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Årsredovisning

Neoen Holding Sweden 1 AB

Org.nr 559262-3028

Räkenskapsår 2023-01-01 - 2023-12-31

Fastställelseintyg

Undertecknad styrelseledamot i Neoen Holding Sweden 1 AB intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-06-30

Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm 2024-06-30

Romain Camille Clement Desrousseaux

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Årsredovisning

Neoen Holding Sweden 1 AB

Org.nr 559262-3028

Räkenskapsår 2023-01-01 - 2023-12-31

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Årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31

Styrelsen för Neoen Holding Sweden 1 AB avger följande årsredovisning.

Innehåll	Sida
Förvaltningsberättelse	2
Resultaträkning	4
Balansräkning	5
Noter	7

Styrelsens säte: Stockholm
Företagets redovisningsvaluta: Euro (EUR).
Alla belopp redovisas, om inget annat anges, i Euro (EUR).

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Förvaltningsberättelse

Information om verksamheten

Bolagets verksamhet består i att äga och förvalta bolag som i sin tur utvecklar, bygger och driver vindkraftverk, solkraftverk och batterilagring.

Väsentliga händelser under räkenskapsåret

Neoen Holding Sweden AB har under året införlivat bolagen Eskilstuna Power Reserve AB och Isbillen Power Reserve AB, som ett led i sin strategi att öka sitt ägande inom batterilagring i Sverige. Alla de återstående dotterbolagen fortsatte att utveckla sina projekt för förnybar energi.

Information om koncernen

Neoen Holding Sweden 1 AB är ett helägt dotterbolag till Neoen Northern Hemisphere Sas, 828 197 798, indirekt ägt av Neoen SA som är koncernens moderbolag i Frankrike och noterat på Euronext Paris. Neoen SA är ett så kallat IPP (Independent Power Producer) företag som utvecklar, bygger och förvaltar förnybar energi från sol- och vindkraft samt energilagring. Koncernens totala kapacitet, som är i drift eller under uppbyggnad i slutet av 2023, uppgår till 8GW. Företaget är verksamt i 16 länder i fyra kontinenter.

Flerårsöversikt (Teur)	**2023**	**2022**	**2020/21** (18 mån)
Nettoomsättning	0	0	0
Resultat efter finansiella poster	-222	-46	-103
Balansomslutning	115 475	37 248	4 077
Soliditet (%)	0	2	neg

För definitioner av nyckeltal, se Not 1 Redovisnings- och värderingsprinciper.

Förändringar i eget kapital

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	2 440	296 966	-46 419	**252 987**
Disposition enligt beslut av årsstämman:		-46 419	46 419	**0**
Årets resultat			-222 399	**-222 399**
	2 440	**250 547**	**-222 399**	**30 588**

Ej återbetalade ovillkorade aktieägartillskott uppgår per balansdagen till 400 000 (400 000) eur.

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Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (Euro):

balanserad vinst	250 547
årets förlust	-222 399
	28 148
disponeras så att	
i ny räkning överföres	28 148

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Resultaträkning

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
	1		
Rörelsens intäkter			
Nettoomsättning		0	0
Övriga rörelseintäkter		0	42
		0	**42**
Rörelsens kostnader			
Övriga externa kostnader		-35 189	-22 465
Övriga rörelsekostnader		30	-23 650
		-35 159	**-46 115**
Rörelseresultat	2	**-35 159**	**-46 073**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	3	2 762 061	453 241
Räntekostnader och liknande resultatposter	4	-2 949 301	-453 587
		-187 240	**-346**
Resultat efter finansiella poster		**-222 399**	**-46 419**
Resultat före skatt		**-222 399**	**-46 419**
Årets resultat		**-222 399**	**-46 419**

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Balansräkning	**Not**	**2023-12-31**	**2022-12-31**
	1		
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5	7 970 704	3 505 023
Fordringar hos koncernföretag	6	107 500 161	33 616 777
		115 470 865	**37 121 800**
Summa anläggningstillgångar		**115 470 865**	**37 121 800**
Omsättningstillgångar			
Kassa och bank		3 825	126 619
Summa omsättningstillgångar		**3 825**	**126 619**
SUMMA TILLGÅNGAR		**115 474 690**	**37 248 419**

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Balansräkning

	Not	2023-12-31	2022-12-31
	1		
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		2 440	2 440
		2 440	**2 440**
Fritt eget kapital			
Balanserad vinst eller förlust		250 547	296 966
Årets resultat		-222 399	-46 419
		28 148	**250 547**
Summa eget kapital		**30 588**	**252 987**
Långfristiga skulder	7		
Skulder till koncernföretag		115 426 888	36 978 564
Summa långfristiga skulder		**115 426 888**	**36 978 564**
Kortfristiga skulder			
Leverantörsskulder		17 212	16 867
Summa kortfristiga skulder		**17 214**	**16 868**
SUMMA EGET KAPITAL OCH SKULDER		**115 474 690**	**37 248 419**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Omräkning av utländsk valuta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Intäktsredovisning

Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Finansiella instrument

Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Andelar i dotterföretag

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Leverantörsskulder

Leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader.

Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

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Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Uppskattningar och bedömningar
Upprättandet av bokslut och tillämpning av redovisningsprinciper, baseras ofta på ledningens bedömningar, uppskattningar och antaganden som anses vara rimliga vid den tidpunkt då bedömningen görs. Uppskattningar och bedömningar är baserade på historiska erfarenheter och ett antal andra faktorer, som under rådande omständigheter anses vara rimliga. Resultatet av dessa används för att bedöma de redovisade värdena på tillgångar och skulder, som inte annars framgår tydligt från andra källor. Det verkliga utfallet kan avvika från dessa uppskattningar och bedömningar. Uppskattningar och antaganden ses över regelbundet.

Not 2 Medelantalet anställda
Bolaget har inte haft några anställda.

Not 3 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter från koncernföretag	2 762 061	453 241
	2 762 061	**453 241**

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Not 4 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader till koncernföretag	-2 949 301	-453 587
	-2 949 301	**-453 587**

Not 5 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	3 505 023	2 255 448
Inköp	6 000	6 000
Justerad köpeskilling på förvärvade andelar	37 492	543 575
Lämnade aktieägartillskott	4 422 189	700 000
Utgående ackumulerade anskaffningsvärden	**7 970 704**	**3 505 023**
Utgående redovisat värde	**7 970 704**	**3 505 023**

Not 6 Fordringar hos koncernföretag

	2023-12-31	2022-12-31
Tillkommande fordringar	107 500 161	0
Utgående ackumulerade anskaffningsvärden	**107 500 161**	**0**
Utgående redovisat värde	**107 500 161**	**0**

Not 7 Långfristiga skulder

	2023-12-31	2022-12-31
Skulder som ska betalas senare än fem år efter balansdagen	115 426 888	0
	115 426 888	**0**

Not 8 Uppgifter om moderföretag

Företaget är ett helägt dotterföretag till Neoen Northern Hemisphere SAS (org. nr. 828 197 798) med säte i Frankrike, 4 rue Euler, 75008 Paris. Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap. 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget Neoen SA (org. nr. 508 320 017) med säte i Frankrike 75008 Paris 22 rue Bayard, upprättar koncernredovisning.

Not 9 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser har inträffat under eller efter räkenskapsårets utgång.

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Not 10 Ställda Säkerheter och eventualförpliktelser
Bolaget har inga ställda säkerheter eller eventualförpliktelser.

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NEOEN

UNIVERSAL REGISTRATION DOCUMENT

2023, including
the **annual**
financial report

CONTENTS

INTRODUCTION 3

An exclusively renewable energy producer 4
A word from the chairman 5
Our expertise 6
Our resources 8
Key figures 11
2023 Highlights 12
Our ambition for 2025 14
Governance 15

1 PRESENTATION 16

1.1 Overall presentation* 18
1.2 Description of the renewable energy market 21
1.3 Neoen's business* 26
1.4 Intellectual property* 46

2 COMMENTS ON THE FINANCIAL YEAR* 48

2.1 Alternative performance indicators 50
2.2 Information on key operating data 53
2.3 Outlook and trends 54
2.4 Analysis of operations and results 55
2.5 Financing and investments 69
2.6 Legal and arbitration proceedings 79
2.7 Significant change in the issuer's financial or trading position 80
2.8 Other information 80

3 RISK FACTORS AND MANAGEMENT* 86

3.1 Main risk factors to which the Group is exposed 88
3.2 Insurance and risk management 110

4 FINANCIAL STATEMENTS AND STATUTORY AUDITORS REPORTS* 116

4.1 Neoen Group consolidated financial statements as of December 31st, 2023 118
4.2 Statutory auditors' certification report on the consolidated financial statements of Neoen Group as of December 31st, 2023 174
4.3 Annual financial statements of Neoen S.A. as of December 31st, 2023 178
4.4 Statutory auditors' certification report on the annual financial statements of Neoen S.A. as of December 31st, 2023 197

5 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY* 200

5.1 Sustainability, at the heart of our organisation 202
5.2 Green Taxonomy: assessing the sustainability of our activities 205
5.3 Presentation of the main non-financial risks 205
5.4 Our teams 207
5.5 Our projects 216
5.6 Our communities 221
5.7 Reporting on Green Taxonomy Regulation 225
5.8 Non-financial indicators 229
5.9 Methodological note 237
5.10 Report of the independent third-party body 239

6 CORPORATE GOVERNANCE REPORT* 244

6.1 State of governance 246
6.2 Organisation of corporate governance 256
6.3 Remuneration of all corporate officers 272
6.4 Other information 302
6.5 Statutory auditors' special report on regulated agreements 307

7 CAPITAL AND SHAREHOLDING STRUCTURE 310

7.1 Information on the Company* 312
7.2 Capital* 313
7.3 Shareholding structure* 323
7.4 Securities market and relations with shareholders 326

8 ADDITIONAL INFORMATION 330

8.1 Persons responsible 332
8.2 Statutory auditors 332
8.3 Historical financial information included by reference 333
8.4 Documents available to the public 333
8.5 Cross-references tables 334
8.6 Glossary 340

Detailed chapter contents can be found at the beginning of each chapter.

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

2023

UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

This document is a free translation into English of the original 2023 Universal Registration Document issued in French language and is provided solely for information purposes. In case of discrepancy between the French and the English versions, the French language version of the Universal Registration Document shall prevail.

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Universal Registration Document has been filed on March 21, 2024 with the Autorité des Marchés Financiers (AMF), as competent authority under regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with regulation (EU) 2017/1129.

This Universal Registration Document including the Annual Financial Report is a reproduction of the official version which has been prepared in ESEF format and is available on the issuer's website https://www.neoen.com/en/investors#regulated-information.

Copies of the Universal Registration Document may be obtained free of charge at Neoen, 22 rue Bayard, 75008 Paris, France, as well as on the websites of Neoen (www.neoen.com) and of the AMF (www.amf-France.org).

Since the company was founded in 2008, Neoen has become a renowned independent player in the global renewable energy sector, with a presence in 16 countries at the end of 2023.

Our rapid and profitable growth stems from the diverse geographical and technological mix of our asset portfolio and our project pipeline, ensuring robust development and strong performance.

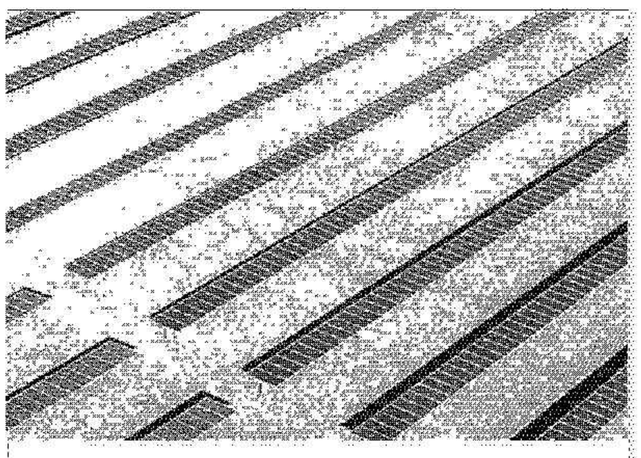
As one of the world's leading independent producers of exclusively renewable energy, we develop our own projects, arrange their financing and project management, and operate them over the long term.

Our business model is based on retaining control of our assets and we currently own over 93% of the facilities we operate. Thanks to this strategy, we guarantee the long-term quality and performance of our assets.

Audacity, integrity, commitment and esprit de corps: our company values form the basis of all our relations with business partners, customers and communities. Our 439-strong team includes people from 48 different nationalities and the values we share underpin our corporate identity and are borne out in the way we conduct our day-to-day business.

OUR MISSION

We deliver the most competitively-priced renewable energy, sustainably and on a large scale



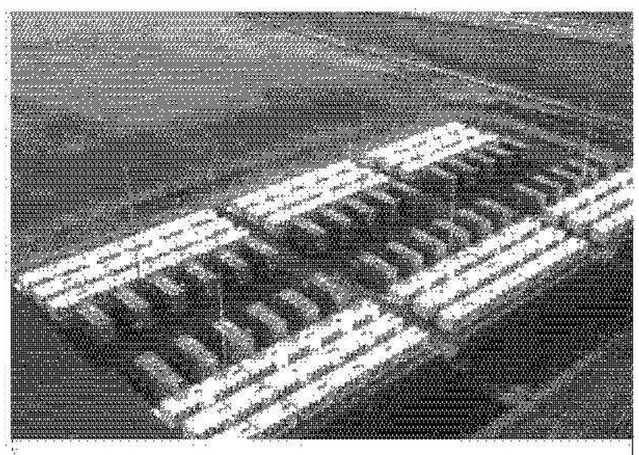
SOLAR POWER

The sun is the most widely available source of energy on earth and the quickest to be deployed. Particularly competitive in many countries, solar power was Neoen's first sector and remains our main business line.



WIND POWER

Onshore wind farms are a mature source of highly competitive renewable energy. Our wind farm activity is currently focused on Australia, France, Finland, Sweden and Ireland where we have a substantial portfolio of projects in development.



STORAGE

Energy storage is the answer to the intermittent nature of renewable energy sources, and a key part of our activities. Our 300 MW / 450 MWh Victorian Big Battery is one of the world's largest batteries. We now have storage units in Australia, France, Finland, Sweden and El Salvador.

"More than ever, Neoen is taking its place as a major player in the energy sector."



Since Neoen was founded, we have taken a long-term approach towards the development of our projects, which has enabled growth that is strong and creates value. Six years into our listing on the Euronext Paris stock exchange, we continue to actively develop our portfolio and reached 8 GW of capacity in operation or under construction at the end of 2023, an increase of over 20% year on year. We are entirely confident in our ability to achieve our target of 10 GW in operation or under construction by 2025.

Our pure-player strategy centres on a balanced mix of three core renewable technologies – solar, onshore wind and storage. We also have a geographically diverse asset portfolio: 3.75 GW in operation or under construction in Australia, 1.6 GW in France and 1 GW in both Northern Europe as well as in the Americas. This strategy of diversification holds true for our future projects pipeline: in avoiding a concentration of our efforts on mega projects, we have been able to maintain a consistent and strong growth trajectory.

As a result of our expertise, we were awarded over 1,670 MW in new projects in 2023 across our technologies and our regions – Australia, Europe, and the Americas. Our team has grown to around 440 employees and our presence in each of our regions ensures we are as close as possible to our projects and have in-depth knowledge of our markets, allowing us to continually sharpen our competitive edge.

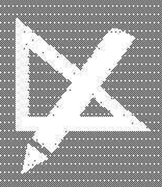
In 2023, we stepped up our investment in storage in Finland, Sweden and Australia. In particular, we are implementing a strategy to increase the duration of our batteries. Collie Battery in Western Australia is our first asset with a four-hour duration.

XAVIER BARBARO
Chairman and CEO

Having announced a net profit for the 13th consecutive year, Neoen continues to demonstrate its ability to combine growth and value creation. In 2023, we strengthened our financial position with a successful rights issue in March to increase our ability to invest in our growth. Neoen has also pursued its farm-down strategy, that unlocked additional self-financing capacity.

In a context of rising interest rates and some operational headwinds in the sector, in particular for companies who made different choices in terms of geographies and technologies, Neoen is holding its course: pursuing diversified, strong, reliable and value creating growth.

More than ever, Neoen is taking its place as a major player in the energy sector.



DEVELOP AND DESIGN

We start by assessing the feasibility of a potential site in terms of its environmental, social, economic, and technical aspects. This includes engaging with stakeholders, neighbouring residents and the local community as well as elected representatives and government agencies. We do extensive studies to understand the site and we secure the necessary government approvals.



