:** Coleambally (€121.1 million), Numurkah (€49.1 million) Bulgana (€77.7 million);
- **In France:** Chassepain (€14 million), Pays Chaumontais (€10.4 million), Lagarde d'Apt (€11.2 million), Lugos (€8.3 million), Plateau de l'Auxois Sud (€15.2 million);
- As well as EREC (€15.7 million) in **Jamaica,** Hedet in **Finland** (€24.6 million), and Bangweulu (€27.8 million) in **Zambia.**

The effect of changes in scope mainly corresponds to the fixed assets of the Hedet project acquired over the period.

Property, plant and equipment relating to plants that came into operation in 2018 were reclassified in production assets.

Production assets

No impairment test has resulted in the impairment of any of the property, plant and equipment in the Group's balance sheet.

Right-of-use assets

Other changes include €74.6 million in assets recognised on the first-time application of IFRS 16 as of January 1, 2018, as well as the effect of new leases or amendments that came into force during the year in the amount of €24.6 million.

Other property, plant and equipment

These correspond primarily to land owned.

Interest capitalised in 2018 totalled €7.7 million, versus €9.5 million in 2017.

The table below presents cash flows relating to the acquisition of intangible assets and property, plant and equipment, net of change in payables to suppliers of fixed assets:

In thousands of euros	31.12.2018	31.12.2017
Acquisitions of intangible assets	22 048	32 211
Acquisitions of property, plant and equipment	442 188	507 201
Cash change relating to fixed asset supplier debts	19 626	(71 405)
Investments in property, plant and equipment and intangible assets	**483 862**	**468 007**

16. Investments in associates and joint ventures

Changes in investments in associates and joint ventures are as follows:

In thousands of euros	12.31.2018	12.31.2017
Opening balance	**7,039**	**6,443**
Dividends paid	(312)	(426)
Capital increase	-	-
Change in consolidation method	-	-
Share of net income of associates	765	422
Change in fair value	(779)	599
Other movements	(0)	0
Closing balance	**6,713**	**7,039**

This item corresponds primarily to the valuation of the Seixal plant (CSNSP 441 in Portugal) for €6.8 million, and BNRG Neoen Holding in Ireland and Tureau to La Dame in France for negative €0.1 million.

17. Non-current financial assets

In thousands of euros	IAS 39 Category	IFRS 9 Category	Carrying amount under IFRS 9 at 31.12.2018	Carrying amount under IFRS 9 at 31.12.2017	Carrying amount under IAS 39 at 31.12.2017
Security deposits	Loans and receivables	Amortized cost	97 835	66 841	66 841
Non-consolidated investments	Available for sale	Fair value through OCI – Equity instruments	2 460	2 460	2 460
Loans due in more than one year	Loans and receivables	Amortized cost	5 672	9 076	9 076
Total non-current financial assets			**105 968**	**78 377**	**78 377**

Security deposits

Security deposits are linked to:

Reserve accounts associated with bank funding for production assets;

Deposits made in the context of tenders.

The increase in security deposits in 2018 relates mainly to debt service reserve accounts (DSRA) set up for projects in Australia.

Non-consolidated investments

Non-consolidated investments comprise residual minority interests in the Cestas project's holding companies. The Group has opted to measure these items at fair value through items that will not subsequently be reclassified to other comprehensive income.

Loans due in more than one year

The development and construction of plants at companies not fully consolidated by the Group are financed through shareholder loans.

18. Working capital

The changes in working capital requirement as shown in the cash flow statement break down as follows:

In thousands of euros	Balance sheet at 12.31.2018	Balance sheet at 12.31.2017	Change	Change in scope	Change in accounting policy (IFRS 16)	Exchange differences on translation of foreign operations	Working capital (cash flow statement)
Inventories and work-in-progress	349	453	**104**	-	-	-	**104**
Trade accounts receivable	33,755	29,024	**(4,731)**	49	-	585	**(5,366)**
Trade accounts payable	(25,775)	(23,009)	**2,767**	(14)	-	(252)	**3,033**
Other receivables	48,009	44,966	**(3,043)**	(360)	660	286	**(3,628)**
Other payables	(35,573)	(45,498)	**(9,925)**	(10,082)	-	259	**(102)**
Total	**20,764**	**5,936**	**(14,828)**	**(10,407)**	**660**	**879**	**(5,960)**

The change in net working capital of €6.0 million is attributable chiefly to:

- the negative change in trade receivable (€5.4 million), particularly as a result of plants commissioned in 2018;
- a positive effect from accounts payable (€3.0 million);
- change in other receivables of negative €3.6 million, including VAT to be recovered following construction invoices received at the end of the period.

The total amount shown with respect to changes in scope chiefly comprises liabilities relating to earn-out payments on Bulgana, La Puna and Hedet projects. The cash effects of those earn-out payments are recorded within net cash flows used in investing activities under “Acquisitions of subsidiaries, net of cash and cash equivalents acquired”.

19. Inventories

In thousands of euros	12.31.2018	12.31.2017
Studies - gross value	1,541	1,541
Studies - impairment	(1,541)	(1,541)
Total studies	**-**	**-**
Goods - gross value	349	453
Goods - impairment	-	-
Total goods	**349**	**453**
Total inventories and work-in-progress	**349**	**453**

Studies

Studies relating to the development of offshore wind operations for €1.5 million were depreciated in full in 2017

Goods

Inventories of goods correspond to purchases of wood for the Commentry biomass plant.

20. Trade accounts receivable

In thousands of euros	12.31.2018	12.31.2017
Accounts receivable	34,101	29,024
Impairment	(347)	-
Total trade accounts receivable	**33,755**	**29,024**

The Group sells most of the electricity produced under framework agreements with a purchase obligation (the conditions of which are specified in decrees or tender regulations).

Receivables recognised at the reporting date primarily correspond to invoices of electricity sales not yet due and to green certificates.
The increase in this caption chiefly reflects the growth in the number of plants in operation.

Given the quality of the signing parties to PPAs, the Group considers that the counterparty risk related to its trade receivables is negligible. The balance sheet showed no significant overdue trade receivables as of December 31, 2018 and December 31, 2017.

21. Other current assets

Other current assets break down as follows:

In thousands of euros	12.31.2018	12.31.2017
Tax and employee-related receivables	31,501	26,908
Trade accounts payable in debit	7,974	10,079
Prepaid expenses	8,101	8,339
Other debtors	1,370	2,159
Total other current assets	**48,946**	**47,483**

At December 31, 2018, tax and employee-related receivables essentially comprise recoverable VAT on fixed asset invoices relating notably to the construction of the Chassepain, Corbas and Azur Est power stations in France, Bulgana and Numurkah in Australia, and Hedet in Finland.

The amounts shown for trade accounts payable in debit correspond to advance payments or late delivery penalties with fixed asset suppliers.

In some specific cases, the Group is required to pay in advance for services providing access rights to land or electricity and steam networks in the operational phase, which leads to the recognition of prepaid expenses.

22. Cash and cash equivalents

In thousands of euros	12.31.2018	12.31.2017
Short-term investments	165,392	3,832
Cash	338,440	256,168
Total cash and cash equivalents	**503,832**	**260,000**

Following its IPO, Neoen deposited €160 million in term accounts. These investments are fully available on demand and do not present risks.

Cash is mainly composed of liquidity at Neoen SA in the amount of €253.2 million, senior debt drawn to settle investment invoices as part of projects for €92.7 million, and green bonds in the amount of €26.2 million for investments in new projects (see note 36, Subsequent events).

23. Equity

Movements affecting the Neoen Group's equity in 2017 and 2018 are detailed in the consolidated statement of changes in shareholder's equity.

During the period, non-controlling interests carried out capital increases in fully consolidated companies for €0.6 million.

Share capital, reserves and share premiums

On July 2, 2018, 755,000 stock options with an exercise price of €2.00 and 75,000 equity warrants with an exercise price of €1.39 (volumes and prices before the share consolidation) were exercised in a total amount of €1,614,250, of which €784,250 in share premium.

On October 1, 2018, the company consolidated its shares on the basis of 1 new share for 2 existing shares. The nominal value of the share was increased from €1 to €2.

On October 18, 2018, the company increased its capital through the incorporation of Impala's partner current account in a total amount of €53,628,317, of which €47,127,915 in share premium.

On October 18, 2018, the company completed its IPO, involving a capital increase of €449,999,996, including €395,454,542 in share premium, i.e. €16.5 per share broken down as €2 in par value and €14.5 in share premium.

On November 21, 2018, 37,500 €4 stock options (after the share consolidation) were exercised in a total amount of €150,000, of which €75,000 in share premium.

At December 31, 2018, fully paid-up share capital comprised 84,957,498 shares with a par value of €2 each (number and par value after the share consolidation). The Group holds 150,658 own shares.

Changes in the Group's equity during the period are set out bellow:

Date	Transactions	Share capital (in thousands of euros)	Share premium (in thousands of euros)	Number of shares	Par value (in euros)
	31/12/2017	107 964	64 027	107 964 140	1,00
02/07/2018	Exercise of 755,000 stock options (OSA) with a unit price of €2.00	755	755	755 000	1,00
02/07/2018	Exercise of 75,000 equity warrants (BSA) with a unit price of €1.39	75	29	75 000	1,00
01/10/2018	Consolidation of shares			(54 397 070)	-
18/10/2018	Incorporation of Impala's partner current account	6 500	47 128	3 250 201	2,00
18/10/2018	Initial public offering	54 545	395 455	27 272 727	2,00
21/11/2018	Exercise of 37,500 stock options (OSA) at €4.00	75	75	37 500	2,00
	31/12/2018	169 915	507 469	84 957 498	2,00

Share subscription option plan

On May 30, 2018, the Chairman of the company under its former simplified joint-stock company form granted 45,000 stock options with an exercise price of €10. The vesting period is three years and the plans will expire five years from the grant date.

On July 5, 2018, the Chairman of the company under its former simplified joint-stock company form granted 65,000 stock options with an exercise price of €10. The vesting period is three years and the plans will expire five years from the grant date.

The fair value of the 2018 stock option plan is €197 thousand. This amount is recognised as an expense over the vesting period through a corresponding increase in equity. An expense of €102 thousand was recognised in the 2018 income statement in this respect.

The Group based the value of these plans on the following assumptions:
- volatility of 23% (based on the volatility of comparable companies);
- risk-free interest rate equal to the five-year French government bond (OAT) rate as of the grant date;

Average maturity of plans: 1 year.

Grant date	Number of stock options granted		Start of exercise period	Expiry date	Strike price		Outstanding shares	
	before consolidation	after consolidation			before consolidation	after consolidation	before consolidation	after consolidation
01/01/15	1,142,500	571,250	01/01/17	01/01/20	2.00 €	4.00 €	157,500	78,750
10/01/16	255,000	127,500	10/01/19	10/01/21	2.00 €	4.00 €	180,000	90,000
16/05/16	50,000	25,000	16/05/19	16/05/21	2.00 €	4.00 €	50,000	25,000
23/12/16	470,000	235,000	23/12/19	23/12/21	3.00 €	6.00 €	450,000	225,000
30/05/18	90,000	45,000	30/05/21	30/05/23	5.00 €	10.00 €	90,000	45,000
05/07/18	130,000	65,000	05/07/21	05/07/23	5.00 €	10.00 €	130,000	65,000
Total	**2,137,500**	**1,068,750**					**1,057,500**	**528,750**

Free share plan

On February 23, 2018, the Chairman of the company under its former simplified joint-stock company form decided to grant 106,054 free shares (number after the consolidation of shares). The free shares will vest at the end of a one-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On April 9, 2018, the Chairman of the company under its former simplified joint-stock company form decided to grant 2,500 free shares (number after the consolidation of shares). The free shares will vest at the end of a two-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On May 30, 2018, the Chairman of the company under its former simplified joint-stock company form decided to grant 107,500 free shares (number after the consolidation of shares). The free shares will vest at the end of a three-year vesting period, provided that the conditions set by the Chairman in the plan are met.

On July 5, 2018, the Chairman of the company under its former simplified joint-stock company form decided to grant 570,644 free shares (number after the consolidation of shares). The free shares will vest at the end of a two-year vesting period, provided that the conditions set by the Chairman in the plan are met.

Breakdown of dilutive instruments

In number of shares		12.31.18	12.31.17 pro forma*	12.31.2017	12.31.17 pro forma*	12.31.2016 pro forma*	12.31.2017	12.31.2016
Before dilutive instruments								
	number of shares	84,957,498	53,982,070	107,964,140	53,982,070	52,953,785	107,964,140	105,907,569
	number of treasury shares	150,658	5,000	10,000	5,000	108,750	10,000	217,500
	number of shares excluding treasury shares	84,806,840	53,977,070	107,954,140	53,977,070	52,845,035	107,954,140	105,690,069
Average number of shares during the period before dilution		**69,391,955**			**53,411,052**			
Dilutive instruments	Free shares	786,698	0	0	0	108,588	0	217,175
	Share subscription options	528,750	833,750	1,667,500	833,750	1,054,275	1,667,500	2,108,550
	Share subscription warrants	0	37,500	75,000	37,500	676,673	75,000	1,353,346
	TOTAL	**1,315,448**	**871,250**	**1,742,500**	**871,250**	**1,839,536**	**1,742,500**	**3,679,071**
After dilutive instruments								
	number of shares	86,272,946	54,853,320	109,706,640	54,853,320	54,793,320	109,706,640	109,586,640
	number of treasury shares	150,658	5,000	10,000	5,000	108,750	10,000	217,500
	number of shares excluding treasury shares	86,122,288	54,848,320	109,696,640	54,848,320	54,684,570	109,696,640	109,369,140
Average number of shares during the period after dilution		**70,485,304**			**54,766,445**			

Non-controlling interests

In thousands of euros	Country	Percentage interest	Net income (loss)	Cumulative amount
HWF HoldCo 1	Australia	30,00%	461	9 310
HWF HoldCo 3	Australia	20,00%	422	6 550
HWF HoldCo 2	Australia	20,00%	(80)	3 744
HWF 1	Australia	30,00%	(263)	1 054
HWF 2	Australia	20,00%	1 510	429
Bangweulu Power Company	Zambia	41,20%	(397)	331
HWF 3	Australia	20,00%	1 877	186
Hedet	Finland	19,90%	(63)	21
Central Metoro S.A.	Mozambique	25,00%	(136)	(137)
EREC	Jamaica	50,00%	(493)	(271)
Biomasse Energie de Commentry	France	49,00%	(1 483)	(10 337)
Not material taken individually			(197)	(741)
Non-controlling interests et non Amounts payable to related parties			**1 158**	**10 140**

24. Provisions

Provision movements break down as follows:

In thousands of euros	Non-current provisions	Current provisions
Amount at December 31, 2016	**5,115**	**-**
Increase	-	-
Reversals (utilised provisions)	-	-
Discounting	105	-
Effect of changes in scope	-	-
Other movements	575	-
Amount at December 31, 2017	**5,795**	**-**
Increase	-	-
Reversals (utilised provisions)	(597)	-
Discounting	181	-
Effect of changes in scope	(28)	-
Other movements	5,223	-
Amount at December 31, 2018	**10,573**	**-**

Other movements mostly relate to the provision for dismantling obligations recognised against production assets commissioned in 2018.
This provision totalled €10.2 million at December 31, 2018, versus €4.8 million at December 31, 2017.

25. Borrowings

At December 31, 2018, total Group debt was €1,691 million, versus €1,399 million at end-2017.

With the exception of the two power plants below, there is no evidence to suggest that the various companies financed by project-related debt do not comply with either their minimum DSCR covenant or their minimum equity covenant.

- Auxois Sud: production was stopped at the end of 2018 to allow the construction of an extension (“Plateau Aux Auxois Sud” plant) resulting in a loss of income equivalent to two months of production, which takes the DSCR below the default trigger. This event is exceptional in nature and does not reflect a deterioration in the plant’s performance.

