Neoen

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FIRST AMENDMENT TO THE 2019 UNIVERSAL REGISTRATION DOCUMENT

This amendment to the 2019 Universal Registration Document was filed on March 15, 2021 with the AMF, in its capacity as a competent authority under Regulation (EU) 2017-1129, without prior approval in accordance with Article 9 of said Regulation.

The universal registration document may be used for the purposes of an offer to the public of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments to the universal registration document. The package then formed is approved by the AMF in accordance with Regulation (EU) 2017-1129.

This Amendment (the "**Amendment**") supplements and should be read in conjunction with the 2019 Universal Registration Document filed with the AMF on April 28, 2020 under number D. 20-0386 (the "**2019 Universal Registration Document**").

A cross-reference table is provided in this Amendment to facilitate locating the information incorporated by reference and the updated or amended information.

In the Amendment, "**Neoen**" and the "**Company**" refer to Neoen S.A. and the "**Group**" refers to the Company and all its consolidated subsidiaries.

The 2019 Universal Registration Document and this Amendment are available on Neoen's website (www.neoen.com) as well as on the website of the AMF (www.amf-france.org).

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1 PRESENTATION

1.1 OVERVIEW

Section 1.1.2 entitled “Strategy” in Chapter 1 of the 2019 Universal Registration Document is superseded by the following:

Our vision

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

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

Our mission

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

Our strategy

Consolidating our existing geographical positioning

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

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

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

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

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

Selling our energy through different channels

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

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

Mainly organic growth

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

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

Keeping most of our assets long-term

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

Adopting a complementary, Farm-Down approach

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

Maintaining supplier diversity

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

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

Implementing protective financing

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

1.2 DESCRIPTION OF THE RENEWABLE ENERGY MARKET

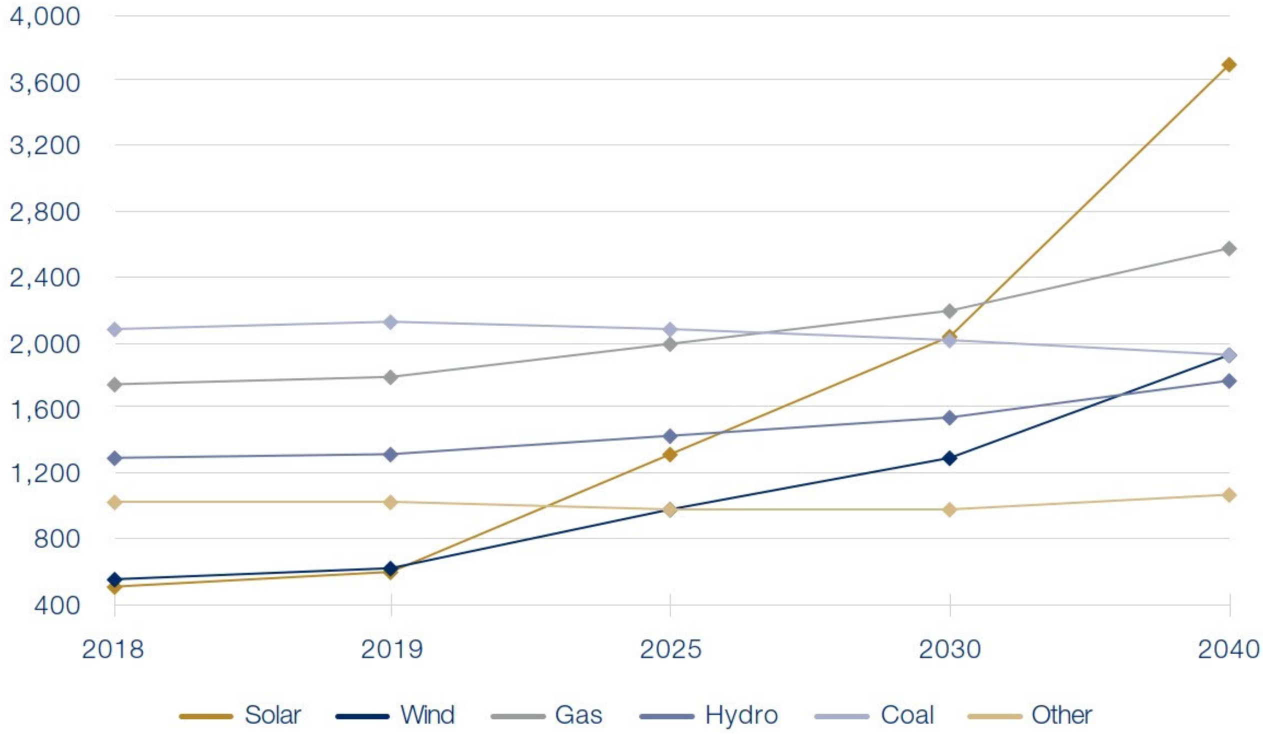
Section 1.2 entitled "Description of the Renewable Energy Market" in Chapter 1 of the 2019 Universal Registration Document is superseded by the following:

1.2.1 A RAPIDLY GROWING GLOBAL RENEWABLE ENERGY MARKET

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

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

Projected global operational capacity (in GW)

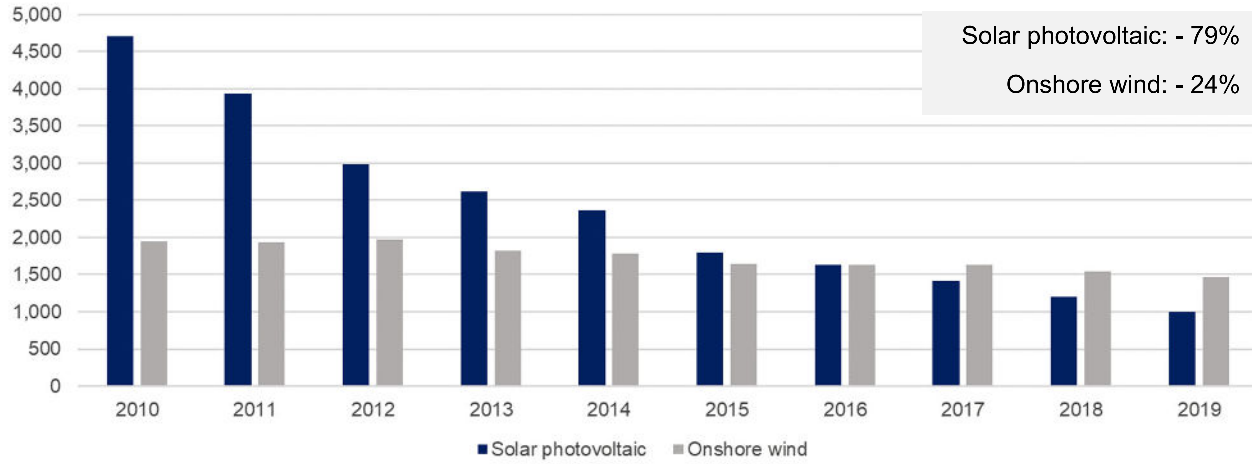


Source: International Energy Agency (2020), World Energy Outlook 2020, IEA, Paris

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

- the commitment of States to fight global warming, as demonstrated by international agreements such as the Paris Agreement. Energy is one of the areas in which most can be done to reduce CO_2 emissions today, since low-carbon solutions such as renewable energies exist and are effective;
- the competitiveness of solar and wind power, which are currently the cheapest energy production solutions in many parts of the world. Over and above the political will, replacing ageing thermal power generation facilities by renewable technologies is often an economic no-brainer. The growing competitiveness of renewable energies is reflected in the fact that their costs have decreased considerably due to technological and operational factors;

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



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

- government support now goes beyond subsidies for electricity production and is part of the long-term approach consisting of an energy transition. Some countries see this as an opportunity to boost their economies, ensure sustainable and cheap electricity production and create jobs to offset the loss of those traditionally found in declining carbon-intensive industries. “Hydrogen plans” or support for electric cars in Europe are some of the most recent examples. These new areas of electricity use should also increase medium-term demand and stimulate renewable energies because of their competitiveness;
- the desire to green the energy mix is also evident in the private sector, for civic, economic or marketing reasons. We are seeing an increasing number of corporate purchasing agreements, which stand out from the rest in initiatives such as the “RE100”[1] and highlight their renewable energy acquisition strategy, enabling them to be recognised as “green” companies committed to clean energy policies. Their use of renewables also enables these companies to reduce their costs and mitigate the risk of price volatility affecting their electricity requirements. Neoen expects that a substantial market for corporate off-take agreements for renewables will develop in the coming years, as the grid parity extends and these energy consumers become increasingly sophisticated. In fact, the market for power purchase agreements with private off-takers (corporate PPAs) represented a volume of 23.7 GW in 2020, involving more than 130 companies. This is 18% up on the 20.1 GW in 2018 and more than 75% up on 2017 (Source: *BNEF's 1H 2021 Corporate Energy Market Outlook*).

1.2.2 THE GROWING IMPACT OF STORAGE SOLUTIONS

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

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

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

Forecast of global evolution of storage capacities

In 2019, more than 10 GW of batteries are connected to the electricity grid. For the first time in nearly a decade, annual battery storage capacity decreased in 2019, particularly in the United States and Europe. Conversely, the

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

Australian market continued its momentum with the installation of around 200 MW of additional storage capacity in 2019. Further market expansion was expected in 2020, but the COVID-19 crisis led to short-term delays in the deployment of battery storage facilities due to temporary shutdowns and disruptions in the supply chain (World Energy Outlook, 2020).

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

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

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

1.2.3 MARKET STRUCTURES

1.2.3.1 TERMS OF ELECTRICITY SALE

Renewable energy producers may sell the electricity generated by their plants under different types of long-term contracts with one or more purchasers which may be public or private electricity distribution companies (utilities), public authorities or private off-takers. These contracts are described in more detail in sections 1.3.4.1 "Customers" and 1.3.4.2 "Power purchase agreements" of this Amendment.

This categorisation can be summarised as follows:

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

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

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

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

These sales may take place in the following ways:

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

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

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

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

1.2.3.2 TENDENCIES HAVING AN IMPACT ON MARKET STRUCTURE

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

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

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

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

1.2.4 COMPETITIVE ENVIRONMENT

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

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

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

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

Main players in national markets

Country	Markets	Players	Capacity of assets in operation (in MW)
Argentina	Wind and solar power 2019	Genneia S.A.	364
		Pampa Energy	206
		Central Puerto	205
		360 Energy	114
		Energia y Minerai Sociedad del Estado	100
Australia	Wind and solar power 2019	**Neoen**	931
		Infigen	726
		FRV Australia	534
		CWP Renewables	518
		Pacific Hydro	485
Finland	Wind power 2019	Tuuliwatti Oy	423
		Taaleri Pääomarahastot Oy	290
		EPV Tuulivoima Oy	233
		Suomen Hyötytuuli Oy	187
France	Wind and solar power 2019	Engie	3,700
		EDF Renouvelables	1,987
		Boralex	1,811
		Neoen	771
		Total Quadran	560
Mexico	Wind and solar power 2020	Enel	2,923
		Acciona Energia	1,144
		IEnova (Sempra)	933
		Iberdrola	867
		Zuma Energia	750
Portugal	Wind and solar power 2020	EDP Renewables	1,164
		Finerge	927
		Iberwind	726
		Trustenergy	489
		Generg	467
El Salvador	Wind and solar power, and storage activities 2020	**Neoen**	244
		AES	143
		Real Infrastructure	67
		Ventus	50
		Grupo Borja	24

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

1.3 NEOEN'S BUSINESS

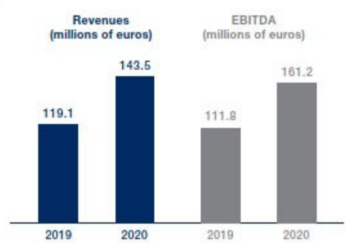
Section 1.3 entitled "Neoen's Business" in Chapter 1 of the 2019 Universal Registration Document is superseded by the following:

1.3.1 BUSINESS ACTIVITIES AND KEY FIGURES

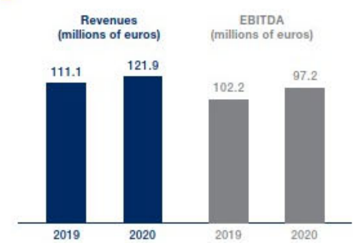
The Group's activity is centered on the production of solar and wind energy and on the development of energy storage solutions. As of December 31, 2020 the Group had 255 employees and was active in 15 countries spanning 4 continents. The main geographical zones in which the Group operates are as follows:Australia,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

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

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



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



1.3.2 OPERATING SEGMENTS

1.3.2.1 KEY FINANCIAL AND OPERATIONAL INFORMATION

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

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

1.3.2.2 PLANNING AND DEVELOPMENT OF SOLAR AND WIND PROJECTS

(i) Identifying opportunities

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

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

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

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

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

(ii) Bidding for projects

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

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

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

(iii) Developing projects

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

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

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

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

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

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

(iv) Procurement and construction

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

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

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

(v) Farm-Down of projects

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

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

(vi) Operating assets

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

Classification of projects

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

Projects in “early stage” phase	Projects (i) located on land with respect to which the owner has confirmed his or her intention to agree a contract with the Group for the applicable land rights, (ii) in proximity to an electric grid to which the project may be connected and (iii) for which technical studies have been initiated but not yet finalized.
Projects in “advanced development” phase	Projects for which the following elements must be achieved: - real-estate: signature of a contract validating the use of the land; - access to the electricity grid: preliminary grid connection; - technical: completed pre-design engineering.
Projects in “tender-ready” phase	Projects where either: 1. a building permit has been obtained and all the conditions precedent to the signing of an electricity sales contract have been fulfilled in a country which: a) has a renewable energy development program through recurrent tenders, or

	b) has a liquid market for electricity sales contracts with private companies. 2. feed-in tariffs are available and a building permit application has been submitted. Based on such criteria, once a project reaches the tender-ready stage, it will not be reclassified to a less advanced stage as long as: 3. the market dynamics of renewable energies in the country in question remain unchanged; and 4. the requirements for obtaining an electricity sales contract remain the same. Projects in "advanced development" phase and projects in "tender-ready" phase constitute the "advanced pipeline". Projects in "advanced development" that win a tender through a competitive auction process are classified as "awarded" projects without being first classified as tender-ready.
Projects in "awarded" phase	A: The primary authorisation request for the project has resulted in a positive outcome and is no longer subject to an appeal, and there is a guaranteed off-take once the project is built; or B: the project was won through a competitive auction process or a long-term PPA was signed. At this stage, certain additional licenses may be required as long as the Group judges them to be secondary to the applicable primary authorisation. Depending on what could be achieved during the initial development phase, land procurement and additional studies may also be underway. Discussion and contracting with an EPC, as well as project financing negotiations, are usually advanced during this stage.
Projects in "under construction" phase	For these projects the notice to proceed ("NTP") has been given to the relevant EPC contractor. The asset remains in this category until it enters operation in accordance with the requirements specified below.
Projects in "in operation" phase	All the equipment in a solar or wind power plant or a storage facility is installed, commissioned and connected, and the facility is authorised to operate at full power. Performance tests and/or the production of the documentation provided for in the EPC contract may still be in progress up to the provisional acceptance date. Projects in "awarded" phase, projects "under construction" and projects "in operation" form the "secured portfolio".

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

1.3.2.3 ENERGY STORAGE

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

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

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

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

(i) Frequency regulation

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

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

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

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

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

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

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

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

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

(ii) Inertia

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

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

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

(iii) Capacity reserve

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

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

(iv) Load shifting or arbitrage

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

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

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

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

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

(v) Approach to energy storage project development

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

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

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

1.3.3 GEOGRAPHIC FOOTPRINT

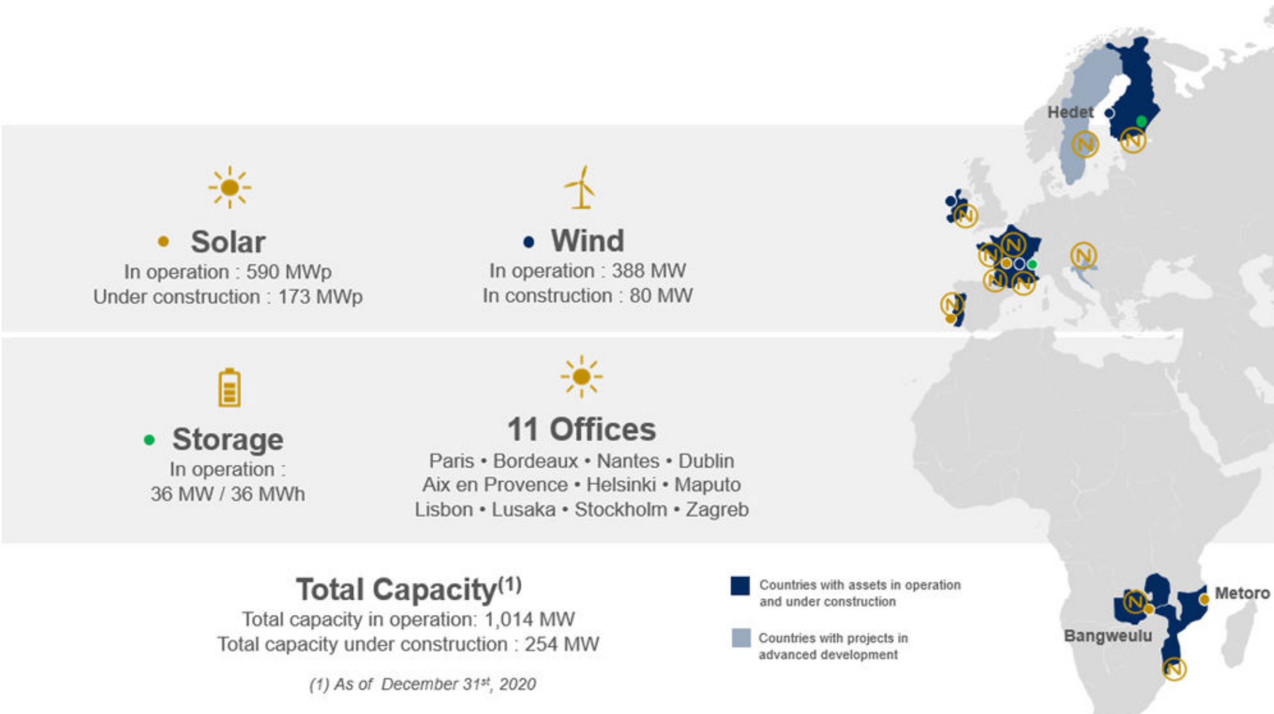
As of the date of this Amendment, the Group has a presence in 15 countries worldwide: Argentina, Australia, Croatia, Ecuador, El Salvador, Finland, France, Ireland, Jamaica, Mozambique, Mexico, Portugal, Sweden, the United States and Zambia. The Group has diversified its geographic presence over time,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

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

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

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

1.3.3.1 EUROPE–AFRICA



A. Main national markets

1. FRANCE

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

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

Regulatory context

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

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

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

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

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

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

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

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

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

Electricity generation capacity

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

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

Installed capacity by technology (in MW)	
Nuclear	62,250
Hydraulic	25,483
Wind	16,727
Gas	12,196
Solar	9,613
Fuel oil	2,892
Coal	2,978
Bioenergies	2,119
TOTAL	**134,258**

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

2. PORTUGAL

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

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

Regulatory context

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

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

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

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

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

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

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

Electricity generation capacity

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

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

Installed capacity by technology (in MW)

Hydraulic	7,129
Wind	5,456
Solar	1,030
Bioenergies	891
TOTAL	**14,506**

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

3. FINLAND

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

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

Regulatory context

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

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

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

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

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

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

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

Electricity generation capacity

At the end of 2019, electricity consumption in Finland was 86 TWh while its production was 67 TWh. Finland is a net importer of electricity. Finland is currently diversifying its import sources (mainly Sweden and Russia).

Installed capacity by technology (in MW)

Bioenergies	3,687
Hydraulic	3,148
Nuclear	2,785
Coal	2,278
Wind	2,013
Gas	1,912
Fuel oil	1,434
Solar	3
TOTAL	**17,280**

Source: European Network of Transmission System Operators for Electricity (2019 data).

In 2018, hydropower accounted for 19 % of Finland's total electricity generation, while nuclear power accounted for 32 %.

The total projected nuclear capacity by 2030 is 4.4 GW taking into account the commissioning of the Olkiluoto 3 power plant in 2021. It is expected that coal-based electricity generation capacity will be dismantled by 2030 to ensure compliance with the Finnish commitment to the Paris Agreement.

B. Other national markets

(i) Ireland

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

However, the Republic of Ireland's CO_2 emissions remain 13 % above the EU average given its dependence on coal and peat: overall, its energy needs remain 86 % dependent on fossil fuels.

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

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

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

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

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

(ii) Mozambique

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

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

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

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

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

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

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

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

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

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

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

(iii) Zambia

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

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

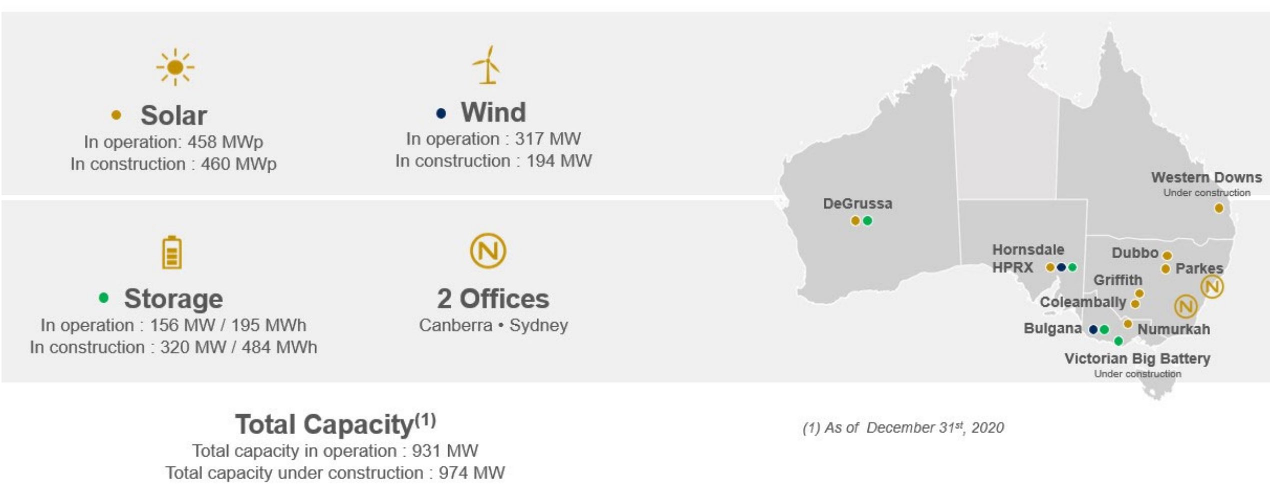
To date, the penetration of renewable energies, excluding hydraulic technology, is therefore supported by the GET FiT Zambia programme launched in 2015 as well as by the World Bank's IFC Scaling Solar programme:

- IFC Scaling Solar is a competitive bidding process that includes pre-arranged financing as well as insurance and risk products. In this context, in 2016, the Group won a capacity of 54 MWp out of the 100 MW proposed during the first part of the programme. In May 2017, the Industrial Development Corporation, with the support of the IFC decided to launch a second tender for a capacity of 200 to 300 MWp in solar projects. Twelve participants, including the Group, were pre-qualified for the tender in June 2017 but the results of this tender and its schedule are not currently known;
- the 2015 GET FiT Zambia programme aimed to support the deployment of 200 MW of renewable energies by 2020, through a series of projects with a maximum unit size of 20 MW. The first stage of this programme was launched in early 2018: on April 5, 2019, six solar projects won this first tender for a total capacity of 120 MWp.

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

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

1.3.3.2 AUSTRALIA



4. AUSTRALIA

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

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

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

Regulatory context

Under the Paris Agreement, Australia undertook to reduce its CO_2 emissions by 26 to 28 % by 2030 compared to their 2005 level. The Australian Government also undertook to ensure that by 2030, 49 % of its electricity will be generated from renewable sources, and 78 % by 2050 (including hydropower).

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

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

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

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

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

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

Electricity generation capacity

In 2019, electricity consumption on Australia's main grid, the National Electricity Market (NEM), was 182 TWh and is expected to grow moderately by 2030 with an average annual growth rate of 0.1 % before returning to more sustained growth of 0.6 % annually until 2040.

At 14 November 2019, the installed electric capacity on the NEM was approx. 53.6 GW, including coal (23.1 GW), natural gas (12.3 GW), hydropower (8.0 GW), wind (6.1 GW), solar (3.1 GWp) and biomass (0.6 GW) capacities.

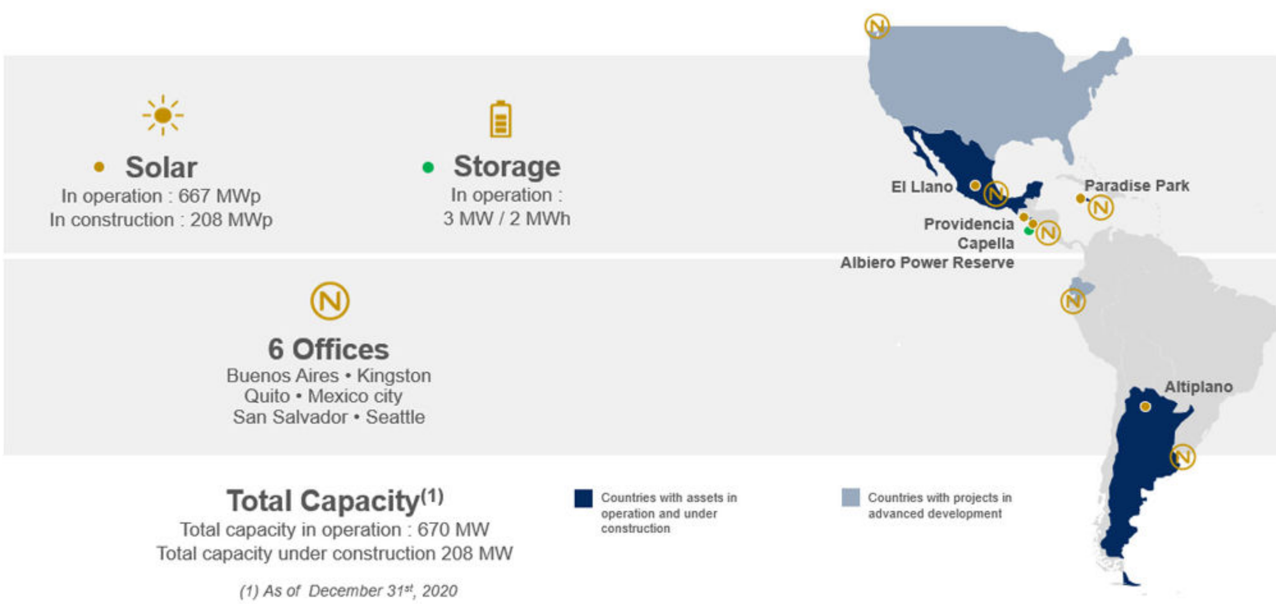
Installed capacity by technology (in MW)

Coal	23,121
Gas	12,274
Hydraulic	7,981
Wind	6,141
Solar	3,087
Other	1,024
TOTAL	**53,628**

Source: AEMO (2019 data).

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

1.3.3.3 AMERICAS



A. Main national markets

5. EL SALVADOR

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

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

Regulatory context

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

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

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

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

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

Electricity generation capacity

As of June 30, 2020, the total installed capacity in El Salvador was 2,012 MW, with 757 MW of thermal capacity, 553 MW of hydro capacity, 294 MW of biomass capacity, 204 MW of geothermal capacity and 204 MWp of solar energy.

Installed capacity by technology (in MW)

Thermal	757
Hydraulic	553
Bioenergies	294
Geothermal	204
Solar	204
TOTAL	**2,012**

Source: Gobierno de El Salvador – Boletín de estadísticas eléctricas (2020 data).

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

6. ARGENTINA

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

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

Regulatory context

The Argentine government intends to increase the installed power generation capacity by 14 GW by 2025 compared to its 2017 level (36 GW). The current installed capacity is 39.7 GW.

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

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

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

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

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

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

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

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

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

Electricity generation capacity

At the end of 2019, total installed electrical capacity (39.7 GW) was composed of thermal (62 %), hydro (27 %), nuclear (4 %) and non-hydro renewable sources (7 %).

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

Installed capacity by technology (in MW)	
Thermal	24,545
Hydraulic	10,812
Renewable	2,591
Nuclear	1,755
TOTAL	**39,703**

Source: CAMMESA (2019 data).

7. MEXICO

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

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

Regulatory context

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

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

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

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

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

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

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

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

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

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

Electricity generation capacity

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

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

Renewables have grown + 3.1 GW since 2019.

Installed capacity by technology (in MW)	
Gas	37,539
Oil	12,774
Hydraulic	12,612
Wind	6,977
Solar	5,795
Coal	5,463
Other	1,906
Nuclear	1,608
Geothermal	951
Bioenergies	408
TOTAL	**86,033**

Source: Prodesen 2021 (2020 data).

B. Other national markets

(i) Jamaica

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

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

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

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

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

1.3.4 CUSTOMERS, SUPPLIERS AND GROUP'S CONTRACTS

1.3.4.1 CUSTOMERS

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

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

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

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

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

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

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

(i) Governments and state actors

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

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

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

(ii) Utilities

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

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

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

(iii) Corporate off-takers

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

(iv) Spot market sales and short-term contracts

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

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

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

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

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

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

1.3.4.2 POWER PURCHASE AGREEMENTS

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

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

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

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

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

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

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

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

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

Privately negotiated power purchase agreements

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

Feed-in tariffs

Certain PPAs that the Group entered into in connection with past tenders or *via* the open-window framework submissions were based on the mandatory FIT mechanism (as of the date hereof, for the Group, exclusively in

France). In FIT contracts, Neoen delivers electricity directly to an off-taker and is paid a reference price, set in advance under the tender or open-window framework, as applicable, for all of the electricity produced by Neoen's asset for the FIT contract, regardless of market price. FIT contracts were used as a means to encourage investment in renewable energy when it was relatively expensive to produce solar and wind power.

1.3.4.3 SIGNIFICANT CONTRACTS AND SUPPLIERS

The most important contracts signed by the Group consist of the contracts for difference, the power purchase agreements described above, the design, procurement and installation agreements (EPC agreements) and the operations and maintenance agreements (O&M agreements) and project financing agreements signed with multiple lenders described in Section 1.4.2 "Project financing".

The Group has numerous such contracts and is not dependent on any particular one. As indicated in Section 1.4.2 "Project financing", the Group finances its facilities *via* non-recourse financing only. In addition, as discussed in Section 1.3.2.2 (vi) "Operating assets", while it is not uncommon for the Group to engage in repeat business with certain EPCs, it nevertheless remains flexible from an industrial point of view and is able to select its O&M contractors and service providers on a project-by-project basis rather than signing master agreements. It therefore has limited dependence on any particular partner for EPC or O&M services. The Group has however indirectly signed significant contracts *via* its co-contractors on a case-by-case basis depending on the project.

1.3.4.4 MATERIAL CONTRACTS

As of the date of this Registration Document, no contract (aside from the contracts entered into in the ordinary course of business) containing provisions imposing a significant obligation on any of the Group's companies or commitments for the Group as a whole, has been entered into by the Company or any other Group entity, with the exception of the contracts described in section 1.3 "Neoen's Business", in section 1.3.4.2 "Power Purchase Agreements" and in section 2.4 "Financing and Investments" of this Amendment and in section 8.4 "Statutory auditors' special report on regulated agreements" of the 2019 Universal Registration Document.

2 COMMENTS ON THE FINANCIAL YEAR

2.1 ALTERNATIVE PERFORMANCE INDICATORS AND OPERATING DATA

2.1.1 NON-GAAP INDICATORS

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

EBITDA reconciliation

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

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

- *Will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 and 2019 was respectively €(1.8) million and €(1.4) million.*
- *Will henceforth include the net proceeds from the disposal of assets, carried out as part of the Farm-Down activity, which was presented simultaneously.*

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

Net debt

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

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

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

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

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

Gearing ratio

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

	31.12.2020	31.12.2019
Gearing ratio	8.4x	8.4x

2.1.2 INFORMATION ON KEY OPERATING DATA

The Group's portfolio amounted to 12.0 GW at December 31, 2020 versus 10.7 GW at December 31, 2019. Its change is detailed in the table below and in section 2.3.1.1 "Continuing Portfolio Growth."

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

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

(1) For a definition of the different stages of development of the Group's projects, please refer to section 3 "glossary" of the 2019 Universal Registration Document and section 1.3.2.2 of this Amendment.

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

(3) The growth in capacity under construction in Australia is due to the launch of the construction of the Victorian Big Battery and the Western Downs solar farm (see Section 1.5.1.1 "Continuing portfolio growth" of this Amendment)..

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

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

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

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

2.2 OUTLOOK AND TRENDS

2.2.1 OUTLOOK

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

In addition, the forecasts can be achieved only if the Group's strategy (see the section entitled “Our Strategy” in Chapter 1 of this Amendment) as presented to investors at the Capital Markets Day on March 11, 2021 is successful.

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

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

Underlying assumptions

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

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

- EBITDA will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 was €(1.8) million;

- EBITDA will henceforth include the net proceeds from the disposal of assets in the secured portfolio, carried out as part of the Farm-Down activity, presented at the Capital Markets Day on March 11, 2021.

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

They are mainly based on the following assumptions:

Neoen's internal assumptions

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

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

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

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

Macroeconomic assumptions

The 2021 forecasts are also based on the following assumptions:

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

Group forecasts for the financial year ended December 31, 2021

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

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

[*Intentionally Omitted*]

2.2.2 INFORMATION ON TRENDS AND OBJECTIVES

2.2.2.1 GENERAL PRESENTATION

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

2.2.2.2 BUSINESS TRENDS

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

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

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

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

- *continued growth in the volume of private calls for tenders.* While the Group continues to seek power purchase agreements through public calls for tenders, it expects an increasing number of private sector players to seek power purchase agreements, due to the growing interest of these players in "green" energy and the trend in renewable energy prices that make wind and solar energy increasingly competitive economically;
- *continued move towards competitively set power purchase prices.* The Group expects that the current trend of setting prices for power purchase agreements through competitive calls for tenders will continue and that the average prices of successful tenders will be lower, for countries that have already reached grid parity, and closer for other countries to the prices observed in local electricity markets. At the same time, the Group expects that the structuring of projects will increasingly include market revenues. The Group also expects financial institutions and investors to become increasingly comfortable with the risk profile of renewable energy assets, encouraging this development;
- *continued improvement in construction costs per MW.* The Group expects construction costs per MW to continue to fall for both solar and wind projects, with greater expected cost reductions for solar projects;
- *continued technological improvements resulting in efficiency gains.* The Group expects the current trend of technological improvements to continue, particularly for wind power, and to lead to continuous improvements in efficiency and increased electricity production per installation.

2.2.2.3 MEDIUM-TERM OBJECTIVES

- *Capacity increase.* The Group aims to achieve a total capacity in operation and under construction of at least 5 GW by the end of 2021, which will be fully in operation by the end of 2022. Beyond 2021/2022, the Group's objective is to reach a total capacity in operation or under construction of at least 10 GW by the end of 2025, the distribution of which between its three main geographical areas (Europe, Australia, the Americas) is unlikely to change significantly from that in force at the end of December 2020, without any major change in terms of technological mix (solar, wind and storage) as reflected in its secured project portfolio in December 2020 (projects in operation, under construction and in the awarded phase).

- The Group expects to achieve this objective, as part of its predominantly development-to-own strategy, by completing projects under construction, by building and completing projects currently in the awarded phase, by developing part of its pipeline under construction and in operation, and by gradually increasing its annual volume of awarded projects from slightly more than 1 GW in 2020 to 2 GW or more in 2025. At least 80% of this annual volume of awarded projects is intended to come from countries in which Neoen is already present at the date of this Amendment, with a view to continuing to maintain at least 80% of the Group's installed capacity in OECD countries. At the end of December 2020, the Group's portfolio consisted of 2.6 GW in operation, 1.4 GW under construction and 1.1 GW in the awarded phase. Together, this secured project portfolio represents nearly 5.2 GW of the capacity of at least 5 GW in operation or under construction set as a target by 2021, and that of 10 GW in operation or under construction set as a target by 2025. The remaining 4.8 GW of projects (and any project replacing projects currently in the awarded phase that will not be completed) are expected to come mainly from the Group's current project pipeline, which included a total of approximately 6.9 GW as at December 31, 2020, as well as from new projects that will be developed by the Group during the period, and to a lesser extent, projects under development or assets in operation or under construction that may be acquired from third parties, with a preference for assets with restructuring potential or that offer repowering prospects due to their age.
- This objective takes into account the fact that from the development or construction phase of its projects, the Group plans, from 2021 onwards, to regularly but selectively sell, in order to optimise its balance sheet, financial capacity and profitability with the total or majority disposal of projects or assets in its secured portfolio (Farm-Down), within the limit of a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio.

  The Group plans, as far as possible, to maintain a minority stake in the projects in question, to ensure their administrative and operational management and to retain the related land rights, so as to be able to take part in the subsequent repowering phase of these projects.
- The Group expects total capital expenditure for projects included in the 10 GW target and not yet in operation at the date of this Amendment to amount to approximately €5.3 billion over the 2021-2025 period (see sections 2.4.6 "expected sources of funding for future investments" and 2.4.8.4 "principal investments contemplated" of this Amendment). By structuring the projects to achieve the aforementioned capacity increases and assuming that interest rates will not deviate significantly from their current levels, the Group expects to be able to target, when responding to public and private calls for tender or bilateral requests for its projects, internal rates of return (IRR) now calculated over a 30-year horizon of:
  - 7.5% (+/- 150 basis points) in Europe;
  - 8.5% (+/- 150 basis points) in Australia;
  - 6% to 10% for other OECD countries;
  - more than 10% (low double digit) in non-OECD countries.
- In addition, it now aims to ensure that the share of its operational installed capacity, whose revenues are exposed to market price changes, does not exceed 20%of its total operational capacity, excluding dedicated storage facilities directly connected to the networks.

- *EBITDA growth.* By committing to a new growth trajectory for 2025, Neoen has reassessed its objectives for the 2022 financial year. The Group's objective is now to generate EBITDA growth of more than 20% in 2022 compared to 2021, followed by double-digit annual percentage growth between 2022 and 2025. This level of growth reflects the expected growth in the Group's installed capacity and its expectations in terms of continued growth in the volume of private calls for tender, the trend towards competitively set electricity purchase prices, and trends in the global renewable energy market as presented in section 1.2 of this Amendment.
  - The definition of EBITDA is identical to that used at December 31, 2020, with the following two exceptions, which were officially announced at the Capital Markets Day on March 11, 2021:
    - EBITDA will henceforth exclude the expense resulting from the application of IFRS 2, whose impact for 2020 was €(1.8) million;
    - EBITDA will henceforth include the net proceeds from the disposal of assets in the secured portfolio, carried out as part of the Farm-Down activity, which was presented at the Capital Markets Day on March 11, 2021.
- *Net debt to EBITDA ratio.* The Group's objective is to have a net debt to EBITDA ratio (with EBITDA as defined above) of between 8.0x and 10x at the end of 2025. This level of leverage reflects the financing that the Group

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

Dividend policy

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

2.3 ANALYSIS OF OPERATIONS AND RESULTS

2.3.1 KEY EVENTS OF THE PERIOD

This Section 2.3.1 presents the highlights of fiscal year 2020.

2.3.1.1 CONTINUING PORTFOLIO GROWTH

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

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

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

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

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

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

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

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

- 80 MW of wind, solar and storage projects in France.

