NEOEN

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

DECEMBER 31ST, 2022

1

COMMENTS ON THE FINANCIAL YEAR

1.1 ALTERNATIVE PERFORMANCE INDICATORS

The Group presents, in addition to the IFRS measures, several supplementary indicators including adjusted EBITDA, adjusted EBIT, adjusted consolidated net income, 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 Group has gradually signed medium to long-term power purchase agreements with commercial counterparties, known as Corporate Power Purchase Agreements (CPPA). Some of these agreements, recently implemented, provide for a financial settlement between the parties and as such are derivative financial instruments under IFRS 9 "financial instruments". Changes in fair value of these contracts, which are not classified as hedging instruments, are recognised in current operating income in the Group's financial statements (see notes 9 "other current operating income and expenses" and 20.3 "derivative financial instruments"). These changes, associated with price movements in the electricity market, which were exceptionally volatile during the financial year 2022 in the various regions where the Group operates, are volatile and non-controllable, and will extinguish when the underlying physical production is delivered. Therefore, the Group has decided to restate the change in fair value of these energy derivative financial instruments (which has no cash impact) from EBITDA and EBIT, alternative performance indicators used in its segment reporting, and also consolidated net income.

1.1.1 ADJUSTED EBITDA

The reconciliation between current operating income and adjusted EBITDA is as follows:

(In millions of euros)	FY 2022	FY 2021	Change	Change (in %)
Current operating income	**262.1**	**189.6**	**+ 72.5**	**+ 38%**
Current operating amortisation	151.0	107.6	+ 43.3	+ 40%
IFRS 2 expense	3.8	3.2	+ 0.6	+ 20%
Change in fair value of energy derivative financial instruments	(2.8)	-	– 2.8	N/A
Adjusted EBITDA[a]	**414.0**	**300.4**	**+ 113.6**	**+ 38%**

a) *Adjusted EBITDA corresponds to current operating income, which includes net proceeds from the disposal of assets in the secured portfolio resulting from the farm-down activity, restated for:*

- *current operating amortisation;*
- *the expense resulting from the application of IFRS 2 "share-based payments", and;*
- *the change in fair value of energy derivative financial instruments.*

1.1.2 ADJUSTED EBIT

The reconciliation between current operating income and adjusted EBIT is as follows:

(In millions of euros)	FY 2022	FY 2021	Change	Change (in %)
Current operating income	**262.1**	**189.6**	**+ 72.5**	**+ 38%**
Change in fair value of energy derivative financial instruments	(2.8)	-	– 2.8	N/A
Adjusted EBIT[a]	**259.3**	**189.6**	**+ 69.7**	**+ 37%**

a) *Adjusted EBIT corresponds to current operating income restated for the change in fair value of energy derivative financial instruments.*

1.1.3 ADJUSTED CONSOLIDATED NET INCOME

The reconciliation between consolidated net income and adjusted consolidated net income is as follows:

(In millions of euros)	FY 2022	FY 2021	Change	Change (in %)
Consolidated net income	**45.7**	**40.2**	**+ 5.4**	**+ 14%**
Change in fair value of energy derivative financial instruments	(2.8)	-	– 2.8	N/A
Tax effect related to the change in fair value of energy derivative financial instruments	5.1	-	+ 5.1	N/A
Adjusted consolidated net income[a]	**48.0**	**40.2**	**+ 7.8**	**+ 19%**

a) *Adjusted consolidated net income corresponds to consolidated net income restated for the change in fair value of energy derivative financial instruments and the related tax effect.*

1.1.4 NET DEBT

(In millions of euros)	31.12.2022	31.12.2021	Change	Change (in %)
Financial debt[a]	**3,509.3**	**2,953.4**	**+ 555.9**	**+ 19%**
Non-controlling investors and others[b]	(40.2)	(31.0)	– 9.1	– 29%
Adjusted financial debt	**3,469.1**	**2,922.4**	**+ 546.8**	**+ 19%**
Total cash and cash equivalents[c]	(622.8)	(592.6)	– 30.3	– 5%
Guarantee deposits[d]	(79.0)	(67.2)	– 11.8	– 18%
Interest rate derivative assets[e]	(302.7)	(30.4)	– 272.3	x10
Total net debt[f]	**2,464.6**	**2,232.2**	**+ 232.4**	**+ 10%**

a) *Essentially comprising project financing, the debt component of the convertible bonds into new shares and/or exchangeable for existing shares issued ("OCEANEs"), and lease liabilities included in the calculation of net debt under IFRS 16 «leases» (note that adjusted EBITDA therefore excludes lease charges). Financial debts are detailed in section 2.1 - note 20.2 to the 2022 consolidated financial statements.*

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

c) *Changes in this item are described in paragraph 1.4.2.4 of this document.*

d) *Mainly comprising guarantee deposits in the framework of project financing, in the form of DSRAs (Debt Service Reserve Accounts), or for the purposes of project construction.*

e) *Interest rate derivatives with a positive market value. Interest rate derivatives with negative market values are included in total financial debt. The change compared to December 31, 2021, is explained by the increase in the fair value of interest rate derivatives, in a context of rising forward interest rates in 2022 (see section 2.1 note 20.2 of the 2022 consolidated financial statements).*

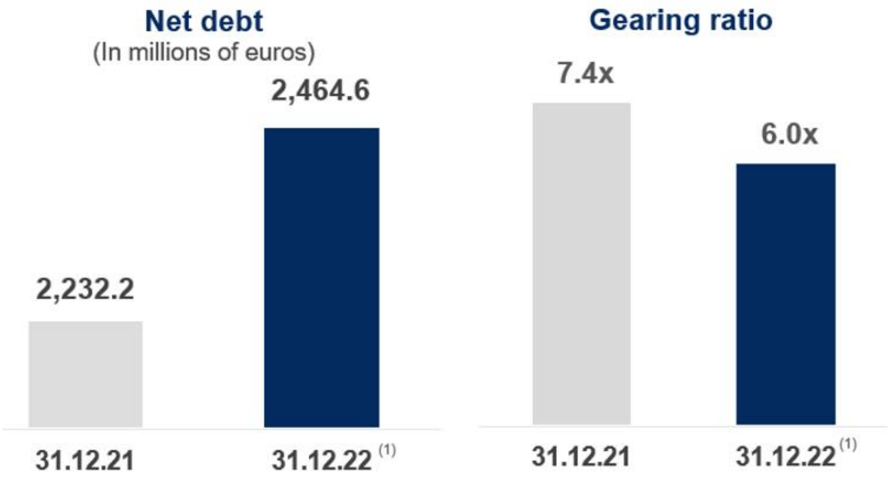
f) *As of December 31, 2022, the net debt calculation includes an amount of €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. Furthermore, due to the rise in forward interest rates in 2022, interest rate derivatives with a positive fair value have significantly increased to reach €302.7 million. Excluding these two one-off items, the net debt would have amounted to €2,857.6 million as of December 31, 2022. For further details, see section 2.1 - notes 17 and 20.2 of this document.*

1.1.5 GEARING RATIO

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

	31.12.2022[(1)]	31.12.2021
Gearing ratio	6.0x	7.4x

Change in the Group's net debt and gearing ratio



The gearing ratio has improved by 1.4, from 7.4x in 2021 to 6.0x in 2022. It is explained by a higher increase in adjusted EBITDA (**+€113.6 million**, or +38%), compared to the net debt's one **(+€232.4 million**, or +10%). The latter benefited from the significant increase in the fair value of interest rate derivative assets, in a context of rising forward interest rates. The calculation of these indicators is detailed in paragraphs 1.1.4 and 1.1.5 of this document, and their evolution is detailed in paragraphs 1.4.2.2 and 1.4.2.4 of this document.

[1] As of December 31, 2022, the net debt calculation includes an amount of €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. Furthermore, due to the rise in forward interest rates in 2022, interest rate derivatives with a positive fair value have significantly increased to reach €302.7 million. Excluding these two one-off items, net debt and gearing ratio would have amounted to €2,857.6 million (+€595.0 million, or 26%, compared to 2021) and 6.9x as of December 31, 2022, respectively.

1.2 INFORMATION ON KEY OPERATING DATA

The Group's portfolio amounted to 19.3 GW at December 31, 2022 versus 13.9 GW at December 31, 2021. This change is detailed in the table below and in paragraph 1.4.1.1 "continuing portfolio growth".

	31.12.2022	31.12.2021	Changes
Total assets in operation (in MW)[(a)]	**4,051**	**3,480**	**+ 571**
Americas	890	878	+ 11
Australia	1,455	1,455	-
Europe – Africa[(b)]	1,706	1,147	+ 560
Total assets under construction (in MW)[(a)]	**2,523**	**1,954**	**+ 569**
Americas	93	11	+ 82
Australia[(c)]	1,529	1,129	+ 400
Europe – Africa	901	814	+ 87
Total assets for projects awarded (in MW)	**782**	**582**	**+ 200**
Americas	-	-	-
Australia[(d)]	215	-	+ 215
Europe – Africa	567	582	– 15
Total for the secured portfolio (in MW)	**7,356**	**6,016**	**+ 1,340**
Total MW for tender-ready and advanced development projects	**31.12.2022**	**31.12.2021**	**Changes**
Americas[(e)]	1,313	1,101	+ 211
Australia[(f)]	4,795	2,650	+ 2,145
Europe – Africa[(g)]	5,830	4,163	+ 1,667
Total MW for the advanced pipeline	**11,938**	**7,914**	**+ 4,023**
Total portfolio (in MW)	**19,294**	**13,930**	**+ 5,364**
Early stage projects	> 10 GW	> 5 GW	

a) *Gross capacity including the participations in projects in which Neoen is a minority shareholder: Cestas (228 MWp), Seixal (8.8 MWp), Les Beaux Monts (24.2 MW), Le Berger (22.6 MW) and Saint-Sauvant (20.6 MW), in which Neoen has sold 95% of its participation in 2022. In 2021, the gross capacity excluded 33 MW corresponding to the Lugos, Grabels, Lagarde and Miremont power plants, which have been sold in their entirety as part of the farm-down activity. For a definition of the various stages of development of the Group's projects, please refer to the chapter 3 "glossary" of this document.*

b) *In Europe-Africa, the growth in the capacity of assets in operation results from the commissioning of Mutkalampi power plant in Finland for 404 MW, four French wind farms for 91 MW, four French solar power plants for 43 MWp, the acquisition of three power plants in Plouguin for 14 MW (wind power - France), and the commissioning of the French storage facility Pod-Tredan 1 for 8 MW.*

c) *The increase in capacity under construction in Australia is due to the transfer into construction of the Western Downs Storage and Blyth West Battery power plants for 200 MW each.*

d) *The increase in the capacity of awarded projects in Australia is due to the transfer into the awarded stage of Mount Hopeful wind project for 215 MW.*

e) *In Americas, the growth observed is explained by +226 MW of new projects added to the portfolio in 2022, by +135 MW of projects coming from the early stage and by –150 MW related to the abandonment of the Vientos del Valle project in Argentina.*

f) *The increase observed in the Australia region is explained by +440 MW of new projects added to the portfolio in 2022, by +1,300 MW of projects coming from the early stage, +1,120 MW of capacity reassessments, partially offset by –300 MW of abandoned projects and by – 415 MW of projects awarded or under construction.*

g) *The increase observed in the Europe-Africa region is explained by + 1,184 MW of new projects added to the portfolio in 2022 and + 941 MW of projects coming from the early stage, partially offset by –75 MW of abandoned projects and the transfer of several projects into the "awarded" phase or "under construction" phase for – 443 MW.*

	FY 2022	FY 2021	Changes
Production (GWh)	**5,957**	**4,908**	**+ 21%**
Average availability of facilities in operation			
solar power[a] (%)	86.4%	94.2%	– 7.7 pt
wind power (%)	97.3%	97.5%	– 0.2 pt
Average load factor[b] or facilities in operation			
solar power[c] (%)	19.1%	19.6%	– 0.5 pt
wind power[d] (%)	28.5%	30.5%	– 2.1 pt
Residual duration of electricity supply contracts			
solar power (years, weighted by MWp)	13.5	14.3	– 0.8
wind power (years, weighted by MW)	11.3	12.7	– 1.4

a) *The decrease in the average availability of photovoltaic installations in operation is due to technical difficulties at El Llano power plant in Mexico in the first half of the year, followed by the complete shutdown of generating activities for the entire third quarter before a gradual resumption from the 2022 fourth quarter. Excluding this power plant, the average availability rate of the Group's solar assets would have reached 98.6% in 2022.*

b) *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.*

c) *The slight decrease in the solar load factor is mainly due to less favourable irradiation conditions in 2022, partially offset by the positive impact of the commissioning during the fourth quarter of 2021 of the Altiplano 200 power plant in Argentina.*

d) *The noticeable decrease in the wind load factor between 2021 and 2022 is the result of unfavourable wind conditions in Europe and Australia, particularly in the second half of 2022.*

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1.3 OUTLOOK AND TRENDS

1.3.1 OUTLOOK

The forecasts for the year ended December 31, 2023, presented below are based on data, assumptions and estimates that the Group considers reasonable at the date of this document. They are prepared on the basis of the consolidation and business scopes existing at the closing date of the Group's 2022 financial statements (February 28, 2023). However, these data, assumptions and estimates may change or be modified due to uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or as a result of other factors or risks of which the Group is unaware at the date of this document.

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 31,2023 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 31,2023 set out below have been prepared in accordance with the accounting policies applied in the Group's consolidated financial statements for the year ended December 31, 2022.

They are mainly based on the following assumptions:

Neoen's internal assumptions

The 2023 forecasts are based on an increase in adjusted EBITDA[2] compared with the 2022 financial year, which will mainly come from:

- the full-year impact of the contribution from assets commissioned during 2022;
- the commissioning during 2023 of wind, solar and storage assets, which were under construction on December 31, 2022, or which will enter into construction during 2023, in accordance with the contractual schedule planned with the constructors;
- the El Llano power plant in Mexico to reach a full capacity by the end of 2023, after it was affected by technical problems in 2022;
- the total or majority disposal in 2023 of projects or assets in its secured portfolio, which will be carried out within the following two limits:

  I. a volume of projects not exceeding 15% of the gross annual growth of its secured portfolio; and

  II. a contribution to consolidated annual adjusted EBITDA[2] of less than 15%.

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

- in 2023, the Group expects a lower contribution from its Australian batteries, as they benefited in 2022 from a very volatile market environment;
- given the anticipated commissioning schedule for projects supposed to enter into operation in 2023, the Group expects a lower contribution, compared to 2022, from contractual indemnities to compensate for revenue losses associated with delays in the commissioning of certain projects (such contractual indemnities directly affect the adjusted EBITDA margin).

Macroeconomic assumptions

The 2023 forecasts are also based on the following assumptions:

- no significant change in the exchange rates of the currencies of the main countries outside the Eurozone in which the Group generates its income, mainly the Australian dollar and the US dollar, compared with those known at the date of this document;
- a stable political, regulatory and tax environment in the countries in which Neoen operates. With particular regard to the measures to limit electricity prices received by sub-marginal electricity producers (price cap), implemented by certain countries in which the Group operates (European Union Member States), as well as the gas price cap mechanism in Australia, the 2023 forecasts are based on the assumption that the measures in force as of the date of this document will not be strengthened;
- market prices of electricity and frequency control ancillary services (FCAS) that are at least equivalent, after taking into account the price cap mechanisms implemented on a national scale (European Union member states for electricity, and Australia for gas, in particular), to those in force at the closing date of the Group's 2022 financial statements (February 28, 2023) in the different geographical areas where the Group operates;
- network constraints that are not greater than those observed during 2022, in the various countries where the Group operates;
- no deterioration in the global supply chain situation that may affect the commissioning of its projects planned to enter into operation during 2023 compared with their known schedule at the date of this document;

[2] The definition of adjusted EBITDA is defined and described in paragraph 1.1.1 of this section.

Group forecasts for the financial year ended December 31, 2023

For the financial year ended December 31, 2023, Neoen expects consolidated adjusted EBITDA, which is defined in the same way as at December 31, 2022, to be between €460.0 million and €490.0 million, and that the adjusted EBITDA margin is close to 80%.

1.3.2 INFORMATION ON TRENDS AND OBJECTIVES

1.3.2.1 GENERALE 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. The Group makes no commitment and gives no guarantee that the objectives described in this section will be achieved.

1.3.2.2 BUSINESS TRENDS

A detailed description of the Group's results for the year ended December 31,2022 is available in section 1.4 "analysis of operations and results" of this document. The reader is also invited to refer to section 1.5 "financing and investments" of this document for a description of the Group's cash flows and net debt.

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 equity needed to finance the Group’s growth objectives for the period 2021-2025 is now estimated at a maximum of €1.350 billion, of which about €600 million was raised through a capital increase with preferential subscription rights in the first half of 2021. This gives a residual need for equity of €750 million for the period 2023-2025, i.e., €150.0 million more than the equity needs estimated by the Group at its Capital Markets Day in March 2021. This is due to an extension of its plan to invest in dedicated storage facilities with a longer autonomy period than initially assumed (on average, 2 hours compared with 1 to 1.5 hours previously), and therefore higher investment costs.

These medium-term objectives also reflect its expectations regarding key market trends over the period 2023-2025, 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 ever-increasing number of private sector players to seek power purchase agreements, due to the growing interest of these players in "green" energy and the increasing competitiveness of renewable energy prices;
- **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 project structuring will more frequently, if not systematically, 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;
- **Stable construction costs per MW except for batteries**. The Group expects construction costs per MW which have risen significantly since the end of the COVID crisis, in a highly inflationary context, to continue to rise slightly from 2023 for wind projects and to begin to fall for solar projects, without, however, returning to pre-COVID levels by end-2025. As for dedicated storage facilities, the Group expects battery costs to continue to rise by end-2025, while remaining highly volatile, given the uncertainties surrounding medium-term global growth forecasts;
- **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 as well as an increased electricity production per installation.

1.3.2.3 MEDIUM-TERM OBJECTIVES

- **Capacity increase**. The Group still aims 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 2022, without any major change in terms of technological mix (solar, wind and storage) as reflected in its secured project portfolio in December 2022 (projects in operation, under construction and in the awarded phase), except for the extension of its plan to investments in dedicated storage facilities with a longer autonomy than initially assumed (on average 2 hours compared to 1 to 1.5 hours previously), and therefore a higher investment cost, estimated by the Group at 150 million euros over the 2023-2025 period.
  - 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 transferring part of its pipeline into projects under construction and in operation, and by gradually increasing its annual volume of awarded projects from slightly more than 1.3 GW in 2022 to 2 GW or more as of 2025. This annual volume of awarded projects is intended to come mainly from countries in which Neoen is already present at the date of this document, with a view to maintaining at least 80% of the Group's installed capacity in OECD countries. At the end of December 2022, the Group's portfolio consisted of 4.1 GW in operation, 2.5 GW under construction and 0.8 GW in the awarded phase. Together, this secured project portfolio represents nearly 7.4 GW of the capacity of 10 GW in operation or under construction set as a target by 2025. The remaining 3.6 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 advanced pipeline, which included a total of approximately 11.9 GW as at December 31, 2022, 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 will continue to regularly but selectively proceed, 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 following two limits:
    - a volume of projects not exceeding 20% of the gross annual growth of its secured portfolio;
    - a contribution to the consolidated annual adjusted EBITDA which will not exceed 20%.

    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 now expects the total capital expenditure for projects included in the 10 GW target, and which were not yet in operation in March 2021, which had been estimated at €5.3 billion at its Capital Markets Day in March 2021, to be around €6.2 billion over the period 2021-2025 (see paragraphs 1.5.6 “sources of financing for future investment” and 1.5.8.4 “main investment envisaged” of this document). This €900.0 million increase is explained as follows: €750.0 million is due to the increase in investment costs in solar, wind and storage projects, which have risen significantly since the end of the COVID crisis in a highly inflationary context, and €150.0 million is due to an extension of the Group’s plan to invest in dedicated storage facilities with a longer autonomy period than initially assumed (on average 2 hours compared with 1 to 1.5 hours previously), and therefore higher investment costs. 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 continue to target, when responding to public and private calls for tender or bilateral requests from private clients for its projects, internal rates of return (IRR) calculated over a 30-year horizon of:
    - 7.5% (+/- 150 basis points) in Europe;
    - 8.5% (+/- 150 basis points) in Australia and other OECD countries (outside Europe);
    - more than 10% (low double digit) in non-OECD countries.
  - In the context of a first project in a new country, or the use of a new technology in a country where the Group already operates, it may nevertheless in exceptional cases, and subject to prior approval by its Board of Directors, accept IRRs lower than these target IRRs, notably taking into account the higher levels of contingencies associated with these types of projects. In these specific cases, the Group has set a minimum IRR target of 5%.
  - In addition, the Group still 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. This threshold excludes assets selling their production on the spot markets prior to the entry into force of their PPA (the so-called early generation phase).
- **Adjusted EBITDA growth**. The Group's objective is still to generate double-digit annual percentage growth between 2023 and 2025. Given this annual growth target, the Group's ambition is for its adjusted EBITDA to exceed €600.0 million in 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. The definition of adjusted EBITDA is identical to that used at December 31, 2022.
- **Net debt to adjusted EBITDA ratio**. The Group's objective remains to have a net debt to adjusted EBITDA ratio of between 8.0x and 10x at the end of 2025. This level of leverage reflects the financing, whether it is at the project or corporate level, that the Group

considers necessary to achieve the investment expenditure described above, as well as its adjusted 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 document, as described in paragraph 1.5.6, and assumes normal repayment of project debt in accordance with its terms and conditions (i.e., without refinancing or early repayment). It also reflects the expected impact of the continued increase in the share of its projects incorporating market revenues, notably dedicated storage facility projects, given that the leverage levels accepted by banks are generally lower for these projects. For the specific case of dedicated storage facilities, it is based on the assumption that their financing will continue to be based mostly on equity contributions made by the Group. This objective still 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 will propose to the next annual general shareholders' meeting, to be held in May 2023, the payment of a dividend of €0.125 per share for the financial year 2022. Beyond 2022 and until 2025, the Group intends to gradually and regularly increase its dividend, particularly in light of the evolution of its results and financial situation.

1.4 ANALYSIS OF OPERATIONS AND RESULTS

1.4.1 KEY EVENTS OF THE PERIOD

1.4.1.1 CONTINUING PORTFOLIO GROWTH

Capacity in operation or under construction[3] amounted to 6.6 GW at the end of December 2022 compared to 5.4 GW at the end of December 2021.

During the financial year 2022, the Group thus commissioned 557 MW: in Finland, the Mutkalampi wind farm (404 MW), and in France, four solar power plants with a total capacity of 43 MWp, seven wind farms with a total capacity of 91 MW, including in particular the Madon-Moselle power plant (40 MW), and a storage facility with a capacity of 8 MW. The storage batteries Providencia Power Reserve and Albireo Power Reserve 2, with a total capacity of 11 MW also entered operation in El Salvador. In addition, the Plouguin power plants (14 MW), acquired at the end of 2022, have been included in the portfolio of operating assets.

Neoen has also launched the construction of 1,126 MW in the financial year 2022, including the Western Downs Battery (200 MW / 400 MWh) and Blyth Battery (200 MW / 400 MWh) in Australia as well as, in Portugal, the solar park composed of the Rio Major and Torre Bela power plants (272 MWp), in Canada, the Fox Coulée solar power plant (93 MWp), in Sweden, the Storbrännkullen wind farm (57 MW) and the Storen Power Reserve storage facility (40 MW / 40 MWh), in France, solar projects with a total capacity of 204 MWp (including the Champblanc solar power plant for 49 MWp) and the Largeasse wind farm (17 MW), and in Finland, the Björkliden wind farm (40 MW).

The secured portfolio[3] (assets in operation, under construction or awarded[3]) represented 7.4 GW as of December 31, 2022, compared to 6.0 GW at the end of December 2021. In 2022, new awarded projects[3] represented 1,340 MW. In addition to the projects that went directly into construction for a total of 643 MW, including mainly Western Down Battery, Blyth Battery, Fox Coulée, Storen Power Reserve and Storbrännkullen, and acquired (the Plouguin power plants for 14 MW), these include:

- 215 MW in Australia, with the Mount Hopeful wind farm;
- 208 MW secured in France, including 197 MWp of solar projects and the Granges wind project (11 MW);
- 102 MW in Finland, including 60 MW corresponding to the Storbotet wind project and 42 MW under a new PPA signed with Equinix, a world leader in digital infrastructure, concerning the future Lumivaara wind farm; and
- 90 MWp in Sweden, corresponding to the Hultsfred solar power plant;
- 80 MWp won in the second governmental RESS 2 tender in Ireland.

The total portfolio amounts to 19.3 GW at the end of December 2022, compared with 13.9 GW at the end of December 2021.

[3] For a definition of the different stages of development of the Group's projects, please refer to the chapter 3 "glossary" of this document.

1.4.1.2 NEOEN CONSOLIDATES ITS POSITION IN THE TOP 2% OF GLOBAL COMPANIES ASSESSED BY MOODY’S ESG SOLUTIONS

Since 2018, Neoen has had its ESG policy and results assessed by the extra-financial rating agency Moody’s ESG Solutions (formerly Vigeo Eiris). The assessment covers 21 criteria grouped into 6 themes: Environment, Human Capital, Human Rights, Engagement with Society, Business Ethics and Governance.

In 2022, Neoen consolidated its position in the top 2% worldwide (all sectors and regions combined) of companies assessed by Moody's ESG Solutions. In the first half of 2022, Neoen was awarded the “advanced” ESG score of 65/100, an increase of one point compared to 2021. This score reflects Neoen's commitment and performance on environmental, social and good governance criteria and places the Group at number 11 of the nearly 5,000 companies assessed in the Gas & Electricity sector.

1.4.1.3 FREE SHARE PLAN

On March 14, 2022, the Board of Directors decided to grant 164,046 free Neoen S.A. shares to certain Group employees. The granting of shares will only be final after a vesting period of three years, provided that the beneficiaries are still present in the Group and that the performance conditions set by the Board of Directors in the plan rules and relating in particular to the achievement of financial and development objectives, are met.

In 2022, the Group recorded this transaction in accordance with IFRS 2 “share-based payment”. This resulted an impact of €(0.3) million in personnel expenses.

1.4.1.4 CAPITAL INCREASE RESERVED FOR EMPLOYEES

On April 19, 2022, Neoen S.A. carried out a capital increase reserved for its employees and corporate officers in France. The latter offered each beneficiary the possibility of buying 118 new shares at the preferential subscription price of €22.30 per share (benefiting from a 30% discount compared with the average closing price of the share over the last twenty trading days preceding March 14, 2022, the date on which the Chairman and Chief Executive Officer, upon sub-delegation by the Board of Directors, set the price) and a matching contribution on the basis of one share offered for one share subscribed.

In 2022, the Group recorded this transaction in accordance with IFRS 2 "share-based payment". This resulted in an impact of €1.1 million in shareholders' equity and €(0.4) million in personnel expenses.

1.4.1.5 PAYMENT OF DIVIDEND IN RESPECT OF 2021

At the General Shareholder’s meeting of May 25, 2022, the shareholders approved the first distribution in the Group’s history of a dividend of €0.10 per share with an option for payment of the dividend in new shares. Each shareholder could thus receive either 100% of the dividend in cash or 100% of the dividend in new ordinary shares.

At the end of the option exercise period (from June 3, 2022, to June 17, 2022, inclusive), nearly 80% of the rights had been exercised in favour of payment of the dividend in shares.

This transaction resulted in the creation of 252,486 new ordinary shares (representing approximately 0.2% of the share capital after the capital increase) and the payment of €2.1 million of dividend in cash.

1.4.1.6 CONVERSION OF CONVERTIBLE BONDS (OCEANES 2019)

On October 28, 2022, Neoen S.A. proceeded with the early redemption of all the convertible bonds (“OCEANEs 2019”), issued on October 7,2019 and maturing in October 2024, in accordance with their terms and conditions, for an amount of approximately €200 million.

Bondholders had the option to exercise their right to receive Neoen shares at a rate of 1.078 shares for 1 bond presented until October 19, 2022. The number of bonds presented for conversion was 6,614,676 (i.e., 99.78% of all the bonds issued), for a total nominal amount of €199,564,774.92. Neoen issued a total of 7,130,619 new shares.

In accordance with IAS 32 "Financial Instruments: Presentation", this transaction resulted in the derecognition of the amortised cost of the debt component for €191.3 million, with a corresponding entry in Group equity for €190.8 million and an impact in cash for €0.4 million (corresponding to the 14,425 bonds not presented for conversion and which were repaid in cash on October 28, 2022).

1.4.1.7 ISSUANCE OF GREEN CONVERTIBLE BONDS (OCEANES VERTES 2022)

On September 14, 2022, Neoen S.A. issued green bonds with an option to convert and/or exchange for new or existing shares for a nominal amount of €300 million.

These bonds were issued with a denomination of €100,000 each and bear interest at an annual rate of 2.875% payable semi-annually in arrears on March 14 and September 14 of each year, and for the first time on March 14, 2023.

The conversion/exchange price has been set at €51.4999, corresponding to a premium of 35% over the reference price of the Company's shares. Unless converted, exchanged, repaid, or repurchased for cancellation, the bonds will be redeemed at par on September 14, 2027.

In accordance with the principles set out in IAS 32 "Financial Instruments: Presentation", this issue has been treated as a compound instrument, the debt component (i.e., the bonds without the conversion option) amounting to approximately €249.9 million net of issue costs, and the equity component (i.e., the conversion option) amounting to approximately €47.4 million net of issue costs (see notes 18 and 20.2 to the consolidated financial statements). The effective interest rate of the debt component is 7.00%.

1.4.1.8 SALE OF THE SAINT-SAUVANT WIND FARM

On September 29, the Group sold 95% of its shares in the Saint-Sauvant wind farm, based on an enterprise value of €65.5 million, to Sergies, its long-standing partner in the development of the project, a local player and an integrated energy company. With a capacity of 20.6 MW and located in the Vienne department, this plant was commissioned in the first half of 2022. Neoen retains a minority stake, the supervision of the plant for the next two years, a local presence through a community management contract and a buyback option to take control of the project company in 30 years.

This transaction, carried out in the context of the farm-down activity, generated a net income of €16.4 million, which was recognised in other current operating income and expenses (see note 9 to the consolidated financial statements).

1.4.1.9 SITUATION OF THE METORO SOLAR POWER PLANT IN MOZAMBIQUE

Following a sudden and significant deterioration in the security situation near the site of the Metoro solar power plant under construction in Mozambique at the end of the first half of 2022, all the teams mobilised locally were evacuated, the Mozambican armed forces were deployed around the site to ensure its protection, and construction work was halted for an indefinite period. Since then, the security situation has not significantly improved, making any prospect of restarting the project hypothetical.

Given the high degree of uncertainty surrounding the future of the project, the Group has recorded an impairment loss of €(19.9) million in its financial statements at December 31, 2022 (see note 10 “non-current operating items” to the consolidated financial statements).

1.4.1.10 NON-COMPLIANCE WITH COVENANTS FOR CERTAIN PROJECT FINANCING

At December 31, 2022, one of the Group's assets in Australia remained non-compliant with its minimum debt service coverage ratio, due to operational problems, as was already the case at December 31, 2021. As a result, the Group has maintained the classification in its financial statements of the related non-recourse project financing, which is presented as current financial debt, for an amount of AUD 128.7 million (€82.0 million) at December 31, 2022. At the same time, the Group is still in the process of negotiating a resolution of this case of default with the lending institutions, which continued to provide financing for this asset during the year.

In addition to the absence of an agreement for the Provisional Acceptance (PA) of the Mexican El Llano power plant, resulting in the maintenance of certain documentary non-compliances under the financing agreements, the operational difficulties encountered by the power plant in 2022 have led to a situation of non-compliance with the minimum debt service coverage ratio of the non-recourse project financing. The non-current portion of the related financial debt thus continues to be presented in current liabilities (for US$124.1 million, or €116.3 million) in the Group's financial statements at December 31, 2022. The Group is actively working to resolve the operational difficulties with the EPC contractor, which is a prerequisite for the declaration of provisional technical acceptance and for ending the current financial default situation. The lending institutions continue to support the project. In this respect, the company has obtained a waiver dated February 1, 2023.

The other companies financed by project and mezzanine debt, as well as Neoen S.A., with respect to its syndicated loan, complied with their covenants on minimum debt service coverage ratios (DSCR) or minimum equity.

Finally, the situation of the Metoro power plant constitutes a technical default in the meaning of the financing documentation. The financial debt relating to this power plant is presented in current liabilities (US$30.1 million, or €28.2 million) in the Group's financial statements at December 31, 2022.

A total of €226.6 million of debt has thus been transferred from non-current to current in the 2022 consolidated financial statements.

1.4.1.11 RUSSIAN-UKRAINIAN CONFLICT

Neoen has no activities and no assets in Russia and Ukraine.

Thus, to date, the ongoing conflict in Ukraine has no significant direct impact on the Group or on the continuity of its business. However, given the lack of visibility on the continuation of this conflict, Neoen considers that its activities could be affected, in the future, by the potential impacts of this conflict on the world economy; particularly, in terms of the price of electricity, the price of raw materials used in the composition of the components necessary for the construction of renewable electricity production facilities, or the functioning of supply chains.

1.4.2 COMMENTS ON OPERATIONS

The consolidated statements of income for 2022 and 2021 are broken down into two levels of analysis for revenue, adjusted EBITDA and adjusted EBIT: one covering the Group and the other covering the different segments (Australia, Europe - Africa and the Americas, at the geographical level; solar, wind, storage, farm-down as well as development and investments and eliminations at the operational level). The other elements of the consolidated income statement are analysed globally.

Given the nature of its business and its geographical location, the Group's results are affected by changes in exchange rates.

The reference to changes in revenue, adjusted EBITDA or adjusted EBIT at constant rates or constant exchange rates (“cer”) means that the impact of changes in exchange rates has been restated by recalculating the various items of the relevant aggregate for the year in question on the basis of the exchange rates recorded in the previous year.

The Group’s consolidated financial statements for the year ended December 31,2022 have been audited by the Company’s statutory auditors and are presented in their entirety in chapter 2 of this document.

1.4.2.1 KEY FIGURES

(In millions of euros)	FY 2022	FY 2022 (cer)	FY 2021	Change (cer)	Change (cer) (in %)	Change	Change (in %)
Revenues	**503.2**	**486.1**	**333.6**	**+ 152.6**	**+ 46%**	**+ 169.7**	**+ 51%**
Energy sales under contract	309.2	297.2	249.3	+ 47.8	+ 19%	+ 59.9	+ 24%
Energy sales in the market	171.5	167.3	74.7	+ 92.6	+ 124%	+ 96.9	+ 130%
Other revenues	22.5	21.7	9.6	+ 12.1	+ 126%	+ 12.9	+ 134%
Adjusted EBITDA[a]	**414.0**	**399.2**	**300.4**	**+ 98.8**	**+ 33%**	**+ 113.6**	**+ 38%**
Adjusted EBITDA margin	82%	82%	90%				
Adjusted EBIT[a]	**259.3**	**250.2**	**189.6**	**+ 60.6**	**+ 32%**	**+ 69.7**	**+ 37%**
Adjusted EBIT margin	52%	51%	57%				
Non-current operating income[b]	**(31.1)**	**(29.1)**	**(18.4)**	**– 10.7**	**– 58%**	**– 12.7**	**– 69%**
Net financial result	**(152.7)**	**(142.8)**	**(117.7)**	**– 25.1**	**– 21%**	**– 35.0**	**– 30%**
Adjusted consolidated net income[a]	**48.0**	**50.3**	**40.2**	**+ 10.0**	**+ 25%**	**+ 7.8**	**+ 19%**

a) For more details on the definition and calculation of those aggregates, the reader is invited to refer to section 1.1. “alternative performance indicators”.

b) This aggregate is detailed in paragraph 1.4.2.3 of this document.

Evolution of revenue and adjusted EBITDA

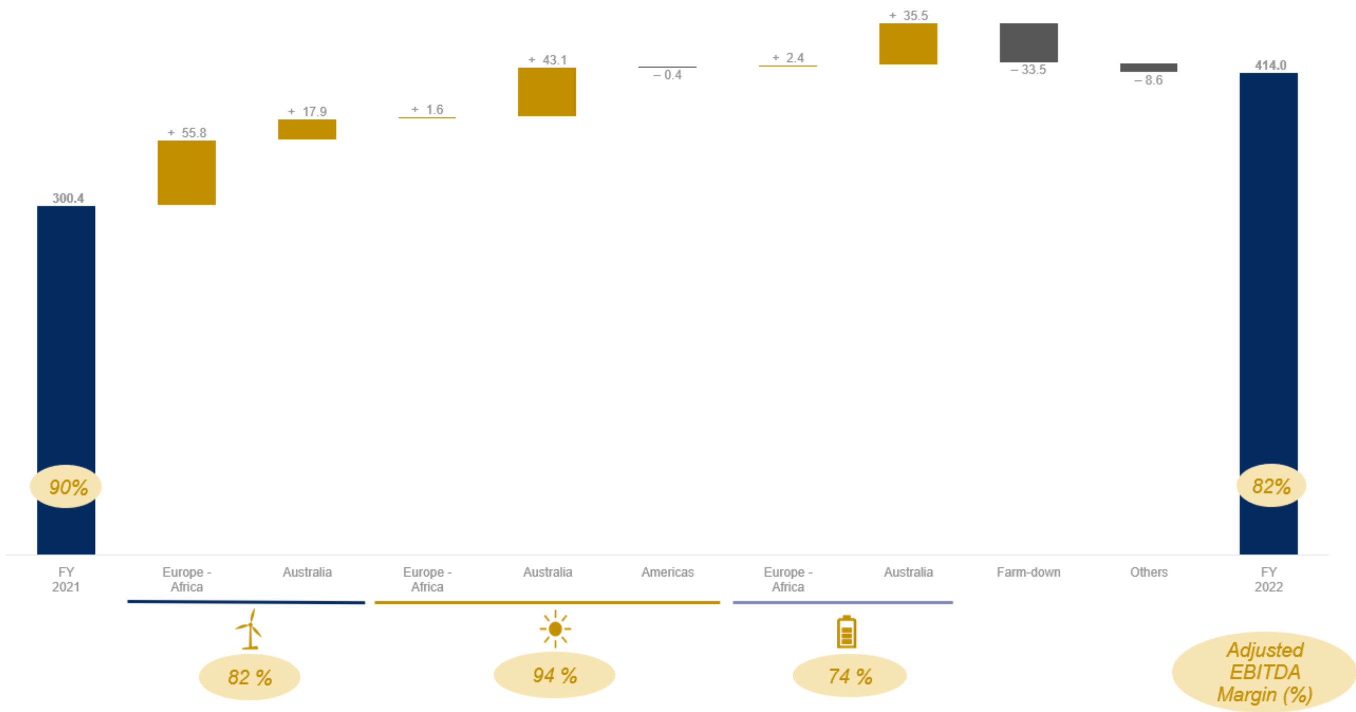
The Group's consolidated revenue and adjusted EBITDA have evolved as follows between 2021 and 2022:

Change in revenue

(in millions of euros)

Change in adjusted EBITDA

(in millions of euros)



1.4.2.2 SEGMENT RESULTS

Segment results for 2021 and 2022 are thus presented for each of the Group's operating segments: solar power, wind power, storage, farm-down, development and investments and eliminations.