- Champs d'Amour: in its first year of operation, the Champs d'Amour wind farm was penalised by a weaker resource and a slower-than-expected ramp-up. This conjunction took the DSCR below the default trigger.

As of the date of this document, the Group has entered into discussions with the lending creditors in order to obtain waivers for these cases of non-compliance with minimum DSCRs. The Group does not anticipate any major difficulties in obtaining these waivers.

Project finance bank debt resulting from assets that were in operation during the period totalled €829.1 million.

a. Net debt

In thousands of euros	12.31.2018	12.31.2017
Bank loan – project financing	1,229,321	974,345
Bond financing of projects	262,752	231,139
Lease liabilities	96,912	-
Corporate financing	16,091	78,429
Minority investors and other	45,361	90,423
Derivative instruments liabilities – hedging effect	40,326	24,843
Total borrowings	**1,690,763**	**1,399,180**
Minority investors and other	(45,361)	(90,423)
Adjusted total financial debt	**1,645,401**	**1,308,756**
Short-term investments	(165,392)	(3,832)
Cash	(338,440)	(256,168)
Total cash and cash equivalents	**(503,832)**	**(260,000)**
Security deposits	(97,835)	(66,841)
Derivative instruments assets – hedging effect	(5,834)	(6,119)
Other receivables	6	(4,868)
Total other assets	**(103,664)**	**(77,829)**
Total net debt	**1,037,905**	**970,928**

Lease liabilities are included in the calculation of net debt, whereas recurring EBITDA does not include lease charges (application of IFRS 16).

b. Analysis by type

In thousands of euros	Non-current	Current	12.31.2018	Non-current	Current	12.31.2017
Bank loan – project financing	1,142,661	86,660	1,229,321	910,425	63,921	974,345
Bond financing of projects	235,443	27,309	262,752	208,833	22,307	231,139
Lease liabilities	92,827	4,085	96,912	-	-	-
Corporate financing	13,850	2,241	16,091	15,250	63,179	78,429
Minority investors and other	40,892	4,470	45,361	81,676	8,747	90,423
Derivative instruments – impact of hedging	33,270	7,056	40,326	17,475	7,369	24,843
Total borrowings	**1,558,941**	**131,821**	**1,690,763**	**1,233,658**	**165,522**	**1,399,180**

Bank loans – financing of production assets

The Group finances a significant portion of its investments through long-term debt without recourse to the parent company ("Project Finance").

In 2018, new funding of this type amounted to €342.8 million, and primarily concerned the Coleambally (€108.3 million), Bulgana (€29.7 million) and Numurkah (€27.8 million) solar farms in Australia, and the Chassepain (€30.6 million), Pays Chaumontais (€29.3 million) and Plateau de l'Auxois Sud (€19.1 million) wind farms in France.
In 2017, it concerned the HWF 3, Osière, Vallée aux Grillons and Champs d'Amour wind farms, as well as the Parkes, Griffith and Dubbo solar projects.

Bond financing of projects – non-current

In 2018, Neoen drew an additional €50.2 million from the Green Bond with AMP Capital and repaid €8.7 million.
In December 2017, Neoen issued a €245 million green bond in three currencies (EUR, AUD and USD) to finance 42 projects in different countries generating 1.6 GW. The financing for the green bond was set up on December 14, 2017 with AMP Capital. Amounts drawn on this bond in 2017 totalled €144.9 million.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the lessee's incremental borrowing rate and then repaid and unwound as the lease payments are made.

Minority investors and other

Other financial debts consist mainly of minority current accounts in biomass companies Commentry, Hedet and EREC.

Corporate financing – current

The Group has access to several short-term bank credit lines.

c. Breakdown of borrowings by interest rate

Borrowings break down by interest rate as follows:

In thousands of euros	12.31.2018	12.31.2017
Fixed rate	657,157	619,668
Floating rate	993,280	754,668
Impact of hedging	40,326	24,843
Total financial debt after hedging effect	**1,690,763**	**1,399,180**

In principle, project financing at floating interest rates is generally hedged for at least 75% of the total amount. Hedging instruments are measured at fair value.

d. Breakdown of borrowing repayments by maturity

The breakdown by maturity of total financial debt repayments (including principal repayments and the payment of accrued interest) is as follows:

In thousands of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total borrowings**
Bank loan – project financing	86,660	200,931	941,730	1,229,321
Bond financing of projects	27,309	77,170	158,273	262,752
Lease liabilities	4,085	6,196	86,630	96,912
Corporate financing	2,241	9,850	4,000	16,091
Minority investors and other	4,470	1,422	39,470	45,361
Derivative instruments – impact of hedging	7,056	4,890	28,380	40,326
Total at 31 December 2018	**131,821**	**300,459**	**1,258,482**	**1,690,763**

e. Breakdown of movements in borrowings

In thousands of euros	**12.31.2017**	**Cash flows**	Effect of changes in foreign exchange rates	Change in scope	Change in fair value and amortised cost	Accrued interest	Change in accounting policy (IFRS 16)	Other changes	**12.31.2018**
Bank loan – project financing	974,345	276,720	(21,470)	(436)	1,747	(1,554)	-	(32)	1,229,321
Bond financing of projects	231,139	33,217	(3,091)	-	873	614	-	(0)	262,752
Lease liabilities	-	(2,844)	(621)	-	-	1,235	74,001	25,141	96,912
Corporate financing	78,429	(62,150)	(0)	-	-		-	(188)	16,091
Minority investors and other	90,423	6,612	(270)	2,057	-	-	-	(53,461)	45,361
Derivative instruments – impact of hedging	24,843	(0)	(966)	-	16,449	-	-	-	40,326
Total borrowings	**1,399,180**	**251,554**	**(26,418)**	**1,621**	**19,070**	**295**	**74,001**	**(28,540)**	**1,690,763**

The first-time application of IFRS 16 led to the recognition of a lease liability of €74 million (change of method).
Other movements mainly reflect:
- The recognition of new leases or amendments came into force over the year in the amount of €24.6 million;
- The capitalisation of the Impala partner current account in the negative amount of €53.6 million.

26. Derivative financial instruments

Neoen uses interest rate swaps to hedge against changes in interest rates on loans contracted to finance its production plants (see note 32.a). At December 31, 2018, cash flow hedge accounting was applied to these derivatives. Interest flows related to these interest rate swaps will be recognised in income over the term of the financing in line with interest expenses on the hedged loan.

In 2018, a loss of €17.2 million was recognised in other comprehensive income in respect of changes in fair value of cash flow hedging derivatives, and an amount of €1.7 million was reclassified, resulting in an additional charge of the same amount.

In 2017, a loss of €4.5 million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives, and an amount of €4.1 million was reclassified to income.

27. Deferred tax

The table below shows the origin of deferred tax assets and liabilities on the balance sheet:

In thousands of euros	12.31.2018	12.31.2017
Difference between carrying amount and tax value:		
- Fixed assets	5,815	5,061
- Provisions	(54,293)	(26,609)
- Valuation differences	(2,388)	(2,523)
- Financial items	7,902	3,184
- Other items	1,603	332
Recognition of deferred tax assets in respect of tax losses and tax credits	42,655	25,597
Net deferred tax	**1,293**	**5,042**
Deferred tax assets	39,075	26,264
Deferred tax liabilities	37,782	21,221
Net deferred tax	**1,293**	**5,043**

The change in deferred taxes breaks down as follows:

In thousands of euros	*Deferred tax assets*	*Deferred tax liabilities*	Total
Net deferred tax at December 31, 2016	**20,595**	**12,344**	**8,251**
Change recognised in income	25,954	28,962	(3,008)
Other comprehensive income	67	(679)	746
Discounting	2	1	1
Effect of changes in scope	137	-	137
Deferred tax offset	(22,241)	(22,241)	-
Other movements	1,749	1,833	(84)
Change in accounting policy (IFRS 9)		1,001	(1,001)
Net deferred tax at December 31, 2017	**26,263**	**21,221**	**5,042**
Change recognised in income	24,182	32,208	(8,026)
Other comprehensive income	6,638	1,559	5,080
Effect of changes in scope	(0)	0	(0)
Discounting	-	-	-
Deferred tax offset	(8,320)	(8,320)	-
Other movements	(9,688)	(8,885)	(804)
Net deferred tax at December 31, 2018	**39,075**	**37,782**	**1,293**

In 2018, the amount of deferred taxes not recognised in respect of tax losses generated during the period was €0.9 million.
Offsetting between asset and liability positions is made by country and by tax group.

28. Trade accounts payable

Trade accounts payable break down as follows:

In thousands of euros	12.31.2018	12.31.2017
Accounts payable	25,775	23,009
Payable to fixed asset suppliers	110,752	134,347
Total trade accounts payable	**136,527**	**157,355**

The “Payable to fixed asset suppliers” line corresponds to invoices not yet due which were received at the end of the period for projects under construction.

29. Other current liabilities

a. Tax and employee-related liabilities

In thousands of euros	12.31.2018	12.31.2017
Tax liabilities	9,648	8,232
Employee-related liabilities	5,439	4,165
Tax and employee-related liabilities	**15,087**	**12,397**

Tax liabilities consist mainly of VAT liabilities on invoices issued at the end of the year.
Employee-related liabilities correspond mostly to provisions for bonuses, annual leave and the corresponding social security charges.

b. Other current liabilities

In thousands of euros	12.31.2018	12.31.2017
Deferred income	18,701	23,226
Other creditors	4,155	12,277
Total other current liabilities	**22,856**	**35,502**

Deferred income consists mainly of investment grants received from ARENA for the DeGrussa, Parkes, Griffith and Dubbo Solar Hub projects in Australia. These grants are recognised over the term of the corresponding project.

Other liabilities mainly relate to earn-out payments on acquisitions of intangible assets (see note 14).

30. Total Financial assets and liabilities measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on observable market data providing the most reliable evidence of a financial instrument's fair value.

For swaps and loans, fair value is determined based on contractual cash flows discounted at market interest rates. The fair value of trade accounts payable and trade accounts receivable corresponds to the balance sheet carrying amount, as the impact of discounting future cash flows is not material.

The tables below present by category the Group’s assets and liabilities measured at fair value, pursuant to the amendment to IFRS 7, Financial Instruments: Disclosures.

12.31.2018	Level	Carrying amount	Fair value	Assets available for sale	Fair value	Loans and receivables	Liabilities at amortised cost
Derivative financial instruments	2	5,834	5,834		5,834		
Trade accounts receivable	-	33,755	33,755			33,755	
Cash and cash equivalents	1	503,832	503,832		503,832		
Total financial assets		**543,421**	**543,421**	**-**	**509,666**	**33,755**	**-**
Non-current borrowings	3	1,525,671	1,525,671				1,525,671
Derivative financial instruments	2	40,326	40,326		40,326		
Current borrowings	3	124,765	124,765				124,765
Trade accounts payable	-	136,527	136,527				136,527
Total financial liabilities		**1,827,290**	**1,827,290**	**-**	**40,326**	**-**	**1,786,963**

12.31.2017	Level	Carrying amount	Fair value	Assets available for sale	Fair value	Loans and receivables	Liabilities at amortised cost
Derivative financial instruments	2	6,119	6,119		6,119		
Trade accounts receivable	-	29,024	29,024			29,024	
Cash and cash equivalents	1	260,000	260,000		260,000		
Total financial assets		**295,143**	**295,143**	**-**	**266,120**	**29,024**	**-**
Non-current borrowings	3	1,216,183	1,216,183				1,216,183
Derivative financial instruments	2	24,843	24,843		24,843		
Current borrowings	3	158,153	158,153				158,153
Trade accounts payable	-	157,355	157,355				157,355
Total financial liabilities		**1,556,535**	**1,556,535**	**-**	**24,843**	**-**	**1,531,692**

Classification levels under the fair value hierarchy are as follows:

- Level 1: quoted price in an active market;
- Level 2: quoted price in an active market for a similar instrument, or other valuation techniques based on observable inputs;

Level 3: valuation technique incorporating unobservable inputs.

Additional notes to the financial statements

31. Segment reporting

In thousands of euros	31.12.2018	Wind	Solar	Storage	Biomass	Development and investment	Elimination	Total
EUROPE - AFRICA	**Income statement**							
	Revenue	29 399	39 937	0	20 639			**89 974**
	EBITDA	23 010	33 789	-3	7 073			**63 870**
	Balance sheet							
	Total assets	384 857	466 851	2 917	79 370			**933 995**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	99 984	53 319	951	8 681			**162 936**
AMERICAS	**Income statement**							
	Revenue		16 408					**16 408**
	EBITDA		11 656					**11 656**
	Balance sheet							
	Total assets		216 200					**216 200**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets		23 952					**23 952**
AUSTRALIA	**Income statement**							
	Revenue	79 156	24 030	17 938				**121 125**
	EBITDA	68 827	32 005	14 205				**115 038**
	Balance sheet							
	Total assets	611 850	428 531	52 772				**1 093 153**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	103 688	194 593	24 191				**322 473**
TOTAL	**Income statement**							
	Revenue	108 556	80 375	17 938	20 639	63 084	-62 965	**227 626**
	EBITDA	91 838	77 450	14 203	7 073	10 890	-27 059	**174 395**
	Balance sheet							
	Total assets	996 707	1 111 582	55 689	79 370	349 247	-23 735	**2 568 861**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	203 672	271 865	25 143	8 681	4 785	-30 284	**483 862**

In thousands of euros	31.12.2017	Wind	Solar	Storage	Biomass	Development and investment	Elimination	Total
EUROPE - AFRICA	**Income statement**							
	Revenue	19 104	41 195	0	7 616			**67 916**
	EBITDA	14 466	33 169	-2	659			**48 292**
	Balance sheet							
	Total assets	264 441	322 142	3	89 908			**676 493**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	66 098	16 527	0	2 694			**85 319**
AMERICAS	**Income statement**							
	Revenue		12 314					**12 314**
	EBITDA		8 374					**8 374**
	Balance sheet							
	Total assets		134 273					**134 273**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible assets		42 556					**42 556**
AUSTRALIA	**Income statement**							
	Revenue	53 537	2 463	566				**56 567**
	EBITDA	45 130	10 200	374				**55 705**
	Balance sheet							
	Total assets	566 131	222 776	55 443				**844 350**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	192 554	166 185	367				**359 107**
TOTAL	**Income statement**							
	Revenue	72 641	55 973	566	7 616	48 575	-46 068	**139 304**
	EBITDA	59 596	51 743	373	659	7 910	-18 098	**102 183**
	Balance sheet							
	Total assets	830 572	679 190	55 446	89 908	161 656	-7 774	**1 808 998**
	Cash flow statement							
	Acquisitions of property, plant and equipment and intangible a	258 652	225 268	367	2 694	3 557	-22 532	**468 007**

The Wind, Solar and Biomass *segments generate most* of their revenue with public sector actors (governments and government-owned entities) and electricity utilities. The revenues recognized within the Development *and Investment* segment predominantly comprise invoices to Group companies, which are eliminated within the *Eliminations segment*.

In the year ended December 31, 2018, the French entities posted total revenue of €83.9 million, versus €61.0 million in 2017. At December 31, 2018, non-current assets represented €681.7 million, versus €527.1 million at end-December 2017.

Recurring EBITDA corresponds to current operating income adjusted for current depreciation, amortization and provisions

32. Risk management

a. Interest rate risk

The Neoen Group is exposed to market risks through its investing activities. This exposure is mainly related to fluctuations in non-hedged floating interest rates on its project-related debt.

Interest rate risk is hedged using over-the counter instruments contracted with leading counterparties. The Group purchases financial instruments to hedge its floating rate debt, with the aim of hedging at least 75% of the nominal amount by aligning derivatives with the terms, reference interest rates, interest periods and scheduled repayments on the loans that are the subject of these hedges.