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

2.3.1.2 IMPACTS OF THE COVID-19 HEALTH CRISIS

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

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

The Group thereby managed to continue its development, despite occasional delays in the completion of its projects, and to maintain dynamic growth in its sales and EBITDA while maintaining its cash and liquidity throughout the period. As a result, it did not use government support measures. As the Group's assets operate mainly under long-term power purchase agreements with mainly first-rate counterparties, they were only slightly affected by the fluctuations that impacted the financial and electricity markets during the year. With the exception of the Altiplano 200 project currently under construction in Argentina, which is the subject of specific issues, the Group has not identified any indication of impairment likely to affect these assets (please refer to section 4.1 - note 10 "non-current operating items" of the consolidated financial statements for the year ended December 31, 2020.

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

Furthermore, the Group has not identified any liquidity risk inherent to the health crisis, and in the period completed the issue of its first corporate syndicated credit facility and a green convertible bond (“OCEANE Verte”) (see Section 4.1 – Note 17 "Shareholders' equity and details of dilutive instruments" and 19.2 "Net debt" of the consolidated financial statements for the year ended December 31, 2020).

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

2.3.1.3 REFINANCING OF THE HORNSDALE WIND PROJECTS IN AUSTRALIA

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

In accordance with the principles set by IFRS 9 "Financial Instruments", as this is a substantial modification of the financing, the Neoen group has recognised issuance costs not yet amortised and early repayment penalties in financial expenses in the amount of (€4.9) million (see Section 4.1 – Note 19.1 "Net financial result" for the consolidated financial statements for the year ended December 31, 2020).

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

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

2.3.1.5 CAPITAL INCREASE RESERVED FOR EMPLOYEES

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

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

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

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

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

In accordance with the principles set out in IAS 32 "financial Instruments: Presentation", this issue was treated as a compound instrument, with the debt component (bond without conversion option) amounting, net of costs, to approximately €142.8 million and the equity component (conversion option) to approximately €24.9 million, net of costs (see Section 4.1 of the consolidated financial statements for the year ended December 31, 2020 – Note 17 "Shareholders' equity and details of dilutive instruments" and 19.2 "Net debt") The effective interest rate of the debt component is 5.80%.

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

2.3.1.7 NEOEN JOINS THE SBF 120 INDEX

On June 11, 2020, Neoen announced its inclusion in the SBF 120 index, which comprises the 120 leading stocks listed on Euronext Paris in terms of liquidity and market capitalisation. As part of the quarterly review of Euronext Paris indices, the Expert Indices Committee decided to include Neoen in the SBF 120 index, as well as in the CAC Mid 60 index. Neoen's inclusion in these indices confirms the quality of its stock market performance since its IPO in October 2018. The company's market capitalisation has since then more than doubled to about €3.8 billion. This strong growth has been accompanied by a steady increase in volumes traded.

2.3.1.8 FREE SHARE PLAN

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

2.3.1.9 SHARE BUYBACK PLAN

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

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

The purpose of these transactions is to acquire shares for delivery under expiring free share plans (please refer to Section 4.1 – Note 8.3 "Share-based payments" of the consolidated financial statements for the year ended December 31, 2020).

2.3.1.10 SIGNING OF A WIND POWER PURCHASE AGREEMENT IN FINLAND

On 11 December 2020, Neoen announced that it had signed a new green power purchase agreement with a consortium formed by Heineken, Philips, Signify and Nouryon. This 10-year agreement covers a capacity of 126 MW. The electricity and guarantees of origin will be generated by the future Mutkalampi wind farm in Finland, co-developed with Prokon and owned by Neoen, and which already has a 125 MW[2] agreement with Google signed in September 2019. The total power of the Mutkalampi farm, initially announced at 250 MW will be increased to 404 MW[3], making it one of the largest in Finland.

2.3.1.11 FINANCING OF THE WESTERN DOWNS GREEN POWER HUB IN AUSTRALIA

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

This financing was completed five months after Neoen obtained a 352 MWp power purchase agreement with CleanCo Queensland[4]. This project, which is wholly owned by Neoen, will contribute to the Sunshine State's objectives of achieving 50% renewable energy by 2030 and creating new investments and more than 400 jobs.

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

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

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

2.3.1.13 THE GROUP'S EXPOSURE TO ARGENTINA

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

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

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

On May 22, 2020, the Argentine government formally exceeded the grace period granted for the payment of a USD 502 million maturity on its sovereign debt. Negotiations between the government and the main creditor groups have, however, led to the conclusion of a sovereign debt restructuring, effective from the beginning of September 2020.

[2] Against 130 MW initially planned.
[3] Of which 251 MW are included in the MW awarded as of December 31, 2020.
[4] A state-owned company in the State of Queensland, producer and supplier of renewable energy.

This has led to a massive reduction in the country's financial burden by reducing the present value of payments by 45% and granting a grace period before the next scheduled repayments in 2024.

Despite the country's macroeconomic and financial situation, the group's financial partners have continued to support the project by authorising debt drawdowns and extending the period of availability of undrawn amounts beyond the initial drawdown schedule. In addition, although affected by the COVID-19 pandemic and the restrictions imposed by the federal and provincial governments, construction operations have been suspended for a period of time (six weeks in total) and are still in progress with commissioning scheduled for the third quarter of 2021.

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

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

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

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

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

2.3.1.14 STATUS OF THE EL LLANO PROJECT

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

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

2.3.2 ANALYSIS OF RESULTS

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

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

Given the nature of its business and its geographical outreach, the Group's results are affected by foreign currency fluctuation.

The reference to changes in revenues or EBITDA at "constant exchange rates" (cer) means that the impact of changes in foreign exchange rates has been adjusted by recalculating the various components of the applicable aggregate on the basis of the foreign exchange rates prevailing during the previous year. For an analysis of the Group's exposure to foreign exchange risk, see Section 3.1.3 "Risks linked to the Group's financial position" of this Amendment.

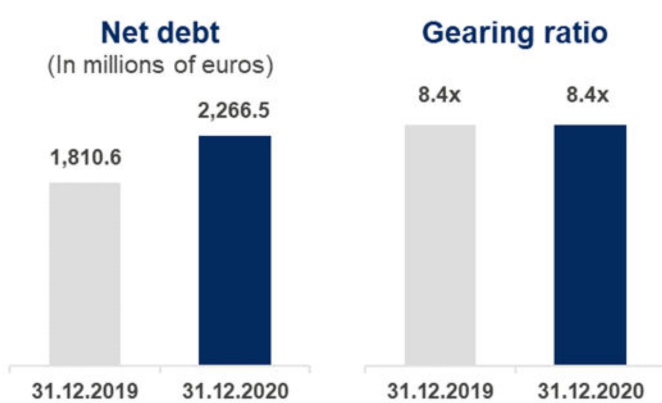
The Group's consolidated financial statements for the year ended December 31, 2020 have been audited by the Company's statutory auditors and are presented in their entirety in section 2 of this Amendment.

2.3.2.1 KEY FIGURES

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

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

Net debt and gearing ratio are presented in Section 2.1.1 of this Amendment.

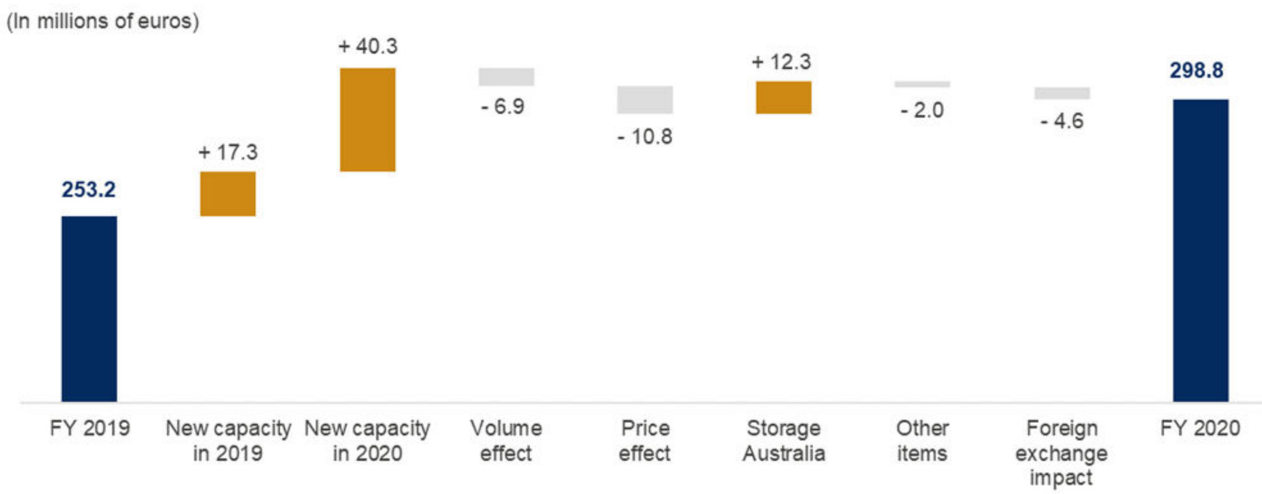


The stabilisation of the gearing ratio at 8.4x is explained by a similar rate of increase in net debt and in EBITDA of 25%.

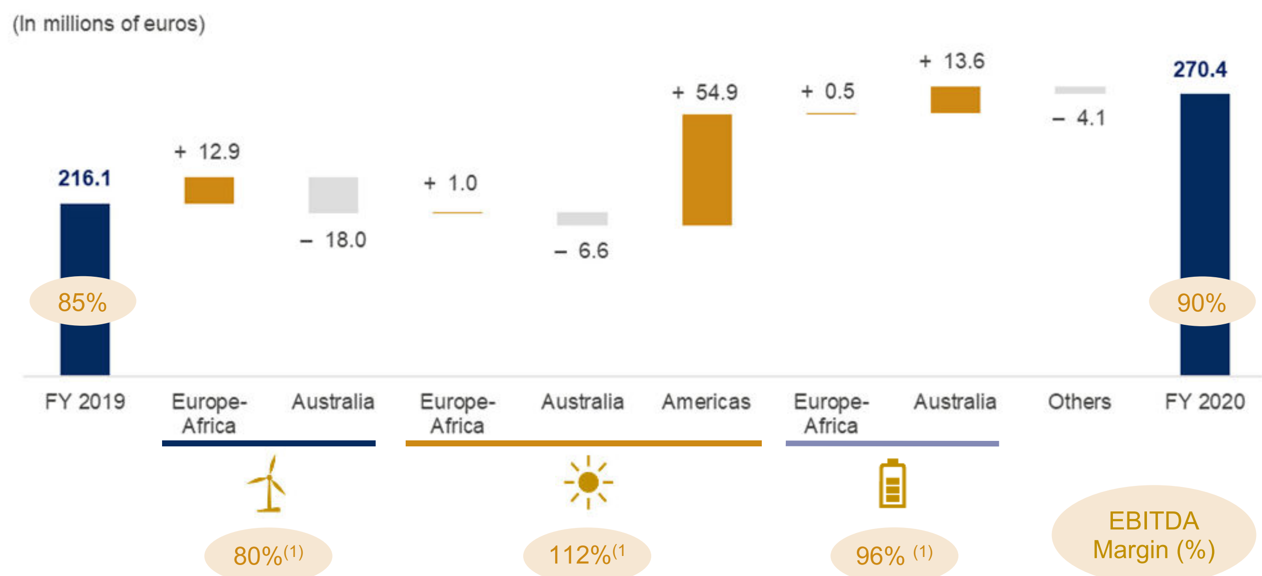
2.3.2.2 EVOLUTION OF REVENUE AND EBITDA

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

Evolution of revenue



Evolution of EBITDA



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

2.3.2.3 SEGMENT RESULTS

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

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

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

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

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

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

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

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

Revenue

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

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

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

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

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

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

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

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

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

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

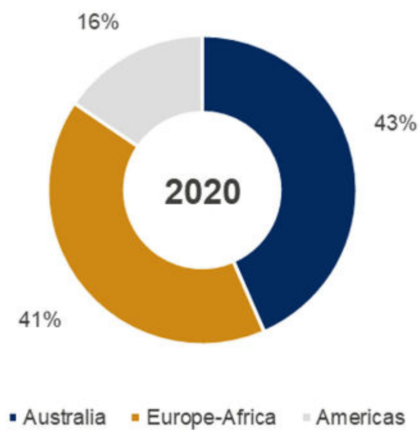
The development-investment and eliminations segment represented revenue of €0.7 million in 2020 compared with €2.5 million in 2019, a decrease of -€1.8 million.

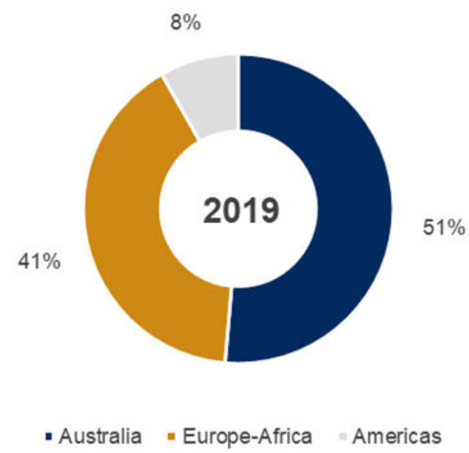
This change is explained by higher billing of services to third parties in 2019 than in 2020.

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

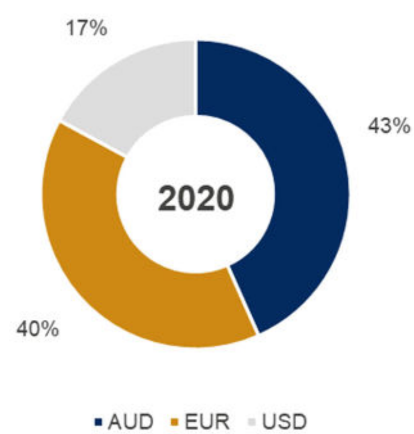
In 2020, the share of energy sales in the market reached 20% of consolidated revenue (11% excluding the contribution of the storage segment), a temporarily high level which is mainly explained by the non-recurring share of revenue generated by the storage activity in Australia in the first quarter. Neoen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

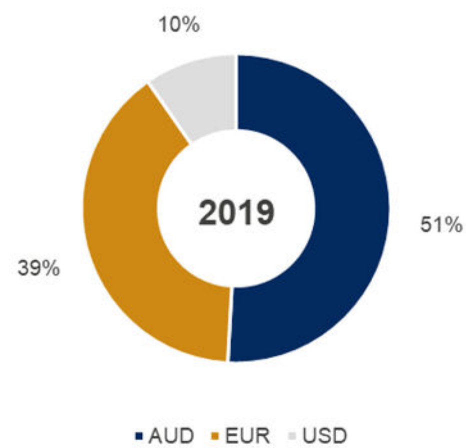
Revenue breakdown by geographic area [5]





Revenue breakdown by currency





EBITDA

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

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

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

[5] Excluding Development - Investments and Eliminations.

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

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

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

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

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

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

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

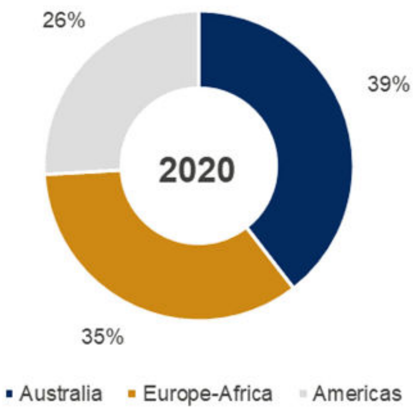
The EBITDA margin for this segment was 80% in 2020 compared to 92% in 2019.

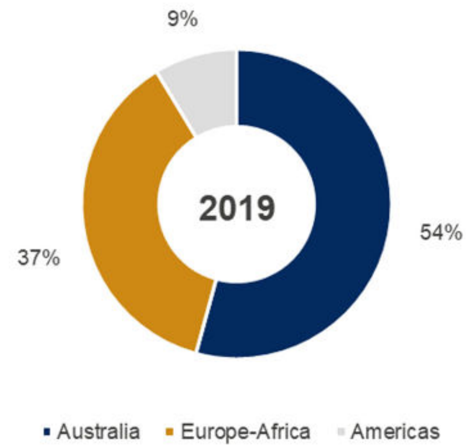
The storage segment generated EBITDA of €31.4 million in 2020, up +€14 million compared to 2019, directly linked to the growth in revenues in Australia and associated with the network shutdown that occurred during the first quarter of 2020. As revenue growth enabled better coverage of operating expenses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

The development-investments and eliminations segment contributed €(19.4) million to Group EBITDA in 2020, compared to €(15.3) million in 2019, directly related to the +€4.2 million increase in payroll costs, mainly due to the increase in staff numbers and social charges for the free share plan expiring in 2020 (see section 4.1 - note 8.1 "payroll costs" for the consolidated financial statements for the year ended December 31, 2020).

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

EBITDA breakdown by geographic area [6]





Current operating income

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

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

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

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

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

[6] Excluding Development - Investments and Eliminations.

2.3.2.4 ANALYSIS OF THE OTHER CONSOLIDATED INCOME STATEMENT ITEMS

From current operating income to operating income

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

Current operating income

Current operating income is analysed in Section 2.3.2.3 of this Amendment.

Other non-current operating income and expenses

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

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

(1) Capitalised development costs for which the Group, following external events beyond its control, considers that the criteria for capitalisation provided for in IAS 38 are no longer met, are recognised in other non-recurring operating expenses for the period. These are mainly related to the abandonment of projects in France, Mexico, the United States, Ecuador and Colombia (see Section 4.1 – Note 10 and 12.2 of the consolidated financial statements for the year ended December 31, 2020).

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

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

Impairment of non-current assets

In 2020, impairment of non-current assets amounted to €(14.1) million and mainly corresponds to the impairment recognised on the Altiplano 200 project (see Section 4.1 – Note 10 “non-current operating items").

Operating income

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

Net financial result

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

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

- **€22.8 million** of increased cost of debt essentially reflecting:
  - **-€11.9 million** of increased interest expenses on debt, mainly due to:
    - the convertible bonds ("OCEANE") issue in October 2019 and the green convertible bonds ("OCEANE Verte") issue in June 2020, the respective contributions of which totalled -€7.6 million[7] (€9.4 million in 2020 versus €1.8 million in 2019) and -€3.1 million[8] (See section 4.1 – Note 19.1 "Net financial result" of the consolidated financial statements for the year ended December 31, 2020);
    - the -€10.7 million increase in the number of plants under financing, offset by the positive impact on interest expenses in 2020 resulting from the refinancing of the Hornsdale plants in January 2020 for +€3.3 million and a group of French plants in December 2019 for +€5.5 million; and
  - **-€9.7 million** of additional financial charges on derivatives, corresponding to the recycling to profit or loss of the fair value of derivative financial instruments considered effective and initially recognized in other comprehensive income (see Section 4.1 – Note 19.1 "Net financial result" in the consolidated financial statements for the year ended December 31, 2020);

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

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

[7] The effective interest rate of the debt component is 4.27%.
[8] The effective interest rate of the debt component is 5.80%.

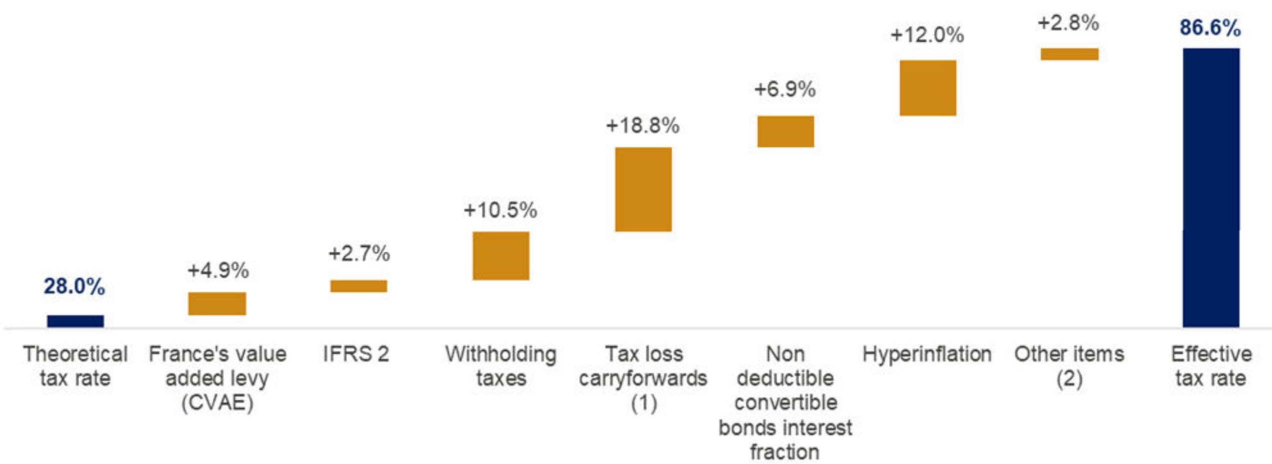
Income tax

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

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

The tax expense amounted to €(21.4) million in 2020 (of which: €(14.5) million in current tax and €(6.9) million in deferred tax), compared with €(23.7) million in 2019 (of which: €(15.3) million of current tax and €(8.4) million of deferred tax). The effective tax rate increased significantly between 2019 (52.8%) and 2020 (86.6%), due to the factors detailed below (see also section 4.1 - note 11.2 "income tax" in the consolidated financial statements for the year ended December 31, 2020).

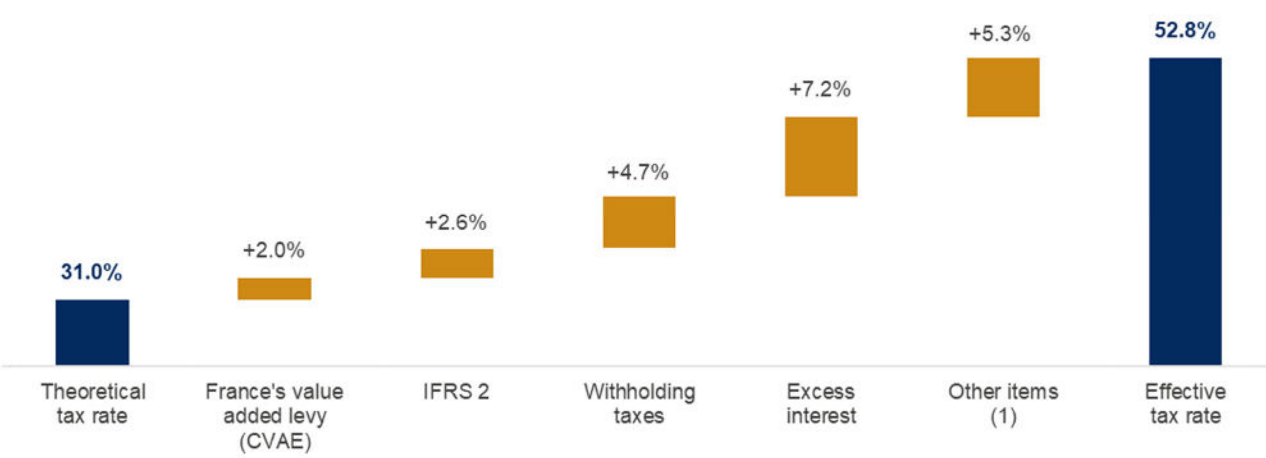
In 2020, the difference of 58.6 percentage points between the theoretical tax rate of 28% and the effective tax rate of 86.6% may be broken down as follows:



(1) Given the earnings outlook for certain regions and time limitations in the use of tax losses, no deferred tax assets were recognised for certain tax losses.

(2) This item comprises permanent differences that are individually immaterial.

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



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

Net income from continuing operations

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

Net income from discontinued operations

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

Group share of net income

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

Net income attributable to non-controlling interests

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

2.3.2.5 SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

(1) Movements on the Group’s equity in 2019 and 2020 are detailed in the consolidated statement of changes in equity and the associated financial statement note (see Section 4.1.4 of this Amendment and Section 4.1 – Note 17 “Shareholder’s equity and details of dilutive instruments” in the consolidated financial statements for the year ended December 31, 2020).

(2) Consolidated financial liabilities are specifically analysed in Section 2.4.4 of this Amendment.

Property, plant and equipment increased by 19% over the period due to the increase in the volumes of projects in operation and under construction during 2020 (see Section 4.1 – Note 12.3 "Property, plant and equipment" in the consolidated financial statements for the year ended December 31, 2020 and section 2.3.1.1 of this Amendment). The Group's capital investment is detailed in Section 2.4.8.2 of this Amendment.

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

- Neoen S.A. (€60.4 million, down -€125 million from December 31, 2019), mainly as a result of investments made in 2020 in the form of capital contributions and shareholder loans in new projects for €(335.6) million, partially offset by the issue of green convertible bonds (“OCEANE Verte”) for a gross amount of €170 million in June 2020 and cash transfers (for €48 million) from project companies, related to net cash flows generated by operating plants and the refinancing of the Hornsdale 1, 2 and 2 plants.

- project companies and project holding companies (€293.3 million, up +€48.7 million from 2020) as a result of:
  - drawdowns on senior debt and equity contributions to finance investments in production assets;
  - net operating cash flows for assets in operation whose vocation is to repay project financing and remunerate shareholders' contributions; and
- holding companies with junior debt (€20.6 million, i.e. -€9.3 million), linked to cash flows generated by cash surpluses from production assets, making it possible to repay maturities of junior debt and remunerate shareholder contributions.

The -€38.9 million decrease in equity essentially reflects:

- +€3.3 million of net income for the period;
- the impact of the green convertible bonds ("OCEANE Verte") issue in June 2020, corresponding to the equity component of this composite instrument within the meaning of IFRS, for an amount net of expenses of +€24.9 million;
- the negative change of -€55.8 million in other comprehensive income, mainly resulting from the change in:
  - foreign exchange differences for €(25.5) million, of which -€31.2 million corresponds to the unfavourable change in the US dollar exchange rate and +€5.7 million to the favourable change in the Australian dollar exchange rate;
  - the fair value (as well as the effect of recycling) of derivative instruments, net of deferred taxes, a direct consequence of the decrease in market interest rates over the period for -€30.3 million in 2020; and
- €(10.9) million of dividend payments to non-controlling shareholders, mainly in Australia.

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

2.4 FINANCING AND INVESTMENTS

The Section 2.3 entitled "Financing and Investments" in the 2019 Universal Registration Document is amended and supplemented as follows with respect to the year ended December 31, 2020.

2.4.1 FINANCING AND CASH MANAGEMENT POLICY

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

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

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

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

In the first half of 2020, the Group issued its first ever green convertible bonds in Europe for a nominal amount of around €170 million, maturing in 2025, under a Green Bond Framework (framework document) that governs its terms of use, thereby strengthening its commitment to sustainable finance. This transaction followed the first issue, in the second half of 2019, of convertible bonds with a nominal amount of around €200 million, maturing in 2024. The main purpose of these issues is to finance the Group's development with a view to achieving its capacity target at the end of 2021 (more than 5 GW of capacity under construction or in operation) while optimising its balance sheet according to the stated objective of a gearing ratio now higher than 70%[9] of the capital invested on an all-in basis including all the Group's debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt. Please refer to Sections 2.3.1 "Key events of the period" and 2.2 "Outlook and trends" of this Amendment.

In March 2020, the Group set up a syndicated credit facility for a nominal amount of €200 million, including a €125 million term loan and a revolving credit facility for a nominal amount of €75 million, whose financial conditions are indexed to environmental, social and governance (ESG) indicators and which matures in July 2024, both of which were undrawn at December 31, 2020, it should be noted however that in January 2021 the Company drew down approximately €50 million on its revolving credit facility to finance its working capital. This transaction strengthened the Group's financial resources as part of the execution of its growth strategy. It thus contributes to continuing its investments in the development of new projects. (please refer to Section 2.3.1 "Key events of the period" of this Amendment).

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

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

2.4.2 PROJECT FINANCING

2.4.2.1 FINANCING PROCESS

Once a project's development is sufficiently advanced, the Group begins to consult potential lenders in order to obtain competitive financing terms and conditions and thereby prepare its applications for the anticipated tender procedures or power production contracting procedures. Once the power sale contract or mechanism has been concluded, including in particular the use of aggregation contracts, the Group organises the project's financing as part of a detailed and structured process, involving due diligence by the lenders and the negotiation of loan contracts. For the purpose of these negotiations, the Group is supported by its Paris-based legal department and financing team for all contracts outside Australia, where the Group has a specific financing team and local in-house legal support.

2.4.2.2 STRUCTURING AND SCOPE OF FINANCING

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

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

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

2.4.2.3 LEVERAGE AND GEARING

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

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

[9] At its Capital Markets Day on March 11, 2021, the Group adjusted its financial leverage target as a percentage of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt, from a level of around 80-85% to a level now above 70%. This change takes into account the level of coverage of project costs by external financing as described in Chapter 3 “Risks of obtaining financing agreements from various sources, in particular through external debt” and the Group's new ambitions in terms of installed capacity in operation and under construction by 2025, set at 10 GW.

The applicable lenders depend on each applicable market:

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

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

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

2.4.3 INDICATORS MONITORED BY THE GROUP

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

Weighted average remaining maturity of financing (in years)	**Solar power**	**Wind power**	**Total**
AUD	13.6	21.0	18.0
EUR	16.3	14.0	15.1
USD	15.4	N/A	15.4
TOTAL 30.12.2020	**15.2**	**17.6**	**16.3**
TOTAL 31.12.2019	**16.0**	**15.6**	**15.8**

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

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

Ration of project debt to investment expenditure	**Solar power**	**Wind power**	**Total**
AUD	65%	92%	78%
EUR	90%	72%	80%
USD	71%	N/A	71%
TOTAL 30.12.2020	**75%**	**81%**	**78%**
TOTAL 31.12.2019	**77%**	**74%**	**75%**

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

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

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

All-in weighted average interest rate for project financing	**Solar power**	**Wind power**	**Total**
AUD	4.7%	3.3%	3.9%
EUR	1.8%	1.9%	1.8%
USD	6.7%	N/A	6.7%
TOTAL 30.12.2020	**4.0%**	**2.6%**	**3.4%**
TOTAL 31.12.2019	**3.9%**	**3.4%**	**3.7%**

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

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

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

At December 31, 2020, the overall average debt interest rate for the Group was about 3.7% compared with about 4.2% at December 31, 2019, due in particular to a relatively low interest rate environment and the issue of green convertible bonds ("OCEANE Verte") in June 2020 at an annual interest rate of 2%[10].

The Group's financial debt terms and conditions and financing structure are detailed in Section 4.1 – Note 19 on financing and financial instruments in the consolidated financial statements for the year ended December 31, 2020.

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

2.4.4 RECONCILIATION OF CONSOLIDATED LIABILITIES AND NET DEBT

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

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

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

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

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

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

Analysis of liabilities by type

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

Senior project financing (+€190.8 million)

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

In addition to this:

- the refinancing of the Hornsdale 1, 2 and 3 projects in Australia for an amount net of expenses of **€361.1 million** (resulting in **€(295) million** in repayments of previous project financing debts);
- other loan repayments in 2020 amounted to **€(143.4) million**;

- foreign exchange impact **€(34.8) million**;
- the change in the amortised cost of debt for **€8.5 million** and in accrued interest for **€4.9 million**.

At December 31, 2020, there was no indication that the various companies financed by project and mezzanine debt were not in compliance with their covenants on minimum debt service coverage ratios (DSCR) or minimum shareholders' equity[11].

Bond financing for projects (-€45.2 million)

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

Lease liabilities (+€31.2 million)

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

Corporate financing (+€144.8 million)

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

The increase in this item in 2020 is due to the €170 million green convertible bonds ("OCEANE Verte") issue. As this is a compound instrument within the meaning of IAS 32 "financial instruments: presentation", **€144.8 million** (€142.8 million net of expenses) was recognised for the debt component and €25.2 million (€24.9 million net of expenses) recorded for the equity component (refer to Section 4.1 – Notes 1.2 and 14 of the consolidated financial statements for the year ended December 31, 2020).

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

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

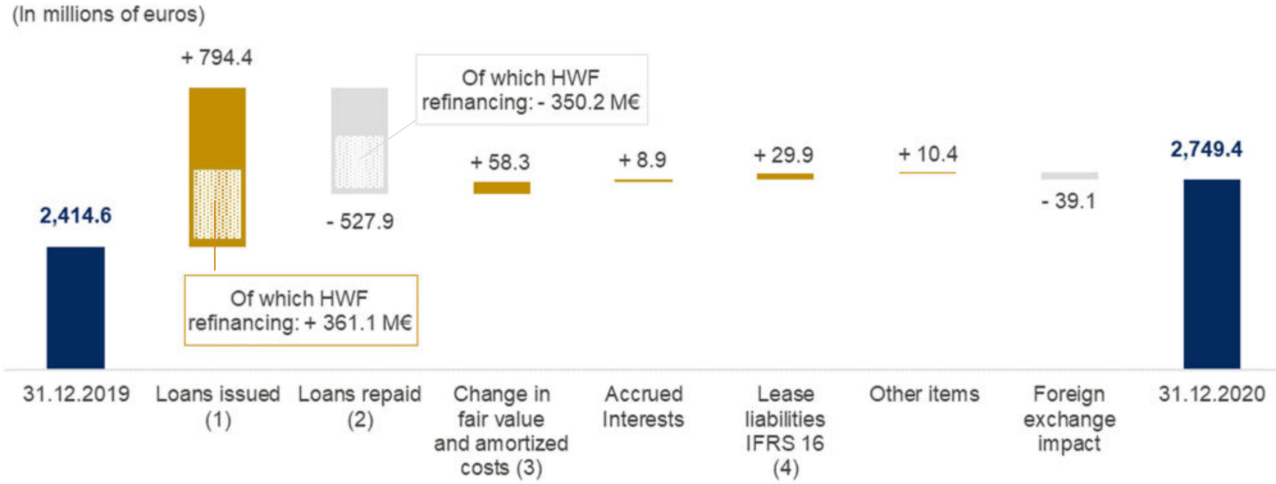
Derivative instruments – impact of hedging (+€14.4 million)

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

Evolution of the Group's liabilities

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

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



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

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

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

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

2.4.5 EVENTUAL RESTRICTIONS ON THE USE OF CAPITAL

The Company's financing contracts are subject to compliance with a number of commitments described in Section 3.1.3 "Risks linked to the Group's financial position".

Bank financing

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

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

Financial covenants

At December 31, 2020, there was no indication that the various companies financed by project and mezzanine debt were not in compliance with their covenants on minimum DSCR financial ratios[12] or minimum shareholders' equity[13].

For more information on the description of financing contracts and related risks, see Section 3.1.2 "Risks related to the Group's activity and strategy".

Corporate financing

The syndicated credit facility set up in March 2020 contains specific restrictions requiring the Company to pay dividends in accordance with two specific conditions. First, that this dividend will only be paid from 1 January 2022

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

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

and, second, that it does not exceed a certain level expressed as a percentage of the Group's consolidated net income.

Situation in Argentina

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

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

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

2.4.6 SOURCES OF FINANCING FOR FUTURE INVESTMENT

The Group envisages continuing to finance the majority of its cash requirements for the construction of its future facilities by means of long-term non-recourse financing at the level of its project companies, or the holding companies controlling them, eventually complemented by other (notably corporate) financing, excluding project companies, compatible with the Company's objective of a gearing ratio now higher than 70%[14] of invested capital on an all-in basis including the entirety of the Group's debt whether corporate or project.

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

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

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

In this context, in addition to the long-term non-recourse project financing that the Group plans to set up at the level of the project companies or the holding companies that hold them, the planned refinancing of its corporate financing at maturity, the net cash flows generated by its activity, after repayment of the principal and interest on its loans, and the net income generated by the Farm-Down activity, the Group will have to raise additional equity for an amount estimated by the Group at a maximum of €1.2 billion over the period of achieving this 10 GW target by the end of 2025, in order to finance its future capacity increases.

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

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

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

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

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

2.4.7 CASH POSITION AND CASH FLOWS

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

2.4.7.1 NET CASH FLOWS FROM OPERATING ACTIVITIES

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

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

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

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

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

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

2.4.7.2 NET CASH FLOWS FROM INVESTING ACTIVITIES

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

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

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

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

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

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

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

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

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

Investments made during the period are detailed in Section 2.4.8.2 of this Amendment.

2.4.7.3 NET CASH FLOWS FROM FINANCING ACTIVITIES

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

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

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

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

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

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

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

2.4.8 CAPITAL INVESTMENT

2.4.8.1 INVESTMENT POLICY

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

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

2.4.8.2 MAIN INVESTMENTS MADE

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

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

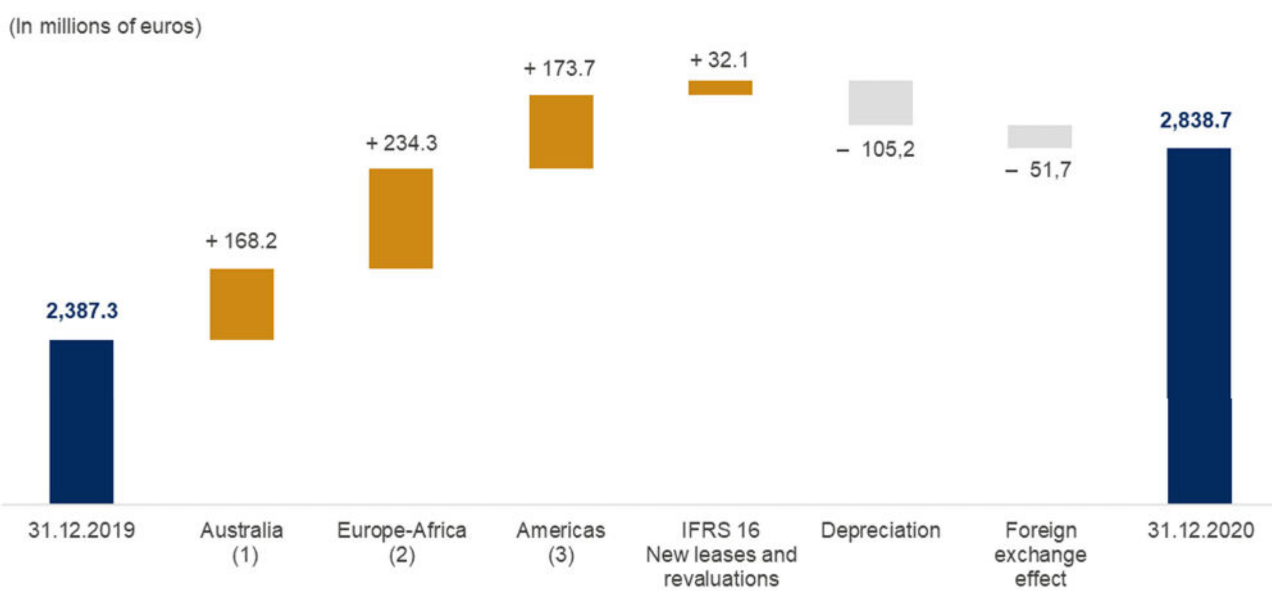
(1) The gross amounts of acquisitions presented above include any change in the applicable supplier payables thereby facilitating reconciliation of their amounts with the corresponding cash payments. The gross amounts of these changes, excluding payables to suppliers of fixed assets, for the years ended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

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

(3) Financial investments are analysed in Section 2.4.7.2 of this Amendment.

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

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



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

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

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

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

2.4.8.3 MAIN INVESTMENTS IN PROGRESS

The Group's main investment in progress equates with projects under construction and as yet uncompleted at December 31, 2020 Assets under construction amounted to €634.4 million for 2020 compared to €610.2 million for 2019 (see Section 4.1 – Note 12 "Goodwill, Intangible assets and property, plant and equipment"– Note 12.2 "Intangible assets" and Note 12.3 "property, plant and equipment" of the consolidated financial statements for the year ended December 31, 2020).

2.4.8.4 MAIN INVESTMENTS ENVISAGED

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

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

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

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

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

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

Dismantling provisions are dealt with in Section 4.1 – Note 18 of this Amendment dealing with provisions.

2.5 LEGAL AND ARBITRATION PROCEEDINGS

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

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

El Llano

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

[15] For a definition of the various stages of development of the Group's projects, please see the glossary in section 8.6 of the 2019 Universal Registration Document and section 1.3.2.2 of this Amendment.