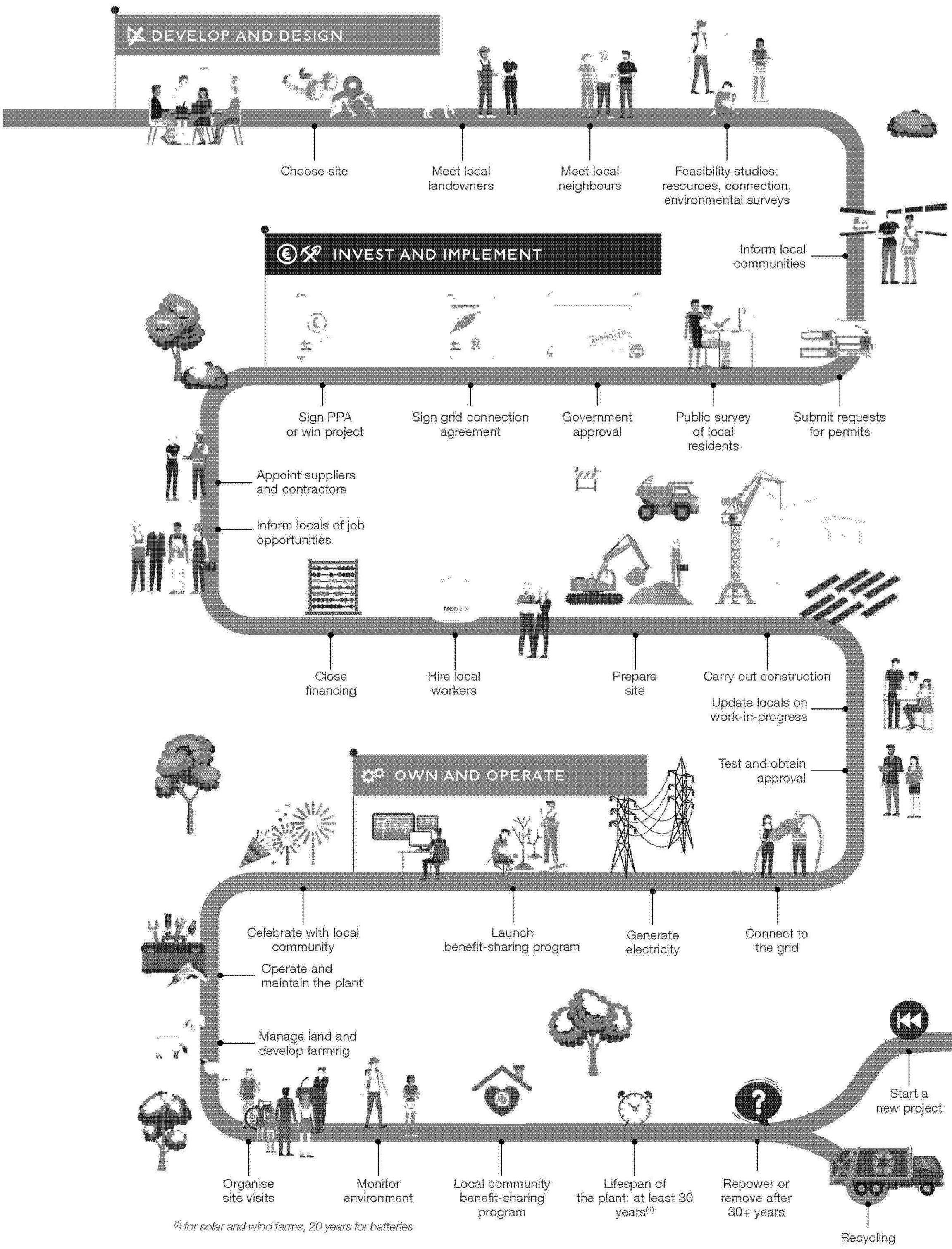
INVEST AND IMPLEMENT

We finance our projects through a combination of equity and long-term debt. We supervise the construction of our power plants to ensure their high quality and we deal only with industry leading suppliers.



OWN AND OPERATE

We own our plants and operate them in our own name over the long term. They are monitored in real time by our team of specialists. Our growing portfolio of assets combined with our energy management expertise affords us the ability to craft integrated energy solutions for our customers.

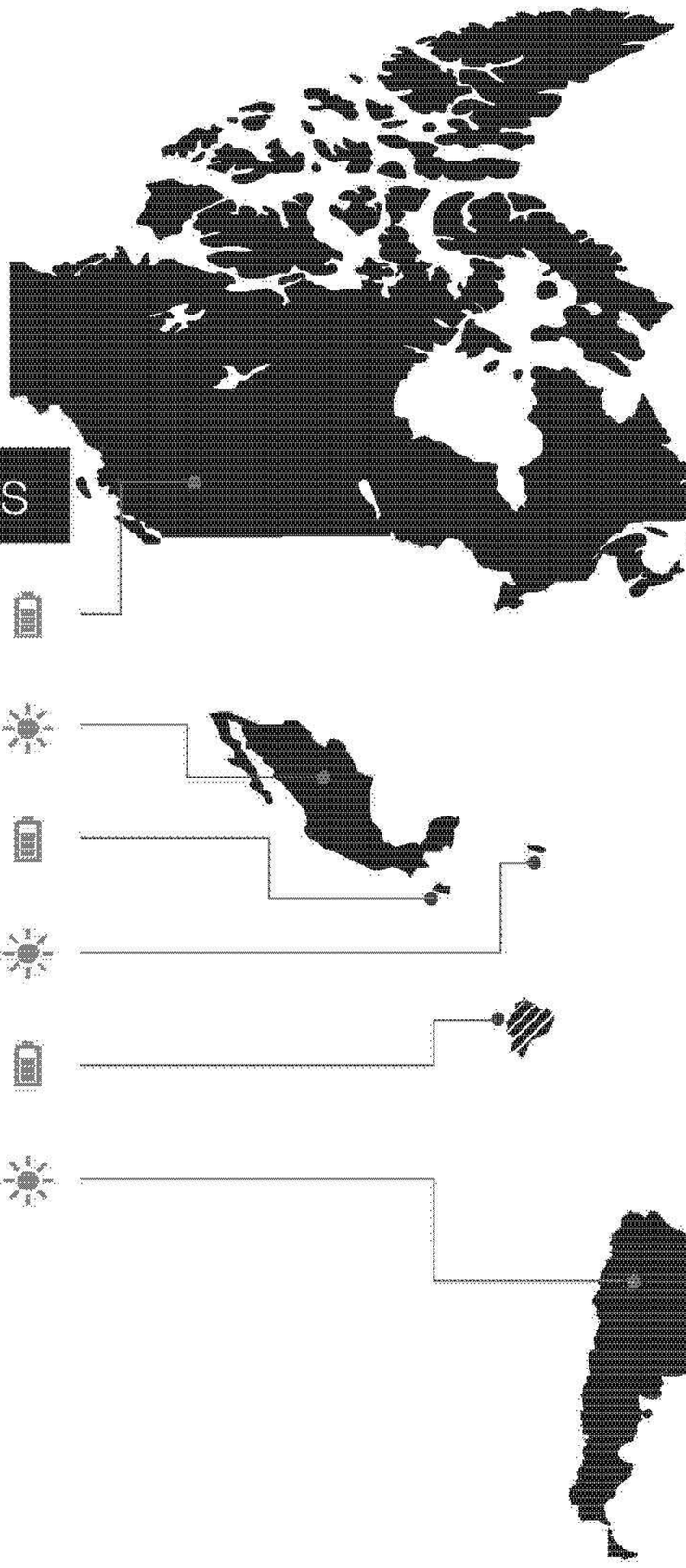


(1) for solar and wind farms, 20 years for batteries

A LEADING PLAYER IN MANY COUNTRIES

Neoen is one of the world's leading renewable power producers, the leading French renewable IPP in France and Australia's #1 renewable energy producer.

Neoen focuses on organic growth by empowering local teams who drive the development of new projects.



3
Regions

15
Countries

28
Offices

■ Assets in operation or under construction

▨ Projects awarded

▒ Projects under development

Construction of the Metoro plant (41 MWp) has been permanently suspended, and the asset is currently being sold.