The Group's risk management policy aims to limit and manage fluctuations in interest rates and their impact on the income statement and future cash flows.

As of December 31, 2018 *(in thousands of euros)*	Notional amount by maturity					
	Less than 5 years	More than 5 years	**Total**	Fair value	Recognised in equity	Recognised in income
Interest rate swaps – solar	79,639	220,636	300,275	18,106	18,106	0
Interest rate swaps - wind	78,309	301,918	380,227	22,220	22,220	0
Interest rate caps	65,316	120,420	185,736	5,831	5,831	0
Total	**223,264**	**642,974**	**866,238**	**46,157**	**46,157**	**0**

b. Foreign exchange risk

Foreign exchange risk arises on operating transactions in foreign currencies which are increasing as the Group continues to expand internationally. To mitigate any foreign exchange risk on its operating assets, the Group always finances its assets in its functional currency.

c. Counterparty risk

Given the large number of suppliers and subcontractors with which it does business, counterparty insolvency would not have any material impact on the Group's operations.

Given the quality of the signing parties to electricity sales agreements, the Group considers that the counterparty risk related to its trade accounts receivable is not material.

The Neoen Group invests its cash and cash equivalents and enters into interest rate agreements with leading financial institutions.

d. Liquidity Risk

At December 31, 2018 and December 31, 2017, the Group's liquidity position is as follows:

In thousands of euros	**12.31.2018**	**12.31.2017**
Cash and cash equivalents	503,832	259,721
Available overdraft facilities	145,000	39,000
Total	**648,832**	**298,721**

e. Risks related to regulatory changes

Neoen sells electricity under long-term agreements with firm commitments from its counterparties, including many States. In certain countries where Neoen does not operate (in particular, Spain), States have occasionally introduced retroactive cuts to favourable feed-in tariffs. Any changes in energy pricing could have a material impact on the Group's financial statements.

Neoen's multi-sector and multi-country strategy minimizes this risk by reducing the Group's exposure to a particular technology or country. The particularly competitive price of the electricity produced by Neoen under the majority of its agreements also constitutes a natural hedge against this risk.

33. Off-Balance sheet commitments

a. Off-balance sheet commitments given

In thousands of euros	12.31.2018	12.31.2017
Guarantees given to suppliers	104,269	20,277
Leases	-	87,649
Maintenance	476,767	349,604
Other commitments	227,075	97,506
Commitments given in connection with operating activities	**808,112**	**555,036**
Assets pledged as collateral	1,937,574	1,402,227
Other guarantees	-	-
Commitments given in connection with financing activities	**1,937,574**	**1,402,227**
Total off-balance sheet commitments given	**2,745,685**	**1,957,263**

Commitments given in connection with operating activities

Guarantees given to suppliers
The Group may temporarily give guarantees to its suppliers in connection with the construction of its production assets.

Leases
These consist mainly of leases signed in the context of projects. Following the early application of IFRS 16, they are no longer treated as off-balance sheet commitments.

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.

Commitments given in connection with financing activities:

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.

b. Off-balance sheet commitments received

In thousands of euros	12.31.2018	12.31.2017
Energy purchase commitments	5,657,593	3,668,718
Other commitments received	620,955	56,117
Commitments received in connection with operating activities	**6,278,548**	**3,724,836**
Amounts payable to related parties	321,354	215,797
Corporate credit lines granted	145,000	39,000
Other guarantees	_	_
Commitments received in connection with financing activities	**466,354**	**254,797**
Total off-balance sheet commitments received	**6,744,903**	**3,979,632**

Commitments received in connection with operating activities

Energy purchase commitments received

In most cases, the company carrying the project and which will operate the plant enters into a long-term energy supply contract. The Group receives purchase commitments for periods of 15 to 20 years. Overall commitments are measured based on 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.

Commitments received in connection with financing activities

Amounts payable to related parties

At December 31, 2018, the Group had received commitments to finance its projects for an amount of €321 million, which remained undrawn.

Corporate credit lines granted

The Group holds short-term credit lines to cover the parent company’s working capital requirements.

34. Related parties

Neoen carried out transactions with Impala, its subsidiary Eiffel Investissement group and BPI France, which have been identified as related parties for the Group.
Expenses relating to related parties primarily concern management fees and interest on guarantees granted. Amounts payable to related parties reflect financing.

Neoen's financial statements are fully consolidated in the financial statements of Impala, which owns 50.1% of its share capital. Transactions with Impala and its subsidiaries or BPI France were carried out at arm's length.

Related party transactions broke down as follows in 2018 and 2017:

In thousands of euros	12.31.2018	12.31.2017
Expenses	4,165	4,733
Debt	15,723	69,732
Guarantees	99,340	80,003

35. Executive remuneration

In thousands of euros	12.31.2018	12.31.2017
Short-term employee benefits	2,473	1,821
Share-based payments	1,049	458
Total executive remuneration	**3,523**	**2,279**

Executives are the members of the Group's Management Committee.

36. Statutory Auditors fees

In euros	Deloitte / Constantin	RSM	Other	Total 31.12.2018
Neoen SA				
Statutory Audit	90 000	28 000	-	**118 000**
Services other than certification of financial statements	420 000	10 500	-	**430 500**
Subsidiaries				
Statutory Audit	341 110	-	134 927	**476 037**
Total	**851 110**	**38 500**	**134 927**	**1 024 537**

* Services other than certification of financial statements mainly represent fees relating to the IPO

37. Subsequent events

In January 2019, Neoen announced the commissioning of the first tranche of Corbas. With total capacity of 16 MWp, Corbas is the largest photovoltaic shelter project in France. The solar panels will help protect the new vehicles present on the site from bad weather. Residents have contributed to the funding. In the space of four weeks, they contributed €1.2 million to the project through crowdfunding, making it the largest and fastest fundraising for a solar project in France within the meaning of the Commission de Régulation de l'Energie (CRE).

In February 2019, Neoen concluded a new senior debt financing programme for a portfolio of French solar and wind projects. It is sized to reach a €100 million. Caisse d'Epargne CEPAC, as loan arranger, coordinator and lender agent, structured the funding; Bpifrance and the EIB are the financial partners.

Also **in February 2019** and six months after the announcement of the signing of a contract for the purchase of electricity by Google, Neoen completed the funding of Hedet, an 81 MW wind project located in Finland. KfW Ipex and SEB have contributed to the project's senior debt (€66.5 million). Hedet will be Neoen's first project commissioned in Finland, a country where the company plans to step up its development.

In March 2019, Neoen was awarded 45 MWp in the last government tender for ground-based solar power plants (known as CRE 4.5 – Commission de Régulation de l'Energie). The 45 MW break down into five projects, all wholly owned by Neoen. The five winning projects are in the departments of Tarn-et-Garonne, Moselle, Meurthe-et-Moselle, Allier and Landes. Their funding through non-recourse project finance is already secure. Three of them will also use local crowdfunding. Two of them will contribute to the remediation of degraded sites. Lastly, work is scheduled to start on three projects this year.

Also **in March 2019,** Neoen signed the funding for its El Llano project in Mexico. Bancomex, Natixis and Société Générale will contribute to the senior debt of the project, for which the total investment excluding financing costs amounts to US$280 million. This 375 MWp solar farm, developed entirely by Neoen, is to date the most powerful power plant in its asset portfolio. The project was the winner of Mexico's third public tender for renewable energies in November 2017. With a contract to sell electricity generated at less than $19 per MWh, it is one of the most competitive solar projects worldwide.

Lastly, at the end of March 2019, Neoen announced start of work on the photovoltaic park of Miremont, in Haute-Garonne. Located on a former gravel pit, this 10 MWp project will contribute to the site's remediation. It is expected to be commissioned in July this year.

38. Consolidation scope

In 2018, Neoen Jules GmbH and Neoen Mistral Gmbh used the exemption clause set out in Article 264, paragraph 3, of the German Commercial Code (HGB) concerning the preparation of notes to financial statements and a management report and the publication of annual financial statements.

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Parent company	Neoen	Parent	Parent
Full consolidation	Neoen Argentina	100%	100%
	ENR TUC	80%	80%
	Altiplano Solar S.A.	100%	80%
	Field Fare Argentina 2	100%	98%
	Atria Solar	100%	0%
	Neoen Australia	100%	100%
	Neoen Development Australia	100%	100%
	HWF HoldCo 1	70%	70%
	HWF FinCo 1	70%	70%
	HWF 1	70%	70%
	HWF HoldCo 2	80%	80%
	HWF FinCo 2	80%	80%
	HWF 2	80%	80%
	HWF HoldCo 3	80%	80%
	HWF FinCo 3	80%	80%
	HWF 3	80%	80%
	Hornsdale Asset Co	76.7%	76.7%
	Degrussa Solar HoldCo	100%	100%
	Degrussa Solar Project	100%	100%
	Parkes Solar Farm HoldCo Pty Ltd	100%	100%
	Parkes Solar Farm FinCo Pty Ltd	100%	100%
	Parkes Solar Farm Pty Ltd	100%	100%
	Griffith Solar Farm HoldCo Pty Ltd	100%	100%
	Griffith Solar Farm FinCo Pty Ltd	100%	100%
	Griffith Solar Farm Pty Ltd	100%	100%
	Dubbo Solar Hub HoldCo Pty Ltd	100%	100%
	Dubbo Solar Hub FinCo Pty Ltd	100%	100%
	Dubbo Solar Hub Pty Ltd	100%	100%
	Neoen Wind Holdco 1 Pty Ltd	100%	100%
	Bulgana Holdings Pty Ltd	100%	100%
	Bulgana Windfarm Pty Ltd	100%	100%
	Coleambally HoldCo Pty Ltd	100%	100%
	Coleambally FinCo Pty Ltd	100%	100%
	Coleambally Solar Pty Ltd	100%	100%
	Numurkah HoldCo Pty Ltd	100%	100%
	Numurkah FinCo Pty Ltd	100%	100%
	Numurkah Solar Farm Pty Ltd	100%	100%
	HPR Holdco Pty Ltd	100%	100%
	HPR Finco Pty Ltd	100%	100%
	Hornsdale Power Reserve Pty Ltd	100%	100%
	Gilgandra Solar Holdco Pty Ltd	100%	100%
	Gilgandra Solar Finco Pty Ltd	100%	100%
	Gilgandra Solar Pty Ltd	100%	100%
	EnR Colombia	100%	100%
	Neoen Phoenix	100%	100%
	Neoen Mistral GmbH	100%	100%
	Hedet	80.1%	0%
	Neoen Renewables Finland Oy	100%	0%
	Björkliden Vindpark Ab	80.1%	0%
	Neoen International	100%	100%
	Neoen Services International	100%	100%
	Neoen Services	100%	100%
	Neoen Eolienne	100%	100%
	Neoen Marine Développement	65%	65%
	Neoen Solaire	100%	100%
	Neoen Biopower	100%	100%
	Neoen Production 1	100%	100%
	Neoen Production 2	100%	100%
	Neoen Production 3	100%	100%
	Neoen Mistral SAS	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Aiolos	100%	100%
	Centrale Eolienne de l'Auxois Sud	100%	100%
	Centrale Eolienne de Reclainville	100%	100%
	Centrale Eolienne de Bais et Trans	100%	100%
	Centrale Eolienne de la Montagne	100%	100%
	Holding Bussy Lettrée	100%	100%
	Centrale Eolienne de Bussy 1A	100%	100%
	Centrale Eolienne de Bussy 1B	100%	100%
	Centrale Eolienne de Bussy 2	100%	100%
	Holding Raucourt II	100%	100%
	Centrale Eolienne de Flaba	100%	100%
	Centrale Eolienne de La Tabatière	100%	100%
	Centrale Eolienne de l'Osière	100%	100%
	Centrale Eolienne de la Vallée aux Grillons	100%	100%
	Centrale Eolienne Chanteraine	100%	100%
	Centrale Eolienne Chemin des Vignes	100%	100%
	Centrale Eolienne Les Hauts Chemins	100%	100%
	Centrale Eolienne Des Beaux Monts	100%	100%
	Centrale Eolienne La Garenne	100%	100%
	Centrale Eolienne Fontennelles	100%	100%
	Centrale Eolienne Chassepain	100%	100%
	Centrale Eolienne de Villacerf	100%	100%
	Centrale Eolienne de Laurens	100%	100%
	Centrale Eolienne de Trédaniel	100%	100%
	Centrale Eolienne de Viersat	100%	100%
	Centrale Eolienne du Nord Val de l'Indre	100%	100%
	Centrale Eolienne du Pays entre Madon et Moselle	100%	100%
	Centrale Eolienne Vexin	100%	100%
	Centrale Eolienne Terrajeaux	100%	100%
	Centrale Eolienne De La Verte Epine	100%	100%
	Centrale Eolienne des Ailes de Foulzy	100%	100%
	Centrale Eolienne des Champs d'Amour	100%	100%
	Centrale Eolienne du Plateau de l'Auxois Sud	100%	100%
	Centrale Eolienne le Berger	100%	100%
	Centrale Eolienne du Pays Chaumontais	100%	100%
	SARL Vendaisne	100%	100%
	Centrale Eolienne du Moulin à vent	100%	100%
	Centrale Eolienne de l'Orvin	100%	100%
	Centrale Eolienne du Peyro Del Ase	100%	100%
	Centrale Eolienne de Mont de Malan	100%	100%
	Centrale Eolienne Les Sablons	100%	100%
	Centrale Eolienne de Vesly	100%	100%
	Centrale Eolienne de Crosville 1	100%	100%
	Centrale Eolienne de Crosville 2	100%	100%
	Centrale Eolienne de Rubercy	100%	100%
	Centrale Eolienne du Chemin Vert	100%	100%
	Centrale Eolienne de Courcôme	100%	100%
	Centrale Eolienne de St Sauvant	100%	100%
	Centrale Eolienne de la Voie Verte	100%	100%
	Centrale Eolienne Mont de Transet	100%	100%
	Centrale Eolienne Largeasse	100%	100%
	Centrale Eolienne Dissangis	100%	100%
	Centrale Eolienne la Briqueterie	100%	100%
	CE Avaloirs	100%	100%
	Centrale Solaire 3	100%	100%
	Centrale Solaire du Zénith	100%	100%
	Centrale Solaire Kertanguy	100%	100%
	Centrale Solaire de Torreilles	100%	100%
	PV La Granes	100%	100%
	Geloux Solarphoton	100%	100%
	Claouziquet Centrale Solaire	100%	100%
	Luxey Solarphoton	100%	100%
	Garein Solarphoton	100%	100%
	SCI Constantinus	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Snc Solaire Cestas	100%	100%
	Poste de Livraison Constantin	100%	100%
	Groupement Solaire Cestas 1	100%	100%
	Centrale Solaire Constantin 1	100%	100%
	Centrale Solaire Constantin 2	100%	100%
	Centrale Solaire Constantin 3	100%	100%
	Centrale Solaire Constantin 4	100%	100%
	Centrale Solaire Constantin 5	100%	100%
	Centrale Solaire Constantin 6	100%	100%
	Holding Cap Découverte	100%	100%
	Centrale Solaire Cap Decouverte 1	100%	100%
	Centrale Solaire Cap Decouverte 2	100%	100%
	Centrale Solaire Cap Decouverte 3	100%	100%
	Centrale Solaire Cap Decouverte 4	100%	100%
	Ombrinéo	100%	100%
	Neoen AO 2012	100%	100%
	Centrales Solaires Alpha	100%	100%
	Centrale Solaire Omega	100%	100%
	Centrale Solaire 7	100%	100%
	Centrale Solaire Marville 3	100%	100%
	Centrale Solaire Marville 5	100%	100%
	Centrale Solaire Arue 1	100%	100%
	Centrale Solaire Arue 2	100%	100%
	Centrale Solaire Arue 3	100%	100%
	Centrale Solaire Arue 4	100%	100%
	Centrale Solaire Orion 1	100%	100%
	Centrale Solaire Orion 2	100%	100%
	Centrale Solaire Orion 3	100%	100%
	Centrale Solaire Orion 4	100%	100%
	Centrale Solaire Orion 5	100%	100%
	Centrale Solaire Orion 6	100%	100%
	Centrale Solaire Orion 7	100%	100%
	Centrale Solaire Orion 8	100%	100%
	Centrale Solaire Orion 9	100%	100%
	Centrale Solaire Orion 10	100%	100%
	Centrale Solaire Orion 11	100%	100%
	Centrale Solaire Orion 12	100%	100%
	Centrale Solaire Orion 13	100%	100%
	Centrale Solaire Orion 14	100%	100%
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	Centrale Solaire Orion 24	100%	100%
	Centrale Solaire Orion 25	100%	100%
	Centrale Solaire Orion 26	100%	100%
	Centrale Solaire Orion 27	100%	100%
	Centrale Solaire Corbas 1	100%	100%
	Centrale Solaire Corbas 2	100%	100%
	Centrale Solaire Corbas 3	100%	100%
	Centrale Solaire Corbas 4	100%	100%
	Centrale Solaire Morcenx 1	100%	100%
	Centrale Solaire Morcenx 2	100%	100%
	Centrale Solaire Morcenx 3	100%	100%
	Centrale Solaire Morcenx 4	100%	100%
	Centrale Solaire Cap Decouverte 4 bis	100%	100%
	Centrale Solaire Capdéc Ombrière	100%	100%
	Centrales Solaires Delta	100%	100%
	Centrale Solaire Garrigues Ouest	100%	100%
	Centrale Solaire Le Plo	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	Centrale Solaire Milhas	100%	100%
	Centrale Solaire Le Champ de Manœuvre	100%	100%
	Centrale Solaire Les Poulettes	100%	100%
	Centrale Solaire Le Moulin de Beuvry	100%	100%
	Centrale Solaire Le Camp	100%	100%
	Centrale Solaire Château Locoyame	100%	100%
	Centrale Solaire Orion 40	100%	100%
	Centrale Solaire Larroque	100%	100%
	Centrale Solaire Bagnoles	100%	100%
	Centrale Solaire Saint Avit	100%	100%
	Centrale Solaire Amazonia	100%	100%
	AzurSol Est	100%	100%
	AzurSol Sud	100%	100%
	Centrale photovoltaique de Mer	100%	100%
	Biomasse Energie de Commentry	51%	51%
	Neoen Biosource	100%	100%
	Biomasse Energie de Laneuveville	100%	100%
	Biomasse Energie de Montsinery	100%	100%
	Neoen Investissement	100%	100%
	Neoen Northern Hemisphere	100%	100%
	Neoen Holding Egypte	100%	100%
	Zambian Sunlight One	68.7%	68.7%
	Centrale Solaire Orion 28	100%	100%
	Centrale Solaire Orion 29	100%	100%
	Centrale Solaire Orion 30	100%	100%
	Centrale Solaire Orion 31	100%	100%
	Centrale Solaire Orion 32	100%	100%
	Centrale Solaire Orion 33	100%	100%
	Neoen Stockage	100%	100%
	Centrale Solaire Orion 34	100%	100%
	Centrale Solaire Orion 35	100%	100%
	Centrale Solaire Orion 36	100%	100%
	Centrale Solaire Orion 44	100%	0%
	Centrale Solaire Orion 45	100%	0%
	Centrale Solaire Orion 46	100%	0%
	Neoen Holding Jamaica	100%	0%
	Neoen Holding Mexico	100%	0%
	Neoen Holding El Salvador	100%	0%
	Centrale Eolienne de Marsac	100%	0%
	Centrale Eolienne la Goheliere	100%	0%
	Neoen Holding Finland I	100%	0%
	Neoen Holding Finland II	100%	0%
	Neoen Zephyr	100%	0%
	Centrale Solaire Orion 47	100%	0%
	Centrale Solaire Orion 48	100%	0%
	Centrale Solaire Orion 49	100%	0%
	Centrale Solaire Orion 50	100%	0%
	Centrale Solaire Orion 51	100%	0%
	Centrale Solaire Orion 52	100%	0%
	Centrale Solaire Orion 53	100%	0%
	Centrale Solaire Orion 54	100%	0%
	Centrale Solaire Orion 55	100%	0%
	EREC	50%	50%
	Neoen Renewables Jamaica	100%	0%
	Peacock for Technical Consultancy	51%	51%
	Neoen Mexico	100%	100%