HWF 1/AER

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

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

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

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

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

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

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

2.6 OTHER INFORMATION

2.6.1 SUBSEQUENT EVENTS

Please refer to Section 4.1 – Note 25 "Subsequent events" in the consolidated financial statements for the year ended December 31, 2020.

3 RISK FACTORS AND RISK MANAGEMENT

3.1 MAIN RISK FACTORS TO WHICH THE GROUP IS SUBJECT

The Section “Risks and Uncertainties” in Chapter 3 of the 2019 Universal Registration Document is updated as follows. Accordingly, as at the date of this Amendment, this Section 3.1 replaces Section 3.1 entitled "Risks and Uncertainties" of the 2019 Universal Registration Document.

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

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

Consequently, the main risks described in this chapter are, as at the date of this Amendment, those to which the Company believes it is exposed because of its business model and activities.

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the risk factors considered to be the most significant (marked with an asterisk) at the date of this Amendment are presented first, in accordance with an assessment that takes into account their level of impact and their likelihood, as well as the actions and measures implemented by the Company to control the risks. For a description of the Company's risk management policy, the reader is invited to refer to the “Insurance and Risk Management” section of this Amendment.

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

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

3.1.1 RISKS RELATED TO THE GROUP’S LINE OF BUSINESS

Risk linked to competition in the renewable energy sector*

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

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

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

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

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

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

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

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

Moreover, insufficient network capacity caused by network congestion, by over-production, by connected facilities or by excessive fluctuations in electricity market prices could cause material damage to the Group's projects and lead to a reduction in project size, delays in the implementation of projects, the cancellation of projects, an increase in costs due to network improvements and the potential forfeiture of the guarantees put in place for the Group with the network manager in the context of connection to a given project.

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

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

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

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

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

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

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

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

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

Wholesale electricity market price risk

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

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

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

Wholesale electricity prices, which have slumped due to the present COVID-19 epidemic, are generally highly volatile, very specific to a given market and dependent on many factors, such as the level of demand — which is currently affected by the COVID-19 epidemic — and the time, availability and cost of production of the available capacity needed to meet demand, as well as the structure of the wholesale markets (the order in which production capacity is distributed, and factors affecting the volume of electricity that can be distributed by the available infrastructure at given points and times).

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

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

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

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

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

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

Effects of COVID-19:

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

3.1.2 RISKS RELATED TO THE GROUP’S ACTIVITY AND STRATEGY

Risk linked to the employment of third party contractors*

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

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

Furthermore, the Group's contractors, particularly in the context of the performance of EPC contracts, may be required to seek coverage for additional construction costs that could increase the initially planned investment and thus affect the profitability assumptions projected at the time of the initial investment. In the event of a disagreement regarding liability, as per the contractual provisions, for the assumption of these additional construction costs, the Group may be required to engage in amicable resolution procedures, resolution by a group of experts (dispute adjudication board), as is currently the case in the context of the El Llano project in Mexico (see section 2.5 of this Amendment), arbitration, or legal proceedings, which may result in rulings that require the Group's subsidiaries to assume additional construction costs that exceed the budget contractually provided for, and thus potentially affect the amount of capex investments and the return on investment of the project concerned.

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

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

Effects of COVID-19

The procurement difficulties, delivery delays and risk of supply chain disruption caused by the COVID-19 epidemic are likely to affect the price and conditions for obtaining the components needed to produce renewable energy equipment and disrupt the development and construction of certain projects.

Risk linked to financing arrangements obtained from various sources and particularly external debt financing

The Group’s development and construction of photovoltaic plants and wind farms, supplemented in some cases by energy storage facilities, are capital-intensive and require significant financing, mainly through the use of equity and external debt. This external financing generally covers 50% to 90% of project costs for projects in OECD countries or between 50% and 70% for projects outside the OECD, and can fall to 40% for projects highly exposed to market prices. As at 31 December 2020, the Group’s outstanding bank debt amounted to €1,948.7 million in project financing, plus €154.4 million in project bond financing (mainly mezzanine debt) for energy production plants and €370 million in two convertible bonds into new shares and/or exchangeable for existing shares (“OCEANE”) issued by the Company respectively in October 2019 for €200 million and in June 2020 for €170 million, the latter being a “green” bond.

The Group’s ability to obtain financing for its projects can vary from country to country and no guarantee can be given as to whether the banks that financed the Group’s projects in the past will continue to do so for new projects or markets, as the Group expands into new markets, or under similar conditions, particularly in terms of leverage, maturity or cost of credit, to those seen for previous projects in markets where the Group already operates, particularly given the present COVID-19 epidemic that had impacts on some financing margin in 2020, representing a maximum of a few dozen basis points, and having affected a very limited number of projects for which financing was arranged during 2020.

In some cases, the Group may not be able to close its financing after obtaining initial financing commitments, if it cannot obtain the necessary permits or administrative authorizations or there are extreme weather conditions or political problems, for example. In some countries, the Group is often required to provide financial guarantees or deposits in order to participate in competitive tenders.

Risk linked to the Group's expansion in emerging markets*

The main markets in which the Group currently operates are France and Australia. In 2020, it generated nearly 75.3% of its revenue from solar and wind farms and electricity storage facilities.

To a lesser extent, the Group also operates solar and wind farms in selected markets in Europe, a battery storage plant in Finland and solar farms in Latin America (a market in which the Group generated 15.5% of its revenue in 2020 but which amounts to 17% of the MW in its portfolio of secured projects as at 31 December 2020) and Africa.

Current and planned operations in emerging countries, particularly in Latin America and Africa, expose the Group to the following specific risks:

- the developmental disparities in these markets can result in security flaws and increase the risk of the infrastructure failing or being too small. In particular, the safety of personnel or even subcontractors may be affected in fragile geopolitical situations (including the risk of terrorism);
- the development and construction of renewable energy plants and their connection to the electricity network could cause problems if some network managers and other key counterparties have limited or no experience relating to the technical requirements (please refer to Section 3.1.1 of this Amendment);
- the political instability of certain countries could expose the Group to the risk of losses (if the assets and property are expropriated, nationalized or confiscated), restrictions on foreign investment and repatriation of invested capital, or adverse regulatory changes that were not anticipated when the investments were made;

- the imposition of foreign exchange controls or a lack of acceptable foreign currency could result in restrictions on the exchange of local currency into foreign currency and the transfer of funds abroad, as is currently the case in Argentina, which could limit upstream dividend payments or repayments of shareholder loans to the Company (please refer to note 2.2 "The Group's exposure to Argentina" of the consolidated financial statements for the year ended December 31, 2020);
- the economic difficulties caused by the COVID-19 epidemic and the increase in public debt to finance support measures in response may limit the ability of the Group's public counterparties to meet their payment maturities within the contractual deadlines or even result in some of these countries defaulting on their sovereign debt or having to restructure it, potentially constituting cross-default events for some of the project financing put in place by the Group;
- the elimination of certain measures taken to encourage foreign investment, including tax benefits, could adversely affect the Group's results or else the cost or even the availability of its project financing in some countries;
- weaknesses in the legal systems and legislation of certain countries may create uncertainty for the Group's investments and activities there;
- the perceived risk of corruption may be higher in some of these countries than in others. Although the Group has adopted a code of conduct designed to address these risks, its controls and procedures may not be capable of preventing breaches of anti-corruption legislation and regulations or its ethics charter.

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

Risk linked to projects in the process of development and construction*

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

On December 31, 2020, the Group's pipeline of projects under development was made up of 153 projects at various stages of development (tender ready and advanced development projects, excluding early stage projects[16]), please refer to Section 2.1.2 of this Amendment.

The obstacles faced by the Group during the project development phases may create delays or additional costs which could make the projects less competitive than initially planned. In certain cases, this could result in the project being postponed or abandoned and in the loss or impairment of the development expenses incurred (see Note 12 of the consolidated financial statements for the year ended December 31, 2020 for more information on the accounting these development costs, including their amount recorded on the balance sheet at that date). As a result, the Group may be unable to secure the requisite contracts for the sale of electricity planned for those projects, obtain financing on terms enabling adequate profitability or achieve the anticipated investment returns.

In the same way, the Group's inability to complete the construction of a facility or meet deadlines is likely to result in, for example, breaches of contract, early termination of electricity sales contracts, facility depreciation, a reduction of the period of eligibility for negotiated tariffs or delays and/or cost overruns due to potential requests by contracting parties which may not be fully covered or adequately provided for by guarantees, indemnification clauses or EPC insurance.

On December 31, 2020, the Group's projects under construction represented 1,436 MW.[17]

Effects of COVID-19:

The completion of some construction or development projects and Group operations has occasionally been disrupted, due either to delays in obtaining certain permits or in the routing of certain components provided for in the construction contracts or to the health measures implemented by certain countries in which the Group operates, the intrinsic effects of the COVID-19 epidemic.

[16] For a definition of the various stages of development of the Group's projects, see the glossary in the section 9.6 of the 2019 Universal Registration Document and section 1.3.2.2 of this Amendment.
[17] At 31 December 2020, the projects in operation represented 2,615 MW (see section 2.1.2 of this Amendment).

Risk linked to the ability to obtain profitable power purchase agreements

The value and viability of its renewable energy projects depend on its ability to sell the electricity generated by these projects under contracts signed with creditworthy counterparties at sufficiently high prices, including in public tenders. As at 31 December 2020, 88% of the Group's capacity in operation and under construction (in terms of MW) was the subject of electricity sale contracts resulting from tendering (or open-ended) procedures. The residual capacity was intended to be sold on the market.

Such public tenders are usually governed by specific regulatory frameworks and/or government initiatives. Tenders are mainly won on the basis of the price in the offer.

If the Group is unable to secure power purchase agreements for a given project under a public tender or under sufficiently favorable terms, it will generally be unable to finance that project or will only be able to do so on unfavorable financing terms.

Lastly, the Group cannot guarantee that it will be able to renew or negotiate new power purchase agreements after the expiry of the initial agreements or that it will be able to negotiate sales prices under future contracts or on the wholesale markets on terms equivalent to those obtained initially.

The Group may incur additional interim costs in order to maintain projects that may never be built. If those projects are not carried out, all the associated prior development costs that are capitalized in the balance sheet will be written off and a corresponding expense will be recognized in the Group's income statement.

Risk linked to the termination of an electricity sales contract or defaults or late payments by counterparties

The Group sells most of the electricity generated by its assets under long-term power sale agreements (up to 25 years) with state counterparties (states or state-owned companies), utilities and a limited number of corporate buyers.

Even when the Group obtains such state guarantees, the guarantor may not have an investment grade credit rating or may lose it. At 31 December 2020, more than 80% of the Group's secured capacity (in MW) under contract was allocated to buyers with an investment grade rating at that date.

Similarly, the Group may not be able to fully limit its exposure to regional economic crises, and the resulting credit risk, despite locating its facilities in different geographical areas and therefore risk diversification. These risks may increase when the global economy or regional economies experience periods of volatility or recession.

Also, as long as the Group's purchasers are state entities or state-owned entities, its facilities are exposed to an increased risk of expropriation or legislative or political risks, including the privatization of counterparties, which may affect the proper performance of the applicable contracts.

For an analysis on the Group's exposure to counterparty risk, please refer to Section 3.2.2.4 of this Amendment.

The financial performance of its facilities depends both on the quality of credit and on the Group's counterparties regularly fulfilling their contractual obligations under electricity sales contracts. The Group's business, financial position and results may be materially adversely affected if its counterparties fail to meet their obligations under their electricity purchase contracts and/or fail to meet payment deadlines.

Risk linked to repairs and renovation of electricity production plants

The operation of Group facilities involves risks of all or part of the equipment or some of its components or procedures breaking down or failing as well as the risk of them failing to reach the expected levels of production or efficiency. These failures and performance problems can be caused by a number of factors such as human error, lack of maintenance and general wear and tear over time. Unexpected interruptions to production units, or other problems related to the Group's production facilities, may also occur and are a risk inherent in its business.

Unexpected interruptions to the Group's electricity production units generally increase the O&M costs. It may not be possible to recover these increased costs under the electricity sales contracts, thereby reducing the Group's revenue due to the sale of less electricity or forcing the Group to incur significant expenses due to the increased cost of operating the facility. In extreme cases, such increased O&M costs could even constitute a case of default under an electricity sales contract, resulting in its termination and potentially causing early repayment of the corresponding project financing. In addition, essential equipment and components may not always be immediately available when needed, potentially resulting in significant downtime and delaying the resumption of facility operation, involving a loss of earnings that may not be fully offset by the penal clauses included in the O&M contracts. Some custom-designed equipment and parts require considerable production and delivery times and costs: if these items do not operate as planned or are damaged, their replacement may require significant Group expenditure and cause significant downtime for the facility in question.

3.1.3 RISKS LINKED TO THE GROUP'S FINANCIAL POSITION

Risk linked to the Group's level of gearing and means of financing*

As part of the financing of its projects, the Group uses significant leverage to limit its capital contribution. Accordingly, as at 31 December 2020, the Group's leverage ratio, defined as the ratio between its net debt and its EBITDA (calculated over the previous 12 months) was 8.4x (please refer to Section 2.1.1 of this Amendment). The Group's medium-term objectives, including its target net debt/EBITDA ratio, require a gearing ratio now higher than 70%[18] of the capital invested, taking into account all financing, whether corporate or set up for dedicated project companies, in the form of senior or mezzanine debt. The Group's project financing therefore involves significant use of debt by the project company, which includes the risks described below and in Section 3.2.2.4 of this Amendment. Furthermore, the Group may not be able to maintain the level of leverage required to achieve its growth objectives for various reasons (including a possible interest rate hike or a higher capital requirement by lenders, notably if a greater proportion of electricity generated by a project is sold at market prices or a fall in wholesale electricity prices on the market), which would involve greater demands on its shareholders in order to meet the Group's equity needs.

On December 31, 2020, the Group's consolidated financial debt amounted to €2,749.4 million, of which €1,948.7 million of project financing debts contracted by project companies or intermediate holding companies, €154.4 million of bonds and €339.4 million of corporate financing contracted by the Company. The remaining €306.9 million comprise (following application of IFRS 16) lease liabilities (€167.9 million), shareholder loans granted to project companies or project company holding companies by minority shareholders (€29.2 million) and hedging instruments (€109.8 million). For a description of the Group's indebtedness, please refer to Section 2.4.4 "Reconciliation of consolidated liabilities and net debt" of this Amendment.

If a project company, or its holding company, were to default on its financing agreements (for example, because of an unforeseen event or a deterioration of its financial position) or fail to meet certain minimum debt service coverage ratios, such failure could make the project debt immediately payable. In the absence of a waiver or restructuring agreement, the lenders may be entitled to seize the assets or securities pledged as collateral (in particular the Group's interest in the subsidiary that owns the project).

In the case of the Company, failure to meet its payment obligations under its corporate financing or to comply with the financial ratios provided for in the syndicated loan implemented in March 2020 would render all of these corporate debts immediately due.

Moreover, the failure of a project company or a holding company to repay its indebtedness could affect its ability to pay dividends to the Group, pay fees or interest, reimburse intragroup loans and make any other distribution of its liquidities, as the defaulting entity is generally prohibited from distributing cash. This would probably result in a loss of confidence by the Group's customers, lenders or contractors, which would adversely affect the Group's access to other sources of financing for its projects.

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

[18] At its Capital Markets Day on March 11, 2021, the Group adjusted its financial leverage target as a percentage of invested capital on an all-in basis including all Group debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt, from a level of around 80-85% to a level now above 70%. This change takes into account the level of coverage of project costs by external financing (see section 3 "Risk linked to financing arrangements obtained from various sources and particularly from external debt financing" of this Amendment) and the Group's new ambitions in terms of installed capacity in operation and under construction by 2025, set at 10 GW.

Risk linked to the financial covenants included in project financing agreements*

Due to its project financing strategy the Group has to manage multiple financing contracts signed by numerous project companies in different countries and jurisdictions. Although the Group endeavors to negotiate its financing on a uniform basis for all its projects, the terms of certain financing agreements may vary or provide for specific provisions or commitments that may prove difficult to meet or to manage on an ongoing basis.

Each financing contract contains financial and non-financial covenants for which the project company is responsible. The financing contracts generally also contain a minimum debt service coverage ratio (minimum DSCR), which is generally 1.05x to 1.10x, depending on the contract. The standard financing contract also imposes terms and conditions governing the distribution of funds to shareholders or the repayment of current account advances, including compliance with a lock-up DSCR, which is generally fixed at a higher value than the minimum DSCR (generally from 1.10x to 1.15x, depending on the contract, or even higher for projects located in countries that are not members of the OECD or which are highly exposed to market prices), and the maintenance of a debt service reserve account. Some financing contracts set a maximum gearing ratio to ensure a minimum percentage of equity in the project in question. Lastly, certain contracts also include cross-default clauses with respect to the project company or its direct holding company and, in some cases, with respect to the Company's financial position.

Failure by the Group to comply with these covenants, which has occurred a limited number of times in the past, could lead in the future to default in respect of project financing, and could have adverse consequences such as the blocking of project distribution, increased costs or even early repayment of the project debt, and in the latter case, this could have a material adverse impact on the Group's ability to obtain financing in the future or affect the cost of its future financing. Furthermore, should the Company encounter significant financial difficulties, this could activate the cross-default clauses included in certain financing contracts and so result in the project companies simultaneous defaulting on several projects.

On December 31, 2020, the minimum DSCRs and/or equity/debt ratios were complied with by Group companies[19].

The convertible bond issued by the Company in 2019 for a nominal amount of approximately €200 million and the green convertible bond issued by it in 2020 for a nominal amount of approximately €170 million are not subject to special financial covenants. However, they require compliance with a number of commitments (including a negative pledge clause and a change of control clause) and cases of default corresponding to market practice for this type of financing.

The syndicated credit facility set up by the Company in March 2020 for a nominal amount of €200 million, including a term loan of €125 million, and a revolving credit facility for a nominal amount of €75 million, maturing in 2024, which remained undrawn as at December 31, 2020, (it being noted, however, that in January 2021 the Company drew approximately €50 million on its revolving credit facility to finance its working capital) is subject to two specific financial covenants for the Company for both of its two components, the term loan and the revolving credit facility. These covenants provide for a minimum level of debt service coverage ratio and a maximum level of loan-to-value, measured as the ratio between the sum of its net financial debt and its financial guarantees issued on the one hand and its financial assets on the other, as well as compliance with a number of undertakings (and in particular negative pledge and change of control) and events of default corresponding to market practice for this type of financing.

Risk linked to the recoverability of deferred tax assets

The Group may record deferred tax assets on its balance sheet as the difference between the tax recorded in accordance with IFRSs and the actual tax paid by Group entities. This difference includes the deferred impact of any reduction in tax on losses carried forward. On December 31, 2020, deferred tax assets net of liabilities stood at €8.9 million including the deferred tax assets equating with Group tax losses carried forward, and tax credits, for €74.3 million (see Section 2 – Note 11.3 "Deferred taxes" of the consolidated financial statements for the financial year 2020).

The actual realization of these assets in future years depends on a range of factors including (i) the ability to generate taxable profits and the degree of adequacy between the level of realization of profits and the level of losses, (ii) the general limit applicable to French tax losses, according to which the percentage of any loss carried forward for tax purposes which can be used to offset the portion of taxable earnings in excess of €1 million for each subsequent financial year is capped at 50%, (iii) the limits imposed on the use of tax losses imposed by foreign laws and

[19] The debt relating to the El Llano project was reclassified as current financial debt due to certain failures to comply with documentary requirements pursuant to the financing agreements for this plant (see paragraph 2.3.1 "Key events of the period" of this Amendment).

regulations, (iv) the consequences of any current or future tax inspections or litigation and (v) any potential changes to the applicable laws and regulations.

The impact of those risks could increase the tax burden imposed on the Group and thereby have an adverse effect on its effective tax rate, financial position and results. In 2020, given the profit outlook for certain regions and the time limitations on the use of tax losses, no deferred tax assets were recognised in respect of certain tax losses for an impact of 18.8% on the Group's effective tax rate, as detailed in section 2.3.2.4 "Income tax" of this Amendment.

Risk linked to changes in tax rules

Given the geographical diversity of its presence, the Group is exposed to potential modification of the tax rules applying in all the countries in which it operates, notably at the initiative of the OECD, the EU or national governments. In particular, such modifications might affect the VAT rules applicable to construction works, the withholding tax mechanisms applicable to dividends paid, the criteria for tax deductibility of borrowing costs for project financing, the criteria for carryforward of tax losses, the bases of depreciation of production assets or corporate tax rates.

The Group may equally be the subject of tax inspections in the countries in which it operates, in the context of which it is always possible that the Group’s tax treatments (in the absence of specific rulings) may be contested albeit the Group deemed them correct and reasonable in the context of its business.

The impact of changes in tax rules may equally have an unfavorable impact on the Group’s financial position and results.

Foreign exchange risks

The foreign exchange risk to which the Group is exposed firstly includes the “conversion” risk, i.e., the risk associated with converting any financial statements of Group subsidiaries that are prepared in currencies other than the euro, which is the consolidation currency. To date, this risk has mainly involved the Group’s Australian subsidiaries, which prepare their accounts in Australian dollars, as well as the solar power plant in El Salvador, whose accounts are prepared in US dollars, the solar power plant in Mexico, whose operating currency is the US dollar, and the solar power plants under construction in Argentina, whose operating currency is the US dollar but which are exposed to the foreign exchange risk relating to the Argentine peso, mainly when recovering the VAT credits associated with the construction phase.

With regard to transaction risk, i.e. the risk of non-alignment between the currencies in which the Group's revenues and costs are respectively generated and incurred, the Group minimizes its exposure by aligning project borrowing, investment expenditure and revenue with one single strong and stable currency (as of the date of this Amendment, the US dollar, the euro and the Australian dollar exclusively). The Group is nevertheless faced with this risk with regard to development costs incurred in certain countries. Moreover, the prices of certain power purchase agreements are stated in US dollars but the payment currency may be a local currency which the Group must then convert without delay into US dollars to guarantee the servicing of debt and distribute any excess cash to shareholders.

The Group also incurs transaction risk on any equity and shareholder loans that it may allocate to project companies (which constitute an equity contribution in the context of project financing) which are financed in euros while the investment expenses incurred by the project companies (for projects located outside the Eurozone) will be stated in local currency (mainly US and Australian dollars but also to a limited extent the Mexican peso, Argentine peso, Mozambican metical, Zambian kwacha etc.).

3.1.4 LEGAL AND REGULATORY RISKS

Risk linked to unfavorable changes in the regulatory environment or in public policies to promote the development of renewable energies*

The Group's activities are, to a certain extent, dependent on the incentive-based public policies adopted in countries in which the Group operates aimed at promoting the production and sale of energy from renewable sources. Depending on the country, these measures may notably take the form of commitments and planning for the production of renewable energy, direct or indirect subsidies paid to operators, obligations to purchase at feed-in tariffs or the payment of bonuses through the open-window market or in the context of requests for tender. Such policies and mechanisms generally reinforce the commercial and financial viability of renewable energy facilities and often make it easier for the Group to obtain financing.

The Group's ability to benefit from these policies and their favorable nature depend on the political and strategic policies with regard to environmental challenges adopted in any given country or region, which may be impacted by a wide range of factors. Any challenge to or adverse change in such incentive-based public policies and any uncertainties in relation to their interpretation or implementation, or any reduction in the number of requests for tender or in the volumes allocated thereby, may have a material adverse effect on the Group's business, results or financial position.

For example, in April 2020 *Centro Nacional de Control de Energía* or « CENACE » in Mexico issued the "Resolution to ensure the Efficiency, Quality, Reliability and Security of the National Electric System" (la "Résolution du CENACE") with the purpose of, allegedly, ensuring the continuous operation of the national electric grid during the COVID-19 pandemic. CENACE argued that, due to COVID-19, the demand for electricity decreased to a point where the operation of renewable power plants put in danger the reliability of the whole electric grid. Through this resolution, CENACE sought to limit and suspend for an indefinite period the generation of electricity by renewable power plants in the start-up or test phase in favour of conventional thermal power plants held by the State. Following a legal appeal by a Group subsidiary, this resolution was temporarily suspended in court pending a more definitive decision.

In addition, in May 2020, the Ministry of Energy of Mexico (SENER by its Spanish acronym) issued the "*National Electric System Reliability Policy*" (*Reliability Policy*) with the intention of changing energy regulations and imposing restrictions on the entry of new renewable power plants to the Mexican electricity market whilst, at the same time, favoring state-owned conventional power plants. Following a legal appeal by a Group subsidiary, this resolution was temporarily suspended in court pending a more definitive decision.

Furthermore, the organizing of public tenders, which are still an important market for the Group's electricity production, despite the gradual increase in PPAs signed with private players, largely depends on states or regions being willing to promote the production of renewable energies in their territories, or even planning tools such as the multi-annual programming of energy production in France. For example, in Mexico, following the 2018 federal elections, the *Centro Nacional de Control de Energía* (CENACE) announced the postponement and then abandonment of its competitive tenders initially planned for the end of 2018, for which the Group was one of the short-listed candidates. These decisions are likely to delay the Group's ability to conclude electricity sales contracts and find markets for the electricity it produces in the country.

Finally, the Group is doing business within a restrictive regulatory environment extending to matters of urban planning, environmental protection (landscaping and noise requirements, biodiversity), the protection of local populations (such as Aboriginal populations in Australia), hygiene, health and safety at work, the maintenance and control of operational facilities, dismantling of facilities at end of life (including site rehabilitation, removal of materials and, depending on the country, recycling of the various components) and recycling of their components. If the Group does not comply or make its facilities compliant with the applicable provisions, it may have its authorizations (licenses, permits etc.) withdrawn or be fined by the regulatory authorities or grid managers, which may have a major negative impact on its business, results or financial position.

Specifically with respect to its dismantling obligations, during the second half of 2020, the methods for assessing dismantling provisions were reviewed by the Group to reflect the best estimate of future dismantling costs. The analyses carried out, based in particular on data collected from third parties, revealed a significant change in the anticipated dismantling costs for wind assets, which can be explained both by a greater experience curve of professionals in the sector and by a gradual tightening of the constraints set by the public authorities in this area, which resulted in an impact of €27.6 million on the amount of dismantling provisions at December 31, 2020, as set out in Note 18 to the consolidated financial statements for the year ended December 31, 2020.

Lastly, in this context, the Group could be exposed to risks linked to various legal or administrative proceedings or proceedings launched by regulatory authorities. In this respect, HWF 1 is being sued by the Australian Energy Regulator (AER) in the Australian Federal Court; see Section 2.5 for a description of this procedure, which could result in the imposition of a fine and, in this case, lead to the risk of civil party claims.

Risk linked to the ability to obtain the necessary permits, licenses and authorizations for the conduct of the Group's business or the construction of its facilities

In the context of its activities, the Group is subject to significant constraints relating to the issuance of the permits, licenses and authorizations required by the regulations in force and delivered by local or national authorities. Depending on the country, such permits, licenses and authorizations may take the form of planning permission (such as building permits), mandatory environmental surveys and impact surveys, generating, operating and network connection authorizations and other specific authorizations related to the presence of protected sites close to facilities.

Depending on the country, national and local authorities may have greater or lesser discretionary powers with regard to the granting of such permits, licenses and authorizations and may exercise their discretionary powers in an arbitrary or unpredictable manner. Moreover, the number of competent authorities may make the process for obtaining such authorizations and permits lengthy, complex and costly.

As a result, the Group cannot guarantee that it will be able to obtain the permits, licenses and authorizations necessary for the construction of a given facility at a reasonable cost or in accordance with the anticipated timetable. Finally, for projects at the development stage, the Group may have committed resources without obtaining the permits and authorizations required and may therefore have to withdraw from or abandon a project, which may have a material adverse effect on its business or operating results.

Risk linked to the reduction or questioning of regulated prices and tariffs for the purchase of renewable electricity

The value and viability of the wind and solar power and storage facilities developed and operated by the Group depend on its capacity to sell the electricity thereby generated at suitable price levels either pursuant to power purchase agreements or in the wholesale market.

In the past, those of the Group's projects located in France enjoyed an open-window purchase obligation which required EDF or local distribution companies to purchase the electricity generated by the Group at the feed-in tariffs set by ministerial order. Since the introduction of France's Energy Transition Law for environmentally-friendly growth dated August 17, 2015 a majority of the Group's facilities located in France now benefit from a feed-in premium mechanism based on the option to sell the electricity generated by certain facilities directly in the wholesale market (in particular to suppliers and traders) while also receiving a premium paid by EDF.

Such feed-in tariffs or feed-in premium mechanisms, on an open-window basis or further to competitive tenders, are also found in other countries in which the Group is present. For example in Zambia, the Scaling Solar Program in which the Group has taken part in the past is aimed at coordinating the development and installation of solar power plants with a target capacity of 600 MW. In Argentina, the Group is a participant in the RenovAr program which includes provision for requests for tender further to which the successful bidders, including the Group, are awarded power purchase agreements offering them a US dollar-based indexed fixed price for a term of 20 years with *Compañía Administradora del Mercado Mayorista Eléctrico* (CAMMESA).

For each of these countries, any adverse changes in the premiums or prices offered on an open-window basis or further to requests for tender may have a material impact on the profitability of the Group's projects and the revenue generated, particularly if the feed-in premiums or prices are not sufficiently high to cover project costs (notably the cost of repaying the applicable debt) and guarantee appropriate returns. Moreover, if the Group is not able to reduce its costs, notably via other system components (BOS and/or BOP components), quickly enough to offset the reduction in feed-in premiums or regulated prices in France or other countries, projects based on such revenue conditions may no longer be viable.

Lastly, the economic difficulties due to the COVID-19 epidemic may prevent some of the Group’s public counterparties from meeting their payment deadlines relating to the applicable feed-in tariffs or additional remuneration, potentially constituting cross-default events relating to the financing of projects and significantly affecting the profitability of the projects concerned.

3.1.5 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

Risk linked to any opposition to the construction of facilities from local communities or any challenge to permits, licenses and authorizations once granted to the Group*

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

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

Appeals of this kind are very frequent for those of the Group's wind farm projects located in France and may arise for projects located in the other countries where the Group is present.

When the permits and authorizations obtained by the Group are challenged or cancelled, the periods needed to develop projects are longer and in some extreme cases, may force the Group to abandon projects under development.

On December 31, 2020 none of the Group's 93 solar power projects was the subject of an appeal and 21% of its 47 wind power projects (i.e., 10 projects) in awarded, tender-ready and advanced development[20] phases in France had become the subject of an appeal (projects in the early stage phase are not generally sufficiently advanced to be challenged by an appeal). None of the Group's project (outside of France) was subject of an appeal. During 2020, the Group wasn't forced to abandon any project as a result of appeals; on the other hand, 2 solar power projects and 7 wind farm projects are no longer subject to any appeal and keep being developed.

More generally, no guarantees can be given by the Group that a wind farm or, to a lesser extent, a solar power plant currently under development or operation will be given a positive feedback or be accepted by its neighboring communities. Although various regulations aimed at restricting the exact locations of wind farms or solar power plants already exist, opposition from the local community may make it more difficult to obtain building permits and this may lead to more restrictive new regulations being adopted. A lesser degree of acceptance by local communities regarding the location of power plants, an increase in the number of appeals or an adverse trend in their outcome could lead the Group to abandon certain projects and, therefore, have an adverse effect on the Group's prospects and financial performance.

Risk linked to computer infrastructure

The Group's activity is based on the effective and uninterrupted operation of its IT infrastructure which includes complex and sophisticated IT systems, telecommunications systems, control, accounting and reporting and data processing, acquisition and monitoring systems. The Group may suffer computer breakdowns and disruptions of these systems and networks which are used in all its activities including in its highly automated plants and for the distribution and supply of electricity. They may be caused by system updating problems, natural disasters, cyber-attacks, accidents, power cuts, telecommunications failures, terrorist attacks or war, computer viruses, physical or electronic intrusions or similar events or disruptions.

Disruptions to the Group's IT systems could seriously hinder administrative and sales operations including causing a loss of sensitive data and compromising operating capacity, which could also lead to loss of service for customers and require substantial expenditure to correct security breaches or system damage. Furthermore, in addition to having a negative effect on the Group's activity, failure in operational monitoring (focused on availability, plant activity and efficiency, accounting and reporting, health and safety and compliance with environmental laws and regulations) may lead to loss of revenue, non-compliance with contractual, regulatory or tax obligations or extra requirements regarding permits and give rise to fines and penalties.

Risk linked to the Group's ability to retain key executives and employees and to attract and retain new qualified employees

The success of the Group and its ability to pursue its growth objectives depend on qualified executives and employees, particularly certain of the Group's executives and employees with specific expertise in project development, structuring, financing, engineering, construction, operation and maintenance. In view of their expertise in industry in general, their knowledge of the Group's operating processes and their relations with the Group's local partners, the loss of the services of one or more of these persons might have significant negative impact on the growth, project development, financial position and income of the Group.

As the Group extends its activities, its portfolio and its geographical presence, its operational success and its ability to achieve its business plan largely depend on its ability to attract and retain additional qualified personnel with specific technical or market segment expertise, including in the many international sites where it is established.

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

For example, the presence of the Group's personnel and engineering capacity in the field are crucial to the development of new projects and the operation of existing assets. The success of projects depends on the recruitment and retention of personnel worldwide with sufficient expertise to enable the Group to meet its analysis and report production requirements with accuracy and on a timely basis. There is substantial competition in the renewable energy industry to attract qualified personnel with the necessary expertise and the Group cannot guarantee that it will be in a position to recruit sufficient personnel to support its business plan and growth. The inability to recruit and retain qualified personnel could have a significant negative effect on the Group's activities.

In addition, executives and other employees with technical or sectoral expertise may sometimes leave the Group. As the Group's visibility and reputation grow, its employees also become more sought after. If the Group is unable to quickly appoint qualified and effective successors or cannot effectively manage temporary gaps in expertise or other disruptions created by such departures, this could have a significant adverse impact on its business and growth strategy.

Risk linked to climate change and to extreme weather events

The risks linked to climate change or extreme weather events could have a material impact on the Group's facilities and activities. To the extent that climate change triggers fluctuations in temperature, wind resources and meteorological conditions, generates an increase in average cloud cover or increases the intensity or frequency of extreme weather events, it is possible that it could have an adverse effect on the Group's facilities and business. Moreover, extreme weather events may cause damage to the Group's facilities, increase the incidence of downtime, increase operating and maintenance costs or interfere with the development and construction of large-scale projects. For example, in certain markets in which it is present, the Group has already had to deal with extreme weather events such as earthquakes in El Salvador.

Risk linked to meteorological conditions, notably wind and sun resources

The Group invests and plans to continue investing in electricity generating projects dependent on wind and sun. On December 31, 2020, the Group's solar facilities and wind farms in operation represented 1,716 MW and 705 MW respectively, i.e. approximately 66% and 27% of its total operating capacity.

Generating levels for the Group's solar and wind projects depend closely on the degree of irradiation for solar power facilities and the kinetic energy of the wind to which wind turbines are exposed, both of which are resources beyond the Group's control and which may vary significantly depending on the period. Predicting general meteorological conditions, such as seasonal variations in resources, is complex given particularly that exceptional poor weather conditions may lead to temporary fluctuations in generating levels and in the levels of income generated by projects.

Insufficient levels of irradiation or wind may trigger a reduction in the amount of electricity generated. Conversely, excessive heat may lead to a reduction in the amount of electricity generated by solar power plants and wind in excess of a certain speed may cause damage to wind farms and force the Group to shut down turbines.

3.2 INSURANCE AND RISK MANAGEMENT

The section "Insurance and Risk Management" in Chapter 3 of the 2019 Universal Registration Document is updated as follows. Accordingly, as at the date of this Amendment, this Section 3.2 replaces Section 3.2 entitled "Insurance and Risk Management" of the 2019 Universal Registration Document.

Risk management is an integral part of the Group's operating activities. As a developer and operator of solar, wind and storage facilities, the Group adapts its range of risk control measures either internally or via the transfer of such risk by means of insurance.

3.2.1 INSURANCE

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

- at the Company level, essentially to hedge the risk of third party liability which exists Group-wide, as well as to cover the risks associated with business travel by the Group's employees, corporate officers and executives;
- at the level of project companies, for protection against the risks relating specifically to their solar, wind and storage facilities under development, under construction and in operation.

Insurance policies are defined and managed in-house by specific department, under the responsibility of the general secretary, who works closely with various teams (operation, development and legal teams) worldwide and with the Group's insurance brokers. Given the tightening of the global insurance market, the Group is making every effort to obtain suitable insurance cover for each risk (x) by creating partnerships with major market players, and (y) by conducting technical studies to accurately determine the risks of a project, including in the event of a natural disaster.

3.2.1.1 THE GROUP'S THIRD PARTY LIABILITY AND BUSINESS TRAVEL INSURANCE

The insurance policies taken out by the Company to cover all Group entities and their employees, corporate officers and executives are essentially third party liability policies as well as an "individual accidents" policy. As at the date of this Amendment, the Group has taken out the following main insurance policies with the levels of cover (and limits of indemnity) that it considers appropriate and usual for businesses operating in the same market:

- international public liability insurance taken out with AXA-XL, the purpose of which is to protect the Group, its representatives and employees located in France and in the other countries in which the Group operates against the financial consequences of any liability that they may incur as a result of bodily injury and material and consequential damage resulting from faults, errors of fact or law, oversights, omissions or inaccuracies committed by them or their employees and caused to third parties, including the Group's customers, in the performance of their professional activities. This insurance also includes a "criminal defence" component that covers the payment of the fees of the agents (lawyers, solicitors, bailiffs and experts) and the costs necessary to defend the Group if it is prosecuted for a serious claim. The total amount of all these guarantees is capped per claim and per insurance year, with sub-limits per type of damages. This insurance consists of a "master" policy and "local" policies in the countries in which the Group operates in accordance with local regulations. The "master" policy is intended to supplement the "local" policies;
- a third party liability insurance program for executives and corporate officers, provided by AIG (as primary insurer) and Liberty, intended mainly to provide cover for directors, executives and corporate officers of Group entities worldwide against the financial consequences of any claims filed against them on the basis of any professional fault committed in the performance of their duties. The program also covers defense costs incurred by insured persons in proceedings in the civil, criminal and administrative courts;
- a business travel or "individual accident" insurance policy, provided by AIG, aimed at covering all employees, corporate officers, executives and directors of the Company, or any other person tasked with an assignment by the Company, including expatriates and seconded employees, against any losses arising in the context of their business travel by air or land etc. The total value of the guarantees is capped per claim with sub-limits imposed by type of loss. The policy is complemented by insurance provided by Covéa Fleet which provides cover for the personal vehicles of employees on assignment in the event of material and non-material damage and without limitation in the event of bodily harm occurring in France.

The insurance policies taken out by the Group contain caps, exclusions and deductibles which could, in the event of a major claim or of a lawsuit filed against the Group, have adverse consequences. Moreover, the fact that in certain cases the Group may be obliged to pay significant indemnities not covered by the insurance policies in place, or might incur material expenses not covered or not sufficiently covered by its insurance policies, cannot be excluded.

3.2.1.2 INSURANCE SPECIFIC TO PROJECT COMPANIES

In the performance of its activities relating to the development and operation of wind, solar and storage projects, the Group is protected via insurance policies against any losses and incidents that may arise and impact a facility.