Information at February 29, 2024

A UNIQUE WORKFORCE

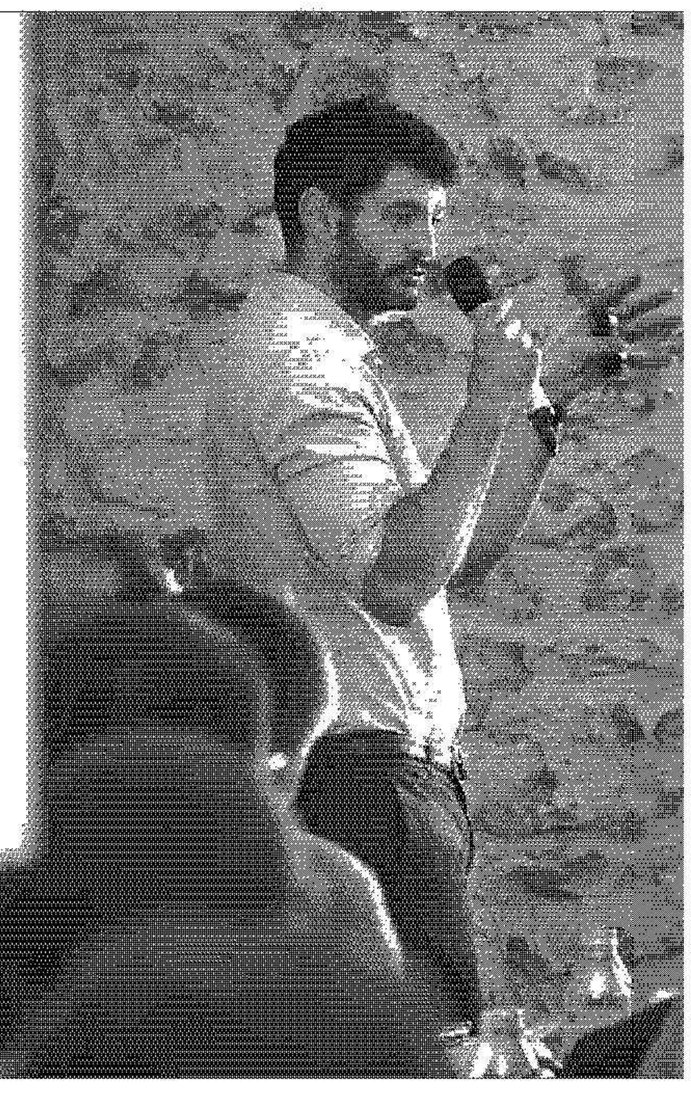
439
Employees

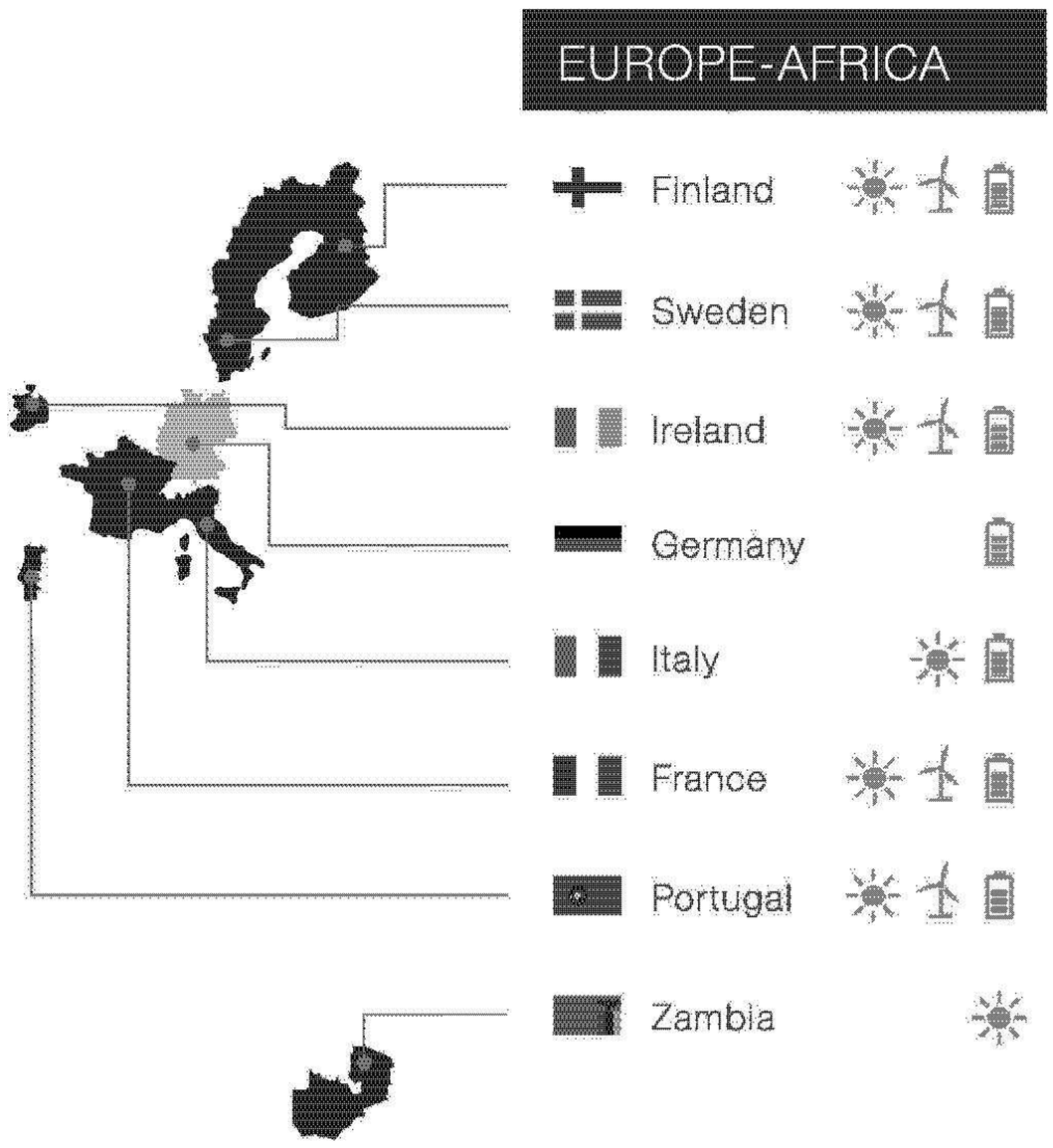
35
Average age

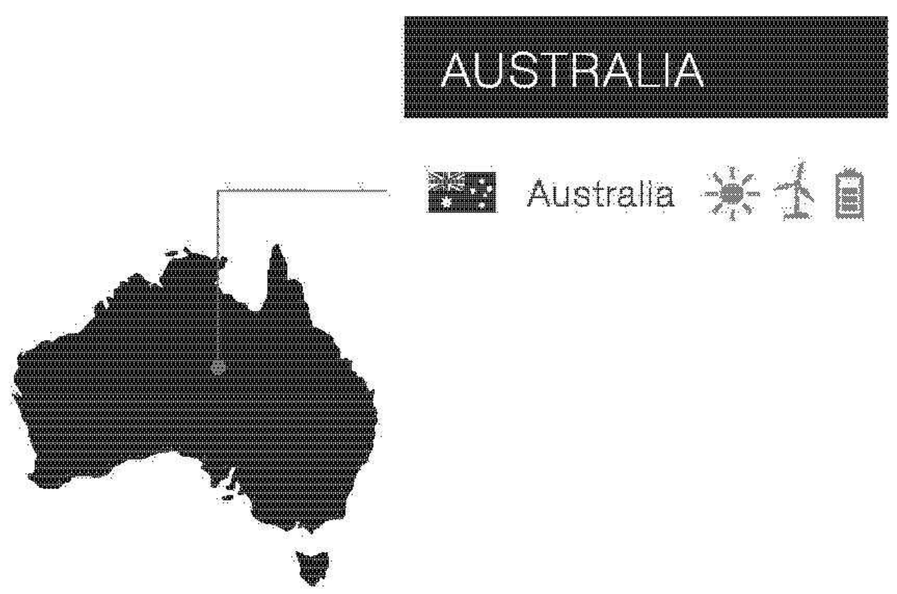
33.7%
Women

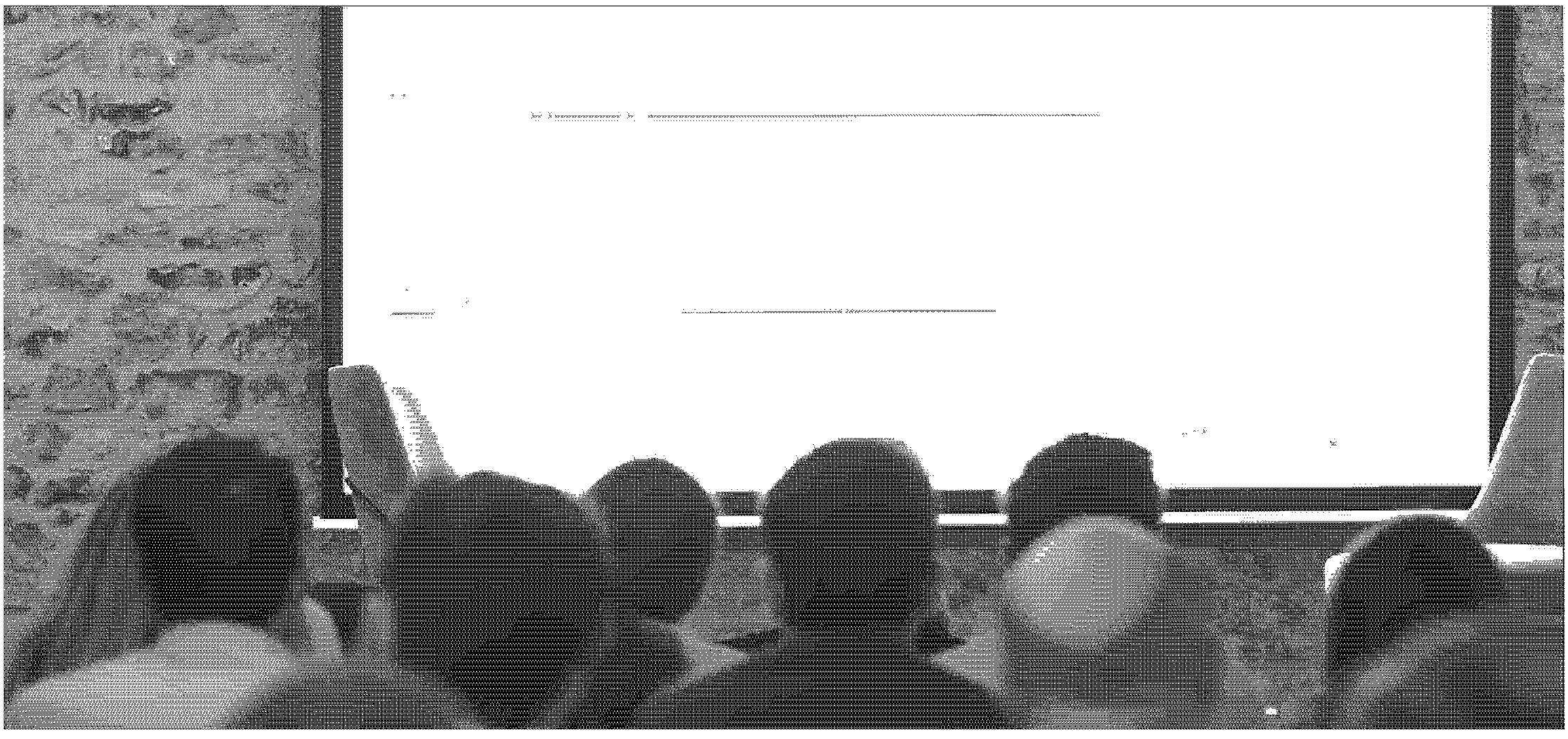
48
Nationalities

As of December 31, 2023

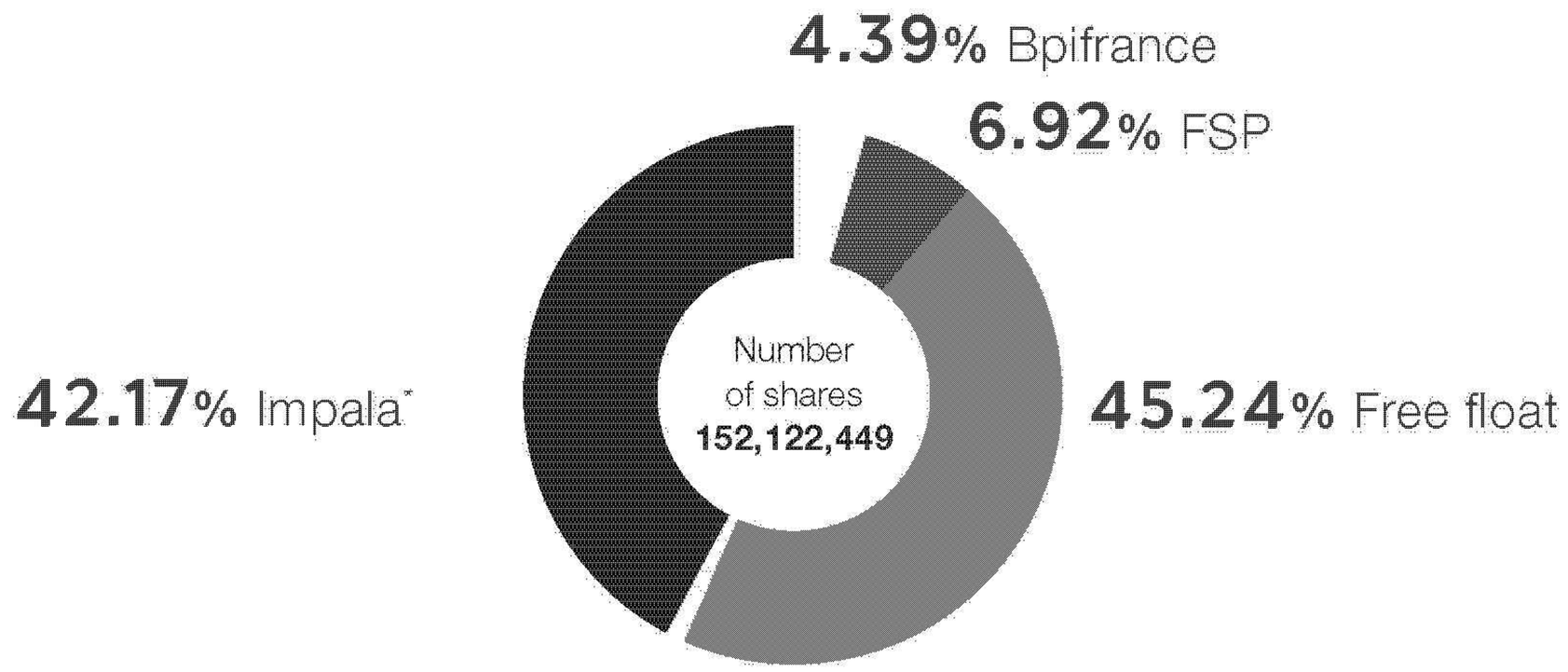



EUROPE-AFRICA
Finland
Sweden
Ireland
Germany
Italy
France
Portugal
Zambia


AUSTRALIA
Australia



SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2023



** Impala and Cartusia are acting in concert.*
Cartusia is a long-term investment vehicle controlled by Mr. Xavier Barbaro and his family.

IMPALA

42.17%

Impala, a group owned and managed by Jacques Veyrat and his family, invests in projects with strong development potential, in a range of sectors, with varying levels of investment: Energy (Neoen, Tag Energy), Technological solutions (Technoplus Industries, Edgyn, Inexto), Cosmetics (Laboratoire Native - owner of Roger Gallet, Lierac and Phyto, Pharma and Beauty Group and Augustinus Bader), Culture, Entertainment and Fashion brands (Pullin, l'Exception, Rosa Bonheur and La Caserne), Finance (Eiffel Investment Group, high growth projects in China), Real Estate and Hotels (developments around Paris, in Luxembourg, Spain and a hotel Group in Portugal and France).
Impala is a long-term investor.

FSP

6.92%

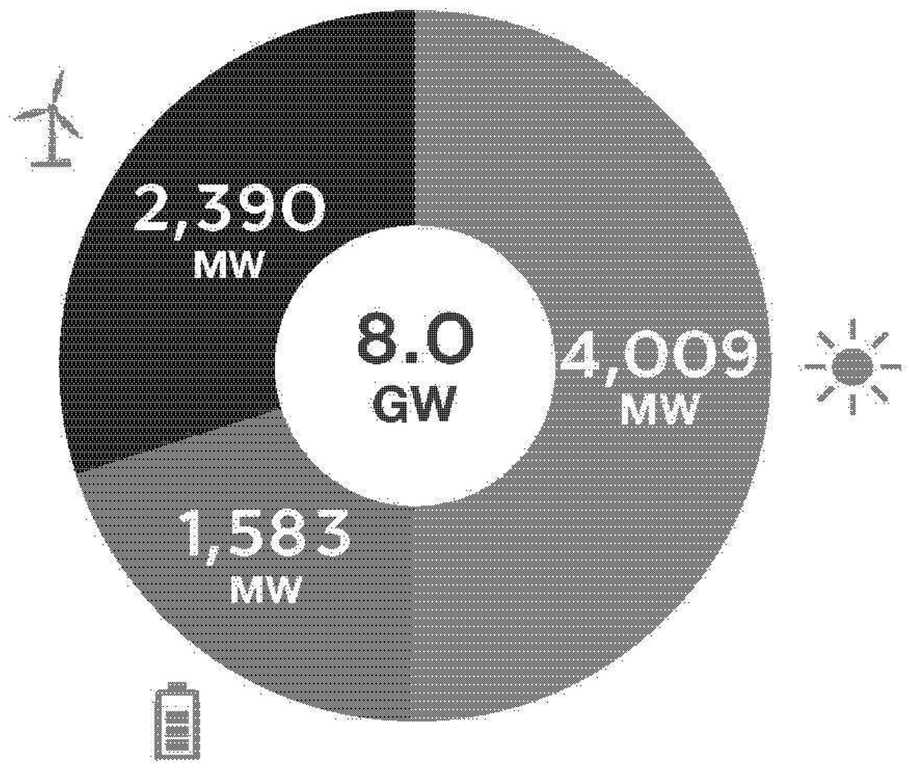
The Fonds Stratégique de Participations (FSP) is a SICAV, or collective investment fund registered with the French Financial Markets Authority (AMF), and which seeks to promote long-term equity investments by taking strategic stakes in French companies and contributing to their governance by holding a seat on their Board of Directors or governance board. The fund is financed by seven major insurance companies looking to make long-term investments in French companies to help them with their development and transition projects. FSP shareholders are BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Société Générale Assurances, Groupama, BPCE Assurances and Suravenir. As at 31 December 2023, the FSP held 10 equity investments in Arkema, Seb, Eutelsat Group, Tikehau Capital, Elior Group, Neoen, Valeo, Believe, Soitec and Verkor. The FSP continues to examine other investment opportunities in French companies. The FSP is managed by ISALT, an independent management company which monitors the companies in which the FSP invests and coordinates relations with the permanent representatives of the FSP who sit on the boards of directors or supervisory boards of those companies.

bpi

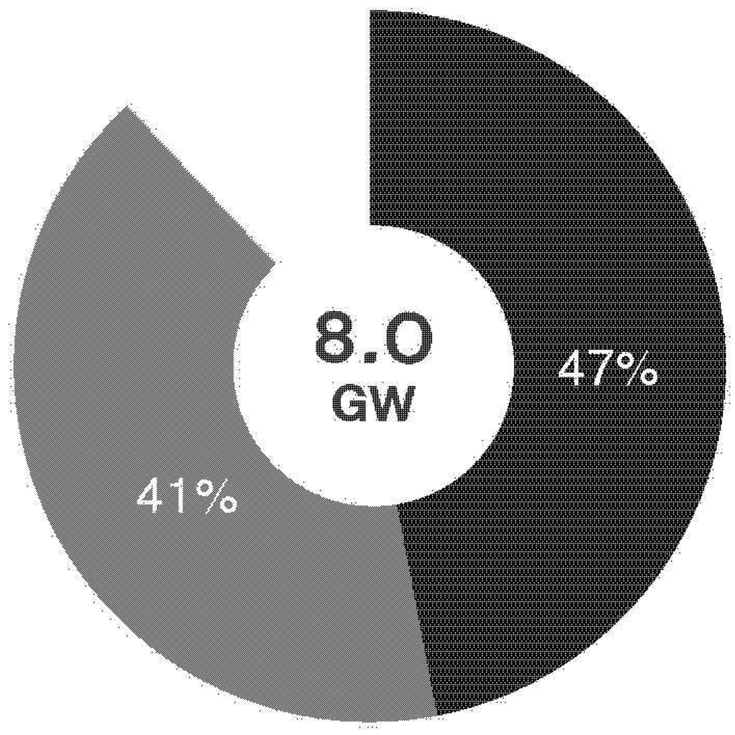
4.39%

Bpifrance finances businesses at each stage of their development through loans, guarantees and equity. Bpifrance provides support with their innovation projects and international activities through a wide range of products and services. Bpifrance is particularly involved in the renewable energy sector and sees companies in this sector as genuine catalysts of competitiveness for the French economy, which it intends to support in the coming years through its climate plan.

CAPACITY IN OPERATION OR UNDER CONSTRUCTION*



Ownership rate of our assets: 93%



*As of December 31, 2023

+1.4 GW
Of new capacity in operation or under construction in 2023

48
Plants under construction

134
Plants in operation

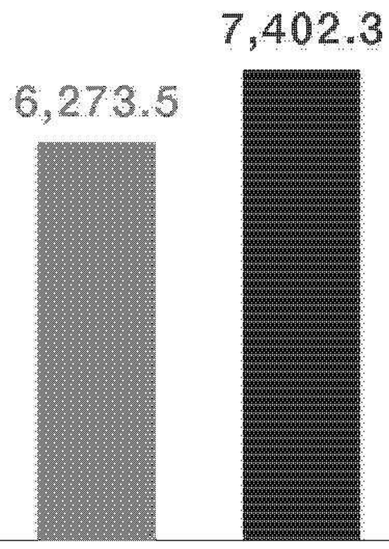
FINANCIAL RESULTS

524.4 M€
2023 revenue

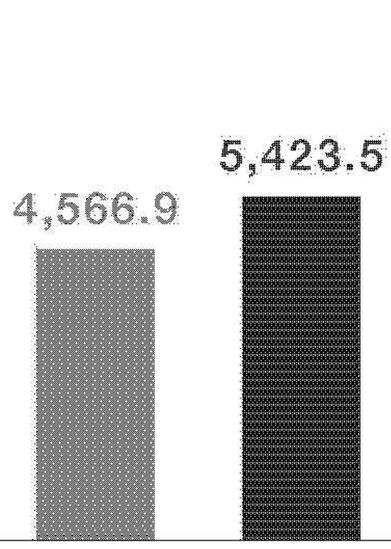
474.8 M€
2023 adjusted EBITDA[1]

80.4 M€
2023 adjusted net income[1] of the consolidated Group

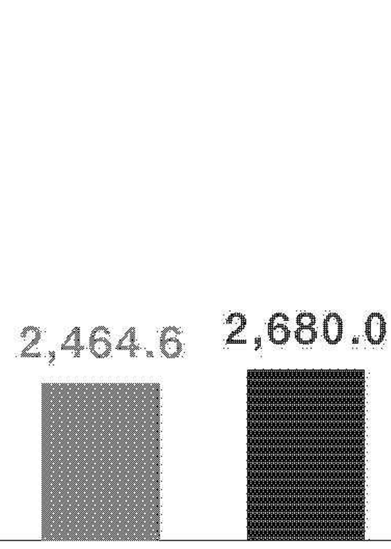
Balance sheet (M€) at December, 31



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



Consolidated net debt (M€) at December, 31



[1] The definition and calculation of these aggregates are detailed in section 2.1 "alternative performance indicators" of this document.

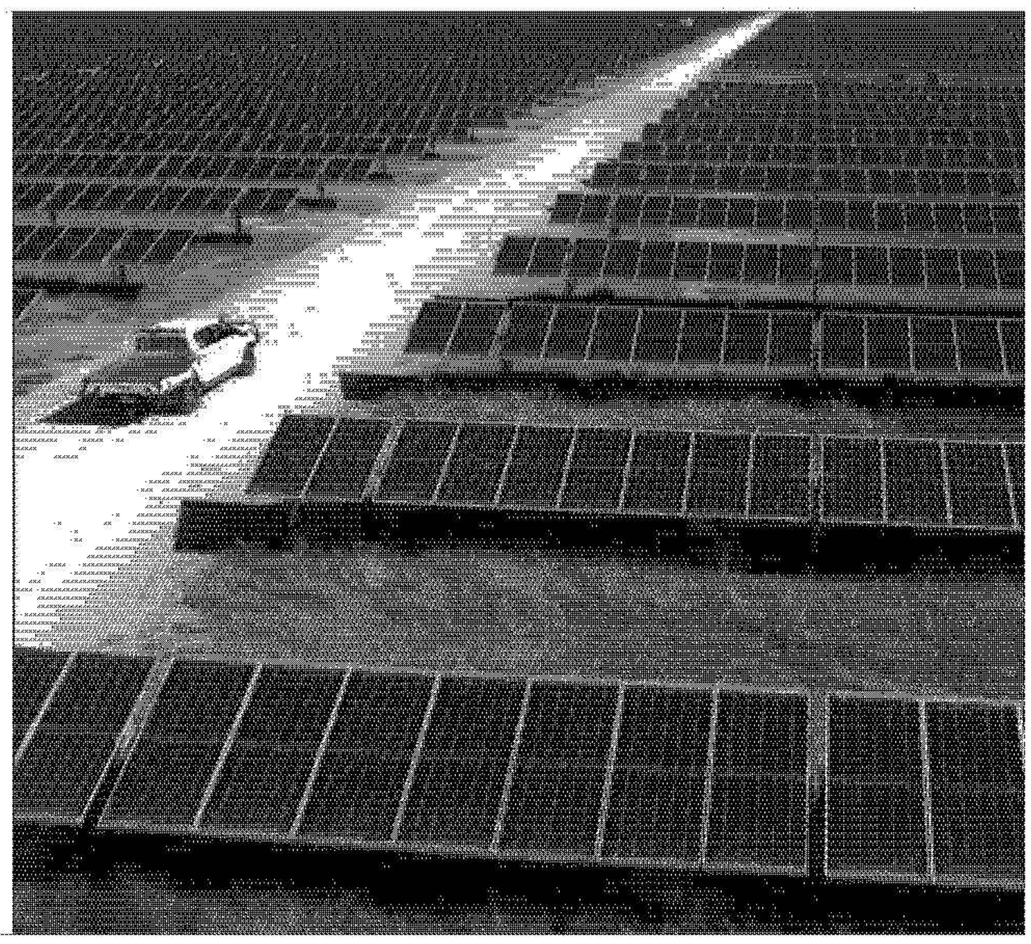


8 GW IN OPERATION OR UNDER CONSTRUCTION AT YEAR END 2023

At end of year 2023, Neoen owns 8 GW of assets in operation or under construction, a 20% increase on 2022. Australia houses the most capacity, with 3.75 GW, followed by France, 1.6 GW. Neoen has surpassed the milestone of 1 GW of renewable energy in operation or under construction in the Nordics just five years on from the commissioning of its first wind farm in Finland and is close to reaching the same target in the Americas.