(In millions of euros)	Revenue				Adjusted EBITDA[a]				Adjusted EBIT[b]			
	FY 2022	FY 2021	Change	Change (in %)	FY 2022	FY 2021	Change	Change (in %)	FY 2022	FY 2021	Change	Change (in %)
Australia												
Wind power	84.5	67.1	+ 17.4	+ 26%	71.9	53.9	+ 17.9	+ 33%	45.6	36.1	+ 9.5	+ 26%
Solar power	53.1	37.6	+ 15.5	+ 41%	73.9	30.7	+ 43.1	+ 140%	56.1	13.7	+ 42.3	x4
Storage	80.2	28.1	+ 52.1	x3	61.9	26.4	+ 35.5	+ 135%	38.8	13.8	+ 25.0	x3
Total	**217.8**	**132.8**	+ 85.0	+ 64%	**207.6**	**111.0**	+ 96.6	+ 87%	**140.5**	**63.7**	+ 76.9	+ 121%
As a %	**43%[e]**	**40%[e]**			**95%[f]**	**84%[f]**			**65%[g]**	**48%[g]**		
Europe - Africa												
Wind power	132.1	68.1	+ 64.1	+ 94%	106.9	51.1	+ 55.8	+ 109%	76.5	21.6	+ 54.9	x4
Solar power	64.4	60.8	+ 3.7	+ 6%	50.9	49.3	+ 1.6	+ 3%	32.4	30.2	+ 2.2	+ 7%
Storage	11.4	6.3	+ 5.1	+ 80%	6.2	3.8	+ 2.4	+ 63%	4.8	2.5	+ 2.3	+ 91%
Farm-down	-	-	-	N/A	16.4	50.0	– 33.5	– 67%	16.4	50.0	– 33.5	– 67%
Total	**208.0**	**135.2**	+ 72.8	+ 54%	**180.4**	**154.2**	+ 26.2	+ 17%	**130.2**	**104.3**	+ 25.9	+ 25%
As a %	**41%[e]**	**41%[e]**			**87%[f]**	**114%[f]**			**63%[g]**	**77%[g]**		
Americas												
Solar power	76.6	63.9	+ 12.7	+ 20%	56.8	57.3	– 0.4	– 1%	30.0	38.1	– 8.1	– 21%
Total	**76.6**	**63.9**	+ 12.7	+ 20%	**56.8**	**57.3**	– 0.4	– 1%	**30.0**	**38.1**	– 8.1	– 21%
As a %	**15%[e]**	**19%[e]**			**74%[f]**	**90%[f]**			**39%[g]**	**60%[g]**		
Others												
Development and investments[c]	82.3	77.2	+ 5.1	+ 7%	(8.4)	2.1	– 10.5	x4	(20.5)	(7.6)	– 12.9	x3
Eliminations[d]	(81.4)	(75.5)	– 5.9	– 8%	(22.3)	(24.2)	+ 1.9	+ 8%	(20.9)	(8.9)	– 12.0	– 135%
Total	**0.9**	**1.7**	– 0.8	– 48%	**(30.7)**	**(22.1)**	– 8.6	– 39%	**(41.4)**	**(16.4)**	– 24.9	x3
TOTAL	**503.2**	**333.6**	**+ 169.7**	**+ 51%**	**414.0**	**300.4**	**+ 113.6**	**+ 38%**	**259.3**	**189.6**	**+ 69.6**	**+ 37%**
Of which: wind power	216.6	135.1	+ 81.5	+ 60%	178.6	105.0	+ 73.6	+ 70%	122.0	57.7	+ 64.3	+ 111%
Of which: solar power	194.1	162.3	+ 31.9	+ 20%	181.6	137.3	+ 44.3	+ 32%	118.6	82.1	+ 36.5	+ 44%
Of which: storage	91.6	34.4	+ 57.1	x3	68.1	30.2	+ 37.9	+ 125%	43.6	16.3	+ 27.3	x3
Of which: farm-down	-	-	-	N/A	16.4	50.0	– 33.5	– 67%	16.4	50.0	– 33.5	– 67%

a) *For more details on the definition and calculation of this aggregate, please refer to paragraph 1.1.1 of this document "adjusted EBITDA".*

b) *For more details on the definition and calculation of this aggregate, please refer to paragraph 1.1.2 of this document "adjusted EBIT".*

c) *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.*

d) *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 capitalised in accordance with IAS 38 "intangible assets".*

e) *The percentages are the contribution of each geographical zone to the Group's revenues (excluding Development and investments and eliminations).*

f) *The percentages reflect adjusted EBITDA margin by geographical zone.*

g) *The percentages reflect adjusted EBIT margin by geographical zone.*

Revenue

The Group's consolidated revenues amounted to €503.2 million in 2022 (€486.1 million at constant exchange rates), up by **+€169.7 million** or +51% compared with 2021 (and by +46% at constant exchange rates).

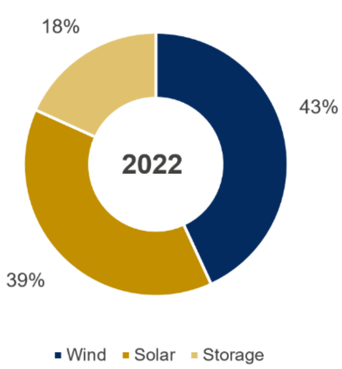
This growth is mainly due to the contribution of assets commissioned during 2021 in Australia, in Argentina and in France, and to the *prorata temporis* contribution of the new power plants that started production in 2022, essentially in Finland, in France and in Australia. It thus includes early generation revenues[4] which benefited from a context of very high market prices.

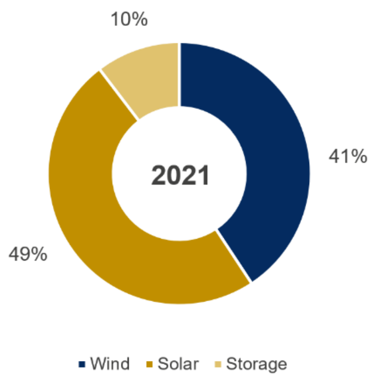
This growth was also supported by the increased contribution of assets commissioned before January 1st 2021, mainly in Australia, as a result of (i) favourable market prices, (ii) the entry into force of the purchase agreement for the Bulgana power plant at the end of 2021, and (iii) the very strong performance of the Hornsdale Power Reserve battery.

However, the increase in revenues was limited by the decline in the contribution of the El Llano power plant and by the negative impact associated with the power plants sold at the end of 2021 as part of the farm-down operations.

Revenue breakdown by operating segment

The graphs below show the breakdown of revenue by operating segment and does not include the following segments: development, investments and eliminations and farm-down.





The **wind segment** became the largest contributor to the Group's consolidated revenues (43% in 2022 compared to 41% in 2021).

Revenues for this segment amounted to €216.6 million in 2022, an increase of +€81.5 million or +60% compared to 2021.

- **Europe-Africa (+€64.1 million)**

The increase in revenue was primarily due to the contribution of assets commissioned in 2022 **(+€57.2 million)**, mainly from the Mutkalampi power plant in Finland, which benefited from significant early generation revenues[4] before the entry into force of its purchase agreements, scheduled in 2023, in a context of very high market prices.

This increase was driven, to a lesser extent, by the full-year effect of assets commissioned in 2021 **(+€4.2 million)**. In addition, there was a higher contribution from power plants commissioned before January 1, 2021 **(+€2.7 million)**, mainly due to the conclusion of new short-term power sales contracts in Ireland, at prices higher than those of the historical contracts which expired in 2022.

- **Australia (+€17.4 million)**

Revenue growth was mainly due to an increase in the contribution of:

- the three Hornsdale wind farms (**+€9.5 million**), which benefited from higher wind resources in 2022 than in 2021, and from favourable market prices during the year;
- the Bulgana power plant (**+€7.4 million**), which had only started to produce at full capacity in October 2021 and which, following the start of its purchase agreement in December 2021, benefited from a higher average selling price in 2022 than in 2021 when the power generated was sold on the market in a context of low prices.

[4] Short-term energy sales prior to the start of a long-term contract.

The **solar segment** is now the second largest contributor to the Group's consolidated revenues (39% in 2022 compared to 49% 2021).

Revenues for this segment came to €194.1 million in 2022, an increase of **+€31.9 million** or +20% compared to 2021.

- **Australia (+€15.5 million)**

The growth in revenues is mainly due to the contribution of the Western Downs power plant, which gradually injected electricity into the grid, before the entry into force of its purchase agreement, scheduled for the first half of 2023, in a context of high market prices (**+€12.0 million**). Revenue also benefited from a better performance by the power plants commissioned before January 1st, 2021 (**+€3.6 million**) under the effect of favourable price effect.

- **Americas (+€12.7 million)**

The growth in revenue in the region came exclusively from the contribution of the Altiplano 200 power plant in Argentina, commissioned in 2021 (**+€24.3 million**).

Revenue in the region was, however, affected by the decrease in the contribution of the El Llano power plant in Mexico (–€15.8 million), due to:

- a higher comparison base in 2021[5]. Indeed, due to the delay in the implementation of the administrative mechanisms required to start the long-term power purchase agreement, and an agreement reached in this context with the *Centro Nacional de Control de Energía* (CENACE) during the second quarter of 2021, its PPA, which was initially scheduled to take effect at the end of June 2020, became effective from July 1st, 2021. As a result, the electricity generated until the start of the PPA had been sold on the market, at a higher price than that of the PPA;
- the shutdown of the power plant due to technical difficulties in June 2022, with the gradual restart of the plant only starting in October 2022.

- **Europe-Africa (+€3.7 million)**

The increase in revenue was mainly driven by the contribution of power plants commissioned in 2021 and in 2022, particularly in France (**+€10.6 million**).

However, this increase was partially offset by the impact of the sale of power plants in France, at the end of 2021, as part of farm-down operations (**–€5.8 million**).

The **storage segment** accounted for 18% of the Group's revenues in 2022 (compared with 10% in 2021).

This segment contributed €91.6 million to the Group's revenues in 2022, up by +€57.1 million compared to 2021.

- **Australia (+€52.1 million)**

The strong growth in revenue was mainly driven by the contribution of the Victorian Big Battery power plant (**+€36.5 million**), which entered into operation in December 2021, based on:

- on the one hand, sales of frequency control ancillary services (FCAS[6]) and arbitrage revenues amid highly volatile market conditions; and
- on the other hand, income associated with its “SIPS” (System Integrity Protection Scheme) contract signed with the Australian regulator, which provides for the unlock of additional peak capacity on the existing Victoria to New South Wales Interconnector during Australian summers.

The storage activity was also underpinned by the strong performance of the Hornsdale Power Reserve battery, which benefited from favourable conditions in a highly volatile market (+€15.6 million).

- **Europe-Africa (+€5.1 million)**

Revenue growth in the storage activity in the region was underpinned by the strong performance of the Yllikkälä Power Reserve battery in Finland (**+€4.4 million**), which expanded its grid service sales to several markets in 2022 and benefited from favourable market conditions.

[5] For more details on the 2021 revenue contribution of the El Llano power plant, please refer to section 2.3.2.2 "segment results" of the Universal Registration Document 2021.
[6] The reader is referred to Chapter 3 "glossary" of the present document for the definition of FCAS.

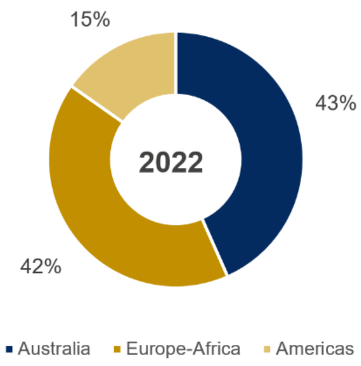
The development and investments and eliminations segments amounted to €0.9 million in 2022, compared to €1.7 million in 2021 (**–€0.8 million**).

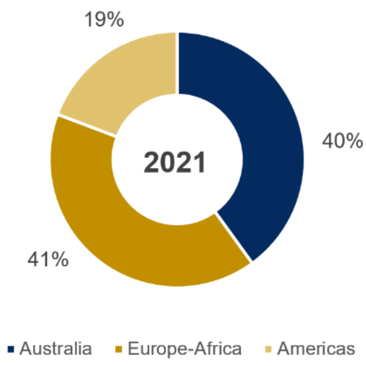
In 2022, the share of energy sales in the market amounted to 34% of consolidated revenues, compared to 22% in 2021. It notably reflects the early generation revenues recorded by the Mutkalampi park in Finland, the contribution of the Victorian Big Battery in Australia, the strong performance of the Hornsdale Power Reserve battery, and finally a context of high market prices.

As a proportion of solar and wind revenues (excluding revenues from the storage business), the share of energy sales in the market reached 24% of revenues, compared with 16% in 2021.

Revenue breakdown by geographic area

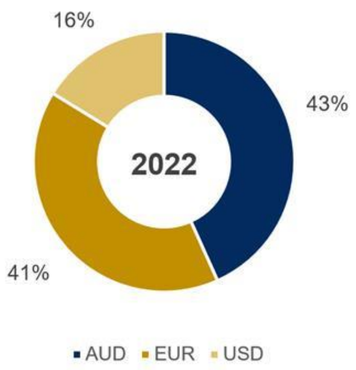
The graphs below show the breakdown of revenue by geographic area and does not include the following segments: development, investments and eliminations and farm-down.

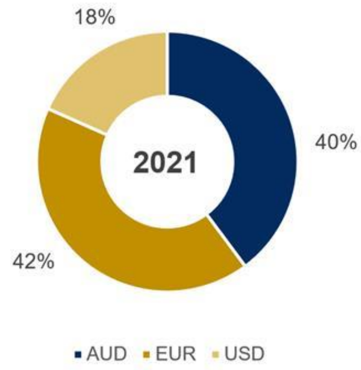




Revenue breakdown by currency

The graphs below show the breakdown of revenue by currency and does not include the following segments: development, investments and eliminations and farm-down.





Adjusted EBITDA

In 2022, the Group's consolidated adjusted EBITDA amounted to €414.0 million (€399.2 million at constant exchange rates), up by **+€113.6 million** or +38% compared to 2021.

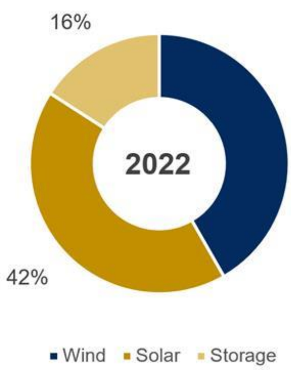
This increase was mainly driven by growth in the Group's revenue (**+€169.7 million** compared to 2021 - see analysis of revenue above), as well as, to a lesser extent, by an increase in contractual indemnities to compensate for lost revenues due to delays in the commissioning of several projects (*LDs*), particularly in Australia, and a partial waiver of penalties historically recognised under a power purchase agreement in Australia **(+€37.2 million)**.

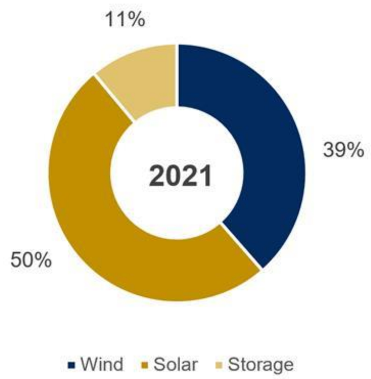
However, it was affected mainly by the increase in operating expenses (**–€51.1 million**), associated mainly with the power plants commissioned in 2021 and 2022, and the decline in the contribution from the farm-down activity (**–€33.5 million**).

The Group's adjusted EBITDA margin was 82% in 2022 compared to 90% in 2021.

Adjusted EBITDA breakdown by operating segment

The graphs below show the breakdown of adjusted EBITDA by operating segment and does not include the following segments: development, investments and eliminations and farm-down.





The solar segment contributed €181.6 million to the Group's adjusted EBITDA, an increase of **+€44.3 million**, or +32%, compared to 2021. The adjusted EBITDA margin of this segment was thus 94% in 2022, compared to 85% in 2021, due to an increase in LDs in Australia in particular.

- **Australia (+€43.1 million)**

The growth in adjusted EBITDA was mainly due to the increase in LDs, associated with delays in the commissioning of a solar power plant (**+€25.9 million**) and, to a lesser extent, by the increase in revenues (**+€15.5 million** - see analysis of revenue above). In addition, there was an increase in green certificates recorded in inventory, resulting from an increase in volumes produced (**+€4.3 million**).

- **Europe-Africa (+€1.6 million)**

The growth in adjusted EBITDA was mainly due to the increase in revenues (**+€3.7 million** - see analysis of revenue). This was partially offset by the increase in operating expenses associated with the assets commissioned in 2021 and 2022 (**–€1.8 million**).

- **Americas (–€0.4 million)**

The change in adjusted EBITDA was mainly due to the lower contribution from the El Llano power plant as a result, in particular, of technical problems encountered in 2022, which affected the production of green certificates, stored pending their sale, and a negative base effect mainly associated with the recognition of LDs in 2021 (**–€15.2 million**). In addition, there was an increase in operating expenses (**–€3.9 million**). These effects were offset by the growth in revenues (**+€12.7 million** - see analysis of revenue above) and by a positive base effect resulting from the recognition, in 2021, of expenses associated with the provisioning of historical indemnities (LDs) and penalties, mainly related to the Altiplano 200 plant in Argentina (**+€6.1 million**).

The wind segment contributed €178.6 million to the Group's adjusted EBITDA, representing an increase of **+€73.6 million** or +70% compared to 2021. The adjusted EBITDA margin for this segment thus came to 82% in the financial year compared to 78% in 2021.

- **Europe-Africa (+€55.8 million)**

The increase in adjusted EBITDA for this region was mainly due to the **+€64.1 million** increase in revenue (see analysis of revenue above). This effect was partly offset by an increase in operating expenses (**–€8.1 million**), mainly associated with the power plants commissioned in 2021 and in 2022, in Finland and in France.

- **Australia (+€17.9 million)**

The increase in adjusted EBITDA was essentially due to the growth in revenues **(+€17.4 million** - please refer to the analysis of revenue) and to the partial waiver of penalties historically recognised under a power purchase agreement (**+€11.1 million**). These effects were partially offset by the increase in network connection, supervision and maintenance costs, due in particular to the achievement of the Commercial Operation Date by the Bulgana power plant at the end of 2021 (**–€6.5 million**), and for the Hornsdale power plants, by the contractual revision of maintenance costs, and the increase in regulation costs following the occurrence of incidents on the network during 2022 (**–€4.3 million**).

The storage segment has more than doubled its adjusted EBITDA in 2022 compared to the previous (€68.1 million, an increase of **+€37.9 million**). The adjusted EBITDA margin for this segment was 74% in 2022 compared to 88% in 2021, mainly due to the commissioning of the Victorian Big Battery at the end of 2021.

- **Australia (+€35.5 million)**

The increase in adjusted EBITDA is essentially due to the growth in revenues **+€52.1 million**, resulting from the commissioning of the Victorian Big Battery in December 2021, as well as the strong growth in the contribution of the Hornsdale Power Reserve battery, which benefited from favourable conditions in a highly volatile market environment (see analysis of revenue above). These effects were partially offset by the increase in operating expenses (**–€15.5 million**), mainly due to the increase in electricity purchases required to provide grid balancing services (FCAS) and to arbitrage operations.

- **Europe-Africa (+€2.4 million)**

The increase in adjusted EBITDA was mainly due to higher revenues and operating expenses at the Yllikkälä Power Reserve storage facility in Finland (**+€4.4 million** and **–€1.8 million** respectively), as a result of its strong performance, which benefited from a favourable market environment in 2022.

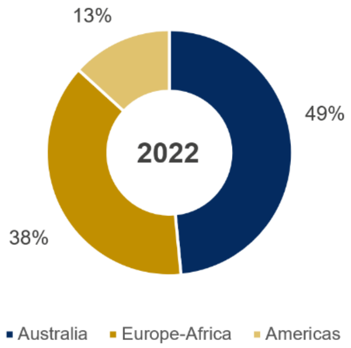
The farm-down segment generated an adjusted EBITDA of €16.4 million in 2022, corresponding exclusively to the capital gain on the sale of the Saint-Sauvant wind farm in France (see paragraph 1.4.1.8 of this document).

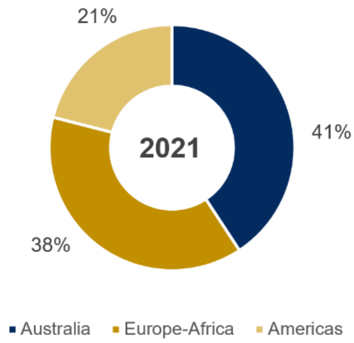
In 2021, this segment generated adjusted EBITDA of €50.0 million, corresponding mainly to the capital gains on the sale of the Lugos (Gironde), Miremont (Haute-Garonne), Grabels (Hérault) and Lagarde (Vaucluse) solar power plants, as well as the Le Berger (Meuse) and Les Beaux Monts (Yonne) wind farm projects in France.

The development and investment and elimination segments contributed a negative €(30.7) million to the Group's adjusted EBITDA in 2022, compared with a negative €(22.1) million in 2021. The **–€8.6 million** increase was mainly due to an increase in personnel costs as a result of the growth in the workforce and continued development of the Group.

Adjusted EBITDA breakdown by geographic area

The graphs below show the breakdown of adjusted EBITDA by geographic area and does not include the following segments: development, investments and eliminations and farm-down.



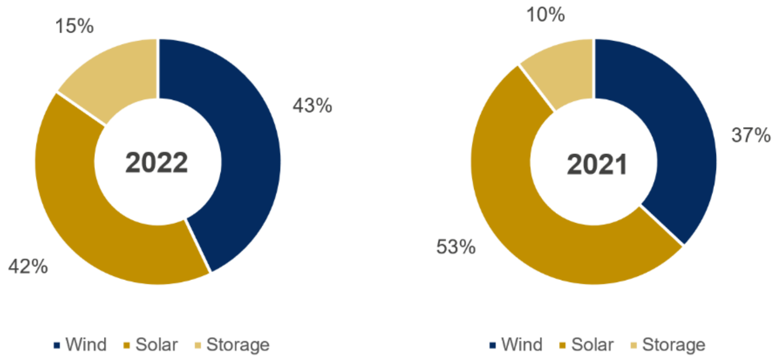


Adjusted EBIT

Adjusted Group EBIT amounted to €259.3 million in 2022 (€250.2 million at constant exchange rates), an increase of **+€69.7 million** or +37% relative to 2021. This increase was mainly due to growth in adjusted EBITDA for **+€113.6 million** (see analysis of adjusted EBITDA above). These effects were partly offset by the increase in depreciation expenses resulting from the growth in the number of assets in operation, as a result of the commissioning carried out in 2021 and in 2022 for **–€39.9 million.**

Adjusted EBIT breakdown by operating segment

The graphs below show the breakdown of adjusted EBIT by operating segment and does not include the following segments: development, investments and eliminations and farm-down.



The wind segment contributed €122.0 million to the Group's adjusted EBIT (**+€64.3 million)**. This was mainly due to the **+€73.6 million** increase in adjusted EBITDA of this segment (see analysis of adjusted EBITDA above). This effect was partly offset by the increase in depreciation expenses resulting from the growth in the number of assets in operation (**–€9.3 million)**.

- **Europe-Africa (+€54.9 million)**

The increase in adjusted EBIT was mainly due to growth in adjusted EBITDA (**+€55.8 million** - see analysis of adjusted EBITDA above)**.**

- **Australia (+€9.5 million)**

The progression in adjusted EBIT was mainly due to growth in adjusted EBITDA (**+€17.9 million),** partially offset by the increase in depreciation expenses for the Bulgana power plant, resulting from a full-year effect (**–€8.6 million**).

The solar segment contributed €118.6 million to the Group's adjusted EBIT, representing an increase of (**+€36.5 million)** or +44% compared to 2021. This was mainly due to the **+€44.3 million** increase in adjusted EBITDA for this segment (see analysis of adjusted EBITDA above). This effect was partly offset by the **–€7.8 million** increase in depreciation expenses resulting from the growth in the number of assets in operation.

- **Australia (+€42.3 million)**

The increase in adjusted EBIT in the region was mainly attributable to the **+€43.1 million** increase in adjusted EBITDA, and by the gradual entry into the end of operation phase of the Degrussa power plant (**+€1.9 million**). These effects were partly offset by the increase in depreciation expenses resulting from the growth in the number of assets in operation **(–€2.7 million).**

- **Europe-Africa (+€2.2 million)**

The increase in adjusted EBIT in the region was mainly due to the **+€1.6 million** increase in adjusted EBITDA (see analysis of adjusted EBITDA above).

- **Americas (–€8.1 million)**

The decrease in adjusted EBIT was mainly due to the decrease in adjusted EBITDA for **–€0.4 million** and an increase in depreciation expenses in connection with the commissioning of the Altiplano 200 power plant in Argentina at the end of 2021 **(–€6.3 million)**.

The storage segment contributed for €43.6 million to the Group's adjusted EBIT in 2022 **(+€27.3 million** compared with 2021). This change is mainly due to the **(+€37.9 million increase**) in adjusted EBITDA for this segment (see analysis of adjusted EBITDA above) and was partly offset by an increase in depreciation expenses resulting from the growth in the number of assets in operation (**–€10.6 million).**

- **Australia (+€25.0 million)**

The increase in adjusted EBIT was mainly due to the increase in adjusted EBITDA (**+€35.5 million)**. This was partly offset by an increase in depreciation expenses relating to the commissioning of the Victorian Big Battery in December 2021 (**–€9.9 million)**.

- **Europe-Africa (+€2.3 million)**

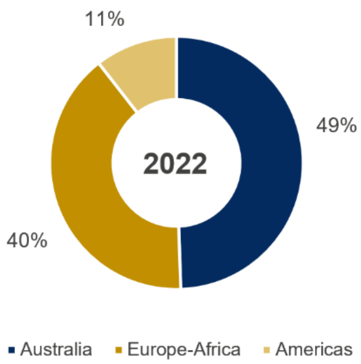
The increase in adjusted EBIT in the region was mainly attributable to the **+€2.4 million increase** in adjusted EBITDA (see analysis of adjusted EBITDA above).

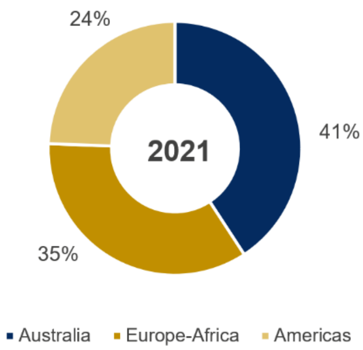
The farm-down segment contributed for **€16.4 million** to the Group's adjusted EBIT (see the analysis of adjusted EBITDA above).

The development and investments and elimination segments contributed €(41.4) million to the Group's adjusted EBIT, compared to €(16.4) million in 2021, in line with the evolution of the Group's activities.

Adjusted EBIT breakdown by geographic area

The graphs below show the evolution of the breakdown of adjusted EBIT by geographic area, excluding development, investments and eliminations and farm-down.





Current operating income

The Group's current operating income was €262.1 million in 2022, corresponding to an increase of **+€72.5 million**, or +38%, compared with 2021. This change is explained by the increase in adjusted EBIT (see analysis of adjusted EBIT), as well as by the change in fair value of energy derivative financial instruments recorded in 2022 in the amount of +€2.8 million (see paragraph 1.1.2 of this document).

1.4.2.3 ANALYSIS OF THE OTHER CONSOLIDATED INCOME STATEMENTS ITEMS

Non-current operating income

Non-current operating income amounted to €(31.1) million, down **–€12.7 million**, and break down as follows:

(In millions of euros)	FY 2022	FY 2021	Change	Change (in %)
Prior period development costs[(a)]	(4.0)	(8.1)	+ 4.1	+ 51%
Gains and losses on disposal of assets	0.1	0.1	– 0.0	N/A
Other non-current operating income and expenses	**(3.8)**	**(8.0)**	**+ 4.2**	**+ 52%**
Impairment of capitalised development costs[(b)]	(15.7)	(5.7)	– 10.0	x3
Other asset impairment[(c)]	(13.1)	(10.5)	– 2.7	N/A
Reversal of impairment of capitalised development costs[(d)]	1.6	5.8	– 4.2	– 73%
Impairments of non-current assets	**(27.3)**	**(10.4)**	**– 16.9**	**x3**
Non-current operating income	**(31.1)**	**(18.4)**	**– 12.7**	**x2**

a) *Capitalised development costs for which the Group considers that the criteria for capitalisation set out in IAS 38 "intangible assets" are no longer met, as a result of external events beyond its control, are recognised in other non-current operating expenses for the period (see section 2.1 - notes 9 and 10 to the consolidated financial statements). In 2022, these are mainly related to the abandonment of projects in Australia, Ireland and France. In 2021, they mainly corresponded to the abandonment of projects in Australia, France, United States and Ireland.*

b) *In 2022, this item concerns the impairment loss related to the Metoro power plant in Mozambique for €(8.8) million (see note 1.3 "events of the financial year" of the consolidated financial statements) and to an integrated project in Australia, which became less competitive due to the completion of another project in the same geographical area, for €(2.5) million.*

c) *In 2022, other impairment of assets mainly corresponds to the impairment recognised on the Metoro power plant in Mozambique, in addition to the impairment of development costs (as indicated in the previous note) for €(11.1) million (see note 1.3 " events of the financial year ").*

d) *Reversals of impairment of capitalised development costs related to abandoned projects.*

Net financial result

(In million of euros)	FY 2022	FY 2021	Change	Change (in %)
Cost of debt	**(135.6)**	**(106.5)**	**– 29.1**	**– 27%**
Total other financial income and expenses	**(17.1)**	**(11.2)**	**– 5.9**	**– 52%**
Shareholder loan interest income and expenses	(1.0)	(0.8)	– 0.2	– 27%
Foreign exchange gains and losses	(6.9)	(4.3)	– 2.6	– 60%
Other financial income and expenses	(9.2)	(6.1)	– 3.1	– 50%
Net financial result	**(152.7)**	**(117.7)**	**– 35.0**	**– 30%**

The change in net financial result was mainly due to:

- the increase in the cost of financial debt of **–€29.1 million**, resulting mainly from the increase in the number of power plants in operation under financing, effect partially offset by the impact of the gradual repayment of the financing of the plants in operation. The increase in interest rates in 2022 has had only a limited impact on the increase in the cost of financial debt due to the Group's hedging strategy.

In 2022, the cost of financial debt thus corresponded to interest expense on borrowings resulting from financing relating to generation assets of €(113.9) million (compared to €(77.2) million in 2021), interest expense on interest rate derivatives of €(14.9) million (compared to €(23.9) million in 2021) and interest expense on rights of use of €(6.8) million (compared to €(5.4) million in 2021).

- the negative impact of the change in other financial income and expenses (**–€3.1 million**). These consist mainly of (i) commissions and bank charges, (ii) the cost of security deposits and guarantees, (iii) the undiscounting of provisions for decommissioning and other non-current liabilities, which have increased due to the growth in the number of operating assets, and (iv) other non-recurring financial income and expenses.

In 2022, they include €(1.4) million of net expenses related to the refinancing of Neoen Production 2.

In 2021, the financial expense of €(6.1) million included €(1.6) million of expenses incurred in connection with early repayment of loans.

- the negative impact of changes in foreign exchange gains and losses (**–€2.6 million**). In 2022, foreign exchange gains and losses amount to €(6.9) million, of which €(5.2) million relates to the Group's exposure in Argentina (notably in respect of VAT credits denominated in Argentine pesos).

In 2021, foreign exchange gains and losses amounted to €(4.3) million and consisted mainly of foreign exchange losses on VAT credits denominated in Argentine pesos.

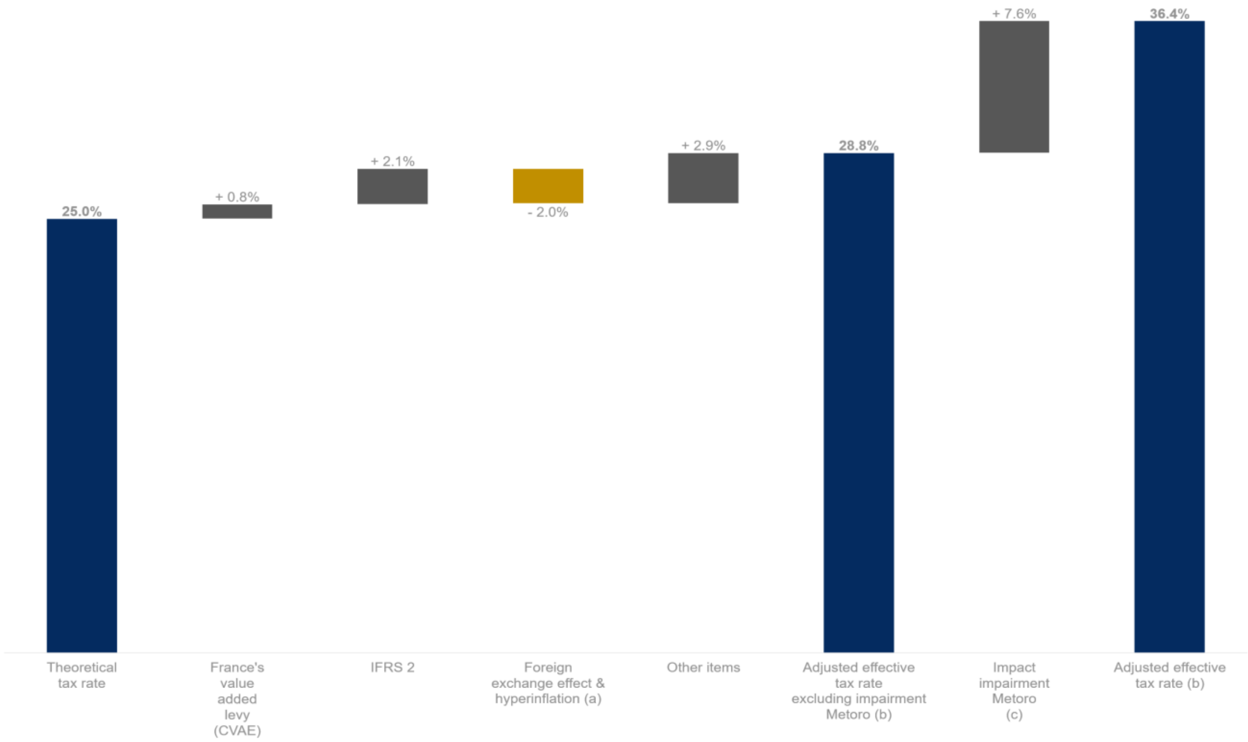
Income tax

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 recognised. Other fiscal charges are excluded, such as local taxes recognised in "taxes, duties and similar payments" 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 it operates, of the extent of non-deductible expenses and of the impact of thin capitalization mechanisms.

The tax expense amounted to €(32.6) million in 2022 (of which €(22.6) million in current tax and €(10.0) million in deferred tax), compared with €(13.3) million in 2021 (of which €(14.6) million of current tax and €1.4 million of deferred tax). After adjustment for the tax effect of the change in fair value of energy derivative financial instruments (€5.1 million), the adjusted tax expense amounted to €(27.5) million for financial year 2022, representing an adjusted effective tax rate of 36.4% compared with 24.8% for financial year 2021.

In 2022, the difference between the theoretical tax rate of 25.0% and the adjusted effective tax rate of 36.4% (+11.4 points) breaks down as follows:

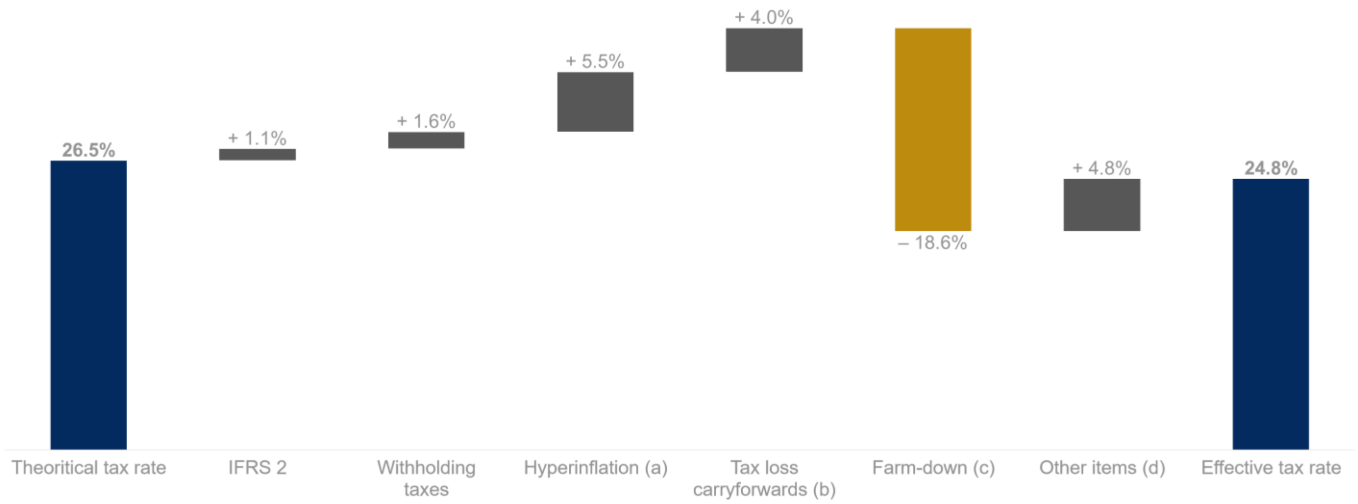


a) Impact of current local tax rules relative to the impacts of currency effects, inflation (Mexico) and hyperinflation (Argentina).

b) The adjusted effective tax rate is calculated after restatement of the tax effect related to the change in fair value of energy derivative financial instruments presented in paragraph 1.1.3 of this document.

c) Impact related to the non-recognition of deferred taxes on the impairment of the Metoro power plant in Mozambique, as well as the impairment of the existing deferred tax asset position.