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

- each Group project must be covered by:
  - a "construction all risks" policy covering both the Company and the project company against the risks of accidental damage to assets and associated loss of revenue as well as third party liability (including accidental environmental risks) that may occur during the construction of the facility. - The use of a "construction all risks" or "test assembly construction all risks" policy provides compensation without seeking liability first, to avoid prolonged construction downtime. Depending on the project's risks, this policy may also include a transport and terrorism component;
  - once a facility has been commissioned, operating insurance providing cover for third party liability (including for accidental environmental damage), accidental damage to assets and associated loss of revenue caused by or to the facility (for example fire, theft and acts of vandalism, natural disasters

etc.) In certain cases, this policy may equally include cover for potential losses resulting from terrorism;

- although each project has its own cover separate from that of the other projects, this cover must be consistent with the Group's policy on insurance cover. In the particular case of French solar projects, standard terms and conditions have been set out in framework policies negotiated beforehand by the Group with leading insurers, including insurance brokers. Thus, as at the date of this Amendment, framework policies have been taken out with AXA France for most of the Group's operational photovoltaic and wind projects in France to cover, respectively, the third party liability risks as well as the risks of accidental damage to assets and associated loss of revenue;
- concerning its international business, the Group has undertaken a project to harmonize and rationalize its international insurance policies. In 2020, it took out an international insurance policy with leading insurers, whose lead insurer is AGCS, to cover operational assets for the risk of accidental damage to assets and associated loss of revenue. Construction policies covering these projects are taken out at the end of requests for quotations organized with the support of an international broker. In these situations, the Group relies in particular on its local financial partners;
- insurance policies are generally audited by the lenders financing a project who ask to be designated as additional insureds in order to be able, if applicable, to receive any potential insurance proceeds in the event of a claim by subrogation in the framework of the loan agreements;
- finally, the insurance policies taken out by project companies contain limits of indemnity, deductibles and exclusions calibrated on a project-by-project basis, the levels of which are set appropriately further to analysis performed by the Group in consultation with the financing banks.

In addition to this general policy, certain mandatory local insurance policies are put in place based on the country concerned, such as for example (i) local insurance taken out in the United States to cover rental risk incurred by the US subsidiary for its use of land and (ii) specific insurance which may be taken out in order to obtain cover for specific risks such as earthquake risk in El Salvador.

In order to ensure that consistent insurance policies are put in place and to guarantee a satisfactory level of cover, the Group has in particular established guidelines to determine the method to be adopted with regard to insurance during the construction phase of projects being developed.

As at the date of this Amendment, the Group has put in place a policy for the coverage of its key insurable risks with levels of guarantee that it considers compatible with the nature of its activities. In the future, the Group does not contemplate any particular difficulty in retaining adequate levels of insurance within the limit of market conditions and availability. The current tightening of the insurance markets may ultimately affect the amounts of deductibles or policy limits, as well as the availability of certain insurance guarantees, but the Group does not anticipate any particular difficulty in insuring its assets on the basis of acceptable terms and conditions consistent with its current risk management policy.

Over recent years the Group has not experienced any material losses calling its insurance policies into question.

3.2.2 RISK MANAGEMENT

Risk management comprises the measures implemented by the Group in order to survey, analyze and control the risks which it faces in the context of its activities in France and abroad. The Group places special focus on risk management and has developed structured measures aimed at implementing an active policy in terms of risk management providing assurance that its major and operating risks are identified and under control. The set of measures used is applicable to the Group worldwide, inclusive of all activities, functions and territories.

Risk management is considered a priority by the Group which has put in place a coherent set of measures for risk management and internal control. The Group's risk management and internal audit approach is based on a set of resources, policies, procedures, behaviours and actions aimed at ensuring that all necessary measures are taken in order to:

- verify the effectiveness of operations and the efficient use of resources; and
- identify, analyze and control all risks which may have a material impact on the Group's assets, income and operations and on the achievement of its objectives whether operational, commercial, legal or financial or related to compliance with laws and regulations.

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

3.2.2.1 RISK MAPPING

The Group has perfected a risk mapping procedure to identify the major risks relating to its business, as described in Section 3.1.1 “Risks related to the Group’s line of business” of this Amendment, with support from a specialized external consultant. The process used for this risk mapping, which was put in place in 2016, has allowed the key risks to which the Group is exposed to be identified and each risk to be assessed in accordance with the methodology defined.

Management of all of the Group's activities and functions are closely involved in the risk mapping process, thereby enabling the objectives and challenges faced by all stakeholders to be taken into account. The exercise consists of identifying those risks which are most significant for the Group, sorted into different categories (development, operating, financial etc.). A description of the risks and their causes is prepared and, for each risk, the probability of occurrence, potential impact on the Group and degree of current control are all assessed. Further to the assessment of the degree of control of such risks, action plans are defined for those risks considered to be insufficiently controlled. The Executive Committee is responsible for progress made in the implementation of action plans.

Every three years, the main risks faced by the Group are mapped as part of a process overseen by the Chief Executive Officer. Each update is presented to the Audit Committee. The risk map was last updated in the second half of 2019.

Mapping is a risk control management tool. Consequently, this mapping and more generally the risk environment were analysed by the Group’s Management in the second half of 2020 against the backdrop of the health crisis and presented to the Audit Committee.

Focus on fraud risk

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

In addition, training on cybersecurity topics by a speaker from the General Directorate for Internal Security (DGSI) was organized for all the Company's workforce in January 2019. In 2020, following the arrival of its Chief Information Officer, the Group also commissioned an external audit of its cybersecurity risk exposure, which led to the strengthening and implementation of several internal policies, the deployment of dedicated protection tools focusing in particular on securing data exchanges and workspaces, and ensuring that all employees are made aware of the risks associated with cybersecurity by providing e-learning courses on the subject.

Specific alerts have been issued regarding the types of fraud to which the Group has particular exposure, such as the so-called “Chairman” fraud (a form of external fraud which consists in stealing the identity of the Chairman and then requesting fund transfers) and fraud involving suppliers’ bank details (another form of external fraud which consists in stealing the identity of a regular supplier whose bank details are then replaced by those of the fraudster prior to performance of an invoice payment).

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

Focus on corruption risk

Integrity is one of the Neoen values that guide its relationship and activities with all contacts, partners, customers and local populations. Shared by all Group employees, these values are the foundations on which Neoen’s identity and the intangible benchmarks for the everyday behaviour of its employees are built.

The Group chooses partners whose actions follow the same principle of absolute integrity in all situations. This integrity enables the Group to be completely transparent when conducting its projects.

In 2018, an external body carried out a compliance audit on the Group, which mainly focused on anti-corruption issues. Following this audit, an action plan was drawn up and training was provided to Group employees deemed to be the most exposed to corruption risks in early 2019 (this training was one of the measures in the action plan).

At the end of 2020, the Group reviewed its ethics charter. As part of this review, the Group decided to formalize its corruption risk prevention measures in a separate code of conduct published on its website.

Lastly, for the syndicated credit facility put in place by the Company in March 2020, the Company pledged to set up a training plan on anti-corruption issues, provided face-to-face for those deemed to be the most exposed and via online training for the rest of the teams. The first face-to-face anti-corruption training was provided in September 2020 and the first online training campaign was carried out in November–December 2020.

3.2.2.2 ORGANIZATIONAL FRAMEWORK FOR RISK MANAGEMENT AND INTERNAL CONTROL

Roles and responsibilities in risk management and internal control have been clearly defined within the Group.

Management responsibilities in this area form part of the Group's particular culture and are anchored in its various management bodies notably for project management and business monitoring (local Development, Construction and Management Committees).

The Executive Committee is at the heart of this process. It is responsible for the design of the overall approach and examines and oversees all subjects relating to risk management and internal control. It ensures implementation within the Group of its internal control process and of the action plans generated by the risk mapping exercise.

To provide support to management in the deployment of major risk management tools and internal control measures, a Group Internal Control Manager has been appointed, in charge of coordinating implementation, coordination and reporting for internal control as well as coordinating the updating of the risk mapping process.

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

Finally, the Audit Committee plays a role in terms of risk management and internal control by requiring a report to be submitted at least once per year and challenging the range of measures put in place by the Group. The report is compiled by the Internal Control Manager under the responsibility of the Group Chief Financial Officer.

Focus on the preparation of financial and accounting information

The Group’s financial and accounting information is prepared on the basis of information systems which ensure the completeness of recording and proper measurement of transactions and support financial reporting at both the Company and consolidated levels reflecting the Company’s accounting policies.

The Group’s interim and annual consolidated financial statements are prepared, under the authority of the Group’s Finance Department, as follows:

- dissemination of the Group’s accounting policies in the form of a manual of procedures;
- preparation and transmission to subsidiaries, by the Group’s Finance Department, of consolidation instructions including detailed timing requirements;
- preparation of consolidated financial statements covering the Group’s full scope of consolidation and based on the information communicated by Group entities;
- use of a unique centralized consolidation tool.

At each period end the Group’s central accounting teams review the accounts submitted, perform period to period analytical review and analyze variances against budget. Their work is complemented by that of the Group’s statutory auditors covering the Company’s annual statutory accounts and the Group’s consolidated financial statements.

3.2.2.3 SYSTEM OF INTERNAL CONTROL

The Group’s system of internal control is intended to ensure that all accounting and financial information produced is reliable and to guarantee compliance with all laws and regulations applicable to the Group as well as operational efficiency. It is mainly supported by a control environment, by control activities and by dynamic management.

Should any significant weaknesses in the Group's internal control nevertheless arise in the future, they might lead to material misstatement of the Group's consolidated financial statements potentially obliging it to restate its financial statements or leading to a loss of investor confidence in the reliability and completeness of its financial statements and thereby having negative impact on the market price for the Company's shares.

The control environment is particularly based on the corporate culture disseminated by the Company. The Group has defined and deployed an ethical charter and actively demonstrates a managerial culture sensitive to risk management. The Group's organization and its clearly defined roles and responsibilities, supported by the chart of authorities it has put in place, also contribute to a solid control environment. Its chart of authorities is regularly reviewed for consistency with the Group's needs as it grows.

Control activities have been defined for ten major operational, supporting or cross-departmental processes identified by the Group. For each one, control activities have been listed and circulated via control matrices. This work has been performed under the responsibility of each business process owner. The control activities were defined on the basis of the operating risks identified in each of the processes and via the risk mapping process. They were clearly detailed and defined in order to ensure ease of rollout by all Group subsidiaries. In addition to this organization, a concrete set of tools (checklist, model documents etc.) was designed and circulated within the Group for improved appropriation and implementation of the control activities in a harmonized manner across all territories.

Finally, implementation of the internal control system is assessed annually. Internal control self-assessment campaigns were performed in 2017 and late in 2018 (in the form of a cross-departmental audit). Each relevant manager thus prepared an assessment, for his or her area of responsibility or that of a colleague, of the effectiveness of the control measures defined by the Group, thereby allowing the level of deployment of internal control within the Group to be assessed and also enabling action plans to be drawn up with the aim of strengthening any activities not sufficiently controlled at the time. The results of the campaigns were then reported to the Executive Committee and the Audit Committee.

In the second half of 2019, the Group initiated an external audit campaign, firstly, to ensure that the defined controls were properly implemented and secondly, to check that the measures for controlling major risks — as well any other major risks identified between two risk map updates — were working properly. This audit, which specifically concerned the controls used to prepare the financial statements and to produce the Group's financial information for France, was carried out in 2020; it also covered the Group's Australian entities, and is due to be extended to other Group countries in 2021, by geographical rotation and by process.

Lastly, regarding internal controls on compliance, please refer to Section 3.2.2.1 of this Amendment, "Risk Mapping". Although the Group has established internal control policies and procedures in order to identify any fraud, such policies and procedures may nevertheless not identify and protect the Group against fraud or other criminal acts perpetrated by its employees or agents or by those of its affiliated companies.

Should employees or agents of the Group or of its affiliated companies be involved in fraud or criminal or unethical activities, financial penalties could be imposed on the Group and the Group could be the subject of investigations carried out by the criminal or regulatory authorities or become the subject of disputes or litigation, which could have a material adverse effect on its reputation, activities, financial position or results.

3.2.2.4 MANAGEMENT OF IDENTIFIED NON-FINANCIAL RISKS

The Group has implemented the following main actions as part of its process to manage the main risks it faces (referred to in Chapter 3.1) in order to limit their impact on the Group.

Competition in the renewable energy sector

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

The Group has also set itself objectives for return on investment (internal rates of return (IRRs) at single digit[21] for OECD countries and greater than 10% (low double digit) for non-OECD countries) which are approved by its Board of Directors and the compliance with which is constantly monitored at all project phases from development through to final construction. The Group thereby ensures that those objectives are systematically respected in the framework of projects under development or construction.

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

The Group's presence in several markets also enables it to follow attentively the measures of optimization implemented by the various players in the industry (more so than for purely local players). Lastly, its long-term strategy, which is based on the principle of majority ownership of its assets over their operating life, excluding projects in the secured portfolio sold as part of its Farm-Down[22] activity, gives it an advantage in negotiating PPAs with private players.

In addition, in April 2019, the Company's Board of Directors appointed a lead director whose role includes the management of any "conflict of interest situation, even potential".

Grid connection

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

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

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

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

Price of components necessary for the production of renewable equipment

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

Wholesale electricity market price

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

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

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

Employment of third party contractors

The Group enters into contracts with Tier 1 suppliers, whenever possible turnkey contracts, with allotment contracts currently accounting for a small proportion of its portfolio of construction contracts. These contracts are negotiated by highly experienced and dedicated teams of professionals from the Company's procurement and legal departments, assisted by technical experts and lawyers as and when necessary. The Heath, Safety and Environmental (HSE) obligations of contractors are systematically subject to specific clauses that comply with industry best practices in the contracts entered into by the Group.

Contractual performance is monitored by a highly experienced and dedicated construction team assisted by leading consultants and technical experts in the construction phase, and by a highly experienced and dedicated operating team in the O&M phase. In the event of a disagreement regarding the performance of its contracts, the Group may be required to seek the services of leading law firms specialised in such matters.

The Group does not generally enter into framework contracts and EPC suppliers are specifically selected for each project. EPC suppliers provide the Group with performance guarantees, subject to negotiated limits, with regard in particular to delay in completion, which are implemented by financial institutions to which the Group pays particular attention.

Financing arrangements obtained from various sources and particularly from external debt financing

The Group primarily focuses on developing projects in OECD countries and spreading its geographical exposure. In order to limit its risk exposure, the Group currently has a policy of aiming to spread its installed capacity, locating 80% of it inside OECD countries and 20% outside the OECD.

Nevertheless, the Group's accelerating international development may expose it to less stable or less predictable financing terms.

Before any significant investment in a project, the Group systematically begins by assessing its "bankability" by consulting credit institutions or development banks.

The Group also tries to diversify its banking counterparties by ensuring that, in the various regions in which it operates, it forms a pool of regular lending banks capable of meeting the needs associated with the development of its projects there.

The Group's expansion in emerging markets

The Group's intention is to increase its international presence.

The expansion of its business activity to new countries each year, sometimes in geopolitically fragile regions, creates new potential exposure. The Group has a policy of taking out special insurance policies to protect its assets against the risks of material damage and the associated loss of income, including those caused by terrorism.

This expansion nevertheless creates a risk dispersion effect, which remains latent in sensitive geographical areas even when the Group's business becomes more mature locally.

In addition, the Group's HSE policy is constantly being strengthened and includes elements dedicated to the health and safety of its employees.

Lastly, whenever the Group chooses its future investments, it minutely monitors the economic, political and regulatory situation of the countries in which it is likely to invest. It is also careful to diversify its investments in order to limit its risk exposure in emerging countries and its sources of external financing, mainly relying on international development finance institutions (DFIs). The Group currently has a policy of aiming to spread its installed capacity, locating 80% of it inside OECD countries and 20% outside the OECD.

Projects in the process of development and construction

The Group's development teams essentially concentrate their efforts on familiar regions and projects with real prospects for achievement. Investment in new countries and initial prospection is closely monitored and controlled.

For the construction of its facilities, the Group enters into essentially turnkey contracts, with first-tier EPC contractors, which provide for penalties and/or compensation, up to a contractually defined limit, for related revenue losses, in the event of non-compliance with contractual deadlines and the performance of which is closely monitored and supervised by the Group's own construction teams.

Ability to obtain profitable power purchase agreements

The Group may retain such projects in its pipeline and attempt to obtain power purchase agreements afterwards, through future tenders, but cannot guarantee that such tenders will take place or that it will be successful in winning them.

The Group may also consider selling these projects to third parties, as part of the implementation of its Farm-Down[23] activity, within an annual limit of a volume of projects concerned not exceeding 20% of the gross annual growth of its secured portfolio, its priority continuing to be a develop-to-own strategy.

The Group may also design and develop some of its projects with a view to selling their electricity production on the future or spot markets, in accordance with the objectives set for exposure to electricity market risks. It now aims to ensure that the share of its operational installed capacity, whose revenues are exposed to market price changes, does not exceed 20% of its total operational capacity, excluding dedicated storage facilities directly connected to the networks.

In 2020, 12.4% of its capacities in operation and under construction was exposed to market pricing whilst the Group's merchant revenues amounted to 19.6% of total consolidated revenues.

Termination of an electricity sales contract or defaults or late payments by counterparties

Power purchase agreements entered into by the Group may be terminated by the counterparties in limited circumstances including events that render any payment made under such contracts illegal, force majeure events (including acts of state) and certain tax events. This termination option for counterparties is generally subject to the payment of compensation on termination.

It seeks to reduce its counterparty risk in electricity sales contracts, partly by entering into contracts with states, state-owned power distribution companies or other highly creditworthy customers and by obtaining guarantees covering the obligations of the customers concerned. However, whenever one of the Group's current or future counterparties does not have, or ceases to have, an investment grade credit rating and the Group cannot obtain state guarantees, the Group is or will be exposed to a higher counterparty risk. In non-OECD countries, the Group also tends to finance its projects through development banks, which are likely to support it in its relationship with its counterparties whenever there is a known counterparty risk, or prior to its realization.

In addition, when setting and negotiating the selling prices proposed for electricity produced, whether in the context of public tenders or of bilateral negotiation with counterparties, the Group systematically takes account of counterparty risk for the purpose of determining its desired rates of investment return.

Repairs and renovation of electricity production plants

The maintenance and refurbishment of electricity production facilities are performed by leading third party service-providers selected by the Group, generally on the basis of turnkey O&M contracts incorporating availability and performance requirements sanctioned by penalties.

Group's level of gearing and means of financing

The debt of each project company in the Group contracted for the amount of the project is non-recourse or limited-recourse for the Company and the other entities outside the scope of the specific financing, excluding isolated and temporary exceptions such as, for example, a guarantee granted by the Company during the period prior to the commissioning of the Altiplano project in Argentina, scheduled for the third quarter of 2021.

Consequently, the debt can be repaid solely from the revenues generated by the relevant project company or its direct holding company (if projects are combined), and the repayment of such borrowings (and interest thereon) is

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

generally secured by the project company's equity securities, the facility's physical assets and the contracts, insurance policies and cash flows of the project company or its direct holding company, as the case may be.

Mezzanine debt, whose repayment is funded by the dividend flows and repayment of shareholders' loans of the applicable project companies, is equally not subject to any recourse or with limited recourse against the Company and other entities beyond the scope of the specific financing.

With regard to the Group's corporate financing, including the syndicated credit facility put in place in March 2020, which is subject to compliance with specific covenants and remained undrawn as at 31 December 2020, the principal and interest payments are made by dividend and shareholder current account repayment flows from the various projects, once any interest associated with interim mezzanine debt has been repaid and paid. These flows undergo special monitoring and regular forecasts intended to continuously manage the terms and conditions for covering the principal and interest of this financing.

Financial covenants included in project financing agreements

The Group closely monitors compliance with the covenants defined in all its financing contracts. Should it anticipate any non-compliance with these covenants over a given period, it would begin discussions with the counterparties with the aim of obtaining a waiver.

As at the date of this Amendment, the Company is not aware of any information indicating that the various companies financed by project debt or mezzanine debt do not comply, based on the latest available calculations, with their covenants on minimum DSCR financial ratios or minimum shareholder equity.

As at the date of this Amendment, the provisional acceptance (PA) of the Mexican plant in El Llano had not yet been declared, due in particular to delays in the finalisation of construction operations and due to delays in the performance of pre-operational tests by the national energy control centre (CENACE), which were only finalised in the fourth quarter of 2020, resulting in the failure to provide certain documents required under the financing contracts for this plant. As a result, the financing raised for this project has been presented as current financial debt in the Group's annual financial statements.

As at the date of publication of its accounts, the Neoen group continued to work actively with the builder to bring the production of the El Llano plant close to its nominal capacity as soon as possible, and to obtain provisional acceptance and comply with its documentary requirements. The plant, which started production in February 2020, continued to generate electricity for sale on the spot market.

Recoverability of deferred tax assets

The recognition of deferred tax assets within the Group's consolidated financial statements is conditioned by a preliminary assessment of their recoverability subsequently reviewed at each period end on the basis of the relevant project business plans prepared for project financing purposes and in turn regularly updated whenever material operating, financial or fiscal modifications occur of a nature to affect the original business plans.

Changes in tax rules

The Group's tax policy is founded in strict compliance with applicable laws and regulations. Its transfer pricing policy is duly documented and reflects a strict principle of rebilling of costs incurred plus a limited margin. The Group adopts an attitude of transparency with regard to tax authorities.

Finally, its increasing geographical and product diversification may be expected to attenuate the potential impact of tax exposures.

Unfavorable changes in the regulatory environment or in public policies to promote the development of renewable energies

In the case of regulatory requirements, the Group necessarily remains dependent on the evolution of the policies adopted by the various countries within which it operates.

It may nevertheless be noted that:

- international conferences such as the COP have shown that numerous countries display growing awareness in particular as the result of the pressure exercised by populations on their governments (marches for the climate etc.);

- the Group is supported by the banks, notably development banks, financing its production facilities;
- continuous improvements in the competitiveness of wind, solar and storage assets enables them to achieve grid parity in most countries in which the Group operates.

In addition, the Group strives to defend its interests before the courts. For example, following the adoption of the CENACE's Resolution in May 2020, ENR AGS, SA de CV, a Neoen wholly-owned Mexican entity, filed before a Mexican court a constitutional injunction against it and succeeded in securing a court order suspending its effects until a final court decision on the merits is issue. This result allowed ENR AGS, SA de CV to restart and complete the necessary preoperative tests to begin operations of its project in the State of Aguascalientes. ENR AGS, SA de CV also filed before a Mexican court a constitutional injunction against the Reliability Policy of May 2020 and succeeded in securing a court order suspending its effects until a final court decision on the merits is issued. Both trials are currently on the evidentiary stage.

In order to cope with the potentially rapid and hazardous evolution of the applicable rules the Group also engages in careful due diligence, prior to the financial closing of its projects, in order to be familiar with such rules and their potential evolution, and has the support of dedicated asset managers, who perform detailed monitoring of projects and project constraints, and of legal teams charged with analyzing regulatory trends.

Finally, the Group attaches great importance to local leadership as a means of better understanding and anticipating potential changes in local regulation.

Ability to obtain the necessary permits, licenses and authorizations for the conduct of the Group's business or the construction of its facilities

The Group has specialist country development teams responsible for obtaining the requisite permits and licenses. The multiplication of projects in any given country facilitates comprehension of the applicable processes in particular for countries with strong regional characteristics. This is particularly true of France where the Group has a precise understanding of the various regional approaches to the development of renewable energies.

The Group is supported by specialist local subcontractors who perform the requisite analyses (technical and impact surveys etc.) for permit applications, as well as by lawyers in order to ensure completeness.

The Group's positioning as a local leader or initiator of large-scale projects provides it the benefit of attention from central authorities, thereby limiting the impact of discretionary decisions in developing countries.

Reduction or questioning of regulated prices and tariffs for the purchase of renewable electricity

The Group has chosen to concentrate its investment in countries where its renewable electricity production facilities largely possess grid parity, thereby rendering less likely any reduction or other questioning of the pricing arrangements for the purchase of renewable electricity since they are already competitive in comparison with the conventional sources of electricity production.

In the event of any such questioning of feed-in prices or other regulated tariffs, the Group's continuous insistence on seeking competitiveness for its facilities in comparison with other energy production sources would be expected to enable it to sell its electricity production on the spot or forward electricity markets.

Finally, the Group's strong geographical diversity renders it less exposed to any challenge to regulated prices and tariffs within any particular country or region.

Opposition to the construction of facilities from local communities or any challenge to permits, licenses and authorizations granted to the Group

In general terms, the Group places the accent on dialogue and compensatory measures as a means of limiting the impact of a project or local opposition. For solar power plants the measures envisaged, in concertation with local communities, to limit environmental impact include for example measures of reforestation, the planting of hedges and measures for the protection of biodiversity.

For wind power projects, early concertation with local communities makes it easier for facilities to be accepted so Neoen's teams engage in discussion prior to any submission of requests for authorization as a means of involving local residents in a project's development and taking local issues on board. The means employed are adapted to the context, to the presence of other wind turbines nearby or to the degree of local influence of the associations opposing wind turbines that are present throughout France: involvement of local elected representatives, organization of meetings or information sessions, canvassing, distribution of information sheets, visits to existing facilities may help reinforce local acceptance and contribute to defining adequate measures for avoiding, attenuating and compensating for project impacts.

For the purposes of deployment of such approaches, the Group's project managers interacting directly with local stakeholders are complemented by community relations specialists (in Australia), or by specialized consultants for certain regions (Latin America, Africa or Europe), as a means of ensuring positive relationships over the long term.

In certain cases, in order not to delay the construction and operation of a project, the Group may be obliged to consider the benefits of taking out insurance providing protection against the financial consequences suffered in the event of a successful appeal against the permits obtained by the Group for a given project.

Computer infrastructure

In order to secure its IT infrastructure in a context of strong growth, the Group has signed several contracts with external service providers to ensure the performance, continuity and protection of these systems. These contracts contain special performance obligations, which are subject to regular, detailed monitoring.

The Group has also created an internal IT function, with the recruitment of a Chief Information Officer in January 2020. The CIO has increased the Group's investment in staff and equipment around cyber security, the monitoring and security of the tools used to measure the performance of the production assets, and IT development involving some of the Group's key functions (including operations, financing and human resources).

Group's ability to retain key executives and employees and to attract and retain new qualified employees

The Group attaches great value to its human capital, which is one of its fundamental strengths, and seeks to encourage the emergence of talent notably by confronting employees with new positions and experiences within the Group's various subsidiaries.

Each year, the Group reviews its workforce and identifies key functions and profiles for which special retention policies and succession plans are put in place.

For that reason, the Group strongly supports functional and international mobility on the part of its employees.

The Group has also historically offered its key employees the benefit of stock options and performance share allocations (please refer to sections 4, 6 and 7 of the 2019 Universal Registration Document and section 5 of this Amendment).

Lastly, an incentive plan was set up in France in 2019 and an employee shareholding plan for the Group's French employees was set up for the first time in March 2020 (please refer to sections 4, 6 and 7 of the 2019 Universal Registration Document and section 5 of this Amendment).

Climate change and extreme weather events

The Group's approach to managing climate change and extreme weather events has three components:

- the construction of assets in line with robust seismic, wind, flooding etc. standards;
- real-time monitoring of the climate conditions applicable to the Group's installations designed to provide a detailed and immediate understanding of the current implications of climate change for its assets and to identify and anticipate any actions required in the event of excessive variations;
- insurance cover for these assets, in which weather issues play a fundamental role. The transfer of risks to the insurance market is defined based on clear criteria regarding the financial strength of the partner insurers and their ability to cover the major weather events and natural disasters that could affect the Group's assets. Given the current tightening of the global insurance market, the Group may be obliged to conduct technical studies to define the level of guarantees appropriate to the risks of each asset. The insurance includes cover for physical assets (property damage), the expected income from assets (operating losses), as well as additional O&M costs incurred during the repair of a disaster. This revised cover, as described in section 3.2, "risk insurance and management", protects the Group and its assets as much as possible against uncertainty due to extreme weather events.

Meteorological conditions, notably wind and sun resources

As at the date of this Amendment, although the Group conducts most of its business in France (29% of the MW in operation as at 31 December 2020) and Australia (36% of the MW in operation as at 31 December 2020) and expects an improvement in the Americas (26% of the MW in operation as at 31 December 2020), its strategy of geographic and technological diversification of its project portfolio should limit the consolidated size of this risk in the future.

The Group makes forecasts relating to the amount of electricity generated using statistical surveys based on the past meteorological record for sites. The Group's internal rate of return and the financial covenants negotiated in the context of project financing are generally based on the assumption that these forecasts will be statistically accurate over the long term.

The estimates regarding the level of irradiation and wind resources per site created on the basis of the Group's own experience and studies carried out by independent engineers may however not reflect the actual level of solar and wind resources of a given site for a given period.

As a responsible manager, the Group monitors attentively the development of insurance or other financial cover for the availability or unavailability of renewable natural resources and more particularly, of wind and sun resources. Although it has not yet considered appropriate to subscribe such cover, given its high cost and currently uncertain effectiveness, it continues to follow the trends in such products the purpose of which is to protect assets' economic performance in the event of scarcity or excess of renewable natural resources.

3.2.2.5 MANAGEMENT OF FINANCIAL RISK

Interest rate risk

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

The following table summarizes the Group's exposure by interest rate type on December 31, 2019 and 2020:

(In millions of euros)	**31.12.2020**	**31.12.2019**
Fixed rate borrowings	1,030.1	856.2
Floating rate borrowings	1,609.5	1,463.0
Hedging	109.8	95.4
TOTAL BORROWINGS AFTER HEDGING	**2,749.4**	**2,414.6**

As a matter of principle, project financing arranged, in general, at floating rates and the flows of floating interests are covered by hedging which, in general, represents 75% or more of the amount financed at floating rates. Interest rate risk is hedged via over-the-counter instruments (interest rate swaps) with international banking counterparties which are measured at fair value and, for the portion of the hedging which is assessed as effective, recorded in consolidated equity, while changes in the fair values are recorded in the consolidated statement of comprehensive income in the Section 2 – Note 19.2 "Net debt" of the consolidated financial statements for the financial year 2020.

The aim of the Group's risk management policy is to limit and control the impact of fluctuations in interest rates and their repercussions on income and cash flows.

The following table sets out the Group's use of derivatives on December 31, 2019 and 2020 for the purpose of hedging its exposure to interest rate risk:

	Notional value per maturity					
(In millions of euros)	Less than 5 years	More than 5 years	Total	Fair value	Recorded as equity	Recorded as income
At December 31, 2019						
Interest rate swaps—Solar	(101.4)	(379.2)	(480.6)	(36.5)	43.9	-
Interest rate swaps —Wind	(145.1)	(394.7)	(539.8)	(58.8)	59.3	-
TOTAL	**(246.5)**	**(773.9)**	**(1,020.4)**	**(95.3)**	**103.2**	**-**
At December 31, 2020						
Interest rate swaps—Solar	(128.1)	(306.0)	(434.1)	(54.4)	60.4	-
Interest rate swaps—Wind	(159.1)	(425.4)	(584.5)	(54.2)	81.5	-
TOTAL	**(287.2)**	**(731.4)**	**(1,018.6)**	**(108.6)**	**141.9**	**-**

Counterparty risk

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

The following table summarizes the situation of the Group's trade receivables on December 31, 2019 and 2020:

(In millions of euros)	31.12.2020	31.12.2019
Trade receivables	73.2	52.2
Impairment of trade receivables	-	-
TOTAL	**73.2**	**52.2**

The Group sells most of the electricity generated by its plants via power purchase agreements or contracts for difference signed with state-owned counterparties (states or state-run businesses), electricity distribution companies and also a limited number of private purchasers.

The share of power purchase agreements held by private entities and market counterparties (spot exposure) is nevertheless expected to increase in the future.

The Group could design and develop some of its projects with a view to selling their electricity production on the future or spot markets, in accordance with the objectives set for exposure to electricity market risks. It should be remembered that the Group now aims to ensure that the share of its operational installed capacity whose revenues are exposed to market prices does not exceed 20% of its total capacity in operation, excluding dedicated storage facilities directly connected to the networks. In cases where the counterparty to the electricity sales contract is a private company, its credit rating is taken into account when calculating the target internal rate of return (IRR) of the underlying project. If the counterparty is a market counterparty, a risk premium is also added to the project's target IRR calculation.

With regard to the counterparty risk associated with its cash management and interest rate or foreign exchange hedging, the Group invests its liquid and semi-liquid cash resources and signs interest rate and foreign exchange hedging agreements with leading financial establishments.

Liquidity risk

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

The Group's cash requirements and the resources used to meet those requirements are detailed in Section 2.4 and Section 3.1.3 “Risks linked to the Group's level of gearing and means of financing” of this Amendment.

As of the date of this Amendment and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question.

The net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million.

A capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question.

However, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

The table below summarizes the Group's available resources (liquidity position) as of December 31, 2019 and 2020 (see Section 2 – Note 21.4 “Liquidity risks” of the consolidated financial statements for the financial year 2020):

(In millions of euros)	**31.12.2020**	**31.12.2019**
Cash and cash equivalents:	374.9	460.5
of which short-term investments	0.7	11.6
of which available cash resources	374.2	448.9
Overdrafts available	238.0	130.0
TOTAL	**612.9**	**590.5**

Short-term investments by the Group are fully available to the Company which holds them and do not generate any risk of change in value.

Foreign exchange risks

In order to hedge the risk of a fall in the value of the euro against the US and Australian dollars, and to the extent that the project's probability of achievement is sufficiently established, the Group signs forward currency contracts under which it purchases Australian or US dollars with payment generally stipulated shortly before the date of the necessary contribution of equity or quasi-equity to the project. Such hedging instruments are generally subscribed when the Group has clear visibility as to the investment expenditure and debt/equity ratio applicable to the project, for example immediately after the finalization of an EPC contract.

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

The following table provides details of the Group’s debt by currency type on December 31, 2019 and 2020 (excluding lease liability and minority investments):

(In millions of euros)	**31.12.2020**	**31.12.2019**
Debt denominated in euros	1,267.5	955.7
Debt denominated in Australian dollars	798.8	843.9
Debt denominated in US dollars	479.1	432.6
Debt denominated in other currencies (converted into euros)	7.0	15.2
TOTAL DEBT	**2,552.3**	**2,247.5**

4 CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2020

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 NEOEN GROUP CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	FY 2020	FY 2019
Energy sales under contract		235.1	214.7
Energy sales in the market		58.7	32.7
Other revenues		5.0	5.9
Total Revenue	**6.1**	**298.8**	**253.2**
Purchases net of changes in inventories	7.1	2.9	(0.7)
External expenses and payroll costs	7.3 and 8.1	(73.9)	(59.1)
Duties, taxes and similar payments	11.1	(7.7)	(5.4)
Other current operating income and expenses	9	49.6	27.6
Share of net income of associates	13	0.7	0.7
Current operating depreciation, amortization and provisions	12.2 and 12.3	(109.8)	(80.2)
Current operating income		**160.5**	**135.9**
Other non-current operating income and expenses	10	(4.0)	(5.5)
Impairment of non-current assets	10	(14.1)	1.5
Operating income		**142.4**	**131.9**
Cost of debt		(101.8)	(79.0)
Other financial income and expenses		(15.9)	(8.0)
Net financial result	**19.1**	**(117.7)**	**(87.0)**
Profit before tax		**24.8**	**44.9**
Income tax	11.2 and 11.3	(21.4)	(23.7)
Net income from continuing operations		**3.3**	**21.2**
Net income from discontinued operations		**-**	**15.8**
Consolidated net income		**3.3**	**37.0**
Group share of net income		3.9	36.0
of which: for continuing operations – Group share		3.9	19.4
of which: for discontinued operations – Group share		-	16.7
Net income attributable to non-controlling interests		(0.5)	1.0
of which: for continuing operations – attributable to non-controlling interests		(0.5)	1.9
of which: for discontinued operations – attributable to non-controlling interests		-	(0.9)
Basic earnings per share (in euros)		0.04	0.44
of which: for continuing operations		0.04	0.25
of which: for discontinued operations		-	0.19
Diluted earnings per share (in euros)		0.04	0.41
of which: for continuing operations		0.04	0.24
of which: for discontinued operations		-	0.18

4.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income presents the net income as well as other comprehensive income for the period (i.e. income and expense items that are not recognised in net income under IFRS).

(In millions of euros)	Notes	FY 2020	FY 2019
Consolidated net income		**3.3**	**37.0**
Foreign exchange differences (1)		(25.5)	7.4
Cash flow hedging (interest rate swaps) (2)	19.3	(39.9)	(66.5)
Deferred tax for cash flow hedging (2)	11.3	9.6	19.3
Items recyclable through profit or loss		**(55.8)**	**(39.8)**
Total comprehensive income		**(52.5)**	**(2.8)**
of which: Net Income - Group share		(48.6)	(0.3)
of which: Net Income - attributable to non-controlling interests		(3.9)	(2.5)

(1) In 2020, of the foreign exchange differences, €(31.2) million was due to the unfavourable change in the US dollar exchange rate and €5.7 million was due to the favourable change in the Australian dollar exchange rate.

(2) Cash flow hedging represents the change in the fair value of derivative financial instruments considered effective within the meaning of IFRS 9 “financial instruments”. As these instruments are effective, the change is recognised in "other comprehensive income" in the financial statements together with the corresponding deferred tax.

4.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions of euros)	Notes	31.12.2020	31.12.2019
Goodwill	12.1	0.7	0.7
Intangible assets	12.2	208.7	183.3
Property, plant and equipment	12.3	2,838.7	2,387.3
Investments in associates and joint ventures	13	7.3	6.9
Non-current derivative financial instruments	19.3	2.2	2.0
Non-current financial assets	14	92.2	125.2
Deferred tax assets	11.3	62.2	55.6
Total non-current assets		**3,212.0**	**2,761.0**
Inventories	7.2	4.7	0.7
Trade receivables	6.2	73.2	52.2
Other current assets	15	112.3	111.2
Cash and cash equivalents	16	374.9	460.5
Total current assets		**565.1**	**624.7**
Total assets		**3,777.1**	**3,385.7**

(In millions of euros)	Notes	31.12.2020	31.12.2019
Share capital		171.1	170.2
Share premium		502.3	501.0
Reserves		(40.0)	(42.4)
Treasury shares		(0.4)	(3.8)
Group share of net income		3.9	36.0
Group share of equity	**17**	**636.8**	**661.0**
Non-controlling interests	17	4.8	19.5
Total equity	**17**	**641.6**	**680.5**
Non-current provisions	18	57.4	13.8
Non-current project finance	19.2	2,027.1	1,979.8
Non-current corporate finance	19.2	325.4	190.6
Non-current derivative financial instruments	19.2	90.2	83.8
Other non-current liabilities (1)		22.3	34.1
Deferred tax liabilities	11.3	53.3	49.6
Total non-current liabilities		**2,575.7**	**2,351.7**
Current provisions	18	0.5	-
Current project finance	19.2	273.1	144.8
Current corporate finance	19.2	14.0	4.0
Current derivative financial instruments	19.2	19.6	11.6
Trade payables	7.4	173.9	126.3
Other current liabilities	20	78.7	66.8
Total current liabilities		**559.7**	**353.5**
Total equity and liabilities		**3,777.1**	**3,385.7**

(1) Other non-recurring liabilities correspond exclusively to payments deferred for more than one year related to the acquisition of assets under development in Europe and Australia.

4.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of euros)	Share capital	Share premium	Reserves and retained earnings	Own shares	Other elements of comprehensive income [(1)]	**Group share of equity**	Non-controlling interests	**Total equity**
Total equity as of January 1st, 2019	**169.9**	**500.8**	**30.1**	**(2.7)**	**(52.9)**	**645.1**	**10.1**	**655.3**
Comprehensive income for the period	**-**	**-**	**36.3**	**-**	**(36.7)**	**(0.3)**	**(2.5)**	**(2.8)**
Distribution of dividends	-	-	0.0	-	-	0.0	(4.1)	(4.1)
Share capital increase	0.3	0.3	19.4	-	-	19.9	1.8	21.7
Share-based payments	-	-	3.8	-	-	3.8	-	3.8
Other transactions with non-controlling interests	0.0	-	(4.4)	-	0.0	(4.4)	14.1	9.7
Change in treasury shares	-	-	-	(1.1)	(2.0)	(3.1)	-	(3.1)
Changes in consolidation scope and other changes	(0.0)	(0.0)	(0.0)	-	-	(0.0)	0.0	0.0
Total equity as of January 1st, 2020	**170.2**	**501.0**	**85.2**	**(3.8)**	**(91.6)**	**661.0**	**19.5**	**680.5**
Comprehensive income for the period	**-**	**-**	**3.9**	**-**	**(52.5)**	**(48.6)**	**(3.9)**	**(52.5)**
Distribution of dividends	-	-	(0.0)	-	-	(0.0)	(10.9)	(10.9)
Share capital increase [(2)]	0.9	1.2	24.9	-	-	27.0	0.0	27.1
Share-based payments	-	-	6.2	-	-	6.2	-	6.2
Change in treasury share [(3)]	-	-	(7.5)	3.4	-	(4.1)	-	(4.1)
Changes in consolidation scope end other changes [(4)]	0.0	-	(4.7)	-	0.0	(4.7)	(0.0)	(4.7)
Total equity as of December 31st, 2020	**171.1**	**502.3**	**108.0**	**(0.4)**	**(144.1)**	**636.8**	**4.8**	**641.6**

(1) "Other comprehensive income" includes the foreign exchange differences relating to changes in foreign exchange rates against the euro affecting Neoen Group entities as well as the change in the fair value of the derivative financial instruments designated as hedges (see Note 19.3).