Consolidation method	Company name	Percentage interest at 12.31.2018	Percentage interest at 12.31.2017
Full consolidation	EnR NL	100%	100%
	EnR CHI	100%	100%
	SPV AGS	100%	100%
	EnR CHI II	100%	100%
	Neoen Servicios Mexico	100%	100%
	Neoen Mozambique	100%	100%
	Central Metoro S.A.	75%	0%
	NDevelopment PTG	100%	100%
	NP Investment	100%	100%
	NP Investment II	100%	100%
	CSNSP 431	100%	100%
	CSNSP 452	100%	100%
	El Salvador	100%	100%
	Providencia Solar	100%	100%
	Pedregal Solar	70%	70%
	Nahualapa Solar	70%	70%
	Jiboa Solar	100%	70%
	Spica Solar	70%	70%
	Capella Solar	100%	70%
	Neoen US, Inc.	100%	100%
	Neoen Solar Washington LLC	100%	100%
	Neoen Holding US Inc	100%	100%
	Zambia DevCo	100%	100%
	Bangweulu Power Company Functional Currency	58.8%	58.8%
Equity method	Centrale Eolienne Tureau à la Dame	40%	40%
	Neoen Ireland Dev Co	50%	50%
	BNRG Neoen Holdings	50%	50%
	CSNSP 441 Equity associates	50%	50%
Deconsolidated	Neoen Egypt Solar 1	0%	100%
	Centrale Solaire Melissa	0%	100%
	Centrale Solaire Manosque Ombrière	0%	100%

5.2 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEOEN GROUP AS AT DECEMBER 31, 2018

DELOITTE & ASSOCIES

6 place de la Pyramide
92908 Paris-la Défense

RSM Paris

26, rue Cambacérès
75 008 Paris

NEOEN

Société anonyme
6, rue Ménars
75002 Paris

Statutory auditors’ report on the consolidated financial statements

Year ended December 31, 2018

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

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, 2018.

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, 2018 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 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 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

Observation

Without qualifying the above opinion, we draw your attention to Note 3.a to the consolidated financial statements, which presents the impacts of the first-time adoption of IFRS 15, IFRS 9 and IFRS 16 on the consolidated financial statements.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we 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 consolidated 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 consolidated financial statements taken as a whole, 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

(Notes 3.h and 14 to the consolidated financial statements)

As stated in Note "H) Intangible assets", the development expenses for various renewable energy production facility projects, comprising external and internal direct and indirect costs relating to the development, are capitalized as from when the success of the corresponding projects 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 capitalized under "Other non-current operating income and expenses."

As of December 31, 2018, the net value of development projects totaled €77.3 million, the Group having capitalized expenses directly attributable to project development for €21.8 million in 2018.

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 sampling 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 notes H and 14 to the consolidated financial statements.

b. Hedging financial instruments

(Notes P and 26 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 "P) 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 (Finance Active) to measure the fair value of the financial instruments and interviewing Management to obtain an understanding of its 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.

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Finally, we verified that notes P and 26 to the consolidated financial statements provide appropriate disclosure.

Specific verifications

As required by French law, we have also verified in accordance with professional standards applicable in France 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.

Report on Other Legal and Regulatory Requirements

- **Appointment of the Statutory Auditors**

Constantin Associés were appointed as statutory auditors of NEOEN by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte at the Shareholders' Meeting of April 22, 2014. RSM Paris were also appointed as statutory auditors by the Shareholders' Meeting of September 12, 2018.

As of December 31, 2018, Deloitte & Associés and RSM Paris were in the 11th year and first year 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 by Article L.823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Conclude on 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 their audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  If the statutory auditors conclude 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;

- Evaluate 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.

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- Obtain 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. They are 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.

At Paris-la Défense and Paris, April 17, 2019

The Statutory Auditors

Deloitte & Associés	RSM Paris
François Xavier AMEYE	Etienne de BRYAS

5.3 ANNUAL FINANCIAL STATEMENTS OF NEOEN SA FOR THE YEAR ENDED DECEMBER 31, 2018

Financial statements

BALANCE - ASSETS *Amounts in euros*	Gross	ortization/impairm	31/12/2018	31/12/2017	Change (€)
Research and development costs	-	-	-	-	-
Concessions, patents and similar rights	-	-	-	-	-
Goodwill	-	-	-	-	-
Other property, plant and equipment	1 722 023	(287 118)	1 434 905	36 110	1 398 794
Intangible assets in progress	-	-	-	1 165 668	(1 165 668)
Intangible assets	**1 722 023**	**(287 118)**	**1 434 905**	**1 201 778**	**233 127**
Land	18 735	-	18 735	8 385	10 350
Construction on owned land	-	-	-	-	-
Construction on land belonging to others	-	-	-	-	-
Technical plants, industrial mat and tools	-	-	-	(4 405)	4 405
General plants, fittings and miscellaneous	-	-	-	-	-
Office equipment, IT and furniture	844 350	(573 074)	271 276	156 962	114 313
Other property, plant and equipment	316 706	-	316 706	145 609	171 098
Property, plant and equipment in progres	16 751	-	16 751	-	16 751
Property, plant and equipment	**1 196 541**	**(573 074)**	**623 467**	**306 550**	**316 917**
Other equity investments	3 730 013	-	3 730 013	1 946 508	1 783 506
Receivables from equity investments	468 542 222	(548 542)	467 993 680	283 869 491	184 124 189
Loans	-	-	-	-	-
Deposits and security	1 809 970	-	1 809 970	1 601 800	208 170
Other long term investments	-	-	-	-	-
Other financial assets	5 740 566	-	5 740 566	20 000	5 720 566
Financial assets	**479 822 772**	**(548 542)**	**479 274 230**	**287 437 799**	**191 836 431**
FIXED ASSETS	**482 741 337**	**(1 408 735)**	**481 332 602**	**288 946 127**	**192 386 475**
Raw materials, procurement	-	-	-	-	-
Goods	-	-	-	-	-
Work in progress	-	-	-	-	-
Stocks and work In progress	**-**	**-**	**-**	**-**	**-**
Downpayments and advances	22 286	-	22 286	28 152	(5 866)
Trade receivables	13 639 054	-	13 639 054	19 161 333	(5 522 279)
Other receivables	3 005 305	-	3 005 305	3 308 903	(303 598)
Receivables	**16 666 645**	**-**	**16 666 645**	**22 498 387**	**(5 831 742)**
Marketable securities	-	-	-	-	-
Liquid assets and miscellaneous	250 208 881	-	250 208 881	21 242 777	228 966 104
Liquid assets and miscellaneous	**250 208 881**	**-**	**250 208 881**	**21 242 777**	**228 966 104**
Prepaid expenses	298 484	-	298 484	157 328	141 156
Deferred expenses	-	-	-	-	-
Exchange difference on translation of fore	1 141 677	-	1 141 677	402 358	739 320
CURRENT ASSETS	**268 315 687**	**-**	**268 315 687**	**44 300 850**	**224 014 837**
TOTAL ASSETS	**751 057 024**	**(1 408 735)**	**749 648 289**	**332 698 435**	**416 949 854**

BALANCE - LIABILITIES *Amounts in euros*	31/12/2018	31/12/2017	Change (€)
Share Capital	169 914 996	107 964 140	61 950 856
Issue, merger, contribution etc. premiums	500 783 906	64 027 003	436 756 903
Legal reserve	1 850 249	1 426 806	423 443
Other reserves	-	-	-
Carry forwards	8 045 422	-	8 045 422
Profit (loss) for the period	9 376 196	8 468 865	907 331
Net position	**689 970 769**	**181 886 814**	**508 083 955**
Investment subsidies	-	-	-
Amortization and impairment	-	9 523	(9 523)
EQUITY	**689 970 769**	**181 896 337**	**508 074 432**
Provisions for risks	-	-	-
Provisions for expenses	1 258 421	-	1 258 421
Provisions for disputes	350 092	922 339	(572 247)
Provisions for exchange rate losses	1 141 677	402 358	739 320
PROVISIONS FOR RISKS AND EXPENSES	**2 750 191**	**1 324 697**	**1 425 494**
Borrowings and liabilities with lending institutions	15 340 957	77 218 010	(61 877 053)
Miscellaneous borrowings and financial liabilities	18 164 300	55 568 069	(37 403 769)
Financial debt	**33 505 257**	**132 786 079**	**(99 280 822)**
Trade accounts payable	16 575 064	10 448 989	6 126 076
Social security liabilities	3 692 117	3 121 713	570 404
Tax liabilities	2 494 927	3 090 474	(595 547)
Payables to suppliers of non-current assets	-	-	-
Other payables	108 828	-	108 828
Current liabilities	**22 870 937**	**16 661 176**	**6 209 761**
LIABILITIES	**56 376 194**	**149 447 255**	**(93 071 061)**
Deferred income	24 550	27 378	(2 827)
Translation difference - loss	526 585	2 768	523 816
TOTAL LIABILITY	**749 648 289**	**332 698 435**	**416 949 855**

INCOME STATEMENT *Amounts in euros*	12/31/2018	12/31/2017	Change (€)
Electricity production sold	-	-	-
Services production sold	50,730,202	36,059,479	14,670,723
Sale of goods	-	-	-
Revenue	**50,730,202**	**36,059,479**	**14,670,723**
Production inventory	-	(380,010)	380,010
Capitalised production	-	-	-
Operating subsidies	-	256,927	(256,927)
Reversals on depreciation, amortization and provisions, expense transfers	606,988	1,600	605,388
Other revenues	280,696	62,061	218,634
OPERATING INCOME	**51,617,886**	**36,000,058**	**15,617,828**
Inventoried purchases	-	-	-
Changes in inventory (work in progress)	-	-	-
Purchase of goods	-	-	-
Inventory changes	-	-	-
Purchases of raw materials and other procurement	-	-	-
Other purchases and external expenses	(27,998,790)	(17,166,822)	(10,831,968)
External charges	**(27,998,790)**	**(17,166,822)**	**(10,831,968)**
Duties, taxes and similar payments	**(1,055,249)**	**(1,475,412)**	**420,164**
Wages and salaries	(7,943,796)	(6,406,270)	(1,537,526)
Social security contributions	(4,207,081)	(4,056,982)	(150,099)
Payroll costs	**(12,150,877)**	**(10,463,252)**	**(1,687,625)**
Amortization and impairment on assets	(1,471,669)	(131,156)	(1,340,513)
Amortization of operating expenses	-	-	-
Provisions on assets	-	-	-
Current asset provisions	-	(53,478)	53,478
Provisions for risks and expenses	-	-	-
Operational allocations	**(1,471,669)**	**(184,634)**	**(1,287,035)**
Other expenses	(371,956)	(95,273)	(276,683)
OPERATING EXPENSES	**(43,048,540)**	**(29,385,393)**	**(13,663,148)**
OPERATING PROFIT (LOSS)	**8,569,346**	**6,614,666**	**1,954,680**
Financial income from equity investments	13,733,099	10,121,582	3,611,517
Income from other marketable securities and fixed-asset receivables	-	-	-
Net income from disposals of marketable securities	-	31	(31)
Positive exchange rate differences	1,786,085	1,614,170	171,916
Other financial income	503,987	517	503,470
Financial income	**16,023,171**	**11,736,300**	**4,286,871**
Financial allocations to depreciation, amortization and provisions	(1,141,677)	(270,989)	(870,688)
Interest and similar expenses	(8,330,355)	(7,165,505)	(1,164,850)
Negative exchange rate differences	(2,256,859)	(3,933,152)	1,676,293
Net expenses from disposals of marketable securities	-	-	-
Financial expenses	**(11,728,891)**	**(11,369,646)**	**(359,245)**
Net Financial Expense	**4,294,280**	**366,654**	**3,927,626**
CURRENT PROFIT (LOSS) BEFORE TAX	**12,863,625**	**6,981,319**	**5,882,306**
Non-current income from management transactions	183,671	-	183,671
Non-current income from capital transactions	83,395	9,227,478	(9,144,083)
Reversals on provisions and expense transfers	9,523	-	9,523
Non-current income	**276,588**	**9,227,478**	**(8,950,890)**
Non-current expenses from management transactions	(390,310)	(1,437)	(388,873)
Non-current expenses from capital transactions	(224,545)	(7,795,452)	7,570,907
Exceptional allocations to depreciation, amortization and provisions	-	-	-
Non-current expenses	**(614,855)**	**(7,796,889)**	**7,182,034**
NON-CURRENT PROFIT (LOSS)	**(338,267)**	**1,430,589**	**(1,768,856)**
Employee profit-sharing	-	-	-
Income tax	(3,149,163)	56,956	(3,206,119)
PROFIT OR LOSS FOR THE PERIOD	**9,376,196**	**8,468,865**	**907,331**

ACCOUNTING POLICIES AND VALUATION METHODS

The annual financial statements are prepared in accordance with the provisions of French law and generally accepted accounting principles and methods in France, and in accordance with ANC Regulation No. 2014-03 revising the French general chart of accounts, as well as all regulations subsequently modifying it, in accordance with the principles of prudence and faithful representation, and in accordance with the following basic assumptions:

- Going concern,
- Permanence of accounting methods from one period to the next,
- Independence of accounting periods.