In 2021, the difference of –1.7 percentage points between the theoretical tax rate of 26.5% and the effective tax rate of 24.8% broke down as follows:



a) *Impact of the hyperinflationary tax rules in force in Argentina.*

b) *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.*

c) *Impact of farm-down transactions carried out in France, which are mainly subject to the long-term capital gains regime.*

d) *Permanent differences not individually material.*

Adjusted net income of the consolidated group

Details of the calculation of the adjusted net income for the consolidated group are provided in paragraph 1.1.3 of this document.

As a result of the aforementioned changes, the adjusted net result of the consolidated group increased by **+€7.8 million**, from €40.2 million in 2021 to €48.0 million in 2022.

Net income of the consolidated group

In light of the above-mentioned changes, as well as the change in fair value of energy derivative financial instruments (€2.8 million) and the related tax effect ((€5.1) million), net income for the consolidated group rose by **+€5.4 million**, from €40.2 million in 2021 to €45.7 million in 2022.

- **Net income attributable to the Group**

  Net income attributable to the Group increased by **+€4.2 million** to €45.2 million in 2022 from €41.0 million 2021. This change was mainly due to the increase in net income mentioned above.

- **Net income attributable to non-controlling interests**

  Net income attributable to non-controlling interests amounted to €0.5 million in 2022 compared with €(0.8) million in the previous year. This represents other shareholders' share in the income generated by companies in which Neoen is not the only shareholder, mainly in Australia, Mozambique, Jamaica, Zambia and Finland.

1.4.2.4 SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In million of euros)	31.12.2022	31.12.2021	Change	Change (in %)
Non-current assets	**5,362.9**	**4,147.0**	**+ 1,215.9**	**+ 29%**
Of which: property, plant and equipment	4,566.9	3,677.6	+ 889.4	+ 24%
Of which: Interest rate derivative financial instruments[a]	271.7	30.4	+ 241.3	x9
Of which: energy derivative financial instruments[b]	41.3	-	+ 41.3	N/A
Current assets	**883.9**	**798.2**	**+ 85.7**	**+ 11%**
Of which: cash and cash equivalents	622.8	592.6	+ 30.3	+ 5%
Assets held for sale[c]	**26.8**	-	**+ 26.8**	**N/A**
Total assets	**6,273.5**	**4,945.1**	**+ 1,328.4**	**+ 27%**
Equity[d]	**1,914.3**	**1,373.9**	**+ 540.4**	**+ 39%**
Liabilities[a]	**3,509.3**	**2,953.4**	**+ 555.9**	**+ 19%**
Of which: senior financing of projects	2,717.6	2,199.6	+ 518.1	+ 24%
Of which: bond financing of projects	77.4	117.5	– 40.2	– 34%
Of which: corporate financing	409.7	338.8	+ 70.8	+ 21%
Of which: lease liabilities	264.4	219.7	+ 44.7	+ 20%
Liabilities associated with assets held for sale[c]	**28.2**	**-**	**+ 28.2**	**N/A**
Total equity and liabilities	**6,273.5**	**4,945.1**	**+ 1,328.4**	**+ 27%**

a) *Interest rate derivatives and financial debt are discussed in paragraph 1.5.4 of this document.*
b) *As of December 31, 2022, energy derivative financial assets amounted to €46.1 million, of which €41.3 million were non-current and €4.8 million current. They are detailed in section 2.1 - note 20.3 " derivative financial instruments".*
c) *At December 31, 2022, the assets and liabilities held for sale correspond solely to those of the Cabrela solar power plant in Portugal, which was formally sold as part of its farm-down activity on February 22, 2023, (see section 2.1 - note 3.4 " assets and liabilities held for sale ").*
d) *Movements on the Group's equity during the financial years 2021 and 2022 are detailed in the consolidated statement of changes in equity and the associated financial statement note (see paragraph 2.1.4 of this document and section 2.1 - note 18 "shareholders' equity and details of dilutive instruments").*

Property, plant and equipment increased by +24% in 2022, due to the increase in the number of power plants in operation and under construction (see section 2.1 - note 12.3 "Property, plant and equipment" and paragraph 1.4.1.1 of this present document). The Group's investments are detailed in paragraph 1.5.8.2 of this document.

The increase in the Group's cash position over the year (**+€30.3 million**) is mainly due to cash and cash equivalents:

- located in the project companies and associated holding companies for €376.0 million, with a change in 2022 of **+ €63.0 million** compared with 2021, that results from the following:
  - for assets under construction, from drawings on senior debt and equity contributions to finance the construction of power plants; and,
  - for assets in operation and finance companies, 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.
- held by Neoen S.A. for €246.9 million, with a change in 2022 of **– €32.7 million** compared with 2021, that is mainly due to:
  - the issue of new green convertible bonds ("OCEANEs vertes 2022") maturing in 2027 for **+ €300.0 million** (see paragraph 1.4.1.7);
  - payment by project companies of development services for **+ €97.3 million**, notably in France and Finland;
  - dividends received and repayments of shareholder loans by project companies for **+ €46.8 million**.

These effects were more than offset by :

- investments in the form of equity and shareholder loans in new projects and assets under construction for – €390.3 million, particularly in Australia, France, Portugal, Sweden, Canada and Finland; and;
- the financing of development activities and structural costs for – €87.1 million.

As of 31 December 2022, the cash position of the operating assets includes an amount of €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA (see section 2.1 - notes 17 and 20.2 of the consolidated financial statements).

The increase in equity over the year (**+€540.4 million**) was mainly due to:

- the positive change in other comprehensive income (**+€263.1 million)**, mainly resulting from the changes in the fair value of interest rate swaps classified as cash flow hedging instruments, in a context of rising forward interest rates during the year (+€252.0 million net of tax);
- the conversion into shares of a large majority of the 2019 convertible bonds (**+€199.6 million)**. See paragraph 1.4.1.6 of this document ;
- the net income for the period (**+€45.7 million**);
- the impact of green convertible bonds issued in September 2022, corresponding to the equity component of this compound instrument within the meaning of IFRS (**+€35.6 million** net of deferred taxes);
- the payment of the first dividend in the history of the Group (**–€10.7 million**, of which –€2.1 million in cash and –€8.6 million in shares).

The Group's financial structure is solid, with 88% of its total financial debt at end of December 2022 backed by its electricity generation facilities which are for the most part financed by long-term project debt denominated in strong currencies (the euro, US dollar and Australian dollar). The Group's liabilities are detailed in paragraph 1.5.4 of this document.

1.5 FINANCING AND INVESTMENTS

1.5.1 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 long term non-recourse or limited recourse project financing, 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 (PPAs) and, to a lesser extent, under short-term contracts and in wholesale markets (for more details see paragraph 1.5.2 "debt project financing").

The Group structures its project debt in the currency of expected revenue flows.

In addition to the existing project financings, the Group provides equity to the project companies, which has so far been covered mainly by capital increases at the level of the Company, by corporate and mezzanine loans and, to a lesser extent, by the surplus cash flows generated by operating activities and from operating assets.

On April 9, 2021, Neoen had successfully completed a capital increase with preferential subscription rights for a total gross amount of €599.0 million. The proceeds of this capital increase were intended to finance the first investment cycle of the Group's development plan aimed at reaching 10 GW of capacity in operation or under construction by the end of 2025 (see paragraph 1.4.1 "key events of the period" and section 1.3 "outlook and trends" of this document).

With regard to corporate financing, and in line with its commitment to sustainable finance, the Group once again issued green convertible bonds on September 14, 2022, for a nominal amount of €300 million, maturing in 2027, in accordance with the Green Bond Framework (framework document) that governs its use. This transaction followed two previous convertible bond issues, in 2019 for a nominal amount of approximately €200 million (OCEANEs 2019) and in 2020 for a nominal amount of approximately €170 million (OCEANEs vertes 2020). On September 7, 2022, the Company decided to redeem early all of the remaining outstanding 2019 convertible bonds. On this occasion, the vast majority of the bondholders exercised their right to receive Neoen shares at the rate of 1.078 Neoen shares for 1 bond presented, resulting on October 28, 2022, in a capital increase of a total amount of approximately €199.6 million including the issue premium.

In addition, in March 2020, the Group set up a syndicated credit facility, which has since been amended several times, 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, whose financial conditions are indexed to Environmental, Social and Governance (ESG) indicators, and whose maturity was extended during 2021 to 2026. This syndicated loan, whose term loan component was increased to €175 million in 2022, remained undrawn at December 31, 2022.

These various corporate financing transactions have strengthened the Group's financial resources as part of the execution of its growth strategy. They have thus contributed to the continuation of its investment in the development of new projects and to the optimization of its balance sheet, in accordance with the objective communicated at the Capital Markets Day on March 11, 2021, and still in force, of a leverage ratio of more than 70% of the capital invested on an all-in basis including all of the Group's debt, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt.

To finance its working capital requirements and development, the Group essentially uses the surplus cash flows generated by its operations, the €75 million revolving credit facility maturing in 2026 described above, as well as 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.

1.5.2 DEBT PROJECT FINANCING

1.5.2.1 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 financing 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.

1.5.2.2 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 favourable 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.

1.5.2.3 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 merchant risk is not consistent with the use of dedicated non-recourse financing, are exclusively financed by equity provided by the Company.

The applicable lenders depend on each applicable market:

- in developed markets, the Group has established solid relationships with a range of "partner banks" such as KfW Ipex, Société Générale, BPCE, BNP Paribas, Banque Postale, Clean Energy Finance Corporation, HSBC, NORD/LB or Bpifrance, but retains the option of selecting other lenders, notably Australian and Japanese lenders, for its assets in Australia, 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 several factors, including in particular those described above, 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.

1.5.3 INDICATORS MONITORED BY THE GROUP

The average remaining maturity of the financing for the Group's consolidated projects in operation as of December 31, 2022 and December 31, 2021 is as follows:

Weighted average remaining maturity of financing (in years)	**Solar power**	**Wind power**	**Total**
AUD	12.7	18.2[7]	16.3
EUR	15.5	17.4	16.8
USD	13.6	N/A	13.6
TOTAL 31.12.2022	**13.4**	**17.7**	**15.9**
TOTAL 31.12.2021	**14.2**	**16.9**	**15.8**

The increase between December 31, 2021 and December 31, 2022 in the wind power segment reflects the commissioning of the Mutkalampi power plant in Finland.

The weighted average ratio of project debt to investment expenditure for the project's development and construction, for all the Group's projects in operation as of December 31, 2022 and December 31, 2021 is as follows:

Ratio of project debt to investment expenditure	**Solar power**	**Wind power**	**Total**
AUD	64%	79%	73%
EUR	90%	70%	75%
USD	64%	N/A	64%
TOTAL 31.12.2022	**70%**	**73%**	**72%**
TOTAL 31.12.2021	**70%**	**77%**	**73%**

The decrease in the wind power segment between December 31, 2021 and December 31, 2022 is mainly due to the commissioning of the Mutkalampi power plant in Finland.

In addition, 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 72% at December 31, 2022.

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	5.0%	4.1%	4.4%
EUR	2.0%	2.5%	2.3%
USD	6.9%	N/A	6.9%
TOTAL 31.12.2022	**5.0%**	**3.1%**	**4.0%**
TOTAL 31.12.2021	**4.4%**	**2.9%**	**3.7%**

The increase between December 31, 2021 and December 31, 2022 is mainly due to a context of rising interest rates, which has affected the unhedged portion of project financing for assets in operation, and, for euro-denominated debt, the effect of the start-up of the Mutkalampi wind farm in Finland**.**

[7] The Australian assets Western Downs (solar - 460 MWp), Kaban (wind - 157 MW) and Goyder 1A (wind - 209 MW), which are currently under construction, were financed individually in the form of short-term project financing (mini-perm type) with a term of 5 years. They will be included in the weighted average remaining maturity of financing indicator as soon as they become operational.

In addition, as of December 31, 2022, the weighted average interest rate of the Group's various debts (project, mezzanine and corporate debt) was about 2.6% in euros, 4.3% in Australian dollars and 6.9% 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, 2022, (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, 2021, the weighted average interest rate for the Group's project, mezzanine and corporate debt was about 2.1% in euros, 4.0% in Australian dollars and 6.0% in US dollars.

The increase in the weighted average interest rate of the Group's euro-denominated debt between December 31, 2021 and December 31, 2022 is mainly due to (i) the drawdowns made for the financing of the Mutkalampi wind farm in Finland (ii) the issue in September 2022 of new green convertible bonds with an annual coupon of 2.875% (iii) a context of rising interest rates that affected the uncovered portion of project financing in euros.

The increase in the weighted average rate of the Group's debt in U.S. dollars and Australian dollars between December 31, 2021 and December 31, 2022 is mainly due to a rise in interest rates, which affected the unhedged portion of project financing denominated in these two currencies.

At December 31, 2022, the overall average interest rate for the Group is about 3.8%, compared with about 3.5% at December 31, 2021, due in particular to the global rise in interest rates, which affected the portion of project financing not covered (see section 2.1 - note 22.1 "interest rate risks").

The Group's financial debt terms and conditions and financing structure are detailed in section 2.1 – note 20 "financing and financial instruments".

1.5.4 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 million of euros)	31.12.2022	31.12.2021	Change	Change (in %)
Financial debt[(a)]	**3,509.3**	**2,953.4**	**+ 555.9**	**+ 19%**
Non-controlling investors and others[(b)]	(40.2)	(31.0)	– 9.1	– 29%
Adjusted financial debt	**3,469.1**	**2,922.4**	**+ 546.8**	**+ 19%**
Total cash and cash equivalents[(c)]	(622.8)	(592.6)	– 30.3	– 5%
Guarantee deposits[(d)]	(79.0)	(67.2)	– 11.8	– 18%
Interest rate derivative assets[(e)]	(302.7)	(30.4)	– 272.3	x10
Total net debt[(f)]	**2,464.6**	**2,232.2**	**+ 232.4**	**+ 10%**

a) Essentially comprising project financing, the debt component of the convertible bonds into new shares and/or exchangeable for existing shares issued ("OCEANEs"), and lease liabilities included in the calculation of net debt under IFRS 16 «leases» (note that adjusted EBITDA therefore excludes lease charges). Financial debts are detailed in section 2.1 - note 20.2 to the 2022 consolidated financial statements.

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

c) Changes in this item are described in paragraph 1.4.2.4 of this document.

d) Mainly comprising guarantee deposits in the framework of project financing, in the form of DSRAs (Debt Service Reserve Accounts), or for the purposes of project construction.

e) Interest rate derivatives with a positive market value. Interest rate derivatives with negative market values are included in total financial debt. The change compared to December 31, 2021 is explained by the increase in the fair value of interest rate derivatives, in a context of rising forward interest rates in 2022 (see section 2.1 note 20.2 of the 2022 consolidated financial statements).

f) As of December 31, 2022, the net debt calculation includes an amount of €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. Furthermore, due to the rise in forward interest rates in 2022, interest rate derivatives with a positive fair value have significantly increased to reach €302.7 million. Excluding these two one-off items, the net debt would have amounted to €2,857.6 million as of December 31, 2022. For further details, see section 2.1 - notes 17 and 20.2 of this document.

Analysis of liabilities by type

(In million of euros)	Non-current	Current	31.12.2022	Non-current	Current	31.12.2021	Change
Senior financing of projects	2,331.0	386.7	2,717.6	1,795.1	404.5	2,199.6	+ 518.1
Bond financing of projects	73.9	3.5	77.4	102.3	15.3	117.5	– 40.2
Lease liabilities	257.5	6.9	264.4	212.1	7.7	219.7	+ 44.7
Corporate financing	407.9	1.8	409.7	337.5	1.3	338.8	+ 70.8
Non-controlling investors and others	39.9	0.3	40.2	30.8	0.3	31.0	+ 9.1
Interest rate derivative liabilities	-	-	-	23.3	23.3	46.7	– 46.7
Total financial liabilities	**3,110.2**	**399.1**	**3,509.3**	**2,501.0**	**452.4**	**2,953.4**	**+ 555.9**

Senior project financing (+€518.1 million)

During the financial year 2022, new loans were issued in connection with the financing of Group projects for +€856.3 million, including in particular:

- in the Europe-Africa zone for **+€535.0 million** (including Mutkalampi in Finland for +€306.4 million, several wind and solar power plants in France for +€165.1 million and +€49.1 million respectively, and several solar power plants in Ireland for +€14.3 million);
- in Australia for **+€319.6 million** (including mainly Kaban for +€140.0 million, Western Downs for +€84.9 million, Victorian Big Battery for +€45.6 million, Goyder for +€33.1 million and Capital Battery for +€15.6 million).

In addition to this:

- **–€(307.8) million** in loan repayments;
- change in the scope of consolidation related to the farm-down of the Saint-Sauvant wind farm in France for **–€(30.7) million**;
- **–€(25.1) million** of project financing reclassified as liabilities associated with assets held for sale (corresponding to the Cabrela solar power plant in Portugal);
- impact of exchange rate fluctuations for **+€19.3 million**;
- change in amortised cost of borrowings for **+€7.0 million**.

As of December 31, 2022, senior project financings were reclassified as current financial debt for an amount of €226.6 million, compared with €252.4 million as of December 31, 2021 (see paragraph 1.4.1.10 and section 2.1 - notes 1.3 and 20.2).

Bond financing of projects (–€40.2 million)

Bond financing mainly comprises junior debt on project entities. The decrease of – €40,2 million in bond financing is mainly due to the refinancing of the mezzanine debt of Neoen Production 2. This resulted in the full repayment of the three historical tranches (euros, Australian dollars, US dollars) for **–€110.7 million**, and the issuance of new debt, exclusively in euros, for **+ €77.7 million** net of issuance costs.

Lease liabilities (+€44.7 million)

The increase of + €44.7 million compared with the previous year is mainly due to the entry into force of new leases or revaluations for **+€52.4 million**, and to reimbursements for **–€(5.8) million**.

Corporate financing (+€70.8 million)

As of December 31, 2022, corporate financing mainly corresponds to the green convertible bonds issued in June 2020 and September 2022. The increase of + €70.8 million over the period corresponds mainly to the issue of the 2022 green convertible bonds for **+ €249.8 million** (debt component, net of issue costs), offset by the conversion of the 2019 OCEANEs for **–€190.8 million** (plus **– 0.4 million** repaid in cash), as well as the amortisation of the issue premium relating to the convertible bonds and green convertible bonds for **+ €10.6 million.**

Non-controlling investors and others (+€9.1 million)

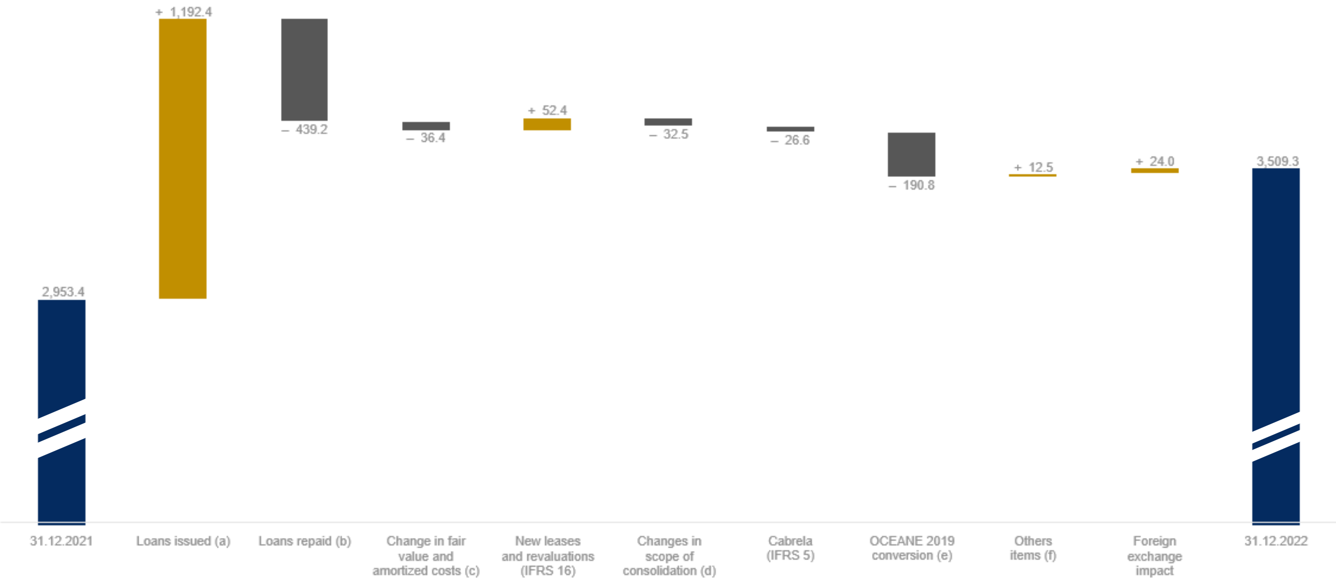
This item consists mainly of current account contributions from minority shareholders in the context of project financing.

Interest rate derivative liabilities (–€46.7 million)

On December 31, 2022, all interest rate derivatives had a positive value due to the significant increase in forward interest rates over the period in all geographical areas where the Group operates, and are therefore presented as assets.

Evolution of the Group’s liabilities

The evolution of the Group’s liabilities in the year 2022 may be summarized as follows (the amounts are expressed in millions of euros).



a) *Loans issued mainly correspond to senior financing for the Group’s new electricity production and storage assets in the form of senior debt (+€856.3 million), the issue of the 2022 green convertible bonds (+€249.8 million, corresponding to the debt component net of issue costs), and the debt raised in the context of the refinancing of Neoen Production 2 (+€77.7 million net of issuance costs). Please refer to the paragraph above entitled "Analysis of liabilities by type - senior project financing”.*

b) *They mainly include loan repayments made over the period in respect of senior assets financing for (–€307.8 million) and in the context of the refinancing of Neoen Production 2 for (–€110.7 million). Please refer to the paragraph above "Analysis of liabilities by type - senior project financing").*

c) *Including mainly –€48.2 million of decrease in the fair value of interest rate derivative liabilities due to the significant increase in forward interest rates over the year and +€11.9 million change in amortised cost.*

d) *Of which –€32.4 million related to the farm-down of the Saint-Sauvant wind farm in France.*

e) *See paragraph 1.4.1.6 "conversion of convertible bonds (OCEANE 2019)" of this document.*

f) *This item mainly includes the amortisation of issue premiums relating to the convertible bonds and the green convertible bonds (+€10.6 million).*

1.5.5 EVENTUAL RESTRICTIONS ON THE USE OF CAPITAL

The Company's financing contracts are subject to compliance with a number of commitments.

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 equity distribution or repayment of shareholder's loans. 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 service. 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, 2022, two of the Group's assets, one in Australia (already affected by an event of default at the end of 2021) and the other in Mexico, were non-compliant with their minimum debt service coverage ratio, mainly due to operational problems.

As a result, the Group has accelerated in its financial statements the related non-recourse project financings, which are presented as current financial debts, for amounts of AUD 128.7 million (€82.0 million) and US$124.1 million (or €116.3 million), respectively. At the same time, the Group has entered into negotiations with a view to resolving these events of defaults. In this respect, the company has obtained a waiver dated February 1, 2023 for the event of default affecting the Mexican asset. As for the Australian asset, negotiations are still in progress with the lending institutions at the date of publication of this document.

The other companies financed by project and mezzanine debt complied with their covenants on minimum debt service coverage ratios (DSCR) or minimum shareholders' equity.

Corporate Financing

The syndicated credit facility set up in March 2020, which has since been amended several times, contains specific restrictions, in particular making the distribution of dividends by the Company subject to the fact that it does not exceed a maximum level expressed as a percentage of the net income of Neoen S.A.

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 still the consequence, at the date of publication of the Group's financial statements 2022, of substantially restricting the possibility of buying dollars on the Argentine foreign exchange market for the purposes of :

- repayment of shareholder loans denominated in USD in favour of the Altiplano 200 power plant (amounting to US$101.2 million, including accrued interest for US$16.4 million, at December 31, 2022);
- 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.

1.5.6 SOURCES OF FINANCING FOR FUTURE INVESTMENT

The Group plans to continue financing the majority of its cash requirements for the construction of its future facilities through long-term, non-recourse project financing at the level of the project companies or the holding companies that own them.

These may be supplemented by other financing, outside the project companies, including corporate financing, in accordance with an objective, communicated at the Capital Markets Day on March 11, 2021, and still in force, of a 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.

The Group keep aiming to have more than 10 GW of capacity under construction and in operation by the end of 2025. The Group expects that the total capital expenditure for the projects included in this 10 GW target, which were not yet in operation in March 2021, will amount to approximately €6.2 billion over the period 2021-2025.

This investment plan announced by Neoen on the occasion of its Capital Markets Day 2021, combined with the commitments already taken on by the Group, implies the mobilisation of additional resources of an estimated amount of approximately €335.0 million over the next twelve months.

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 and the issue of additional corporate financing, the net cash flows generated by its activity, after repayment of the principal and interest on its loans, and the net income generated by its farm-down activity, as announced during the presentation of the progress of its 2021-2025 strategic plan, following the publication of its 2022 annual results, the Group will have to raise additional equity for an amount estimated at a maximum of €750 million by the end of 2025, period of achieving this 10 GW target, in addition to the €600 million already raised in the context of the capital increase carried out on April 9, 2021 (refer to paragraph 1.3.2.2 of this document).

This need has been estimated by taking into account, in particular, growth in installed capacity for solar, wind and electricity storage technologies, the investment costs per MW installed expected over the period 2023-2025, for each of these three 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.

Given the Group's flexibility in terms of the timetable for carrying out its projects, its available and usable resources are nevertheless sufficient to enable it to cover its non-deferrable spending commitments for the next twelve months.

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 predominantly develop-to-own strategy.

As of December 31, 2022, the Group disposed of a gross cash and cash equivalents of €622.8 million[8] and €288.0 million of unused corporate borrowing facilities.

[8] At December 31, 2022, cash and cash equivalents include €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA (Please refer to notes 17 and 20.2 of the consolidated financial statements).

1.5.7 CASH POSITION AND CASH FLOWS

(In million of euros)	FY 2022	FY 2021	Change
Net cash flows from operating activities	457.0	276.0	+ 181.0
Net cash flows from investing activities	(1,113.7)	(709.2)	– 404.4
Net cash flows from financing activities	681.3	643.5	+ 37.8
Impact of foreign exchange rate fluctuation	9.4	7.3	+ 2.1
Effect of reclassification of cash related to assets held for sale	(3.9)	-	– 3.9
Change in cash and cash equivalents	**30.2**	**217.6**	**– 187.4**

1.5.7.1 NET CASH FLOWS FROM OPERATING ACTIVITIES

(In million of euros)	FY 2022	FY 2021	Change
Consolidated net income	45.7	40.2	+ 5.4
Elimination of change in fair value of energy derivative financial instruments[a]	(2.8)	-	– 2.8
Other eliminations[b]	349.7	202.0	+ 147.7
Impact of changes in working capital[c]	81.6	44.3	+ 37.3
Taxes paid (received)[d]	(17.2)	(10.6)	– 6.6
Net cash flows from operating activities	**457.0**	**276.0**	**+ 181.0**

a) *In 2022, the elimination of the change in fair value of energy derivative financial instruments, with no impact on the Group's cash position, concerned power plants in Finland for €(42.9) million and in Australia for €45.7 million.*

b) *This cash flow mainly includes the elimination of amortisation and provisions (€176.9 million in 2022 compared with €117.5 million in 2021), capital gains and losses on disposals ((€12.5) million in 2022 compared with (€42.0) million in 2021), the cost of financial debt (€135.6 million in 2022 compared with €106.5 million in 2021) and deferred and current tax expenses (income) (€32.6 million in 2022 compared with €13.3 million in 2021). Please refer to the consolidated cash flow statement - section 2.1 and paragraph 2.1.5 of this document.*

c) *The changes in working capital requirement amounted to +€81.6 million, compared with +€44.3 million in 2021. This increase (+€37.3 million) is mainly due to the effect of :*

- *the increase in other liabilities (contribution to the change in working capital requirement of +€114.6 million in 2022 compared with +€1.4 million in 2021). In 2022, they include €90.3 million in cash and cash equivalents, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA.*
- *the increase in trade receivables (contribution to the change in working capital requirement of –€37.2 million in 2022, compared with +€4.4 million in 2021), due to a higher level of activity at the end of 2022, mainly in Finland and Australia.*
- *the increase in other receivables (contribution to the change in working capital requirement of –€2.2 million in 2022 versus +€25.3 million in 2021). The positive impact on working capital requirement observed in 2021 resulted mainly from the collection of VAT receivables, mainly in Finland and Argentina.*

In 2021, the impact of the change in working capital requirements resulted from receipts of contractual indemnities compensating for loss of revenues related to delays in the commissioning of certain power plants, and from the receipt of historical VAT receivables on power plants under construction.

d) *The change in taxes paid between the two periods (**–€6.6 million**) is mainly due to an increase in tax paid within the scope of the Neoen S.A., tax consolidation, associated mainly with the payment, in 2022, of advance payments based on the 2021 taxable income (see the consolidated cash flow statement - section 2.1 - paragraph 2.1.5 of this document and note 11 "taxes").*

The increase in net cash flow from operating activities (**+€181.0 million**) between 2021 and 2022, is mainly due to the increase in adjusted EBITDA (+€113.6 million), detailed in paragraph 1.4.2.2 of this document, and a greater contribution from the changes in working capital requirement as detailed above.

1.5.7.2 NET CASH FLOWS FROM INVESTING ACTIVITIES

(In million of euros)	FY 2022	FY 2021	Change
Acquisitions of subsidiaries net of treasury acquired[(a)]	(15.6)	(32.2)	+ 16.5
Sales of subsidiaries net of cash transferred[(b)]	26.2	72.1	– 45.9
Acquisition of intangible and tangible fixed assets[(c)]	(1,111.2)	(754.5)	– 356.7
Sale of intangible and tangible fixed assets	1.1	0.2	+ 0.9
Change in financial assets[(d)]	(15.4)	3.2	– 18.6
Dividends received	1.2	1.9	– 0.7
Net cash flows from investing activities	**(1,113.7)**	**(709.2)**	**– 404.4**

a) *In 2022, acquisitions of subsidiaries net of treasury acquired mainly concerned projects under development in Canada, Finland, and Ecuador (see paragraph 1.4.1.1 "continued portfolio growth" of this document). In 2021, this flow corresponded mainly to the acquisition of projects under development in Ireland, Finland, Sweden and France (please refer to the consolidated cash flow statement - section 2.1 - paragraph 2.1.5 of this document).*

b) *In 2022, sales of subsidiaries net of cash transferred correspond to the farm-down transaction of the Saint-Sauvant wind farm, and the receipt of a component of the sale price of a farm-down transaction concluded in 2021 (see paragraph 1.4.1.8 and section 2.1 - note 1.3 " events of the financial year "). In 2021, sales of subsidiaries net of cash transferred corresponded mainly to farm-down transactions of the Grabels (Hérault) and Lagarde (Vaucluse) solar power plants, the Lugos (Gironde) and Miremont (Haute-Garonne) solar power plants, and Le Berger (Meuse) and Les Beaux Monts (Yonne) wind farm projects.*

c) *These flows are detailed below and in paragraph 1.5.8.2 "main investments made" of this document.*

d) *The change over the period is mainly due to the net impact of the release and constitution of security deposits related to the construction and financing of production assets. In 2022, acquisitions amounted to €(17.2) million and disposals to €1.9 million. In 2021, acquisitions amounted to €(23.8) million and disposals to €27.0 million.*

In 2022, the **–€404.4 million** increase in investment activities compared to 2021, is mainly due to an increase in acquisitions of property, plant and equipment and intangible assets **(–€356.7 million**), which had experienced a temporary slowdown in 2021, as a direct result of the Group’s project completion timetable.

In addition, there is the net impact of the farm-down operations carried out in 2021 and 2022 **(–€45.9 million)**.

In 2022, investments in projects (acquisitions of property, plant and equipment and intangible assets net of changes in payables to suppliers of fixed assets) amounted to €1,111.2 million, and mainly concerned the projects and power plants at Bulgana (€12.5 million), Capital Battery (€35.7 million), Victorian Big Battery (€38.4 million), Kaban (€139.7 million), Western Downs (€147.3 million) and Goyder (€155.7 million) in Australia, Björkliden (€19.7 million) and Mutkalampi (€268.0 million) in Finland, Storen (€34.1 million) in Sweden, Torre Bela (€3.4 million) and Rio Maior (€27.9 million) in Portugal, Itzoteno (€15.1 million) in Mexico, as well as wind (€40.9 million), solar (€61.6 million) and storage projects (€5.0 million) in France, solar projects in Ireland (€18.6 million), as well as development costs (€23.4 million).

In 2021, investments in projects resulted in acquisitions of property, plant and equipment and intangible assets (net of changes in fixed asset supplier debts) amounted to €754.5 million, and were mainly related to the projects Bulgana (€52.3 million), Kaban (€62.5 million), Victorian Big Battery (€85.5 million) and Western Downs (€150.6 million) in Australia, Mutkalampi (€123.7 million) in Finland, Metoro (€17.3 million) in Mozambique, Altiplano 200 (€10.8 million) in Argentina, Itzoteno (€12.1 million) in Mexico, as well as solar (€73.8 million) and wind (€91.0 million) projects in France, and development costs (€38.5 million).

Investments made during the period are detailed in paragraph 1.5.8.2 of this document.

1.5.7.3 NET CASH FLOWS FROM FINANCING ACTIVITIES

(In million of euros)	FY 2022	FY 2021	Change
Share capital increase by the parent company[(a)]	48.1	592.1	– 544.0
Contribution of non-controlling interests to share capital increases (reductions)	(1.5)	(2.4)	+ 0.9
Transactions with non-controlling interests[(b)]	(6.0)	-	– 6.0
Net sale (acquisition) of treasury shares	(2.1)	(12.1)	+ 10.0
Issue of loans[(c)]	1,192.4	419.3	+ 773.1
Dividends paid[(d)]	(2.1)	(0.2)	– 1.9
Repayment of loans[(c)]	(439.2)	(272.0)	– 167.3
Interests paid	(108.3)	(81.3)	– 27.0
Net cash flows from financing activities	**681.3**	**643.5**	**+ 37.8**

a) *In 2022, this flow corresponds mainly to the equity component of the green convertible bonds issued in September 2022 (+€47.4 million - see paragraph 1.4.1.7 of this document and section 2.1 - note 1.3 of the consolidated financial statements). In 2021, this flow mainly corresponded to the capital increase carried out on April 9, 2021 for €591.2 million after taking into account the issue costs.*

b) *In 2022, transactions with non-controlling interests correspond to the residual amount paid in connection with the put option of 19.9% related to the Mutkalampi power plant (put option exercised in 2021).*

c) *Details of loan issues and repayments in 2022 are provided in paragraph 1.5.4 of this document. In 2021, loan issues corresponded mainly to the financing of the Group's new projects in the form of senior debt for +€413.0 million.*

d) *In 2022, this flow corresponds mainly to the dividend paid in cash by Neoen S.A. for the 2021 financial year (see section 2.1 – note 1.3 "events of the financial year" of this document).*

The increase in net cash flow from financing activities between 2021 and 2022 was mainly attributable to the increase in loan issues net of repayments, directly associated with the timing of the Group's projects under project financing, as well as the issue of 2022 green convertible bonds, an effect partly offset by the impact of the 2021 capital increase.

Investments in 2022 were financed, for a large part, by the issue of new loans by the project companies as well as by the issue of 2022 green convertible bonds 2022 by Neoen S.A., and to a lesser extent, from equity, resulting in particular from the capital increase carried out in 2021.

1.5.8 CAPITAL INVESTMENTS

1.5.8.1 INVESTMENT POLICY

The Group's investment expenditure is mostly on solar and wind farm projects and storage facilities, both under development and under construction, and consists of acquisitions of property, plant and equipment and intangible assets. 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 €20 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.