A STRONG ASSET PORTFOLIO EXPANSION

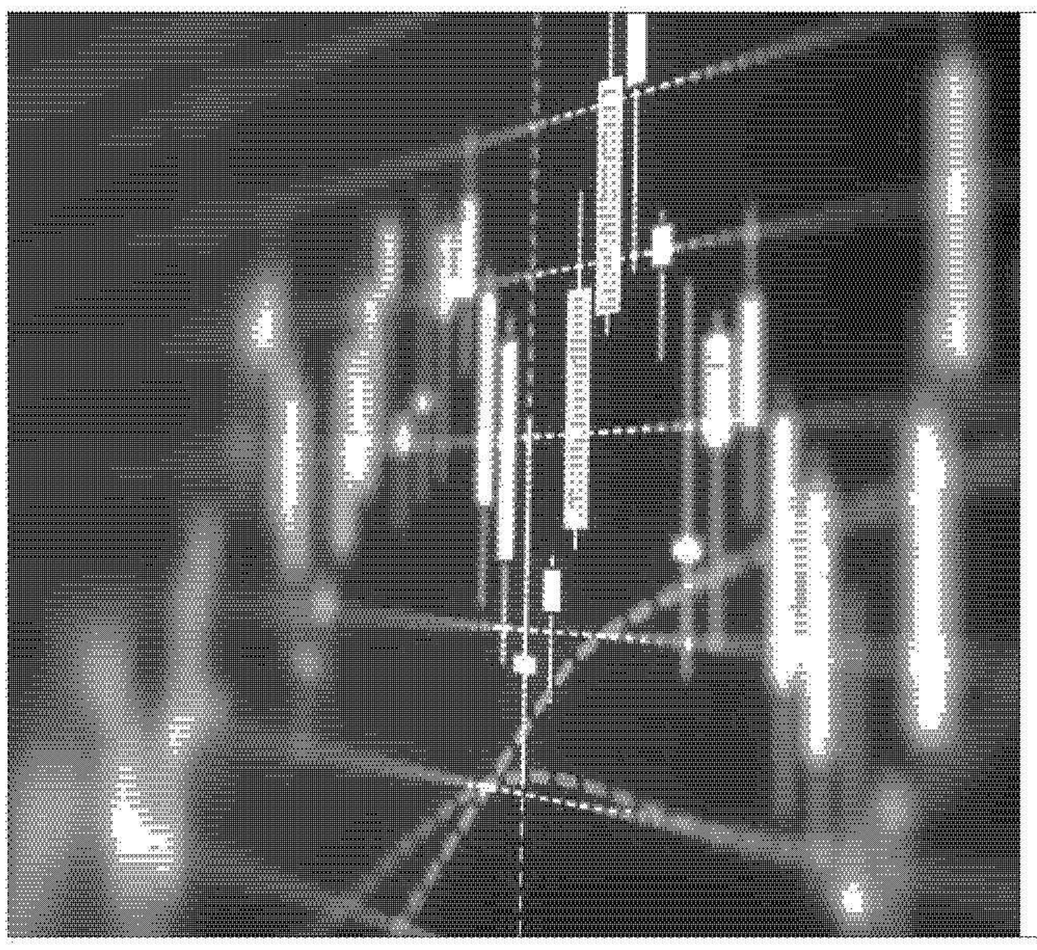
This year, Neoen commissioned nearly a gigawatt of assets including our largest ever solar farm: Western Downs Solar Farm, in Australia (460 MWp). Neoen's capacity of assets in operation has hit 5 GW and the company launched the construction of over 1.4 GW of wind, solar and storage projects in eight different countries.





A RECORD 1.6 GW OF PROJECTS SECURED

With 1.6 GW of projects awarded in 2023 (compared to 1.3 GW in 2022), Neoen has recorded its strongest growth ever. The company's expanding workforce comprises many local, expert teams, on whom Neoen can rely to boost development. In particular, Neoen won 0.5 GW of new projects in France in 2023, almost double the amount awarded in previous years and intends to sustain the pace.

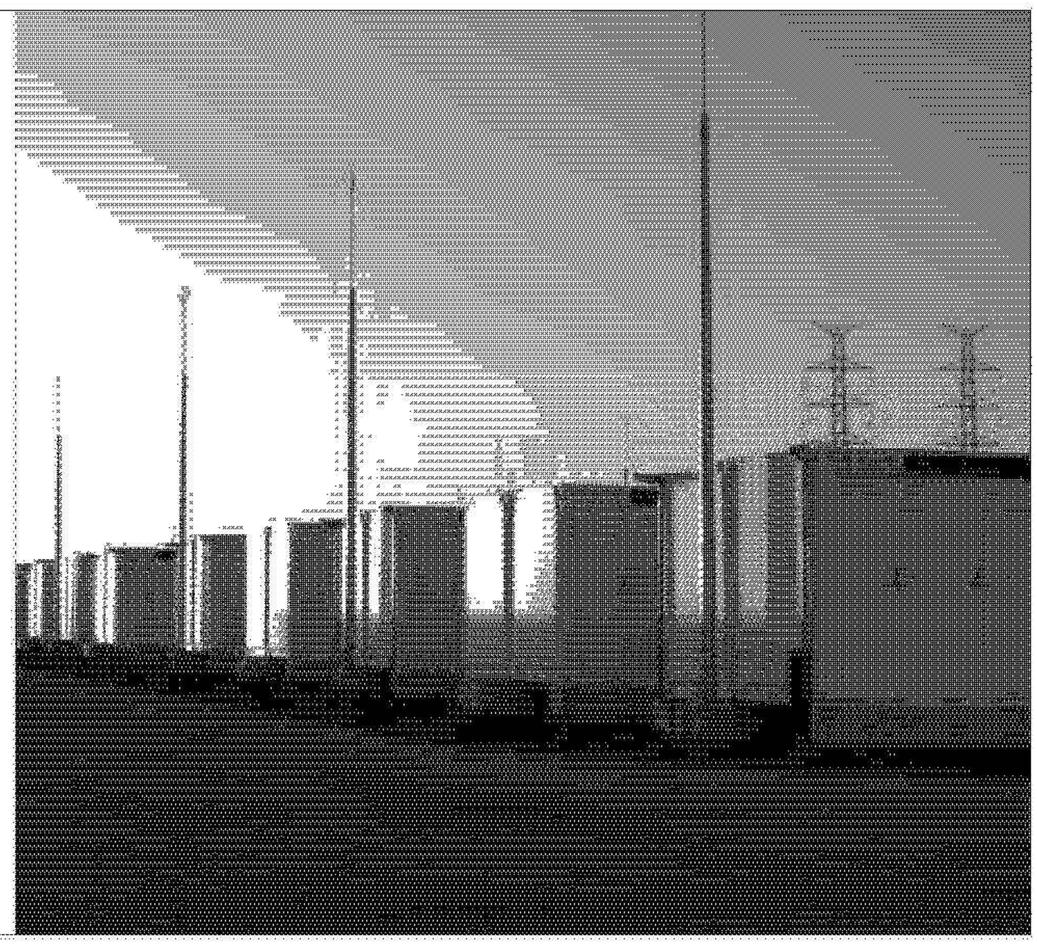


A SUCCESSFUL CAPITAL INCREASE TO FINANCE OUR GROWTH

In March, Neoen announced the success of its €750 million rights issue. The transaction received strong support from Neoen's historical shareholders and benefited from the participation of many existing and new investors. This capital increase significantly strengthened Neoen's balance sheet and gives it the means to further accelerate its growth to aim for an installed capacity of 10 GW in the course of 2025.

INCREASED INVESTMENT IN STORAGE

In line with its strategy, Neoen stepped up investment in storage in 2023. Batteries in operation or under construction now stand at 1.6 GW / 3.1 GWh in five countries and projects are under development in two-thirds of Neoen's geographies. Collie Battery (219 MW), which construction has been launched in Australia in June, is Neoen's first long-duration (4 hour) battery. The project demonstrates Neoen's determination to increase its battery storage duration and broaden its high value-added service offer.

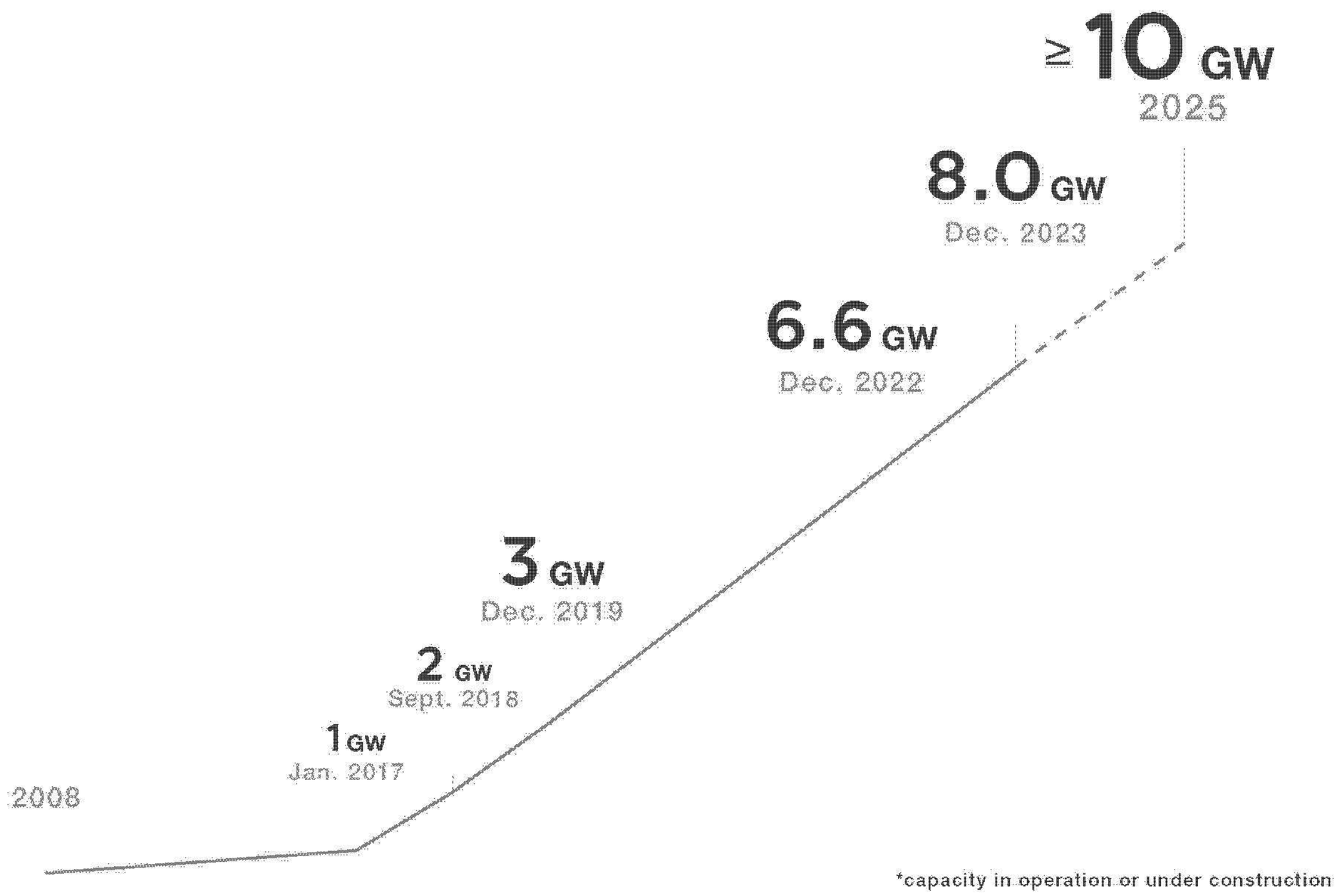




FIRST SOLAR POWER PLANTS UNDER CONSTRUCTION IN ITALY AND SWEDEN

Less than two years after launching in Italy, Neoen has begun construction on its first three plants in the north of the country. With over 50 projects under development, Neoen is pursuing its ambition to be a leading player in solar power and storage in Italy. In Sweden, where the company is already actively contributing to the energy transition in the shape of wind farms and batteries, Neoen launched the construction of Hultsfred (100 MWp), the country's largest solar plant.

CAPACITY TARGETED BY THE END OF 2025*



*capacity in operation or under construction

OUTLOOK[2] AND TRENDS

For 2024, Neoen expects an adjusted EBITDA of between €530 million and €560 million[3], or a double-digit annual growth as stated in its strategic plan, and an adjusted EBITDA margin above 85%. The Group is reiterating its adjusted EBITDA target of over €700 million in 2025 and its target of reaching 10 GW in capacity in operation or under construction in the course of 2025. All the Group's targets include the best estimate to date of the likely completion dates of its projects and its current view of likely spot prices.

FINANCIAL AGENDA 2024

02.05.2024 First-quarter revenue and operational data

14.05.2024 Annual General Meeting

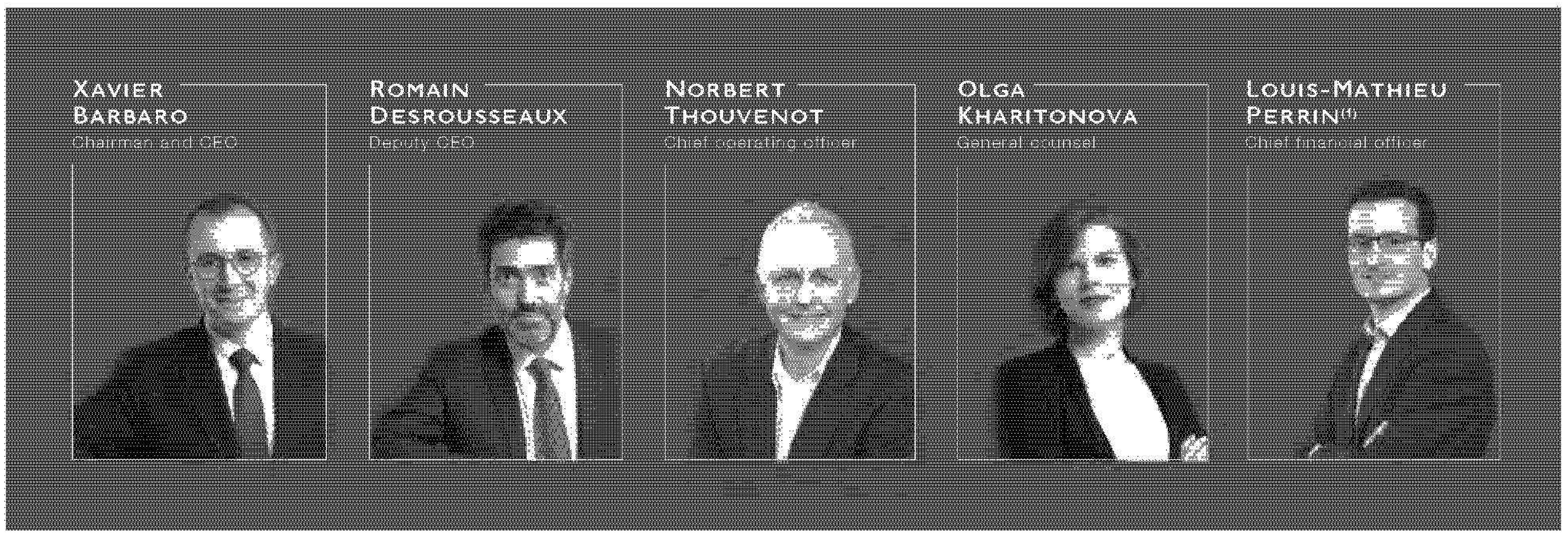
25.07.2024 Half-year result

05.11.2024 Nine-month revenue and operational highlights

[2] This outlook has been prepared (i) in accordance with the accounting methods applied to the historical financial information (see notes 1 and 2 in section 4.1 of this document) and (ii) on the basis of Neoen's scope of consolidation for the 2023 financial year. The definition of adjusted EBITDA is the same as the one used for the 2023 financial year (see paragraph 2.1.1 of this document).