Revenue

Revenue consists primarily of services provided by the company to its subsidiaries, particularly within the context of project development.

Revenue derived from the provision of services over several years is analysed based on the nature of the service provided. At each closing date, services are either recorded on the balance sheet as work in progress at cost, or the profit is determined based on the percentage-of-completion of the service.

If the result of the services related to the company's activities is recognised on a percentage-of-completion basis, the services are recognised, depending on whether or not they have been invoiced, in the balance sheet under trade receivables or in related items, including the margin. If the estimated cost of a service is greater than the revenue expected to be derived from it, a provision for onerous contracts is set aside for the difference when the financial statements are closed. In the absence of a signed contract, but if the order was obtained before the closing date, the work is recorded as work in progress at cost.

Intangible assets and property, plant and equipment

Intangible assets mainly consist of software, concessions, patents and similar rights. They are recognised at acquisition cost.
Assets are depreciated or amortised 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 Straight-line 3 years
- General fittings, miscellaneous fittings Straight-line 3 to 10 years
- Hardware Straight-line 3 years
- Office furniture Straight-line 4 years

Depreciation and amortisation are calculated on the basis of the 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 closing date, the company assesses whether there are any indications of impairment of fixed assets. When there is an indication of impairment, an impairment test is performed: the net book value of the fixed asset is compared with its current value. The carrying amount of an asset is impaired when the current value is less than its net book value. The current value of a good is the greater of the market value and the value in use of the good for the business.

Financial assets

Financial assets consist primarily of:

- Equity investments valued at acquisition cost,
- Receivables from investments, corresponding mainly to financing by the company of the cash requirements of the group's subsidiaries to finance their development.

Equity securities and receivables from investments are impaired if necessary to reflect their value in use at the closing date. This value is determined on the basis of a multicriteria approach that takes into account their net position and their medium-term profitability outlook.

Receivables

Receivables are recorded at their nominal value when the service has been provided. They are impaired where necessary to reflect any collection difficulties. Receivables are impaired on a case-by-case basis, notably on the basis of customers' solvency.

Investment securities

Investment securities represent temporary cash positions invested in SICAVs and/or money market funds. They are recorded at their historical acquisition cost. When sold, gains or losses are calculated using the FIFO method.
A provision is set aside if the net asset value is less than the book value.

Provisions for risks and charges

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.

Liabilities

Liabilities are recorded at their nominal value.

The financial statements and the notes to the annual financial statements of this document are presented in euros (€), unless otherwise indicated.

General information

Neoen ("the company") is a public limited company (*société anonyme* – SA) registered and domiciled in France. Following the move early in the second half of 2018, its head office is located at 6 rue Menars, 75002 Paris.

The company was registered on September 29, 2008.

Activity and key events

The company's purpose is to perform all operations relating to energy in the broad sense, including, without limitation, the development, construction and operation of renewable energies.

2018 was a particularly eventful year for the company, both in France and internationally, in all segments (onshore wind, solar, biomass, storage) and activities (development, construction, financing and operation).

Previously a simplified joint-stock company (*société par actions simplifiée*), the company was transformed into a public limited company at the general meeting of September 12, 2018.

On October 16, 2018, Neoen successfully completed its initial public offering in compartment A of the regulated market of Euronext in Paris. The offering price was set at €16.50 per share, valuing the Group at just over €1.4 billion. The transaction, predominantly in the primary market, allowed it to raise €450 million through the issue of new shares (out of a total of €697 million, including a Greenshoe option). This amount will serve exclusively to continue the company's strong growth.

Capital transactions

On July 2, 2018, 755,000 stock options and 75,000 equity warrants were exercised in a total amount of €1,614,250, including €784,250 in share premium.

On October 1, 2018, the company consolidated its shares on the basis of 1 new share for 2 existing shares. The nominal value of the share was increased from €1 to €2.

On October 18, 2018, the company increased its capital through the incorporation of Impala's partner current account in a total amount of €53,628,317, of which €47,127,915 in share premium.

On October 18, 2018, the company completed its IPO, involving a capital increase of €449,999,996, including €395,454,542 in share premium, through the creation of 27,272,727 shares, i.e. €16.5 per share broken down as €2 in par value and €14.5 in share premium.

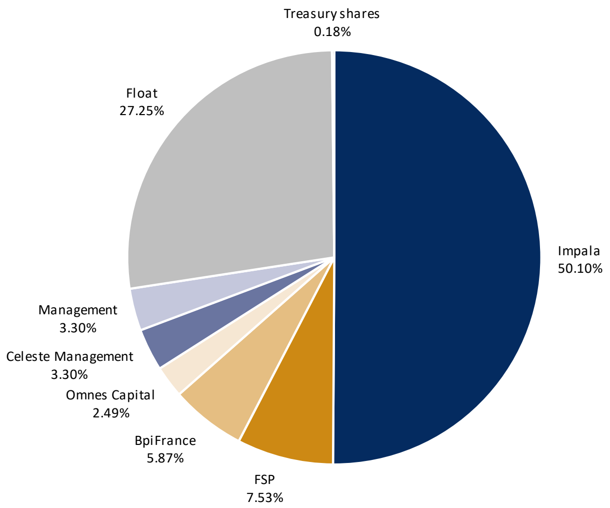
On November 21, 2018, 37,500 €4 stock options (after the share consolidation) were exercised in a total amount of €150,000, of which €75,000 in share premium.

At December 31, 2018, fully paid-up share capital comprised 84,957,498 shares with a par value of €2 euros (number and par value after the share consolidation).

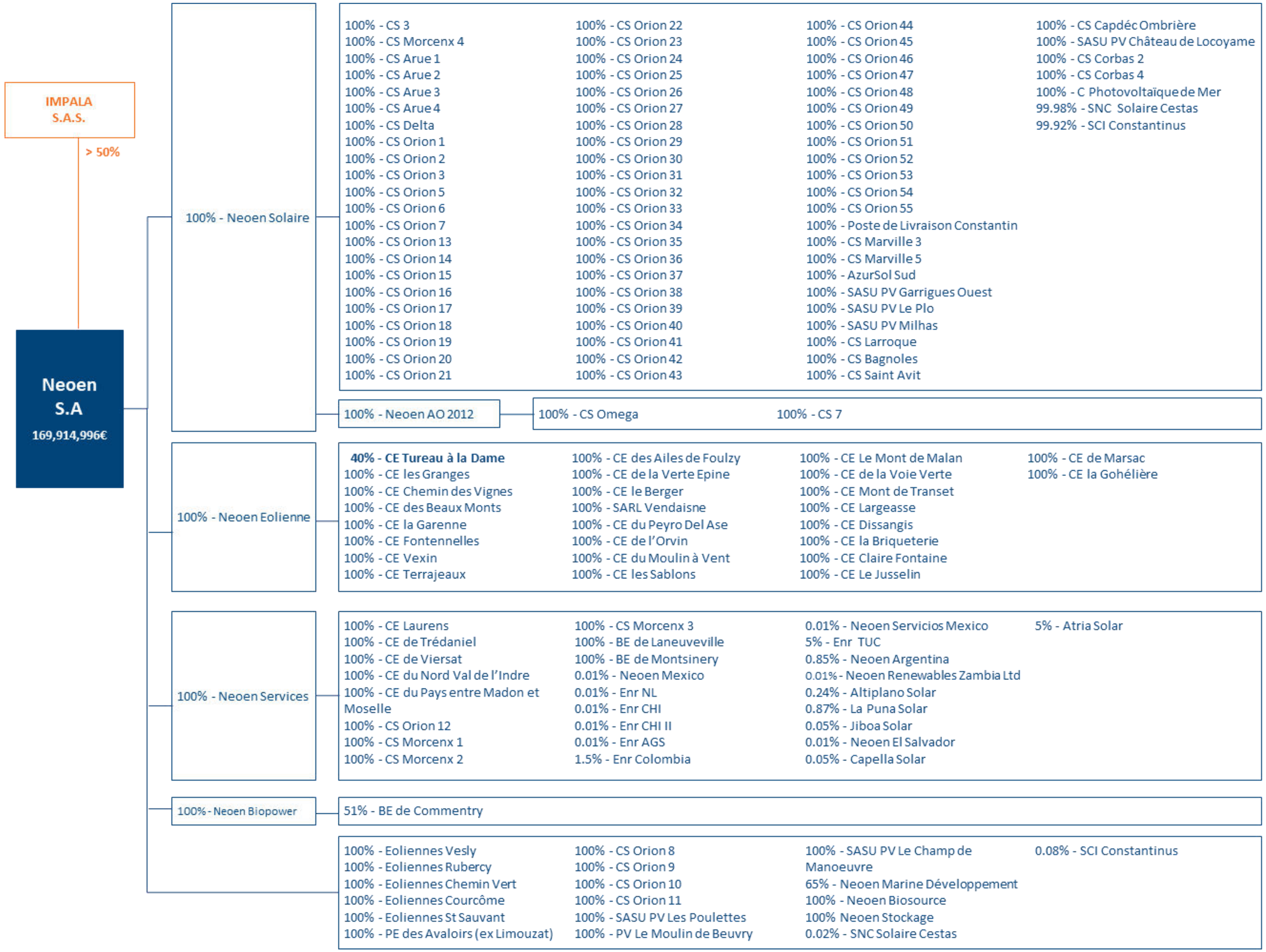
At December 31, 2018, the company directly or indirectly held 150,658 own shares, representing a book value of €2.7 million.