1.5.8.2 MAIN INVESTMENTS MADE

The table below details the consolidated investments made in 2022 and 2021:

(In million of euros)	FY 2022	FY 2021	Change	Change (in %)
Acquisitions of intangible and tangible fixed assets[(a)]	**1,111.2**	**754.5**	**+ 356.7**	**+ 47%**
Of which: Property, plant and equipment	44.5	38.5	+ 6.0	+ 15%
Of which: Intangible assets	1,066.7	715.9	+ 350.7	+ 49%
Financial investments[(b)]	**32.8**	**56.0**	**– 23.2**	**– 41%**
Of which: Acquisitions of financial assets[(c)]	17.2	23.8	– 6.6	– 28%
Of which: Acquisitions of subsidiaries net of treasury acquired[(d)]	15.6	32.2	– 16.5	– 51%

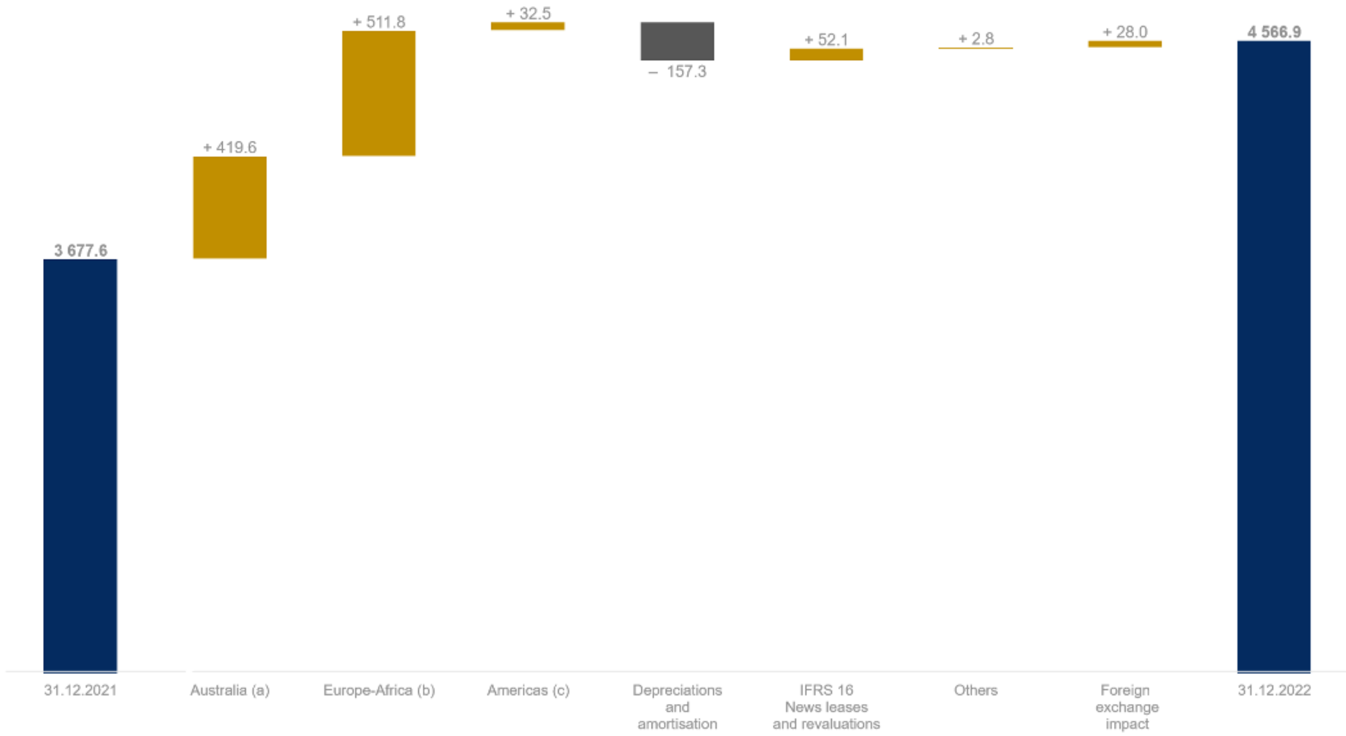
a) *The gross amounts of acquisitions presented above include any change in the applicable supplier payables thereby facilitating reconciliation of their amounts with the corresponding cash payments. The gross amounts of these changes, excluding payables to suppliers of fixed assets, for 2022 and 2021 are €1,008.6 million and €881.5 million respectively. For more details, please refer to paragraph 1.5.7.2.*

b) *Financial investments are analysed in paragraph 1.5.7.2 of this document.*

c) *The change in financial assets is mainly due to guarantee deposits related to the construction and financing of production assets. In 2022, acquisitions amounted to €(17.2) million and disposals to €1.9 million. In 2021, acquisitions amounted to €(23.8) million and disposals to €27.0 million.*

d) *Acquisitions of subsidiaries net of treasury acquired are detailed in paragraph 1.5.7.2 of this document.*

The change between December 31, 2021, and December 31, 2022 in the Group's property, plant and equipment may be broken down as follows (amounts are expressed in millions of euros):



a) *Acquisitions during the period correspond to power plants under construction or in pre-construction, mainly Kaban (€143.1 million), Western Downs (€127.6 million), Goyder (€110.2 million) and Capital Battery (€35.5) million.*

b) *Acquisitions during the period correspond to power plants under construction or in pre-construction, mainly Mutkalampi (€285.5 million) and Björkliden (€19.7 million) wind farms in Finland, wind and solar power plants in France (€31.1 million and €59.7 million respectively), two solar power plants in Portugal (€38.6 million), three solar power plants in Ireland (€21.8 million), and Storen in Sweden (€34.8 million).*

c) *Acquisitions during the period correspond to power plants under construction or in pre-construction, mainly the Itzoteno power plant (€15.8 million) in Mexico, and the Providencia and Capella storage facilities in El Salvador (€6.4 million).*

1.5.8.3 MAIN INVESTMENT IN PROGRESS

The Group's main investments in progress correspond to assets under construction at December 31, 2022. Property, plant and equipment in progress amounted to €1,066.2 million in financial year 2022, compared with €708.6 million in financial year 2021 (see section 2.1 - note 12 "goodwill, intangible assets and property, plant and equipment" and section 2.2 - note 14 " property, plant and equipment and intangible assets" of this document).

1.5.8.4 MAIN INVESTMENT 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.

In addition, since 2021, Neoen has been regularly but selectively disposing of all or most of some projects in its secured portfolio (farm-down), up to a limit of 20% of the gross annual growth of its secured portfolio. These farm-down operations enable the Group to strengthen its financial capacity and thus to contribute to the financing of the construction of new assets. Neoen plans, as far as possible, to maintain a minority holding in the projects concerned, 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 this context, the investments it plans to make in the future will mainly consist of adding new projects to its portfolio and continuing to advance existing projects until the facilities are commissioned or sold as part of its farm-down activity.

The latter concerns projects that have entered the awarded phase[9] (for a total volume of 782 MW as of December 31, 2022) but for which construction has not yet been launched. The Group also continues to develop its advanced development[9] and tender ready[9] project, with a volume of 11,938 MW as of December 31, 2022.

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

Dismantling provisions are dealt with in section 2.1 – note 19 "provisions" of this document.

1.6 LEGAL AND ARBITRATION PROCEEDINGS

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

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

HPR/AER

Hornsdale Power Reserve Pty Ltd ("HPR") has resolved in June 2022 the claim brought against it by the Australian Energy Regulator (AER) in the Federal Court of Australia. In resolving the litigation, HPR notably admitted to certain contraventions under the National Electricity Rules between July 23, 2019 and November 14, 2019 and paid a pecuniary penalty of AUD 900,000 and a contribution towards the AER's legal costs. HPR had recorded a provision in respect of this litigation in its consolidated financial statements as of December 31, 2021 in an amount corresponding to the amounts mentioned above, some of which it has recovered from the contractor to whom it has contracted to operate and maintain the electricity storage asset.

HWF1/SIEMENS

HWF1 Pty Ltd ("HWF1") has been granted amicable resolution of the arbitration claim made against Siemens Ltd in March 2022 following the judgment in the proceedings brought by the Australian Energy Regulator (AER) in the Federal Court of Australia against HWF1 in connection with the Black System Event on 28 September 2016 in South Australia.

Altiplano 200

In Argentina, the Group's EPC contractors on the Altiplano project, which began to produce electricity in the fall of 2021, filed a request for arbitration at the end of December 2021, which was notified to the Group in early 2022. This claim concerns both (i) the dispute over the Group's right to apply, as from 2020, in accordance with the contractual stipulations, the delay indemnities intended to compensate for the loss of revenue associated with a delay in the start-up of production of the solar power plant in relation to the contractual schedule (Liquidated Damages), and (ii) the construction overruns that they have allegedly incurred, for which they consider that the Group would be liable, which the Group disputes. The three-member arbitral tribunal was constituted in August 2022.

In view of the terms of the turnkey construction contract with these EPC contractors, the timetable and conditions for the completion of the construction site, the financial impact resulting from delays incurred in relation to the contractual timetable, and its assessment of its potential exposure in the context of this arbitration, carried out with the assistance of its external legal advisors, no significant provision for risk or impairment of receivables has been made by the Group in its financial statements for either 2021 or 2022.

[9] For a definition of the various stages of development of the Group's projects, the reader is invited to refer to chapter 3 "glossary" of this document.

1.7 OTHER INFORMATION

1.7.1 SUBSEQUENT EVENTS

Please refer to section 2.1 - note 26 “subsequent events” of this document.

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

1.7.2.1 ACTIVITIES

Neoen S.A., the Group’s parent company, is specialised in the development, financing and operation of facilities for the production of electricity from renewable energy sources as well as storage solutions.

1.7.2.2 COMMENTS ON THE ACTIVITY OF NEOEN S.A.

Key figures

(In millions of euros)	FY 2022	FY 2021	Change	Change (in %)
Revenue	85.8	79.2	+ 6.6	+ 8%
Operating result	**0.8**	**3.8**	– 3.0	– 79%
Operating margin	+ 1%	+ 5%		
Net financial result	46.8	38.1	+ 8.7	+ 23%
Current profit (loss) before tax	**47.6**	**41.9**	**+ 5.7**	**+ 14%**
Non-current profit (loss)	1.5	1.0	+ 0.5	+ 56%
Profit-sharing/ employee participation in the company’s result	(1.2)	(1.0)	– 0.1	– 14%
Income tax	(0.2)	(6.1)	+ 5.9	+ 96%
Net income	**47.7**	**35.8**	**+ 12.0**	**+ 33%**
Equity	1,615.7	1,369.8	+ 245.9	+ 18%
Financial debt	493.6	391.2	+ 102.4	+ 26%
Cash and cash equivalents	246.4	279.6	– 33.3	– 12%

Revenue

Revenues reached €85.8 million in 2022, (up **+€6.6 million** compared to 2021, or +8%). It consists mainly of development services (+€6.0 million) which have increased due to the growth in the portfolio of power plants under construction and in operation. These generally take place from the start of the construction of the underlying assets or its financial closing.

Operating result

It amounted to €0.8 million in 2022 compared to €3.8 million in 2021. This decrease (**–€3.0 million**) is mainly due to the increase in development costs on international projects, aimed at accelerating the growth of the project portfolio (–€9.1 million), which was partially offset by the increase in revenues (+€6.6 million).

Payroll costs fell by –12% and amounted to €(24.4) million compared to €(27.8) million in 2021, due to a less significant impact in 2022 of the free shares plans for certain employees (+€6.1 million including social security contributions). This saving was partially offset by the increase in payroll and related social security contributions of –€2.7 million, due to the +18% increase in the number of employees over the period.

The increase in other external expenses (–€4.7 million) was mainly due to the increase in external fees during the year (–€2.4 million).

Net financial result

In 2022, the financial result amounted to €46.8 million (**+€8.7 million**) compared to 2021. This improvement was mainly due to an (**+€11.2 million**) increase in interest income on shareholders loans linked to the continued growth of investments in new projects, an effect partially offset by financial interest expenses (following the issue of new convertible bonds "OCEANEs" in September 2022) and higher foreign exchange losses than in 2021 (–€4.3 million and –€1.5 million respectively).

This aggregate is detailed in section 2.2 - note 10.1 "net financial income (expenses)" of this document.

Non-current profit (loss)

It amounted to €1.5 million in 2022, slightly higher than in 2021 (**+€0.5 million**). It is mainly composed of proceeds from internal sales of subsidiaries carried out as part of the structuring of new project financing.

This aggregate is detailed in section 2.2 - note 11 "non-current profit (loss)" of this document.

Income tax

In 2022, the Company accounted an income tax of €(0.2) million compared to €(6.1) million in 2021. This change is mainly due to the recognition in 2022 of tax credits relating to the financing of the Group's solar power plants in Argentina through shareholder loans, which were subject to local withholding taxes, and the recognition, in 2021, of non-payable taxes related to costs incurred and transferred to issue premium as part of the capital increase.

This aggregate is detailed in section 2.2 - note 12 "taxation" of this document.

Net income

Net income thus amounted to €47.7 million in 2022 (**+€12.0 million** compared to 2021).

Financial position

The Company's equity amounted to €1,615.7 million at December 31, 2022, compared to €1,369.8 million at December 31, 2021. The increase of **+€245.9 million** is explained mainly through the conversion into share of convertible bonds ("OCEANEs") carried out on October 26, 2022 (see section 2.2 - note 2 "activity and key events"), and to a lesser extent by the net income for the year.

The +€102.4 million increase in financial debt (€493.6 million at December 31, 2022 compared to €391.2 million at December 31, 2021) is mainly explained by the issue of new green convertible bonds ("OCEANEs vertes") maturing in 2027, carried out on September 14, 2022 (refer to paragraph 1.4.1.7 of this document), and the conversion/redemption of the convertible bonds ("OCEANEs") maturing in 2024, carried out in October 2022 (see section 2.2 - note 2 "activity and key events").

Cash and cash equivalents stood at €246.4 million compared to €279.6 million a year earlier (–€33.3 million), after taking into account the proceeds from the issuance of new convertible bonds maturing in 2027 for a nominal amount of €300 million, mainly due to the sustained pace of investments made in equity as part of the development and construction of new power plants.

1.7.2.3 RESULTS OF THE LAST FIVE YEARS

Amounts	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
I. Financial position at the year-end (in millions of euros)					
a) Share capital[(a)]	229.3	214.1	171.1	170.2	169.9
b) Number of shares comprising the share capital[(a)]	114,669,498	107,056,685	85,550,712	85,088,748	84,957,498
Shares issued with a par value of €1	-	-	-	-	830,000
Shares issued with a par value of €2	7,612,813	21,505,973	461,964	131,250	30,560,428
c) Number of convertible bonds into shares[(b)]	9,791,917	11,081,909	10,308,754	6,629,101	-
II. Results from operations (in millions of euros)					
a) Revenue net of taxes	85.8	79.2	61.5	57.5	50.7
b) Profit before tax, depreciation, amortisation, impairment and provisions	50.6	43.9	29.1	24.1	14.5
c) Taxes on income	(0.2)	(6.1)	(0.8)	(2.2)	(3.1)
d) Profit after tax, depreciation, amortisation, impairment and provisions	47.7	35.8	26.6	21.1	9.4
e) Profit distributed[(c)]	10.7	-	-	-	-
III. Result per share from operations (in euros)					
a) Profit after tax but before depreciation, amortisation, impairment and provisions	0.4	0.4	0.3	0.2	0.1
b) Profit after tax, depreciation, amortisation, impairment and provisions	0.4	0.3	0.3	0.2	0.1
c) Dividend per share	0.1	-	-	-	-
IV. Personnel (in millions of euros)					
a) Number of employees	169.1	143.3	126.6	107.0	90.0
b) Gross payroll	13.3	11.3	10.3	9.5	7.9
c) Amounts paid for social security and other benefits[(d)]	11.1	16.5	20.0	7.5	4.2

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

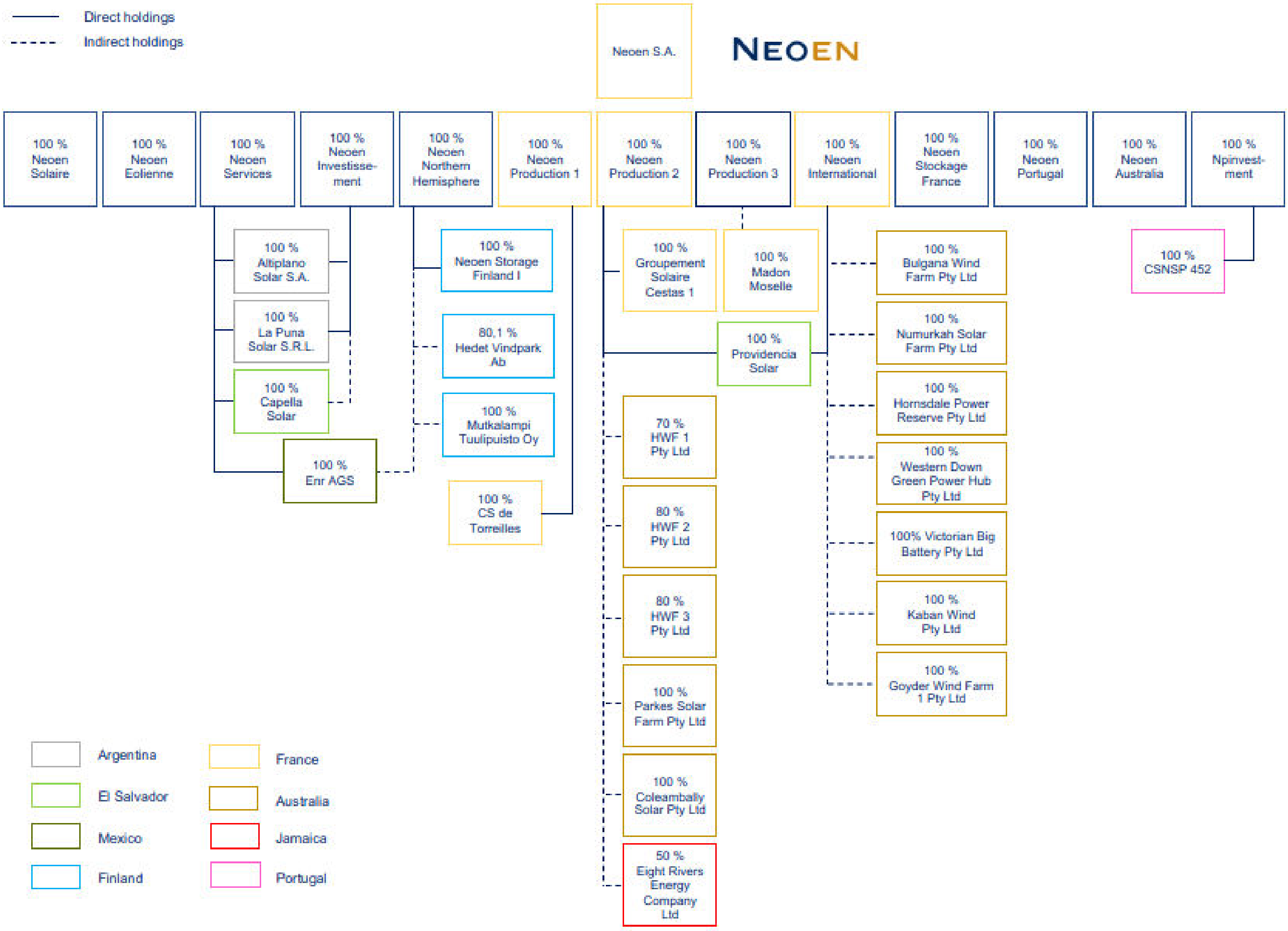
b) *In accordance with the terms and conditions of the convertible bonds (“OCEANEs”) issued by Neoen S.A. on October 7, 2019 ("OCEANEs 2019") and on June 2, 2020 ("OCEANEs vertes 2020"), by a decision dated April 7, 2021, the Chairman and Chief Executive Officer, acting on delegation of the Board of Directors, adjusted the rights of the beneficiaries of the convertible bonds (“OCEANE 2019”) and the green convertible bonds (“OCEANEs vertes”) (application of a coefficient of 1.075). In 2022, the company converted the convertible bonds (“OCEANEs 2019”) and issued new green convertible bonds (“OCEANEs vertes”) (see paragraphs 1.4.1.6 and 1.4.1.7 of this document).*

c) *The net income for 2021 of €35.8 million was partially distributed in dividends for €10.7 million.*

d) *The decrease in this item is mainly related to a lower volume of company shares acquired in 2022 with the aim of serving the free share allocation plan expiring in 2023.*

1.7.2.4 GROUP STRUCTURE

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



Neoen S.A., the parent company

Neoen S.A., the parent company in the form of a société anonyme governed by French law, was initially constituted and registered in Paris on September 29, 2008 under company number 508 320 017 and in the form of a société par actions simplifiée. The Company was listed on the Euronext Paris regulated market on October 17, 2018. It is controlled by its shareholder of reference on "shareholding structure". It also holds intermediate holding companies for each of its operating sectors (wind, solar and storage) and/or for certain geographical zones.

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

Significant subsidiaries

See section 2.1 – note 3.3 "changes in scope" on the Group's scope of consolidation.

Recent acquisitions and sales of subsidiaries

Acquisitions

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

Canada

In May 2022, the Group acquired the entire stake in the limited partnership Subra LP (including 100% of the shares of general partner Subra GP).

Ecuador

In June 2022, the Group acquired 100% of the shares of Cumandacobuendo SAS, which was subsequently merged with Ambi Solar SA.

Finland

In July 2022, the Group acquired 80.1% of the shares of PK Lumivaara Oy.

Farm-down

Since 2021, Neoen has been proceeding regularly but selectively with the total or majority sale of projects in its secured portfolio (farm-down), up to a limit of 20% of the gross annual growth of the secured portfolio.

In this context, on September 29, 2022, the Group sold 95% of the shares it held in the Company Centrale Eolienne Saint-Sauvant SAS.

Sales

During the year ended December 31, 2022, the Group also disposed of certain stakes for financial or strategic reasons (including under co-investment agreements entered into by Group companies):

- on January 3, 2022, the Group sold its entire 75% stake in the Jamaican company Blue Mahoe Energy Company to its co-shareholder Rekamniar Capital Limited;
- on July 6, 2022, the Group also sold 30% of the shares in Delta Stockage SAS to Arec Efficacité Energétique.

Liquidations

Finally, in order to simplify its legal and operational organisation, the Group has been led to dissolve and then write off the Argentine company Atria Solar S.A. and the Salvadoran company Nahualpa Solar S.A. at the end of 2022.

Investments and joint ventures

For a presentation of the Group's investments, see section 2.1 – note 3.3 "changes in scope".

For a presentation of the Group's joint venture investments, see section 2.1 – note 3.3 "changes in scope".

1.7.2.5 CUSTOMER AND SUPPLIER PAYMENT PERIODS

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

	0 day (indicative)	**1-30 days**	**31-60 days**	**61-90 days**	**91 days and more**	**Total** (1 day and more)
(A) Payment delay bands						
Number of applicable invoices	55	10	5	3	17	35
Total invoice amounts inclusive of VAT	11,537,261	963,304	87,862	183,815	421,526	1,656,507
Percentage of total purchases of the year inclusive of VAT	17%	1%	0%	0%	1%	2%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities						
Number of invoices excluded	0					
Total amount of invoices excluded	0					
(C) Payment period of reference (contractual or as provided for by article L441-6 or article L443-1 of the French code of commercial law)						
Payment period retained for the calculation of payment delays	30 days from the invoice date					

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

	0 day (indicative)	**1-30 days**	**31-60 days**	**61-90 days**	**91 days and more**	**Total** (1 day and more)
(A) Payment delay bands						
Number of applicable invoices	6	1	0	1	6	8
Total invoice amounts inclusive of VAT	2,968,384	98,149	-	16,198	12,147,756	12,262,103
Percentage of total revenue of the year inclusive of VAT	3%	0%	0%	0%	12%	12%
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities						
Number of invoices excluded	0					
Total amount of invoices excluded	0					
(C) Payment period of reference (contractual or as provided for by article L441-6 or article L443-1 of the French code of commercial law)						
Payment period retained for the calculation of payment delays	30 days from the invoice date					

Receivables due in more than 91 days (amounting to €12.1 million) correspond to the invoicing by Neoen S.A. of the balance of the Group agreement for the development of the Mont de Malan wind power plant, now in operation, and of which the settlement is expected in the first quarter of 2022.

1.7.2.6 PECUNIARY SANCTIONS

None.

1.7.2.7 EXPENDITURE ON LUXURIES

Lease charges for company cars not deductible for tax purposes amounted to €115,578.76 for 2022.

1.7.2.8 OVERHEAD EXPENSES DISALLOWED FOR TAX PURPOSES FOLLOWING INSPECTION

None.

2

FINANCIAL STATEMENTS

2 FINANCIAL STATEMENTS 50

2.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31ST, 2022

2.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros, except for earnings per share data)	Notes	FY 2022	FY 2021
Energy sales under contract		309.2	249.3
Energy sales in the market		171.5	74.7
Other revenues		22.5	9.6
Total Revenue	**5**	**503.2**	**333.6**
Purchases net of changes in inventories	6.1	(2.2)	2.5
External expenses and payroll costs	6.3 and 7.1	(135.3)	(86.0)
Duties, taxes and similar payments	8	(10.0)	(7.5)
Other current operating income and expenses	9	56.8	54.4
Share of net income of associates	14	0.5	0.3
Current operating amortisation	12.2 and 12.3	(151.0)	(107.6)
Current operating income		**262.1**	**189.6**
Other non-current operating income and expenses	10	(3.8)	(8.0)
Impairment of non-current assets	10	(27.3)	(10.4)
Operating income		**231.0**	**171.2**
Cost of debt		(135.6)	(106.5)
Other financial income and expenses		(17.1)	(11.2)
Net financial result	**20.1**	**(152.7)**	**(117.7)**
Profit before tax		**78.3**	**53.5**
Income tax	11	(32.6)	(13.3)
Net income from continuing operations		**45.7**	**40.2**
Consolidated net income		**45.7**	**40.2**
Group share of net income		*45.2*	*41.0*
Net income attributable to non-controlling interests		*0.5*	*(0.8)*
Basic earnings per share (in euros)		*0.41*	*0.39*
Diluted earnings per share (in euros)		*0.37*	*0.35*

2.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	FY 2022	FY 2021
Consolidated net income		**45.7**	**40.2**
Foreign exchange differences(1)		11.1	37.0
Cash flow hedging (interest rate derivatives)	20.3	348.7	100.6
Deferred tax for cash flow hedging		(96.7)	(26.9)
Others		-	0.5
Items recyclable through profit or loss		**263.1**	**111.2**
Total comprehensive income		**308.8**	**151.4**
of which: Net Income - Group share		*297.3*	*145.9*
of which: Net Income - attributable to non-controlling interests		*11.4*	*5.5*

1) *In 2022, the foreign exchange differences are mainly due to the favourable change in the exchange rate of the US dollar against the euro, amounting to €28.9 million, offset by unfavourable changes in the exchange rate of the Australian dollar against the euro, amounting to €(17.2) million. In 2021, the foreign exchange differences are mainly due to the favourable change in the exchange rate of the US dollar and the Australian dollar against the euro, amounting to €27.7 million and €8.8 million respectively.*

2.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euros	Notes	31.12.2022	31.12.2021
Goodwill	12.1	0.7	0.7
Intangible assets	12.2	290.5	269.3
Property, plant and equipment	12.3	4,566.9	3,677.6
Investments in associates and joint ventures	14	24.4	16.6
Non-current derivative financial instruments	20.3	312.9	30.4
Non-current financial assets	15	99.9	83.0
Other non-current assets[1]		10.7	11.1
Deferred tax assets	11.2	56.8	58.3
Total non-current assets		**5,362.9**	**4,147.0**
Inventories	6.2	10.6	8.7
Trade receivables	5.2	106.6	81.6
Other current assets	16	108.0	115.3
Current derivative financial instruments	20.3	35.9	-
Cash and cash equivalents	17	622.8	592.6
Total current assets		**883.9**	**798.2**
Assets held for sale	3.4	26.8	-
Total assets		**6,273.5**	**4,945.1**

In millions of euros	Notes	31.12.2022	31.12.2021
Share capital		229.3	214.1
Share premium		1,247.4	1,053.4
Reserves		375.1	59.2
Treasury shares		(3.2)	(3.1)
Group share of net income		45.2	41.0
Group share of equity	**18**	**1,893.7**	**1,364.7**
Non-controlling interests	18	20.5	9.2
Total equity	**18**	**1,914.3**	**1,373.9**
Non-current provisions	19	115.3	75.8
Non-current project finance	20.2	2,702.3	2,140.1
Non-current corporate finance	20.2	407.9	337.5
Non-current derivative financial instruments	20.3	32.2	23.3
Other non-current liabilities[2]		17.9	31.6
Deferred tax liabilities	11.2	194.0	85.7
Total non-current liabilities		**3,469.8**	**2,694.1**
Current provisions	19	1.0	0.3
Current project finance	20.2	397.3	427.7
Current corporate finance	20.2	1.8	1.3
Current derivative financial instruments	20.3	12.6	23.3
Trade payables	6.4	242.4	340.4
Other current liabilities	21	206.2	84.1
Total current liabilities		**861.2**	**877.1**
Liabilities associated with assets held for sale	3.4	28.2	-
Total equity and liabilities		**6,273.5**	**4,945.1**

1) Other non-current assets mainly correspond to discounts recognised in advance by the Group, in accordance with its contractual obligations, in connection with the execution of a long-term power purchase agreement in Australia. The liabilities associated with these contractual obligations are recognised in other non-current and current liabilities.

2) Other non-current liabilities correspond mainly to deferred payments, due in more than one year, related to the acquisition of assets under development in Europe.

2.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Share premium	Reserves and retained earnings	Treasury shares	**Group share of equity**	Non-controlling interests	**Total equity**
Total equity as of December 31st, 2020	**85,550,712**	**171.1**	**502.3**	**(36.5)**	**(0.1)**	**636.8**	**4.8**	**641.6**
Net income of the period		-	-	41.0	-	41.0	(0.8)	40.2
Other comprehensive income		-	-	104.9	-	104.9	6.2	111.2
Comprehensive income for the period	**-**	**-**	**-**	**145.9**	**-**	**145.9**	**5.5**	**151.4**
Share capital increase and reductions	21,505,973	43.0	551.2	0.0	-	594.1	(2.4)	591.7
Distribution of dividends		-	-	0.0	-	0.0	(0.2)	(0.2)
Share-based payments		-	-	8.5	-	8.5	-	8.5
Transactions with non-controlling interests		(0.0)	-	0.7	-	0.7	1.6	2.2
Change in treasury shares		-	-	(9.0)	(3.0)	(12.1)	-	(12.1)
Changes in consolidation scope and other changes		0.0	0.0	(9.4)	-	(9.3)	(0.0)	(9.3)
Total equity as of December 31st, 2021	**107,056,685**	**214.1**	**1,053.4**	**100.3**	**(3.1)**	**1,364.7**	**9.2**	**1,373.9**
Net income of the period		-	-	45.2	-	45.2	0.5	45.7
Other comprehensive income		-	-	252.1	-	252.1	11.0	263.1
Comprehensive income for the period	**-**	**-**	**-**	**297.3**	**-**	**297.3**	**11.4**	**308.8**
Share capital increase and reduction(1)	7,612,813	15.2	194.0	(0.3)	-	208.8	(1.5)	207.4
Distribution of dividends		-	-	(10.7)	-	(10.7)	-	(10.7)
Share-based payments		-	-	7.9	-	7.9	-	7.9
Transactions with non-controlling interests(2)		0.0	-	(1.3)	-	(1.3)	1.3	0.0
Change in treasury shares(3)		-	-	(1.9)	(0.1)	(2.1)	-	(2.1)
Changes in consolidation scope and other changes(4)		(0.0)	-	29.0	-	29.0	0.0	29.0
Total equity as of December 31st, 2022	**114,669,498**	**229.3**	**1,247.4**	**420.3**	**(3.2)**	**1,893.7**	**20.5**	**1,914.3**

1) See note 18.

2) In 2022, transactions with non-controlling interests correspond to additional acquisitions of equity interests in entities already controlled by the Group.

3) In 2022, Neoen S.A. bought 51,000 of its own shares for allocation under stock option or free share plans, and increased its number of treasury shares (+ 20,561) under a liquidity contract (entrusted to Kepler Chevreux and in accordance with the code of ethics recognised by the Autorité des marchés financiers (AMF)), for a total amount of €2.1 million.

4) In 2022, changes in consolidation scope and other changes correspond to the issuance of green convertible bonds ("OCEANEs vertes 2022"), of which €35.6 million were recognised as equity component, net of deferred taxes, in accordance with IFRS 9 - Financial Instruments, partially offset by the derecognition of the equity component of the convertible bonds ("OCEANEs 2019") upon their conversion, for €(6.5) million net of deferred taxes (see note 1.3).

2.1.5 CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Notes	FY 2022	FY 2021
Consolidated net income		**45.7**	**40.2**
Eliminations:			
of the share of net income of associates	14	(0.5)	(0.3)
of depreciation and provisions	10, 12 and 19	176.9	117.5
of change in fair value of energy derivative financial instruments	9	(2.8)	(0.0)
of gains and losses on sale[1]	9 and 10	(12.5)	(42.0)
of calculated income and expense related to share-based payments	7.3	3.8	3.2
of other income and expense without cash impact[2]		13.8	3.9
of the tax charge	11	32.6	13.3
of the cost of net borrowings	20.1	135.6	106.5
Impact of changes in working capital[3]		81.6	44.3
Taxes paid (received)		(17.2)	(10.6)
Net cash flows from operating activities		**457.0**	**276.0**
Acquisitions of subsidiaries net of treasury acquired[4]		(15.6)	(32.2)
Sales of subsidiaries net of cash transferred[5]		26.2	72.1
Acquisition of intangible and tangible fixed assets[6]		(1,111.2)	(754.5)
Sale of intangible and tangible fixed assets		1.1	0.2
Change in financial assets		(15.4)	3.2
Dividends received		1.2	1.9
Net cash flows from investing activities		**(1,113.7)**	**(709.2)**
Share capital increase by the parent company[7]	18	48.1	592.1
Contribution of non-controlling interests to share capital increases (reductions)	01.4	(1.5)	(2.4)
Transactions with non-controlling interests[8]		(6.0)	-
Net sale (acquisition) of treasury shares	01.4	(2.1)	(12.1)
Issue of loans	20.2	1,192.4	419.3
Dividends paid[9]		(2.1)	(0.2)
Repayment of loans	20.2	(439.2)	(272.0)
Interests paid		(108.3)	(81.3)
Net cash flows from financing activities		**681.3**	**643.5**
Impact of foreign exchange rate fluctuation		9.4	7.3
Effect of reclassification of cash related to assets held for sale	3.4	(3.9)	0.0
Change in cash and cash equivalents		**30.2**	**217.6**
Opening cash and cash equivalents	17	592.5	374.9
Closing cash and cash equivalents	17	622.7	592.5
Change in net cash and cash equivalents		**30.2**	**217.6**

1) *In 2022, gains and losses on sale correspond mainly to net proceeds from farm-down transactions for €16.4 million and to write-offs of capitalised development costs for €(4.0) million. In 2021, gains and losses on sale corresponded mainly to net proceeds from farm-down transactions for €50.0 million and to write-offs of capitalised development costs for €(8.1) million.*
2) *In 2022, other income and expense without cash impact mainly include financial expenses related to the refinancing of the mezzanine debt located within Neoen Production 2.*
3) *In 2022, the impact of the change in working capital requirements essentially includes (i) +€90.3 million in debts, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones, which the Group considers to be returned to EDF OA in accordance with the current regulation (see note 20.2), (ii) +€16.3 million in contractual indemnities recognised in the event of a delay in the construction of the power plants, or in the context of non-compliance with obligations relating to purchase*

contracts, and (iii) +€8.8 million in trade payables, offset by an increase in trade receivables for €(37.2) million corresponding mainly to the year's commissioning.

In 2021, the impact of the change in working capital requirements resulted from the recognition of cash inflow related to contractual indemnities to compensate for lost revenues due to delays in the commissioning of certain power plants, and to historical VAT receivables in relation to assets under construction.

4) *In 2022, acquisitions of subsidiaries net of treasury acquired relate mainly to projects under development in Canada, Ecuador and Finland. In 2021, acquisitions related to projects under development in Ireland, Finland, Sweden and France.*

5) *In 2022, sales of subsidiaries net of cash transferred correspond to the farm-down transaction of the Saint-Sauvant wind farm for €14.9 million, and the receipt of a component of the sale price of a farm-down transaction concluded in 2021 for €11.3 million. In 2021, sales of subsidiaries net of cash transferred corresponded mainly to farm-down transactions of the Grabels (Hérault) and Lagarde (Vaucluse) solar power plants, the Lugos (Gironde) and Miremont (Haute-Garonne) solar power plants, and Le Berger (Meuse) and Les Beaux Monts (Yonne) wind farm projects.*

6) *Acquisitions during the year include investments in intangible assets for €(44.5) million (see note 12.2) and property, plant and equipment for €(964.2) million (see note 12.3) and include the change in payables to suppliers of fixed assets for €(102.5) million.*

7) *In 2022, the capital increase corresponds mainly to the equity component of the green convertible bonds issued in September 2022 (see note 1.3), for €47.4 million. In 2021, this amount mainly corresponded to the capital increase carried out on April 9, 2021 for €591.2 million after taking into account the issue costs.*

8) *In 2022, transactions with non-controlling interests correspond to the residual amount paid in connection with the put option of 19.9% related to the Mutkalampi power plant (put option exercised in 2021).*

9) *In 2022, Neoen S.A. made the first dividend payment in its history, of which €(2.1) million in cash (see note 1.3).*

2.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

NOTE 1.1 GENERAL INFORMATION

Neoen is a public limited company incorporated and domiciled in France and listed on Compartment A of Euronext, whose registered office is located at 22 rue Bayard, 75008 Paris as of February 21, 2022. Neoen's consolidated financial statements include the Company and those subsidiaries over which it has control, as well as interests in associates and joint ventures (together referred to as "the Group").

The Neoen Group develops and operates power plants to generate electricity from renewable energies (solar, wind), as well as energy storage facilities.

With more than 6.6 GW of projects in operation and under construction (including 228 MW under management) and 0.8 GW of projects awarded[10] at December 31, 2022 (secured portfolio[10] of nearly 7.4 GW), Neoen is the leading independent producer of exclusively renewable energies in France.

The Group also has an advanced development pipeline of 11.9 GW (advanced[10] pipeline) and more than 5.0 GW of early-stage[10] projects.

The Group operates in the geographic regions of Australia, Europe-Africa, and the Americas.

The consolidated financial statements of the Group as of December 31, 2022 were authorized for issue by the Board of Directors on February 28, 2023. They will be submitted to the shareholders for approval on May 10, 2023.

NOTE 1.2 STATEMENT OF COMPLIANCE AND ACCOUNTING STANDARDS

Declaration of compliance

The consolidated financial statements of the Group as December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union at that date.

All the texts adopted by the European Union are available on the European Commission's website at the following address: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1126-20220101

Evolution of the accounting standards

In preparing its financial statements for the year ended December 31, 2022, the Group has applied the same accounting standards, interpretations and methods as in its financial statements for the year ended December 31, 2021, with the exception of the texts that came into force on January 1st, 2022, mentioned in the paragraph below.

New mandatory texts as of January 1, 2022

- Amendments to IAS 16: Property, Plant and Equipment - Proceeds Before Intended Use;
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract;
- Amendments to IFRS 3: Updating the Reference to the Conceptual Framework;
- IFRS standards annual improvements (2018 - 2020 cycle).

The financial statements have not been impacted by the application of these amendments and improvements.

Final Interpretations of the Interpretation Committee for the financial year 2022

- IFRIC agenda decision on the presentation rules for demand deposits restricted by a contract with a third party (IAS 7) – April 2022.

The financial statements have not been impacted by the application of this interpretation.

[10] For a definition of the various stages of development of the Group's projects, the reader is invited to refer to chapter 3 "glossary" of this present document.