[3] The adjusted EBITDA forecast takes into account net proceeds from the disposal of portfolio's projects and assets that the Group anticipates completing as part of the farm-down business, with a contribution of no more than 20% of annual adjusted EBITDA and 20% of the annual increase in the secured portfolio.

MANAGEMENT



(1) *In its press release of February 28, 2024, Neoen announced the appointment of Yves-Eric François as Chief Financial Officer. This appointment will take effect on April 1, 2024, when he will succeed Louis-Mathieu Perrin.*

BOARD OF DIRECTORS



XAVIER BARBARO
Chairman and CEO

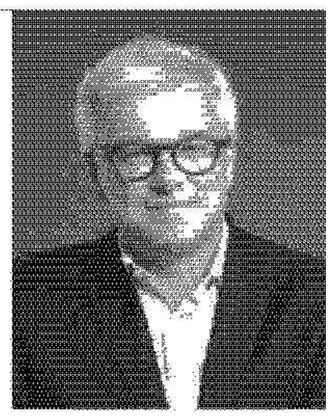


HELEN LEE BOUYGUES
Lead Director

FSP(2)
Represented by Christophe Gégout
Director



SIXTO
Represented by Bertrand Dumazy
Director



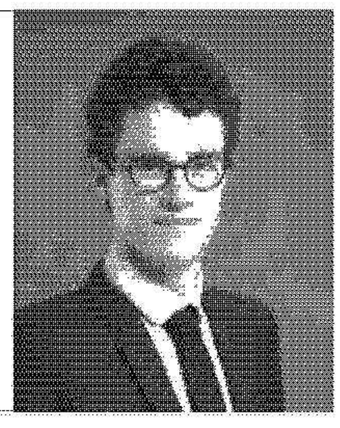


BPIFRANCE INVESTISSEMENT
Represented by Vanessa Giraud
Director



STÉPHANIE LEVAN
Director

SIMON VEYRAT
Director



JACQUES VEYRAT
Observer



At December 31, 2023*

42%
Independent Directors

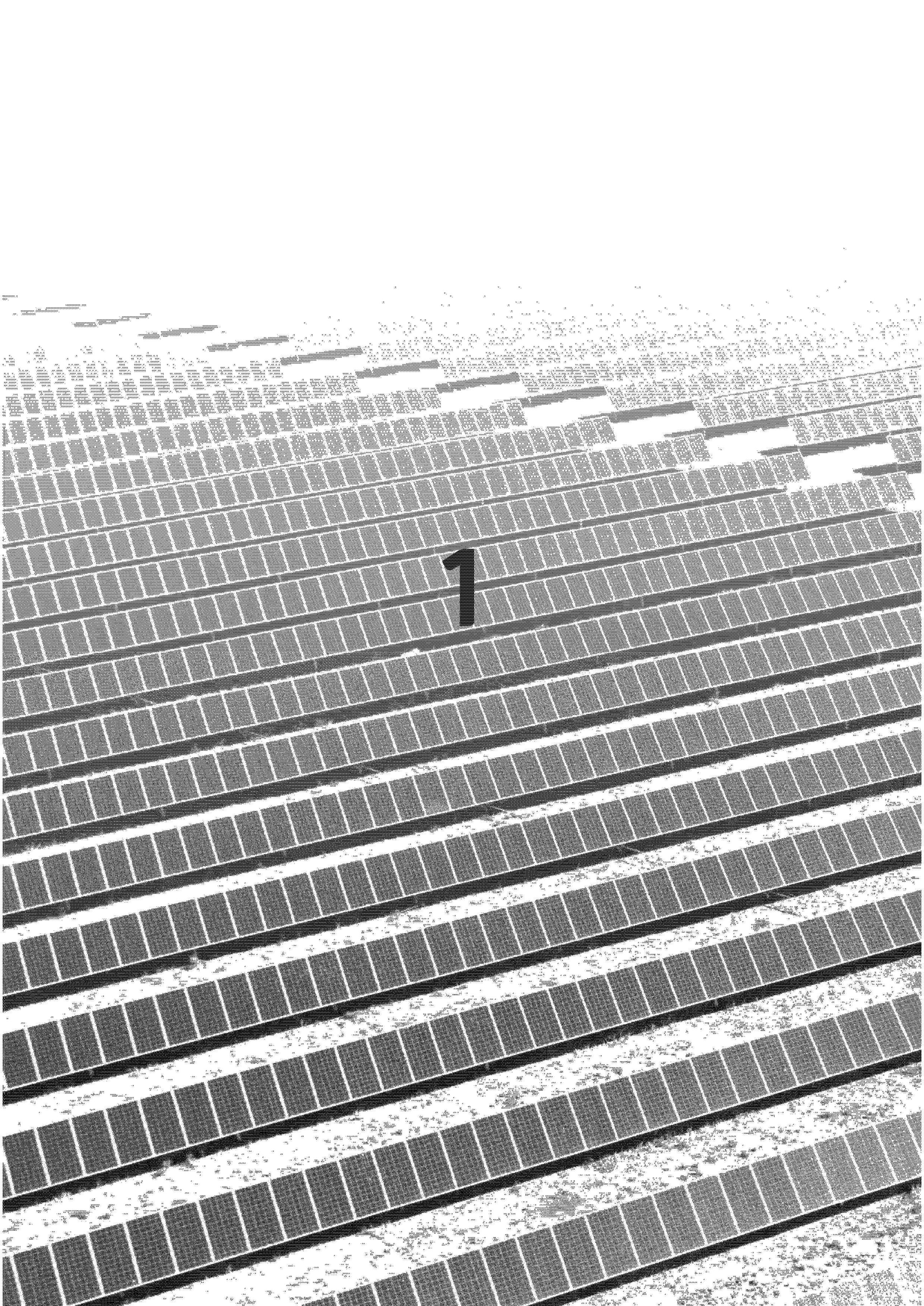
42%
Female Directors

48
Average age

100%
Average attendance rate

**Data at December 31, 2023 based on the determination of Director's existing term of office.*

(2) *Fonds Stratégique de Participations.*

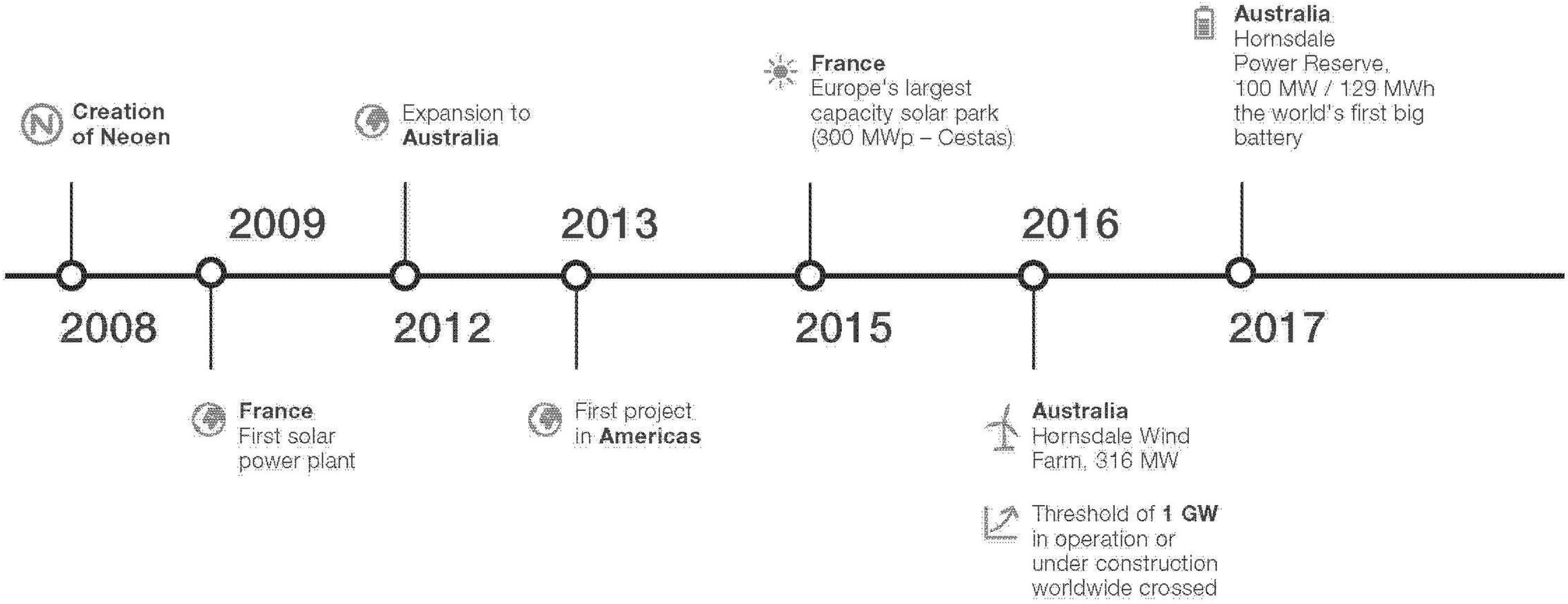


PRESENTATION

1.1	OVERALL PRESENTATION	18	1.3	NEOEN'S BUSINESS	26
1.1.1	History and Group evolution	18	1.3.1	Business activities and key figures	26
1.1.2	Strategy	20	1.3.2	Operating segments	28
1.2	DESCRIPTION OF THE RENEWABLE ENERGY MARKET	21	1.3.3	Geographic footprint	32
1.2.1	A rapidly growing global renewable energy market	21	1.3.4	Customers, suppliers and Group's contracts	43
1.2.2	The growing impact of storage solutions	22	1.4	INTELLECTUAL PROPERTY	46
1.2.3	Market structures	23	1.4.1	Research and development	46
1.2.4	Competitive environment	24	1.4.2	Intellectual property rights	46
			1.4.3	Licenses	46

1.1 OVERALL PRESENTATION

1.1.1 HISTORY AND GROUP EVOLUTION



2018

- Expansion to **Nordic countries** and signature of a **PPA with Google**
- Threshold of **1 GW** crossed in Australia
- With a capacity of almost **2 GW** in operation or under construction at the end of June, doubling of Neoen's size in 18 months
- Completion of the largest **initial public offering of 2018** (€700m)

2020

- Addition into **the SBF 120 index, the MSCI France Small Cap Index and the S&P Global Clean Energy Index**
- **Australia**
  Start of construction of Western Downs Green Power Hub (460 MWp), largest solar farm
- **Mexico**
  El Llano solar power plant (375 MWp), one of the most competitive in the world

2021

- **Australia**
  Commissioning of the **Victorian Big Battery** (300 MW / 450 MWh)

2022

- **Australia**
  Signature of the first PPA baseload contract with BHP
- Threshold of **1 GW** in storage crossed and new services offering: inertia, virtual batteries...
- **Canada**
  Construction of the Fox Coulee solar power plant (93 MWp)

2023

- Successful completion of the €750 million **capital increase**
- **5 GW** in operation, **3 GW** under construction and **3.1 GWh** of storage (in operation or under construction)
- **Australia**
  Start of the construction of **Collie Battery** (219 MW / 877 MWh), the first long duration battery of Neoen and the first major project in Western Australia
- **France**
  1.5 GW in operation or under construction

1.1.2 STRATEGY

Our vision

Renewable energies deployment is evident, as they respond to a triple emergency: ecological, economic and strategic.

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

Our mission

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

Our strategy

Consolidating our existing geographical positioning

Neoen is a geographically widespread player operating in three geographical regions (the Americas, Europe & Africa, and Australia) through its local teams as of December 31, 2023.

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

By 2030, Neoen aims to be a local leader in the countries in which it operates within these 3 geographical zones.

Being an energy integrator, specialised in solar, wind and storage

Neoen has a complete technological mix (solar, wind and storage). Its presence across all three segments, which goes hand-in-hand with geographical diversification, reduces the Group's exposure to weather hazards and gives it improved control over its production. Neoen designs and offers integrated energy solutions to accelerate the energy transition.

In addition, as Neoen has identified the potential of large batteries for its business, its strategy is to significantly increase its investments in the storage sector. Combined with its energy management expertise, Neoen thus is able to ensure better integration of renewable energy sources into the energy landscape of a geographical area and to optimise its present and future assets in order to enrich the range of value-added services for its customers (PPA baseload...). By 2030, Neoen aims to rely on its expertise in storage and energy management as a key differentiator from its competitors.

Selling our energy through different channels

In addition to electricity sales agreements with public counterparties and electricity distributors, which continue to offer solid revenue prospects for Neoen, in several geographies (Australia, France and Italy in particular), the Group plans to keep diversifying its customer base with private off-takers in the form of power purchase agreements (PPAs), preferably in the medium-and long-term. There is a very strong demand from these private counterparties, for which the Group is ideally positioned thanks to its portfolio of dedicated projects, Energy Management team and sophisticated PPA offerings that can be supported by its storage activity.

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

Mainly organic growth

The Group's growth is overwhelmingly organic, enabling it to create value throughout the development of its projects and assets, by organising their construction and financial structuring up to their commissioning, and then by operating them.

However, as in the past, the Group could opportunistically carry out targeted and value-creating external growth operations, particularly discounted assets or offering repowering potential.

Being the long-term shareholder in the assets we have developed

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

Implementing additional farm-down activity

Since 2021, Neoen proceeds regularly but selectively with the total or majority sale of projects and assets in its portfolio (farm-down). This activity is intended to be implemented up to a limit of 20% of the volume of projects won each year. These farm-down transactions strengthen the Group's financial capacity and therefore contribute to financing the construction of new assets. Neoen plans, as far as possible, to maintain a minority stake in the projects and assets 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 and assets.

Obtaining financing mainly at the asset level

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

The Group believes that the implementation of this strategy should enable it to reach a total capacity in operation or under construction of at least 20 GW by 2030.

* 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).

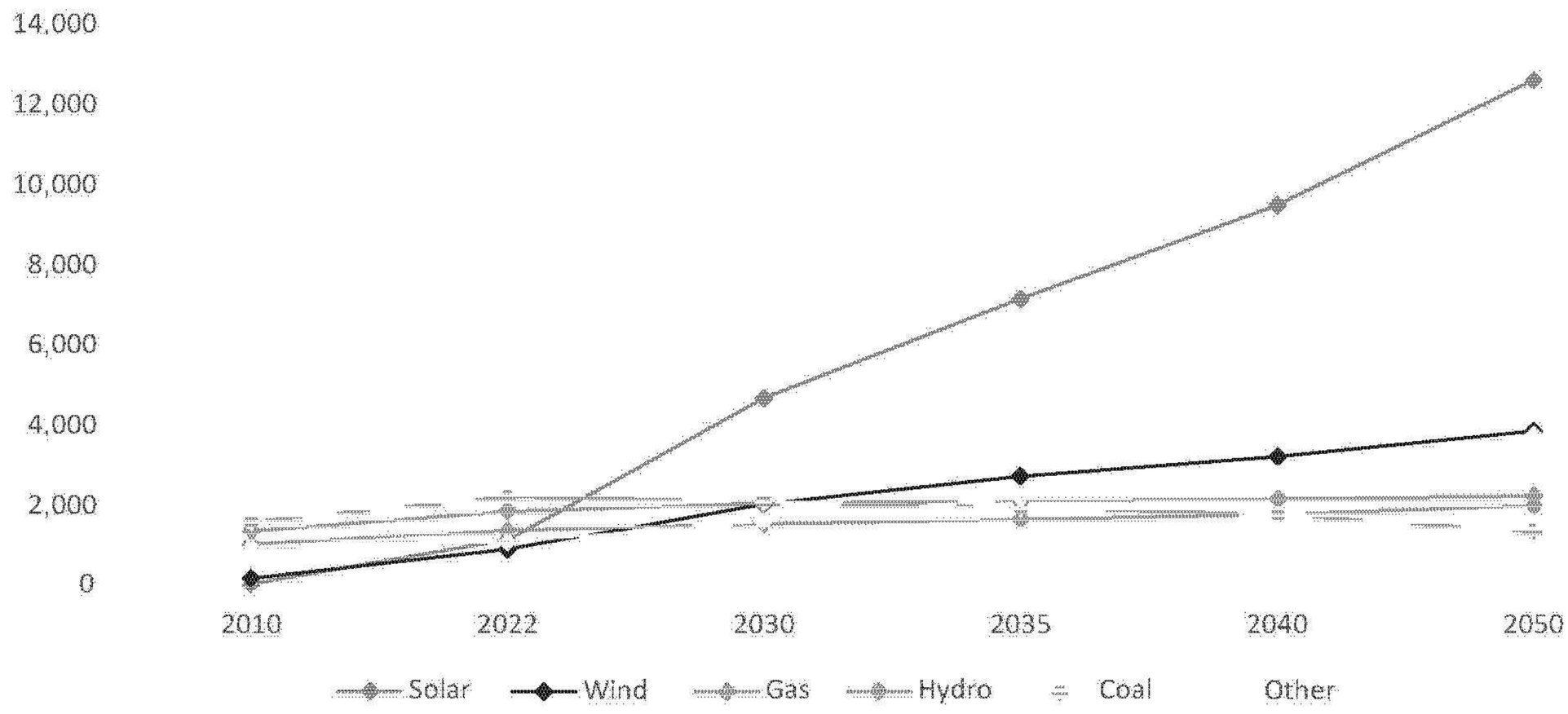
1.2 DESCRIPTION OF THE RENEWABLE ENERGY MARKET