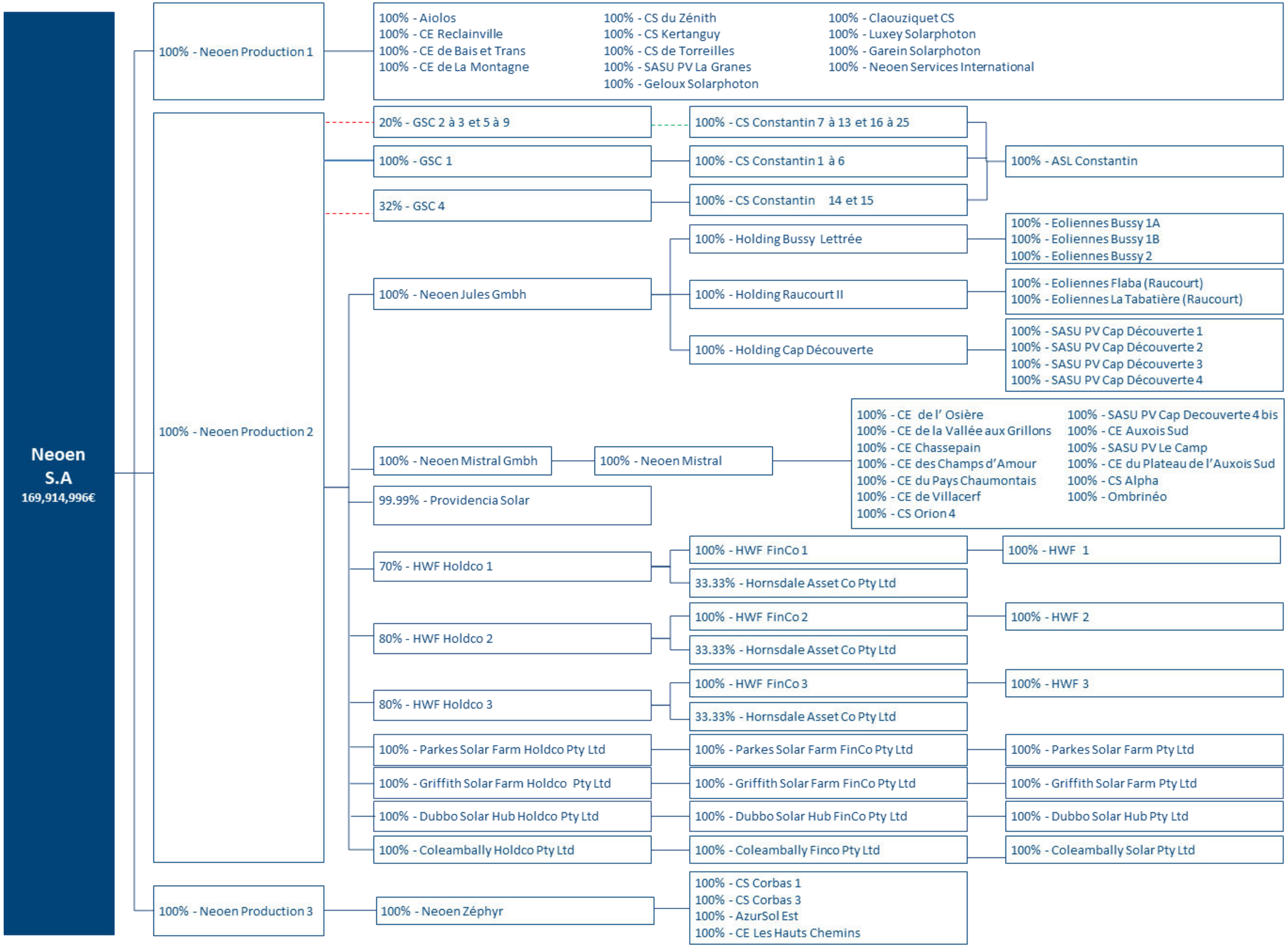
Shareholding structure

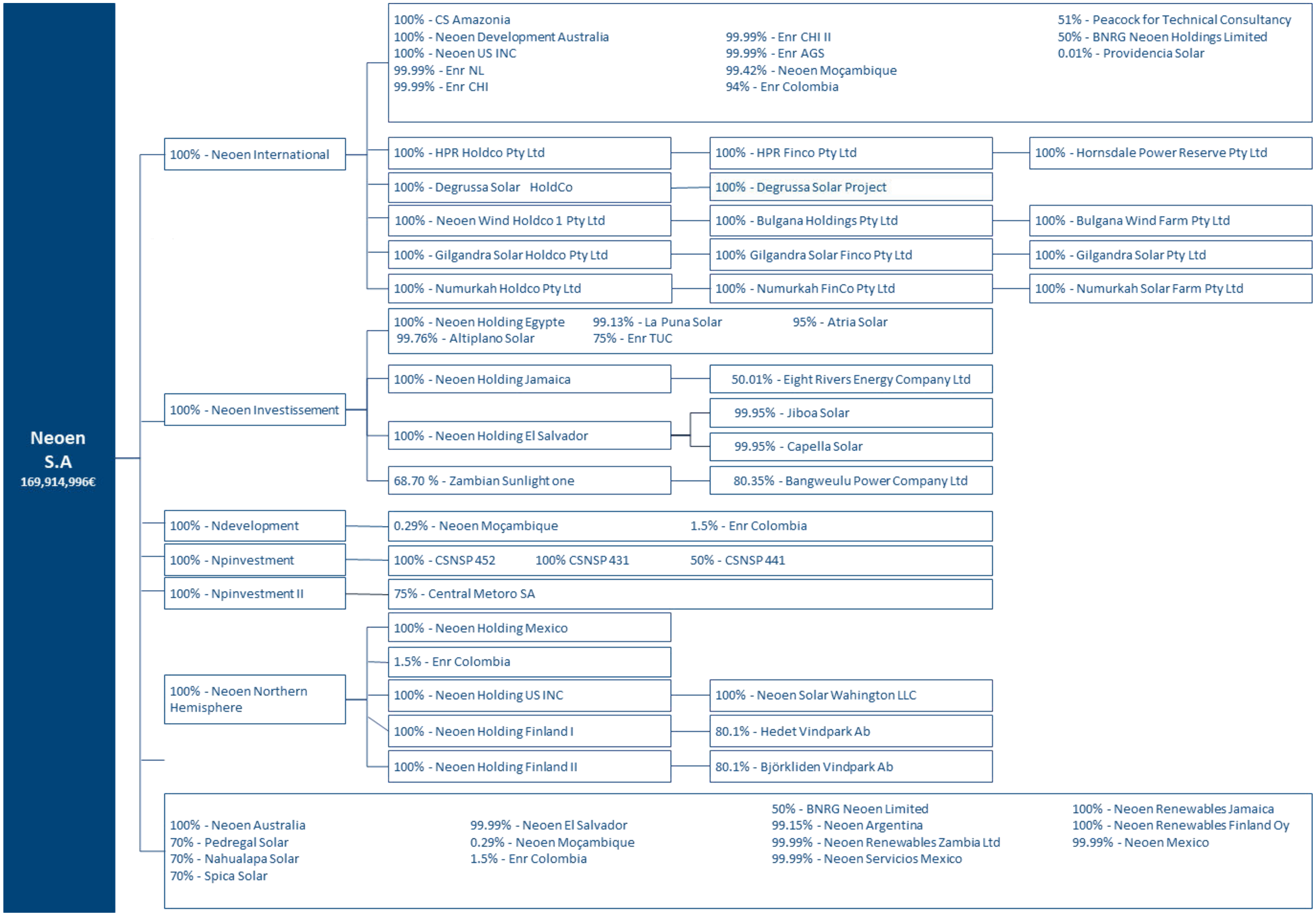
	Position at 12.31.2018	
	Number of Shares	Percentage ownership
Impala	42,560,000	50.10%
FSP	6,400,000	7.53%
BpiFrance	4,983,683	5.87%
Omnes Capital	2,113,195	2.49%
Celeste Management	2,800,000	3.30%
Management	2,802,351	3.30%
Float	23,147,611	27.25%
Treasury shares	150,658	0.18%
TOTAL	**84,957,498**	**100.00%**



Organisation chart




Neoen S.A
169,914,996€
100% - Neoen Production 1
100% - Aiolos
100% - CE Reclainville
100% - CE de Bais et Trans
100% - CE de La Montagne
100% - CS du Zénith
100% - CS Kertanguy
100% - CS de Torreilles
100% - SASU PV La Granes
100% - Geloux Solarphoton
100% - Claouziquet CS
100% - Luxey Solarphoton
100% - Garein Solarphoton
100% - Neoen Services International
100% - Neoen Production 2
20% - GSC 2 à 3 et 5 à 9
100% - GSC 1
32% - GSC 4
100% - CS Constantin 7 à 13 et 16 à 25
100% - CS Constantin 1 à 6
100% - CS Constantin 14 et 15
100% - ASL Constantin
100% - Neoen Jules Gmbh
100% - Holding Bussy Lettrée
100% - Eoliennes Bussy 1A
100% - Eoliennes Bussy 1B
100% - Eoliennes Bussy 2
100% - Holding Raucourt II
100% - Eoliennes Flaba (Raucourt)
100% - Eoliennes La Tabatière (Raucourt)
100% - Holding Cap Découverte
100% - SASU PV Cap Découverte 1
100% - SASU PV Cap Découverte 2
100% - SASU PV Cap Découverte 3
100% - SASU PV Cap Découverte 4
100% - Neoen Mistral Gmbh
100% - Neoen Mistral
100% - CE de l' Osière
100% - CE de la Vallée aux Grillons
100% - CE Chassepain
100% - CE des Champs d'Amour
100% - CE du Pays Chaumontais
100% - CE de Villacerf
100% - CS Orion 4
100% - SASU PV Cap Decouverte 4 bis
100% - CE Auxois Sud
100% - SASU PV Le Camp
100% - CE du Plateau de l'Auxois Sud
100% - CS Alpha
100% - Ombrinéo
99.99% - Providencia Solar
70% - HWF Holdco 1
100% - HWF FinCo 1
100% - HWF 1
33.33% - Hornsdale Asset Co Pty Ltd
80% - HWF Holdco 2
100% - HWF FinCo 2
100% - HWF 2
33.33% - Hornsdale Asset Co Pty Ltd
80% - HWF Holdco 3
100% - HWF FinCo 3
100% - HWF 3
33.33% - Hornsdale Asset Co Pty Ltd
100% - Parkes Solar Farm Holdco Pty Ltd
100% - Parkes Solar Farm FinCo Pty Ltd
100% - Parkes Solar Farm Pty Ltd
100% - Griffith Solar Farm Holdco Pty Ltd
100% - Griffith Solar Farm FinCo Pty Ltd
100% - Griffith Solar Farm Pty Ltd
100% - Dubbo Solar Hub Holdco Pty Ltd
100% - Dubbo Solar Hub FinCo Pty Ltd
100% - Dubbo Solar Hub Pty Ltd
100% - Coleambally Holdco Pty Ltd
100% - Coleambally Finco Pty Ltd
100% - Coleambally Solar Pty Ltd
100% - Neoen Production 3
100% - Neoen Zéphyr
100% - CS Corbas 1
100% - CS Corbas 3
100% - AzurSol Est
100% - CE Les Hauts Chemins


Neoen S.A
169,914,996€
100% - Neoen International
100% - CS Amazonia
100% - Neoen Development Australia
100% - Neoen US INC
99.99% - Enr NL
99.99% - Enr CHI
99.99% - Enr CHI II
99.99% - Enr AGS
99.42% - Neoen Moçambique
94% - Enr Colombia
51% - Peacock for Technical Consultancy
50% - BNRG Neoen Holdings Limited
0.01% - Providencia Solar
100% - HPR Holdco Pty Ltd
100% - HPR Finco Pty Ltd
100% - Hornsdale Power Reserve Pty Ltd
100% - Degrussa Solar HoldCo
100% - Degrussa Solar Project
100% - Neoen Wind Holdco 1 Pty Ltd
100% - Bulgana Holdings Pty Ltd
100% - Bulgana Wind Farm Pty Ltd
100% - Gilgandra Solar Holdco Pty Ltd
100% Gilgandra Solar Finco Pty Ltd
100% - Gilgandra Solar Pty Ltd
100% - Numurkah Holdco Pty Ltd
100% - Numurkah FinCo Pty Ltd
100% - Numurkah Solar Farm Pty Ltd
100% - Neoen Investissement
100% - Neoen Holding Egypte
99.76% - Altiplano Solar
99.13% - La Puna Solar
75% - Enr TUC
95% - Atria Solar
100% - Neoen Holding Jamaica
50.01% - Eight Rivers Energy Company Ltd
100% - Neoen Holding El Salvador
99.95% - Jiboa Solar
99.95% - Capella Solar
68.70 % - Zambian Sunlight one
80.35% - Bangweulu Power Company Ltd
100% - Ndevelopment
0.29% - Neoen Moçambique
1.5% - Enr Colombia
100% - Npinvestment
100% - CSNSP 452
100% CSNSP 431
50% - CSNSP 441
100% - Npinvestment II
75% - Central Metoro SA
100% - Neoen Northern Hemisphere
100% - Neoen Holding Mexico
1.5% - Enr Colombia
100% - Neoen Holding US INC
100% - Neoen Solar Wahington LLC
100% - Neoen Holding Finland I
80.1% - Hedet Vindpark Ab
100% - Neoen Holding Finland II
80.1% - Björkliden Vindpark Ab
100% - Neoen Australia
70% - Pedregal Solar
70% - Nahualapa Solar
70% - Spica Solar
99.99% - Neoen El Salvador
0.29% - Neoen Moçambique
1.5% - Enr Colombia
50% - BNRG Neoen Limited
99.15% - Neoen Argentina
99.99% - Neoen Renewables Zambia Ltd
99.99% - Neoen Servicios Mexico
100% - Neoen Renewables Jamaica
100% - Neoen Renewables Finland Oy
99.99% - Neoen Mexico

Subsequent events

None.

DETAILS OF ACCOUNTS

GROSS ASSETS	31/12/2017	Acquisitions	Disposals	31/12/2018
Software	-	-	-	-
Other property, plant and equipment	257 733	1 464 290	-	1 722 023
Intangible assets in progress	1 165 668	-	1 165 668	-
Intangible assets	**1 423 401**	**1 464 290**	**1 165 668**	**1 722 023**
Land	8 385	10 350	-	18 735
Construction on owned land	-	-	-	-
Construction on land belonging to others	-	-	-	-
Technical facilities, industrial mat and tools	-	-	-	-
General plants, fittings and miscellaneous	-	-	-	-
Office equipment, IT and furniture	607 076	237 274	-	844 350
Other property, plant and equipment	145 609	171 098	-	316 706
Property, plant and equipment in progress	-	16 751	-	16 751
Property, plant and equipment	**761 069**	**435 472**	**-**	**1 196 541**
Equity investments	1 946 508	1 783 506	-	3 730 013
Receivables from equity investments	283 869 491	184 124 189	-	467 993 680
Other equity investments	-	-	-	-
Other long term investments	-	-	-	-
Deposits and security	1 601 800	208 170	-	1 809 970
Loans	-	-	-	-
Other financial assets	20 000	5 720 566	-	5 740 566
Financial assets	**287 437 798**	**191 836 432**	**-**	**479 274 230**
TOTAL	**289 622 268**	**193 736 194**	**1 165 668**	**482 192 794**

AMORTIZATIONS/IMPAIRMENT	31/12/2017	Allocations	Reversals	31/12/2018
Software	-	-	-	-
Other property, plant and equipment	(221 623)	(65 496)	-	(287 118)
Current assets	-	-	-	-
Intangible assets	**(221 623)**	**(65 496)**	**-**	**(287 118)**
Land	-	-	-	-
Construction on owned land	-	-	-	-
Construction on land belonging to others	(381)	-	(381)	-
Technical facilities, industrial mat and tools	(4 024)	-	(4 024)	-
General plants, fittings and miscellaneous	-	-	-	-
Office equipment, IT and furniture	(450 113)	(122 961)	-	(573 074)
Other property, plant and equipment	-	-	-	-
Property, plant and equipment in progress	-	-	-	-
Property, plant and equipment	**(454 518)**	**(122 961)**	**(4 405)**	**(573 074)**
Equity investments	-	-	-	-
Receivables from equity investments	(548 542)	-	-	(548 542)
Other equity investments	-	-	-	-
Other long term investments	-	-	-	-
Deposits and security	-	-	-	-
Other financial assets	-	-	-	-
Financial assets	**(548 542)**	**-**	**-**	**(548 542)**
TOTAL	**(1 224 683)**	**(188 456)**	**(4 405)**	**(1 408 735)**

Provisions and impairment	31-déc	Increases	Reversals	31-déc
Special depreciation allowances	9 523	-	9 523	-
Statutory provisions	**9 523**	**-**	**9 523**	**-**
Provisions for litigation	922 339	-	572 247	350 092
Provisions for foreign exchange losses	402 358	1 141 677	402 358	1 141 677
Contingency provisions	**1 324 697**	**1 141 677**	**974 605**	**1 491 770**
Loans and advances to investee companies	(548 542)	-	-	(548 542)
Provisions for impairment	**(548 542)**	**-**	**-**	**(548 542)**
TOTAL	**785 678**	**1 141 677**	**984 128**	**943 227**

MATURITY OF RECEIVABLES	31/12/2018	< 1 year	> 1 year	*Of which related companies*
Receivables from equity investments	468 542 222	-	468 542 222	468 542 222
Loans	-	-	-	-
Deposits and security	1 809 970	-	1 809 970	-
Other financial assets	5 740 566	5 740 566	-	-
Total assets	**476 092 759**	**5 740 566**	**470 352 193**	**468 542 222**
Work in progress	-	-	-	-
Inventories	-	-	-	-
Trade receivables	13 639 054	13 639 054	-	13 272 923
Personnel, soc. security and other corp. bodies	-	-	-	-
Statement - Value-added taxes	1 808 495	1 808 495	-	-
Statement - Other duties and taxes	664 503	664 503	-	-
Miscellaneous debtors	554 593	554 593	-	-
Total current assets	**16 666 645**	**16 666 645**	**-**	**13 272 923**
Prepaid expenses	298 484	298 484	-	-
Deferred expenses	-	-	-	-
TOTAL	**493 057 887**	**22 705 695**	**470 352 193**	**481 815 145**

The current account contributions made by the company are for the most part remunerated at an annual rate of 5%

FINANCIAL LIABILITIES	12/31/2018	12/31/2017	Change (€)	Chg (%)
Borrowings	15,250,000	77,137,500	(61,887,500)	-80%
Interest on borrowings	90,957	79,726	11,231	14%
Other financial liabilities	3,298,866	55,568,069	(52,269,204)	-94%
Bank lending facilities	-	784	(784)	-100%
TOTAL	**18,639,823**	**132,786,079**	**(114,146,256)**	**-86%**

CURRENT LIABILITIES	12/31/2018	12/31/2017	Change (€)	Chg (%)
Trade payables	16,575,064	10,448,989	6,126,076	59%
Social security liabilities	3,692,117	3,121,713	570,404	18%
Tax liabilities	2,494,927	3,090,474	(595,547)	-19%
Other payables	108,828	-	108,828	0%
Deferred income	24,550	27,378	(2,827)	-10%
TOTAL	**22,895,487**	**16,688,553**	**6,206,934**	**37%**

MATURITY OF LIABILITIES	31/12/2018	< 1 year	From 1 to 5 years	> 5 years	*Of which related companies*
Borrowings	15 250 000	1 050 000	11 850 000	2 350 000	15 250 000
Interest on borrowings	90 957	90 957	-	-	-
Bank lending facilities	-	-	-	-	-
Other financial liabilities	18 164 300	-	-	18 164 300	18 164 300
Trade payables	16 575 064	16 575 064	-	-	8 685 520
Payables to suppliers of non-current assets	-	-	-	-	-
Social security liabilities	3 692 117	3 692 117	-	-	-
Tax liabilities	2 494 927	2 494 927	-	-	-
Other payables	108 828	108 828	-	-	-
TOTAL	**56 376 194**	**24 011 894**	**11 850 000**	**20 514 300**	**42 099 820**

REVENUE	12/31/2018	12/31/2017	Change (€)	Chg (%)
Services provided	50,730,202	36,059,479	14,670,723	41%
Electricity revenues	-	-	-	0%
Revenue others	-	-	-	0%
Sale of goods	-	-	-	0%
TOTAL	**50,730,202**	**36,059,479**	**14,670,723**	**41%**

OTHER PURCHASES AND EXTERNAL EXPENSES	12/31/2018	12/31/2017	Change (€)	Chg (%)
Other expenses	367,004	307,015	59,989	20%
Development costs for international subsidiaries	10,476,216	2,971,673	7,504,543	253%
Studies & Subcontracting	4,078,762	2,773,040	1,305,722	47%
Fees	8,377,570	7,469,188	908,382	12%
Maintenance	892,004	405,645	486,359	120%
Travel	1,199,327	1,060,839	138,489	13%
Rental and expenses	892,005	650,946	241,059	37%
Insurance	355,542	285,993	69,550	24%
IT and telecoms	1,129,113	616,086	513,028	83%
Bank costs	134,521	214,398	(79,877)	-37%
Administrative assistance	100,000	412,000	(312,000)	-76%
Supervision service	(3,275)	-	(3,275)	0%
TOTAL	**27,998,790**	**17,166,822**	**10,831,968**	**63%**

Since the implementation of the transfer pricing policy, all development costs for the Group's international projects have been borne by Neoen SA.