New texts as of January 1st, 2022, with non-mandatory application

- Amendments to IAS 1: Presentation of financial statements and Practice Statement 2 - Disclosure of Accounting Policies, mandatory application on January 1st, 2023;
- Amendments to IAS 8: Definition of accounting estimates and change in method, mandatory application on January 1st, 2023;
- Amendment to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction, mandatory from January 1, 2023.
- Amendment to IAS 1: Classification of liabilities as current or non-current, mandatory from January 1, 2024 (subject to adoption by the European Union).
- Amendment to IFRS 16 - Lease liability under sale and leaseback transactions, mandatory from January 1, 2024 (subject to adoption by the European Union).

These new texts have not been applied prospectively by the Group or are not applicable.

NOTE 1.3 EVENTS OF THE FINANCIAL YEAR

Free share plan

On March 14, 2022, the Board of Directors decided to grant 164,046 free Neoen S.A. shares to certain Group employees. The granting of shares will only be final after a vesting period of three years, provided that the beneficiaries are still present in the Group and that the performance conditions set by the Board of Directors in the plan rules, and relating in particular to the achievement of financial and development objectives, are met.

In 2022, the Group recorded this transaction in accordance with IFRS 2 "share-based payment". This resulted an impact of €(0.3) million in personnel expenses.

Capital increase reserved for employees

On April 19, 2022, Neoen S.A. carried out a capital increase reserved for its employees and corporate officers in France. The latter offered each beneficiary the possibility of buying 118 new shares at the preferential subscription price of €22.30 per share (benefiting from a 30% discount compared with the average closing price of the share over the last twenty trading days preceding March 14, 2022, the date on which the Chairman and Chief Executive Officer, upon sub-delegation by the Board of Directors, set the price) and a matching contribution on the basis of one share offered for one share subscribed.

In 2022, the Group recorded this transaction in accordance with IFRS 2 "share-based payment". This resulted in an impact of €1.1 million in shareholders' equity and €(0.4) million in personnel expenses.

Payment of dividend in respect of 2021

At the General Shareholders’ meeting of May 25, 2022, the shareholders approved the first distribution in the Group's history of a dividend of€0.10 per share with an option for payment of the dividend in new shares. Each shareholder could thus receive either 100% of the dividend in cash or 100% of the dividend in new ordinary shares.

At the end of the option exercise period (from June 3, 2022, to June 17, 2022, inclusive), nearly 80% of the rights had been exercised in favour of payment of the dividend in shares.

This transaction resulted in the creation of 252,486 new ordinary shares (representing approximately 0.2% of the share capital after the capital increase) and the payment of €2.1 million of dividend in cash.

Conversion of convertible bonds (“OCEANEs 2019”)

On October 28, 2022, Neoen S.A. proceeded with the early redemption of all the convertible bonds (“OCEANEs 2019”), issued on October 7, 2019 and maturing in October 2024, in accordance with their terms and conditions, for an amount of approximately €200 million.

Bondholders had the option to exercise their right to receive Neoen shares at a rate of 1.078 shares for 1 bond presented until October 19, 2022. The number of bonds presented for conversion was 6,614,676 (i.e., 99.78% of all the bonds issued), for a total nominal amount of €199,564,774.92. Neoen issued a total of 7,130,619 new shares.

In accordance with IAS 32 "Financial Instruments: Presentation", this transaction resulted in the derecognition of the amortised cost of the debt component for €191.3 million, with a corresponding entry in Group equity for €190.8 million and an impact in cash for €0.4 million (corresponding to the 14,425 bonds not presented for conversion and which were repaid in cash on October 28, 2022).

Issuance of green convertible bonds (“OCEANEs vertes 2022”)

On September 14, 2022, Neoen S.A. issued green bonds with an option to convert and/or exchange for new or existing shares for a nominal amount of €300 million.

These bonds were issued with a denomination of €100,000 each and bear interest at an annual rate of 2.875% payable semi-annually in arrears on March 14 and September 14 of each year, and for the first time on March 14, 2023.

The conversion/exchange price has been set at €51.4999, corresponding to a premium of 35% over the reference price of the Company's shares. Unless converted, exchanged, repaid, or repurchased for cancellation, the bonds will be redeemed at par on September 14, 2027.

In accordance with the principles set out in IAS 32 "Financial Instruments: Presentation", this issue has been treated as a compound instrument, the debt component (i.e., the bonds without the conversion option) amounting to approximately €249.9 million net of issue costs, and the equity component (i.e., the conversion option) amounting to approximately €47.4 million net of issue costs (see notes 18 and 20.2). The effective interest rate of the debt component is 7.00%.

Sale of the Saint-Sauvant wind farm

On September 29, the Group sold 95% of its shares in the Saint-Sauvant wind farm, based on an enterprise value of €65.5 million, to Sergies, its long-standing partner in the development of the project, a local player and an integrated energy company. With a capacity of 20.6 MW and located in the Vienne department, this plant was commissioned in the first half of 2022. Neoen retains a minority stake, the supervision of the plant for the next two years, a local presence through a community management contract and a buyback option to take control of the project company in 30 years.

This transaction, carried out in the context of the farm-down activity, generated a net income of €16.4 million, which was recognised in other current operating income and expenses (see note 9).

Situation of the Metoro solar power plant in Mozambique

Following a sudden and significant deterioration in the security situation near the site of the Metoro solar power plant under construction in Mozambique at the end of the first half of 2022, all the teams mobilised locally were evacuated, the Mozambican armed forces were deployed around the site to ensure its protection, and construction work was halted for an indefinite period. Since then, the security situation has not significantly improved, making any prospect of restarting the project hypothetical.

Given the high degree of uncertainty surrounding the future of the project, the Group has recorded an impairment loss of €(19.9) million in its financial statements at December 31, 2022 (see note 10 “non-current operating items”).

Non-compliance with covenants for certain project finance facilities

At December 31, 2022, one of the Group's assets in Australia remained non-compliant with its minimum debt service coverage ratio, due to operational problems, as was already the case at December 31, 2021. As a result, the Group has maintained the classification in its financial statements of the related non-recourse project financing, which is presented as current financial debt, for an amount of AUD 128.7 million (€82.0 million) at December 31, 2022. At the same time, the Group is still in the process of negotiating a resolution of this case of default with the lending institutions, which continued to provide financing for this asset during the year.

In addition to the absence of an agreement for the Provisional Acceptance (PA) of the Mexican El Llano power plant, resulting in the maintenance of certain documentary non-compliances under the financing agreements, the operational difficulties encountered by the power plant in 2022 have led to a situation of non-compliance with the minimum debt service coverage ratio of the non-recourse project financing. The non-current portion of the related financial debt thus continues to be presented in current liabilities (for US$124.1 million, or €116.3 million) in the Group's financial statements at December 31, 2022. The Group is actively working to resolve the operational difficulties with the EPC contractor, which is a prerequisite for the declaration of provisional technical acceptance and for ending the current financial default situation. The lending institutions continue to support the project. In this respect, the company has obtained a waiver dated February 1, 2023.

The other companies financed by project and mezzanine debt, as well as Neoen S.A., with respect to its syndicated loan, complied with their covenants on minimum debt service coverage ratios (DSCR) or minimum equity.

Finally, the situation of the Metoro power plant constitutes a technical default in the meaning of the financing documentation. The financial debt relating to this power plant is presented in current liabilities (US$30.1 million, or €28.2 million) in the Group's financial statements at December 31, 2022.

A total of €226.6 million of debt has thus been transferred from non-current to current in the 2022 consolidated financial statements.

Russia and Ukraine conflict

Neoen has no activities and no assets in Russia and Ukraine.

Thus, to date, the ongoing conflict in Ukraine has no significant direct impact on the Group or on the continuity of its business. However, given the lack of visibility on the continuation of this conflict, Neoen considers that its activities could be affected, in the future, by the potential impacts of this conflict on the world economy; particularly, in terms of the price of electricity, the price of raw materials used in the composition of the components necessary for the construction of renewable electricity production facilities, or the functioning of supply chains.

NOTE 1.4 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.

The main items significantly impacted by estimates and assumptions at December 31, 2022, were the following:

- determining the recoverable amount of goodwill, intangible assets and property plant and equipment (notes 12.1 "goodwill", 12.2 "intangible assets" and 12.3 "property, plant and equipment");
- useful lives of production assets (note 12.3 "property, plant and equipment");
- 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 "taxes");
- 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 "property, plant and equipment");
- capitalisation of development costs (note 12.2 "intangible assets");
- assessing dismantling provisions (note 19 "provisions");
- measurement of the fair value of energy derivative financial instruments (note 20.4 "fair value of financial assets and liabilities");
- the determination of the fair value of free shares and stock options (Note 7.1 "payroll costs").

NOTE 1.5 INTEGRATION OF CLIMATE ISSUES IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

Neoen sees the growing interest about climate issues as an opportunity, as it promotes the emergence of national and international policies in favor of renewable energies. Indeed, Neoen's business actively contribute to the reduction of greenhouse gas emissions, which is often a priority policy objective announced by governments and international institutions. The development, construction, ownership and operation of solar and wind farms and storage facilities throughout the world contribute to the acceleration of the energy transition. Neoen therefore pays priority attention to local and global climate issues in its strategy and financial decisions.

Neoen has thus identified, in its financial statements closing process, the main risks associated with these climate issues in order to assess their potential impact on the financial statements, in particular by:

- reviewing the useful life of certain assets that could be particularly exposed to climate issues;
- including in the asset impairment tests the expected impacts on future cash flows, particularly with regard to maintenance requirements and insurance cover;
- assessing risks to determine the amount of provisions that may be required.

The main risks identified result from both the possible materialization of a physical risk and a transition risk related to regulatory changes. The physical risk relates to the occurrence of extreme weather events, the intensity of which is likely to increase, and which could have an adverse impact on the Group's facilities and operations.

In this respect, although the risk associated with the occurrence of extreme weather events is moderate, the Group did not see any material impact in its financial statements for the year ended December 31, 2022, as it benefited from:

- the geographic and technological diversification of its project portfolio, as all projects built were subject to a climate risk analysis during their development phase that ruled out the most exposed sites;
- the construction of assets in line with robust (seismic, wind, flood, etc.) standards;
- real-time monitoring of climate conditions in the areas in which the Group’s assets operate, enabling electricity production forecasts to be made based on statistical studies of local weather conditions;
- insurance cover for its assets, in which weather issues play a fundamental role. The insurance includes cover for physical assets (property damage), the expected income from assets (business interruption) or debt and fixed operating costs, as appropriate, as well as additional O&M costs incurred during the repair of a damage. This tailor-made cover protects the Group and its assets as much as possible against uncertainty due to extreme weather events.

Neoen is also exposed to the regulatory challenges of its sector (nature and scope of the support measures for renewable energies aimed at speeding up the energy transition, constraints on the use of low-carbon materials and equipment, and specific recycling and dismantling obligations). The Group has exercised judgment in assessing the impact of these regulatory risks on the consolidated financial statements for the year. Known or foreseeable regulatory changes in the short term, and in particular the Price Cap schemes introduced by various European countries, which are intended to limit the ability of renewable energy producers to benefit from the currently high market prices for electricity for the uncontracted portion of their production, are included in the forecast cash flows. Known or foreseeable regulatory changes in the medium term are taken into account through sensitivity tests. Given the need to continue decarbonizing electricity production in the various countries where the Group operates, it believes that regulatory changes are unlikely to have a significant impact on the life of its assets.

The consideration of climate change issues therefore had no material impact in 2022 on the judgements made and the main estimates used in the preparation of the financial statements.

NOTE 2. 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.

The functional currency of Neoen S.A. and its subsidiaries located in the euro zone is the euro. For the other entities of the Group, the functional currency is the local currency with the exception of certain assets and development companies, whose functional currency is the US dollar in terms of the functional currency determination factors. This specifically concerns the Group's assets and development companies in Mexico, Argentina, Jamaica, Mozambique and Zambia.

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 financial year;
- 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: these average rates are approximate values of the rates on the transaction date in the absence of significant fluctuation. 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.

NOTE 3. GROUP COMPOSITION

NOTE 3.1 ACCOUNTING PRINCIPLES

Consolidation methods

Subsidiaries that are controlled within the meaning of IFRS 10 "consolidated financial statements", are fully consolidated. The Group controls an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to influence those returns through its control of the entity. The Group mainly owns holding companies that in turn own, directly or indirectly, project companies that operate the power plants or storage facilities.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities and any non-controlling interests and other equity items relating to that subsidiary. The gain or loss, if any, resulting from the loss of control is recognised in net profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date control is lost.

All intercompany transactions, income and expenses, and balance sheet balances of subsidiaries are eliminated on consolidation.

In accordance with IFRS 11 "joint arrangements", a joint arrangement is a company over which the Group and one or more other parties exercise joint control by virtue of a contractual agreement. The Group has joint control over a joint arrangement when decisions about the relevant activities require the unanimous consent of the Group and the other parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets.

Associates are entities in which the Group has significant influence over financial and operating policies but does not have control or joint control.

The Group's interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes goodwill and transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees until the date that significant influence or joint control ceases.

The list of the main subsidiaries, joint ventures and associates is presented in note 3.2.

Business combinations

In accordance with the provisions of IFRS 3, "business combinations", business combinations are accounted for using the acquisition method when all the activities and assets acquired meet the definition of a business, control of which is transferred to the Group.

Under this method, the assets acquired, liabilities and contingent liabilities assumed are measured at fair value subject to exceptions. Goodwill is the difference between the fair value of the consideration transferred in the business combination increased, if applicable, by the fair value of the share previously held and the value of non-controlling interests, and the amount of identifiable assets, liabilities and contingent liabilities assumed at the acquisition date. It is provisionally determined on acquisition and reviewed within a period of 12 months from the acquisition date.

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 acquiree 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.

In accordance with IFRS 3, "business combinations" as amended:

- acquisition costs are recognised in other non-recurring operating income and expenses when they are incurred;
- conditional price adjustments are initially estimated at fair value and included, where applicable, in the consideration transferred. After the twelve-month measurement period, subsequent changes in the value of the related liabilities are recognised in the income statement.

Acquisition of assets outside the scope of IFRS 3

To determine whether a set of activities and assets constitutes a business, and thus whether there is a business combination and not the acquisition of a group of isolated assets, the Group assesses whether the elements of the acquired entity include at least one substantial input and one substantial process, which together contribute significantly to the generation of goods and services.

For project entities that do not yet produce an output, it is generally considered that there are no substantial acquired processes as there is no takeover of employees and no contracts relating to the operation of the underlying asset.

The Group decided to carry out a "concentration test" to assess whether a set of acquired activities and assets does not constitute a business. The test is conclusive if substantially all of the fair values of the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets. In the context of the acquisition of a project entity, the test meets these conditions.

To the extent that the acquired processes cannot be considered substantial and the concentration test is met, it is generally considered that the project entities in the development stage do not meet the definition of a business. Their acquisition is therefore accounted for as the acquisition of a group of isolated assets outside the scope of IFRS 3.

If the transaction is treated as a stand-alone asset acquisition, then the acquisition cost (including acquisition-related costs) must be allocated to the individual identifiable assets and liabilities based on their relative fair values at the acquisition date, *i.e., n*o goodwill or deferred tax is recognised. In this context, the Group has chosen to apply the following approach:

- measure assets and liabilities that were not initially measured at cost in accordance with the initial measurement provisions of the standards applicable to them;
- deduct the value of these assets and liabilities from the acquisition cost;
- then allocate the residual acquisition cost to the various assets and liabilities in proportion to their fair value.

Assets and liabilities held for sale

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations”, non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should meet the criteria for recognition as a completed sale within one year of classification.

When the Group is committed to a sale plan involving the loss of control of a subsidiary, it must classify all of the assets and liabilities of that subsidiary as held for sale when the above criteria are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

When the Group, particularly in the context of its farm-down activity, is committed to a sale plan involving the disposal of an investment, or part of an investment, in an associate, the investment or part of the investment in the associate to be disposed of is classified as held for sale when the above criteria are met. The Group then ceases to apply the equity method for this part which is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

NOTE 3.2 SUBSIDIARIES AND ENTITIES CONSOLIDATED USING THE EQUITY METHOD

As of December 31, 2022, the Group consisted of 362 consolidated companies ("full consolidation method") and 5 companies consolidated using the equity method.

As a reminder, at December 31, 2021, the Group consisted of 340 consolidated companies ("full consolidation method") and 4 companies consolidated using the equity method.

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 financial year 2022, 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 their financial statements, their management report and the publication of their annual accounts.

The Group's main subsidiaries are:

Consolidation method	Entity	Country	Percentage interest 31.12.2022	Percentage interest 31.12.2021
Parent company	Neoen S.A.	France	Parent company	Parent company
Full consolidation	Altiplano Solar	Argentina	100%	100%
	La Puna Solar	Argentina	100%	100%
	Bulgana Windfarm	Australia	100%	100%
	Coleambally Solar	Australia	100%	100%
	Goyder Wind Farm 1 Pty Ltd	Australia	100%	100%
	Hornsdale Power Reserve	Australia	100%	100%
	HWF 1	Australia	70%	70%
	HWF 2	Australia	80%	80%
	HWF 3	Australia	80%	80%
	Kaban Wind Pty Ltd	Australia	100%	100%
	Numurkah Solar Farm	Australia	100%	100%
	Victorian Big Battery	Australia	100%	100%
	Western Downs Green Power Hub	Australia	100%	100%
	Hedet	Finland	80%	80%
	Mutkalampi	Finland	100%	100%
	Yllikkälä Power Reserve One	Finland	100%	100%
	Centrale Eolienne du Pays entre Madon and Moselle	France	100%	100%
	Neoen International	France	100%	100%
	Neoen Production 1	France	100%	100%
	Neoen Production 2	France	100%	100%
	SPV AGS	Mexico	100%	100%
	Capella Solar	El Salvador	100%	100%
	Providencia Solar	El Salvador	100%	100%

NOTE 3.3 CHANGES IN SCOPE

As part of its development, the Group regularly creates companies, and may be required to acquire entities in a relatively advanced development phase or offering growth or repowering prospects. Furthermore, since the 2021 financial year, the Group proceeds on a regular basis to the disposal of all or a majority of the stakes in entities holding projects or assets in its secured portfolio (farm-down).

Farm-down transaction - sale of shares

On September 29, the Group sold 95% of its shares in the Saint-Sauvant wind farm. This transaction generated net proceeds of €16.4 million, which were recognised in other current operating income and expenses (see note 9).

Acquisitions of projects under development

In the 2022 financial year, the main transactions that affected the Group's scope were acquisitions of projects under development. These acquisitions of subsidiaries were qualified as acquisitions of individual assets rather than business combinations within the meaning of IFRS 3 "business combinations".

The following projects were acquired and included in the consolidation scope using the full consolidation method:

- acquisition of 100% of the equity investment in the Fox Coulee solar project in Canada;
- acquisition of 100% of the equity investment in the Cumandacobuendo solar project in Ecuador.

In addition, the Group acquired 80.1% of the shares in the Lumivaara wind farm project in Finland (consolidated using the equity method).

The Group has allocated the purchase prices to the various identifiable assets acquired and liabilities assumed, resulting in the recognition of intangible assets of €1.5 million and property, plant and equipment of €4.6 million in the financial year 2022.

Purchase of non-controlling interests

The Group acquired the stake of the minority shareholders of the French entity Zambia Sunlight One SAS, increasing its stake in the entity from 68.7% to 100%. As a result, the Zambian entity Bangweulu Power Company Ltd, itself owned by Zambia Sunlight One SAS, is now 80.35% owned, compared to 58.75% previously. This transaction did not have a material impact on the Group's financial statements.

Other disposals and liquidations

The 100% owned entities Pedregal Solar and Nahualpa Solar (El Salvador), as well as Atria Solar (Argentina) have been liquidated.

The Group also sold 100% of its stake in the entity Blue Mahoe Energy Company Ltd (Jamaica). These transactions did not have a material impact on the Group's financial statements.

NOTE 3.4 ASSETS AND LIABILITIES HELD FOR SALE

As of December 31, 2022, the assets and liabilities held for sale presented in the consolidated statement of financial position correspond solely to those of the Cabrela solar power plant in Portugal, which the Group has undertaken the sale, concluded in February 2023, as part of its farm-down activity (see note 26).

The main categories of assets and liabilities classified as held for sale are as follows:

In millions of euros	**31.12.2022**
Non-current assets	22.3
Current assets	0.6
Cash and cash equivalents	3.9
Assets held for sale	**26.8**
Non-current liabilities	25.7
Current liabilities	2.5
Liabilities associated with assets held for sale	**28.2**

NOTE 4. SEGMENT REPORTING

Accounting principles

Under IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker;
- for which discrete financial information is available.

In accordance with IFRS 8 "operating segments", segment information is presented based on the internal organisation and reporting used by the members of the Executive Committee and the Board of Directors who are the Group's main operational decision-makers.

The Group uses the following breakdown for its operating segments:

- **solar**: this segment includes photovoltaic energy production;
- **wind**: this segment includes wind turbine production;
- **storage**: this segment includes the activity related to independent batteries, directly connected to the grid;
- **farm-down**: this segment corresponds to the disposal of all or a majority stake in entities holding projects or assets in the Group's secured portfolio;
- **development and investments**: this segment include mainly development and financing activities.

For additional information, the main financial indicators published are broken down by geographical region. These are defined below:

- **Australia**: this region includes production operations in Australia;
- **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.

Adjusted EBITDA

Adjusted EBITDA is used in the assessment of performance because the Management Committee and the Board of Directors consider that this information is the most relevant for understanding the results of each segment compared to other entities involved in that business.

Adjusted EBITDA corresponds to current operating income, which includes net proceeds from the disposal of assets in the secured portfolio resulting from the farm-down activity, restated for:

- current operating amortisation;
- the personnel expense resulting from the application of IFRS 2 "share-based payments";
- and changes in the fair value of energy derivative financial instruments (see note 20.3) recorded in other current operating income and expenses.

Neoen has chosen to gradually sign medium to long-term power purchase agreements with commercial counterparties, known as Corporate Power Purchase Agreements (CPPA). Some of these agreements, recently implemented, provide for a financial settlement between the parties and as such are derivative financial instruments under IFRS 9 “financial Instruments”. Changes in fair value of these contracts, which are not classified as hedging instruments, are recognised in current operating income in the Group's financial statements. These changes, associated with price movements in the electricity market, which were exceptionally volatile during the financial year 2022 in the various regions where the Group operates, are volatile and non-controllable, and will extinguish when the underlying physical production is delivered. Therefore, the Group has decided to restate the change in fair value of these energy derivative financial instruments (which has no cash impact) from both EBITDA and EBIT, alternative performance indicators used in its segment reporting (see note 20.3).

The reconciliation between current operating income and adjusted EBITDA is as follows:

In millions of euros	FY 2022	FY 2021
Current operating income	**262.1**	**189.6**
Current operating amortisation	151.0	107.6
IFRS 2 expense	3.8	3.2
Change in fair value of energy derivative financial instruments	(2.8)	-
Adjusted EBITDA	**414.0**	**300.4**

Adjusted EBIT

The reconciliation between current operating income and adjusted EBIT is as follows:

In millions of euros	FY 2022	FY 2021
Current operating income	**262.1**	**189.6**
Change in fair value of energy derivative financial instruments	(2.8)	-
Adjusted EBIT	**259.3**	**189.6**

Segment reporting

Segment results for 2022 and 2021 for each of the Group's operating segments (solar, wind, storage, farm-down, development and investments), including eliminations are presented as follows:

The information on geographical regions corresponds to the revenue generated in each country and the assets located in these countries.

In millions of euros		Wind power	Solar power	Storage	Farm-down[2]	Development & Investment[3]	Eliminations[4]	FY 2022
AUSTRALIA	**Income statement**							
	Revenue	84.5	53.1	80.2				217.8
	Adjusted EBITDA[1]	71.9	73.9	61.9				207.6
	Adjusted EBIT[1]	45.6	56.1	38.8				140.5
	Balance Sheet							
	Intangible assets and property, plant and equipment	1,048.8	708.4	327.4				2,084.6
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	315.8	147.3	89.5				552.6
EUROPE-AFRICA	**Income statement**							
	Revenue	132.1	64.4	11.4	-			208.0
	Adjusted EBITDA[1]	106.9	50.9	6.2	16.4			180.4
	Adjusted EBIT[1]	76.5	32.4	4.8	16.4			130.2
	Balance Sheet							
	Intangible assets and property, plant and equipment	1,335.2	717.3	25.7				2,078.1
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	413.8	129.5	5.7	-			549.0
of which France	***Income statement***							
	Revenue	*66.9*	*50.5*	*2.3*	-			*119.8*
	Balance Sheet							
	Intangible assets and property, plant and equipment	*597.8*	*492.3*	*10.8*				*1,100.9*
AMERICAS	**Income statement**							
	Revenue		76.6					76.6
	Adjusted EBITDA[1]		56.8					56.8
	Adjusted EBIT[1]		30.0					30.0
	Balance Sheet							
	Intangible assets and property, plant and equipment	7.1	819.4					826.5
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	0.3	29.9					30.2
TOTAL	**Income statement**							
	Revenue	216.6	194.1	91.6	-	82.3	(81.4)	503.2
	Adjusted EBITDA[1]	178.6	181.6	68.1	16.4	(8.4)	(22.3)	414.0
	Adjusted EBIT[1]	122.0	118.6	43.6	16.4	(20.5)	(20.9)	259.3
	Balance Sheet							
	Intangible assets and property, plant and equipment	2,391.1	2,245.0	353.1	-	30.5	(162.3)	4,857.4
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	729.9	306.7	95.1	-	8.4	(28.9)	1,111.2

In millions of euros		Wind power	Solar power	Storage	Farm-down[2]	Development & Investment[3]	Eliminations[4]	FY 2021
AUSTRALIA	**Income statement**							
	Revenue	67.1	37.6	28.1				132.8
	EBITDA[1]	53.9	30.7	26.4				111.0
	Adjusted EBIT[1]	36.1	13.7	13.8				63.7
	Balance Sheet							
	Intangible assets and property, plant and equipment	822.5	602.3	310.5				1,735.3
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	102.0	152.6	103.6				358.2
EUROPE-AFRICA	**Income statement**							
	Revenue	68.1	60.8	6.3	-			135.2
	EBITDA[1]	51.1	49.3	3.8	50.0			154.2
	Adjusted EBIT[1]	21.6	30.2	2.5	50.0			104.3
	Balance Sheet							
	Intangible assets and property, plant and equipment	943.6	595.0	20.4				1,559.0
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	262.6	113.0	3.8	-			379.4
of which France	***Income statement***							
	Revenue	*49.8*	*49.8*	*1.6*	-			*101.3*
	Balance Sheet							
	Intangible assets and property, plant and equipment	*574.3*	*424.9*	*5.4*				*1,004.6*
AMERICAS	**Income statement**							
	Revenue	-	63.9					63.9
	EBITDA[1]	-	57.3					57.3
	Adjusted EBIT[1]	-	38.1					38.1
	Balance Sheet							
	Intangible assets and property, plant and equipment	3.5	759.9					763.4
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	-	53.2					53.2
TOTAL	**Income statement**							
	Revenue	135.1	162.3	34.4	-	77.2	(75.5)	333.6
	EBITDA[1]	105.0	137.3	30.2	50.0	2.1	(24.2)	300.4
	Adjusted EBIT[1]	57.7	82.1	16.3	50.0	(7.6)	(8.9)	189.6
	Balance Sheet							
	Intangible assets and property, plant and equipment	1,769.7	1,957.2	330.9	-	22.7	(133.6)	3,946.9
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	364.6	318.8	107.4	-	(1.7)	(34.7)	754.5

1) *The concepts of adjusted EBITDA and adjusted EBIT are defined above.*

2) *The farm-down business segment was set up following the Group's decision to proceed, on a regular but selective basis as from 2021 financial year, with the disposal of all or a majority share of interests in entities holding projects or assets in its secured portfolio.*

3) *Revenues in this segment are mainly generated through sales of services by Neoen S.A. to other entities of the Group (eliminated on consolidation, except for amounts invoiced to Group holdings that are not fully consolidated) but also through sales of services to third parties.*

4) *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 the production assets as well as the capitalisation of development costs in accordance with IAS 38 "intangible assets".*

NOTE 5. SALES

NOTE 5.1 REVENUE

Accounting principles

Revenue is recognised when each performance obligation is satisfied, i.e., when control of the good or service is transferred to the customer for the amount the Group expects to receive. Revenue is shown net of any discounts and rebates.

Revenues consist mainly of:

- sales of electricity produced by the wind and photovoltaic power plants;
- sales of electricity and services produced by storage units (frequency regulation, inertia or capacity reserve services and load shifting or arbitrage);
- sales of green certificates proportional to production, in accordance with applicable regulation;
- other supervision and administrative services.

Electricity sales and green certificates

The Group mainly distinguishes between contract revenue, which is predominantly long-term, from that from sales on the market. 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 following bilateral negotiations;
- or on the market.

Revenue is recognised based on the quantities produced and/or injected during the financial year. Revenue from the sale of green certificates are recognised upon physical delivery, i.e., on the date of transfer of ownership.

Breakdown of revenue

In millions of euros	Solar	Wind	Storage	Other	FY 2022	Solar	Wind	Storage	Other	FY 2021
Electricity	138.9	134.4	-	-	273.3	118.4	80.0	(0.0)	-	198.4
Green certificates	17.7	18.2	-	-	35.9	16.6	34.3	-	-	50.9
Energy sales under contract	**156.5**	**152.7**	**-**	**-**	**309.2**	**135.0**	**114.3**	**(0.0)**	**-**	**249.3**
Electricity	30.4	58.0	73.5	-	161.9	23.9	12.1	28.4	-	64.3
Green certificates	6.0	3.7	-	0.0	9.7	2.4	7.9	-	-	10.3
Energy sales in the market	**36.3**	**61.7**	**73.5**	**0.0**	**171.5**	**26.3**	**20.0**	**28.4**	**-**	**74.7**
Services rendered(1)	-	-	-	0.6	0.6	-	-	-	1.6	1.6
Other items(2)	1.2	2.3	18.1	0.3	21.9	0.9	0.9	6.0	0.1	8.0
Other revenues	**1.2**	**2.3**	**18.1**	**0.9**	**22.5**	**0.9**	**0.9**	**6.0**	**1.7**	**9.6**
Total revenue	**194.1**	**216.6**	**91.6**	**0.9**	**503.2**	**162.3**	**135.1**	**34.4**	**1.7**	**333.6**

1) *This mainly concerns administrative management, supervision and development services for non-group entities.*
2) *Corresponds mainly to services provided to the network by the Australian batteries.*

NOTE 5.2 TRADE RECEIVABLES

Accounting principles

Trade receivables

The Group mainly sells the electricity it produces under contracts subject to purchase obligations (the conditions of which are specified in decrees or tenders regulations) and a minority part, but growing one, under bilateral contracts with commercial counterparties.

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. In addition, there are contractual indemnities offsetting revenue losses due to delays in the commissioning of certain assets.

Given the quality of the signing parties to PPAs, the Group considers that the counterparty risk related to its trade receivables is negligible.

Impairment of trade receivables

IFRS 9 “financial Instruments” 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, 2022, the Group carried out a review, based on the quality and the solvency of the 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	31.12.2022	31.12.2021
Trade receivables (net value) - start of period	**81.6**	**73.2**
Change of activity	25.9	6.9
Scope change	(1.7)	(1.1)
Reclassifications and others	(0.3)	0.0
Effect of exchange rate changes	1.1	2.6
Trade receivables (net value) - end of period	**106.6**	**81.6**

In 2022, change of activity correspond mainly to the impact of power plants commissioned during the year.

There were no material overdue trade receivables at December 31, 2022 or December 31, 2021.

NOTE 6. PURCHASES AND INVENTORIES

NOTE 6.1 PURCHASES NET OF CHANGES IN INVENTORIES

Purchases of goods and changes in inventories during the financial year 2022 mainly consist of:

- purchases for €(3.9) million;
- changes in inventories of green certificates generated by power plants in Australia and Mexico for €1.7 million.

In 2021, this item included purchases of €(1.3) million, and changes in inventories of green certificates of €3.8 million.

NOTE 6.2 INVENTORIES

Accounting principles

Inventories consist mainly of green certificates in Australia and Mexico.

The Australian project companies operating solar and wind power plants generate green certificates (Large-Scale Generation Certificates - LGCs) 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, the Group created the company Neoen Energy Management Australia (NEMA) in 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 through forward sales to external counterparties, giving rise to physical delivery in the year following the production of these green certificates.

In addition, NEMA also makes occasional sales on OTC markets of green certificates acquired from Australian project companies that have not been subject to forward sales contracts.

Green certificates are recognised in inventories in accordance with the principles set out in IAS 2 “Inventories”, until they are physically transferred to external counterparties in the year following their production, at which point the associated proceeds are recognised as revenue. These green certificates are recognised under “Purchases net of changes in inventories” in the income statement and under “Inventories” in the balance sheet.

The Clean Energy Certificates (CEL s) produced by the El Llano power plant in Mexico are also recognised under “Purchases net of changes in inventories” in the income statement and under “Inventories” in the balance sheet until they are physically delivered in accordance with the obligations under its PPA.

Inventories details

Inventories amount to €10.6 million on December 31, 2022, compared to €8.7 million on December 31, 2021. They mainly include inventories of green certificates in Australia and Mexico.

NOTE 6.3 EXTERNAL EXPENSES

In millions of euros	FY 2022	FY 2021
Maintenance and repair expenses	(35.9)	(26.0)
Other external expenses	(75.8)	(42.4)
Total of external expenses	**(111.7)**	**(68.3)**

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 (network connection costs, costs associated with managing network frequency and operating insurance);
- electricity purchases through dedicated storage facilities;
- structural costs (fees, consulting, subcontracting, IT, insurance);
- non-capitalised development costs because they do not meet the capitalisation criteria laid down by IAS 38 “intangible assets”.

The increase in external expenses is mainly due to the growth of the Group's activities.

NOTE 6.4 TRADE PAYABLES

In millions of euros	31.12.2022	31.12.2021
Payables	60.3	51.6
Fixed asset suppliers	182.1	288.7
Total trade payables - end of the period	**242.4**	**340.4**

Fixed asset suppliers include mainly liabilities relating to the construction of power plants. The change mainly corresponds to a decrease of – €114.3 million in Australia linked to the progress of projects, and – €20.1 million in France, partially offset by an increase of + €17.7 million in Finland and + €6.5 million in Portugal.

NOTE 7. EMPLOYEE EXPENSES AND BENEFITS

NOTE 7.1 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 as expenses in the income statement.

Post-employment benefits

Employee benefits include defined contribution plans and defined benefit plans.

Defined contribution plans are post-employment plans under which the Group has no obligation beyond the payment of contributions to various social security organisations.

Contributions payable to a defined contribution plan are recognised as an expense when the related service is rendered.

Defined benefit plans guarantee employees additional benefits such as retirement indemnities. These guaranteed additional benefits represent an obligation for the Group which is quantified. The liability is calculated by estimating the amount of benefits that employees will have accrued in exchange for services rendered during the current and prior years.

Payroll costs

In 2022, payroll costs amounted to €(23.6) million compared with €(17.6) million in 2021. The increase in personnel costs is mainly due to the increase in the number of employees.

Given the average age of the Group's workforce, no liability has been recognised for defined benefit plans, the provision not being material at the closing date.

NOTE 7.2 EXECUTIVE COMPENSATION

The directors represent the members of the Group's Management Committee.

In millions of euros	FY 2022	FY 2021
Short-term employee benefits	3.0	2.4
Share-based payments	3.1	2.3
Total executive compensation	**6.0**	**4.7**

NOTE 7.3 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. For equity-settled plans, the fair value is determined at the grant date.

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 amount recognised as an expense is adjusted to reflect the number of rights for which it is estimated that the service and non-market performance conditions will be met, so that the amount ultimately recognised is based on the actual number of rights that meet the service and non-market performance conditions at the vesting date.

For share-based payment rights with other conditions, the fair value measurement at the grant date reflects these conditions and differences between the estimate and the realisation do not give rise to any subsequent adjustment.

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 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.

Details of share subscription plans

	2016 Plan	2018 Plan	2018 Plan	TOTAL
Date of General Shareholders' meeting	17/03/2014	29/05/2018	04/07/2018	
Date of the Chairman's decision	23/12/2016	30/05/2018	05/07/2018	
Total number of shares that can be subscribed or purchased	235,000	45,000	65,000	
Start of option exercise period	24/12/2019	31/05/2021	06/10/2020	
End of option exercise period	23/12/2021	30/05/2023	05/07/2023	
Subscription or purchase price	6.00 €	10.00 €	10.00 €	
Adjusted subscription or purchase price following the capital increase of April 9, 2021 [(1)]	5.55 €	9.25 €	9.25 €	
Number of options				
Existing at January 1, 2021	**63,166**	**40,000**	**35,000**	**138,166**
Notified	-	-	-	-
Cancelled	-	-	-	-
Exercised	66,339	16,215	4,000	86,554
Adjustment following the capital increase of April 9, 2021 [(1)]	3,173	3,240	2,835	9,248
Existing at January 1, 2022	**-**	**27,025**	**33,835**	**60,860**
Notified	-	-	-	-
Cancelled	-	-	-	-
Exercised	-	11,215	23,025	34,240
Existing at December 31, 2022	**-**	**15,810**	**10,810**	**26,620**

To assess the fair value of 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	2019 Plan	2020 Plan	2021 Plan	2022 Plan	TOTAL
Date of General Shareholders' meeting	29/05/2018	02/10/2018	26/05/2020	26/05/2020	25/05/2021	
Date of the decision to allocate by the Chairman/Board of Directors	30/05/2018	10/07/2019	02/07/2020	10/03/2021	14/03/2022	
Total number of free shares allocated	107,500	297,000	140,000	272,302	164,046	
Shares vesting date	31/05/2021	11/07/2022	03/07/2023	11/03/2024	14/03/2025	
End of holding period	-	-	-	-	-	
Total number of free shares allocated						
Existing at January 1, 2021	**105,000**	**292,000**	**140,000**	**-**	**-**	**537,000**
Notified	-	-	-	272,302	-	272,302
Cancelled	-	18,903	5,406	9,108	-	33,417
Definitively allocated	113,510	-	-	-	-	113,510
Adjustment following the capital increase of April 9, 2021 (1)	8,510	22,348	11,354	22,058	-	64,270
Existing at January 1, 2022	**-**	**295,445**	**145,948**	**285,252**	**-**	**726,645**
Notified	-	-	-	-	164,046	164,046
Cancelled	-	2,703	30,657	5,946	-	39,306
Definitively allocated	-	292,742	-	-	-	292,742
Existing at December 31, 2022	**-**	**-**	**115,291**	**279,306**	**164,046**	**558,643**

1) *Following the capital increase with preferential subscription rights carried out on April 9, 2021, and in accordance with the applicable legal provisions and the stipulations of the free share and stock option plans, the Chairman and Chief Executive Officer, acting on a delegation of authority from the Board of Directors, adjusted the rights of beneficiaries of free shares and stock options (coefficient of 1.081).*

The free share allocation plan of July 10, 2019, expired on July 11, 2022. The 292,742 shares allocated were made through the use of 129,724 existing shares held in treasury by Neoen S.A. and the creation of 163,018 new shares with the impact of the recognition of €(4.9) million in reserves.