1.2.1 A RAPIDLY GROWING GLOBAL RENEWABLE ENERGY MARKET

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

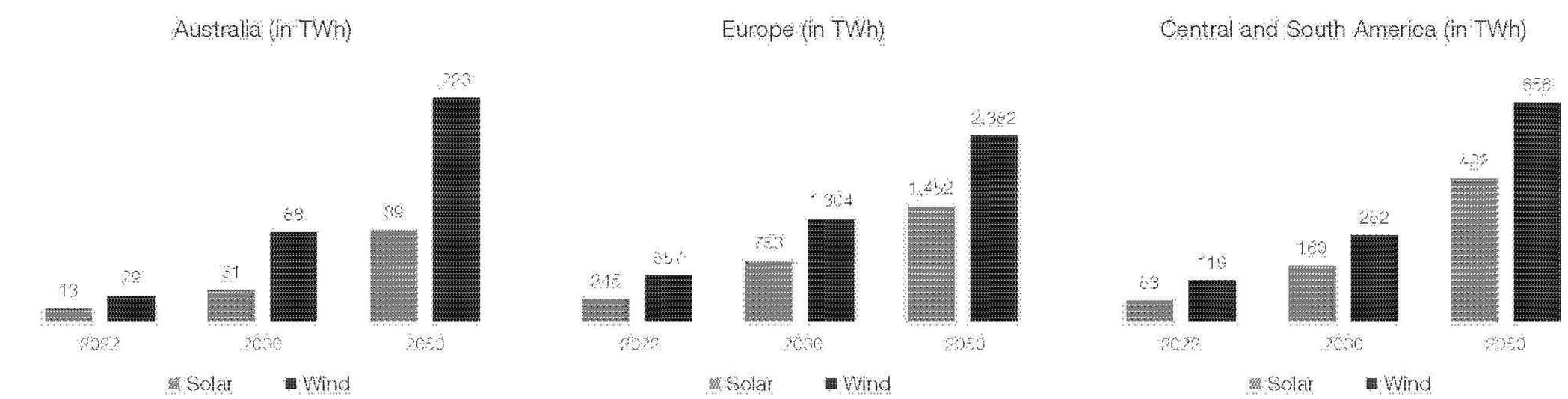
In its latest World Energy Outlook (2023), the International Energy Agency (IEA) estimates that energy generation capacity from all sources is likely to increase from 8.6 TW in 2022 to 26.0 TW in 2050, i.e., more than triple. Among these energy sources, solar should increase fastest with an average annual growth rate close to 9% over the period, followed by wind at more than 5%. Within this generation capacity, the share of solar and wind power is expected to increase from about 24% in 2022 to 64% in 2050.

Projected global operational capacity (in GW)



Source: International Energy Agency (2023), World Energy Outlook 2023, IEA, Paris.

Forecast of changes in renewable energy production by geographic area



CAGR 2022-2050E: + 7.2%

CAGR 2022-2050E: + 7.5%

CAGR 2022-2050E: + 6.6%

CAGR 2022-2050E: + 5.3%

CAGR 2022-2050E: + 4.0%

CAGR 2022-2050E: + 7.7%

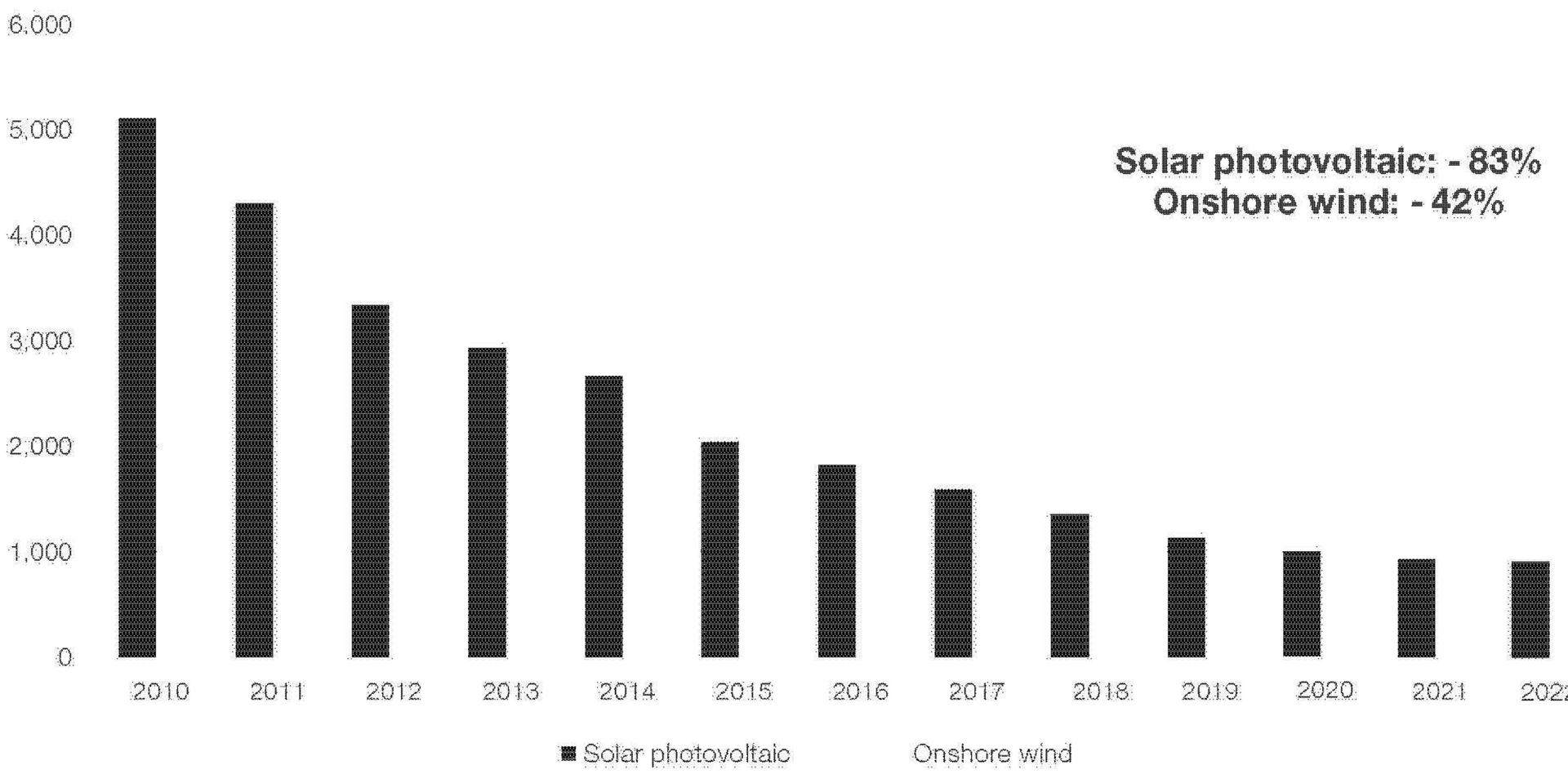
CAGR: Compound Annual Growth Rate.

Source: World Energy Outlook 2023, IEA & Baringa study Australia NEM reference Case projections & Australian Government.

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

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

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



Source: IRENA (2022), Renewable Power Generation Costs in 2022, International Renewable Energy Agency

- government support now goes beyond subsidies for electricity production and is part of the long-term approach consisting of an energy transition. Some countries see this as an opportunity to boost their economies, ensure sustainable, sovereign and cheap electricity production and create jobs to offset the loss of those traditionally found in declining carbon-intensive industries. "Hydrogen plans" or support for electric cars in Europe are some of the most recent examples. These new areas of electricity use should also increase medium-term demand and stimulate renewable energies because of their competitiveness;
- the desire to green the energy mix is also evident in the private sector, for civic, economic or marketing reasons. We are seeing an increasing number of corporate purchase agreements, which stand out from the rest in initiatives such as the "RE100"[2] and highlight their renewable energy acquisition strategy, enabling them to be recognised as "green" companies committed to clean energy policies. Their use of renewables also enables these companies to reduce their costs and mitigate the risk of price volatility affecting their electricity requirements. Neoen expects that a substantial market for corporate off-take agreements for renewables will develop in the coming years, as the grid parity extends, and these energy consumers become increasingly sophisticated. In fact, the market for power purchase agreements with private off-takers (corporate PPAs) represented a volume of 36.7 GW in 2022, involving more than 167 companies. This represents an increase of 18% compared to 2021, and 45% compared to 2020 (Source: BNEF's 1H 2023 Corporate Energy Market Outlook).

1.2.2 THE GROWING IMPACT OF STORAGE SOLUTIONS

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

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

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

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

Forecast of global evolution of storage capacities

In 2023, 42 GW / 99 GWh of batteries were deployed. Global battery storage capacity is expected to increase 15-fold between 2021 and 2030, with 650 GW / 1,877 GWh of batteries installed worldwide by 2030 according to the latest Bloomberg NEF research report (BNEF, 2023).

The United States and China are expected to account for more than half of new global storage facilities by 2030. However, in the context of the energy crisis, Europe continues to make up lost ground and should represent 24% of installed capacity by 2030. Policies to support renewable energy, government climate commitments and the growing need for flexible resources are common drivers of this growth.

In this context, the sector is facing some difficulties that could slow down the trend in the short term. Occasional supply problems, inflation, rising transport costs and raw material prices have impacted the costs of installing storage solutions during 2022 and 2023. However, the increasing penetration of renewable energies makes energy storage a flexible and essential resource for many electric power systems.

Depending on whether they are directly connected to the grid or linked to a renewable energy project, storage solutions will be configured according to different business models and generate different types of revenue. For further details, refer to paragraph 1.3.2.3 "energy storage".

1.2.3 MARKET STRUCTURES

1.2.3.1 TERMS OF ELECTRICITY SALE

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

This categorisation can be summarised as follows:

- PPAs entered through tenders, for a period of 10, 15, 20 or 25 years, and for a specific electricity generation capacity at a given price;
- over-the-counter contracts with sophisticated purchasers, such as energy companies or other private companies with specific energy needs. These contracts are usually for a specified power, at contractually defined prices. They have a shorter duration than contracts with public or para-public purchasers or private electricity distribution companies, usually from 10 to 15 years for wind and solar, and 7 to 15 years for batteries. In some restricted cases, these contracts may be shorter, but not shorter than 5 years.

The vast majority of contracts are take-or-pay contracts and do not involve any volume risk, since the commitment is for a price per MWh, regardless of the volume injected into the grid. In a limited number of cases, contracts may provide for minimum volume commitments that must be delivered over a given period.

In addition, some customers are now applying for baseload contracts, which include commitments to supply electricity 24/7.

Off-take agreements are generally not indexed to oil or gas prices but may be fully or partially indexed to inflation. They may also include partial or total protection against exchange rate fluctuations in emerging countries.

Generators can complement revenues from the above contracts by selling electricity on the spot markets. These sales can also be made through short-term contracts or physical or financial hedges.

These sales may take place in the following ways:

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

These situations are becoming more and more common. They are facilitated by the arrival of aggregators or route-to-market off-takers which make it easier for independent renewable producers to access and sell on the open market.

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

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

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

1.2.3.2 TENDENCIES HAVING AN IMPACT ON MARKET STRUCTURE

Evolution towards a combination of several business models for the same asset. Assets include increasingly complex remuneration methods. There may be PPAs with different purchasers, on different terms and for different durations. In addition, spot-market sales or short-term hedging, although they are opportunistic, may generate additional gains compared with the contractual feed-in tariffs fixed in tenders. This is particularly

the case in the Group's key countries, namely Australia, France and Finland, as renewable energies are at grid parity there and so the prices of long-term purchase agreements are generally lower than on the spot market. They can therefore improve the financial profile of the asset in the period between a plant's commissioning and the entry into force of a take-off agreement. In addition, certain assets can provide paid capacity services or frequency regulation to supplement the sale of electricity.

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

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

Improvement of project competitiveness. Renewable energies are increasingly competitive, with the number of countries with grid parity constantly increasing. This competitiveness is the result of a long-term decrease in capex costs, combined with two other positive dynamics on project competitiveness: first, there is a tendency to move towards larger-scale projects, generating scale effects, second, the residential solar penetration in many countries, with consumption as close as possible to production. The events of 2022 (increase in post-covid costs and electricity prices in the context of the energy crisis in Europe) and 2023 (sharp rise in interest rates) have not fundamentally tempered this trend, despite the increase in the renewable electricity's unit price particularly during the winter of 2022-2023.

1.2.4 COMPETITIVE ENVIRONMENT

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

National incumbent and suppliers' utilities, which were already regional or global leaders in electricity and have long since emerged from their domestic market, have developed know-how in renewable energies and have dedicated subsidiaries abroad (EDP Renewables, EDF Renewables, Enel, Engie). In addition to these are international players specialised in the field of renewables, such as Neoen or Scatec, Voltalia and OX2, and small players operating locally, whose proportion is tending to decrease. In addition, a new category of pure solar players is taking off, such as Solaria. Also, leading energy companies such as Engie or TotalEnergies energies have strengthened their positions in the renewable energy market through recent acquisitions of independent solar and wind power developers and producers.

Other competitors have also sought to increase their market share through mergers and combinations of companies that have given rise to larger players with significant financial resources such as Squadron Energy in Australia.

Neoen is one of the leading independent producers of exclusively renewable energy in the countries where the Group operates or plans to become it in the next few years. Neoen is the leading French independent producer of exclusively renewable energy. It is also the leading renewable energy company in Australia.

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

Main players in national markets

Country	Markets	Players	Capacity of assets in operation (*in MW*)
Australia	Wind and solar power 2023	**Neoen**	1,454
		Tilt	1,296
		Iberdrola	1,187
		Goldwind	1,152
		Palisade	1,141
France	Wind and solar power 2023	Engie	4,618(1)
		EDF Renouvelables	2,836(2)
		Total Energies	1,600(1)
		Neoen	1,306
		Boralex	1,232
Finland	Wind power 2023	Taaleri Energia	681
		Ilmatar	644
		Neoen	555
		EPV Tuulivoima	452
		Exilion	380
Sweden	Wind, solar power and storage activities 2023	Vattendall	748(1)
		Svevind	678
		Vasa Wind	600
		Neoen	255
El Salvador	Wind, solar power, and storage activities 2023	BOSFORO (AES partnership)	140
		Real Infrastructure	74
		Aristos Energy	56
		Ventus	54
Mexico	Wind and solar power 2023	Acciona Energia	1,500(1)
		Iberdrola	1,232(1)
		Enel	1,165(1)
		IEnova (Sempra)	936
		Engie	848(1)
		EDF	782
		Atlas	430
		Neoen	375

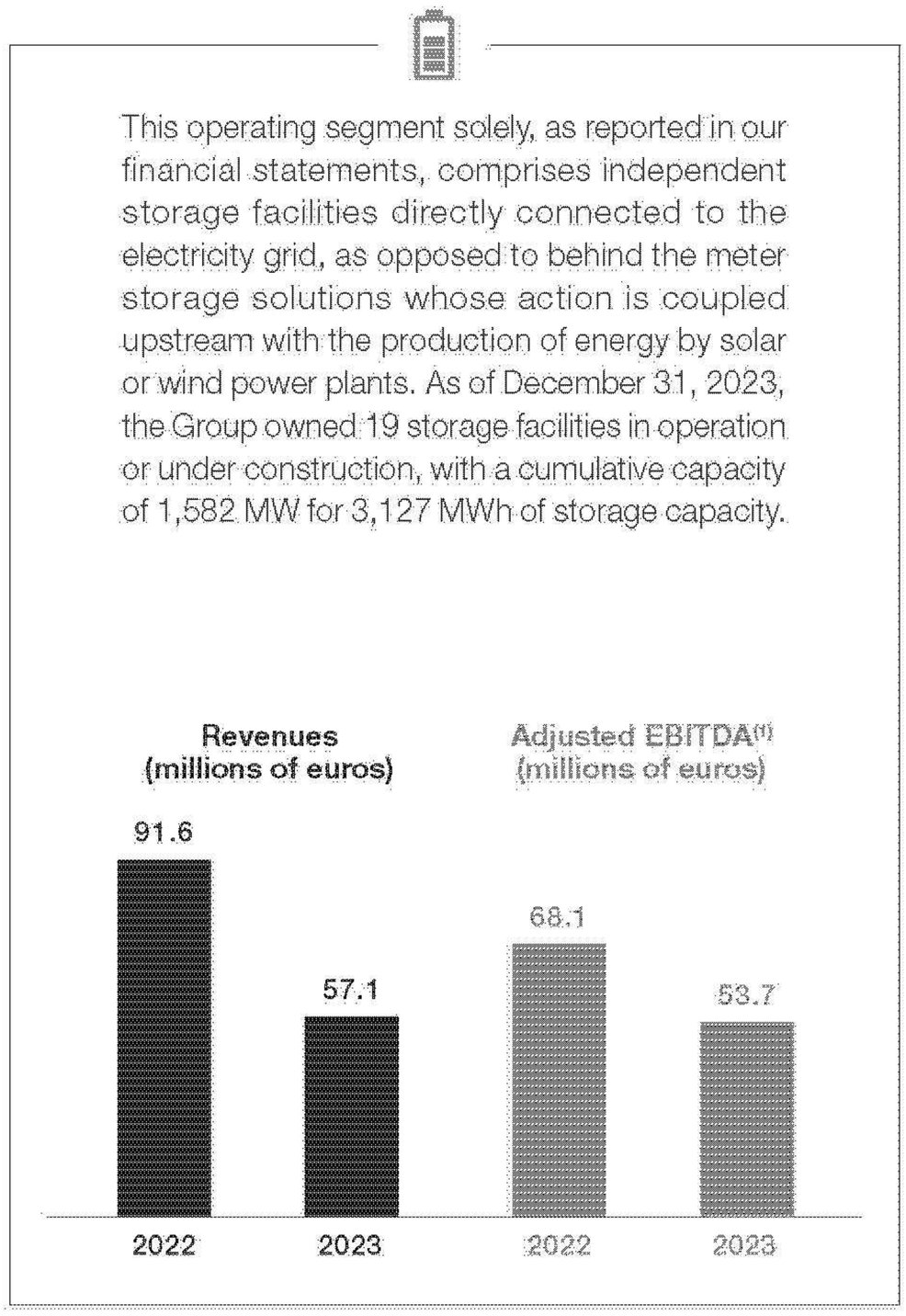
(1) Data as of the first half of 2023.
(2) Data as of 31.12.2022.
Source: Annual reports and press releases from the companies concerned.