(2) *See Note 17.*

(3) *The company bought back 113,753 of its own shares for €4.1 million during the period with a view to allocating them under stock option or free share plans. As the vesting dates for the free share plans of 9 April and 5 July 2018 were reached on 10 April and 6 October 2020 respectively, the Group recognised a loss of €(7.5) million in other comprehensive income, corresponding to the allocation of 302,070 treasury shares to employees (see Note 8.3). The company has also appointed Kepler Chevreux to implement a liquidity contract in accordance with the code of ethics recognised by the French Financial Markets Authority (AMF).*

(4) Other changes include €(4.5) million in respect of the revaluation of a put option on non-controlling interests (see Note 25). In accordance with IAS 32 "financial instruments: presentation", liabilities are recognised by the Group under its commitment to buy back minority interests. The Group's accounting policy is to recognise these liabilities and any subsequent changes in them, with a corresponding entry to Group share of equity.

4.1.5 CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	Notes	FY 2020	FY 2019
Consolidated net income		**3.3**	**37.0**
Eliminations :			
of the share of net income of associates		(0.7)	(0.7)
of depreciation and provisions	12.2 and 12.3	111.1	83.8
of the change in fair value to derivatives through profit or loss		0.0	2.2
of gains and losses on sale	10	4.1	3.1
of calculated income and expense related to share-based payments		4.9	3.8
of other income and expense without cash impact (1)		5.8	7.5
of the tax charge	11.2	21.4	23.7
of the cost of net borrowings	19.1	101.8	79.0
Impact of changes in working capital (2)		(11.3)	(44.5)
Taxes paid (received)		(18.1)	(10.4)
Net cash flows from operating activities		**222.3**	**184.5**
Of which: Operating cash flows associated with discontinued operations (3)		-	*1.5*
Acquisitions of subsidiaries net of treasury acquired (4)		(11.0)	(36.5)
Sales of subsidiaries net of cash transferred		0.0	10.6
Acquisition of intangible and tangible fixed assets (5)		(529.7)	(764.0)
Sale of intangible and tangible fixed assets		0.1	0.2
Change in financial assets (6)		37.3	(23.2)
Dividends received		0.9	0.8
Net cash flows from investing activities		**(502.4)**	**(812.3)**
Of which: Investing cash flows associated with discontinued operations (3)		-	*(3.2)*
Share capital increase by the parent company	01.4 and 17	27.0	19.9
Contribution of non-controlling interests to share capital increases		0.0	1.8
Net sale (acquisition) of treasury shares		(4.1)	(3.1)
Issue of loans	19.2	794.4	906.6
Dividends paid		(10.9)	(4.1)
Repayment of loans	19.2	(527.9)	(267.6)
Interests paid		(74.6)	(72.0)
Net cash flows from financing activities		**204.0**	**581.6**
Of which: Financing cash flows associated with discontinued operations (3)		-	*(1.0)*
Impact of foreign exchange rate fluctuation		(9.5)	2.8
Change in cash and cash equivalents		**(85.6)**	**(43.3)**
Opening cash and cash equivalents	16	460.5	503.8
Closing cash and cash equivalents	16	374.9	460.5
Change in net cash and cash equivalents		**(85.6)**	**(43.3)**

(1) Other income and expense without cash impact corresponds mainly to the portion of interest expenses relating to the convertible bonds into new shares and/or exchangeable for existing shares (“OCEANE”) issued in 2019 and to the green convertible bonds into new shares and/or exchangeable for existing shares (“OCEANE Verte”) issued in 2020, recognised at the effective interest rate which exceeds these instruments’ nominal interest rate, as well as to accretion expenses associated with the non-current liabilities and dismantling provisions.

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

(3) *These cash flows relate to the biomass activity sold on 4 September 2019.*

(4) *In 2019, acquisitions of subsidiaries included a group of eight wind power plants in operation in Ireland and a wind power project under development in Finland. In 2020, they corresponded to the acquisition of two wind power plants in France.*

(5) *The acquisition in 2020 of intangible assets and property, plant and equipment included capital expenditure of €(40) million (see note 12.2) and €(521.6) million (see Note 12.3) respectively, as well as the effect of the change in payables to suppliers of fixed assets of €31.9 million.*

(6) The change during the period was due mainly to the repayment of deposits related to the financing of production assets.

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SEGMENT REPORTING

Accounting principles

In accordance with IFRS 8 "operating segments", segment information is presented based on the internal organisation and reporting used by the Group's management. Neoen uses the following breakdown for its operating segments:

- **Wind**: this segment includes wind turbine production;
- **Solar**: this segment includes photovoltaic energy production;
- **Storage**: this segment includes the activity related to independent batteries, directly connected to the grid;
- **Development and Investments**: this segment includes mainly development and financing activities;
- **Eliminations**: intra-group flows mainly concerning the cancellation of invoices for services rendered by Neoen S.A. to its project companies for the development, supervision and administrative management of power plants, as well as the capitalisation of development costs in accordance with IAS 38 "intangible assets".

The main indicators published are those used by the Group's management. EBITDA corresponds to recurring operating income restated for current depreciation, amortisation and operating provisions.

For additional information, the main indicators published are broken down by geographical region. These are defined below:

- **Europe-Africa**: this region includes production operations in Europe and Africa;
- **Americas**: this region includes production operations in North America, Central America, South America and the Caribbean;
- **Australia**: this region includes production operations in Australia.

Segment results for fiscal 2019 and 2020 are thus presented for each of the Group's operating segments: wind, solar, storage, and development and investments (including eliminations).

Segment reporting

	(In millions of euros)	Wind power	Solar power	Storage	Development & Investment (2)	Eliminations (3)	FY 2020
EUROPE-AFRICA	**Income statement**						
	Revenue	64.9	56.3	1.3			122.4
	EBITDA (1)	50.8	48.6	0.8			100.3
	Current operating income	23.7	28.3	0.5			52.5
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	155.5	64.3	14.2			234.0
AMERICAS	**Income statement**						
	Revenue	-	46.2				46.2
	EBITDA (1)	(0.0)	75.0				75.0
	Current operating income	(0.0)	54.7				54.7
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	3.4	170.6				174.0
AUSTRALIA	**Income statement**						
	Revenue	57.0	41.0	31.5			129.5
	EBITDA (1)	46.3	37.5	30.6			114.5
	Current operating income	27.6	16.1	23.3			67.0
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	18.4	53.0	83.2			154.6
TOTAL	**Income statement**						
	Revenue	121.9	143.5	32.7	70.1	(69.4)	298.8
	EBITDA (1)	97.2	161.2	31.4	(0.6)	(18.8)	270.4
	Current operating income	51.2	99.1	23.8	(3.6)	(10.1)	160.5
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	177.3	288.0	97.4	(0.7)	(32.2)	529.7

	(In millions of euros)	Wind power	Solar power	Storage	Development & Investment (2)	Eliminations (3)	FY 2019
EUROPE-AFRICA	**Income statement**						
	Revenue	47.6	53.2	0.4			101.2
	EBITDA (1)	37.9	47.6	0.3			85.9
	Current operating income	19.4	30.0	0.1			49.5
	Statement of cash flows						

	Acquisition of intangible and tangible fixed assets	113.3	77.7	2.9			193.9
AMERICAS	**Income statement**						
	Revenue		20.6				20.6
	EBITDA (1)		20.0				20.0
	Current operating income		14.1				14.1
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets		411.9				411.9
AUSTRALIA	**Income statement**						
	Revenue	63.5	45.3	20.1			128.8
	EBITDA (1)	64.3	44.1	17.1			125.5
	Current operating income	45.6	25.6	11.9			83.2
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	108.9	60.5	12.4			181.8
TOTAL	**Income statement**						
	Revenue	111.1	119.1	20.5	64.9	(62.4)	253.2
	EBITDA (1)	102.2	111.8	17.4	(4.5)	(10.7)	216.1
	Current operating income	65.0	69.7	12.1	(7.4)	(3.5)	135.9
	Statement of cash flows						
	Acquisition of intangible and tangible fixed assets	222.2	550.1	15.3	3.2	(26.8)	764.0

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

(2) *Revenue in this sector is mainly generated by the sales of services by Neoen S.A. to other Group entities (eliminated on consolidation, with the exception of amounts invoiced to related companies and other entities that are not fully consolidated) but also by sales of services to third parties.*

(3) The eliminations mainly concern the cancellation of invoices for services rendered by Neoen S.A. to its project companies for the development, supervision and administrative management of production assets as well as the activation of development costs in accordance with IAS 38 “intangible assets”.

NOTE 2. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

NOTE 2.1. IDENTIFICATION OF THE ISSUER

Neoen is a public limited company incorporated and domiciled in France and listed on Compartment A of Euronext, whose registered office is located at 6 rue Ménars, 75002 Paris. Neoen’s consolidated financial statements include the Company and those subsidiaries over which it has control, as well as interests in associates (together referred to as “the Group”).

The Neoen Group develops and operates power plants to generate electricity from renewable energies (wind, solar), as well as energy storage facilities.

With more than 4.1 GW of projects in operation and construction (including 228 MW under management) and 1.1 GW of projects awarded[24] at December 31, 2020 (secured portfolio[1] of more than 5.2 GW), Neoen is the leading independent producer of renewable energies in France.

The Group also has an advanced pipeline[1] of 6.9 GW and more than 4.9 GW of early stage projects.

The Group operates in the geographic regions of Europe-Africa, Australia and the Americas.

NOTE 2.2. EVENTS DURING THE PERIOD

A year marked by the COVID-19 health crisis

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

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

The Group thereby managed to continue its development, despite occasional delays in the completion of its projects, and to maintain dynamic growth in its sales and EBITDA while maintaining its cash and liquidity throughout the period. As a result, it did not use government support measures. As the Group's assets operate mainly under long-term power purchase agreements with mainly first-rate counterparties, they were only slightly affected by the fluctuations that impacted the financial and electricity markets during the financial year. With the exception of the Altiplano 200 project under construction in Argentina, which is the subject of specific issues, the Group has not identified any indications of impairment that may affect its assets (see Note 10).

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

Furthermore, the Group has not identified any liquidity risk inherent to the health crisis, and in the period completed the issue of its first corporate syndicated loan and green convertible bonds (“OCEANE Verte”) (see Notes 17 and 19.2).

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

Refinancing of the Hornsdale wind projects in Australia

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

In accordance with the principles set by IFRS 9 "financial instruments", as this is a substantial modification of the financing, the Group has recognised issuance costs not yet amortised and early repayment penalties in financial expenses in the amount of €(4.9) million (see note 19.1).

[24] For a definition of the various stages of development of the Group's projects, the please refer to section 9.6 “Glossary” of the 2019 Universal Registration Document and section 1.3.2.2 of this Amendment.

Signing of €200 million syndicated loan incorporating ESG criteria

In March 2020, Neoen entered into an initial syndicated loan of €200 million, indexing its financial conditions to environmental, social and governance (ESG) indicators. This agreement includes an amortisable loan of a total amount of €125 million and a renewable loan of €75 million, both of which mature on 31 July 2024. This transaction was carried out in order to strengthen the financial resources of the Neoen Group as part of its growth strategy. Issuance costs for this syndicated facilities agreement were €2 million. As at 31 December 2020, these two instruments had not yet been drawn down (see Note 19.1).

Capital increase reserved for employees

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

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

Issue of green convertible bonds ("OCEANE Verte")

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

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

In accordance with the principles set out in IAS 32 "financial instruments: presentation", this issue was treated as a compound instrument, with the debt component (bond without conversion option) amounting, net of costs, to approximately €142.8 million and the equity component (conversion option) to approximately €24.9 million, net of costs (see Notes 16 and 19.2). The effective interest rate of the debt component is 5.80%.

In connection with this issue, Neoen S.A. acquired 60,606 of its own shares for €2 million. For accounting purposes, these shares were treated as treasury shares in the consolidated financial statements.

2 July 2020 free share allocation plan

The Board of Directors decided to grant 140,000 free Neoen S.A. shares to certain Group employees. The granting of shares will only be final, subject to meeting the conditions set out in the allocation plan, at the end of a vesting period of three years.

The Group recognised this transaction in accordance with IFRS 2 "share-based payment". This resulted in an impact of €0.9 million in personnel expenses given the three-year vesting period.

Share buyback plan

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

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

The purpose of these transactions was to acquire shares for delivery under expiring free share plans (see Note 17).

The Group's exposure to Argentina

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

- intangible assets and property, plant and equipment: €188.4 million;
- cash and cash equivalents: €4.8 million;
- project financing liabilities: €131.0 million.

In addition, to guarantee Neoen's commitments under the Altiplano 200 project, bank guarantees in the form of letters of credit were issued by credit institutions, of which USD 27.8 million were in force on 31 December 2020, covered by cash guarantee deposits made by the Group in the amount of USD 20.9 million. Neoen has also counter-guaranteed, in the amount of USD 55 million, the guarantees issued by an insurer for the proper performance of the project companies' obligations under the Power Purchase Agreement signed with CAMMESA (electricity market administrator).

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

Despite the country's macroeconomic and financial situation, the Group's financial partners continued to support the project by authorising debt drawdowns and extending the period of availability of undrawn amounts beyond the initial drawdown schedule. In addition, although affected by the COVID-19 pandemic and the restrictions imposed by the federal and provincial governments, construction operations were suspended for a period of time (six weeks in total) but are still on course for a gradual commissioning in the first half of 2021.

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

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

In this context, the Group considers that the absence of prospects for the rapid recovery of all VAT credits awaiting repayment despite its completion of the necessary administrative formalities, and the prolonged maintenance of foreign exchange control, constitute an impairment trigger with regard to the 31 December 2020 annual closing.

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

An impairment loss of €(13.4) million (USD (15.3) million) was recognised within non-current impairment losses in the consolidated financial statements for the year ended 31 December 2020.

Status of the El Llano project

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

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

Acquisition of a group of wind farms in France

On 15 October 2020, the Neoen Group acquired wind farms in operation in France with a cumulative capacity of 24 MW, for a total amount, paid in cash, of €14.8 million, plus €0.1 million in acquisition costs. Pursuant to revised IFRS 3 "business combinations", the Group has classified this transaction as an asset acquisition. The measurement of the assets and liabilities acquired resulted in the recognition of fair value adjustments in respect of property, plant and equipment totalling €10 million.

Capital increases

During the year, capital increases were carried out due to:

- the exercise of 62,500 stock options at an exercise price of €4, of 161,834 stock options at an exercise price of €6 and of 25,000 stock options at an exercise price of €10;
- the creation of 25,556 shares in connection with a capital increase reserved for employees;
- the creation of 187,074 shares in connection with free shares allocation plans that had reached maturity.

These transactions, which totalled €1,676,653.76 including an issue premium of €1,226,873.76, increased the share capital to €171,101,424.00 (see Notes 8.3 and 17).

NOTE 2.3. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND THAT ARE MANDATORY OR OPTIONAL FOR APPLICATION FROM 1 JANUARY 2020

Standards, amendments and interpretations that are mandatory for application from January 1, 2020 and applied early from January 1, 2019

- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the reform of benchmark interest rates (IBOR);
- Amendments to IFRS 3: "Definition of an activity - Business combinations".

Standards, amendments and interpretations that are mandatory for application from January 1, 2020

New texts or amendments as adopted by the EU and whose application is mandatory as at 1 January 2020 came into force on 1 January 2020:

- Amendments to references to the conceptual framework in IFRS;

- Amendments to IAS 1 and IAS 8: "Definition of material".

NOTE 2.4. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT MANDATORY FOR APPLICATION FROM JANUARY 1, 2020

The amendments of IFRS 16 “COVID-19-Related Rent Concessions” were adopted by the EU and published in the Official Journal on 12 October 2020. Their application is optional for annual periods beginning on or after 1 June 2020.

The Group decided not to apply this new amendment as at 31 December 2020.

NOTE 2.5. STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BY THE IASB AND NOT YET ADOPTED BY THE EU

The standards, amendments and interpretations published by the IASB and not yet adopted by the EU are listed below:

- Amendments to IAS 1: "Classification of liabilities as current or non-current";
- Amendments to IFRS 3: "References to the IFRS conceptual framework";
- Amendments to IFRS 4: "Extension of the temporary exemption from applying IFRS 9";
- Amendments to IAS 37: "Onerous contracts - Cost of fulfilling a contract";
- Amendments to IAS 16: "Property, plant and equipment - Proceeds before intended use";
- Annual improvements to the IFRS 2018-2020 cycle;
- Amendment to IFRS 9, IAS 39 and IFRS 6 relating to the reform of benchmark interest rates (IBOR) - Phase 2: on 27 August 2020, the IASB published the second phase of the “Benchmark interest rate reform” project. The objective of phase 2 is to deal with the accounting impacts relating to the actual replacement of benchmarks.

As a reminder, from 2019 Neoen had chosen to adopt early the amendments to IFRS 9 and IFRS 7 relating to phase 1 of the “Benchmark interest rate reform” project. The adoption of these amendments relating to phase 1 of the project allows the Group not to take into account uncertainties about the future of benchmark rates in assessing the effectiveness of hedging relationships and/or in assessing the highly probable nature of the risk hedged, thereby making it possible to secure existing or future hedging relationships until these uncertainties are resolved.

The amendments relating to phase 2 were adopted by the EU and published in the Official Journal. Neoen decided not to apply these new amendments early as at 31 December 2020. Early application of the amendments relating to phase 2 would have no impact for Neoen if the benchmarks in the Group's contracts were not actually modified as at 31 December 2020.

NOTE 2.6. ESTIMATES AND ASSUMPTIONS

In preparing the Group’s financial statements, and to the extent that items included in the financial statements cannot be accurately measured, management makes estimates, exercises judgement and makes assumptions that may have an impact on the amounts of the assets, liabilities, income and expenses included in the financial statements, as well as on the information disclosed in the notes to the financial statements. Management exercises its judgement by taking into account past experience and other factors deemed relevant in light of the economic conditions, and reviews its estimates and assessments on a regular basis. Since assumptions are by nature uncertain, the amounts in future financial statements may differ from current estimates.

In this context, during the second half of 2020, the procedures used to assess the dismantling provisions were reviewed to reflect the best estimate of future dismantling costs in accordance with IAS 37 “provisions, contingent liabilities and contingent assets”. The analyses carried out by the Group, based in particular on data obtained from third parties, have highlighted a significant change in the anticipated decommissioning costs for wind assets, which can be explained both by a steeper experience curve for professionals in the sector and by a gradual strengthening of the constraints set by the public authorities in this area. The impact of this cost change was recognised in accordance with IFRIC 1 “changes in existing decommissioning, restoration and similar liabilities”, with the increase in the dismantling provisions being recognised in the 2020 annual financial statements, the counterpart entry being to the corresponding dismantling assets. Amortisation of the net carrying amount of the dismantling assets and accretion of the corresponding provisions will be recognised as from 1 January 2021 in the consolidated income statement (see Note 18).

The main items significantly impacted by estimates and assumptions at 31 December 2020 were the following:

- determining the recoverable amount of goodwill, intangible assets and property plant and equipment (Notes 12.1, 12.2 and 12.3);
- useful lives of production assets (Note 12.3);
- recognition of a deferred tax asset when it is probable that sufficient future taxable income will exist against which tax losses can be utilised (Note 11);
- determining the lease term and the discount rate to be applied to the lease payments, in connection with the application of IFRS 16 “leases” (Note 12.3);
- capitalisation of development costs (Note 12.2);
- assessing dismantling provisions (Note 18).

Furthermore, the consolidated financial statements have been prepared on a going concern basis taking into account the following items:

- at the closing date and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question;
- the net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million;
- a capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question;
- however, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

NOTE 3. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

Changes in the economic and financial environment resulting from the COVID-19 health crisis have led the Group to strengthen risk monitoring procedures, particularly in the valuation of financial instruments and the recoverable amount of its assets.

The Group has taken into account this environment and the significant market volatility in the estimates used, inter alia, for impairment tests and provision calculations.

The Group has also exercised its judgement to assess:

- the existence of a triggering event that could lead to an impairment loss on goodwill and property, plant and equipment or intangible assets;
- default probabilities in a context of uncertainty;
- impacts on the risks relating to financial instruments, in particular liquidity risk and changes in the interest rate and foreign exchange markets;
- the prospect for the use of recognised deferred tax assets;

- hedging consequences, particularly with regard to maintaining the highly probable nature of the hedged item.

Lastly, the Group has paid particular attention to the treatment in the financial statements of the main challenges and effects of the health crisis for which the IFRS accounting principles used in previous financial statements have been applied on a consistent basis.

As the Group's assets are mainly backed by long-term contracts with mainly first-rate counterparties, they were only slightly affected by the fluctuations inherent in the COVID-19 epidemic that affected the financial and electricity markets during the financial year. Consequently, the Group has not identified any indications of impairment that could affect its assets, with the exception of the Altiplano 200 project under construction in Argentina, which is the subject of specific issues (see notes 2.2 and 10).

Lastly, the specific costs relating to the COVID-19 epidemic remain marginal at Group level and concern mainly equipment and health compliance. They have been recognised in current operating income.

NOTE 4. TRANSLATION METHODS

Presentation currency of the consolidated financial statements

The Group's consolidated financial statements are presented in millions of euros.

Functional currency

The functional currency of an entity is the currency of the economic environment in which it primarily operates. In some entities, a functional currency other than the local currency may be used if it reflects the currency of the entity's main trading and economic environment.

As part of the preparation of its 2019 financial statements, the Group refined its analysis of the conditions for the application of functional currencies and thus adopted the US dollar (USD) for some countries that have seen projects enter construction or operation during the period, namely Mexico, Argentina, Jamaica, Mozambique and Zambia, as well as in Colombia, given the progress of the development of its projects in these countries.

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are recorded at the closing exchange rate. Any resulting exchange differences are recognised in the income statement for the period;
- non-monetary assets and liabilities denominated in foreign currencies are translated at the historical exchange rate applicable at the date of the transaction.

Translation of the financial statements of subsidiaries whose functional currency is not the euro

The statement of financial position is translated into euros at the exchange rate prevailing at the end of the financial year. Income and expense items and cash flows are translated using average exchange rates. Any differences resulting from the translation of the financial statements of foreign subsidiaries are recorded under "Exchange differences on translation of foreign operations" in other comprehensive income".

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity. They are therefore expressed in the entity's functional currency and translated at the closing rate.

NOTE 5. CONSOLIDATION SCOPE

NOTE 5.1. ACCOUNTING PRINCIPLES

Business combinations

In accordance with IFRS 3 as amended, business combinations are accounted for using the acquisition method. Under this method, the assets acquired, liabilities and contingent liabilities assumed are measured at fair value. Goodwill is the difference between the fair value of the consideration transferred in the business combination and the amount of identifiable assets acquired net of liabilities and contingent liabilities assumed. It is provisionally determined on acquisition and reviewed within a period of 12 months from the acquisition date. Goodwill is not amortised. It is tested for impairment as soon as indications of impairment appear and at least once a year.

In accordance with IFRS 3 as amended:

- acquisition costs are recognised in other non-recurring operating income and expenses when they are incurred;
- Contingent earn-outs are estimated at fair value and included, where applicable, in the acquisition cost of the securities.

For each business combination, the Group may value non-controlling interests either at fair value or on the basis of their share of the identifiable net assets of the acquire measured at fair value at the acquisition date. The Group decides on the method it will use to account for non-controlling interests on a case-by-case basis.

Consolidation methods

Subsidiaries that are controlled within the meaning of IFRS 10 "consolidated financial statements" are fully consolidated regardless of the Group's equity interest. The Group controls an entity when it is exposed, or has rights, to variable returns due to its involvement with the entity and its ability to affect those returns through its power over the entity.

In accordance with IFRS 11 "joint arrangements", a joint arrangement is a company over which Neoen and one or more other parties exercise joint control by virtue of a contractual agreement. Neoen has joint control over a joint arrangement when decisions about the relevant activities require the unanimous consent of Neoen and the other parties sharing control. Neoen recognises joint arrangements classified as joint ventures as defined by IFRS 11 using the equity method. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The equity method is also applied to associates over which the Group has significant influence. Under the equity method, the net assets and net income of a company are recognised in proportion to the equity interest held by the parent company and, where applicable, the related goodwill (which is included in the value of the investment).

All transactions and positions within fully consolidated subsidiaries are eliminated on consolidation. The list of the main subsidiaries, joint ventures and associates is presented in note 5.2.

NOTE 5.2. CONSOLIDATED COMPANIES

As at 31 December 2020, the Group consisted of 315 consolidated companies, 311 of which were fully consolidated and 4 of which were consolidated using the equity method.

As a reminder, at December 31, 2019, the Neoen Group consisted of 304 consolidated companies, of which 300 were fully consolidated and 4 were consolidated using the equity method.

Pursuant to regulation no. 2016-09 of December 2, 2016 of the French Accounting Standards Authority, the complete list of companies included in the scope of consolidation, companies excluded from the scope of consolidation and investments in non-consolidated companies is available on the Group's website (https://www.neoen.com/en/investors).

The list of the main operating entities presented below was determined in particular on the basis of their contribution to the following financial indicators: revenue, total assets or debt.

During the 2020 financial year, Neoen Jules GmbH and Neoen Mistral Gmbh used the derogation provision of Article 264(3) of the German Commercial Code (HGB) with regard to the preparation of an appendix, the management report and the publication of the annual accounts.

The Group's main subsidiaries are:

Consolidation method	Entity	Percentage interest 31.12.2020	Percentage interest 31.12.2019
Parent company	Neoen S.A.	Parent company	Parent company
Full consolidation	Altiplano Solar	100%	100%
	La Puna Solar	100%	100%
	HWF 1	70%	70%
	HWF 2	80%	80%
	HWF 3	80%	80%
	Parkes Solar Farm	100%	100%
	Bulgana Windfarm	100%	100%
	Coleambally Solar	100%	100%
	Numurkah Solar Farm	100%	100%
	Hornsdale Power Reserve	100%	100%
	Western Downs Green Power Hub	100%	-
	Hedet	80%	80%
	Mutkalampi	80%	80%
	Neoen International	100%	100%
	Neoen Production 1	100%	100%
	Neoen Production 2	100%	100%
	Centrale Solaire de Torreilles	100%	100%
	Groupement Solaire Cestas 1	100%	100%
	EREC	50%	50%
	SPV AGS	100%	100%
	CSNSP 452	100%	100%
	Providencia Solar	100%	100%
	Capella Solar	100%	100%

NOTE 5.3. NON-CONSOLIDATED COMPANIES

The Group consolidates all of subsidiaries over which it has control or over which it exercises significant influence, even if they could be considered non-significant.

Non-controlling interests in the Cestas groups are recognised as non-consolidated investments.

NOTE 5.4. CHANGES IN SCOPE

As part of its development, Neoen regularly creates companies, and may be required to acquire entities in a relatively advanced development phase or offering growth or repowering prospects. During the 2020 financial year, the main transactions affecting the Group's scope were as follows:

Acquisition of two wind farms in France

On 15 October 2020, for €14.9 million (including acquisition expenses of €0.1 million), the Group completed the acquisition of 100% of Energie d'Eole, a holding company that owns two wind power plants in France with total capacity of 24 MW.

The Group has classified this transaction as an asset acquisition rather than a business combination pursuant to IFRS 3 R "business combinations".

The Group measured the identifiable assets acquired and liabilities assumed. This resulted in the recognition of renewable energy generation assets totalling €10 million.

These assets were valued using the discounted cash flow method, based on the business plan established by the Group for each power plant. This model takes into account the expected residual life of the generation assets and the operational parameters for which management has had to exercise judgement, in particular the future production capacity of the power plants and their maintenance costs, as well as the forward electricity prices after the power purchase agreement, as well as a discount rate of 4%, and the future tax rates as announced by the public authorities on the acquisition date.

Disposals

The companies HWF FinCo 1 Pty Ltd, HWF FinCo 2 Pty Ltd, HWF FinCo 3 Pty Ltd, Enr Colombia S.A E.S.P, Neoen Colombia S.A.S, and Neoen Solar Washington LLC were liquidated during the 2020 financial year.

NOTE 6. SALES

NOTE 6.1. REVENUE

Accounting principles

Revenue represents the fair value of the consideration received or receivable in exchange for goods or services sold in the course of the Group's ordinary activities. Revenue is shown net of any discounts and rebates and less any intra-group sales. No revenue is recognised when there is material uncertainty as to the recoverable nature of the consideration due.

The Group mainly distinguishes between contract revenue, which is predominantly long-term, from that from sales on the market (classified as non-contract revenue). Revenue consists mainly of sales of electricity and green certificates.

Energy sales correspond to electricity sales at the level of the generation units as well as the associated green certificates, and to revenues from arbitrage and the provision of services to the networks for storage activities.

Energy is sold either in accordance with the various contracts whose selling prices are set by decree or as part of calls for tender, or on the market.

Revenue is recognised in accordance with the quantities produced and/or injected during the period or during the production of the energy giving right to the certificates.

Breakdown of revenue

Revenue breaks down as follows:

(In millions of euros)	Solar	Wind	Storage	Other (1)	FY 2020
Electricity	106.4	79.9	0.5	-	186.9
Green certificates	15.9	32.4	-	-	48.2
Energy sales under contract	**122.3**	**112.3**	**0.5**	**-**	**235.1**
Electricity	20.0	7.3	29.5	-	56.7
Green certificates	0.0	1.9	-	-	2.0
Energy sales in the market	**20.0**	**9.2**	**29.5**	**-**	**58.7**
Services rendered	-	-	-	0.6	0.6
Other items	1.2	0.4	2.8	-	4.4
Other revenue	**1.2**	**0.4**	**2.8**	**0.6**	**5.0**
Total revenue	**143.6**	**121.9**	**32.7**	**0.6**	**298.8**

(In millions of euros)	Solar	Wind	Storage	Other (1)	FY 2019
Electricity	91.4	84.4	0.4	-	176.3
Green certificates	12.5	25.9	-	-	38.4
Energy sales under contract	**104.0**	**110.3**	**0.4**	**-**	**214.7**
Electricity	11.8	0.3	17.5	-	29.6
Green certificates	3.1	(0.0)	-	-	3.1
Energy sales in the market	**14.9**	**0.3**	**17.5**	**-**	**32.7**
Services rendered	-	-	-	0.7	0.7
Other items	0.3	0.4	2.6	1.9	5.2
Other revenue	**0.3**	**0.4**	**2.6**	**2.5**	**5.9**
Total revenue	**119.1**	**111.0**	**20.5**	**2.5**	**253.2**

(1) This mainly concerns administrative management, supervision and development services for non-group entities.

NOTE 6.2. TRADE RECEIVABLES

Accounting principles

The Group mainly sells the electricity it produces under contracts subject to purchase obligations (the conditions of which are specified in decrees or tender regulations).

Receivables recognised at the reporting date corresponded mainly to invoices not yet due for the sale of electricity and green certificates, the change in which is due mainly to the growth in the number of power plants in operation, as well as contractual indemnities offsetting revenue losses due to delays in the commissioning of certain projects.

Given the quality of the signing parties to PPAs, the Group considers that the counterparty risk related to its trade receivables is negligible.

As a result, the Group's balance sheet had no material overdue trade receivables at December 31, 2020 and December 31, 2019.

Impairment

IFRS 9 requires credit risk on financial assets to be taken into account on the basis of the "expected losses" principle, which implies recognising impairment losses on trade receivables that have not yet matured.

At December 31, 2020, the Group carried out a review, based on the quality and solvency of its customers, of its portfolio of trade receivables. Given the nature of its activities and its customers, no particular expected loss has been identified given the nature of the receivables in the portfolio.

Breakdown of trade receivables

(In millions of euros)	31.12.2020	31.12.2019
Trade receivables net value - start of period	**52.2**	**33.8**
Change of activity	22.3	18.8
Scope change	0.6	(0.9)
Conversion differences	(1.9)	0.3
Reversal of an unused provision	-	0.3
Trade receivables net value - end of period	**73.2**	**52.2**

There were no material overdue trade receivables at 31 December 2020 or 31 December 2019. Following the reversal of an unused provision of €0.3 million during the 2019 financial year, there has no longer been any impairment relating to trade receivables in the Group's financial statements since the year ended 31 December 2019.

NOTE 7. PURCHASES AND INVENTORIES

NOTE 7.1. PURCHASES NET OF CHANGES IN INVENTORIES

Accounting principles

The Australian project companies operating solar and wind power plants generate green certificates at the rate of their production which, for the portion exceeding the commitments provided for in their Power Purchase Agreement with their counterparties, are intended to be sold on the market.

With the aim of hedging price risk in order to limit its exposure to spot market volatility, Neoen created the company Neoen Energy Management Australia (NEMA) in the first half of 2020. This company now acquires quarterly from project companies (as long as their financing contracts allow them to do so) the green certificates that exceed the commitments made under the Power Purchase Agreements. Furthermore, in accordance with a risk policy subject to prior approval by the management bodies, it hedges the price risk over the accessible liquidity horizon (up to and including year n+2) through forward sales to external counterparties, giving rise to physical delivery in the year following the production of these green certificates.

As part of this new organisation, green certificates, which are the subject of this price risk hedging, are recognised in inventories at fair value in accordance with the principles set out in IAS 2 "inventories", until they are physically transferred to external counterparties in year n+1 following their production, which triggers recognition of the associated proceeds in revenues. These green certificates are recognised under "Purchases net of changes in inventories" in the income statement and under "Inventories" in the balance sheet.

Purchases and inventories consist mainly of:

- charges relating to the purchase of electricity for €(0.4) million and purchases of small items of equipment for certain plants in operation for €(0.4) million;

- changes in inventories of green certificates generated by project companies in Australia and awaiting physical delivery under the terms of forward sales for €3.7 million.

In 2019, this item consisted exclusively of purchases of small items of equipment for €(0.7) million.

NOTE 7.2. INVENTORIES

(In millions of euros)	31.12.2020	31.12.2019
Inventories net value - start of the period	**0.7**	**1.9**
Change of activity	3.7	(1.7)
Scope change	-	0.5
Conversion differences	0.2	-
Inventories net value - end of the period	**4.7**	**0.7**

NOTE 7.3. EXTERNAL EXPENSES

(In millions of euros)	FY 2020	FY 2019
Maintenance and repair expenses	(22.7)	(17.2)
Other external expenses	(35.0)	(29.8)
Total of external expenses	**(57.7)**	**(47.0)**

Maintenance and repair expenses mainly correspond to maintenance costs of the plants in operation.

Other external expenses mainly include:

- operating expenses for power plants in operation (costs associated with managing network frequency and operating insurance);
- structural costs (fees, consulting, subcontracting, IT, insurance);
- travel expenses;
- non-capitalised development costs because they do not meet the capitalisation criteria laid down by IAS 38 “intangible assets”.

Non-capitalised development expenses totalled €1.5 million, unchanged from the previous year.

NOTE 7.4. TRADE PAYABLES

(In millions of euros)	31.12.2020	31.12.2019
Payables	33.2	27.4
Fixed asset suppliers	140.7	98.9
Total trade payables	**173.9**	**126.3**

Fixed asset suppliers include mainly liabilities relating to the construction of power generation plants. The change in payables to fixed asset suppliers was due to a net increase of +€44.6 million and the impact of translation adjustments of -€2.7 million.

NOTE 8. EMPLOYEE EXPENSES AND BENEFITS

NOTE 8.1. PAYROLL COSTS

Accounting principles

Payroll costs

Payroll costs allocated to project development are recognised as assets when the projects meet the capitalisation criteria laid down by IAS 38 “intangible assets”. The Group considers that these criteria are met when a project enters the development portfolio, i.e. when the contractual elements and technical studies indicate that the feasibility of a project is likely (most often at the early stage). Other payroll costs are included in the income statement.

Post-employment benefits

Employee benefits include defined contribution plans and defined benefit plans.

Defined contribution plans are post-employment schemes under which the Group pays fixed contributions to various social security organisations.

Contributions are paid in exchange for services rendered by employees during the financial year. They are expensed as incurred.

Defined benefit plans guarantee employees additional benefits such as retirement indemnities. These guaranteed additional benefits represent a future obligation for the Group which is quantified. The provision is calculated by estimating the amount of benefits that employees will have accrued in exchange for services rendered during the current and prior years.

Given the average age of the Group's workforce, no liabilities have been recognised in respect of employee benefits, as the amount of these benefits is immaterial at the reporting date.

In 2020, payroll costs amounted to €(16.2) million compared with €(12.1) million in 2019.

The increase in payroll costs was due mainly to the increase in the number of employees and the increase in social security contributions in relation to the free share plan recognised when the October 2017 plan expired and provisioned for the year in respect of the plans that expire in 2021, 2022 and 2023. These changes were partially offset by the increase in the rate of capitalisation of payroll costs over the period (59% in 2020 versus 58% in 2019), in accordance with the capitalisation rules defined by IAS 38 (see note 12.2).

NOTE 8.2. EXECUTIVE COMPENSATION

(In millions of euros)	FY 2020	FY 2019
Short-term employee benefits	2.5	2.4
Share-based payments	1.5	1.7
Total executive compensation	**4.0**	**4.1**

The directors represent the members of the Group's Management Committee.

NOTE 8.3. SHARE-BASED PAYMENTS

Accounting principles

In accordance with IFRS 2 "share-based payments", the fair value of stock options and free share grants is determined using methods appropriate to their characteristics (equity-settled), and recognised as payroll costs over the vesting period.

Stock options, which are not subject to share price performance conditions, are valued using the Black and Scholes model.

The fair value of stock options at the grant date is recognised as an expense over the option vesting period, based on the probability of the options being exercised before their expiry date, with a corresponding increase in consolidated reserves.

The fair value of bonus share plans is based on the share price on the grant date (for plans prior to the Company's listing, the fair value was estimated on the basis of the last capital increase), and takes into account the prospects for dividend payments over the vesting period, the anticipated rate of staff turnover and the lock-in period for these instruments. The expense is spread over the vesting period and offset against consolidated reserves.

At each reporting date, the Group assesses the probability of beneficiaries losing rights to options or bonus shares before the end of the vesting period. Where applicable, the impact of the revision of these estimates is recognised in the income statement with a corresponding change in consolidated reserves.

The expense related to the allocation of free shares and stock options amounted to €(5.3) million for the year compared with €(3.8) million in 2019.