The expense related to the allocation of free shares and options amounts to €(3.8) million for the financial year 2022, compared with €(3.2) million during the financial year 2021.

NOTE 8. TAXES, DUTIES AND SIMILAR PAYMENTS

In accordance with IFRIC 21, the Group recognises tax as soon as it becomes payable. The expense associated with taxes, duties and similar payments amounts to €(10.0) million in 2022 compared to €(7.5) million in 2021.

NOTE 9. OTHER CURRENT OPERATING INCOME AND EXPENSES

Accounting principles

Other current operating income and expenses mainly comprise:

- the changes in fair value of energy derivative financial instruments not qualifying as hedging instruments, in respect of Corporate Power Purchase Agreements (CPPA) entered into to hedge the economic risk associated with changes in electricity prices and related to the production of certain power plants;
- capital gains on the sale of entities holding projects or assets in the secured portfolio, as part of the farm-down activity. These capital gains correspond to the proceeds of the sale less the book value of the net assets of the entities sold and the sale costs. Any additional consideration to be received in cash in the future is recognised in this item at its fair value at the date of sale and is revalued at each balance sheet date until it is paid or derecognised. When the Group retains a minority interest in the project entity, the revaluation at fair value of the retained interest is also included in this item;
- contractual compensation for loss of revenue resulting from delays in the commissioning of certain power plants by the contractors responsible for their construction, as well as penalties resulting from delays in the commissioning of power plants or in the start of power purchase agreement concluded by the Group's power plants.

Other current operating income and expenses

In millions of euros	FY 2022	FY 2021
Change in fair value of energy derivative financial instruments	2.8	-
Farm-down	16.4	50.0
Other current operating income	40.9	20.2
Other current operating expenses	(3.4)	(15.8)
Other current operating income and expenses	**56.8**	**54.4**

The change in fair value of energy derivative financial instruments correspond to the Corporate Power Purchase Agreements ("CPPAs") not qualified as hedging instruments and entered into to provide economic hedge against the risk associated with changes in electricity prices in Finland and Australia for €(42.9) million and €45.7 million respectively.

During the financial year 2022, farm-down proceeds correspond to the sale of 95% of the Saint-Sauvant wind farm, for net proceeds of €15.2 million and a €1.2 million revaluation of the 5% share retained.

In 2021, the farm-down proceeds corresponded to the net capital gains on the sale of the Lugos (Gironde), Miremont (Haute-Garonne), Grabels (Hérault) and Lagarde (Vaucluse) solar power plants, as well as the Le Berger (Meuse) and Les Beaux Monts (Yonne) wind farm projects in France.

In 2022, other current operating income mainly comprises contractual compensation for loss of revenue resulting from delays in the commissioning of certain power plants, due to the contractors responsible for their construction, in the amount of €25.9 million, and a partial waiver of penalties historically recognised in connection with electricity sales contracts in the amount of €12.1 million.

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 3.3 and 12.1).

Details of non-current operating items

In millions of euros	FY 2022	FY 2021
Prior period development costs	(4.0)	(8.1)
Gains and losses on disposal of assets	0.1	0.1
Other non-current operating income and expenses	**(3.8)**	**(8.0)**
Impairment of capitalised development costs	(15.7)	(5.7)
Other asset impairment	(13.1)	(10.5)
Reversal of impairment of capitalised development costs	1.6	5.8
Impairment of non-current assets	**(27.3)**	**(10.4)**

Capitalised development costs for which the Group considers that the criteria for capitalisation set out in IAS 38 "intangible assets" are no longer met, as a result of external events beyond its control, are recognised in other non-current operating expenses for the financial year.

In 2022, impairment of capitalised development costs mainly concerns the impairment loss related to the Metoro power plant in Mozambique for €(8.8) million (see note 1.3 " events of the financial year ") and to an integrated project in Australia, which became less competitive due to the completion of another project in the same geographical area, for €(2.5) million.

Other asset impairments in 2022 corresponds for €(11.1) million to the impairment recognised on the Metoro power plant in Mozambique (please refer to note 1.3 " events of the financial year "). Other asset impairment in 2021 corresponded to the impairment of the Numurkah power plant in Australia.

Reversals of impairment losses on capitalised development costs relate to abandoned projects by the Group.

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, in other comprehensive income (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 financial year, 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:

- taxable temporary differences arising from the initial recognition of goodwill;
- temporary differences arising from 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;
- temporary differences arising from 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 financial year 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 in other comprehensive income, in particular in respect of the fair value accounting of hedging instruments, or in equity.

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 systematically to the extent of the reversal of taxable temporary differences. Beyond that, it 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 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.

The Group currently has no significant tax uncertainties within the scope of IFRIC 23 " uncertainty about tax treatments ".

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 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 INCOME TAX

Income tax expense breaks down as follows:

In millions of euros	**FY 2022**	**FY 2021**
Profit before tax	78.3	53.5
Income tax	**(32.6)**	**(13.3)**
Current tax	*(22.6)*	*(14.6)*
Deferred tax	*(10.0)*	*1.4*
Effective tax rate	**41.6%**	**24.8%**

The tax charge was €(32.6) million in 2022 compared with €(13.3) million in 2021, representing an effective tax rate of 41.6% compared with 24.8%.The tax payable of €(22.6) million, compared with €(14.6) million in 2021, is composed of:

- €(16.2) million in corporate income tax in 2022 compared with €(11.3) million in 2021. This increase is mainly due to:
  - the increase in current tax in Australia, resulting in particular from the increase in taxable income of the Hornsdale Power Reserve battery and the Western Downs solar power plant;
  - an increase in income tax in other geographical areas, notably in France, due to the full consumption of ordinary tax losses on certain power plants;
- €(5.5) million in withholding taxes in 2022, used as tax credits for €4.8 million, compared with €(2.5) million in 2021, used as tax credits for €1.7 million;
- €(0.9) million in corporate value added contribution (CVAE) in 2022, stable compared with 2021.

The difference between the effective tax charge and the theoretical tax charge breaks down as follows:

In millions of euros	**FY 2022**	**FY 2021**
Profit before tax	**78.3**	**53.5**
Tax rate applicable to the parent company	25.0%	26.5%
Theoretical tax charge	**(19.6)**	**(14.2)**
Tax rate differences	(4.6)	(0.5)
Effects of rate changes	-	1.9
Permanent differences	(6.9)	4.9
Tax without base	(2.3)	(1.6)
Change in tax assets on tax loss carryforwards	0.3	0.4
Tax losses generated during the period for which deferred tax assets have not been recognised	(2.0)	(2.2)
Imputation of previous deficits for which deferred tax assets have not been recognised	2.6	-
Others	(0.2)	(2.0)
Effective tax charge	**(32.6)**	**(13.3)**

The €13.0 million difference between the theoretical tax charge of €(19.6) million and the actual tax charge of €(32.6) million in 2022 is mainly due to:

- differences between the tax rate of the parent company and the tax rate of foreign subsidiaries for €(4.6) million;
- permanent differences for €(6.9) million. They mainly include:
    - the impact of farm-down operations (€1.4 million) corresponding to the consolidated gain on the sale of the Saint-Sauvant power plant;
    - the impact of expenses incurred in connection with the application of IFRS 2 "Share-based payments" for €(1.6) million;
    - the impact of the impairment of the Metoro solar power plant in Mozambique for €(5.8) million;
    - the impact of expenses not giving rise to tax savings in several regions for a total of €1.8 million;
- taxes without base in the amount of €(2.3) million, corresponding mainly to the corporate value added contribution (CVAE) and withholding taxes that cannot be used as a tax credit;
- earnings outlook and time limitations in the use of tax losses for certain regions, which led the Group to write down or not recognise deferred tax assets in respect of certain tax losses, for €(1.8) million;
- the use of previously unrecognised deficits of €2.6 million, mainly in Mexico.

In 2021, the difference of €(0.9) million between the theoretical tax charge of €(14.2) million and the actual tax charge of €(13.3) million was mainly due to:

- the effect of the change in the tax rate in Argentina (from 25% to 35%), which had a positive impact on the deferred tax base on capitalised tax loss carryforwards (€1.9 million);
- permanent differences of €4.9 million. They mainly included:
    - the impact of farm-down transactions (€10.0 million) carried out in France, which are subject to the long-term capital gains regime;
    - the effect of expenses incurred in connection with the application of IFRS 2 "share-based payments" for €(0.6) million;
    - the impact of expenses not giving rise to tax savings in several geographical areas for a total of €(3.4) million;
- taxes without base in the amount of €(1.6) million, which mainly corresponded to the tax on business value added (CVAE) in the amount of €(0.6) million, as well as withholding tax in the amount of €(0.8) million;
- earnings outlook and time limitations in the use of tax losses for certain regions, which led the Group to write down or not recognise deferred tax assets in respect of certain tax losses, for €(1.8) million;
- other impacts, including mainly the consequences of the tax rules in force in Argentina with regard to hyperinflation.

NOTE 11.2 DEFERRED TAXES

Deferred tax assets and liabilities recorded in the balance sheet arise from:

In millions of euros	**31.12.2022**	**31.12.2021**
Excess tax depreciation	(170.6)	(155.0)
Financial instruments	(81.0)	5.3
Tax loss carryforwards and unused tax credits	112.3	128.2
Others	2.1	(5.9)
Net deferred taxes	**(137.2)**	**(27.4)**
Deferred tax assets	*56.8*	*58.3*
Deferred tax liabilities	*194.0*	*85.7*

The change in deferred tax assets on excess tax depreciation is mainly due to the difference between the tax depreciation period and the accounting depreciation period of certain fixed assets.

The increase in deferred tax liabilities on financial instruments is due mainly to the change in fair value of interest rate derivatives recorded in other comprehensive income, as a result of the impact of the significant increase in forward interest rates over the financial year in all of the geographical areas where the Group operates.

The change of €(15.9) million in deferred taxes on tax loss carryforwards and unused tax credits is due to:

- the recognition of new deferred taxes amounting to €12.3 million, mainly in Australia;
- consumption of deficits for €(28.2) million mainly in Australia for €(22.9) million, France for €(2.4) million and Zambia for €(1.3) million.

The amount of unrecognised ordinary tax losses at December 31, 2022 is €4.3 million, corresponding to a deferred tax asset of €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	**58.3**	**85.7**	**(27.4)**
Recognised in net income	42.9	52.9	(10.0)
Recognised in other items of comprehensive income	12.7	105.6	(92.8)
Recognised directly in equity(1)	-	9.6	(9.6)
Effect of changes in consolidation scope	(0.1)	(2.8)	2.7
Offsetting of deferred taxes	(57.0)	(57.0)	0.0
Net deferred tax - end of the period	**56.8**	**194.0**	**(137.2)**

1) The €9.6 million change in deferred tax liabilities recognised directly in equity corresponds to the recognition of deferred taxes on the equity component of the green convertible bonds ("OCEANEs vertes") issued in 2022 for + €11.9 million, partially offset by the reversal of deferred taxes relating to the equity component of the convertible bonds ("OCEANEs 2019") issued in 2019 and converted in 2022 for – €2.2 million.

NOTE 12. GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 GOODWILL

Accounting principles

Goodwill

Refer to note 3.1 "accounting principles".

Impairment

Refer to accounting principles in note 13 "impairment of goodwill and fixed assets".

The goodwill presented relates to the acquisition in 2019 of Irish wind power plants in operation. The latter was tested for impairment as of December 31, 2022. No impairment was detected.

NOTE 12.2 INTANGIBLE ASSETS

Accounting principles

The main intangible assets recognised by the Group relate to project development. Projects are capitalised in accordance with IAS 38 “intangible assets”. Direct and indirect, external or internal development costs are capitalised as soon as the criteria for capitalisation are met. These 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 asset 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 30 years, in line with the estimated useful life of power plants and storage facilities.

Changes in intangible assets

	In millions of euros	Capitalised development costs - Operation	Capitalised development costs - Studies[4]	Other intangible assets[5]	**Total**
Gross amounts	**As of December 31st, 2021**	**114.2**	**68.4**	**109.4**	**292.0**
	Acquisitions[1]	8.2	35.9	0.4	44.5
	Disposals[2]	(0.6)	(4.0)	-	(4.5)
	Impact of changes in consolidation scope[3]	-	-	1.5	1.5
	Impact of fluctuation in foreign exchange rates	0.4	(0.2)	0.9	1.1
	Reclassifications and others	9.2	(5.0)	(6.2)	(2.0)
	As of December 31st, 2022	**131.4**	**95.1**	**106.0**	**332.5**
Amortisation and impairment	**As of December 31st, 2021**	**(11.8)**	**(3.8)**	**(7.0)**	**(22.7)**
	Charge for amortisation	(2.7)	0.0	(2.6)	(5.3)
	Impairment loss[6]	(8.8)	(6.9)	-	(15.7)
	Reversal of impairment loss	0.0	1.6	-	1.6
	Impact of fluctuation in foreign exchange rates	0.0	0.1	0.0	0.1
	Reclassifications and others	0.0	(0.0)	0.0	0.0
	As of December 31st, 2022	**(23.3)**	**(9.1)**	**(9.5)**	**(42.0)**
Net amounts	**As of December 31st, 2021**	**102.4**	**64.5**	**102.4**	**269.3**
	As of December 31st, 2022	**108.1**	**85.9**	**96.5**	**290.5**

1) *In 2022, the Group capitalised expenses directly attributable to project development in the amount of €44.5 million. These investments mainly concern projects located in Australia, France, Finland, Ireland, Portugal, Sweden, Ecuador, Mexico, Italy and Canada.*
2) *The decreases relate to scrapping during the financial year.*
3) *Changes in the scope of "Other intangible assets" include valuation differences relating to entities acquired during the year.*
4) *At December 31, 2022, "Capitalised development costs - Studies" amounted to €85.9 million in net value, and included €11.3 million in capitalised expenses relating to projects for which the tariff is secured.*
5) *Other intangible assets consist mainly of assets relating to projects under development, which have been acquired from third parties.*
6) *The development costs of the Metoro power plant in Mozambique have been fully written down in the amount of €8.8 million (see note 1.3 " events of the financial year ", paragraph "Situation of the Metoro solar power plant in Mozambique"). Other impairments mainly relate to projects in Australia, France and Mexico.*

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 qualified assets (power plants) 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: 30 years;
- power storage plants: 10 to 20 years;
- fixtures and fittings: 3 to 10 years;
- office equipment and furniture, computers: 3 to 4 years;

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Production assets in progress correspond mainly to power plants under construction.

Accounting policies applied to leases

The Group leases land for its power generation facilities 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 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 in question).

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.

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 the cost, which includes the initial amount of lease liability adjusted for lease payments made on or before the date of commissioning, plus any marginal direct costs incurred, less lease incentive premiums 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 “impairment of assets”;
- the lease liability is initially measured at the present value of 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 a property of similar value to the asset under the right of use 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 an 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-the 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.

Change in property, plant and equipment

	In millions of euros	Production assets	Production assets in progress	Lease rights of use[5]	Other property, plant and equipment	**Total**
Gross amounts	**As of December 31st, 2021**	**3,215.5**	**709.6**	**223.6**	**30.3**	**4,179.0**
	Acquisitions[1]	(0.0)	955.8	-	8.3	964.1
	Disposals	-	(1.1)	(1.5)	(0.4)	(3.1)
	Impact of changes in consolidation scope[2]	(27.1)	3.5	(1.8)	4.6	(20.7)
	Impact of fluctuation in foreign exchange rates	39.7	(12.3)	0.4	0.8	28.6
	Reclassifications and others[3]	593.0	(575.5)	50.4	0.1	68.1
	As of December 31st, 2022	**3,821.2**	**1,080.1**	**271.2**	**43.7**	**5,216.2**
Amortisation and impairment	**As of December 31st, 2021**	**(484.7)**	**(1.0)**	**(13.2)**	**(2.6)**	**(501.5)**
	Charge of amortisation	(136.3)	(0.0)	(8.4)	(0.9)	(145.6)
	Impairment loss[4]	-	(13.0)	-	(0.1)	(13.1)
	Disposals	-	0.0	1.0	0.4	1.4
	Impact of changes in consolidation scope[2]	0.5	-	0.1	-	0.6
	Impact of fluctuation in foreign exchange rates	(0.7)	0.1	(0.0)	(0.0)	(0.6)
	Reclassifications and others	9.3	0.0	0.3	(0.0)	9.6
	As of December 31st, 2022	**(612.0)**	**(13.8)**	**(20.2)**	**(3.2)**	**(649.2)**
Net amounts	**As of December 31st, 2021**	**2,730.8**	**708.6**	**210.5**	**27.7**	**3,677.6**
	As of December 31st, 2022	**3,209.2**	**1,066.2**	**250.9**	**40.5**	**4,566.9**

1) *Acquisitions over the financial year correspond to plants under construction, including:*
   - *in Australia: €419.6 million, mainly including the power plants Kaban (€143.1 million), Western Downs (€127.6 million), Goyder (€110.2 million) and Capital Battery (€35.5 million);*
   - *in Europe - Africa: €511.8 million, of which mainly the Mutkalampi power plant (€285.8 million), Björkliden (€19.7 million) in Finland, wind and solar power plants in France (€31.1 million and €59.7 million respectively), two solar power plants in Portugal (€38.6 million), three solar power plants in Ireland (€21.8 million), and the Storen power plant in Sweden (€34.8 million);*
   - *in the Americas: €32.5 million, mainly the Itzoteno solar power plant in Mexico (€15.8 million), and the Providencia and Capella storage plants in El Salvador (€6.4 million).*
2) *The changes in the scope of consolidation correspond to:*
   - *the Saint-Sauvant farm-down in France for €(26.7) million on net production assets and a net €(1.7) million on rights of use;*
   - *the acquisition of a project under development in Canada for €3.7 million and of a land in Ecuador for €4.6 million.*
3) *Reclassifications and others on production assets include €21.7 million related to decommissioning assets of newly commissioned power plants, €17.5 million related to revaluation of provisions for decommissioning (see note 19), and the reclassification of €(17.0) million of the net production assets of the Cabrela solar power plant in Portugal according to the principles of IFRS 5 "non-current assets held for the purpose of disposal" (refer to note 3.4). Reclassifications and other reclassifications on rights of use (€50.4 million) mainly correspond to new leases entered into fixed assets according to IFRS 16 "lease contracts", as well as extensions or indexings of leases in progress.*
4) *In 2022, an impairment loss of € (11.1) million was recognised on the Metoro power plant in Mozambique, given the precarious security situation and the high degree of uncertainty regarding the future of the project (please refer to note 1.3 " events of the financial year ").*
5) *This mainly concerns land use rights (for power plants under construction and in operation), for an amount of €234.5 million, as well as usage rights relating to offices, for an amount €16.5 million.*

NOTE 13. IMPAIRMENT OF GOODWILL AND FIXED ASSETS

Accounting principles

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. If such evidence exists, the Group performs an impairment test to assess whether the net carrying amount of the asset exceeds its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

In addition, for intangible assets with indefinite useful lives (goodwill) and fixed 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 determined useful duration, are tested for impairment whenever impairment indicators appear.

In the 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, with the exception of those associated with the volumes of electricity sold on the spot markets, the risk of not generating the expected level of cash flow is relatively low.

The value in use of an asset is measured by discounting the future cash flows generated by the asset. Assets that do not generate largely independent cash flows are grouped with other assets to form 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, 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 date when the test is performed.

Impairment of assets

In 2022, the Group recognised an impairment loss on all of the development costs and on part of the property, plant and equipment of the Metoro solar power plant in Mozambique, amounting to €(8.8) million and €(11.1) million respectively (refer to note 1.3). The impairment loss is recognised in non-current operating income (see note 10).

In 2021, the Group had observed an operating and financial performance gap in relation to the initial business plan for its Australian solar assets, in the context of a downward revision by the main market players of long-term forecasts for electricity prices captured by the solar assets in Australia. The impairment tests had led to the recognition, in non-current operating income, of an impairment loss on the Numurkah power plant in the amount of AUD (16.4) million, or €(10.4) million. As of December 31, 2022, a new test was performed on the valuation of these assets. The results show that the impairment loss recognised in 2021 remains the same. The Group has therefore not recognised any additional impairment losses.

A change of + 1% in the cost of equity would have an impact of AUD (5.7) million on the valuation of the Numurkah power plant, or €(3.8) million.

In 2020, the property, plant and equipment of the Argentinean power plants were tested for impairment following indications of loss of value due to delays in the reimbursement of VAT receivables. An impairment loss of US$(15.3) million, or €(13.4) million, was recognised in the consolidated financial statements at December 31, 2020. The test has been updated in 2022, using a cost of equity of 13%, and no additional impairment loss has been recognised.

A change of + 1% in the cost of equity would result in an additional impairment loss of US$(6.6) million, or €(6.2) million.

There is no other indication of impairment requiring additional impairment tests on property, plant and equipment in the Group's balance sheet at the date of publication of its consolidated financial statements.

NOTE 14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures are as follows:

In millions of euros	31.12.2022	31.12.2021
Total investments in associates and joint ventures - start of the period	**16.6**	**7.3**
Dividends paid	(0.7)	(1.1)
Impact of changes in consolidation scope	7.2	9.8
Share of net income of associates	0.5	0.3
Change in fair value	0.8	0.2
Total investments in associates and joint ventures - end of the period	**24.4**	**16.6**

The investments in associated companies correspond to the Group's holdings in Seixal in Portugal and in Storbotet Vind AB (investment acquired in 2021) and Pk Lumivaara Oy (investment acquired in 2022), in Finland.

NOTE 15. OTHER NON-CURRENT FINANCIAL ASSETS

Accounting principles

Other non-current financial assets consist of security deposits related to financing contracts, term deposits, loans and non-consolidated securities.

Other non-current 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 accordance with IFRS 9 "financial instruments".

Other non-current financial assets

In millions of euros	31.12.2022	31.12.2021
Security deposits	79.0	67.2
Available-for-sale (AFS) financial assets	5.0	3.8
Loans due in more than one year	15.9	12.1
Total other non-current financial assets	**99.9**	**83.0**

Security deposits correspond mainly to:

- the financing reserve accounts set up in connection with project financing relating to production assets (Debt Service Reserve Account or DSRA);
- deposits made in response to calls for tenders.

The non-consolidated shares correspond to the minority interests in the Cestas solar power plant and, following the farm-down operations of 2021 and 2022, in the Le Berger, Les Beaux Monts and Saint-Sauvant wind farms.

NOTE 16. OTHER CURRENT ASSETS

In millions of euros	31.12.2022	31.12.2021
Tax and employee-related receivables	65.8	63.8
Prepaid expenses	9.8	8.2
Trade accounts payable in debit and other debtors	32.3	43.2
Total other current assets	**108.0**	**115.3**

Tax and social security receivables consist mainly of VAT credits pending recovery associated with the construction of power plants.

Trade accounts payable in debit and other debtors consist mainly of advance payments made to suppliers in connection with the construction of power plants.

NOTE 17. 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

In millions of euros	31.12.2022	31.12.2021
Cash	582.2	524.6
Cash equivalents	40.6	67.9
Total cash and cash equivalents	**622.8**	**592.6**

Cash and cash equivalents at December 31, 2022 stood at €622.8 million, compared with €592.6 million as of December 31, 2021, a change of + €30.3 million, and mainly corresponds to cash and cash equivalents:

- held by Neoen S.A. for €246.9 million, with a change in 2022 of – €32.7 million that is mainly due to:
  - the issue of new green convertible bonds (”OCEANEs vertes 2022”) maturing in 2027 for + €300.0 million;
  - dividends received and repayments of shareholder loans by project companies for + €46.8 million;
  - investments in the form of equity and shareholder loans in new projects and assets under construction for – €390.3 million, particularly in Australia, France, Portugal, Sweden, Canada and Finland;
  - the financing of development activities and structural costs for – €87.1 million;
  - payment by project companies of development services for + €97.3 million, notably in France and Finland;
- located in the project companies and associated holding companies for €376.0 million, with a change in 2022 of + €63.0 million that results from the following:
  - for assets under construction, from drawings on senior debt and equity contributions to finance the construction of power plants; and
  - for assets in operation and finance companies, 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.

As of December 31, 2022, the cash position of the operating assets includes an amount of €90.3 million corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. (see note 20.2).

Cash equivalents mainly correspond to term accounts opened by Neoen S.A. for €35.5 million.

The reconciliation between the amount of cash and cash equivalents in the balance sheet and the amount of net cash in the cash flow statement is as follows:

In millions of euros	**31.12.2022**	**31.12.2021**
Cash and cash equivalents	622.8	592.6
Overdrafts	(0.2)	(0.1)
Net cash and cash equivalents of cash flow statement	**622.7**	**592.5**

NOTE 18. SHAREHOLDERS' EQUITY AND DETAILS OF DILUTIVE INSTRUMENTS

Capital management policy

Neoen group 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 group more specifically monitors its net debt-to-adjusted 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 group 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 group is not subject to any external minimum capital requirements, except as required by law.

Equity

Movements affecting the Group's equity during financial years 2021 and 2022 are detailed in the consolidated statement of changes in shareholders' equity.

Share capital

During the financial year, the share capital was increased as a result of:

- the exercise of 34,240 stock-options at an exercise price of €9.25;
- the creation of 32,450 shares in connection with a capital increase reserved for employees;
- the creation of 252,486 shares for the portion of a dividend paid in shares in respect of the 2021 financial year (see note 1.3 “events of the financial year”).
- the creation of 163,018 shares in connection with a free share plan that expired on July 11;
- the creation of 7,130,619 shares in connection with the conversion of the convertible bonds (“OCEANEs 2019”) issued on October 7, 2019 (see note 1.3 " events of the financial year ").

These operations for a total amount of €209.2 million, including €15.2 million in share capital and an issue premium of €194.0 million, brought the share capital to €229.3 million and the issue premium to €1,247.4 million.

Treasury shares

At December 31, 2022, the Company held directly or indirectly 146,347 treasury shares, resulting from a share buyback programme with a view to allocating them and executing a liquidity contract, representing €3.2 million at the closing date.

Dividends

The General Shareholders' meeting of May 25,2022 approved the distribution of a dividend of €0.10 per share with an option for payment of the dividend in new shares. This option resulted in the subscription of 252,486 new shares, i.e., a reinvestment rate of around 80%, and the payment of €2.1 million in cash (see note 1.3 "events of the financial year").

Non-controlling interests

In millions of euros		Percentage of interest uncontrolled		Net profit from investments attributable to non-controlling interests	Investments attributable to non-controlling interests	Net profit from investments attributable to non-controlling interests	Investments attributable to non-controlling interests
Entity	**Country**	**31.12.2022**	**31.12.2021**	**FY 2022**	**31.12.2022**	**FY 2021**	**31.12.2021**
HWF 1 & Holdco	Australia	30.0%	30.0%	0.7	6.2	0.3	2.1
HWF 2 & Holdco	Australia	20.0%	20.0%	0.5	4.4	0.4	2.1
HWF 3 & Holdco	Australia	20.0%	20.0%	0.6	5.8	0.2	3.0
Hedet	Finland	19.9%	19.9%	(0.1)	(0.2)	(0.0)	(1.0)
Hexagone	France	40.0%	40.0%	(0.0)	3.6	(0.0)	3.7
EREC	Jamaica	50.0%	50.0%	(0.4)	(1.6)	(1.1)	(1.1)
Metoro	Mozambique	25.0%	25.0%	(0.6)	(0.4)	(0.1)	0.2
Aura Power - Rio Maior SA	Portugal	51.0%	51.0%	(0.3)	0.5	(0.1)	(0.1)
Bosona	Sweden	49.0%	49.0%	(0.0)	0.5	(0.0)	0.6
Bangweulu Power Company	Zambia	19.7%	41.2%	0.2	1.8	(0.2)	0.1
Others				(0.2)	(0.2)	(0.1)	(0.3)
Total non-controlling interests				**0.5**	**20.5**	**(0.8)**	**9.2**

The comprehensive income, the net assets and the cash flow statement of non-controlling interests at December 31, 2022 break down as follows:

In millions of euros	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	Björkliden Vindpark Ab	EREC	Aura Power – Rio Maior SA	Metoro	Bangweulu Power Company	Others
Income statement										
Revenue	**22.4**	**18.1**	**19.7**	**8.1**	**-**	**6.9**	**-**	**0.2**	**4.8**	**0.1**
Net income	**2.5**	**2.6**	**3.0**	**(0.5)**	**(0.4)**	**(0.8)**	**(0.5)**	**(2.6)**	**1.0**	**(0.3)**
- Of which: Net income - Group share	*1.7*	*2.1*	*2.4*	*(0.4)*	*(0.3)*	*(0.4)*	*(0.2)*	*(1.9)*	*0.8*	*(0.2)*
- Of which: Net income - attributable to non-controlling interests	*0.7*	*0.5*	*0.6*	*(0.1)*	*(0.1)*	*(0.4)*	*(0.3)*	*(0.6)*	*0.2*	*(0.1)*
Comprehensive income	**4.7**	**2.8**	**3.2**	**0.7**	**(0.1)**	**(0.5)**	**0.7**	**(0.6)**	**0.8**	**(0.2)**
Statement of financial position										
Current assets	5.6	4.4	6.2	2.9	17.1	3.9	0.4	8.4	3.3	2.1
Non-current assets	131.0	122.0	131.8	91.7	24.7	54.0	45.5	21.8	43.4	9.1
Current liabilities	8.5	7.1	7.6	37.8	31.5	12.9	32.7	43.6	11.7	4.2
Non-current liabilities	129.1	114.4	127.2	58.4	10.8	48.5	12.1	2.8	32.8	3.2
Net assets	**(0.9)**	**4.8**	**3.0**	**(1.5)**	**(0.5)**	**(3.5)**	**1.1**	**(16.3)**	**2.2**	**3.8**
Change in cash										
Net cash flows from operating activities	14.3	13.5	16.0	4.0	26.6	3.7	27.9	0.4	2.1	1.4
Net cash flows from investing activities	(0.8)	(0.6)	(0.6)	0.0	(19.7)	(0.3)	(27.9)	(6.3)	(0.2)	(2.1)
Net cash flows from financing activities	(15.1)	(13.7)	(14.8)	(4.7)	6.9	(4.5)	(0.0)	0.3	(3.4)	1.8
of which dividends paid	0.0	-	-	-	-	-	-	-	-	-
Impact of foreign exchange rate fluctuation	0.0	(0.0)	(0.1)	-	-	0.2	-	0.7	0.2	0.0
Net change in cash from continued activities	**(1.6)**	**(0.8)**	**0.6**	**(0.6)**	**13.7**	**(0.9)**	**0.0**	**(4.9)**	**(1.2)**	**1.1**
Opening cash and cash equivalents	2.5	1.6	1.7	1.5	0.3	3.4	0.2	10.5	3.2	0.6
Closing cash and cash equivalents	**0.9**	**0.8**	**2.3**	**0.9**	**14.0**	**2.5**	**0.2**	**5.6**	**2.0**	**1.7**

The comprehensive income, the net assets and the cash flow statement of non-controlling interests at December 31, 2021 break down as follows:

In millions of euros	HWF 1 & Holdco	HWF 2 & Holdco	HWF 3 & Holdco	Hedet	EREC	Metoro	Bangweulu Power Company	Others
Income statement								
Revenue	**19.0**	**15.3**	**16.4**	**7.9**	**6.2**	**-**	**4.5**	**0.0**
Net income	**1.1**	**1.8**	**0.9**	**(0.2)**	**(2.2)**	**(0.4)**	**(0.5)**	**(0.5)**
- Of which: Net income - Group share	*0.8*	*1.4*	*0.7*	*(0.2)*	*(1.1)*	*(0.3)*	*(0.3)*	*(0.4)*
- Of which: Net income - attributable to non-controlling interests	*0.3*	*0.4*	*0.2*	*(0.0)*	*(1.1)*	*(0.1)*	*(0.2)*	*(0.2)*
Comprehensive income	**2.5**	**1.9**	**1.7**	**0.2**	**(1.1)**	**(0.1)**	**0.3**	**0.1**
Statement of financial position								
Current assets	4.4	3.1	3.3	3.3	5.5	13.8	4.4	1.4
Non-current assets	118.2	110.3	119.4	91.5	51.9	28.2	40.5	16.6
Current liabilities	9.5	7.9	8.6	38.0	12.9	42.9	12.1	13.3
Non-current liabilities	128.9	114.0	126.6	61.9	47.2	1.8	34.3	1.7
Net assets	**(15.8)**	**(8.5)**	**(12.5)**	**(5.1)**	**(2.6)**	**(2.8)**	**(1.5)**	**2.9**
Change in cash								
Net cash flows from operating activities	17.4	15.1	17.4	3.1	3.3	(1.4)	1.4	2.0
Net cash flows from investing activities	(0.0)	(0.0)	(0.1)	(2.9)	(0.4)	(17.3)	(0.0)	(3.3)
Net cash flows from financing activities	(17.3)	(15.4)	(16.6)	(5.2)	(3.9)	22.4	(3.2)	0.6
of which dividends paid	(0.6)	-	-	-	-	-	-	-
Impact of foreign exchange rate fluctuation	0.1	0.1	0.1	-	0.3	0.7	0.3	0.0
Net change in cash from continued activities	**0.1**	**(0.2)**	**0.8**	**(4.9)**	**(0.7)**	**4.4**	**(1.5)**	**(0.7)**
Opening cash and cash equivalents	2.4	1.8	0.9	6.4	4.1	6.0	4.7	1.8
Closing cash and cash equivalents	**2.5**	**1.6**	**1.7**	**1.5**	**3.4**	**10.5**	**3.2**	**1.1**

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 financial year (Group share) are 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)		**31.12.2022**	**31.12.2021**	**30.12.2021**	**31.12.2020**
Before dilution					
Number of shares		114,669,498	107,056,685	107,056,685	85,550,712
Number of treasury shares		146,347	204,510	204,510	10,639
Number of other shares		114,523,151	106,852,175	106,852,175	85,540,073
Average number of shares before dilution[1]		**110,687,663**		**96,196,124**	
Average number of adjusted shares[3]		*110,687,663*		*103,136,139*	
Dilutive instruments[2]	Free shares	558,643	726,645	726,645	537,000
	Stocks options	26,620	60,860	60,860	138,166
	Convertible bonds 2019 (“OCEANEs”)	-	7,126,283	7,126,283	6,629,101
	Convertible bonds 2020 (“OCEANEs”)	3,966,664	3,955,626	3,955,626	3,679,653
	Convertible bonds 2022 (“OCEANEs”)	5,825,253			
	TOTAL	**10,377,180**	**11,869,414**	**11,869,414**	**10,983,920**
After dilution					
Number of shares		125,046,678	118,926,099	118,926,099	96,534,632
Number of treasury shares		146,347	204,510	204,510	10,639
Number of other shares		124,900,331	118,721,589	118,721,589	96,523,993
Average number of shares after dilution[1]		**121,810,960**		**107,622,791**	
Average number of adjusted shares[3]		*121,810,960*		*115,022,621*	

1) *Average number of shares over the financial year excluding treasury shares and before taking into account the adjustment factors described in note (2) below.*

2) *Following the capital increase of April 9, 2021 with preferential subscription rights and in accordance with the applicable legal provisions and the stipulations of the free share plans and stock option plans and the terms and conditions of the convertible bonds “OCEANEs” issued by Neoen S.A. on October 7, 2019 (the “OCEANEs 2019”) and of the green convertible bonds issued in June 2, 2020 (the "OCEANEs vertes 2020"), the Chairman and Chief Executive Officer proceeded, on delegation of the Board of Directors, to adjust the rights of the beneficiaries of free shares, stock options (coefficient of 1.081),convertible bonds (“OCEANEs 2019”) and green convertible bonds (“OCEANEs vertes 2020”) (coefficient of 1.075).*

   Following the distribution of a first dividend in the first half of 2022 and in accordance with the applicable legal provisions and the stipulations of the terms and conditions of the convertible bonds (“OCEANEs 2019”) and of the green convertible bonds (“OCEANEs vertes 2020”), the Chairman and Chief Executive Officer has proceeded to adjust the convertible bond (“OCEANEs 2019”) and the green convertible bonds (“OCEANEs vertes 2020”) (coefficient of 1.078), on delegation of the Board of Directors.

   The vast majority of the convertible bonds (“OCEANEs 2019”) were converted in 2022, and were repaid for the residual portion (see note 1.3 “events of the financial year”).

3) *In accordance with IAS 33 « earnings per share », the number of ordinary shares (used to calculate basic and diluted earnings per share) for all periods prior to the capital increase with preferential subscription rights on April 9, 2021 has been adjusted by a factor of 1.075 to reflect the effect of the capital increase.*

NOTE 19. 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 provisions

When there is a legal or contractual obligation to dismantle a power plant, a provision for dismantling is recognised against the related asset. Provisions for dismantling are regularly estimated on the basis of quotes from external service providers. In the event of a significant change in the estimate, the change in the provision is added to or deducted from the cost of the related asset. In the case of an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If any such indication exists, an impairment test is performed. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognised in net income. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in net income as they occur.