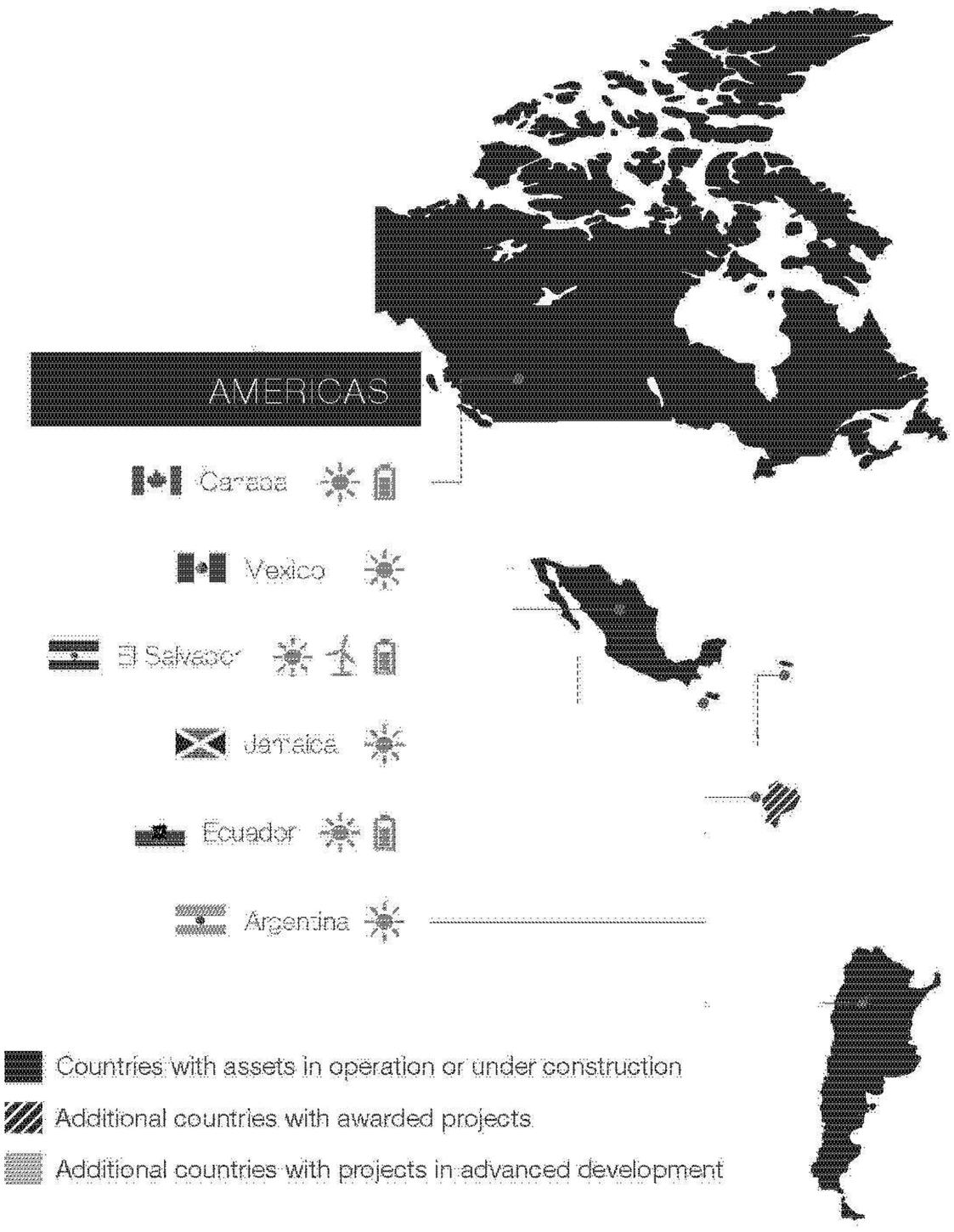
1.3 NEOEN'S BUSINESS

1.3.1 BUSINESS ACTIVITIES AND KEY FIGURES

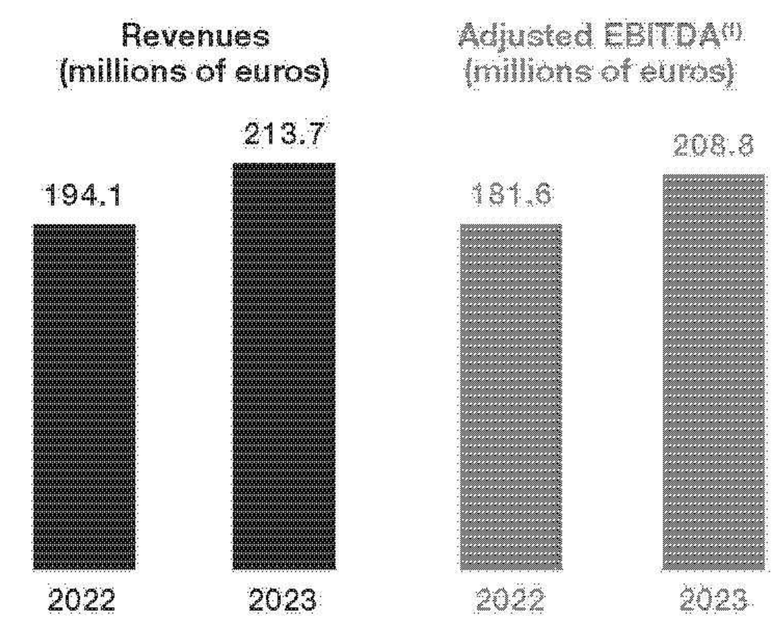
The Group's activity is centered on the production of solar and wind energy, and on the development of energy storage solutions. Since 2021, Neon proceeds on a regular but selective basis to the total or majority sale of projects and assets in its portfolio (farm-down), within an annual limit of a volume of projects concerned not exceeding 20% of the gross annual growth of its secured portfolio. As of December 31, 2023, the Group had 439 employees. The activity is deployed on 4 continents.

This operating segment solely, as reported in our financial statements, comprises independent storage facilities directly connected to the electricity grid, as opposed to behind the meter storage solutions whose action is coupled upstream with the production of energy by solar or wind power plants. As of December 31, 2023, the Group owned 19 storage facilities in operation or under construction, with a cumulative capacity of 1,582 MW for 3,127 MWh of storage capacity.

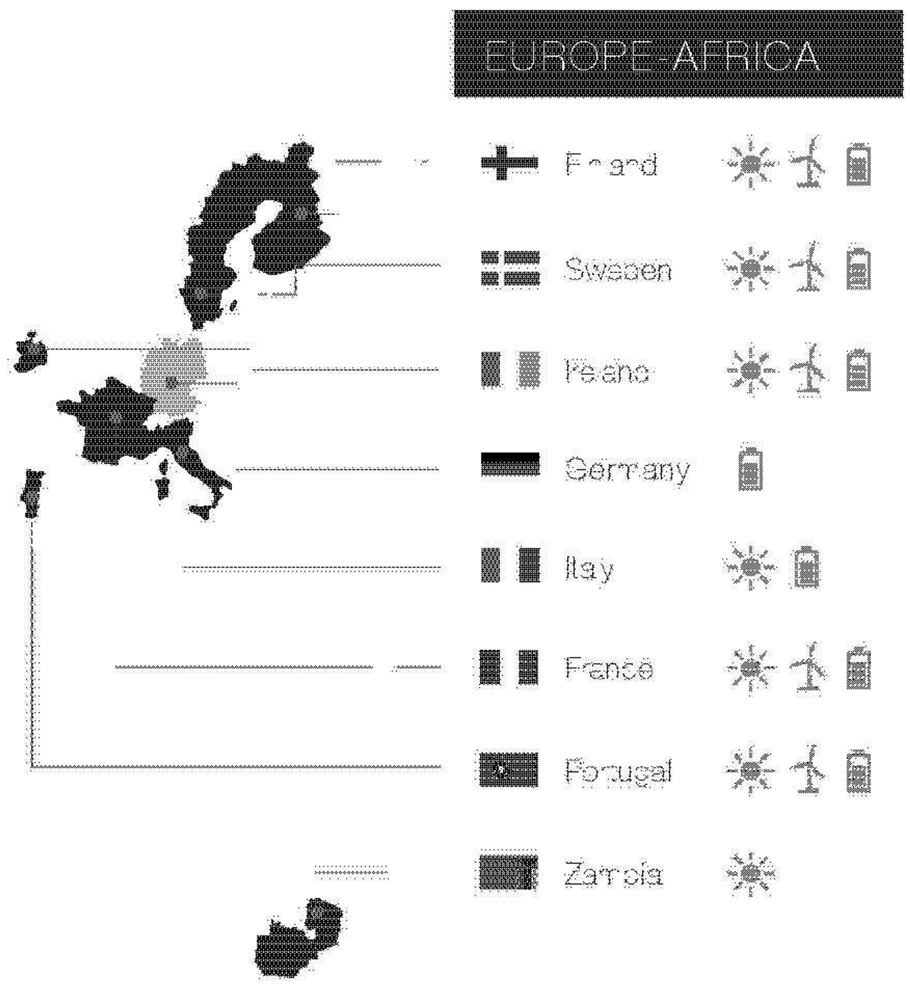




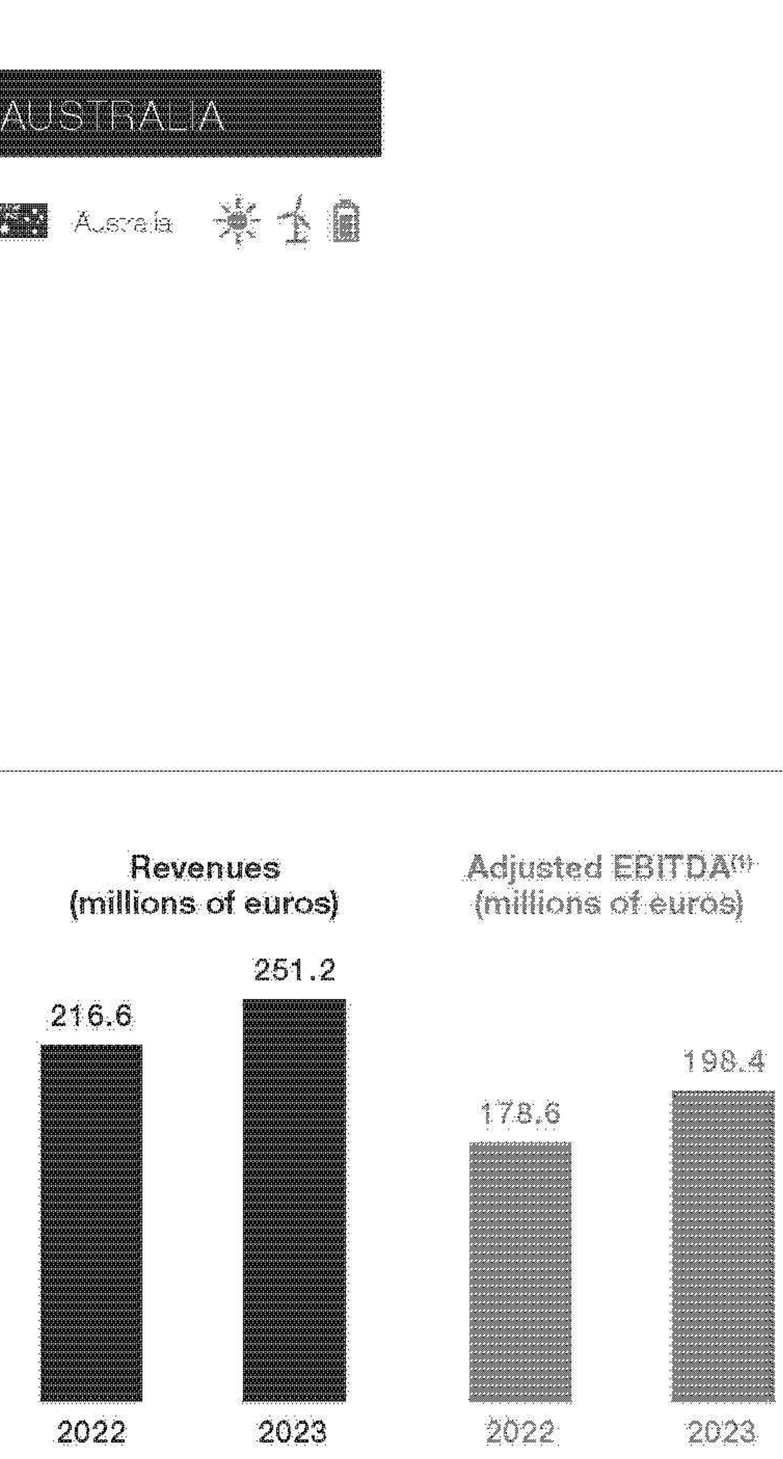
The Group develops and operates solar power facilities in numerous countries, including the Cestas plant which is France's most powerful solar power plant. As of December 31, 2023, the Group had 100 solar parks in operation or under construction with cumulative capacity of 4,009 MWp.



(1) The notion of adjusted EBITDA is defined in paragraph 2.1.1. of this document.



The Group currently operates wind farms in Australia, Ireland, Finland, France and Sweden. As of December 31, 2023, the Group had 61 wind farms in operation or under construction, with a combined capacity of 2,390 MW.



Construction of the Motoro plant (41 MWp) has been permanently suspended, and the asset is currently being sold.

1.3.2 OPERATING SEGMENTS

1.3.2.1 KEY FINANCIAL AND OPERATIONAL INFORMATION

The table below sets forth key financial and operating data for the Group's solar, wind and storage segments by geography as of December 31, 2023:

Activity	Region	Number of assets in operation as of 31.12.2023	Peak capacity of assets in operation (in MW)	Average availability of assets in operation in 2023	Production of assets in operation in 2023 (in GWh)	Number of assets under construction as of 31.12.2023	Peak capacity of assets under construction (in MW)
	Europe-Africa	57	925	99.0%	734	28	768
Solar	Australia	6	908	98.1%	1,368	1	440
	Americas	7	875	85.4%	1,670	1	93
	Europe-Africa	48	1,061	92.5%	2,052	6	240
Wind	Australia	5	678	97.3%	1,712	2	412
	Americas	0	0	N/A	N/A	0	0
	Europe-Africa	4	52	N/A	N/A	3	203
Storage	Australia	4	470	N/A	N/A	6	844
	Americas	3	14	N/A	N/A	0	0
TOTAL		134	4,983	93.4%	7,536	48	3,000

1.3.2.2 PLANNING AND DEVELOPMENT OF SOLAR AND WIND PROJECTS

(i) Identifying opportunities

From the very beginning of the project development process, a prospecting team is set up in the target market and takes charge of the search for sites, through collaborators or partners. Once it identifies a site with significant potential, the prospecting team obtains initial preliminary studies, such as interconnection studies, from reputable third parties and performs initial groundwork in view of obtaining permits and licenses.