Details of share subscription plans

	2015 Plan	2016 Plan	2016 Plan	2016 Plan	2018 Plan	2018 Plan	TOTAL
Date of general shareholders' meeting	17/03/2014	17/03/2014	17/03/2014	17/03/2014	29/05/2018	04/07/2018	
Date of the Chairman's decision	21/01/2015	08/01/2016	08/01/2016	23/12/2016	30/05/2018	05/07/2018	
Total number of shares that can be subscribed or purchased	571,250	127,500	25,000	235,000	45,000	65,000	
Start of option exercise period	02/01/2017	11/01/2019	17/05/2019	24/12/2019	31/05/2021	06/10/2020	
End of option exercise period	01/01/2020	10/01/2021	16/05/2021	23/12/2021	30/05/2023	05/07/2023	
Subscription or purchase price	4.00 €	4.00 €	4.00 €	6.00 €	10.00 €	10.00 €	
Number of options							
Existing at 1 January 2019	**78,750**	**90,000**	**25,000**	**225,000**	**45,000**	**65,000**	**528,750**
Notified	-	-	-	-	-	-	-
Cancelled	-	-	-	-	5,000	5,000	10,000
Exercised	78,750	52,500	-	-	-	-	131,250
Existing at 1 January 2020	**-**	**37,500**	**25,000**	**225,000**	**40,000**	**60,000**	**387,500**
Notified	-	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-	-
Exercised	-	37,500	25,000	161,834	-	25,000	249,334
Existing at 31 December 2020	**-**	**-**	**-**	**63,166**	**40,000**	**35,000**	**138,166**

To value these plans, the Group used the Black & Scholes model with the following assumptions:

- a volatility rate of 23 % since the May 30, 2018 plan versus 18 % previously (taking into account the volatility of comparable companies);
- a risk-free interest rate corresponding to the 5-year French government bond (OAT) yield on the allocation date;

- average maturity of the 1-year plans beyond the vesting period.

Details of free share allocation plans

	2018 Plan	2018 Plan	2018 Plan	2018 Plan	2019 Plan	2020 Plan	TOTAL
Date of general shareholders' meeting	23/02/2018	23/02/2018	29/05/2018	04/07/2018	02/10/2018	26/05/2020	
Date of the decision to allocate by the Chairman/Board of Directors	23/02/2018	09/04/2018	30/05/2018	05/07/2018	10/07/2019	02/07/2020	
Total number of free shares allocated	106,054	2,500	107,500	570,644	297,000	140,000	
Shares vesting date	23/02/2019	10/04/2020	31/05/2021	06/10/2020	11/07/2022	03/07/2023	
End of holding period	23/02/2020	10/04/2021	-	-	-	-	
Total number of free shares allocated							
Existing at 1 January 2019	**106,054**	**2,500**	**107,500**	**570,644**	**-**	**-**	**786,698**
Notified	-	-	-	-	297,000	-	297,000
Cancelled	-	-	2,500	77,000	-	-	79,500
Definitively allocated	106,054	-	-	-	-	-	106,054
Existing at 1 January 2020	**-**	**2,500**	**105,000**	**493,644**	**297,000**	**-**	**898,144**
Notified	-	-	-	-	-	140,000	140,000
Cancelled	-	-	-	7,000	5,000	-	12,000
Definitively allocated	-	2,500	-	486,644	-	-	489,144
Existing at 31 December 2020	**-**	**-**	**105,000**	**-**	**292,000**	**140,000**	**537,000**

The 5 July 2018 free share plan expired on 6 October 2020. The 486,644 shares that had been allocated were allocated through (i) the use of 302,070 existing treasury shares held by the Company and (ii) the creation of 184,574 new shares.

NOTE 9. OTHER CURRENT OPERATING INCOME AND EXPENSES

(In millions of euros)	FY 2020	FY 2019
Other current operating income	59.2	28.1
Other current operating expenses	(9.7)	(0.6)
Other current operating income and expenses	**49.6**	**27.6**

Other current operating income consists mainly of contractual compensation resulting from losses of income due to delays in the commissioning of certain power plants by contractors responsible for their construction.

Other current operating expenses correspond mainly to penalties paid for delays in commissioning power plants (Group subsidiaries' obligation under the Power Purchase Agreement), and foreign exchange losses on operational transactions.

NOTE 10. NON-CURRENT OPERATING ITEMS

Accounting principles

Other non-current operating income and expenses include non-current transactions of significant amounts that, due to their nature or unusual nature, may affect the clarity of the performance of the Group's ordinary operating activities. This may include:

- capital gains and losses on disposals
- significant and unusual impairment of non-current assets, whether tangible or intangible;
- certain significant expenses related to restructuring operations or unusual transactions;
- other operating income and expenses such as a provision or penalty for a dispute of significant materiality;
- acquisition costs linked to changes in scope (see notes 5.4 and 12.1).

Details of non-current items

(In millions of euros)	FY 2020	FY 2019
Prior period development costs (1)	(4.1)	(2.4)
Gains and losses on disposal of assets	0.1	(0.6)
Other income	0.3	0.0
Other non-current items	(0.4)	(2.5)
Other non-current operating income and expenses	**(4.0)**	**(5.5)**
Impairment of capitalised development costs	(3.1)	(1.8)
Other asset impairment (2)	(13.4)	-
Reversal of impairment of capitalised development costs (3)	2.4	1.8
Other non-current provisions	0.0	1.6
Impairment of non-current assets	**(14.1)**	**1.5**
Non-current operating profit	**(18.1)**	**(4.0)**

(1) Capitalised development costs for which the Group, following external events beyond its control, considers that the criteria for capitalisation laid down by IAS 38 “intangible assets” are no longer met, are recognised in other current operating expenses for the period.

(2) *Impairment provisions on other receivables correspond to the impairment of the assets of the Altiplano 200 project (see note 2.2).*

(3) Reversals of impairment of capitalised development costs related to abandoned projects.

NOTE 11. TAXES

Accounting principles

Income taxes

Income taxes include current and deferred tax expense (income), calculated in accordance with the tax laws of the countries where the income is taxable. Current and deferred taxes are generally recognised in profit or loss or in equity symmetrically with the underlying transaction.

Current tax expense (income) is the estimated amount of tax due on the taxable income for the period, determined using tax rates adopted at the reporting date. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised for temporary differences generated by:

- non-tax-deductible goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit (tax loss) at the transaction date;
- investments in subsidiaries, joint ventures and associates when the Group controls the date on which the temporary differences reverse and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected in the period in which the asset will be realised or the liability settled and that have been adopted at the reporting date. In the event of a change in tax rate, deferred taxes are adjusted to the new prevailing rate and the adjustment is charged to the income statement unless it relates to an underlying asset, the changes in which are charged to equity, in particular in respect of the fair value accounting of hedging instruments.

Deferred taxes are reviewed at each reporting date to take into account changes in tax legislation and prospects of recovering deductible temporary differences. A deferred tax asset is recognised only to the extent that it is probable that the Group will have future taxable profits against which it can be offset in the foreseeable future or, beyond that, deferred tax liabilities of the same maturity. In determining the conditions for the use of its deferred tax assets, the Group relies on long-term business plans established for each of its projects in operation and under construction, which are reviewed as soon as indications of impairment appear and at least annually.

Income tax and other tax payables

In France, the 2010 Finance Act introduced a territorial economic contribution to replace the business tax (CET). The CET includes two new contributions: the corporate property contribution (CFE) and the corporate value added contribution (CVAE). For the financial years presented, the Group has recognised the CFE in recurring operating income under "Duties, taxes and similar payments" and considered that the CVAE base was within the scope of application of IAS 12 "income taxes".

NOTE 11.1. DUTIES, TAXES AND SIMILAR PAYMENTS

In accordance with IFRIC 21, the Group recognises tax as soon as it becomes payable. The expense amounted to €(7.7) million in 2020 compared with €(5.4) million in 2019.

NOTE 11.2. INCOME TAX

Income tax expense breaks down as follows:

(In millions of euros)	FY 2020	FY 2019
Profit before tax	24.8	44.9
Income tax	**(21.4)**	**(23.7)**
Current tax	(14.5)	(15.3)
Deferred tax	(6.9)	(8.4)
Effective tax rate	**86.6%**	**52.8%**

The tax charge was €(21.4) million in 2020 compared with €(23.7) million in 2019, representing an effective tax rate of 86.6% compared with 52.8%, respectively.

Current tax in 2020 comprised:

- €(8.8) million in corporation tax compared with €(11.6) million in 2019. This decrease was due mainly to the widening of the scope of the Neoen S.A. consolidated tax group as well as the use of agreed withholding tax as a tax credit;

- €(4.1) million in withholding tax, of which €(1.2) million was used as tax credits, compared with €(2.4) million in 2019, of which €(0.1) million was used as tax credits;
- €(1.7) million in tax on business value added (CVAE) compared with €(1.3) million in 2019.

The difference between the effective tax charge and the theoretical tax charge breaks down as follows:

(In millions of euros)	FY 2020	FY 2019
Profit before tax	**24.8**	**44.9**
Tax rate applicable to the parent company	28.0%	31.0%
Theoretical tax charge	**(6.9)**	**(13.9)**
Tax rate differences	(0.9)	(0.3)
Permanent differences	(3.9)	(5.7)
Tax without base	(3.7)	(2.8)
Change in tax assets on tax loss carryforwards	(0.5)	(0.1)
Tax losses generated during the period for which deferred tax assets have not been recognized	(3.4)	(0.7)
Others	(2.1)	(0.3)
Effective tax charge	**(21.4)**	**(23.7)**

The €(14.5) million difference between the theoretical tax charge of €(6.9) million and the actual tax charge of €(21.4) million was due mainly to:

- permanent differences amounting to €(3.9) million. Their main components are:
  - the impact of the non-recognition of tax income on the portion of interest expenses relating to the convertible bonds ("OCEANE") issued in 2019 and the green convertible bonds ("OCEANE Verte") issued in 2020, recognized at the effective interest rate which exceeds these instruments' nominal interest rate, amounting to €(1.7) million;
  - the effect of expenses incurred in connection with the application of IFRS 2 "share-based payment" for €(0.7) million; and
  - expenses not resulting in tax savings (accretion effects in particular) amounting to €(1.4) million;
- tax without base in the amount of €(3.7) million, which corresponds mainly to the tax on business value added (CVAE) in the amount of €(1.2) million, as well as withholding tax in the amount of €(2.6) million;
- earnings outlook and time limitations on the use of tax losses in certain regions, which led the Group to write down or not recognise deferred tax assets in respect of certain tax losses, in the amount of €(3.9) million;
- the other impacts consist mainly of the effects of hyperinflation in Argentina.

NOTE 11.3. DEFERRED TAXES

Deferred tax assets and liabilities recorded in the balance sheet arise from:

(In millions of euros)	31.12.2020	31.12.2019
Fixed assets	(4.3)	9.0
Excess tax depreciation	(77.1)	(66.9)
Goodwill allocated	(3.8)	(4.3)
Financial	27.7	20.7
Others	(7.9)	3.8
Tax loss carryforwards and unused tax credits	74.3	43.7
Net deferred taxes	**8.9**	**6.1**
Deferred tax assets	62.2	55.6
Deferred tax liabilities	53.3	49.6
Net deferred taxes	**8.9**	**6.1**

The change in deferred tax on non-current assets stems from the application of IAS 21 "the effects of changes in foreign exchange rates" in Argentina, Zambia and Mexico.

The change in deferred tax on excess tax depreciation is due mainly due to the difference between the tax depreciation period and the accounting depreciation period associated with an increase in investments in production assets in Australia.

The increase in deferred tax on financial flows is mainly due to the change in the fair value of derivative financial instruments.

The +€30.6 million increase in deferred taxes on tax loss carryforwards and unused tax credits was due to:

- the recognition of new deferred taxes amounting to €35.9 million (mainly in Australia for €15.2 million, Zambia for €4.6 million, Jamaica for €4 million and Ireland for €3.6 million);
- losses used for €(4.8) million;
- impairment of losses previously recognised for €(1.3) million and recognition of previously unrecognised losses for €0.7 million.

The change in deferred taxes breaks down as follows:

(In millions of euros)	Deferred tax assets	Deferred tax liabilities	Total
Net deferred tax - start of the period	**55.6**	**49.6**	**6.1**
Change recognised in income	0.7	7.6	(6.9)
Other items of comprehensive income	39.0	30.5	8.6
Impact of changes in consolidation scope	0.1	0.1	(0.0)
Discounting	0.1	0.1	(0.0)
Offsetting of deferred tax assets and liabilities	(34.7)	(34.7)	-
Other movements	1.2	-	1.2
Net deferred tax - end of the period	**62.2**	**53.3**	**8.9**

NOTE 12. GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1. GOODWILL

Accounting principles

Refer to note 2.3 “business combinations”.

Impairment of assets

Refer to accounting principles in note 12.2 “impairment of assets”.

The goodwill presented relates to the acquisition in 2019 of Irish wind power plants in operation.

The latter was tested for impairment as at 31 December 2020. No impairment was detected.

NOTE 12.2. INTANGIBLE ASSETS

Accounting principles

Intangible assets

The main intangible assets recognised by the Group linked to expenses related to project development.

Direct and indirect, external or internal development costs are capitalised as soon as the corresponding projects are likely to be successful.

Projects are capitalised in accordance with IAS 38 “intangible assets”.

The capitalisation criteria are as follows:

- The technical feasibility of the project;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset;
- The probability of generating future economic benefits;
- The availability of technical and financial resources to complete the development of the project;
- The ability to reliably measure expenses attributable to the asset during its development.

The Group considers that these criteria are met when a project enters the development portfolio, i.e. when the contractual elements and technical studies indicate that the feasibility of a project is likely (most often at the early stage). When the conditions for recognition of an internally generated asset are not met, project development expenses are expensed in the period in which they are incurred.

The expenses associated with these projects cease to be capitalised upon industrial commissioning.

As soon as the Group considers that the probability of success is reduced due to unusual external factors, development-related expenses are written down and recorded under "Impairment of non-current assets".

When a project is abandoned, the development expenses related to this project are expensed within "Other non-recurring operating income and expenses" (see note 10).

The Group distinguishes between "Studies" and "Operation" development costs depending on the state of progress of the project at the end of the year. The term "Operation" covers the construction and operation phases of power plants.

Amortisation is calculated from the commissioning of the project on a straight-line basis over the useful life of the underlying asset.

Other intangible assets are amortised on a straight-line basis according to their estimated useful life.

The main categories of intangible assets and their amortisation period used by the Group are as follows:

- Software: 1 to 3 years;
- Development costs: 6 to 25 years, in line with the estimated useful life of power plants and storage facilities.

Impairment of assets

In accordance with IAS 36 "impairment of assets", at the end of each reporting period, the Group reviews the financial information for indications of impairment of intangible assets and property, plant and equipment with finite and indefinite useful lives (goodwill) and intangible assets in progress. If such evidence exists, the Group performs an impairment test to assess whether the carrying amount of the asset exceeds its recoverable amount, defined as the higher of fair value less transaction costs and value in use.

In addition, for intangible assets with indefinite useful lives (goodwill) and intangible assets in progress, an impairment test is carried out annually whether or not there is an indication of impairment.

Most of the fixed assets on the balance sheet relate to production assets (plants under development, under construction or in operation). These assets, which have a finite life, are tested for impairment whenever impairment indicators appear.

In the Neoen Group's business, only projects with sufficient profitability at the outset are built and operated. To the extent that, without production incidents, the resources generated by the project are predictable, the risk of not generating the expected level of cash flow is low.

The value in use of an asset is generally measured by discounting the future cash flows generated by the asset. Assets that do not generate largely independent cash flows are grouped together in Cash Generating Units (CGUs). The Group has identified each project as a CGU.

The data used to implement the tests using the discounted cash flow method are derived from the project's business plans covering the term of the power sales contracts (up to 24 years), and a sales period on the markets running from the end of the sales contracts until the end of the useful life of the underlying assets. The underlying assumptions are systematically updated at the test date.

Changes in intangible assets break down as follows:

	(In millions of euros)	Capitalized development costs - Operation	Capitalized development costs - Studies (2)	Other intangible assets (3)	Total
Gross amounts	**As of December 31st, 2019**	**68.0**	**46.5**	**81.3**	**195.8**
	Acquisitions (1)	9.0	30.3	0.6	40.0
	Disposals	-	(4.1)	-	(4.1)
	Reclassifications and others	7.1	(7.9)	(4.7)	(5.4)
	As of December 31st, 2020	**84.2**	**64.9**	**77.3**	**226.3**
Amortization and impairment	**As of December 31st, 2019**	**(7.2)**	**(3.2)**	**(2.2)**	**(12.5)**
	Charge for amortization	(2.6)	0.0	(1.8)	(4.4)
	Impairment loss	-	(3.1)	-	(3.1)
	Reversal of impairment loss	-	2.4	-	2.4
	Reclassifications and others	0.0	0.0	(0.1)	(0.0)
	As of December 31st, 2020	**(9.7)**	**(3.8)**	**(4.1)**	**(17.6)**
Net amounts	**As of December 31st, 2019**	**60.9**	**43.3**	**79.2**	**183.3**
	As of December 31st, 2020	**74.4**	**61.0**	**73.2**	**208.7**

(1) In 2020, the Group capitalised expenses directly attributable to project development in the amount of €39.3 million. These investments mainly concern projects located in Australia, France, Mexico, Finland, Ireland, Portugal, Argentina, the USA, Mozambique, Ecuador and Sweden.

(2) *At 31 December 2020, "Capitalised development costs - Studies" amounted to €61.0 million in net value, and included €22.6 million in capitalised expenses relating to projects for which the tariff was secured at 31 December 2020.*

(3) Other intangible assets consist mainly of assets relating to projects under development that have been acquired from third parties.

NOTE 12.3. PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost in accordance with IAS 16 "property, plant and equipment". Property, plant and equipment acquired through business combinations are measured at fair value. The cost of an item of property, plant and equipment includes, where applicable, the estimate of the costs relating to the dismantling and rehabilitation of the site on which it is located, based on the obligation incurred by the Group.

The costs of borrowings used to finance the assets until commissioning are included in the initial cost of fixed assets.

- Depreciation is calculated from the date the asset is brought into service and expensed over the estimated useful life, using the straight-line method and on the following bases:
- power plants: 25 years[25];
- power storage plants: 10-15 years;
- fixtures and fittings: 3-10 years;
- office equipment and furniture, computers: 3-4 years;

[25] The Group considers that the useful life of the power plants is 25 years but may opt for different depreciation periods depending on technical, regulatory or contractual constraints.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Current production assets correspond mainly to power plants under construction. An asset is defined as soon as expenses are incurred for the construction of the power plants until they are commissioned.

Leases

The Group has applied IFRS 16 "Leases" with an initial application date of January 1, 2018.

Accounting policies applied to leases

The Group leases land for its power plants and office space for its administrative activities.

Land leases generally cover a period of 18 to 99 years, some of which include an option for renewal by the Group. The terms used by the Group include binding renewal periods to the extent that the Group believes that it is reasonably certain that the renewal clauses will be exercised (given the strategic nature of the locations concerned).

The term of office leases is between 1 and 10 years.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The contract is or contains a lease if the contract confers the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract gives the right to control an identified asset throughout the life of the asset, the Group assesses whether:

- the contract involves the use of an identified asset - this can be specified explicitly or implicitly, and must be physically distinct or substantially represent the capacity of a physically distinct asset. If the supplier has a substantial right of substitution, the asset is not identified;
- the Group is entitled to obtain substantially all the economic benefits of using the asset throughout the period of use;
- the Group has the right to decide on the use of the asset. The Group has this right when it has the most relevant decision rights to determine how and for what purpose the asset is used. In rare cases, when the decision on the manner and purpose for which the asset is used is predetermined, the Group has the right to direct the use of the asset if:
    - the Group has the right to operate the asset, or
    - the Group has designed the asset in a way that pre-determines how and for what purposes it will be used.

These criteria apply to contracts concluded or amended from January 1, 2018.

At the time of the creation or revaluation of a lease that contains a lease component, the Group elected not to separate the non-lease components and to recognise the lease as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the beginning of the lease:

- the right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for lease payments made on or before the date of commissioning, plus any marginal direct costs incurred, less lease incentives received.
- The asset related to the rights of use is then depreciated using the straight-line method from the effective date of the contract until the end date of the contract. In addition, the value of the asset related to the rights of use is adjusted to take account of certain revaluations of the lease liability and, where applicable, reduced in the event of impairment, in accordance with IAS 36.
- The lease liability is initially measured at the present value of the lease payments that have not yet been made, discounted using the lessee's incremental borrowing rate (the interest rate that the lessee would have to pay to borrow, for a similar term and with a similar guarantee, the funds necessary to obtain property of similar value to the right-of-use asset in a similar economic environment).

Lease payments included in the lease liability valuation include the following:

- fixed payments, including substantive fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the effective date;
- rents in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is revalued in the event of a change in future rental income resulting from a change in index or rate or if the Group changes its assessment as to whether to exercise a purchase, extension or termination option.

When the lease liability is revalued, an adjustment is made to the carrying amount of the right-of-use asset or is recorded in income if the amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value asset leases

The Group has elected not to recognise right-of-use assets or lease liabilities for short-term leases with a term of 12 months or less, or low-value asset leases. The Group recognises the lease payments related to these leases as expenses.

Impairment of assets retained under the right of use

Refer to accounting principles in note 12.2.

Changes in property, plant and equipment are as follows:

	(In millions of euros)	Production assets	Production assets in progress	Lease rights of use (3)	Other property, plant and equipment	Total
Gross amounts	**As of December 31st, 2019**	**1,890.1**	**611.2**	**139.4**	**20.4**	**2,661.1**
	Acquisitions (1)	29.7	490.1	-	1.8	521.6
	Disposals	-	(0.0)	(0.3)	(0.0)	(0.3)
	Impact of changes in consolidation scope	11.6	-	2.1	-	13.7
	Impact of fluctuation in foreign exchange rates	(32.8)	(17.6)	(0.7)	(0.9)	(52.1)
	Reclassifications and others (2)	490.1	(448.2)	32.4	(0.2)	74.1
	As of December 31st, 2020	**2,388.8**	**635.4**	**172.8**	**21.0**	**3,218.1**
Amortization and impairment	**As of December 31st, 2019**	**(265.0)**	**(1.0)**	**(6.4)**	**(1.4)**	**(273.7)**
	Charge of amortization	(99.6)	-	(5.4)	(0.6)	(105.5)
	Disposals	-	-	0.2	0.0	0.3
	Impact of changes in consolidation scope	(0.7)	-	-	-	(0.7)
	Impact of fluctuation in foreign exchange rates	0.3	0.0	0.0	0.0	0.4
	Reclassifications and others	(0.0)	-	(0.0)	0.0	(0.0)
	As of December 31st, 2020	**(364.9)**	**(1.0)**	**(11.5)**	**(2.0)**	**(379.3)**
Net amounts	**As of December 31st, 2019**	**1,625.2**	**610.2**	**133.1**	**18.9**	**2,387.3**
	As of December 31st, 2020	**2,023.9**	**634.4**	**161.4**	**19.1**	**2,838.7**

(1) Acquisitions over the period corresponded to plants under construction in 2020, and in particular projects:

- In Australia: €151.5 million, including mainly Western Downs (€51.7 million), the extension of Hornsdale Power Reserve (€59.2 million), Victoria Big Battery (€25.6 million) and Bulgana (€13.4 million).

- In the Americas: €163.4 million, including mainly El Llano (€65.5 million) and Itzoteno (€24.3 million) in Mexico; Altiplano 200 (€41.6 million) in Argentina; Capella (€26.2 million) in El Salvador; and Paradise Park (€2.6 million) in Jamaica.

- In Europe: €204.9 million including mainly Mutkalampi (€64.4 million), Yllikkäla Power Reserve (€15 million) and Hedet (€12.6 million) in Finland, wind projects in France (€67 million) whose main contributors were Viersat (€18.5 million), Mont de Malan (€13.8 million), La Garenne (€9.3 million) and Chemin Vert (€5.6 million) and solar projects in France (€42.5 million), the largest contributors of which were Reaup Lisse (€11.4 million), Les Poulettes (€8.7 million), Antugnac (€6.8 million) and Mer (€3.2 million).

(2) *Reclassifications of right-of-use assets (€32.4 million) corresponded to new leases entered as fixed assets under IFRS 16 "leases".*

(3) This mainly concerned land use rights (for power plants under construction and operation) for an amount of €159.8 million, as well as usage rights relating to offices, for an amount of €1.5 million.

There is no indication of impairment requiring the implementation of impairment tests on property, plant and equipment in the Group's balance sheet at the date of publication of its consolidated financial statements, with the exception of the Altiplano 200 project in Argentina (see note 10).

NOTE 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures are as follows:

(In millions of euros)	31.12.2020	31.12.2019
Total investments in associates and joint ventures - start of the period	**6.9**	**6.7**
Dividends paid	-	(0.4)
Capital increase	(0.1)	0.1
Share of net income of associates	0.7	0.7
Change in fair value	(0.1)	(0.2)
Total investments in associates and joint ventures - end of the period	**7.3**	**6.9**

This item essentially corresponds to the valuation of the Seixal power plant (CSNSP 441 in Portugal) for €7.3 million.

NOTE 14. NON-CURRENT FINANCIAL ASSETS

Accounting principles

Non-current financial assets consist of security deposits related to financing contracts, term deposits, loans, non-consolidated securities, and derivative instruments with a positive value.

Financial assets are classified and measured as follows:

- security deposits and term deposits are carried at amortised cost;
- non-consolidated securities are recognised at fair value.

(In millions of euros)	31.12.2020	31.12.2019
Security deposits	76.6	111.0
Available-for-sale (AFS) financial assets	2.5	2.5
Loans due in more than one year	13.0	11.6
Total non-current financial assets	**92.2**	**125.2**

Security deposits

Security deposits correspond mainly to:

- The financing reserve accounts set up in connection with project financing relating to production assets;
- Deposits made in response to calls for tenders.

The decrease during the period was due mainly to the repayment of security deposits related to the financing of production assets (*Debt Service Reserve Account* or DSRA).

NOTE 15. OTHER CURRENT ASSETS

Other current assets break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Tax and employee-related receivables	84.3	81.0
Trade accounts payable in debit	7.7	5.4
Prepaid expenses	7.8	7.7
Other debtors	12.4	17.1
Total other current assets	**112.3**	**111.2**

Tax and social security receivables consist mainly of VAT credits pending recovery associated with the construction of power plants.

NOTE 16. CASH AND CASH EQUIVALENTS

Accounting principles

Cash includes cash and cash equivalents as well as short-term investments that are considered to be liquid, convertible into a known amount of cash and that are subject to an insignificant risk of change in value in light of the criteria provided for by IAS 7 "cash flows statements".

Overdrafts are excluded from the notion of cash and cash equivalents and are recognised as current financial liabilities.

Cash and cash equivalents break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Cash equivalents	0.7	11.6
Cash	374.2	448.9
Total cash and cash equivalents	**374.9**	**460.5**

Cash and cash equivalents at 31 December 2020 corresponded mainly to cash:

- held by Neoen S.A. (€60.4 million), of which the decrease in 2020 (of -€125 million) was due mainly to the issue of green convertible bonds (“OCEANE Verte”) for a gross amount of €170 million in June 2020 and cash transfers (€48 million) from project companies linked to the net cash flows generated by the operation of the power plants and the refinancing of the Hornsdale 1, 2 and 3 power plants, offset by investments in the form of equity contributions and shareholder loans in the new projects totalling €(335.6) million;
- located in the project companies and associated holding companies (€293.3 million), of which the change during 2020 (+€48.7 million) resulted, for assets under construction, from the drawdown of senior debt and equity contributions to finance investments in production assets, and, for assets in operation, from cash flow generated by the business, intended in particular to ensure the repayment of project financing and the remuneration of contributions made by shareholders;
- located in holding companies with junior debt (€20.6 million, i.e. -€9.3 million), and linked to cash flows generated by cash surpluses from production assets, making it possible to repay maturities of junior debt and remunerate shareholder contributions.

NOTE 17. SHAREHOLDERS' EQUITY AND DETAILS OF DILUTIVE INSTRUMENTS

Capital management policy

Neoen manages its capital within the framework of a prudent and rigorous financial policy which since the creation of the company has been based on a desire to constantly optimise its financial structure, enabling it to finance its development, in accordance with its objectives of growth in installed capacity and internal rate of return (IRR). This is part of a diversification strategy, both geographic and technological, but also its exposure to currency risk. In addition to compliance with covenants and financial commitments made in connection with its project financing, most of which are without recourse to the Group's parent company, and its corporate financing, Neoen more specifically monitors its net debt-to-EBITDA and financial leverage-to-capital employed ratios on an all-in basis including all of the Group's debt, whether corporate or set up to finance its projects, with a view to managing its capital structure.

This capital management policy is designed to enable it to continue to invest in value-generating projects, thereby maximising the creation of value for its shareholders, including its controlling shareholder for the past 10 years, Impala SAS. Neoen may therefore make regular adjustments to this policy, particularly with regard to changes in economic conditions and access to debt and capital markets, and in this context to issue new shares, buy back own shares or authorise share-based payment plans.

Neoen is not subject to any external minimum capital requirements, except as required by law.

Equity

Movements affecting the Group's equity during financial years 2019 and 2020 are detailed in the consolidated statement of changes in shareholders' equity.

Share capital

During the year:

- 62,500 stock options were exercised at an exercise price of €4;
- 161,834 stock options were exercised at an exercise price of €6;
- 25,000 stock options were exercised at an exercise price of € 10;
- 25,556 shares were created in connection with a capital increase reserved for employees;
- 187,074 shares were created in connection with free share allocation plan that had expired, for a total of €1,676,653.76, including an issue premium of €1,226,873.76, which increased the share capital to €171,101,424 and the issue premium to €502,251,500.

Treasury shares

At December 31, 2020, the Company held directly or indirectly 10,639 treasury shares, mainly resulting from a share buyback programme with a view to allocating them, representing €0.4 million based on the book value.

Reserves

The issue of green convertible bonds ("OCEANE Verte") in the amount of around €170 million (see note 2.2) was treated as a compound instrument split between an equity component of €25.2 million (recognised under "reserves" for €24.9 million, net of expenses) and a debt component of €144.8 million (recognised under "non-current corporate finance" for €142.8 million, net of expenses - see note 19.2).

Dividends

The Group did not distribute any dividends.

Non-controlling interests

(In millions of euros)		Percentage of interest uncontrolled		Net profit from investments not giving not control	Investments not giving not control	Net profit from investments not giving not control	Investments not giving not control
Entity	**Country**	**31.12.2020**	**31.12.2019**	**FY 2020**	**31.12.2020**	**FY 2019**	**31.12.2019**
HWF 1 & Holdco	Australia	30%	30%	(0.2)	1.3	0.8	9.8
HWF 2 & Holdco	Australia	20%	20%	0.1	0.7	0.4	3.1
HWF 3 & Holdco	Australia	20%	20%	(0.2)	1.7	1.6	4.4
Hedet	Finland	20%	20%	0.1	(1.2)	(0.8)	(1.1)
Bangweulu Power Company	Zambia	41%	41%	0.4	(0.2)	(0.1)	(0.2)
EREC	Jamaica	50%	50%	(0.4)	0.0	0.7	0.4
Metoro	Mozambique	25%	25%	(0.1)	0.3	(0.6)	0.4
Mutkalampi	Finland	20%	20%	(0.1)	2.7	(0.0)	2.8
Autres				(0.2)	(0.5)	(0.1)	(0.1)
Total continued operations				**(0.5)**	**4.8**	**1.9**	**19.5**
Biomasse Energie de Commentry	France		100%	-	-	(0.9)	0.0
Total discontinued operations				**-**	**-**	**(0.9)**	**0.0**
Total non-controlling interests				**(0.5)**	**4.8**	**1.0**	**19.5**

The decrease in non-controlling interests of -€14.7 million was due mainly to the payment of dividends.

Balance sheet aggregates

The net assets of non-controlling interests at 31 December 2020 break down as follows:

31.12.2020 (In millions of euros)	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**	**Mutkalampi**
Current assets	5.6	4.3	3.8	8.8	7.1	9.1	6.2	15.5
Non-current assets	115.2	109.0	118.2	93.8	50.8	1.4	38.5	82.0
Current liabilities	10.1	8.9	9.7	41.4	13.7	10.7	12.9	88.5
Non-current liabilities	133.0	121.9	132.9	67.3	44.5	2.2	34.0	6.9
Net assets	**(22.2)**	**(17.5)**	**(20.7)**	**(6.2)**	**(0.3)**	**(2.4)**	**(2.2)**	**2.2**

The change in the net assets of non-controlling interests resulted mainly from the payment of dividends.

The net assets of non-controlling interests at 31 December 2019 break down as follows:

31.12.2019 (In millions of euros)	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**
Current assets	4.4	3.4	13.2	7.2	17.6	11.7	14.4
Non-current assets	122.7	115.7	127.4	81.3	51.6	0.7	44.8
Current liabilities	13.6	10.3	13.8	35.5	18.6	12.0	23.2
Non-current liabilities	107.4	114.6	134.0	58.8	50.2	2.3	38.1
Net assets	**6.1**	**(5.7)**	**(7.2)**	**(5.8)**	**0.5**	**(1.9)**	**(2.2)**

Income statement aggregates

The comprehensive income of non-controlling interests in 2020 breaks down as follows:

FY 2020 (In millions of euros)	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**	**Mutkalampi**
Revenue	**19.6**	**15.9**	**16.5**	**6.6**	**6.0**	**-**	**4.9**	**-**
Net income	**(0.6)**	**0.3**	**(1.0)**	**0.4**	**(0.8)**	**(0.4)**	**1.1**	**(0.5)**
Of which: Net income - Group share	(0.4)	0.2	(0.8)	0.3	(0.4)	(0.3)	0.6	(0.4)
Of which: Net income - attributable to non-controlling interests	(0.2)	0.1	(0.2)	0.1	(0.4)	(0.1)	0.4	(0.1)
Comprehensive income	**(1.7)**	**(0.2)**	**(1.2)**	**(0.1)**	**(0.4)**	**(0.1)**	**(0.0)**	**(0.1)**

The comprehensive income of non-controlling interests in 2019 breaks down as follows:

FY 2019 (In millions of euros)	**HWF 1 & Holdco**	**HWF 2 & Holdco**	**HWF 3 & Holdco**	**Hedet**	**EREC**	**Metoro**	**Bangweulu Power Company**	**Mutkalampi**
Revenue	**20.9**	**16.5**	**26.1**	**1.1**	**3.3**	**-**	**3.9**	**-**
Net income	**2.8**	**1.8**	**7.8**	**(3.9)**	**1.4**	**(2.5)**	**(0.2)**	**(0.1)**
Of which: Net income - Group share	1.9	1.5	6.2	(3.1)	0.7	(1.9)	(0.1)	(0.1)
Of which: Net income - attributable to non-controlling interests	0.8	0.4	1.6	(0.8)	0.7	(0.6)	(0.1)	(0.0)
Comprehensive income	**(0.2)**	**(0.5)**	**0.7**	**(1.1)**	**0.7**	**(0.6)**	**(0.5)**	**(0.0)**

Cash flows statement

The cash flow statement of non-controlling interests for 2020 breaks down as follows:

FY 2020 (In millions of euros)	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company	Mutkalampi
Net cash flows from operating activities	13.0	11.2	12.6	6.5	6.2	(4.1)	10.0	36.0
Net cash flows from investing activities	6.6	6.1	8.4	(10.8)	(10.0)	(1.4)	(10.3)	(36.1)
Net cash flows from financing activities	(19.4)	(16.9)	(30.6)	5.4	(4.3)	3.7	(3.0)	0.2
Net change in cash including non-current assets or group of assets held for sale	0.7	0.3	(0.1)	-	(0.5)	(0.6)	(0.5)	-
Net change in cash from continued activities	**1.0**	**0.8**	**(9.6)**	**1.1**	**(8.6)**	**(2.4)**	**(3.7)**	**0.1**
Opening cash and cash equivalents	1.4	1.1	10.5	5.3	12.7	8.4	8.4	0.1
Closing cash and cash equivalents	**2.4**	**1.8**	**0.9**	**6.4**	**4.1**	**6.0**	**4.7**	**0.2**
Dividends paid to minority interests	(7.2)	(1.9)	(1.7)	-	-	-	-	-

The cash flow statement of non-controlling interests for 2019 breaks down as follows:

FY 2019 (In millions of euros)	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company	Mutkalampi
Net cash flows from operating activities	15.8	13.2	24.1	13.1	1.3	3.7	0.8	8.3
Net cash flows from investing activities	0.2	0.8	0.4	(49.3)	(29.2)	(2.3)	(21.3)	(8.2)
Net cash flows from financing activities	(17.1)	(18.4)	(25.8)	40.7	29.8	7.1	(2.6)	0.0
Net change in cash including non-current assets or group of assets held for sale	0.1	0.1	0.4	-	0.2	(0.1)	0.7	(0.0)
Net change in cash from continued activities	**(1.0)**	**(4.3)**	**(0.9)**	**4.6**	**2.1**	**8.4**	**(22.5)**	**0.1**
Opening cash and cash equivalents	2.4	5.4	11.5	0.7	10.6	0.0	30.9	-
Closing cash and cash equivalents	**1.4**	**1.1**	**10.5**	**5.3**	**12.7**	**8.4**	**8.4**	**0.1**
Dividends paid to minority interests	(0.4)	(0.6)	(3.0)	-	-	-	-	-

Dilutive instruments

Accounting principles

Basic earnings per share and diluted earnings per share are calculated in accordance with IAS 33 “earnings per share”.

Basic earnings per share: earnings for the period (Group share) is divided into the weighted average number of shares outstanding after deduction of treasury shares held.

Diluted earnings per share: earnings for the period (Group share) as well as the weighted average number of shares outstanding after deduction of treasury shares held, taken into account for the calculation of basic earnings per share, are adjusted for the effects of all potentially dilutive instruments. Call options and free shares have a dilutive effect if their exercise price is lower than the market price.

(In number of shares)		31.12.2020	31.12.2019	31.12.2019	31.12.2018
Before dilution					
Number of shares		85,550,712	85,088,748	85,088,748	84,957,498
Number of treasury shares		10,639	198,948	198,948	150,658
Number of other shares		85,540,073	84,889,800	84,889,800	84,806,840
Average number of shares before dilution		**85,214,937**		**84,848,320**	
Dilutive instruments	Free shares	537,000	898,144	898,144	786,698
	Stocks options	138,166	387,500	387,500	528,750
	Convertible bonds 2019 (“OCEANE”)	6,629,101	6,629,101	6,629,101	-
	Convertible bonds 2020 (“OCEANE”)	3,679,653	-	-	-
	TOTAL	**10,983,920**	**7,914,745**	**7,914,745**	**1,315,448**
After dilution					
Number of shares		96,534,632	93,003,493	93,003,493	86,272,946
Number of treasury shares		10,639	198,948	198,948	150,658
Number of other shares		96,523,993	92,804,545	92,804,545	86,122,288
Average number of shares after dilution (1)		**94,664,269**		**89,463,417**	

(1) Average number of shares over the period, excluding treasury shares.

NOTE 18. PROVISIONS

Accounting principles

Provisions

Provisions are recognised when, at the reporting date, the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of which can be reliably estimated.

The amount recognised as provisions is measured in accordance with IAS 37 "provisions, contingent liabilities and contingent assets" based on the most likely estimate of the expenditure required to settle the present obligation at the reporting date. When the time value effect is significant, the amount of the provision recognised corresponds to the present value of the expected expenses deemed necessary to settle the corresponding obligation. The increase in provisions recorded to reflect the passage of time and relating to discounting is recognised in financial expenses.

Litigation and contingent liabilities

The Group exercises its judgement on a case-by-case basis in assessing the risks incurred and records a provision when it expects a probable outflow of resources. In cases where a reliable estimate cannot be made because it is considered unfounded or not sufficiently substantiated, there is a potential or current obligation that cannot be recognised (contingent liability).

Dismantling provision

When a legal or contractual obligation exists to dismantle a power plant, a decommissioning provision is recognised in return for a decommissioning asset, the cost of which is regularly estimated, based on quotes from external service providers. In the event of a significant change in the estimate leading to an increase in the provision, the net value of the dismantling assets is also increased. If the change results in a reduction in the provision, an impairment of the asset is recorded.

Current and non-current provisions

The main movements affecting provisions in 2020 were as follows:

(In millions of euros)	Non-current provisions	Current provisions
Total current and non-current provisions - start of the period	**13.8**	**-**
Charges	0.0	0.4
Discounting	0.5	-
Impact of changes in consolidation scope	1.5	-
Reclassifications and others	41.6	0.0
Total current and non-current provisions - end of the period	**57.4**	**0.5**

Dismantling provisions recognised for production assets in operation amounted to €57 million at December 31, 2020 compared with €13.5 million at December 31, 2019.