Current and non-current provisions

The main movements affecting provisions in 2022 were as follows:

	Non-current provisions			Current provisions			
In millions of euros	Dismantling provision	Other provisions	**Total**	Dismantling provision	Other provisions	**Total**	**Total**
As of December 31, 2021	**75.4**	**0.4**	**75.8**	**0.3**	**0.0**	**0.3**	**76.1**
Constituted over the period	21.7	-	21.7	-	-	-	21.7
Effect of discounting rates[(1)]	17.5	-	17.5	-	-	-	17.5
Discounting	2.0	-	2.0	-	-	-	2.0
Impact of changes in consolidation scope	(1.1)	(0.0)	(1.1)	-	-	-	(1.1)
Impact of exchange rate changes	0.2	-	0.2	(0.0)	-	(0.0)	0.2
Reclassifications and others	(0.7)	-	(0.7)	0.7	-	0.7	(0.0)
As of December 31, 2022	**115.0**	**0.4**	**115.3**	**1.0**	**0.0**	**1.0**	**116.3**

1) *In the current context of a significant increase in interest rates and inflation since the beginning of the year, the Group has reviewed the parameters for calculating its decommissioning provisions at December 31, 2022. These changes have been accounted for in accordance with IFRIC 1, "Changes in Existing Decommissioning, Restoration and Similar Liabilities", and have resulted in an increase in decommissioning provisions of €17.5 million, with a corresponding increase in the cost of the related assets.*

NOTE 20. FINANCING AND FINANCIAL INSTRUMENTS

NOTE 20.1 NET FINANCIAL RESULT

In millions of euros	FY 2022	FY 2021
Loan interest	(113.9)	(77.2)
Interest associated with derivatives	(14.9)	(23.9)
Interest associated with lease obligations	(6.8)	(5.4)
Cost of debt	**(135.6)**	**(106.5)**
Shareholder loan interest income and expenses	(1.0)	(0.8)
Foreign exchange gains and losses	(6.9)	(4.3)
Other financial income and expenses	(9.2)	(6.1)
Total other financial income and expenses	**(17.1)**	**(11.2)**
Net financial result	**(152.7)**	**(117.7)**

The change in the cost of financial debt is explained:

- mainly by the increase in the number of plants in operation under financing;
- effect partially offset by the impact of the gradual repayment of the financing of the plants in operation.

The increase in interest rates in 2022 has had only a limited impact on the increase in the cost of financial debt due to the Group's hedging strategy (see note 20.2 "net debt").

Financial expenses on interest rate derivatives correspond to the recycling through profit or loss of the fair value of the interest rate derivatives considered as effective, previously accumulated in other comprehensive income.

In 2022, foreign exchange gains and losses amount to €(6.9) million, of which €(5.2) million relates to the Group's exposure in Argentina (notably in respect of VAT credits denominated in Argentine pesos).

In 2021, foreign exchange gains and losses amounted to €(4.3) million and consisted mainly of foreign exchange losses on VAT credits denominated in Argentine pesos.

Other financial income and expenses consist mainly of commissions and bank charges, the cost of security deposits and guarantees, the accretion of provisions for decommissioning and other non-current liabilities, which have increased due to the growth in the number of operating assets, and other non-recurring financial income and expenses. In 2022, they include in particular €(1.4) million of net expenses related to the refinancing of Neoen Production 2. In 2021, they included €(1.6) million of expenses incurred in connection with early repayment of loans.

NOTE 20.2 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.

Interest rate derivatives

The objective of Neoen Group's finance department is to hedge the risk of variability in the future interest expense resulting from the variable rate financing of a substantial part of the Group's investments.

To hedge its interest rate risk exposure, the Group uses derivatives mainly in the form of interest rate swaps. Most of the interest rate derivatives used by the Group 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 (cash flow hedge reserve) for the "effective portion" of the hedge and in profit or loss for the financial year, within the net financial result, 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, within the net financial result.

Derivative financial instruments with a positive fair value are recognised as assets and those with a negative fair value are recognised as liabilities.

Net debt analysis

In millions of euros	31.12.2022	31.12.2021
Senior financing of projects	2,717.6	2,199.6
Bond financing of projects	77.4	117.5
Lease liabilities	264.4	219.7
Corporate financing	409.7	338.8
Non-controlling investors and others	40.2	31.0
Interest rate derivative liabilities	-	46.7
Financial debt	**3,509.3**	**2,953.4**
Non-controlling investors and others	(40.2)	(31.0)
Adjusted financial debt	**3,469.1**	**2,922.4**
Cash equivalents	(40.6)	(67.9)
Cash	(582.2)	(524.6)
Total cash and cash equivalents	**(622.8)**	**(592.6)**
Guarantee deposits	(79.0)	(67.2)
Interest rate derivative assets	(302.7)	(30.4)
Total other assets	**(381.7)**	**(97.6)**
Total net debt	**2,464.6**	**2,232.2**

Net debt increased by +€232.4 million at December 31, 2022. This change is mainly due to the issuance of senior financing for assets under construction and new green convertible bonds issued in 2022, partially offset by the conversion of the convertible bonds ("OCEANEs 2019"), the refinancing of Neoen Production 2's mezzanine debt, and the increase in the fair value of interest rate derivatives over the period, in a context of rising forward interest rates.

As of December 31, 2022, the cash taken into account in the net debt calculation includes €90.3 million, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. Moreover, due to the sharp rise in forward interest rate over the year, the positive fair value of interest rate financial instruments rose to reach €302.7 million. Excluding these two temporary items, the net debt would have amounted to €2,857.6 million.

Breakdown of current / non-current financial debt

In millions of euros	Non-current	Current	31.12.2022	Non-current	Current	31.12.2021
Senior financing of projects	2,331.0	386.7	2,717.6	1,795.1	404.5	2,199.6
Bond financing of projects	73.9	3.5	77.4	102.3	15.3	117.5
Lease liabilities	257.5	6.9	264.4	212.1	7.7	219.7
Corporate financing	407.9	1.8	409.7	337.5	1.3	338.8
Non-controlling investors and others	39.9	0.3	40.2	30.8	0.3	31.0
Interest rate derivative liabilities	-	-	-	23.3	23.3	46.7
Total financial liabilities	**3,110.2**	**399.1**	**3,509.3**	**2,501.0**	**452.4**	**2,953.4**

Breakdown of financial debt by currency

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others	31.12.2022
Senior financing of projects	1,076.2	529.1	1,112.4	-	2,717.6
Bond financing of projects	77.4	-	-	-	77.4
Lease liabilities	200.4	4.0	48.8	11.2	264.4
Corporate financing	409.7	0.0	0.0	0.0	409.7
Non-controlling investors and others	24.0	13.9	2.2	0.1	40.2
Interest rate derivative liabilities	-	-	-	-	-
Total financial liabilities	**1,787.7**	**547.0**	**1,163.3**	**11.3**	**3,509.3**

(Counter value in millions of euros at closing price)	EUR	USD	AUD	Others	31.12.2021
Senior financing of projects	811.1	515.7	872.8	-	2,199.6
Bond financing of projects	50.9	12.7	54.0	-	117.5
Lease liabilities	161.4	12.7	45.4	0.3	219.7
Corporate financing	337.7	-	1.2	-	338.8
Non-controlling investors and others	15.9	12.8	2.3	0.1	31.0
Interest rate derivative liabilities	13.5	12.8	20.4	-	46.7
Total financial liabilities	**1,390.4**	**566.8**	**995.9**	**0.3**	**2,953.4**

Breakdown of financial debt by interest rate type

In millions of euros	31.12.2022	31.12.2021
Fixed rate	1,690.0	1,213.5
Variable rate	1,819.3	1,693.3
Interest rate derivative liabilities	-	46.7
Interest rate derivative assets	(302.7)	(30.4)
Total financial liabilities after hedging	**3,206.6**	**2,923.0**

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[1]	Between 1 and 5 years	More than 5 years	**31.12.2022**
Senior financing of projects	386.7	713.9	1,617.1	2,717.6
Bond financing of projects	3.5	16.7	57.2	77.4
Lease liabilities	6.9	20.3	237.3	264.4
Corporate financing	1.8	156.1	251.8	409.7
Non-controlling investors and others	0.3	3.6	36.3	40.2
Interest rate derivative liabilities	-	-	-	-
Total financial debt	**399.1**	**910.6**	**2,199.6**	**3,509.3**

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	**31.12.2021**
Senior financing of projects	404.5	511.5	1,283.6	2,199.6
Bond financing of projects	15.3	32.3	70.0	117.5
Lease liabilities	7.7	15.4	196.6	219.7
Corporate financing	1.3	337.5	-	338.8
Non-controlling investors and others	0.3	3.8	27.0	31.0
Interest rate derivative liabilities	23.3	14.1	9.2	46.7
Total financial debt	**452.4**	**914.6**	**1,586.4**	**2,953.4**

1) *As of December 31, 2022, senior financing of projects due within one year include the acceleration of the debts of the El Llano power plant for €116.3 million (US$124.1 million), of the Coleambally power plant in Australia for €82.0 million (AUD 128.7 million), and of the Metoro power plant in Mozambique for €28.2 million (US$30.1 million) (please refer to note 1.3 "events of the financial year").*

Breakdown of financial debt by movements

In millions of euros	31.12.2021	Cash flows	Change without cash impact: Effect of exchange rate changes	Change in consolidation scope	Changes in fair value and amortised cost	Accrued interest	Other changes	31.12.2022
Senior financing of projects	2,199.6	548.5	19.3	(30.7)	7.0	(0.6)	(25.4)	2,717.6
Bond financing of projects	117.5	(46.1)	1.9	-	3.9	0.2	-	77.4
Lease liabilities	219.7	(5.8)	0.4	(1.8)	-	0.7	51.1	264.4
Corporate financing	338.8	248.2	0.0	-	1.0	1.8	(180.2)	409.7
Non-controlling investors and others	31.0	8.4	0.8	(0.1)	-	-	(0.0)	40.2
Interest rate derivative liabilities	46.7	-	1.6	-	(48.2)	-	-	-
Total financial liabilities	**2,953.4**	**753.2**	**24.0**	**(32.5)**	**(36.4)**	**2.1**	**(154.6)**	**3,509.3**

In millions of euros	31.12.2020	Cash flows	Change without cash impact: Effect of exchange rate changes	Change in consolidation scope	Changes in fair value and amortised cost	Accrued interest	Other changes	31.12.2021
Senior financing of projects	1,948.7	198.2	53.7	(7.6)	5.3	1.1	0.2	2,199.6
Bond financing of projects	154.4	(37.4)	0.0	-	0.6	(0.0)	(0.0)	117.5
Lease liabilities	167.9	(4.4)	1.8	(5.4)	-	(2.2)	62.0	219.7
Corporate financing	339.4	(10.1)	0.0	-	1.1	(0.0)	8.5	338.8
Non-controlling investors and others	29.2	1.1	1.0	(0.4)	-	-	0.1	31.0
Interest rate derivative liabilities	109.8	(0.0)	2.0	(0.3)	(64.9)	-	(0.0)	46.7
Total financial liabilities	**2,749.4**	**147.3**	**58.5**	**(13.6)**	**(57.9)**	**(1.1)**	**70.8**	**2,953.4**

Senior project financing

In 2022, senior project financing increased by **+ €518.1** million, mainly due to:

- new loans issued in connection with the financing of Group projects for €**856.3 million**, including in particular:
  - in the Europe-Africa zone for €535.0 million (including Mutkalampi in Finland for €306.4 million, several wind and solar power plants in France for €165.1 million and €49.1 million respectively, and several solar power plants in Ireland for €14.3 million);
  - in Australia for €319.6 million (including mainly Kaban for €140.0 million, Western Downs for €84.9 million, Victorian Big Battery for €45.6 million, Goyder for €33.1 million and Capital Battery for €15.6 million).
- €(**307.8**) million in loan repayments;
- change in the scope of consolidation related to the farm-down of the Saint-Sauvant wind farm in France for €(**30.7**) million;
- €(**25.1**) million of project financing reclassified as liabilities associated with assets held for sale (corresponding to the Cabrela solar power plant in Portugal);
- the impact of exchange rate fluctuations for €**19.3** million;
- the change in amortised cost of borrowings for €**7.0** million.

As of December 31, 2022, senior project financings were reclassified as current financial debt for an amount of €226.6 million, compared with €252.4 million as of December 31, 2021 (see note 1.3 " events of the financial year ").

Bond financing of projects

Bond financing mainly comprises junior debt on project entities. The decrease of – €40.2 million in bond financing is mainly due to the refinancing of the mezzanine debt of Neoen Production 2. This resulted in the full repayment of the three historical tranches (euros, Australian dollars, US dollars) for – €110.7 million, and the issuance of new debt, exclusively in euros, for + €77.7 million net of issuance costs.

Lease liabilities

The increase of + €44.7 million compared with the previous year is mainly due to the entry into force of new leases or revaluations for €52.4 million, and to reimbursements for €(5.8) million.

Corporate financing

As of December 31, 2022, corporate financing mainly corresponds to the green convertible bonds issued in June 2020 and September 2022. The increase of +€70.8 million over the period corresponds mainly to the issue of the 2022 green convertible bonds for +€249.8 million (debt component, net of issue costs), offset by the conversion of the convertible bonds (“OCEANEs 2019”) for –€190.8 million (plus –0.4 million repaid in cash), as well as the amortisation of the issue premium relating to the convertible bonds and green convertible bonds for +€10.6 million.

Non-controlling investors and others

This item consists mainly of current account contributions from minority shareholders in the context of project financing.

Interest rate derivative liabilities

On December 31, 2022, all interest rate derivatives had a positive value due to the significant increase in forward interest rates over the period in all geographical areas where the Group operates, and are therefore presented as assets.

NOTE 20.3 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting principles

Interest rate derivatives

See note 20.2 “net debt”.

Energy derivative financial instruments

In order to hedge against the variation in spot electricity prices associated with the production of certain of the Group's renewable assets, which do not benefit from support mechanisms in the form of feed-in tariffs or additional remuneration obtained in open-window frameworks or government calls for tender, Neoen has chosen to gradually sign medium to long-term power purchase agreements with commercial counterparties, known as Corporate Power Purchase Agreements (CPPA). Some of these agreements, recently implemented, provide for a financial settlement between the parties (calculated as the difference between a fixed price and the spot price of electricity, with the production of the associated physical asset as the underlying) and, generally, the delivery by the Group of green certificates (guarantees of origin or LGCs) generated by the production. These financially settled contracts with commercial counterparties are derivative financial instruments within the meaning of IFRS 9 "financial Instruments".

As of December 31, 2022, these derivative financial instruments, entered into to hedge the economic risk associated with changes in electricity prices, have not been designated as hedging instruments. As a result, the related changes in fair value are recognised in the income statement under other current operating income and expenses (see note 9 “other current operating income and expenses”).

Specifically, the valuation of energy derivative financial instruments is based on specific valuation methods and relies in particular on non-observable data (related to the term of the contracts), justifying a level 3 classification under IFRS 13 "fair value measurement".

In order to remedy the lack of observable forward prices, resulting in particular from the intermittent production profile of renewable assets, the Group has simulated future electricity prices using internal models that take into account, in the short term, spot and forward trends in wholesale prices observed in local electricity markets, adjusted for the intermittent production profile of the assets in question, and in the medium and long term, market prospects based on analyses carried out by specialised forecasting firms, recognised as experts in these local markets.

In accordance with IFRS 13 "fair value measurement", an adjustment has been made to reflect the credit risk of the counterparty (credit valuation adjustment) and the Company's own credit risk (debit valuation adjustment) in the fair value of these energy derivative financial instruments.

Analysis of derivative financial assets and liabilities measured at fair value

As of December 31, 2022 *(In millions of euros)*	Assets			Liabilities		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Energy derivative financial instruments	41.3	4.8	**46.1**	32.2	12.6	**44.9**
Interest rate derivative financial instruments	271.7	31.1	**302.7**	-	-	**-**
Total	**312.9**	**35.9**	**348.8**	**32.2**	**12.6**	**44.9**

As of December 31, 2021 *(In millions of euros)*	Assets			Liabilities		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Energy derivative financial instruments	-	-	-	-	-	-
Interest rate derivative financial instruments	30.4	-	**30.4**	23.3	23.3	**46.7**
Total	**30.4**	**-**	**30.4**	**23.3**	**23.3**	**46.7**

NOTE 20.4 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 20.2 and 20.3.

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.

Analysis of the fair value of financial assets and liabilities

As of December 31st, 2022 *In millions of euros*	Level	**Carrying amount**	**Fair value**	Amortised cost	Fair Value through profit or loss	Cash-flow hedge derivatives
Interest rate derivatives	2	302.7	302.7			302.7
Energy derivative financial instruments	3	46.1	46.1		46.1	
Non-current financial assets	2	99.9	99.9	99.9		
Other assets (current and non-current)	2	118.7	118.7	118.7		
Trade receivables	2	106.6	106.6	106.6		
Cash and cash equivalents	1	622.8	622.8		622.8	
Total financial assets		**1,296.8**	**1,296.8**	**325.2**	**668.9**	**302.7**
Non-current financial liabilities	2	3,110.2	2,938.9	3,110.2		
Other liabilities (current and non-current)	2	224.2	224.2	224.2		
Interest rate derivatives	2	-	-	-		
Energy derivative financial instruments	3	44.9	44.9		44.9	
Current financial liabilities	2	399.1	399.1	399.1		
Trade payables	2	242.4	242.4	242.4		
Total financial liabilities		**4,020.7**	**3,849.3**	**3,975.8**	**44.9**	

As of December 31st, 2021 *In millions of euros*	Level	**Carrying amount**	**Fair value**	Amortised cost	Fair Value through profit or loss	Cash-flow hedge derivatives
Interest rate derivatives	2	30.4	30.4			30.4
Non-current financial assets	2	83.0	83.0	83.0		
Other assets (current and non-current)	2	126.3	126.3	126.3		
Trade receivables	2	81.6	81.6	81.6		
Cash and cash equivalents	1	592.6	592.6		592.6	
Total financial assets		**914.0**	**914.0**	**291.0**	**592.6**	**30.4**
Non-current financial liabilities	2	2,477.7	2,533.3	2,477.7		
Other liabilities (current and non-current)	2	115.7	115.7	115.7		
Interest rate derivatives	2	46.7	46.7			46.7
Current financial liabilities	2	429.1	429.1	429.1		
Trade payables	2	340.4	340.4	340.4		
Total financial liabilities		**3,409.4**	**3,465.1**	**3,362.8**	**-**	**46.7**

NOTE 21. OTHER CURRENT LIABILITIES

NOTE 21.1 TAX AND SOCIAL SECURITY LIABILITIES

In millions of euros	**31.12.2022**	**31.12.2021**
Tax debts	35.6	27.4
Social debts	13.1	11.7
Total of tax and social security liabilities	**48.6**	**39.1**

NOTE 21.2 OTHER CURRENT LIABILITIES

In millions of euros	31.12.2022	31.12.2021
Prepaid income	15.1	15.8
Other creditors	142.5	29.1
Total other current liabilities	**157.6**	**45.0**

Prepaid income consists mainly of operating subsidies that are transferred to the income statement on a straight-line basis according to the useful life of the underlying asset.

As of December 31, 2022, other creditors include €90.3 million corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA. The remaining balance mainly corresponds to debts related to acquisitions of assets under development in Europe.

NOTE 22. RISK MANAGEMENT

NOTE 22.1 INTEREST RATE RISKS

The 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 that qualify as cash flow hedges.

	Notional value by maturity					
As of December 31st, 2022 *(In millions of euros)*	Less than 5 years	More than 5 years	**Total**	Fair value(1)	Recorded as other elements of comprehensive income(2)	Recorded as income(3)
Interest rate swaps - Solar	(184.4)	(508.5)	**(692.9)**	110.6	114.3	-
Interest rate swaps - Wind	(378.6)	(488.3)	**(866.8)**	182.6	168.8	-
Interest rate swaps - Holding	-	-	-	9.6	9.6	-
Interest rate caps	-	-	-	-	1.9	-
Total	**(562.9)**	**(996.8)**	**(1,559.7)**	**302.7**	**294.6**	**-**

1) *The fair value is only composed of €302.7 million of interest rate derivative assets at the closing date.*
2) *This concerns the stock recorded in other comprehensive income in the Group's equity.*
3) *Where applicable, the ineffective portion of interest rate derivatives is recorded in the income statement.*

A 1% increase in interest rates would, given the interest rate hedging instruments in force, cause an annual increase of + €1.4 million on the Group’s cost of debt. A 1% decrease in interest rates would cause an annual decrease of – €1.4 million on the Group’s annual cost of debt.

NOTE 22.2 ENERGY PRICE RISKS

The energy price risk is linked to the sale on the wholesale markets at the spot price of the electricity production of some of the Group's wind and solar assets (particularly in Australia and Finland). In order to limit this risk, the Group secures its future revenues over a long period through feed-in tariffs or additional remuneration obtained in connection with public tenders, as well as by entering into physical and financial power purchase agreements.

As of December 31st, 2022 *(In millions of euros)*	Notional value by maturity					
	Less than 5 years	More than 5 years	**Total**	Fair value	Recorded as other elements of comprehensive income	Recorded as income
Energy derivative financial instruments	160.1	206.1	**366.2**	1.2	-	2.8
Total	**160.1**	**206.1**	**366.2**	**1.2**	**-**	**2.8**

A 5% increase in electricity prices would lead to a decrease in the fair value of energy derivative financial instruments of – €13.8 million. A 5% decrease in electricity prices would lead to an increase in the fair value of energy derivative financial instruments of + €14.0 million.

NOTE 22.3 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 22.4 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 22.5 LIQUIDITY RISKS

Liquidity risk is the Group's inability to meet its immediate or short-term financial commitments.

In order to prevent this risk, the Group performs an analysis of its liquidity requirements several times a year over a rolling 12-month period.

At the date of closing of the financial statements, and taking into account 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 for the period under review.

The net additional cash required to continue the Company's activities over the next twelve months is estimated at approximately €335.0 million.

A capital increase is therefore the Company's preferred solution for financing the continuation of its activities necessary for its development over the period in question.

However, in the event that the Company delays 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 cash held by the holding and development companies amounted to €292.6 million as of December 31, 2022, compared to €330.3 million for the project companies (assets under operation and construction). The cash of the project companies comprises 90.3 million euros corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In accordance with the current regulation, the Group considers that this amount will have to be returned to EDF OA.

In millions of euros	**31.12.2022**	**31.12.2021**
Cash and cash equivalents	622.7	592.5
Corporate credit lines available	288.0	238.0
Total	**910.7**	**830.5**

Corporate credit lines available

The Group has short-term credit lines totaling €288.0 million, including a syndicated loan of €250.0 million, composed of a corporate loan of €175.0 million that has not been drawn down to date, an increase of €50.0 million compared to December 31, 2021 following the signing of an amendment with its lending banks during the year, and a revolving credit line of €75.0 million, to meet the working capital requirements of the parent company.

Credit lines granted to projects

As of December 31, 2022, the Group benefits from commitments received in respect of its projects and operating financing in the amount of €547.3 million not used at that date (see note 23.2 "off-balance sheet commitments received").

NOTE 22.6 RISKS RELATED TO REGULATORY CHANGES

The Group sells electricity mainly under long-term contracts with firm commitments from its counterparties, including many states.

In some countries, governments may retroactively call into question certain subsidized feed-in tariffs, as was the case in France in 2021, without any material impact on the Group's accounts. A reconsideration of certain feed-in tariffs in the future could have a material impact on the Group's financial statements.

The Group still considers that its multi-sector and multi-country strategy has the effect of limiting the risk linked to regulatory changes by reducing its exposure to a particular technology or country. The particularly competitive price of the electricity produced by the Group in the vast majority of its contracts also constitutes a natural hedge against this risk.

NOTE 23. OFF-BALANCE SHEET COMMITMENTS

NOTE 23.1 OFF-BALANCE SHEET COMMITMENTS GIVEN

In millions of euros	31.12.2022	31.12.2021
Guarantees provided to suppliers	1,036.1	416.4
Maintenance	1,712.1	1,425.0
Other commitments provided	358.8	283.1
Commitments provided associated with operating activities	**3,107.0**	**2,124.4**
Assets provided as surety	4,728.4	3,836.2
Commitments provided associated with financing activities	**4,728.4**	**3,836.2**
Total off-balance sheet commitments provided	**7,835.4**	**5,960.6**

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 23.2 OFF-BALANCE SHEET COMMITMENTS RECEIVED

In millions of euros	31.12.2022	31.12.2021
Energy purchase commitments received	7,079.1	6,188.8
Other commitments received	4,162.2	2,897.3
Commitments received associated with operating activities	**11,241.4**	**9,086.1**
Amounts payable to related parties	547.3	753.8
Corporate credit lines available	288.0	238.0
Commitments received in connection with financing activities	**835.3**	**991.8**
Total off-balance sheet commitments received	**12,076.6**	**10,077.9**

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, usually 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 24. RELATED PARTY TRANSACTIONS

Neoen's consolidated financial statements are fully consolidated in the consolidated financial statements of Neoen's parent company, Impala, which owns 44.59% of its share capital. In 2022, transactions with Impala were carried out. The expenses with Impala mainly relate to management fees. Transactions with Impala and its subsidiaries were carried out under normal market conditions for immaterial amounts.

The remuneration of key management personnel is provided in note 7.2.

NOTE 25. STATUTORY AUDITORS' FEES

In millions of euros	Deloitte	RSM	Other networks	**FY 2022**
Neoen S.A.				
Statutory Audit	0.2	0.1	-	0.3
Services other than certification of financial statements	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.9	-	0.2	1.1
Total	**1.1**	**0.1**	**0.2**	**1.4**

In millions of euros	Deloitte	RSM	Other networks	**FY 2021**
Neoen S.A.				
Statutory Audit	0.1	0.1	-	0.2
Services other than certification of financial statements[1]	0.2	0.1	-	0.2
Subsidiaries				
Statutory Audit	0.9	-	0.2	1.1
Total	**1.2**	**0.1**	**0.2**	**1.5**

1) *Services other than certification of financial statements mainly include fees relating to the capital increase of April 9, 2021.*

NOTE 26. SUBSEQUENT EVENTS

Sale of the Cabrela solar power plant in Portugal

On October 28, 2022, the Group signed an agreement to sell to Cubico 100% of its shares in the Cabrela solar power plant in Portugal, with a capacity of 13.2 MWp, and on the basis of an enterprise value of €50.7 million. This sale was formally concluded on February 22, 2023 for net proceeds of more than €25.0 million, which will be recorded in 2023 under other current operating income in the Group's accounts.

2.2. ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31ST, 2022

2.2.1. INCOME STATEMENT

In millions of euros	Notes	2022	2021
Revenue	3.1	85.8	79.2
Other income (1)		3.0	1.8
OPERATING INCOME		**88.8**	**81.0**
Other purchases and external expenses	5.1	(59.6)	(46.1)
External charges	**5.1**	**(59.6)**	**(46.1)**
Duties, taxes and similar payments		**(1.2)**	**(1.0)**
Wages and salaries	8.1	(15.7)	(20.4)
Social security contributions	8.1	(8.7)	(7.4)
Payroll costs	**8.1**	**(24.4)**	**(27.8)**
Amortisation and impairment on assets	14 and 15	(0.6)	(0.8)
Amortisation of operating expenses (2)		(2.0)	(1.2)
Foreign exchange gains and losses		(0.0)	(0.1)
Other expenses (3)		(0.3)	(0.3)
OPERATING EXPENSES		**(88.1)**	**(77.2)**
OPERATING PROFIT (LOSS)		**0.8**	**3.8**
Financial income	10.1	68.9	54.0
Financial expenses	10.1	(22.1)	(15.9)
Net financial income (expenses)	**10.1**	**46.8**	**38.1**
CURRENT PROFIT (LOSS) BEFORE TAX		**47.6**	**41.9**
Non-current income	11	9.0	14.7
Non-current expenses	11	(7.5)	(13.8)
Non-current profit (loss)	**11**	**1.5**	**1.0**
Employee profit-sharing		(1.2)	(1.0)
Income tax	12	(0.2)	(6.1)
PROFIT (OR LOSS) FOR THE PERIOD		**47.7**	**35.8**

1) *Includes in 2022, transfers of expenses relating to the issue of the convertible bonds "OCEANEs" maturing in 2027, of a nominal amount of €300 million, effected on September 14th, 2022 (€2.7 million), as well as foreign exchange gains on liabilities and trade receivables (€0.3 million).*

   In 2021, these were mainly transfers of expenses relating to costs and fees for €0.9 million related to the two-year extension of the maturity of a syndicated loan, the reversal of the impairment of the current account of BE Laneuveville following the absorption of this entity by Neoen Services for € 0.6 million, as well as foreign exchange gains on commercial debt and receivables for €0.2 million.

2) *Corresponds to the amortisation of expenses related to the setting up of the convertible bonds "OCEANEs" and "syndicated loan" financings.*

3) *Mainly corresponds to remuneration received by non-executive directors.*

2.2.2. STATEMENT OF FINANCIAL POSITION - ASSETS

In millions of euros	Notes	**Gross 31.12.2022**	Amortisation/ impairment	**Net 31.12.2022**	**Net 31.12.2021**
Intangible assets	**14**	**2.7**	**(2.1)**	**0.6**	**0.5**
Property, plant and equipment	**14**	**4.0**	**(1.3)**	**2.7**	**1.5**
Equity investments	15	78.2	-	78.2	70.4
Receivables from equity investments	15	1,763.6	-	1,763.6	1,375.7
Deposits and security provided	15	14.8	-	14.8	14.2
Other non-current financial assets	15	5.4	(0.0)	5.3	7.8
Non-current financial assets	**15**	**1,861.9**	**(0.0)**	**1,861.9**	**1,468.1**
FIXED ASSETS		**1,868.5**	**(3.4)**	**1,865.2**	**1,470.1**
Down-payments and advances		2.8	-	2.8	2.2
Trade receivables	3.2	16.2	-	16.2	36.5
Other receivables	3.2	10.2	-	10.2	3.6
Receivables	3.2	**29.3**	**-**	**29.3**	**42.2**
Liquid assets and miscellaneous		**246.4**	**-**	**246.4**	**279.6**
CURRENT ASSETS		**275.6**	**-**	**275.6**	**321.9**
Prepaid expenses	16	0.7	-	0.7	0.4
Deferred expenses	16	5.5	-	5.5	4.5
Unrealized foreign exchange losses	16	0.1	-	0.1	0.6
TOTAL ASSETS		**2,150.4**	**(3.4)**	**2,147.1**	**1,797.5**

2.2.3. STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

In millions of euros	Notes	31.12.2022	31.12.2021
Share capital	13	229.3	214.1
Additional paid-in capital	13	1,247.4	1,053.4
Legal reserve	13	6.5	4.7
Other reserves	13	76.7	53.8
Retained earnings	13	8.0	8.0
Profit (loss) for the period	13	47.7	35.8
EQUITY	13	**1,615.7**	**1,369.8**
Provisions for risks and charges	7	2.5	5.0
Provisions for exchange rate losses	7	0.1	0.6
PROVISIONS	7	**2.6**	**5.6**
Convertible bonds	10.2	473.0	371.2
Borrowings and liabilities with lending institutions	10.2	-	0.0
Miscellaneous borrowings and financial liabilities	10.2	20.6	20.0
Financial debt	10.2	**493.6**	**391.2**
Trade accounts payable	5.2	18.7	11.2
Payroll and tax liabilities	9	15.2	19.3
Current liabilities		**33.9**	**30.5**
Other payables	9	0.2	0.2
Deferred income	9	0.3	0.0
TOTAL PAYABLES		**527.9**	**421.9**
Unrealized foreign exchange gains	17	0.9	0.2
TOTAL EQUITY AND LIABILITIES		**2,147.1**	**1,797.5**

2.2.4. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND VALUATION METHODS

Preparation of the financial statements

The annual financial statements as of December 31, 2022 have been prepared in accordance with the provisions of French law and generally accepted accounting principles and methods, in accordance with ANC Regulation No. 2014-03 dated June 5th, 2014 as well as with all regulations subsequently modifying it and on the same bases as of December 31, 2021.

Changes in valuation methods

None.

Changes in presentation

None.

NOTE 2. ACTIVITY AND KEY EVENTS

Activity

Neoen S.A. is a French limited company in the form of a *société anonyme* which was initially registered in Paris on September 29, 2008 under company number 508,320,017, and in the form of a *société par actions simplifiée*. Its shares were admitted for trading on the Euronext Paris regulated market on October 17, 2018.

As the Group holding company, Neoen mainly holds intermediate holding companies which in turn hold, directly or indirectly, project companies which own the Group's energy production or storage facilities.

Key events

Free share plan

On March 14, 2022, the Board of Directors decided to grant 164,046 free Neoen S.A. shares to certain Group employees. The granting of shares will only be final after a vesting period of three years, provided that the beneficiaries are still present in the Group and that the performance conditions set by the Board of Directors in the plan rules and relating in particular to the achievement of financial and development objectives, are met.

Capital increase reserved for employees

On April 19, 2022, Neoen S.A. carried out a capital increase reserved for its employees and corporate officers in France. This plan offered each beneficiary the possibility of buying of a maximum number of 118 new shares at the preferential subscription price of €22.30 per share (benefiting from a 30% discount compared to with average share price over the last twenty trading days preceding March 14, 2022, the date on which the Chairman and Chief Executive Officer, upon sub-delegation by the Board of Directors, set the price) and a matching contribution on the basis of one share offered for one share subscribed.

This transaction resulted in the creation of 32,450 shares with a nominal value of €2 each, corresponding to a capital increase of €394,267.50, including €329,367.50 in issue premium.

Payment of dividend in respect of 2021

At the General Shareholders' meeting of May 25, 2022, the shareholders approved the first distribution in the Group's history of a dividend of €0.10 per share with an option for payment of the dividend in new shares. Each shareholder could thus receive either 100% of the dividend in cash or 100% of the dividend in new ordinary shares.

At the end of the option exercise period (from June 3, 2022, to June 17, 2022, inclusive), nearly 80% of the rights had been exercised in favour of payment of the dividend in shares.

This transaction resulted in the creation of 252,486 new ordinary shares (representing approximately 0.2% of the share capital after the capital increase) and the payment of €2.1 million of dividend in cash.

Issuance of green convertible bonds “OCEANEs vertes”

On September 14, 2022, Neoen S.A. issued green convertible bonds with the option of conversion and/or exchange into new or existing shares for a nominal amount of €300 million.

These convertible bonds were issued with a par value of €100,000 each and bear interest at an annual rate of 2.875% payable semi-annually in arrears on March 14 and September 14 of each year, and for the first time on March 14, 2023.

The conversion/exchange price was set at €51.4999, corresponding to a 35% premium over the Company's reference share price. Unless they have been converted, exchanged, redeemed or bought back and cancelled, the bonds will be repaid at par on September 14, 2027.

Conversion of convertible bond “OCEANEs”

On September 14, 2022, Neoen S.A. issued green bonds with an option to convert and/or exchange for new or existing shares for a nominal amount of €300 million.

These bonds were issued with a denomination of €100,000 each and bear interest at an annual rate of 2.875% payable semi-annually in arrears on March 14 and September 14 of each year, and for the first time on March 14, 2023.

The conversion/exchange price has been set at €51.4999, corresponding to a premium of 35% over the reference price of the Company's shares. Unless converted, exchanged, repaid, or repurchased for cancellation, the bonds will be redeemed at par on September 14, 2027.

Capital increases

During the year, increases in share capital were made as a result of:

- The exercise of conversion and/or exchange rights the convertible bonds “OCEANEs” maturing in 2024, resulting in the creation of 7,130,619 shares;
- The creation of 252,486 shares as part of the dividend payment on June 23;
- The creation of 163,018 shares as part of a free share allocation plan that expired on July 11;
- The creation of 32,450 shares as part of a capital increase reserved for employees;
- Exercise of 34,240 stock options at an exercise price of 9.25 euros.

These operations, amounting to €209,183,736.40, including €193,958,110.40 in issue premium, increased the share capital to €229,338,996 (see note 13).

Russian and Ukrainian conflict

Neoen has no activities and no assets in Russia and Ukraine.

Thus, to date, the ongoing conflict in Ukraine has no significant direct impact on the Neoen S.A. or on the continuity of its business. However, given the lack of visibility on the continuation of this conflict, Neoen considers that its activities could be affected, in the future, by the potential impacts of this conflict on the world economy.

NOTE 3. REVENUE

NOTE 3.1 REVENUE

Revenue consists primarily of services provided by the Company to its subsidiaries, particularly within the context of project development and the management and monitoring of assets in operation, recognised on a percentage-of-completion basis in accordance with the applicable contractual milestones.

Breakdown of revenue

Revenue may be broken down as follows by type of activity and geographical market:

In millions of euros	France	Export	**Total**
Provision of services	58.5	27.4	85.8
Revenue	**58.5**	**27.4**	**85.8**
Proportion (%)	**68%**	**32%**	**100%**

NOTE 3.2 RECEIVABLES

Accounting policy

Receivables are recorded at their nominal value. They are impaired when necessary to reflect any collection difficulties. Receivables are impaired on a case-by-case basis, notably on the basis of customers' solvency.

Breakdown of receivables

Receivables may be broken down as follows:

In millions of euros	**Gross amount 31.12.2022**	Impairment	**Net amount 31.12.2022**	**Net amount 31.12.2021**
Trade receivables	16.2	-	16.2	36.5
Other receivables	10.2	-	10.2	3.6
Down-payments and advances	2.8	-	2.8	2.2
TOTAL	**29.3**	**-**	**29.3**	**42.2**

The decrease in trade receivables is mainly due to the decline in receivables relating to development agreements, particularly with French project companies, not yet collected as of December 31, 2022, but expected to be collected during 2023.

Other receivables are mainly composed of tax receivables related to tax credits and recoverable VAT.

NOTE 4. MATURITY OF RECEIVABLES

In millions of euros	**Gross amount 31.12.2022**	< 1 year	> 1 year	Of which: related companies
Receivables from equity investments	1,763.6		1,763.6	1,763.6
Equity investments	78.2		78.2	78.2
Deposits and security	14.8	0.1	14.7	
Other financial assets	5.4	2.6	2.8	
Total non-current financial assets	**1,861.9**	**2.7**	**1,859.2**	**1,841.8**
Trade receivables	16.2	16.2		
Value added taxes	4.1	4.1		
Other duties and taxes	5.1	5.1		
Miscellaneous debtors	3.8	3.8		
Total current assets	**29.3**	**29.3**	**-**	**-**
Prepaid expenses	0.7	0.7		
TOTAL	**1,891.9**	**32.6**	**1,859.2**	**1,841.8**

NOTE 5. PURCHASES

NOTE 5.1 OTHER PURCHASES AND EXTERNAL EXPENSES

In the framework of its transfer pricing policy, all development costs for the Group's international projects are either borne directly by Neoen S.A. or rebilled to Neoen S.A. by the Company's international development subsidiaries. The costs comprise the external costs incurred essentially for the purposes of obtaining requisite permits or performing environmental or technical surveys, as well as internal staff expenses.