Equity

Equity changed as follows during the year:

Equity	Opening	Increase	Decrease	Closing
Parent company or individual equity	107,964,140	61,950,856		169,914,996
Share, merger premiums, etc.	64,027,003	436,756,903		500,783,906
Legal reserve	1,426,806	423,443		1,850,249
Other reserves				
Retained earnings		8,045,422		8,045,422
Net income for the year	8,468,865	9,376,196	8,468,865	9,376,196
Investment subsidies				
Accelerated depreciation	9,523		9,523	
TOTAL	**181,896,337**	**516,552,820**	**8,478,387**	**689,970,769**

Changes in capital are described under the heading “Activity and key events”.
Change in share capital and share premium is attributable to the company’s IPO (see “Capital transactions”).

Personnel expenses and average workforce

PAYROLL COSTS & AVERAGE EMPLOYEE NUMBERS	12/31/2018	12/31/2017	Change (€)	Chg (%)
Payroll costs				
Wages and salaries	7,943,796	6,406,270	1,537,526	24%
Social security contributions	4,207,081	4,056,982	150,099	4%
PAYROLL COSTS	**12,150,877**	**10,463,252**	**1,687,625**	**14%**
Full-time equivalent (FTE) - Average				
Executives	83	71	12	17%
Employees and supervisors	7	8	(1)	-13%
EMPLOYEE NUMBERS	**90**	**79**	**11**	**12%**

Use of the Competitiveness and Employment Tax Credit

In accordance with the ANC information note dated February 28, 2013, the Competitiveness and Employment Tax Credit (*Crédit d’impôt pour la compétitivité et l’emploi* – CICE) is recorded as a reduction of personnel expenses.
For the year ended December 31, 2018, the company recognised a CICE credit of €38,637 as a reduction of personnel expenses.

Borrowings

The company had €145 million in short-term credit facilities as at December 31, 2018, notably to finance the start of the construction of power plants before the signing of long-term project finance by the project company.

Subsidiaries and investments

See Annex 1.

Other information

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 organisations 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 recognised.

Off-balance sheet commitments

Commitments given

Neoen SA has stood guarantor for some of its subsidiaries for the implementation of project finance or tenders, under the following conditions:

Nature	Amount	Currency	Exchange Rate	Start	End	Eur Amount
Performance Bond - Corbas 1	664 600	EUR	1	10/12/2018	30/09/2022	664 600
Performance Bond - Corbas 3	568 700	EUR	1	10/12/2018	30/09/2022	568 700
First demand parent guaranty - BEC	3 000 000	EUR	1	21/12/2017	26/08/2032	3 000 000
Performance Bond - Azur Est	5 455 696	EUR	1	02/10/2018	31/03/2019	5 455 696
Performance Bond - Hauts Chemins	10 475 000	EUR	1	02/10/2018	31/07/2019	10 475 000
Performance Bond - Corbas 3	3 800 000	EUR	1	03/12/2018	31/07/2019	3 800 000
Performance Bond - Corbas 1	7 116 000	EUR	1	03/12/2018	31/07/2019	7 116 000
Performance Guaranty - BEC	750 000	EUR	1	16/04/2015	30/09/2018	750 000
Performance Guaranty 1 - Neoen Biosource	180 000	EUR	1	20/06/2014	19/06/2019	180 000
Performance Guaranty 2 - Neoen Biosource	150 000	EUR	1	06/06/2014	05/06/2019	150 000
Performance Bond - CEPAC - AO CRE 3	4 885 500	EUR	1	29/01/2016	10/12/2019	4 885 500
Performance Bond - CEPAC - AO CRE 4.1	4 028 900	EUR	1	02/05/2017	02/11/2020	4 028 900
Performance Bond - CEPAC - AO CRE 4.2	852 210	EUR	1	10/09/2017	10/03/2021	852 210
Performance Bond - CEPAC - AO CRE 4.4	751 000	EUR	1	19/09/2018	19/03/2022	751 000
Performance Guaranty - Torreilles	5 000 000	EUR	1	15/12/2011	01/06/2028	5 000 000
Performance Bond - Erec	515 000	USD	1	05/10/2018	30/06/2019	515 000
Interconnection Bond El Llano	16 200 000	USD	1	28/09/2017	30/06/2020	16 200 000
Performance Bond - El Llano	10 000 000	USD	1	09/04/2018	12/04/2021	10 000 000
Performance Bond - Suppliers - El llano	84 309 499	USD	1,14	30/12/2018		73 697 115
Environmental Performance Bond - El llano	2 500 000	MXN	22,48	26/12/2018		111 205
Performance Bond - Capella	12 000 000	USD	1,14	10/03/2017	10/03/2019	10 489 510
Bid Bond - Puebla	11 500 000	USD	1,14	28/09/2018	31/05/2019	10 052 448
Interconnection Bond - Puebla	24 000 000	USD	1,14	28/09/2018	31/05/2019	20 979 021
Bid Bond - Sonora	4 900 000	USD	1,14	28/09/2018	31/05/2019	4 283 217
Mexico Office Rental Guarantee	4 096 743	MXN	22,48	15/06/2018	14/09/2021	182 231
Shareholder Letter of Credit - Bangweulu	2 900 000	USD	1,14	10/11/2017	09/05/2019	2 534 965
Contingent Equity LC - Bangweulu	3 019 000	USD	1,14	08/11/2017	31/12/2020	2 638 986
Performance Bond - Hedet	25 500 000	EUR	1,00	24/09/2018	15/02/2019	25 500 000
Performance Bond - Hedet	760 000	EUR	1,00	26/07/2018	31/12/2019	760 000
Performance Bond - Bangweulu	12 000 000	USD	1,14	08/11/2017	30/06/2019	10 489 510
Performance Bond - La Puna	25 000 000	USD	1,14	21/06/2017	01/02/2020	21 853 147
Performance Bond - Altiplano	25 000 000	USD	1,14	06/08/2018	01/05/2020	21 853 147
Performance Bond - Bulgana	34 767 223	AUD	1,62	31/12/2018		21 434 786
Performance Bond - Coleambally	2 500 000	AUD	1,62	10/05/2017	31/12/2030	1 541 307
Performance Bond - Numurkah	3 880 000	AUD	1,62	04/12/2017		2 392 109
						305 185 310

Commitments received

The main shareholder (Impala) has stood guarantor for Neoen, mainly in connection with the obtaining of corporate bank financing and under the following conditions:

Who gives?	To who?	Nature	LC Amount	Currency	Start	End
Impala	SAARLB	Performance Bond - Torreilles	5 000 000	EUR	15/12/2011	01/06/2028
Impala	CEPAC	NEOEN / AO SOLAIRE 2012 PERFORMANCE GUARANTEES - CEPAC	780 488	EUR	29/01/2013	01/01/2032
Impala	CEPAC	AO CRE 3 - CEPAC	2 754 700	EUR	28/01/2016	01/01/2020
Impala	CEPAC	AO CRE 4 - CEPAC	1 295 850	EUR	02/05/2017	01/03/2019
Impala	CEPAC	AO CRE 4.2 - CEPAC	426 105	EUR	02/09/2017	01/09/2020
Impala	CREDIT AGRICOLE NMP	Neoen corporate line	10 000 000	EUR	26/07/2012	n/a
Impala	CIC EST	Neoen corporate line	7 500 000	EUR	23/11/2012	30/09/2019
Impala	LCL	Neoen corporate line	7 000 000	EUR	09/01/2013	31/01/2019
Impala	CEPAC	Neoen corporate line	11 250 000	EUR	03/10/2013	n/a
Impala	NEUFLIZE	Neoen corporate line	6 000 000	EUR	01/02/2015	n/a
Impala	SG	Neoen corporate line	6 500 000	EUR	01/11/2015	n/a
Impala	BNP	Neoen corporate line	5 000 000	EUR	21/11/2016	n/a
Impala	NATIXIS	Neoen corporate line	10 000 000	EUR	01/10/2016	n/a
Impala	CREDIT DU NORD	Neoen corporate line	5 000 000	EUR	01/10/2016	n/a
Impala	HSBC	Neoen corporate line	5 000 000	EUR	31/01/2018	n/a
Impala	JP Morgan	Neoen corporate line	5 000 000	EUR	25/05/2018	n/a
Impala	BARCLAYS	Neoen corporate line	7 500 000	EUR	25/05/2018	n/a
Impala	CA CIB	Neoen corporate line	3 333 333	EUR	18/05/2018	n/a
			99 340 476			

Tax consolidation

Neoen and several of its subsidiaries have opted for the tax consolidation regime. The scope of the tax consolidation for fiscal 2018 includes the following companies:

- Neoen: Parent
- Neoen Services: Subsidiary
- Neoen Solaire: Subsidiary
- Neoen Eolienne: Subsidiary
- Neoen Biopower: Subsidiary
- Neoen Biosource: Subsidiary
- Neoen International: Subsidiary

The tables below show details of the determination of the result of the tax consolidation as well as the calculation of the individual tax results without taking into account the effect of the tax consolidation.

Determination of fiscal result of tax group

	Recorded income	Reintegration	Deductions	Taxable income	Pre tax group losses applied	Taxable income after use of own losses
NEOEN	9 376 196	4 810 259	11 846 144	2 340 310	0	2 340 310
NEOEN Solaire	157 591	0	0	157 591	0	157 591
NEOEN Eolienne	(51 273)	0	0	(51 273)	0	(51 273)
NEOEN Biopower	4 693	0	0	4 693	0	4 693
NEOEN Services	449 209	68 708	0	517 917	0	517 917
NEOEN International	(4 652 634)	2 447 552	962 634	(3 167 716)	0	(3 167 716)
NEOEN Biosource	347 474	135 129	0	482 603	0	482 603
TAX GROUP INCOME	**5 631 256**	**7 461 648**	**12 808 778**	**284 125**	**0**	**284 125**

Application of Tax Group losses	(284 125)
Income after application	**0**
Tax due	**0**

Tax Group losses carried forward

Basis prior to application/addition 2018	4 537 565
Application/addition 2018	(284 125)
Balance at end 2018	**4 253 440**

Determination of individual company tax charges without Tax Group benefits

	Calculated without the benefit of a Tax Group				
	Taxable income	Carried losses at 31/12/2017	Losses Used	Taxable income	Theoretical tax charge (28%)
NEOEN	2 340 310	0	0	2 340 310	655 287
NEOEN Solaire	157 591	(203 694)	157 591	0	0
NEOEN Eolienne	(51 273)	(673 288)	0	0	0
NEOEN Biopower	4 693	(353 587)	4 693	0	0
NEOEN Services	517 917	(288 364)	288 364	229 553	64 275
NEOEN International	(3 167 716)	(6 793 829)	0	0	0
NEOEN Biosource	482 603	0	0	482 603	135 129

It should be noted that, in view of the tax consolidation of which the company is part as parent company of the Group, the individual tax as described above is not recognised. The only tax recognised is that for the consolidated group, if applicable.

Consolidation

The company's financial statements are fully consolidated in the consolidated financial statements of Impala SAS – 4 rue Euler, 75008 Paris.

Annex 1: Subsidiaries and equity investments

	Subsidiaries and equity investments	Date of creation / investment	Share Capital	Reserves and carry forwards prior to appropriation of results	Share of capital held (%)	Carrying value of securities held	Loans and advances granted by the company and not yet repaid	Securities and backing provided by the company	2018 Revenue (local currency)	2018 Net income (local currency)	Dividends received in 2018
Name **Legal form** **Business activity** **SIREN** **Headquarters**	BNRG Neoen Limited Limited Electricity generation 590 916 Unit 1b, Customs House Plaza, Harbourmaster Place, Dublin 1	Acquisition mai 2018	200		50%	100			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	CENTRALE EOLIENNE CLAIRE FONTAINE SASU Electricity generation 752 922 187 4 rue Euler - 75008 Paris	Acquisition janvier 2016	10 000	(57 850)	100%	10 000			-	(5 378)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	CENTRALE EOLIENNE LE JUSSELIN SASU Electricity generation 752 923 144 4 rue Euler - 75008 Paris	Acquisition janvier 2016	10 000		100%	10 000			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Centrale Solaire Orion 10 SASU Electricity generation 524 444 783 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(23 394)	100%	5 000			-	(6 398)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Centrale Solaire Orion 11 SASU Electricity generation 527 862 106 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(23 170)	100%	5 000			-	(4 025)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Centrale Solaire Orion 8 SASU Electricity generation 524 444 619 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(23 417)	100%	5 000			-	(3 850)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Centrale Solaire Orion 9 SASU Electricity generation 527 861 603 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(23 301)	100%	5 000			-	(3 855)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Eoliennes Chemin Vert SASU Electricity generation 524 444 833 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(31 591)	100%	5 000			-	(7 256)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Eoliennes Courcôme SASU Electricity generation 527 861 454 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(31 131)	100%	5 000			-	(17 173)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Eoliennes Rubercy SASU Electricity generation 752 914 655 4 rue Euler - 75008 Paris	Creation janvier 2016	10 000	(52 318)	100%	10 000			-	(5 092)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Eoliennes Saint Sauvant SASU Electricity generation 527 865 125 4 rue Euler - 75008 Paris	Acquisition janvier 2016	5 000	(24 935)	100%	5 000			-	(4 162)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Eoliennes Vesly SASU Electricity generation 752 914 663 4 rue Euler - 75008 Paris	Acquisition janvier 2016	10 000	(56 643)	100%	10 000			-	(5 450)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	N Development SGPS Electricity generation 509,748,619 AVENIDA DA LIBERDADE, N.º. 92-B, 5.º ANDAR, 1250-145 LISBOA	Creation décembre 2010	50 000		100%	50 000			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Nahualapa Solar SA de CV Electricity generation 239 701 -8 75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, EL SALVADOR	Creation décembre 2016	2000 (USD)		70%	930			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Argentina 0,00 Electricity generation Av. de Mayo 651 - Piso 3°, Oficina 14 - Ciudad Autónoma de Buenos Aires	Creation janvier 2015	9 133 604 (ARS)		95%	176 297			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	NEOEN Australia LTD Electricity generation ACN 160 905 SUITE 4 – LEVEL 7 / 60 PARK STREET NSW 2000 SYDNEY - AUSTRALIA	Creation janvier 2015	1,000 (AUD)		100%	800			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Biopower SASU Electricity generation 511 780 215 4 rue Euler - 75008 Paris	Creation janvier 2015	37 000	97 853	100%	37 000			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Biosource SASU Electricity generation 792 139 586 4 rue Euler - 75008 Paris	Creation janvier 2015	10 000	47 422	100%	10 000			8 751 132		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen El Salvador Electricity generation 236 487 -7 75 AVENIDA NORTE Y 9A CALLE PONIENTE NO 536, COLONIA ESCALON, SAN SALVADOR	Creation avril 2017	439,710 (USD)		100%	400 995			-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Eolienne Electricity generation 509 212 585 4 rue Euler - 75008 Paris	Creation avril 2017	37 000	(686 586)	100%	37 000			-		n/a

Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen International Electricity generation 789 991 635 4 rue Euler - 75008 Paris		Creation mai 2015	100 000	(8 269 325)	100%	100 000	-	(4 652 634)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Investissement Electricity generation 820 556 074 4 rue Euler - 75008 Paris		Creation octobre 2016	20 000	(95 314)	100%	20 000	-	267 567	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Northern Hemisphere Electricity generation 828 197 798 4 rue Euler - 75008 Paris		Creation février 2013	20 000	(6 467)	100%	20 000	-	(97 359)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Production 1 Electricity generation 799 259 429 4 rue Euler - 75008 Paris		Creation octobre 2016	10 000	(2 980 638)	100%	10 000	-	(1 347 010)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Production 2 Electricity generation 824 735 559 4 rue Euler - 75008 Paris		Creation septembre 2013	2 500	2 912 511	100%	2 500	-	5 218 272	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Production 3 Electricity generation 523,207,207 4 rue Euler - 75008 Paris		Creation mai 2015	2 500	(30 382)	100%	2 500	-	(10 686)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Services Electricity generation 492 690 821 4 rue Euler - 75008 Paris		Creation mai 2015	51 210 000	(78 258 216)	100%	51 210 000	19 609	449 209	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Servicios Mexico Electricity generation Temistocles 34, Polanco, DF 11560, MEXICO		Creation juillet 2015	50,000 (USD)	-	99%	44 955	-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Neoen Solaire Electricity generation 509 319 257 4 rue Euler - 75008 Paris		Creation octobre 2014	37 000	5 149 005	100%	37 000	-	157 591	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	New Renewables Zambia Ltd Electricity generation Building 3 Acacia Park, Stand N° 22768, Thabo Mbeki Road, Lusaka	0,00	Creation février 2014	1,515 (USD)	-	100%	1 430	-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	NP Investment SGPS Electricity generation 509 876 636 AVENIDA DA LIBERDADE, N.º. 92-B, 5.º ANDAR, 1250-145 LISBOA		Creation février 2014	50 000	-	100%	50 000	-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	NPI II SGPS Electricity generation 513 900 594 AVENIDA DA LIBERDADE, N.º. 92-B, 5.º ANDAR, 1250-145 LISBOA		Creation février 2014	50 000	-	100%	50 000	-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	PARC EOLIEN DES AVALOIRS SASU Electricity generation 524 444 882 4 rue Euler - 75008 Paris		Creation mars 2016	6 000	(27 576)	100%	6 000	-	(8 573)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Pedregral Solar Electricity generation 239 697 -9 75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, EL SALVADOR		Creation mars 2014	2000 (USD)	-	70%	1 328	-		n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	SASU PV Le Champ de Manœuvre Electricity generation 527 861 710 4 rue Euler - 75008 Paris		Creation février 2016	5 000	(73 082)	100%	5 000	-	(6 488)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	SASU PV Le Moulin de Beuvry Electricity generation 527 865 190 Les Pléiades Bât E, 860 Rue René Descartes - 13857 Aix en Provence Cedex 3		Creation février 2016	5 000	(23 760)	100%	5 000	-	(2 144)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	SASU PV Les Poulettes Electricity generation 527 861 694 Les Pléiades Bât E, 860 Rue René Descartes - 13857 Aix en Provence Cedex 3		Creation février 2016	5 000	(27 401)	100%	5 000	-	(14 462)	n/a
Name **Legal form** **Business activity** **SIREN** **Headquarters**	Spica Solar Electricity generation 243 460 -0 75 Av. Norte y 9a Calle Poniente #536, Colonia Escalon, San Salvador, EL SALVADOR		Creation février 2016	2,000 (USD)	-	70%	1 328	-		n/a

5.4 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF NEOEN SA AS AT DECEMBER 31, 2018

DELOITTE & ASSOCIES

6 place de la Pyramide
92908 Paris-la Défense

RSM Paris

26, rue Cambacérès
75 008 Paris

NEOEN

Société anonyme
6, rue Ménars
75002 Paris

Statutory auditors’ report on the financial statements

Year ended December 31, 2018

This is a translation into English of the statutory auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors’ report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

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, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 in compliance with independence rules applicable to us, for the period from January 1, 2018 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 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) **relating** to the justification of our assessments, we are required to 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.

We have determined that there were no key audit matters to disclose 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 the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-4 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.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information presented in accordance with the requirements of Article L.225-37-3 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 controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Other disclosures

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to acquisitions of investments and controlling interests.

Report on Other Legal and Regulatory Requirements

- **Appointment of the Statutory Auditors**

Constantin Associés were appointed as statutory auditors of NEOEN by the Shareholders’ Meeting of September 13, 2008 and replaced by Deloitte at the Shareholders’ Meeting of April 22, 2014. RSM Paris were appointed as statutory auditors by the Shareholders’ Meeting of September 12, 2018.

As of December 31, 2018, Deloitte & Associés and RSM Paris were in the 11th year and first year 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 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 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 by Article L.823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. He also:

- 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 that is 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;
- Concludes on 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 whether the financial 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.

At Paris-la Défense and Paris, April 17, 2019

The Statutory Auditors

Deloitte & Associés	RSM Paris
François Xavier AMEYE	Etienne de BRYAS

5.5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

DELOITTE & ASSOCIES	RSM Paris
6 place de la Pyramide 92908 Paris-la Défense	26, rue Cambacérès 75 008 Paris

NEOEN

Société anonyme

6, rue Ménars
75002 Paris

Statutory auditors' report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2018

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments 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 and commitments 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,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

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 and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and 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 and commitments 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 and commitments 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 AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and concluded during the year

Pursuant to Article R.225-40 of the French Commercial Code, we have been informed that the following agreements and commitments were previously authorized by your Board of Directors.

Underwriting Agreement

Persons concerned:

Impala SAS, FPCI Capenergie II, represented by its management company Omnes Capital, and FPCI Fonds ETI 2020, represented by its management company Bpifrance Investissement (the "Transferring Shareholders")

Nature and purpose:

- Underwriting Agreement between Neoen SA (the "Company") and the Transferring Shareholders, on the one hand, and J.P Morgan Securities plc and Natixis as Overall Coordinators, Barclays PLC and Société Générale as Related Bookrunners, and Carnegie AS as Related Lead Arranger (the "Underwriting Institutions"), on the other hand, signed on October 16, 2018.

Terms and conditions:

- The signing of this underwriting agreement was previously authorized by the Board of Directors on October 16, 2018.

- Under this agreement, the Underwriting Institutions, not acting severally between them, each pledged, for a maximum number of shares offered as part of the Company's IPO, to have purchased and paid, subscribed and freed up, or where necessary, purchase and pay, subscribe and free up themselves, the shares offered at the offer price on the settlement-delivery date.

- The commitments undertaken by the Underwriting Institutions were subject to standard conditions precedent.

- The underwriting agreement provides that the contracting financial institutions be compensated with the fees stipulated therein.

- The total number of Neoen shares offered as part of its IPO following the exercise of the greenshoe option totaled 42,249,457, i.e. 27,272,727 new shares and 14,976,730 existing shares, bringing the size of the offering to around €697 million.

Reasons justifying that the agreement is in the Company's interest

- The underwriting agreement falls within the context of the Company's IPO and is an inseparable component in accordance with market practices. Considering the benefits for the Company expected from the IPO, the Board considers that the underwriting agreement complied with the Company's corporate interest.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during the year

We have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting of October 2, 2018 based on the Statutory Auditors' Special Report of September 17, 2018, had continuing effect during the year.

Commitments regarding a severance payment and non-compete compensation for the Chairman and CEO, subject to the admission of the Company's shares for trading on the Euronext Paris regulated market.

Person concerned:

Mr. Xavier Barbaro, Chairman and CEO

Terms and conditions of the commitment:

- In the event of the termination (except for gross or willful misconduct) or non-renewal of his term of office, the CEO will receive a severance pay (V "Severance") equivalent to six (6) months' salary (the "Salary"), one month's salary being defined as the sum of (i) the average fixed monthly salaries paid over the twelve months preceding the end of the term of office and (ii) the monthly average of the last two variable salary amounts paid.
- The payment of the severance will be subject to the condition precedent that the Group's total net income for the last two years, preceding his termination or, depending on the case, the expiry of his non-renewed term of office, is positive.
- In the event that he ceases his duties under his term of office, the CEO undertakes not to conduct, on French territory, under whatever capacity, an activity that competes with that of the Company, and not to take interest directly or indirectly in any activities that could compete with the Company's activities during a period of twelve (12) months as from the termination of said duties.
- In consideration for this non-compete undertaking, the CEO will receive during the twelve (12) months following the cessation of his term of office a monthly financial sum equal to 70% of the salary received during the twelve (12) months preceding the date of termination of his duties within the Company. The Company reserves the right to waive the benefits of this non-compete clause.
- It should be noted that the payment of this non-compete compensation will be removed once the CEO retires. In any case, no compensation can be paid over the age of 65.

Paris-la Défense and Paris, April 17, 2019

The Statutory Auditors

Deloitte & Associés	RSM Paris
François Xavier AMEYE	Etienne de BRYAS

6. GLOSSARY

Turbine	Generator producing electricity from kinetic wind energy. The main component of a wind asset.
Aggregator	Intermediary that purchases electricity from an electricity producer to sell it on the electricity market. The Group contracts with an aggregator when it wishes to sell the electricity produced by its assets on certain wholesale electricity market (*spot market*).
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 park, other than photovoltaic panels, or a wind park, other than turbines, including inverters, transformers, electrical protection devices, wiring and control equipment, as well as structural elements such as mounting frames or wind turbine masts.
Biomass	Process for producing electricity using the heat generated by the combustion of organic materials of plant or animal origin (biomass by combustion) or bio-gas from the fermentation of these materials (though the latter is not one of the Group's activities).
Standard test conditions	Standardised test conditions for measuring the nominal power produced by photovoltaic cells or panels corresponding to (i) an irradiation level of 1,000 W/m^2, (ii) an air mass level of 1.5 units, and (iii) a cell or panel temperature of 25°C.
Power Purchase Agreement or "*PPA*"	Contract by which an electricity producer sells, for a fixed price, all or part of its electricity production to a purchaser of electricity.
EPC ("Engineering, Procurement and Construction") Contract	Design, supply and installation contracts for photovoltaic, wind or biomass plants. These contracts generally include the supply of photovoltaic panels or wind turbines and other system components (BOS or BOP components).
O&M ("Operation and Maintenance") Contract	Operation and maintenance contract for a photovoltaic, wind or biomass asset. Generally, the O&M service provider is the EPC contractor for the construction of the asset.
Contract for difference or "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 ("M0i " price) via an aggregator.
Turbine Supply Agreement or "TSA"	Contract pursuant to which a supplier supplies, transports, installs and commissions turbines.
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 fulfill for the connection of an electricity production installation to a given electrical grid.
Levelised Cost of Energy or "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.

Commercial operation date (COD)	Date at which a solar, wind or biomass asset is connected to the grid and starts selling the electricity it produces.
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 biomass asset and obtains the necessary certifications and performance to meet the "provisional acceptance" criteria under EPC contracts and other agreements relating to that asset.
Average availability	Ratio between the energy actually produced by a photovoltaic, wind or biomass asset during a given period and the energy that could theoretically be produced by the asset during the same period.
Wind kinetic energy	Energy generated by moving air, depending on its mass and speed.
Wind	Process to transform the kinetic energy of the wind into mechanical energy and then into electrical energy through the use of turbines.
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).
Megawatt ("MW")	Standard unit measuring electrical power, equivalent to 1,000 kW or one million watts.
Megawatt-hour ("MWh")	Standard unit measuring the electrical generated or consumed (power expressed in MW multiplied by a period expressed in hours).
Green bonds	Debt securities whose proceeds are used to finance projects eligible for sustainability ratings under given social or environmental criteria, in particular by reference to the relevant guidelines established by the International Capital Markets Association ("Green Bonds Principles").
Inverter	Device for converting a direct current ("DC") produced by a photovoltaic, wind or biomass asset into an alternating current ("AC") compatible with electricity transmission and distribution networks.
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.
Grid parity	Where the levelised cost of electricity ("LCOE") of a renewable energy source is less than or equal to the purchase price of electricity on the grid.
Solar	Process for producing an electric current by exposing semiconductor materials to light.
Peak power	Maximum power produced by a photovoltaic panel under standard test conditions.
Installed power	Level of peak power watts or watts, as applicable, for a given solar, wind or biomass asset or storage.

PV	Abbreviation of "photovoltaic."
Performance ratio ("PR")	Ratio expressed as a percentage between actual electricity production and theoretical production over a reference period.
Grid curtailment	Where 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	The combined energy infrastructures used to transport electrical energy from electrical production units to consumers.
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.
Polycrystalline silicon	Basic material composing photovoltaic cells, produced by re-melting refined silicon pieces and then solidifying them by 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 more widespread but a slightly less efficient than monocrystalline silicon.
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, biomass or storage asset of the Group while carrying the debt (without recourse to the Company or any other Group entities outside of the debt financing perimeter) relating to the energy-producing asset.
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 biomass asset in real time.
Feed-in-tariff or "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.
Internal rate of return ("IRR") of a project	Ratio between a project's future cash flows and its foreseeable costs (including the related cost of debt).
Transformer	Conversion device for changing the voltage and intensity of an electric current into an electric current of different voltage and intensity.
Watt ("W")	Standard unit measuring (for the Group) the electrical power of a solar asset, established under standard test conditions or of a wind, biomass or storage asset.
"Early stage" projects	A project (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.
Advanced Development	The following items must be completed: (i) real estate (signing of a contract validating the use of the land), (ii) access to the grid (preliminary connection to the grid confirmed), (iii) technical (pre-design studies completed)

" *Tender-ready* " projects	A project for which either: - a building permit was obtained and all the conditions prior to the signing of an off-take contract have been met, in any country (i) which has a renewable energy development program through recurring bidding procedures; or (i) has a liquid market of power purchase agreements with private companies; - or a feed-in tariff is available and an application for a building permit has been submitted. Based on these criteria, a project reaching the " *tender -ready*" phase will not be classified at a less advanced stage as long as (i) the renewable energy market of the country concerned remains unchanged; and (ii) the requirements for obtaining an off-take contract remain the same.
"Awarded"	An initial request for authorisation (environmental for a wind project or building permits for a solar project) for the project was accepted and no longer subject to an appeal, and there is a guaranteed off-take once the project is built or the project has won through a competitive auction process. 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 completed during this stage.
Projects " *under construction* "	The instruction to proceed ("*notice to proceed (NTP)*" has been given to the relevant *EPC* contractor. The asset will remain in this category until the provisional acceptance has been signed, even if the plant has begun producing and selling energy.
Projects " *in operation*"	The *provisional acceptance* has been signed. Responsibility for the asset has been handed over by the construction team to the operations team.

7. DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIALREPORT

"I certify that, to the best of my knowledge, the financial statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all companies included in the scope of consolidation, and that the management report presents a faithful statement of the changes in the business, results and financial position of the Company and of all companies included in the scope of consolidation, and a description of the main risks and uncertainties to which they relate."

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XAVIER BARBARO
As Chairman and Chief Executive Officer of the Company as a limited company (société anonyme)

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XAVIER BARBARO
As Chairman of the Company as a simplified joint-stock company (société par actions simplifiée)