The increase was due mainly to the change in estimation methods, which were revised to reflect future dismantling costs in accordance with IAS 37 “provisions, contingent liabilities and contingent assets” (see notes 2.5 and 2.6), which had an impact of €27.6 million as at 31 December 2020. It was also due to the recognition of new dismantling provisions totalling €14.2 million.

NOTE 19. FINANCING AND FINANCIAL INSTRUMENTS

NOTE 19.1. NET FINANCIAL RESULT

A breakdown of the net financial result is provided in the following table:

(In millions of euros)	FY 2020	FY 2019
Loan interest	(76.4)	(64.5)
Interest associated with derivatives	(20.1)	(10.4)
Interest associated with rights of use	(5.2)	(4.0)
Cost of debt	**(101.8)**	**(79.0)**
Shareholder loan interest income and expenses	(0.8)	(0.2)
Foreign exchange gains and losses	(9.4)	0.3
Other financial income and expenses	(5.7)	(8.1)
Total other financial income and expenses	**(15.9)**	**(8.0)**
Net financial result	**(117.7)**	**(87.0)**

The increase in the cost of debt is explained, on the one hand, by the increase in the number of power plants under financing and, on the other hand, by the use of corporate financing (mainly linked to the issue of convertible bonds (“OCEANE”) in October 2019 and green convertible bonds (“OCEANE Verte”) in June 2020).

Financial expenses on derivative instruments correspond to the recycling through profit or loss of the fair value of the derivative financial instruments considered as effective, recognised in other comprehensive income.

Foreign exchange gains and losses arise from translation adjustments on current assets and liabilities and non-current liabilities denominated in foreign currencies. During the 2020 financial year, the Altiplano 200 project in Argentina recorded a foreign exchange loss of €8.5 million, which corresponded mainly to the devaluation of VAT credits pending repayment denominated in Argentine pesos.

Other financial income and expenses were mainly affected by the following items in 2020:

- the refinancing of the Australian power plants Hornsdale 1, 2 and 3 led to the immediate recognition in financial expenses of former upfront fees for €(4.7) million and €(0.2) million in penalties;
- Neoen S.A. has taken out a syndicated loan for which non-utilisation fees amounted to €(1.3) million.

In 2019, other financial income and expenses consisted mainly of:

- the impact of the refinancing of the Australian solar projects Parkes, Griffith and Dubbo, which led, in accordance with IFRS 9 principles, to the recognition of a renegotiation gain of €5.9 million;
- the effect of the refinancing of a portfolio of substantial French projects in operation within the meaning of IFRS, which generated a charge of €(5.6) million corresponding to compensation and early repayment costs incurred in connection with the extinguishment of historical liabilities;
- accretion effects associated in particular with a revision of the payment schedule for certain investment expenses, which contractually benefited from a deferred repayment granted by a co-contractor, likely to be spread over several years, and which, given the operating performances recorded in 2019, saw their repayment prospects accelerate very significantly, in accordance with the provisions of the contract, generating an accretion expense of €(6.6) million.

NOTE 19.2. NET DEBT

Accounting principles

Financial liabilities

Financial liabilities include financial liabilities and derivative financial instruments with a negative market value.

Borrowings are initially recognised at their original fair value less directly attributable transaction costs.

At each reporting date, borrowings are measured at amortised cost using the effective interest method and are broken down in the balance sheet as follows:

- non-current financial liabilities for the portion due in more than one year;
- current financial liabilities for the portion due within one year.

In accordance with IAS 23 "borrowing costs", borrowing costs directly attributable to the acquisition, construction or production of a fixed asset are included in the cost of the underlying asset.

Derivative financial instruments

The objective of Neoen Group's finance department is to hedge the risk of variability in the future interest expense resulting from the financing of the Group's investments.

To hedge its interest rate risk exposure, the Group uses derivatives mainly in the form of interest rate swaps and interest rate options. Most of the interest rate derivatives used by Neoen qualify as cash flow hedges. Hedge accounting is applicable if the conditions provided for by IFRS 9 are met:

- the hedging relationship must be clearly designated and documented at the date of inception of the hedging instrument;
- the economic link between the hedged item and the hedging instrument must be documented, along with potential sources of inefficiency;
- retrospective ineffectiveness must be measured at each reporting date.

Cash flow hedges are used to hedge changes in the value of highly probable future cash flows from interest arising from the Group's financing requirements.

Changes in the fair value of the derivative financial instrument are recognised in other comprehensive income in equity (cash flow hedge reserve) for the "effective portion" of the hedge and in profit or loss for the period for the "ineffective portion".

Accumulated gains or losses in equity are recognised in profit or loss under the same heading as the hedged item, i.e. financial income at the time the hedged cash flow affects profit or loss.

When the derivative instrument is terminated or when the ineffectiveness of the hedging relationship results in its reclassification, the gains or losses accumulated on the derivative instrument are maintained in other comprehensive income (cash flow hedge reserve) and recognised symmetrically with the hedged flows. If future cash flows are no longer expected, the gains and losses previously recognised in equity are then transferred to the income statement.

When they are not considered as cash flow hedges for accounting purposes, changes in the fair value of these instruments are recorded in the income statement

Derivative financial instruments with a positive market value are recognised as assets and those with a negative market value are recognised as liabilities.

Total net debt breaks down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Senior financing of projects	1,948.7	1,757.9
Bond financing of projects	154.4	199.5
Lease liabilities	167.9	136.7
Corporate financing	339.4	194.6
Non-controlling investors and others	29.2	30.4
Derivative instruments liabilities – hedging effect	109.8	95.4
Financial debt	**2,749.4**	**2,414.6**
Non-controlling investors and others	(29.2)	(30.4)
Adjusted financial debt	**2,720.2**	**2,384.1**
Cash equivalents	(0.7)	(11.6)
Cash equivalents	(374.2)	(448.9)
Total cash and cash equivalents	**(374.9)**	**(460.5)**
Guarantee deposits	(76.6)	(111.0)
Derivative instruments assets – hedging effect	(2.2)	(2.0)
Total other assets	**(78.8)**	**(113.0)**
Total net debt	**2,266.5**	**1,810.6**

Net debt increased by €456 million in 2020. This was due mainly to the implementation of new project financing, without recourse to the parent company, the green convertible bonds (“OCEANE Verte”) issue, and the decrease in cash associated with investments made in the Group's assets under construction (see notes 1.2 and 17).

Analysis by type

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

Senior financing of projects

In 2020, senior project financing increased by +€**190.8** million, due to:

- the Group subscribed an additional €**289.6** million of new project financing, mainly for the following facilities: El Llano (€75.2 million) in Mexico, Capella (€28.9 million) in El Salvador, Hornsdale Power Reserve (€28.9 million) in Australia, Altiplano 200 (€12.2 million) in Argentina, Hedet (€11.3 million) in Finland, as well as several wind power plants (€94.8 million) and several solar power plants (€35.0 million) in France;
- the repayment of loans made in 2020 for €(**143.4**) million;
- the refinancing of the Hornsdale 1, 2 and 3 projects in Australia for an amount net of expenses of €**361.1** million (resulting in €(**295.0**) million in repayments of previous project financing debts);
- foreign exchange impact of €(**34.8**) million;
- the change in the amortised cost of borrowings for €**8.5** million and in accrued interest for €**4.9** million.

At 31 December 2020, there was no indication that the various companies financed by project and mezzanine debt were not in compliance with their financial ratio covenants on minimum Debt Service Coverage Ratio (DSCR) or minimum shareholders' equity[26].

Bond financing for projects

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

Corporate financing

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

The increase in this item in 2020 is due to the €170 million green convertible bonds (“OCEANE Verte”) issue. As this is a compound instrument within the meaning of IAS 32 "financial instruments: presentation", €144.8 million (€142.8 million net of expenses) was recognised for the debt component

[26] The debt relating to the El Llano project has been reclassified as current financial debt due to certain documentary non-compliance within the meaning of the financing contracts of this power plant (see section 1.3.1 "key events of the period" of this Amendment).

and €25.2 million (€24.9 million net of expenses) recorded for the equity component (see notes 1.2 and 14).

Lease liabilities

Each lease liability is initially measured at the present value of the lease payments that are not settled at the effective date, discounted at the lessee's incremental borrowing rate. It is then repaid and discounted at the rate of the lease payments. The number of leases falling within the scope of IFRS 16 "Leases" was 646 at the end of December 2020 compared with 473 at the end of December 2019.

Non-controlling investors and others

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

Derivative financial instruments

The increase in derivative financial instruments with negative values was due mainly to a negative change in fair value, which increased this contributor to financial debt by +€47.7 million (a consequence of the combined impact of new instruments contracted during the period and the significant fall in interest rates observed in most of the geographical zones in which the Group operates) and the impact of the refinancing of the Hornsdale 1, 2 and 3 power plants of €(31.7) million corresponding to the change in fair value associated with the unwinding of historical swaps.

Breakdown of financial debt by currency (excluding lease liability and minority investments)

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others (1)	31.12.2020
Senior financing of projects	741.6	458.6	741.5	7.0	1,948.7
Bond financing of projects	154.4	-	-	-	154.4
Corporate financing	339.4	-	-	-	339.4
Derivative instruments – impact of hedging	32.1	20.5	57.2	-	109.8
Total financial liabilities	**1,267.5**	**479.1**	**798.8**	**7.0**	**2,552.3**

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others (1)	31.12.2019
Senior financing of projects	669.0	397.6	676.1	15.2	1,757.9
Bond financing of projects	72.4	22.3	104.9	-	199.5
Corporate financing	194.6	-	-	-	194.6
Derivative instruments – impact of hedging	19.7	12.8	62.9	-	95.4
Total financial liabilities	**955.7**	**432.6**	**843.9**	**15.2**	**2,247.5**

(1) Liabilities denominated in other currencies correspond to VAT financing pending repayment, denominated in Mexican pesos, and relating to the El Llano project in Mexico.

Breakdown of financial debt by interest rate type

(In millions of euros)	31.12.2020	31.12.2019
Fixed rate	1,030.1	856.2
Floating rate	1,609.5	1,463.0
Impact of hedging	109.8	95.4
Total financial liabilities after hedging	**2,749.4**	**2,414.6**

The financing of projects generally subscribed at variable rates and the flow of variable interest are covered, which generally represents 75 % or more of the amount financed at variable rates.

Breakdown of total financial debt by maturity

(In millions of euros)	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total financial liabilities**
Senior financing of projects	252.0	348.4	1,348.3	1,948.7
Bond financing of projects	14.0	44.2	96.2	154.4
Lease liabilities	7.1	8.7	152.1	167.9
Corporate financing	14.0	188.7	136.7	339.4
Non-controlling investors and others	-	-	29.2	29.2
Derivative instruments liabilities – hedging effect	19.6	52.8	37.5	109.8
Total as of December 31st, 2020	**306.6**	**642.8**	**1,800.1**	**2,749.4**

(In millions of euros)	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total financial liabilities**
Senior financing of projects	109.5	306.3	1,342.1	1,757.9
Bond financing of projects	26.6	53.8	119.2	199.5
Lease liabilities	6.2	6.5	124.0	136.7
Corporate financing	4.0	7.5	183.0	194.6
Non-controlling investors and others	2.5	0.4	27.5	30.4
Derivative instruments liabilities – hedging effect	11.6	39.1	44.7	95.4
Total as of December 31st, 2019	**160.4**	**413.6**	**1,840.6**	**2,414.6**

Breakdown of financial debt by movements

			Change without cash impact					
(In millions of euros)	**31.12.2019**	**Cash flows**	Impact of fluctuation in foreign exchange rates	Change in consolidation scope	Changes in fair value and amortized cost	Accrued interest	Other changes (1)	**31.12.2020**
Senior financing of projects	1,757.9	212.3	(34.8)	-	8.5	4.9	(0.0)	1,948.7
Bond financing of projects	199.5	(45.4)	(0.8)	-	1.2	(0.2)	0.0	154.4
Lease liabilities	136.7	(5.9)	(0.8)	2.1	-	3.9	32.0	167.9
Corporate financing	194.6	137.4	-	-	0.9	0.3	6.2	339.4
Non-controlling investors and others	30.4	(0.2)	(1.1)	(0.0)	-	-	0.0	29.2
Derivative instruments liabilities – hedging effect	95.4	(31.7)	(1.6)	-	47.7	-	-	109.8
Total financial liabilities	**2,414.6**	**266.5**	**(39.1)**	**2.1**	**58.3**	**8.9**	**38.2**	**2,749.4**

(In millions of euros)	31.12.2018	Cash flows	Change without cash impact: Impact of fluctuation in foreign exchange rates	Change in consolidation scope	Changes in fair value and amortized cost	Accrued interest	Other changes (1)	31.12.2019
Senior financing of projects	1,229.3	542.5	10.4	(25.6)	(2.4)	3.8	(0.0)	1,757.9
Bond financing of projects	262.8	(65.7)	0.4	-	2.8	(0.7)	0.0	199.5
Lease liabilities	96.9	(4.2)	0.5	6.0	-	2.7	34.7	136.7
Corporate financing	16.1	177.7	-	-	-	0.8	-	194.6
Non-controlling investors and others	45.4	(0.7)	0.2	(14.5)	-	-	(0.0)	30.4
Derivative instruments liabilities – hedging effect	40.3	(10.5)	0.6	0.7	64.3	-	(0.0)	95.4
Total financial liabilities	**1,690.8**	**639.1**	**12.1**	**(33.3)**	**64.7**	**6.6**	**34.7**	**2,414.6**

(1) Other changes in lease liabilities correspond to non-cash changes relating to new leases pursuant to IFR16 “Leases”.

NOTE 19.3. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting principle

Neoen uses mainly interest rate swaps to hedge against changes in interest rates associated with the financing the Group's investments (see note 21.1).

At December 31, 2019, cash flow hedge accounting was applied to these derivative financial instruments, in accordance with IFRS 9 “financial instruments”. The effects relating to these interest rate swaps are recognised in profit or loss symmetrically with the highly probable hedged interest flows from the Group's financing.

During 2020, an amount of €(47.7) million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives and +€7.7 million was recycled through profit or loss.

During 2019, an amount of €(68.6) million was recognised in other comprehensive income in respect of the change in fair value of cash flow hedging derivatives and +€2.1 million was recycled through profit or loss.

NOTE 19.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Accounting principles

The fair value of an asset and liability is the price that would be agreed between parties who are free to contract and operate under market conditions. IFRS 13 “fair value measurement” distinguishes between three levels of fair value:

- level 1: prices quoted on an active market;
- level 2: prices quoted on an active market for a similar instrument, or another valuation technique based on observable parameters;
- level 3: valuation method incorporating unobservable parameters.

For derivative financial instruments, see notes 19.2 and 19.3.

The fair value of trade payables and trade receivables corresponds to the carrying amount indicated in the balance sheet, as the effect of discounting future cash flows is immaterial.

As of December 31st, 2020 (In millions of euros)	Level	Carrying amount	Fair value	Amortized cost	Fair Value through profit or loss	Fair Value through non-recyclable profit or loss	Debts measured at amortized cost	Cash-flow hedge derivatives
Derivative financial instruments	2	2.2	2.2		2.2			
Trade receivables	2	73.2	73.2	73.2				
Cash and cash equivalents	1	374.9	374.9		374.9			
Total financial assets		**450.3**	**450.3**	**73.2**	**377.1**	**-**	**-**	**-**
Non-current financial liabilities	2	2,352.6	2,419.6				2,352.6	
Other non-current liabilities	2	22.3	22.3				22.3	
Derivative financial instruments	2	109.8	109.8					109.8
Current financial liabilities	2	287.0	287.0				287.0	
Trade payables	2	173.9	173.9				173.9	
Total financial liabilities		**2,945.6**	**3,012.7**	**-**	**-**	**-**	**2,835.8**	**109.8**

As of December 31st, 2019 (In millions of euros)	Level	Carrying amount	Fair value	Amortized cost	Fair Value through profit or loss	Fair Value through non-recyclable profit or loss	Debts measured at amortized cost	Cash-flow hedge derivatives
Derivative financial instruments	2	2.0	2.0		2.0			
Trade receivables	-	52.2	52.2	52.2				
Cash and cash equivalents	1	460.5	460.5		460.5			
Total financial assets		**514.7**	**514.7**	**52.2**	**462.5**	**-**	**-**	**-**
Non-current financial liabilities	3	2,170.4	2,186.6				2,170.4	
Other non-current liabilities	3	34.1	34.1				34.1	
Derivative financial instruments	2	95.4	95.4					95.4
Current financial liabilities	3	148.8	148.8				148.8	
Trade payables	-	126.3	126.3				126.3	
Total financial liabilities		**2,575.0**	**2,591.2**	**-**	**-**	**-**	**2,479.5**	**95.4**

NOTE 20. OTHER CURRENT LIABILITIES

NOTE 20.1. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Tax debts	27.4	28.2
Social debts	10.1	7.3
Total of tax and security liabilities	**37.4**	**35.5**

NOTE 20.2. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

(In millions of euros)	31.12.2020	31.12.2019
Prepaid income	18.6	21.3
Other creditors	22.7	10.0
Total other current liabilities	**41.3**	**31.3**

Deferred income consists mainly of operating subsidies that are transferred to the income statement on a straight-line basis according to the life of the underlying asset.

Of the +€12.7 million increase in other creditors, +€11.9 million was due to the reclassification during the year of other non-current liabilities relating to the acquisition in 2019 of the Mutkalampi project as liabilities payable within one year, given their payment schedule.

NOTE 21. RISK MANAGEMENT

NOTE 21.1. INTEREST RATE RISKS

Neoen Group is exposed to market risks as a result of its investment activities. This exposure is mainly linked to fluctuations in variable interest rates relating to the financing of its projects.

The Group's interest rate risk management objective is therefore to secure and preserve the economic balance of projects by limiting the future variability of the financial burden associated with their financing. This is based on the use of hedging instruments.

Interest rate risk is hedged using over-the-counter instruments with first-rate counterparties. The Group contracts financial instruments to hedge its variable-rate financing, with the aim of hedging at a fixed rate a minimum of 75% of the variable-rate financing requirements for projects. In this respect, the Group has entered into interest rate swaps and caps that qualify as cash flow hedges.

The Group's risk management policy aims to limit and control changes in interest rates and their impact on income and future cash flows.

	Notional value by maturity					
As of December 31st, 2020 (In millions of euros)	Less than 5 years	More than 5 years	**Total**	Fair value	Recorded as equity	Recorded as income
Interest rate swaps - Solar	(128.1)	(306.0)	(434.1)	(54.4)	60.4	-
Interest rate swaps - Wind	(159.1)	(425.4)	(584.5)	(54.2)	81.5	-
Interest rate swaps - Holding	-	-	-	(0.5)	0.5	
Interest rate caps	(67.9)	(88.8)	(156.7)	1.0	4.2	-
Total	**(355.2)**	**(820.2)**	**(1,175.3)**	**(108.0)**	**146.6**	**-**

A 1% increase in interest rates would, given the interest rate hedging instruments in force, cause an annual increase of €2.1 million in the Group’s cost of debt. Due to the existence of floors, a 1% decrease in interest rates would not generate any particular savings on the Group’s annual cost of debt.

NOTE 21.2. FOREIGN EXCHANGE RISKS

Foreign exchange risks relate to operational transactions in foreign currencies (mainly US dollars and Australian dollars) which tend to increase with the Group's sustained international deployment. In order to avoid any foreign exchange risk on the assets in operation, the Group systematically finances each of its assets in its functional currency.

NOTE 21.3. COUNTERPARTY RISKS

Given the large number of suppliers and subcontractors available in the markets where the Group operates, the Group considers that the insolvency of one or a small number of them would not have any material impact on the Group's ongoing operations.

Insofar as electricity sales contracts or contracts for difference are concluded with State counterparties (States or companies controlled by a State), electricity distribution companies and with a limited number of private buyers, the Group considers that the counterparty risk relating to trade receivables is not material at this time.

The Group invests its cash and cash equivalents with leading financial institutions.

The Group enters into over-the-counter interest rate derivatives with leading banks under agreements that provide for the offsetting of amounts due and receivable in the event of default by one of the contracting parties. These conditional netting arrangements do not meet the criteria of IAS 32 "financial instruments: presentation" to allow for the offsetting of asset and liability derivatives on the balance sheet.

NOTE 21.4. LIQUIDITY RISKS

Liquidity risk is the Group's inability to meet its immediate or short-term financial commitments.

To prevent this risk, the Group analyses its liquidity requirements several times a year over a rolling 12-month horizon.

At the reporting date and given its current obligations and the investments planned as part of the Company's execution of its investment plan over the next twelve months, the Company does not have sufficient financial resources over the period in question.

The net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €300 million.

A capital increase is therefore the Company's preferred solution to finance the continuation of its activities necessary for its development over the period in question.

However, should the Company delay certain projects planned as part of the execution of its investment plan, the cash shortfall would no longer occur over the next twelve months.

Cash held by holding and development companies amounted to €118 million at December 31, 2020, compared with €256.9 million for project companies (assets under operation and under construction).

(In millions of euros)	31.12.2020	31.12.2019
Cash and cash equivalents	374.9	460.5
Corporate credit lines available	238.0	130.0
Total	**612.9**	**590.5**

Corporate credit lines available

The Group has short-term credit lines totalling €238 million, including a syndicated loan of €200 million, composed of a corporate loan of €125 million that has not been drawn down to date and a revolving credit line of €75 million that has also not been drawn down, to meet the working capital requirements of the parent company.

Credit lines granted to projects

At December 31, 2020, the Group benefited from commitments received in respect of its project and operating financing in the amount of €374.9 million not used at that date.

NOTE 21.5. RISKS RELATED TO REGULATORY CHANGES

The Group sells electricity under long-term agreements with firm commitments from its counterparties, including many States. In certain countries where Neoen does not operate currently (in particular, Spain), States have occasionally introduced retroactive cuts to favourable feed-in tariffs. Any changes in these tariffs could have a material impact on the Group's financial statements.

The Group's multi-sector and multi-country strategy minimises this risk by reducing its exposure to a particular technology or country. The particularly competitive price of electricity produced by Neoen in the vast majority of its agreements also constitutes a natural hedge against this risk.

NOTE 22. OFF-BALANCE SHEET COMMITMENTS

NOTE 22.1. OFF-BALANCE SHEET COMMITMENTS GIVEN

(In millions of euros)	31.12.2020	31.12.2019
Guarantees provided to suppliers	243.6	111.1
Maintenance commitments	844.0	650.4
Other commitments provided	198.5	242.0
Commitments provided associated with operating activities	**1,286.1**	**1,003.5**
Assets provided as surety	3,080.7	2,786.3
Commitments provided associated with financing activities	**3,080.7**	**2,786.3**
Total off-balance sheet commitments provided	**4,366.7**	**3,789.8**

Guarantees given to suppliers

The Group may temporarily give guarantees to its suppliers in connection with the construction of its production assets.

Maintenance

In the context of operating its production assets, the Group enters into maintenance agreements that may span several years. The related services are expensed in the year in which they are provided.

Other commitments given

Other commitments are mainly guarantees given by the Group as part of the project development process, such as tendering guarantees, and performance and decommissioning guarantees.

Assets pledged as collateral

In most cases, the Group pledges shares and advances on shareholder loans in connection with debt incurred to finance projects. Some assets are also pledged as collateral to guarantee the repayment of bank debt until its extinguishment.

NOTE 22.2. OFF-BALANCE SHEET COMMITMENTS RECEIVED

(In millions of euros)	31.12.2020	31.12.2019
Energy purchase commitments received	6,201.2	5,999.6
Other commitments received	1,366.3	1,099.0
Commitments received associated with operating activities	**7,567.5**	**7,098.6**
Amounts payable to related parties	374.9	264.5
Corporate credit lines available	238.0	130.0
Commitments received in connection with financing activities	**612.9**	**394.5**
Total off-balance sheet commitments received	**8,180.4**	**7,493.1**

Energy purchase commitments received

In most cases, when an electricity production unit is built, the company carrying the project and which will operate the plant enters into a long-term energy supply contract. The Group generally receives purchase commitments for periods from 10 to 20 years. For each underlying asset, the commitment was valued on the basis of production volumes estimated by the Group over the term of the purchase agreement and on sales prices excluding inflation.

Other commitments received

These consist mainly of guarantees received by construction companies for the successful construction of plants and by suppliers in connection with maintenance.

NOTE 23. RELATED PARTY TRANSACTIONS

Transactions were carried out with: Impala and BPI France, identified as related parties for the Group.

Expenses relating to related parties primarily concern management fees and interest on loans granted. Amounts due to related parties correspond to financing.

Neoen's consolidated financial statements are fully consolidated in the consolidated financial statements of Impala, which owns 49.84 % of its share capital. Transactions with Impala and its subsidiaries or BPI France were carried out at arm's length.

The following table provides the amount of these transactions for the years ended December 31, 2020 and December 31, 2019:

(In millions of euros)	31.12.2020	31.12.2019
Expenses	0.6	0.8
Debt (1)	10.5	13.9
Guarantees (2)	-	-

(1) Liabilities with related parties correspond to a loan taken out with BPI France.

(2) The guarantees or counter-guarantees received from the majority shareholder Impala were all lifted on December 2, 2019.

NOTE 24. STATUTORY AUDITORS' FEES

(In millions of euros)	Deloitte / Constantin	RSM	Other networks	FY 2020
Neoen S.A.				
Statutory Audit	0.1	0.0	-	0.1
Services other than certification of financial statements	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.6	0.0	0.2	0.8
Total	**0.7**	**0.1**	**0.2**	**1.0**

(In millions of euros)	Deloitte / Constantin	RSM	Other networks	FY 2019
Neoen S.A.				
Statutory Audit	0.1	0.0	-	0.1
Services other than certification of financial statements	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.5	0.0	0.2	0.7
Total	**0.6**	**0.1**	**0.2**	**0.8**

NOTE 25. SUBSEQUENT EVENTS

Acquisition of non-controlling interests in the Mutkalampi project

On 12 November 2020, Prokon Wind Energy Finland notified its intention to exercise its put option, causing the Group to initiate the buyback of its entire stake (i.e. 19,9%) in the Mutkalampi project.

In accordance with IAS 32 “financial instruments: presentation”, liabilities are recognised by the Group under its commitment to buy back minority interests. The Group’s accounting policy is to recognise these liabilities and any subsequent changes in them, with a corresponding entry to Group share of equity.

In the financial statements for the year ended 31 December 2020, the debt relating to the put option was therefore revalued, with a corresponding entry to Group share of equity, and the stake was effectively bought back on 22 January 2021.

Extension of depreciation periods for assets in operation

As required by IAS 16 “property, plant and equipment” and IAS 38 “intangible assets”, the Group reviews the depreciation periods it applies at each reporting date.

In the case of its solar and wind assets, given the high standards of design, construction and maintenance it applies, the Group considered, based on an external study carried out in the first quarter of 2021 and, in particular, on sector benchmarking, that the useful life of these assets should be increased from 25 to 30 years.

As this is a change in an accounting estimate, the effects will be recognised prospectively as from 1 January 2021. The estimated impact is a €18 million reduction in depreciation expenses, excluding the tax effect for the next financial year.

4.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

RSM Paris

26, rue Cambacérès

75 008 Paris

S.A.S au capital de 15 095.000 €

792 111 783 RCS Paris

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Paris

Deloitte & Associés

6, place de la Pyramide

92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €

572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Versailles et du Centre

NEOEN

Société anonyme

6 rue Ménars

75002 Paris

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2020

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, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of December 31, 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for opinion

Audit framework

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

Our responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (c*ode de déontologie*) for statutory auditors for the period from January 1, 2020 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) paragraph 1 of Regulation (EU) no. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties as to their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on their internal organization and the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, drawn up under the conditions set out above, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the consolidated financial statements taken individually.

a. Internally generated intangible assets

(Note 12.2 to the consolidated financial statements)

As stated in Note 12.2 "Intangible assets," the development expenses for various renewable energy production facility projects, comprising external and internal direct and indirect costs relating to development, are capitalized from the point in time when the success of the corresponding project is probable with regard to the six IAS 38 criteria.

- **Identified risk and main judgments**

The Group considers that these criteria are satisfied once a project enters the portfolio, i.e. when the contractual factors and technical studies indicate that the project's feasibility is probable. Once a project is commissioned, amortization is calculated on a straight-line basis over the estimated useful life of the underlying asset, i.e. 25 years. Furthermore, when the Group estimates that the probability of success is reduced, development expenses are impaired. When a project is discontinued, the related development expenses are expensed under "Other non-current operating income and expenses."

As of December 31, 2020, the net value of development projects totaled €135.5 million, the Group having capitalized expenses directly attributable to project development of €39.3 million in 2020.

We considered the recognition and measurement of internally generated development projects to be a key audit matter considering the level of judgment required by Management to assess compliance with capitalization criteria for the corresponding costs and the sensitivity to the estimates and assumptions used by Management in determining the recoverable amount.

Responses as part of our audit
Our procedures primarily consisted in:

- Assessing, with regard to prevailing accounting standards and the capitalization rules defined by the Group, the methods of reviewing capitalization criteria, particularly by interviewing Management;

- Testing, on a sample basis, the consistency of the amounts recorded in assets with the project monitoring file prepared by the Group with a return to the underlying documented evidence;

- Analyzing the compliance of the methodology applied by the Company to determine the recoverable amount of development expenses with prevailing standards;

- Analyzing, with regard to the useful life adopted for these projects under development, the development expense amortization process;

- Finally, we verified the appropriateness of the disclosures in Note 12 to the consolidated financial statements.

b. Hedging financial instruments

(Note 19 to the consolidated financial statements)

Neoen finances the construction and operation of some of its facilities using floating-rate loans that expose the company to interest rate risk. To hedge this risk, Neoen sets up interest rate swap or cap hedges to peg the interest rate at the start of the project (or to peg the maximum interest rate).

As shown in Note 19 "Financing and Derivative financial instruments," derivative financial instruments with a positive market value are recorded in assets, while those with a negative market value are recorded in liabilities. These instruments are initially measured at fair value on the derivative contract signature date and then remeasured at their fair value at each closing date.

- **Identified risk and main judgments**

Neoen classifies these hedges in its accounts as cash flow hedges so as to recognize the changes in fair value of the hedging instruments in OCI for their effective portion. The new IFRS 9 principles had no material impact on the Group's financial statements insofar as all the transactions that were classified as hedges under IAS 39 continue to be classified as such under IFRS 9.

We consider the recognition of financial instruments to be a key audit matter due to the materiality of the potential changes in fair value of these instruments, the level of judgment in documenting and analyzing the hedges and the accounting impacts arising from their classification as cash flow hedges.

- **Responses as part of our audit**

Our procedures primarily consisted in:

- Analyzing the compliance of the methodologies applied by the Group with prevailing accounting standards

    - Assessing the competency of the specialists hired by the company to measure the fair value of the financial instruments and interviewing Management to obtain an understanding of their scope of involvement.

    - Validating the breakdown of the Group financial instrument portfolio that we compared with the fair value determined by the Group's external specialists. We compared these bank confirmation statements and conducted valuation tests.

    - Reviewing the cash flow hedging documentation, and the accounting treatment applied to financial instruments and their impacts on the income statement and other comprehensive income according to the classification of these instruments.

    - Finally, we verified that notes to the consolidated financial statements provide appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law on the information concerning the Group presented in the Board of Directors' management report.

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

Other Legal and Regulatory Verifications or Information

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

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

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

Appointment of the Statutory Auditors

Constantin Associés was appointed as statutory auditor of NEOEN by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte & Associés at the Shareholders' Meeting of April 22, 2014. RSM Paris was also appointed as statutory auditor by the Shareholders' Meeting of September 12, 2018.

As of December 31, 2020, Deloitte & Associés and RSM were in the 13th period and third period of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

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

The consolidated financial statements have been approved by the Board of Directors.

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

Objective and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris et Paris-La Défense, March 10, 2021

The Statutory Auditors

RSM Paris	Deloitte & Associés
Etienne de Bryas	Benoit Pimont

5 CAPITAL AND SHAREHOLDING STRUCTURE

5.1 INFORMATION ON THE COMPANY

5.1.1 CORPORATE NAME

The Company's corporate name is "Neoen".

5.1.2 REGISTERED OFFICE

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

5.1.3 LEGAL FORM

As of the date hereof, the Company is a French limited company (*société anonyme)*, governed by all laws and regulations in force in France (and in particular, by the provisions of Book II of the French Commercial Code) as well as by its bylaws.

5.1.4 IDENTIFICATION OF THE COMPANY

The Company's registration number is specified in section 4.3 – note 2 "activity and key events" of the consolidated financial statements for the year ended December 31, 2020.

The Company's LEI code is 969500C0AIAGQWZGJO13.

5.1.5 LEGISLATION

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

5.1.6 TERM

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

5.1.7 CORPORATE PURPOSE

(See Article 2 of the bylaws)

The Company's corporate purpose includes the following activities, both in France and abroad:

- all activities relating to energy and the environment, and in particular to the electricity, natural gas, and water sectors, including, in particular, the production of electricity or other sources of energy, and the sale, distribution, marketing, and storage of all energy products and raw materials;
- all arbitrage, development and marketing services relating to derivative products and aggregate hedging products, and management of the balancing of such products; all management and advisory services relating to the energy or commodities sector;
- the acquisition, disposal, use, and licensing of any intellectual or industrial property rights related directly or indirectly to the corporate purpose;
- and, more generally, all industrial, commercial, financial, movable property or real estate transactions directly or indirectly related to the corporate purpose or intended to promote its

expansion or development, including, but not limited to, the acquisition, holding, obtaining or use, in any form whatsoever, of licenses, patents, trademarks, and technical information.

The Company may act, both in France and abroad, on its own behalf or on behalf of third parties, and either alone or in partnerships, associations, economic interest groups or companies with any other companies or persons, and may carry out, directly or indirectly, in any form whatsoever, transactions that fall within its corporate purpose.

It may also acquire, in any form, any interests and investments in any companies or enterprises, whether French or foreign, whatever their purpose.

5.1.8 TRADE AND COMPANIES REGISTER

The Company is registered with the Paris trade and companies register under number 508 320 017.

5.1.9 LOCATION WHERE DOCUMENTS AND OTHER INFORMATION ON THE COMPANY MAY BE CONSULTED

Information concerning the Company and particularly its bylaws, balance sheets, income statements, reports by the Board of Directors to general shareholders' meetings and reports by the statutory auditors may be consulted on request at the Company's registered office.

Regulated information published by the Company is available on its website under "Regulated information" at the following address: https://www.neoen.com/en/investors#regulated-information.

5.1.10 FINANCIAL YEAR

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

5.1.11 STATUTORY DISTRIBUTION OF PROFITS

(See Article 24 of the bylaws)

The fiscal year's results shall be determined in accordance with applicable laws and regulations.

Out of the fiscal year's profits, less, if applicable, any prior losses, a minimum of 5 % shall be set aside to constitute the legal reserve required by law, until such reserve is equal to at least one-tenth of the share capital.

Distributable profits shall consist of the year's profit minus any prior losses and the amount set aside as provided for above, plus profits carried forward.

If the year's financial statements, as approved by the general shareholders meeting, show a distributable profit, the general shareholders' meeting shall decide whether to record it in one or more reserve accounts of which it shall determine the allocation or use, to carry it forward in retained earnings, or to distribute it in the form of a dividend subject to the restrictions set out in the Company's syndicated credit facility agreement.

5.1.12 SHAREHLODERS' VOTING RIGHTS

(See Article 11 of the bylaws)

Each ordinary share gives its holder the right to one vote at general shareholders' meetings.

As an exception to Article L22-10-46 of the French Commercial Code, Article 11 of the Company's bylaws stipulates that the Company's shares do not grant double voting rights in favor of the Company's shareholders.

5.1.13 DECLARATION OF INTENT

None.

5.2 CAPITAL

The section entitled "Capital" in Chapter 7 of the 2019 Universal Registration Document is updated as follows. As of the date of this Amendment, this Section 5.2 replaces the section entitled "Capital" in Chapter 7 of the 2019 Universal Registration Document.

5.2.1 SHARE CAPITAL

At December 31, 2020 the Company's share capital was set at €171,101,424 and represented by 85,550,712 ordinary shares with a par value of €2 each, of the same class and fully paid up.

5.2.2 POTENTIAL SHARE CAPITAL

At December 31, 2020 the Company's potential share capital breaks down as follows:

- 537,000 shares under free share allocation plans;
- 138,166 shares under stock option plans;
- 10,308,754 convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE").

Thus, the potential dilutive impact of these instruments would be 12,84 % of the Company's share capital at December 31, 2020.

5.2.3 SECURITIES NOT REPRESENTING SHARE CAPITAL

At December 31, 2020 the Company has not issued any securities not representing share capital.

5.2.4 SUMMARY STATEMENT OF TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR BY EXECUTIVES OR SIMILAR PERSONS ON THE COMPANY'S SECURITIES OR RELATED FINANCIAL INSTRUMENTS

Person	Financial instrument	Transaction date	Unit price (euros)	Transaction type	Transaction volume
Paul-François Croisille	Shares	06/01/2020	30.5000	Disposal	(1,125)
Xavier Barbaro	Shares	22/01/2020	32.4000	Disposal	(731)
Paul-François Croisille	Shares	23/01/2020	32.0705	Disposal	(1,544)
Paul-François Croisille	Shares	28/01/2020	31.1000	Disposal	(535)
Paul-François Croisille	Shares	29/01/2020	31.1000	Disposal	(465)
Paul-François Croisille	Shares	30/01/2020	30.8833	Disposal	(3,000)
Paul-François Croisille	Shares	31/01/2020	30.9000	Disposal	(1,000)
Paul-François Croisille	Shares	10/02/2020	31.9000	Disposal	(1,000)
Paul-François Croisille	Shares	19/02/2020	35.0753	Disposal	(7,814)

Person	Financial instrument	Transaction date	Unit price (euros)	Transaction type	Transaction volume
Paul-François Croisille	Shares	20/02/2020	35.1000	Disposal	(1,000)
Paul-François Croisille	Shares	20/02/2020	35.4500	Disposal	(2,000)
Paul-François Croisille	Shares	21/02/2020	35.6000	Disposal	(1,186)
Xavier Barbaro	Shares	24/02/2020	35.7000	Disposal	(1,269)
Paul-François Croisille	Shares	16/03/2020	25.9240	Acquisition	3,846
Paul-François Croisille	Shares	18/03/2020	25.3000	Acquisition	2,154
Paul-François Croisille	Shares	19/03/2020	28.3000	Disposal	(4,000)
Paul-François Croisille	Shares	23/03/2020	28.9000	Disposal	(2,000)
Paul-François Croisille	Shares	26/03/2020	29.2000	Disposal	(2,000)
Paul-François Croisille	Shares	26/03/2020	27.2000	Acquisition	2,000
Paul-François Croisille	Shares	02/04/2020	29.6000	Disposal	(4,000)
Paul-François Croisille	Shares	07/04/2020	31.7250	Disposal	(4,000)
Paul-François Croisille	Shares	14/04/2020	32.9000	Disposal	(2,000)
Xavier Barbaro	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Romain Desrousseaux	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Paul-François Croisille	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Olga Kharitonova	Shares	29/04/2020	10.9600	Acquisition (employee shareholding transaction)	236
Impala SAS	Shares	02/06/2020	33.0000	Acquisition	60,606
Stéphanie Levan	Shares	03/07/2020	39.0976	Disposal	(1,500)
Stéphanie Levan	Shares	06/07/2020	40.0024	Disposal	(2,272)
Stéphanie Levan	Shares	06/07/2020	40.1000	Acquisition	50
Paul-François Croisille	Shares	06/07/2020	39.8000	Disposal	(2,000)
Stéphanie Levan	Shares	07/07/2020	39.2000	Disposal	(500)
Stéphanie Levan	Shares	09/07/2020	39.0000	Disposal	(1,000)
Stéphanie Levan	Shares	10/07/2020	39.5000	Disposal	(500)
Paul-François Croisille	Shares	10/07/2020	39.0000	Disposal	(141)
Paul-François Croisille	Shares	13/07/2020	39.3550	Disposal	(4,045)
Stéphanie Levan	Shares	11/08/2020	40.9200	Disposal	(6,500)
Paul-François Croisille	Shares	12/08/2020	41.3000	Disposal	(2,000)
Stéphanie Levan	Shares	13/08/2020	42.5000	Disposal	(300)
Stéphanie Levan	Shares	18/08/2020	43.0375	Disposal	(800)
Paul-François Croisille	Shares	18/08/2020	42.8000	Disposal	(2,000)

Person	Financial instrument	Transaction date	Unit price (euros)	Transaction type	Transaction volume
Stéphanie Levan	Shares	19/08/2020	42.3273	Disposal	(220)
Stéphanie Levan	Shares	20/08/2020	42.6000	Disposal	(180)
Stéphanie Levan	Shares	24/08/2020	43.8250	Disposal	(1,000)
Xavier Barbaro	Shares	06/10/2020	0.0000	Bonus share award	105,000
Romain Desrousseaux	Shares	06/10/2020	0.0000	Bonus share award	113,517
Paul-François Croisille	Shares	06/10/2020	0.0000	Bonus share award	70,000
Paul-François Croisille	Shares	12/10/2020	49.6000	Disposal	(1,000)
Paul-François Croisille	Shares	23/10/2020	45.1500	Donations of securities to associations	(870)
Fonds Stratégique de Participations (FSP)	Shares	10/11/2020	44.7500	Disposal	(700,000)
Paul-François Croisille	Shares	12/11/2020	48.8000	Disposal	(1,000)
Xavier Barbaro	Shares	20/11/2020	45.7300	Contribution to a company	(1,500)
Xavier Barbaro	Shares	20/11/2020	45.7300	Contribution to a company	(298,500)
Bpifrance Investissement	Shares	24/11/2020	46.6500	Disposal	(684,158)
Paul-François Croisille	Shares	30/11/2020	49.7683	Disposal	(1,000)
Stéphanie Levan	Shares	01/12/2020	50.0000	Disposal	(300)
Paul-François Croisille	Shares	11/12/2020	49.2000	Donations of securities to associations	(610)
Stéphanie Levan	Shares	14/12/2020	50.1875	Disposal	(800)
Stéphanie Levan	Shares	15/12/2020	50.8077	Disposal	(1,300)
Stéphanie Levan	Shares	16/12/2020	52.1667	Disposal	(1,800)
Stéphanie Levan	Shares	17/12/2020	53.5833	Disposal	(3,000)
Stéphanie Levan	Shares	18/12/2020	56.5000	Disposal	(1,200)
Stéphanie Levan	Shares	21/12/2020	55.0889	Disposal	(900)
Stéphanie Levan	Shares	22/12/2020	56.5800	Disposal	(500)
Stéphanie Levan	Shares	23/12/2020	57.0000	Disposal	(180)

5.2.5 TREASURY SHARES AND PURCHASE BY THE COMPANY OF ITS OWN SHARES

At December 31, 2020 none of the Company's subsidiaries or a third party acting on the Company's account held any of the Company's shares. At December 31, 2020 the Company held 10,639 of its own shares, representing 0.01 % of the total (on the basis of the share capital at December 31, 2020), of which ten shares held under the Company's liquidity contract. These shares have no voting rights.