In millions of euros	**2022**	**2021**
Development costs - France	(6.1)	(6.5)
Development costs -International	(34.5)	(25.3)
Surveys and subcontracting	(2.0)	(1.6)
Professional fees	(9.8)	(7.4)
Other charges	(7.3)	(5.3)
TOTAL	**(59.6)**	**(46.1)**

The Group has intensified its investments in the development of its international projects (+ €9.1 million), mainly in Australia, Finland and Italy.

NOTE 5.2 OPERATING PAYABLES

Accounting policy

Operating payables are recorded at their nominal value.

Breakdown of operating payables

Operating payables may be broken down as follows:

In millions of euros	31.12.2022	31.12.2021
Trade payables - Group	11.4	5.3
Trade payables - third parties	1.8	3.0
Accrued invoices - Group	1.0	0.0
Accrued invoices - third parties	4.5	2.9
TOTAL	**18.7**	**11.2**

Trade payables – Group are composed of the re-invoicing of development costs of international projects by local development companies.

Trade payables – third parties are mainly composed of various fees.

NOTE 6. MATURITY OF TOTAL PAYABLES

In millions of euros	Gross amount 31.12.2022	< 1 year	From 1 to 5 years	> 5 years	*Of which: related companies*
Convertible bonds	473.0	3.0	470.0		
Miscellaneous borrowings and financial liabilities	20.6			20.6	16.7
Trade payables	18.7	18.7			
Payroll liabilities	4.9	4.9			
Social security liabilities	3.9	3.9			
Tax liabilities:	**6.5**	**6.5**			
> Value added taxes	5.8	5.8			
> Other duties and taxes	0.7	0.7			
Other payables	0.2	0.2			
Deferred income	0.3	0.3			
TOTAL	**527.9**	**37.3**	**470.0**	**20.6**	**16.7**

NOTE 7. PROVISIONS

Accounting policy

Provisions for risks and charges are made to cover probable outflows of resources embodying economic benefits for third parties, without a corresponding benefit for the Company. They are estimated on the basis of the most probable assumptions at the closing date.

Breakdown of provisions

Provisions may be broken down as follows:

In millions of euros	**31.12.2021**	Increases	Reversals for use	Reversals without use	**31.12.2022**
Provisions for disputes	0.4				0.4
Provisions for risks	-				-
Provisions for charges[1]	4.7	2.7	(5.3)		2.1
Provisions for exchange rate losses	0.6	1.2	(1.7)		0.1
TOTAL	**5.6**	**3.9**	**(7.0)**	**-**	**2.6**

1) *At December 31, 2022, provisions for treasury shares amount to €2.1 million. These shares are intended to be allocated to beneficiaries of free share plans when these expire in 2023, 2024 and 2025 respectively. They were therefore impaired in proportion to the time elapsed over the full term of the plans.*

NOTE 8. PERSONNEL EXPENSES AND CORPORATE OFFICERS' REMUNERATION

Accounting policy

Retirement commitments

The Company is relieved of its obligation to fund the pensions of its workforce by the payment of contributions, calculated on the basis of wages, to the organizations that manage pension benefits.

In addition, a retirement benefit determined on the basis of seniority and level of remuneration must be paid to employees present in the Company at retirement age.

As the Company's commitment in this respect, calculated using the projected unit credit method, is not significant in view of the low level of seniority acquired by employees to date and their average age, it has not been recognised.

NOTE 8.1 PAYROLL COSTS AND AVERAGE EMPLOYEE NUMBERS

In millions of euros	2022	2021
Payroll costs		
Wages and salaries	(15.7)	(20.4)
Social security contributions	(8.7)	(7.4)
PAYROLL COSTS	**(24.4)**	**(27.8)**
Full-time equivalent employees (FTE) - Average		
Executives	166	140
Employees and supervisors	3	3
EMPLOYEES NUMBER	**169**	**143**

The decrease in wages and salaries is mainly due to:

- The impact of free share plans for employees for +€6.6 million. Treasury shares are impaired in proportion to the time elapsed over the full term of the plans, generating an expense of €(2.4) million in the 2022 financial year. In 2021, €(9.0) million had been recognised for the impact of free share plans.
- The -€1.9 million increase in the payroll, mainly due to the increase in the workforce over the year.

However, social security costs increased by -€1.3 million mainly due to:

- The increase in the payroll (€0.8 million);
- The increase in provisions for social security contributions in the context of the current free share plans expiring in 2023, 2024 and 2025 (€ 0.5 million).

NOTE 8.2 CHARACTERISTICS OF SHARE PURCHASE OR SUBSCRIPTION OPTIONS AND FREE SHARE ALLOCATIONS TO EMPLOYEES

Share purchase or subscription options

Date of allocation	Number of options allocated	Date vested	Date of expiry	Exercise price	**Number of options outstanding**
30/05/2018	45,000	31/05/2021	30/05/2023	9.25 €	15,810
05/07/2018	65,000	06/10/2021	05/07/2023	9.25 €	10,810
TOTAL	**110,000**				**26,620**

Free share allocations

Date of allocation	Number of shares allocated	Date of share acquisition	Date of end of period of conservation	**Number of shares outstanding (1)**
02/07/2020	140,000	03/07/2023	-	115,291
10/03/2021	272,302	11/03/2024	-	279,306
14/03/2022	164,046	14/03/2025	-	164,046
TOTAL	**576,348**			**558,643**

1) *Following the capital increase with preferential subscription rights carried out on April 9, 2021, and in accordance with the applicable legal provisions and the stipulations of the free shares and stock options plans, the Chairman and Chief Executive Officer, acting on a delegation of authority from the Board of Directors, adjusted the rights of beneficiaries of free shares and stock options (coefficient of 1.081).*

NOTE 9. BREAKDOWN OF OTHER LIABILITIES

In millions of euros	**31.12.2022**	**31.12.2021**
Payroll liabilities	8.7	7.5
Tax liabilities	6.5	11.8
Other payables	0.2	0.2
Deferred revenue	0.3	0.0
TOTAL	**15.6**	**19.4**

The decrease of €5.3 million in tax liabilities is mainly related to :

- VAT liabilities collected on invoicing of development agreements (€.3.0 million);
- Corporate income tax (€2.3 million) due in particular to the recognition in 2022 of a receivable from the State relating to tax credits for the activity of Argentine subsidiaries.

NOTE 10. FINANCIAL ITEMS

Accounting policy

Investment securities

Investment securities represent temporary cash positions invested in mutual funds and/or money market funds. They are recorded at their historical acquisition cost. When sold, gains or losses are calculated using the first-in first-out method (FIFO).

Impairment is recognised if the net asset value is less than the carrying amount.

Foreign currency transactions

Neoen S.A.'s financial statements are presented in euros. Income and expenses denominated in foreign currencies are converted into euros at the foreign exchange rates prevailing on the transaction dates. At the closing date, receivables and payables denominated in foreign currencies are converted and recorded in the balance sheet on the basis of the latest exchange rate, with an offsetting entry in the balance sheet under "conversion differences - assets/liabilities".

Unrealised foreign exchange gains are not included in the accounting profit. A provision for foreign exchange losses is established for unrealised foreign exchange losses that are not offset by a foreign exchange hedge.

Hedging

Hedge accounting is obligatorily applied for all documented hedging relationships identified. The impacts of the financial instruments employed by Neoen S.A. to hedge its exposure to foreign currency risk are recognised in its income statement on a symmetrical basis to the hedged item.

NOTE 10.1 NET FINANCIAL INCOME (EXPENSES)

In millions of euros	2022	2021
Financial income	**68.9**	**54.0**
Financial income from equity investments	59.7	48.5
Other financial income	5.5	1.3
Reversal of provisions and reclassification of expenses	0.8	2.3
Foreign exchange gains	2.8	1.9
Financial expenses	**(22.1)**	**(15.9)**
Financial allocations to amortisation and provisions	(0.1)	(0.6)
Interest and similar expenses	(17.6)	(13.3)
Foreign exchange losses	(4.4)	(2.0)
NET FINANCIAL INCOME (EXPENSE)	**46.8**	**38.1**

The increase in financial result is mainly explained by:

- The increase in interest on shareholder loans for + €11.2 million, linked to the continued growth of investments made in new projects;
- The increase in capital gains on the sale of securities under the liquidity contract (+€0.7 million);
- The increase in interest expense associated with the convertible bonds ("OCEANEs") (-€1.8 million). The new convertible bonds ("OCEANEs") were issued in September 2022 for a nominal amount of €300 million and an interest rate of 2.875%, whereas the convertible bonds ("OCEANEs") converted and redeemed in October 2022 were for €200 million at an interest rate of 1.875%;
- Net foreign exchange losses, associated with the Company's activity, increased (-€1.5 million).

NOTE 10.2 BREAKDOWN OF FINANCIAL DEBT

In millions of euros	31.12.2022	31.12.2021
Borrowings	470.0	370.0
Accrued interest	3.0	1.2
Other financial debt	20.6	20.0
TOTAL	**493.6**	**391.2**

The increase in borrowings during 2022 is mainly due to the issuance of new green convertible bonds “OCEANEs vertes” maturing in 2027 (€300 million) partially offset by the conversion and redemption of convertible bonds “OCEANEs” issued in 2019 (€200 million).

NOTE 11. NON-CURRENT PROFIT (LOSS)

In millions of euros	2022	2021
Non-current income	**9.0**	**14.7**
Non-current income from management transactions	-	-
Non-current income from capital transactions	1.7	1.1
Reversals on provisions and reclassification of expenses	7.3	13.7
Non-current expenses	**(7.5)**	**(13.8)**
Non-current expenses from management transactions	(2.5)	(9.0)
Non-current expenses from capital transactions	(4.9)	(4.8)
NON-CURRENT PROFIT (LOSS)	**1.5**	**1.0**

The non-current income from capital transactions is related to the income from the sale of subsidiaries to other entities of the group in the context of the structuring of new projects financings.

Non-current expenses are mainly composed of a loss on treasury shares of €(7.3) million, linked on the one hand to the shares that were definitively allocated when a free share allocation plan expired on July 11, 2022, and on the other hand to the treasury shares impaired in proportion to the time elapsed over the full term the remaining plans still open.

These expenses are fully offset by a transfer of expenses of the same amount to non-current income (the expense associated with the free share allocation is thus recognised under payroll costs).

NOTE 12. TAXATION

Tax consolidation

With effect from January 1, 2010 the Company opted for the tax consolidation scheme provided for by Articles 223A et seq. of the French General Tax Code and including, as of December 31, 2022, its following direct or indirect subsidiaries: Neoen Biopower, Neoen Solaire, Neoen Services, Neoen Éolienne, Neoen International and Neoen Production 2, Neoen Investissement, Neoen Northern Hémisphère, Neoen Holding Jamaica, Neoen Holding Mexico, Neoen Holding El Salvador, Neoen Mexico, Neoen Investissement II, Zambian Sunlight, Neoen Production 3, Neoen Zéphyr, Neoen Finland III.

The following subsidiaries joined the tax consolidation Group as of January 1, 2022: Zambian Sunlight, Neoen Production 3, Neoen Zéphyr, Neoen Finland III.

As the tax consolidation parent, Neoen S.A. consolidates the taxable results of all member companies and pays the applicable tax. It receives from its subsidiaries the amounts of tax they would have borne in the absence of any tax consolidation. For that reason, as of December 31, 2022, Neoen S.A. recognised a tax charge of €2.6 million.

Calculation of the taxable result from the Consolidated Tax Group

	Accounting profit (loss)	Reinstatements	Deductions	**Taxable profit (loss)**	Use of own Tax losses	**Taxable profit (loss) after use of own tax losses**
Neoen	47.7	7.8	14.6	40.9		40.9
Neoen International	(6.6)	10.2	4.4	(0.8)		(0.8)
Neoen Services	(0.2)	0.2	-	(0.0)		(0.0)
Neoen Eolienne	1.6	0.0	1.5	0.1		0.1
Neoen Solaire	0.0	0.1	-	0.1		0.1
Neoen Préfinancement France	(0.0)	-	-	(0.0)		(0.0)
Neoen Production 2	(6.9)	1.5	2.2	(7.5)		(7.5)
Neoen Production 3	(0.0)	-	-	(0.0)		(0.0)
Neoen Investissement	0.8	3.6	0.0	4.4		4.4
Neoen Northern Hemisphere	(5.6)	4.5	0.0	(1.0)		(1.0)
Zambian Sunlight One	(0.7)	0.2	0.1	(0.6)		(0.6)
Neoen Holding Jamaica	0.3	0.2	-	0.6		0.6
Neoen Holding Mexico	5.0	1.6	0.4	6.1		6.1
Neoen Holding El Salvador	(0.6)	0.5	0.4	(0.5)		(0.5)
Neoen Zephyr	4.3	1.5	-	5.7	(1.8)	4.0
Neoen Holding Finland III	(1.8)	0.0	-	(1.8)		(1.8)
Neoen Holding Mexico II	(1.1)	0.1	-	(1.0)		(1.0)
Neoen Investissement II	(0.0)	-	-	(0.0)		(0.0)
TOTAL	**36.2**	**32.0**	**23.7**	**44.5**	**(1.8)**	**42.8**

Reinstatements/deductions specific to the tax consolidation	(15.7)
Consolidated taxable profit (loss)	**27.0**
Use of consolidated tax losses	-
Result after use of consolidated tax losses	**27.0**
Tax payable	6.8
Tax surcharge payable	0.2
Tax credits	(0.1)
Tax consolidation gain	(4.3)
Income tax	**2.6**

Determination of individual taxable profits (losses)

	Calculated in the absence of tax consolidation				
	Taxable profit (loss)	Losses carried forward at 31.12.2021	Use of losses brought forward	Taxable amount	**Theorical income tax**
Neoen	40.9	-	-	40.9	10.5
Neoen International	(0.8)	11.4	-	(0.8)	-
Neoen Services	(0.0)	-	-	(0.0)	-
Neoen Eolienne	0.1	-	-	0.1	0.0
Neoen Solaire	0.1	-	-	0.1	0.0
Neoen Préfinancement France	(0.0)	0.2	-	(0.0)	-
Neoen Production 2	(7.5)	18.2	-	(7.5)	-
Neoen Production 3	(0.0)	0.1	-	(0.0)	-
Neoen Investissement	4.4	-	-	4.4	1.1
Neoen Northern Hemisphere	(1.0)	2.1	-	(1.0)	-
Zambian Sunlight One	(0.6)	0.8	-	(0.6)	-
Neoen Holding Jamaica	0.6	-	-	0.6	0.1
Neoen Holding Mexico	6.1	-	-	6.1	1.6
Neoen Holding El Salvador	(0.5)	1.6	-	(0.5)	-
Neoen Zephyr	5.7	1.8	(1.8)	4.0	1.0
Neoen Holding Finland III	(1.8)	1.1	-	(1.8)	-
Neoen Holding Mexico II	(1.0)	-	-	(1.0)	-
Neoen Investissement II	(0.0)	0.0	-	(0.0)	-

NOTE 13. EQUITY

Share capital

On April 19, 2022, 32,450 shares with a nominal value of €2 were created in the context of a capital increase reserved for employees for a total amount of €394,267.50, including a share premium of €329,367.50, bringing the share capital to €214,178,270.

On the same day, 14,215 stock options were exercised at an exercise price of €9.25, for a total amount of €131,488.75, including a share premium of €103,058.75, bringing the share capital to €214,206,700.

Between April 19, 2022, and June 23, 2022, 3,000 share subscription options at an exercise price of €9.25 were exercised, for a total amount of €27,750, including €21,750 in share premium, bringing the share capital to €214,212,700 on June 23, 2022.

On June 23, 2022, it was issued, as part of the share dividend payment option attached to fiscal year 2022, 252,486 new shares at a unit price of €33.99, an increase in capital of a nominal amount of €504,972, with an issue premium of €8,077,027.14.

The share capital was increased to €214,717,672.

On July 11, 2022, 163,018 shares were created as part of the maturity of a free share plan, bringing the share capital to €215,043,708.

On October 26, 2022, 7,130,619 shares were created as part of the conversion of convertible bonds “OCEANEs” maturing on October 7th, 2024, bringing the share capital to €229,304,946. The capital increase was accompanied by an issue premium of a total amount of €185,303,475.76.

During the second half of 2022, 17,025 stock options at an exercise price of € 9.25 were exercised, for a total amount of € 157,481.25, including €123,431.25 in share premium, bringing the share capital to €229,338,996.

At December 31, 2022, the share capital is thus divided into 114,669,498 fully paid-up ordinary shares with a par value of 2 euros.

Treasury shares

As of December 31, 2021, Neoen S.A. held 204,510 shares (including 52,961 from a liquidity contract).

On March 17, 2022, Neoen signed a mandate to buy back a maximum of 50,000 shares over a period from March 17, 2022, to May 24, 2022, for a maximum purchase price of €35 per share. As part of this mandate, 1,000 shares were acquired over the period for an amount of €35,000.

On July 11, 2022, the Company used 129,724 of its treasury shares to serve a free share plan that has expired.

On October 3, 2022, Neoen signed a mandate to buy back a maximum of 50,000 shares over a period from October 4, 2022, to December 31, 2022, for a maximum purchase price of €36 per share. Under this mandate, 50,000 shares were acquired for an amount of €1.7 million.

As of 31 December 2022, Neoen S.A. held 146,347 own shares (including 73,522 from a liquidity contract) for a net amount of €3.2 million.

Statement of changes in equity

In millions of euros	**Opening**	Increase	Decrease	**Closing**
Share capital	214.1	15.2		229.3
Additional paid-in capital	1,053.4	194.0	0.0	1,247.4
Legal reserve	4.7	1.8		6.5
Other reserves	53.8	23.3	0.4	76.7
Retained earnings	8.0			8.0
Net income for the year	35.8	47.7	35.8	47.7
TOTAL	**1,369.8**	**282.0**	**36.1**	**1,615.7**

The income for 2021 of €35.8 million was partially distributed in dividends for €10.7 million. In addition, €23.3 was allocated to “Other reserves” and €1.8 million to the legal reserve in accordance with the income allocation rules.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting policy

Intangible assets mainly consist of software, concessions, patents and similar rights. They are recognised at acquisition cost.

Assets are depreciated or amortised on a straight-line basis over the expected useful life of the asset depending on the method of consumption of the related economic benefits. The main categories are:

- software and other intangible assets: 3 years;
- general facilities and sundry fixtures and fittings: 3 to 10 years;
- computer hardware: 3 years;
- office furniture: 4 years.

Depreciation and amortisation are calculated on the basis of acquisition cost less a residual value if appropriate. The residual value is the amount, net of anticipated costs to sell, that the Company could obtain from the sale of the asset on the market at the end of its use.

At the year-end, the Company assesses whether there are any indications of impairment of fixed assets, in which case an impairment test is performed by comparison of the carrying amount of the fixed asset with its fair value. The carrying amount of an asset is impaired when the fair value is less than the carrying amount. Fair value is the higher of the asset's market value and value in use.

Breakdown of the gross values of intangible assets and property, plant and equipment

In millions of euros	**31.12.2021**	Acquisitions	Disposals	**31.12.2022**
Software	-	-	-	-
Other intangible assets	2.3	0.1	-	2.3
Intangible assets under development	0.1	0.3	-	0.3
Intangible assets	**2.3**	**0.3**	**-**	**2.7**
Land	0.0	-	-	0.0
Computer and office equipment and furniture	1.3	0.3	-	1.6
Other property, plant and equipment	0.3	2.0	-	2.3
Property, plant and equipment under construction	0.9	-	0.9	0.0
Property, plant and equipment	**2.5**	**2.3**	**0.9**	**4.0**
TOTAL	**4.8**	**2.7**	**0.9**	**6.6**

Breakdown of the applicable amortisation and impairment

In millions of euros	31.12.2021	Amortisation		Impairment		31.12.2022
		Allocations	Reversals	Allocations	Reversals	
Software	-	-	-	-	-	-
Other intangible assets	(1.9)	(0.2)	-	-	-	(2.1)
Intangible assets under development	-	-	-	-	-	-
Intangible assets	**(1.9)**	**(0.2)**	**-**	**-**	**-**	**(2.1)**
Computer and office equipment and furniture	(1.0)	(0.7)	0.5	-	-	(1.3)
Other property, plant and equipment	-	-	-	-	-	-
Property, plant and equipment	**(1.0)**	**(0.7)**	**0.5**	**-**	**-**	**(1.3)**
TOTAL	**(2.9)**	**(0.9)**	**0.5**	**-**	**-**	**(3.3)**

NOTE 15. NON-CURRENT FINANCIAL ASSETS

Accounting policy

Equity investments and associated receivables

The gross amount of equity investments is recognised at acquisition cost inclusive of the directly attributable costs of acquisition.

The value in use of a given investment is assessed using a multi-criteria approach (discounted cash flows, earnings multiples based on market comparable) taking notably into account the medium and long-term outlook for profitability.

An impairment allowance is recognised at the year-end for any excess of an investment's carrying amount over its value in use.

Receivables from equity investments mainly take the form of current account contributions from the Company, directly to subsidiaries or indirectly via intermediate holding companies, to its subsidiaries to finance the construction of renewable power plants and storage facilities. They are recognised at their nominal amounts. An impairment allowance is recognised at the year-end for any excess of carrying amount over value in use.

Other non-current financial assets

At December 31th, 2022, other non-current financial assets consisted of treasury shares in the Company (see note 13 "equity").

Liquidity contract

Transactions relating to the Company's liquidity contract are accounted for in accordance with the guidance provided by the French accounting authorities in 1998 and 2005:

- treasury shares are recognised as part of financial assets. An impairment allowance is recognised for any excess of cost of acquisition over the average share price for the final month of the year. Results on disposal are calculated on a FIFO basis;
- cash transferred to the liquidity contract operator and not yet used is also recognised as part of cash and cash equivalents.

Breakdown of the gross values of non-current financial assets

In millions of euros	31.12.2021	Increase	Decrease	31.12.2022
Equity investments	70.4	7.9	(0.2)	78.2
Receivables from equity investments	1,375.7	429.0	(41.1)	1,763.6
Deposits and security provided	14.2	0.8	(0.2)	14.8
Other non-current financial assets	7.8	6.5	(8.9)	5.4
TOTAL	**1,468.1**	**444.3**	**(50.4)**	**1,861.9**

The increase in equity securities (+€7.9 million) and receivables related to equity investments (+€429.0 million) is mainly due to capital and current account contributions partners in connection with the financing of the construction of the Group's power plants, in particular in Australia for €204 million and in Europe for €167 million, to which should be added interest related to the remuneration of current accounts for €15 million.

The decrease in receivables by (€41.1 million) is mainly related to cash inflows from operating plants.

Other financial assets decreased by €-2.4 million during the year due to the final allocation of shares under the free share allocation plan which expired on July 11th, 2022, for (€4.9) million. This allocation is offset by the acquisition of new treasury shares for €1.7 million and the acquisition of shares under the liquidity contract for €0.8 million.

Breakdown of the applicable amortisation and impairment

In millions of euros	31.12.2021	Increases	Reversals	31.12.2022
Equity investments	-			-
Receivables from equity investments	-			-
Deposits and security provided	-			-
Other non-current financial assets	-	(0.6)	0.5	(0.0)
TOTAL	**-**	**(0.6)**	**0.5**	**(0.0)**

NOTE 16. ASSET ADJUSTMENT ACCOUNTS

In millions of euros	31.12.2022	31.12.2021
Prepaid expenses	0.7	0.4
Deferred expenses (1)	5.5	4.5
Unrealised foreign exchange losses	0.1	0.6
TOTAL	**6.3**	**5.5**

1) *Corresponds to the costs and fees of €3.1 million associated with a syndicated loan signed on March 12, 2020, and amended on June 25, 2021, and on June 15, 2022, €2.3 million associated with the issue of green convertible bonds into new shares and/or exchangeable into new or existing shares ("OCEANEs vertes") carried out on June 2, 2020, as well as €2.7 million associated with the issue of green convertible bonds "OCEANEs vertes" carried out on September 14, 2022.*
As of 31 December 2022, €2.7 million has been amortised.

NOTE 17. LIABILITY ADJUSTMENT ACCOUNTS

In millions of euros	31.12.2022	31.12.2021
Unrealised foreign exchange gains	0.9	0.2
TOTAL	**0.9**	**0.2**

NOTE 18. INVESTMENTS IN SUBSIDIARIES

(In thousands of euros)	Currencies of subsidiary data	Share capital	Reserves and retained earnings	Result of the last fiscal year	**Interest held (%)**	Gross amount of shares held	Net amount of shares held	Loans and advances granted by the Company	Security provided by the Company	Net sales of the last fiscal year	Dividends received by the Company during the year
NEOEN INTERNATIONAL	EUR	100	(9,692)	(6,592)	100.0%	100	100	633,628	0	0	0
NEOEN SERVICES	EUR	539	539	(189)	100.0%	9	9	1,708	0	0	1,000
NEOEN EOLIENNE	EUR	37	16,435	1,608	100.0%	37	37	18,221	0	0	4,000
NEOEN SOLAIRE	EUR	37	2,141	7	100.0%	37	37	31,463	0	10	300
NEOEN BIOPOWER	EUR	37	7	(10)	100.0%	37	37	0	0	0	230
NEOEN PRODUCTION 1	EUR	10	(4,834)	2,676	100.0%	10	10	0	0	0	0
NEOEN PRODUCTION 2	EUR	50,003	52,312	(6,910)	100.0%	50,003	50,003	62,941	0	0	0
NEOEN PRODUCTION 3	EUR	3	(76)	(10)	100.0%	3	3	123,773	0	0	0
EOLIENNES VESLY	EUR	10	(75)	(9)	100.0%	10	10	423	0	0	0
CENTRALE EOLIENNE CHAMPS AU ROY	EUR	10	(71)	(5)	100.0%	10	10	68	0	0	0
CENTRALE SOLAIRE ORION 9	EUR	5	(37)	(12)	100.0%	5	5	332	0	0	0
PV LE CHAMP DE MANOEUVRE	EUR	5	(95)	(7)	100.0%	5	5	99	0	0	0
NEOEN INVESTISSEMENT	EUR	20	6,694	806	100.0%	20	20	172,410	0	0	0
NEOEN NORTHERN HEMISPHERE	EUR	20	(3,827)	(5,565)	100.0%	20	20	578,576	0	0	0
NEOEN STOCKAGE	EUR	3	437	530	100.0%	3	3	1,030	0	1,977	0
NEOEN STOCKAGE FRANCE	EUR	3	(22)	20	100.0%	3	3	7,408	0	0	0
NEOEN INVESTISSEMENT II	EUR	1	(29)	(43)	100.0%	1	1	6,366	0	0	0
NEOEN ARGENTINA	ARS	163	(368)	(1,942)	99.8%	2,357	2,357	1,374	0	56	0
NEOEN AUSTRALIA	AUD	10,798	(2,632)	(1,235)	100.0%	10,545	10,545	(0)	0	27,279	0
NEOEN ECUADOR SA	USD	609	22	77	100.0%	568	568	0	0	1,107	0
NEOEN RENEWABLES FINLAND OY	EUR	1,647	124	(346)	100.0%	1,647	1,647	0	0	5,399	0
NEOEN RENEWABLES CROATIA LLC	HRK	50	42	251	100.0%	51	51	321	0	893	0
NEOEN IRELAND	EUR	0	(146)	(321)	100.0%	0	0	8,202	0	2,390	0
NEOEN RENEWABLES ITALIA SRL	EUR	10	1,143	42	100.0%	1,110	1,110	1,227	0	2,061	0
NEOEN RENEWABLES JAMAICA LIMITED	JMD	330	(186)	(87)	100.0%	365	365	0	0	203	0
NEOEN MEXICO	MXN	794	(277)	(42)	100.0%	759	759	0	0	107	0
NEOEN SERVICIOS MEXICO	MXN	2,159	(1,176)	(216)	99.0%	1,917	1,917	0	0	1,468	0
NEOEN MOZAMBIQUE	MZN	738	(554)	(242)	99.8%	659	659	0	0	0	0
NDEVELOPMENT	EUR	50	612	(68)	100.0%	50	50	500	0	1,990	0
NPINVESTMENT	EUR	50	10,393	2,590	100.0%	602	602	7,250	0	0	0
NPINVESTMENT II	EUR	85	6,015	(474)	100.0%	4,425	4,425	7,393	0	0	0
NPI III	EUR	155	1,191	(151)	100.0%	155	155	43,202	0	0	0
NEOEN RENEWABLE SWEDEN AB	SEK	2	339	63	100.0%	2	2	214	0	2,040	0
NEOEN EL SALVADOR	USD	412	(71)	191	100.0%	376	376	0	0	1,419	0
SPICA SOLAR	USD	2	0	0	100.0%	2	2	0	0	0	0
NEOEN ZAMBIA RENEWABLES	ZMW	14	165	(154)	100.0%	1,784	1,784	0	0	169	0
NEOEN NEW ZEALAND LIMITED	NZD	0	0	(2)	100.0%	0	0	169	0	0	0
NEOEN RENEWABLES CANADA INC	CAD	347	0	(13)	100.0%	371	371	169	0	498	0

NOTE 19. OTHER INFORMATION

Identity of the consolidating parent

Neoen S.A. is a French limited company in the form of a *société anonyme* which was initially registered in Paris on September 29th, 2008.

Name and registered office of the company preparing consolidated financial statements for the largest group of companies	NEOEN SA, 22 rue Bayard - 75008 Paris, SIREN 508 320 017
Name and registered office of the company preparing consolidated financial statements for the smallest group of companies	NEOEN SA, 22 rue Bayard - 75008 Paris, SIREN 508 320 017
Place at which copies of those consolidated financial statements may be consulted	NEOEN SA, 22 rue Bayard - 75008 Paris, SIREN 508 320 017

Information on corporate officers

The remuneration (short-term benefits: fixed and variable share, benefits in kind and attendance fees) paid by the Company to the members of the Executive Committee and the members of the Board of Directors respectively amounts to:

In millions of euros	**2022**	2021
Remuneration paid to members of the Executive Committee	1.5	1.7
Remuneration paid to members of the Board of Directors	0.2	0.2
TOTAL	**1.7**	**1.9**

Information on related parties

On January 14, 2021, Neoen S.A. repaid the entire loan taken out with BPI, thus reducing the liability of Neoen S.A. by €10.5 million.

In 2022, transactions with related parties corresponded exclusively to the management agreement with Impala for €0.1 million.

NOTE 20. CONTINGENT ASSETS AND LIABILITIES

Hedging transactions

The hedging transactions recognised in Neoen S.A.’s financial statements are designed to cover the exposure associated with:

- Precisely determinable equity or shareholder’s current account contributions denominated in foreign currencies for the benefit of the Group’s project companies;
- The remittance by those companies of cash denominated in foreign currencies in the form of dividends or of the repayment of shareholder’s current account balances.

Contingent liabilities

Neoen S.A. has provided the following security for certain of its subsidiaries in the framework or bids, of financing projects and the construction of power plants, under the following conditions:

In millions of euros	**Total**	< 1 year	1 to 5 years	> 5 years
Financing guarantees	53.3	36.3	0.0	16.9
Development guarantees	63.3	31.1	32.0	0.2
Operating guarantees	883.8	337.0	517.8	28.9
TOTAL	**1,000.3**	**404.5**	**549.8**	**46.0**

Contingent assets

In millions of euros	**Total**	< 1 year	1 to 5 years	> 5 years
Financing guarantees	0.5	-	0.4	0.1
TOTAL	**0.5**	**-**	**0.4**	**0.1**

NOTE 21. SUBSEQUENT EVENTS

None.

3

GLOSSARY

Average availability	Ratio between the energy actually produced by a solar or wind asset during a given period and the energy that could theoretically be produced by the asset during the same period.
Certificados de Energías Limpias (“CELs”)	Green-energy certificate system issued by the CRE (Comisión Reguladora de Energía, energy regulating commission in Mexico) to accredit electrical power generated from clean sources, and to enable users to meet their obligations under the energy transition.
Commercial operation date (“COD”)	Date at which a solar or wind asset is connected to the grid and all its equipment is commissioned, or, in the case of a storage facility, the date at which it is connected to the grid and begins to operate.
Contract for difference (“CFD”)	A contract structure pursuant to which a buyer of electricity (usually a state or state-backed entity) undertakes to pay the electricity producer the difference between a reference tariff and the actual price at which the producer sells the electricity on the market via an aggregator.
EPC contract (“Engineering, Procurement and Construction”)	Design, supply and installation contracts for solar, wind and storage assets. These contracts generally include the supply of photovoltaic panels or wind turbines and other system components (BOS or BOP components).
EPC Full Wrap	Turnkey contract including design (engineering), procurement, construction, installation, commissioning (reception) of works required for energy generation of a given asset, within a specified timeframe and in compliance with the permits for the project (building permits, environmental permits, leases, rights of way, grid connection contracts, etc.) and the law. This includes labor and all consumable supplies, technical means and associated equipment (photovoltaic modules, inverters, transformers, structures, wind turbines, foundations, batteries... - non-exhaustive list).
Frequency Control Ancillary Services *(FCAS)*	A set of services for regulating the frequency of the electricity grid upwards or downwards. When the frequency of the grid is too high, the batteries store the excess electricity. On the contrary, they inject electricity into the grid when the frequency is too low. These services take two forms: • regulation services (FCAS Regulation), where the batteries are constantly called upon to fill minor imbalances between the production and consumption of electricity on the electricity network; • FCAS Contingency, where the batteries are paid to keep their capacity in reserve and are only used in the event of a major frequency deviation following a major event on the electricity network.
Feed-in-tariff (“FIT”)	A legal and regulatory structure under which the purchase price of electricity produced by a generating unit is mandated for a given buyer under long-term contracts.
Financial closing	Closing of the financing operation, following which the facilities are made available to the project (subject to recurring availability conditions for each drawdown of the facilities, usual in the context of non-recourse project financing).
Grid	The combined energy infrastructures used to transport electrical energy from electrical production units to consumers.
Grid curtailment	Situation when an electricity producer is forced to reduce its energy production to a level below its regular production capacity, for reasons beyond its control, usually at the request of the grid operator.
Grid parity	Situation in which the discounted cost of production (levelised cost of electricity – “LCOE”) of solar or wind energy is less than or equal to the purchase price of electricity on the grid.
Installed power	Level of peak power watts or watts, as applicable, for a given solar, wind or storage asset, respectively.
Interconnection agreement	Agreement setting forth the mutual obligations and the technical, legal and financial conditions that the electricity producer and the grid operator must respectively fulfil for the connection of an electricity production installation to a given electrical grid.

Internal rate of return of a project (“IRR”)	Discount rate for project cash flows ensuring a net present value of zero.
Inverter	Device for converting a direct current (“DC”) produced by a solar, or wind asset into an alternating current (“AC”) compatible with electricity transmission and distribution networks.
Irradiation	The level of exposure of a point on the earth’s surface to the sun’s radiation, which determines the level of electricity that a solar power plant can produce.
Kilowatt (“kW”)	Standard unit measuring electrical power, equivalent to 1,000 watts.
Kilowatt-hour (“kWh”)	Standard unit measuring the electrical power generated or consumed (power expressed in kW multiplied by a period expressed in hours).
Levelized cost of energy (“LCOE”)	An indicator for comparing the competitiveness of different energy sources, calculated by comparing the total cost of electricity production (including development, financing, construction, operation and maintenance costs) for a given plant with the actual electricity production of that installation (expressed in kWh) over its entire lifetime.
Load factor	The load factor is the equivalent time (as a percentage of the period observed) during which grid injection at maximum power would produce the same quantity of energy as that supplied by the facility.
Megawatt (“MW”)	Standard unit measuring electrical power, equivalent to 1,000 kW or one million watts.
Megawatt-hour (“MWh”)	Standard unit measuring the electrical power generated or consumed (power expressed in MW multiplied by a period expressed in hours).
Monocrystalline silicon	Basic material composing photovoltaic cells, produced by melting polycrystalline silicon refined at very high temperatures, then solidifying it into a single large cylindrical crystal.
O&M contract (“Operation and Maintenance”)	Operation and Maintenance contract for a solar, wind or storage asset. Generally, the EPC contractor for the construction of the asset is the O&M service provider for at least the first two years of operation.
Other components of the system (“balance of system” or “BOS” components for solar parks and “balance of plant” or “BOP” components for wind parks)	All equipment and components necessary for the construction of a solar power plant other than photovoltaic panels, or of a wind park other than wind turbines, including inverters, transformers, electrical protection devices, wiring and control equipment, and also structural elements such as mounting frames, or of a storage facility other than batteries and inverters.
Peak power	Maximum power produced by a photovoltaic panel under standard test conditions.
Performance ratio (“PR”)	Ratio expressed as a percentage between actual electricity production and theoretical production over a reference period.
Photovoltaic	Process for producing an electric current by exposing semiconductor materials to light.
Photovoltaic (or solar) panel	The main component of a solar park, consisting of a set of photovoltaic cells electrically connected to each other, encapsulated in a plastic or glass envelope and supported by supporting materials, usually an aluminium structure.
Polycrystalline silicon	Basic material composing photovoltaic cells, produced by re-melting refined silicon pieces and then solidifying them in a cuboid crucible and cutting them into rectangular ingots consisting of multiple small crystals of different sizes and shapes. Each ingot is then cut into very thin wafers. This technology is less efficient than monocrystalline silicon.

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

Standard test conditions	Standardised test conditions for measuring the nominal capacity produced by photovoltaic cells or panels corresponding to (i) an irradiation level of 1,000 W/m2, (ii) an air mass level of 1.5 units, and (iii) a cell or panel temperature of 25°C.
Supervisory Control and Data Acquisition (“SCADA”)	Information system used to evaluate, optimize and control energy production, performance, safety and, more generally, the proper operation of a solar, wind or storage asset in real time.
Transformer	Conversion device for changing the voltage and intensity of an electric current into an electric current of different voltage and intensity.
Turbine Supply Agreement (“TSA”)	Contract pursuant to which a supplier provides, transports, installs and commissions turbines.
Watt (“W”)	Standard unit measuring (for the Group) the electrical power of a solar, wind or storage asset, established under standard test conditions.
Wind kinetic energy	Energy generated by moving air, depending on its mass and speed.
Wind power	Process to transform the kinetic energy of the wind into mechanical energy and then into electrical energy through the use of wind turbines.

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

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