5.2.6 OTHER SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

5.2.6.1 STOCK OPTIONS

The general shareholders' meeting of the Company of May 26, 2020, in its 25th resolution authorised the Board of Directors, with the right to sub-delegate, to grant stock options or share purchase options to some or all employees and executive officers of the Group.

No options to subscribe for or purchase shares for the benefit of the Group's employees and corporate officers were granted under aid authorisation by the general meeting.

5.2.6.2 FREE SHARE ALLOCATIONS

The general shareholders' meeting of the Company of May 26, 2020, in its 24th resolution authorised the Board of Directors to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group.

On July 2, 2020, the Board of Directors allotted 140,000 free outstanding shares or shares to be issued by the Company to some of the Group's employees, subject to performance conditions, pursuant to the twenty-fourth resolution of the Company's general meeting of May 26, 2020.

5.2.6.3 CONVERTIBLE BONDS INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES

On October 7, 2019 the Company issued convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE"), in a gross amount of about €200 million with a maturity set at October 7, 2024. The net amount of the issue (detailed in section 2.4.4 "reconciliation of consolidated liabilities and net debt" of this Amendment) has been allocated to the Group's general needs and is intended in particular to finance its development with a view to achieving the Group's targeted capacity of more than 5 GW under construction or operation by the end of 2021 whilst at the same time optimizing its balance sheet in accordance with the objective defined in section 2.2 "outlook and trends" in the consolidated financial statements for the year ended December 31, 2020.

The convertible bonds ("OCEANE") bear interest from their issue date at the annual rate of 1.875 % payable semi-annually in arrears on April 7 and October 7.

The 6,629,101 convertible bonds ("OCEANE") issued have a par value per bond of €30.17 and may be converted, subject to the usual adjustments provided by the terms and conditions of the convertible bonds, on the basis of 1 ordinary share for each convertible bond converted.

On the issue date, the convertible bonds ("OCEANE") represented a maximum dilution of approximately 7.8%, assuming the exercise of all the convertible bonds and that the Company awards only new shares on exercise.

Moreover, on 2 June 2020, the Company issued convertible bonds into new shares and/or exchangeable for existing shares ("OCEANE"), maturing on 2 June 2025, for a principal amount of approximately €170 million (gross amount of the issue). The net proceeds from the issue (detailed in section 2.4.4 "reconciliation of consolidated liabilities and net debt" of this Amendment) are allocated to the financing or refinancing of renewable energy generation projects (photovoltaic solar and wind energy) or energy storage projects, in accordance with the requirements of the European Union taxonomy and the Framework published and available on the Group's website, and, in particular, will be used to finance its development with a view to achieving its capacity target at the end of 2021 (more than 5 GW of capacity under construction or in operation) while optimising its balance sheet according to the objective set out in section 2.2.2 "information on trends and objectives".

The convertible bonds ("OCEANE") bear interest from their issue date at the annual rate of 2 % payable semi-annually in arrears on December 2 and June 2.

The 3,679,653 convertible bonds ("OCEANE") issued have a par value per bond of €46.20 and may be converted, subject to the usual adjustments provided by the terms and conditions of the convertible bonds, on the basis of 1 ordinary share for each convertible bond converted.

On the issue date, the convertible bonds ("OCEANE") represented a maximum dilution of approximately 4.3%, assuming the exercise of all the convertible bonds and that the Company awards only new shares on exercise.

In certain circumstances defined by the terms and conditions of the bonds, in the event of a change of control of the Company or of a defined liquidity incident (as defined therein) affecting the market for the Company's shares, the bondholders are entitled to request the early redemption of the bonds at their par value plus accrued interest. The bondholders may equally request early redemption in the event of certain events of default as set out in the terms and conditions of the convertible bonds ("OCEANE").

5.2.7 TERMS GOVERNING ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS ATTACHED TO SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP

None.

Share capital of any Group company subject to an option or agreement to place it under option.

None.

5.2.8 PROGRAMME FOR NEOEN TO BUY BACK ITS OWN SHARES

Authorization given by the general shareholders' meeting of May 26, 2020

The general shareholders' meeting of 26 May 2020 authorised the board of directors to trade in the Company's own shares on the stock exchange. This authorisation was given for eighteen months, until 26 November 2021.

The maximum unit purchase price was set at €45 per share for a maximum amount of €50 million, as provided for in the sixteenth resolution adopted by the Company's combined general shareholders' meeting on 26 May 2020.

The objectives of this programme include:

- the allocation of bonus shares pursuant to the provisions of Articles L. 22-10-59 *et seq.* of the French Commercial Code;
- the allocation or sale of shares to employees in respect of their participation in the benefits of the company's expansion or the implementation of any company or group savings plan (or similar plan) under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code as well as any other employee or executive shareholding plan of the Company and its subsidiaries;
- a capital reduction through the cancellation of all or part of the shares repurchased in this way; and
- stimulation of the secondary market or the liquidity of the Company's shares by an investment service provider acting within the framework of a liquidity contract in accordance with the ethical charter recognised by the AMF (French financial market authority).

Assessment of the share buyback program

(In number of treasury shares)	Stock market stabilization	Share buyback program	**Total**
Positions at December 31, 2019	**2**	**198,946**	**198,948**
Repurchases	401,301	113,753 (1)	515,054
Sales	(401,293)	(302,070) (2)	(703,363)
Positions at December 31, 2020	**10**	**10,629**	**10,639**

(1) Of the 113,753 shares purchased under the share buyback programme, 60,606 were purchased as part of the green convertible bonds ("OCEANE Verte") issue of 2 June 2020.

(2) Sales made under the share buyback programme relate exclusively to bonus share allocations made during the financial year.

(3) In 2020, 515,054 shares were purchased at an average price of €36.85 per share and 703,363 shares were sold at an average price of €31.93 per share. At December 31, 2020 the Company directly or indirectly held 10,639 treasury shares representing a book value of €471,140.

5.2.9 EMPLOYEE SAVINGS PLANS

Discretionary profit-sharing agreement

To involve French employees in the Group's performance, an incentive plan was established in 2019 with the sole employee representative body. This agreement was filed with DIRECCTE. This agreement will apply for three financial years, i.e. 2019, 2020 and 2021.

Non-discretionary profit-sharing agreement

It is mandatory for companies with 50 employees or more to establish a profit-sharing agreement, pursuant to Article L. 3322-2 of the French Labour Code.

In 2020, the Company signed a new profit-sharing agreement with the social and economic committee, which was filed with DIRECCTE.

Company savings schemes and assimilated schemes

The creation of a company savings scheme is mandatory in companies having implemented a profit-sharing arrangement in application of Articles L3323-2 and L3323-3 of the French Labor Code. A company or group savings scheme is a collective savings scheme offering employees of member companies the option to build up a portfolio of securities with the help of their employer.

In 2014, the Company implemented a company savings scheme (PEE) and a collective retirement savings scheme (PERCO). In 2019, in line with employee savings reform in France, the Company signed a new collective retirement savings agreement (the PERCOL, replacing the PERCO) with the Company's employee representative body.

Any amounts generated under the Company's profit-sharing agreements, as well as contributions made by employees on a voluntary basis, eventually topped up by additional payments made by the employer, may be paid into the PEE and the PERCOL.

The arrangement for payment of top-ups by the employer in addition to voluntary payments made by employees up to the maximum limits defined by law has been in place in the Company to date and is revised on an annual basis.

All amounts invested in the PEE are then locked up for five years while amounts invested in the PERCOL remain locked up until the retirement of the beneficiary other than in the cases of early release defined by law. These plans are open to all employees on a permanent or fixed-term contract once they have been with the company for three months.

In accordance with Article L3332-25 of the French Labor Code, the saver has the option to liquidate all assets held in the scheme in order to exercise share purchase options allocated as provided for by Articles L22-10-56 *et seq.* of the French Commercial Code. Shares subscribed for or purchased in this manner by the saver are then paid into the savings scheme and are vested only after a period of five years starting from the payment.

At 31 December 2020, employees held shares in the Company under its employee savings plans (please refer to the section 5.2.10 "Employee Shareholders" of this Amendment).

5.2.10 EMPLOYEE SHAREHOLDERS

In 2020, the Company introduced an employee shareholding scheme for all its employees in France for the first time. This mechanism forms part of the framework defined by the employee savings plan.

The employee savings plan in force within the Company allows employees to have the amounts payable to them from the incentive plan or their personal employee savings converted to Company shares and to benefit from the employer contribution of shares. The employees' assets are blocked for five years in return for social and tax benefits, except in the event of early release provided for by law.

This operation is detailed in section 4.1 - notes 2 and 13 to the consolidated financial statements for the year ended December 31, 2020.

5.2.11 CHANGE IN THE SHARE CAPITAL

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

Date	Type of transaction	Share capital prior to the transaction (in euros)	Number of shares prior to the transaction	Number of shares after the transaction	Par value (in euros)	Issue premium per share (in euros)	Share capital after the transaction (in euros)
02/07/2018	Share capital increase (exercise of stock options)	107,964,140	107,964,140	108,719,140	1	1.00	108,719,140
	Share capital increase (exercise of share subscription warrants)	108,719,140	108,719,140	108,794,140	1	0.39	108,794,140
18/10/2018	Share capital increase (reserved for Impala SAS)	108,794,140	108,794,140	57,647,271	2	14.50	115,294,542
18/10/2018	Share capital increase (public offering)	115,294,542	57,647,271	84,919,998	2	14.50	169,839,996
21/11/2018	Share capital increase (exercise of stock options)	169,839,996	84,919,998	84,957,498	2	N/A	169,914,996
28/06/2019	Share capital increase (exercise of stock options)	169,914,996	84,957,498	85,049,998	2	2.00	170,099,996
31/12/2019	Share capital increase (exercise of stock options)	170,099,996	85,049,998	85,088,748	2	2.00	170,177,496
10/04/2020	Share capital increase (exercise of stock options)	170,177,496	85,088,748	85,091,248	2	2.00	170,182,496
10/04/2020	Share capital increase (exercise of stock options)	170,182,496	85,091,248	85,188,540	2	4.00	170,377,080
10/04/2020	Share capital increase (bonus share award)	170,377,080	85,188,540	85,191,040	2	N/A	170,382,080
29/04/2020	Augmentation de capital (reserved for employees)	170,382,080	85,191,040	85,203,818	2	19.92	170,407,636
29/04/2020	Share capital increase (reserved for employees)	170,407,636	85,203,818	85,216,596	2	N/A	170,433,192
30/06/2020	Share capital increase (exercise of stock options)	170,433,192	85,216,596	85,252,638	2	4.00	170,505,276
06/10/2020	Share capital increase (bonus share award)	170,505,276	85,252,638	85,437,212	2	N/A	170,874,424
06/10/2020	Share capital increase (exercise of stock options)	170,874,424	85,437,212	85,462,212	2	2.00	170,924,424
06/10/2020	Share capital increase (exercise of stock options)	170,924,424	85,462,212	85,490,712	2	4.00	170,981,424
31/12/2020	Share capital increase (exercise of stock options)	170,981,424	85,490,712	85,525,712	2	2.00	171,051,424
31/12/2020	Share capital increase (exercise of stock options)	171,051,424	85,525,712	85,550,712	2	8.00	171,101,424

5.2.12 DISPOSAL OF SHARES

None.

5.2.13 PLEDGES

Please refer to section 2.4.2 “project financing” of this Amendment.

5.3 SHAREHOLDING STRUCTURE

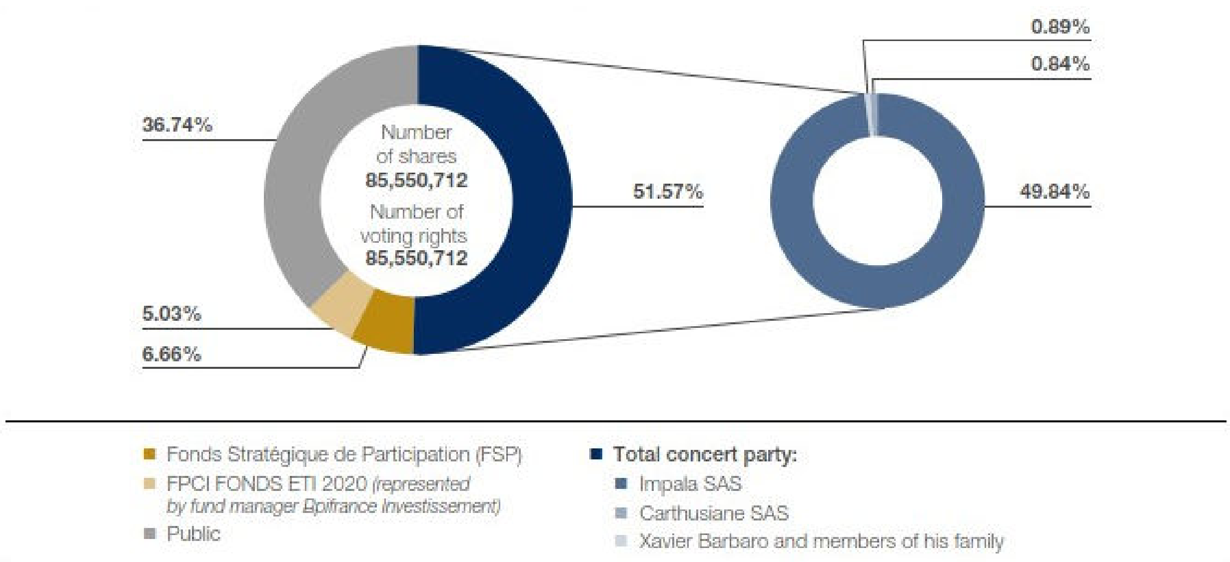
The section entitled "Stock Ownership" in Chapter 7 of the 2019 Universal Registration Document is updated as follows. Accordingly, as of the date of this Amendment, this Section 5.3 replaces the section entitled "Stock Ownership" in Chapter 7 of the 2019 Universal Registration Document.

5.3.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of share capital and voting rights in the Company as of December 31, 2020. This description reflects the Company's knowledge based on the information available to it as of December 31, 2020:

Shareholder	Number of shares	% of share capital	% of voting rights
Impala SAS	42,636,236	49.84 %	49.84 %
Carthusiane SAS	720,000	0.84 %	0.84 %
Xavier Barbaro and members of his family	764,236	0.89 %	0.89 %
Total concert party (1)	**44,120,472**	**51.57 %**	**51.57 %**
Fonds Stratégique de Participations (FSP)	5,700,000	6.66 %	6.66 %
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	4,299,525	5.03 %	5.03 %
Public	31,430,715	36.74 %	36.74 %
TOTAL	**85,550,712**	**100 %**	**100 %**

(1) The concert party is the result of an agreement between shareholders Impala SAS and Carthusiane SAS, the latter being a long-term investment vehicle held by Xavier Barbaro and the members of his family.



Impala SAS

Impala, a group owned and managed by Jacques Veyrat and his family, invests in projects with strong development potential, primarily in five areas: energy (stakes in Neoen, Albioma and Castleton Commodities International), industry (stakes in Technoplus Industries and Arjo Solutions), cosmetics (stakes in Laboratoire Native, owner of the Roger&Gallet, Lierac, Phyto and Jowaé brands, stakes in

P&B Group and Augustinus Bader), brands (stakes in Pull-in and L'Exception), asset management (a stake in Eiffel Investment Group and in very strong growth projects in China as well as residential real estate projects in the Paris region, Luxembourg and Spain, and hotel projects in Portugal, France and Germany). Impala is a long-term investor and a flexible controlling shareholder.

Fonds Stratégique de Participations (FSP)

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

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

FPCI FONDS ETI 2020

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

5.3.2 COMMITMENTS BY SHAREHOLDERS TO RETAIN THEIR SHARES

On 11 November 2020, Fonds Stratégique de Participations (FSP) made a commitment to retain shares for a period of 90 calendar days from 13 November 2020 following its sale of 0.8% of Neoen shares.

5.3.3 OBLIGATION TO HOLD SHARES OF THE COMPANY

Pursuant to the internal regulations of the Board of Directors (Article 3.10), each member of the Board of Directors must own (directly or indirectly) at least 500 shares throughout his or her term of office and at the latest within six months after his or her appointment.

Furthermore, in accordance with the AFEP-MEDEF Corporate Governance Code to which the Company adheres, an obligation to retain nominative shares until the end of their terms of office has been set at 5,000 shares by the Board of Directors for the Company's executive officers.

5.3.4 EXCEEDING LEGAL AND/OR STATUTORY THRESHOLDS

At December 31, 2020 the following shareholders reported holding more than 1 % of the voting rights in the Company (on the basis of their declarations of exceeding the applicable statutory thresholds):

Date reported	Date of the market transaction	Registered intermediaries or fund managers	Type of threshold crossing	Number of shares	% share capital
13/01/2020	09/01/2020	Norges Bank The central Bank of Norway	Downwards	1,688,155	1.98 %
05/02/2020	05/02/2020	AXA Investment Managers	Upwards	952,730	1.12 %
28/02/2020	27/02/2020	Norges Bank The central Bank of Norway	Upwards	1,703,938	2.00 %
25/03/2020	19/03/2020	Crédit Agricole (1)	Downwards	2,480,759	2.91 %
17/04/2020	15/04/2020	Crédit Agricole (1)	Downwards	1,742,732	2.05 %
20/04/2020	17/04/2020	Blackrock	Upwards	931,551	1.09 %
04/05/2020	29/02/2020	Impala SAS	Downwards	42,575,630	49.99 %
05/06/2020	02/06/2020	Impala SAS	Upwards	42,636,236	50.02 %
03/07/2020	03/07/2020	FPCI Capenergie 3 Omnes Capital	Downwards	N.C.	2.00 %
24/07/2020	23/07/2020	AXA Investment Managers	Downwards	846,903	0.99 %
06/08/2020	03/08/2020	Crédit Agricole (1)	Downwards	948,665	1.11 %
14/08/2020	06/08/2020	Crédit Agricole (1)	Downwards	825,027	0.97 %
14/08/2020	11/08/2020	Crédit Agricole (1)	Upwards	853,914	1.00 %
18/08/2020	17/08/2020	Blackrock	Upwards	1,712,334	2.01 %
20/08/2020	19/08/2020	Blackrock	Downwards	1,698,697	1.99 %
24/08/2020	21/08/2020	Blackrock	Upwards	1,739,015	2.04 %
31/08/2020	25/08/2020	Crédit Agricole (1)	Upwards	1,009,440	1.18 %
04/09/2020	20/07/2020	Impala SAS	Downwards	42,636,236	49.99 %
13/11/2020	10/11/2020	Fonds Stratégique de Participations (FSP)	Downwards	5,700,000	6.66 %
17/11/2020	16/11/2020	Norges Bank	Upwards	1,732,317	2.02 %
17/11/2020	16/11/2020	Blackrock	Upwards	2,640,883	3.09 %
03/12/2020	03/12/2020	Amundi	Upwards	898,868	1.05 %
04/12/2020	03/12/2020	La Financière de l'Echiquier	Downwards	2,527,693	2.96 %
11/12/2020	07/12/2020	Caisse des Dépôts	Downwards	5,078,664	5.93 %
21/12/2020	18/12/2020	Invesco Ltd	Upwards	1,943,306	2.27 %
23/12/2020	21/12/2020	Impala SAS and Carthusiane SAS as a concert party (2)	Upwards	44,120,472	51.59 %

(1) Disclosure of surpassing the share ownership threshold in respect of its investments in Predica and Crédit Agricole Assurances.

(2) Share ownership thresholds surpassed as a result of the concert party agreement between Impala SAS and Carthusiane SAS, the latter being controlled by Xavier Barbaro and his family. The Company's shares held directly by Xavier Barbaro and the members of his family are also taken into account when determining whether thresholds have been surpassed. See section 5.3.1 "breakdown of share capital and voting rights" of this Amendment.

5.3.5 CHANGES IN SHAREHOLDING OVER THREE YEARS

The table below shows the breakdown of share capital and voting rights as of December 31, 2018, December 31, 2019 and December 31, 2020 on an undiluted basis:

Shareholder	Number of ordinary shares and voting rights	Percentage of capital (and theorical voting rights)	Percentage of potential voting rights
Impala SAS (1)	42,560,000	50.10 %	50.19 %
Fonds Stratégique de Participations (FSP)	6,400,000	7.53 %	7.55 %
FPCI FONDS ETI 2020	4,983,683	5.87 %	5.88 %
Management	2,802,351	3.30 %	3.30 %
Public	28,211,464	33.20 %	33.08 %
Total at December 31, 2018	**84,957,498**	**100 %**	**100 %**
Impala SAS (1)	42,575,630	50.04 %	50.15 %
Fonds Stratégique de Participations (FSP)	6,400,000	7.52 %	7.54 %
FPCI FONDS ETI 2020	4,983,683	5.86 %	5.87 %
Management	2,485,970	2.92 %	2.93 %
Public	28,643,465	33.66 %	33.51 %
Total at December 31, 2019	**85,088,748**	**100 %**	**100 %**
Impala SAS (1)	42,636,236	49.84 %	49.84 %
Carthusiane SAS	720,000	0.84 %	0.84 %
Xavier Barbaro and members of his family	764,236	0.89 %	0.89 %
Total concert party (2)	**44,120,472**	**51.57 %**	**51.57 %**
Fonds Stratégique de Participations (FSP)	5,700,000	6.66 %	6.66 %
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	4,299,525	5.03 %	5.03 %
Public	31,430,715	36.74 %	36.74 %
Total at December 31, 2020	**85,550,712**	**100 %**	**100 %**

(1) Impala SAS is wholly owned, controlled and managed by Jacques Veyrat and his family.

(2) The concert party is the result of an agreement between shareholders Impala SAS and Carthusiane SAS, the latter being a long-term investment vehicle held by Xavier Barbaro and the members of his family.

5.3.6 CONTROL STRUCTURE

At December 31, 2020 the Company is indirectly controlled by Jacques Veyrat and his family who hold the majority of the share capital and voting rights via Impala SAS.

As a result, Impala SAS is the reference shareholder of the Company.

On 21 December 2020, Impala SAS entered into a concert party agreement with Carthusiane SAS, a long-term investment vehicle owned by Xavier Barbaro and the members of his family. At 31 December 2020, the total share holdings and voting rights of Impala SAS and Carthusiane SAS (to which the shares held directly by Xavier Barbaro and members of his family are added) in the Company's capital stood at 51.57%.

In this context, the Company has taken following measures to prevent improper exercise of control:

- of the seven members of the board of directors, three directors (more than one third) are independent members, in accordance with the recommendations of the AFEP-MEDEF Code applicable to controlled companies;
- three directors (less than half) are representatives of Impala SAS;
- one director is a representative of Fonds Stratégique de Participations (FSP);
- one director is a representative of Bpifrance Investissement;
- one director has been appointed Lead independent director.

For further details, please see section 6.2.1 “principles governing the composition of the Board of Directors” of the Company's 2019 Universal Registration Document. No changes in the composition of the corporate bodies have occurred since the publication of the 2019 Universal Registration Documents.

In addition, the agreements between the Company and its main shareholders, including the technical and administrative assistance agreement between the Company and Impala, presented in section 6.4.4.1 of the Company's 2019 registration document remain in force as of the date of this Amendment. The reader is therefore invited to refer to this section for a complete presentation of the agreements in force.

5.3.7 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

To the best of the Company’s knowledge, at the date of this Amendment there are no agreements whose implementation might, at a later date, result in a change of control.

5.3.8 DIVIDENDS

5.3.8.1 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 2.2.2 “information on the trends and objectives” of this Amendment, the Group expects to be able to pay a dividend for the first time in respect of the 2021 financial year, which would be payable in 2022. The size of this potential dividend will depend on market opportunities and the Group's analysis of how best to obtain a total return for shareholders depending on market conditions prevailing at the time. Beyond 2022 and until 2025, the Group intends to gradually increase its dividend, particularly in light of the evolution of its results and financial situation.

5.3.8.2 DIVIDENDS DISTRIBUTED OVER THE PAST THREE YEARS

The Group did not distribute dividends for the years ended December 31, 2017, 2018 and 2019.

5.4 SECURITIES MARKET AND SHAREHOLDER RELATIONS

The section entitled "Market for the Security and Shareholder Relations" in Chapter 7 of the 2019 Universal Registration Document is updated as follows. Accordingly, as of the date of this Amendment, this Section 5.4 replaces the section entitled "Securities Market and Stockholder Relations" in Chapter 7 of the 2019 Universal Registration Document.

5.4.1 SECURITIES MARKET (STOCK MARKET INFORMATION)

Information sheet

The Company's shares are listed in France, on Euronext Paris, Compartment A:

- Sector: Energy and Basic Products;
- Indexes: CAC Mid 60, CAC All-share, CAC Mid & Small, CAC Utilities, SBF 120, Next 150, MSCI Small Cap France;
- DSS: Eligible;
- SSP: Eligible;
- ISIN code: FR0011675362;
- date of initial listing: October 17, 2018.

Stock market data

Average price since initial listing	€29.35
Average volume	75,116 shares
Highest price in 2020	€62.70 on 31/12/2020
Lowest price in 2020	€26.15 on 17/03/2020
Progress of the share since listing	+ 280 %
Change over the course of 2020	+ 102.9 %
Market capitalisation at 12/31/2020	€5.4 billion

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

Dates	Highest price (in euros)	Lowest price (in euros)	Average volume of transaction
January 2020	32.45	29.35	60,003
February 2020	36.45	29.45	94,210
March 2020	36.75	26.15	148,455
April 2020	36.10	28.25	111,818
May 2020	35.05	30.55	79,410
June 2020	36.25	33.15	87,890
July 2020	40.15	36.25	78,026
August 2020	46.30	38.20	67,830
September 2020	48.50	42.85	90,266
October 2020	49.65	44.65	108,459
November 2020	50.70	44.50	220,017
December 2020	62.70	48.20	174,203

Change in the price of Neoen shares

5.4.2 RELATIONSHIP WITH SHAREHOLDERS

5.4.2.1 ACCESSIBILITY OF INFORMATION

All the financial information and financial communication media may be consulted, in digital format, on the Neoen website (www.neoen.com) under the heading Investors which particularly contains:

- the Universal Registration Document (including the annual financial report) filed with the AMF;
- all the financial press releases and financial communication media (publication of results, webcasts);
- documents relating to the general shareholders' meeting;
- the Company bylaws;
- the Board's internal regulations.

This information can also be sent by post by simply requesting it from the financial communications department.

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

5.4.2.2 RELATIONSHIP WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

To ensure good relations with the financial community, the financial communications department regularly organises events enabling financial analysts and institutional investors to meet senior management.

With regard to financial year 2020, financial publications were presented by senior management at webcasts and conference calls during which it also replied to questions asked by financial analysts.

Furthermore, senior management and the financial communications and investor relations department joined in meetings with the financial community (financial analysts and institutional investors), in the form of road shows in France and abroad. These regular contacts contribute to building a relationship of trust.

The Neoen share is monitored by nine financial analysis firms.

5.4.2.3 AGENDA

Publication of 1st quarter 2021 revenue: May 11, 2021

General shareholders' meeting: May 25, 2021

Publication of 1st semester 2021 financial results : July 30, 2021

Publication of nine-month 2021 revenue: November 9, 2021

5.4.2.4 FINANCIAL COMMUNICATION CONTACTS

Investor relations department

Delphine Deshayes

6, rue Ménars

75002 Paris

Email : communication@neoen.com

6 [INTENTIONALLY OMITTED]

7 CROSS REFERENCE TABLE

The following cross-reference table lists the headings provided for in Annex 1 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages or sections of the 2019 Universal Registration Document and this Amendment where the information relating to each of these headings is mentioned.

			2019 Universal Registration Document	Amendment
Annexes 1 and 2 of the delegated regulation 2019/980 of March 14, 2019			**Chapter - Section**	**Chapter - Section**
1.	**Persons responsible, third party information, expert reports and competent authority approval**			
	1.1	Indication of the persons responsible	9.1.1. and 9.1.3.	
	1.2	Declaration of persons responsible	9.1.2.	6.
	1.3	Statement or expert report	N/A	N/A
	1.4	Certification for third party information	N/A	N/A
	1.5	Statement without prior approval of the competent authority	AMF insert	AMF insert
2.	**Statutory auditors**			
	2.1	Name and address of the statutory auditors	9.2	
	2.2	Statutory auditors who resigned, were dismissed or were not reappointed during the period covered	N/A	N/A
3.	**Risk factors**		3	3
4.	**Information about the issuer**			
	4.1	Legal and commercial name	7.1	5.1
	4.2	Location, registration number and legal entity identifier (“LEI”)	7.1	5.1
	4.3	Date of incorporation and length of life	7.1	5.1
	4.4	Registered office, legal form, legislation, country of origin, address and telephone number of the registered office and website	7.1	5.1
5.	**Business overview**			
	5.1	Principal activities	1.3	1.3
	5.2	Principal markets	1.3.3	1.3.3
	5.3	Important events in the development of the business	2.2.1/4.1 - note 1.2	2.2.1/4.1 - note 2.2
	5.4	Strategy and objectives	1.12	1.12
	5.5	Dependence on patents, licences, industrial, commercial or financial contracts or new manufacturing processes	N/A	N/A
	5.6	The basis for any statement by the issuer regarding its competitive position	1.2.4	1.2.4
	5.7	Investments	2.3.8	2.4.8
	5.7.1	Material investments	2.3.8.2	2.4.8.2

			2019 Universal Registration Document	Amendment
Annexes 1 and 2 of the delegated regulation 2019/980 of March 14, 2019			Chapter - Section	Chapter - Section
	5.7.2	Investments in progress or for which firm commitments have already been made	2.3.8.3	2.4.8.3
	5.7.3	Joint ventures and undertakings in which the issuer holds a share of the capital likely to have a significant influence on the assessment of its assets and liabilities, its financial position or its results	2.5.2.4	
	5.7.4	Environmental issues that may affect the issuer's use of its property, plant and equipment	2.3.8.6	
6.	**Organizational structure**			
	6.1	Brief description of the Group	2.6.2.4	
	6.2	List of significant subsidiaries	2.6.2.4	
7.	**Operating and financial review**			
	7.1	Financial condition	2.1/2.2	2.1/2.3
	7.1.1	Development and performance of the issuer's business, development of its financial position for each financial year and interim period for which historical financial information is required	2.1/2.2	2.1/2.3
	7.1.2	Likely future development of the issuer's business and research and development activities		
	7.2	Operating results	2.2	2.3
	7.2.1	Significant factors, unusual or infrequent events or new developments, materially affecting operating income	2.2	2.3
	7.2.2	Reasons for material changes in net sales or revenues	2.2	2.3
8.	**Capital resources**			
	8.1	Information concerning capital resources	2.3	2.4
	8.2	Source, amount and description of cash flows	2.3	2.4
	8.3	Borrowing requirements and funding structure	2.3	2.4
	8.4	Information regarding any restrictions on the use of capital resources that have materially affected or may materially affect, directly or indirectly, the issuer's operations	2.3	2.4
	8.5	Information on the anticipated sources of funds needed to meet the commitments referred to in item 5.7.2.	2.3	2.4
9.	**Regulatory environment**			
	9.1	Description of the regulatory environment in which the issuer operates that may materially affect its business and any administrative, economic, fiscal, monetary or political measures or factors that have materially affected or may materially affect, directly or indirectly, the issuer's operations	1.3.3	1.3.3
10.	**Trend information**		2.4	2.2

			2019 Universal Registration Document	Amendment
Annexes 1 and 2 of the delegated regulation 2019/980 of March 14, 2019			Chapter - Section	Chapter - Section
	10.1	Significant trends affecting production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document		
	10.2	Known trends, uncertainties, demands, commitments or events reasonably likely to have a material effect on the issuer's prospects, at least for the current financial year		
11.	**Profit forecasts or estimates**		N/A	
	11.1	Reported profit forecasts or estimates		2.2
	11.2	Principal assumptions on which the issuer has based its forecast or estimate		2.2
	11.3	Statement of comparability with historical financial information and compliance with the issuer's accounting policies		2.2
12.	**Administrative, management and supervisory bodies and senior management**		6.1 and 6.2.2	
	12.1	Information concerning the members of the administrative, management and supervisory bodies	6.1	
	12.2	Conflicts of interest in administrative, management and supervisory bodies	6.2.2	
13.	**Remuneration and benefits**			
	13.1	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	6.3	
	13.2	Total amounts set aside or otherwise recognized by the issuer or its subsidiaries for the payment of pensions, retirement or other benefits	6.3	
14.	**Board practices**			
	14.1	Date of expiration of the current term of office and period during which the person has served in that office	6.1	
	14.2	Information concerning members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate statement to the effect that no such benefits exist.	6.2	
	14.3	Information concerning the issuer's audit and remuneration committees	6.1 and 6.2	
	14.4	Statement of compliance with the corporate governance regime in force	6.2.1.3	
	14.5	Potential material impacts on corporate governance	N/A	
15.	**Employees**			
	15.1	Number of employees at the end of the period covered by the historical financial information or the average number during each financial year of that period and breakdown of employees by main category of activity and geographic location	5.7	
	15.2	Shareholdings, stock options and performance shares	N/A	
	15.3	Agreements providing for employee shareholding	7.2.10	5.2.10

			2019 Universal Registration Document	Amendment
Annexes 1 and 2 of the delegated regulation 2019/980 of March 14, 2019			Chapter - Section	Chapter - Section
16.	**Major shareholders**			
	16.1	The name of any person who is not a member of the administrative, management or supervisory bodies and who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, or an appropriate statement that no such person exists, if applicable	7.3.1	5.3.1
	16.2	Existence of different voting rights	7.3.1	5.3.1
	16.3	Direct or indirect ownership or control of the issuer	7.3.1	5.3.1
	16.4	Any agreements, known to the issuer, the implementation of which could, at a later date, result in a change of control	7.3.7	5.3.7
17.	**Related party transactions**			
	17.1	Details of related party transactions	6.4.4. and 4.1. Note 22	4.1. Note 23
18.	**Financial information concerning the issuer's assets and liabilities, financial position and results**			
	18.1	Historical financial information		
	18.1.1	Historical audited financial information for the last three financial years and the audit report for each of these years	4.1 and 4.2	4.1 and 4.2
	18.1.2	Change of the accounting reference date	N/A	N/A
	18.1.3	Accounting standards	4.1	4.1
	18.1.4	Change of accounting framework	N/A	N/A
	18.1.5	Audited financial information prepared in accordance with national accounting standards	4.1	4.1
	18.1.6	Consolidated financial statements	4.1	4.1
	18.1.7	Date of latest financial information	4.1	4.1
	18.2	Interim and other financial information	4.1	4.1
	18.2.1	Half-yearly or quarterly financial information	N/A	
	18.3	Audit of historical annual financial information		
	18.3.1	Independent audit of historical annual financial information	4.4	4.2
	18.3.2	Other information audited by the statutory auditors	5.8 and 8.4	
	18.3.3	Financial information not extracted from audited financial statements	2.1.1 and 2.2.2	2.1.1 and 2.1.2
	18.4	Pro forma financial information	N/A	N/A
	18.4.1	Significant gross change		
	18.5	Dividend Policy	7.3.8	5.3.8

			2019 Universal Registration Document	Amendment
Annexes 1 and 2 of the delegated regulation 2019/980 of March 14, 2019			Chapter - Section	Chapter - Section
	18.5.1	Description of the dividend policy and any applicable restrictions		
	18.5.2	Amount of dividend per share		
	18.6	Legal and Arbitration Proceedings	3.1.4	2.5
	18.6.1	Significant proceedings		
	18.7	Significant change in the issuer's financial position	2.5	2.5
	18.7.1	Description		
19.	**Additional information**			
	19.1	Share capital	7.2	5.2
	19.1.1	Amount of issued and authorized capital, number of shares issued and fully paid up and issued but not fully paid up, par value per share, reconciliation of the number of shares outstanding at the beginning and end of the financial year		
	19.1.2	Information on shares not representing capital		
	19.1.3	Number, face value and book value of shares held by or on behalf of the issuer or its subsidiaries		
	19.1.4	Information on convertible or exchangeable securities or securities with warrants		
	19.1.5	Information on the terms of any acquisition rights and/or obligations attached to authorized but unissued capital or any undertaking to increase the capital		
	19.1.6	Information on the capital of any member of the Group under option or under a conditional or unconditional agreement to place it under option		
	19.1.7	History of the share capital		
	19.2	Bylaws and Articles of Incorporation		
	19.2.1	Registration and corporate purpose	7.1	5.1
	19.2.2	Rights, preferences and restrictions attached to each class of existing shares	7.1	5.1
	19.2.3	Provisions of the issuer's articles of incorporation, bylaws, charter or rules that could have the effect of delaying, deferring or preventing a change in its control	7.3	5.3
20.	**Material contracts**			
	20.1	Summary of each material contract	1.3.4.4	1.3.4.4
21.	**Available documents**			
	21.1	Statement of available documents	9.4	