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

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

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

Once the opportunity to secure a take-off agreement or to sell its electricity on the markets arises, the Group shifts from laying the foundations for its projects into more resource-intensive project-execution mode, in particular through the financial and industrial structuring of the project.

(ii) Bidding for projects or search for private PPAs

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

The Group is increasingly working with private off-takers, through tenders or mutual agreement, and it considers these to be a promising opportunity going forward. For further details about the different types of PPAs to which the Group is a party, please refer to paragraph 1.3.4.2 "power purchase agreements" of this document.

In a very limited number of cases, the Group may decide to launch the construction of a wind or photovoltaic power plant or a storage facility without a prior sales contract, provided that the prospects for sales on the spot markets offered by the local markets concerned are sufficiently high, and subject to a limit of 20% of its total operating capacity, excluding dedicated storage facilities directly connected to the grid.

(iii) Developing projects

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

In general, Neoen fully structures its projects (building on and completing its early development work) as soon as a commercial solution to sell electricity has been defined. This structuring process involves several aspects, including:

- obtaining permits and authorisations at the local and state level (although some primary permits are obtained prior to discussions on PPAs, while other secondary permits are obtained just before construction work begins);
- carrying out connection studies to understand the conditions for grid connection, as well as the associated costs;
- sourcing engineering, procurement and construction (EPC) services and operation and maintenance (O&M) services with high-quality EPC and O&M contractors and negotiating full-fledged contracts;
- sourcing project financing, predominantly long-term and non-recourse, and organising collateral and guarantee packages; and
- hedging, where necessary, interest rate exposure on its financing and any foreign exchange rate exposure (e.g., in certain very rare cases, between the currencies in which the Group pays its construction expenses and the currency of the Group's project financing) that may exist for the period beginning when the Group enters into its project financing and ending at financial closing.

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

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

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

(iv) Procurement and construction

In non-OECD countries, construction itself generally begins after financial closing has been completed. In OECD countries, construction may begin prior to financial closing but only after the relevant material permits are secured and the award of a tender procedure or the signing of a power purchase agreement (PPA). In a very limited number of cases, however, the Group may decide to initiate construction without a prior sales contract. Project construction is handled by a construction project manager who takes over from the development project manager.

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

(v) Farm-Down of projects and assets

Since 2021, Neoen proceeds regularly but selectively with the total or majority sale of projects and assets in its portfolio (farm-down), up to a limit of 20% of the volume of projects won each year. These farm-down transactions strengthen the Group's financial capacity and therefore contribute to financing the construction of new assets. Neoen plans, as far as possible, to maintain a minority stake in the projects and assets 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 and assets.

After having sold four solar power plants in operation and two wind plants under construction in France in 2021, Neoen sold 95% of its shares in the operating Saint-Sauvant wind farm in France in 2022. In 2023, the Group has notably sold 100% of the Cabrela solar farm in Portugal, and several solar farms in France. For further details, please refer to paragraph 2.4.1.3 "farm-down operations" of this document.

(vi) Operating assets

In line with its mainly "develop-to-own" strategy, the Group pays strong attention to the long-term performance and state of its assets. The Group outsources the maintenance of each asset under O&M contracts including contractual guarantees and compensatory payments in the event of default. Generally, the Group's O&M contracts have a minimum duration of 10 years and include options for expansion under pre-approved conditions that can be activated by the Group.

Classification of projects

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

Projects in early stage phase	Projects (i) located on land with respect to which the owner has confirmed his or her intention to agree a contract with the Group for the applicable land rights, (ii) in proximity to an electric grid to which the project may be connected and (iii) for which technical studies have been initiated but not yet finalised.
Projects in advanced development phase	Projects for which the following elements have been achieved: • real-estate: signature of a promise to lease or sell, or award of a temporary occupancy permit on state-owned land; • access to the electricity grid: confirmed preliminary grid connection; • technical: launch of environmental studies.
Projects in tender-ready phase	Projects for which the following elements have been achieved: • a building permit has been obtained, a grid connection solution has been confirmed, 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 programme through recurrent tenders; or – has a liquid market for electricity sales contracts with private companies. 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	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.
Assets in "under construction" phase	For these assets, 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.
Assets "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, assets "under construction" and assets "in operation" form the "secured portfolio".

Finally, it is possible to move directly from the "tender-ready" to the "under construction" stage at the construction launch of the asset, and when the electricity is to be sold on the spot market.

1.3.2.3 ENERGY STORAGE

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

The Group believes that in the future, energy storage will continue to grow strongly to become an essential part of power grids, complementing renewable energy production plants.

Neoen is one of the world's leading storage companies. As of December 2023, the Group owns 1.5 GW/3 GWh of batteries under construction or operation, directly connected to the grid for most of them, with the following already in service:

- in Australia, Hornsdale Power Reserve (150 MW/193.5 MWh) and Victorian Big Battery (300 MW / 450 MWh) which are among the largest batteries in the world,
- Azur Stockage, Antugnac Stockage and Pod Tredan in France, for a combined power of 22 MW/22.6 MWh,
- and Ylikkäla Power Reserve (30 MW/30 MWh), which is the first independent high-capacity battery to be connected to the Finnish grid,
- in addition, there are batteries respectively combined with the Bulgana wind farm in Australia (20 MW/34 MWh) and the Capella and Providencia solar power plants in El Salvador.

In addition, Neoen has also launched the construction of the following batteries:

- Capital Battery (117 MW / 234 MWh), Blyth Battery (238 MW / 477 MWh), Western Downs Battery (270 MW / 540 MWh) and Collie Battery (219 MW / 877 MWh), first 4-hour battery of the Group in Australia,
- Storen Power Reserve (52 MW / 52 MWh), and Isbillen Power Reserve, (93.9 MW / 93.9 MWh) its first two batteries in Sweden,
- and Yllikkälä Power Reserve Two (56 MW/113 MWh) in Finland, Nordics' largest battery storage unit.

(i) Development policy for energy storage facilities

Energy storage facilities have therefore rapidly become a priority for Neoen, also due to the significant existing synergies between energy storage facilities and the Group's solar and wind power activities (joint development activities: grid operators, public authorities...).

As with Neoen's other activities, the Group has established key partnerships with leading suppliers and integrators, while maintaining its operational and industrial independence. In addition, Neoen has strengthened its energy management expertise through its Energy Management team, mainly in the Australian and European markets, in order to optimise the operation of its storage assets in several geographical markets.

The signing of the first baseload contract with the Australian mining group BHP in 2022 has demonstrated Neoen's ability to seamlessly integrate its assets (solar, wind and storage coupled with its Energy Management expertise) into a global offering, optimising their value.

In 2023, the Group has confirmed that it will intensify its investments in storage and extend the storage duration of new batteries (2 hours), in order to diversify its range of value-added services.

(ii) Frequency regulation

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

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

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

All power grids around the world need some form of continuous frequency regulation to prevent uncontrolled variations and ensure their stability.

The batteries connected to the power grid can respond to frequency fluctuations in either direction. They can absorb excess electricity when the frequency is too high or discharge electricity when the frequency is too low. This service, which is categorised in Australia under the name of frequency control ancillary services (FCAS) or Frequency containment reserves (FCR) in Europe, comes in several forms:

- primary reserve. The electricity grid operator continuously specifies (for example, every four seconds) to reserve suppliers the increases or decreases in their electricity generation that are required in order to achieve or maintain the appropriate frequency;
- secondary reserve. The electricity grid provides a signal to the various reserve suppliers to adjust the production of their power plants by injecting electricity into the grid or absorbing it to address the imbalance.

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

(iii) Inertia

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

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

The Group successfully tested and deployed Tesla's Virtual Machine Mode (VMM) at its Hornsdale Power Reserve (HPR) site, Australia's second-largest lithium-ion battery with a power of 150 MW / 193.5 MWh. With AEMO approval, HPR's grid-forming inverters (capable of generating their own voltage and frequency setpoints) began providing inertial services to the South Australian grid. This initiative has been supported by the Government of South Australia, as well as the Australian Renewable Energy Agency (ARENA).

(iv) Capacity reserve

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

The remuneration method for this capacity depends on each grid operator, but it generally takes the form of an annual or monthly fee proportional to the MW reserved in this way by the grid operator. Capacity tenders vary from country to country. For example, the Collie battery in Western Australia won a capacity contract (NCESS) in June 2023 following a government tender.

(v) Load shifting or arbitrage

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

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

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

This operation can be repeated regularly as soon as prices reach sufficient volatility.

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

1.3.3 GEOGRAPHIC FOOTPRINT

As of the date of this document, the Group has a presence in three regions and more than 15 countries. The Group has diversified its geographic presence over time, while maintaining a general balance of at least 80% of its operating capacity in OECD countries or equivalent. The Group's goal is to continue expanding selectively and respecting this balanced exposure. The national markets in which the Group has assets in operation or under construction are presented below by geographic region. It should be noted that the information below presenting Neoen's different markets is likely to vary, both downwards and upwards, particularly concerning the trajectories of countries and their renewable energy policies.

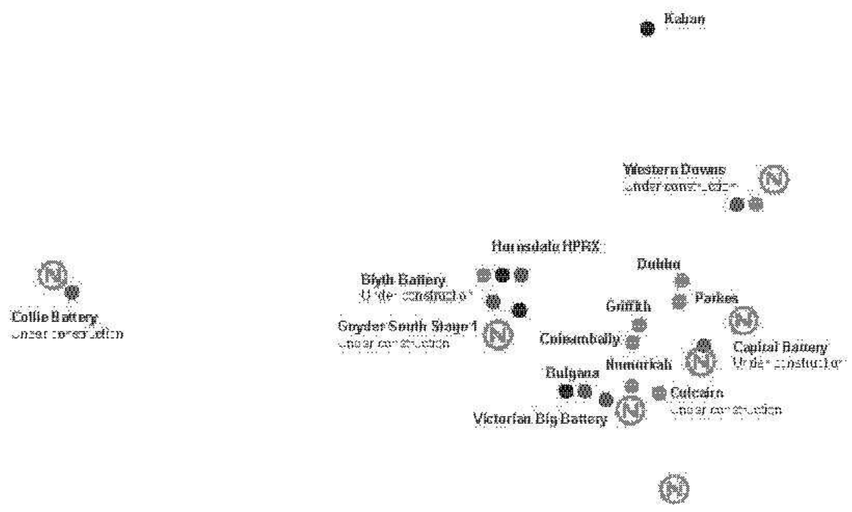
1.3.3.1 AUSTRALIA

• Solar
In operation: 908 MWp
Under construction: 440 MWp

• Wind
In operation: 678 MW
Under construction: 412 MW

• Storage
In operation: 470 MW / 678 MWh
Under construction: 844 MW / 2,128 MWh

7 Offices
Adelaide • Brisbane
Canberra • Hobart • Melbourne
Perth • Sydney



Total capacity: 3.8 GW[1]
In operation: 2,056 MW
Under construction: 1,696 MW

(1) As of December 31, 2023.

Neoen was established in Australia in 2012 and is now the country's leading independent producer of renewable energy. It has three activities: solar, wind and storage. On December 31, 2023, the Group's assets portfolio in operation or under construction in Australia consisted of:

- 7 wind assets for 1,090 MW in operation or under construction;
- 7 solar assets for 1,348 MWp in operation or under construction;
- 10 storage assets for 1,314 MW / 2,805 MWh in operation or under construction;
- 7 offices located in Sydney, Canberra, Adelaide, Brisbane, Perth, Hobart and Melbourne and a total of 98 employees.

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

Regulatory context

Under the Paris Agreement, Australia undertook to reduce its CO2 emissions by 43% by 2030 compared to its 2005 level and to become "net zero" by 2050. As part of this commitment, the federal government announced a target of increasing the share of renewable energy from the current 37% to 82% by 2030.

This target is supported by several policies at the federal level, including the recent expansion of the Capacity Investment Scheme (CIS) to add 32 GW of new renewable capacity via bi-annual tenders from April 2024. This is equivalent to around half of the capacity currently installed and, includes 23 GW of new solar and wind capacity, as well as 9 GW of "firming renewables" capacity. By guaranteeing a minimum and maximum income, the Government provides thus greater certainty to projects selected for CIS tenders.

The development of renewable energy is also encouraged by the Renewable Energy Target (RET) programme, which assigns green certificates (large-scale generation certificates, LGCs) for each unit of electricity produced until 2030 and obliges large energy consumers to buy them. The RET plans to produce an additional 33 TWh of green electricity per year. In addition, the government recently adopted an emissions reduction target in its national electricity targets, and launched a AUD 20 billion "Rewiring the Nation" fund to invest in the electricity grid.

At the same time, the aging of the coal-fired power plants (some of which have been in operation for nearly 50 years) will lead to their gradual dismantling. Coal-fired power plants with a capacity of nearly 5 GW are due to be dismantled by 2030, followed by nearly 8 GW more by 2035. Nearly all the coal-fired power plants are scheduled for dismantling by 2050.

Finally, beyond the national objectives, the Australian states have the possibility to pursue their own targets and structure their own programme for the reduction of carbon emissions and/or the development of renewable energies in their territories.

Thus, the State of Canberra achieved its target of 100% renewable energy in 2020, the State of Victoria has fixed itself a target of 65% renewables by 2030 and 95% by 2035, the State of Queensland aims to achieve 50% renewables in 2030, the State of South Australia is aiming to achieve 100% renewables by 2030 and lastly, the State of New South Wales has fixed itself a target of 46% renewables for 2030 and a 50% reduction in its emissions.

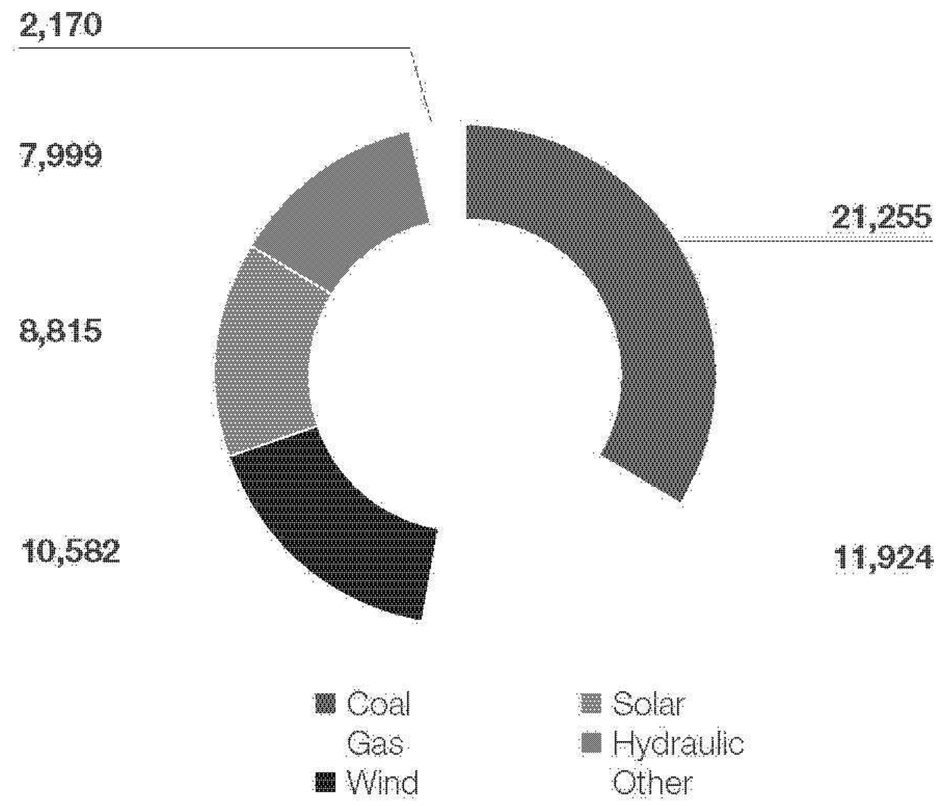
In order to achieve these objectives, the states initiated the launch of their own tenders, including in 2023:

- State of Queensland: continuation of several tenders by CleanCo, Stanwell and CS Energy following the launch of a AUD 2.0 billion fund dedicated to energy transition-related investments;
- State of New South Wales: tenders for 930 MW of renewable energy, supported by the Capacity Investment Scheme (CIS), in addition to 950 MW of production and 550 MW of long-term storage;
- States of South Australia and Victoria: a call for tender supported by the Capacity Investment Scheme (CIS) for 600 MW of renewable energy and storage to be distributed across South Australia and Victoria.

Electricity generation capacity

In November 2023, the installed electric capacity on the NEM was approximately 62.7 GW, including coal (21.3 GW), natural gas (11.9 GW), hydraulic (8.0 GW), wind (10.6 GW), solar (8.8 GWp) and other (2.2 GW) capacities.

Installed capacity by technology (in MW)



Source: AEMO (October 2023 data)

By 2030, the wind and solar power plants are expected to represent 28.9 GW and 13.6 GWp of installed capacity respectively, an increase of 19.2 GW and 7.5 GWp compared to 2022 (Source: Baringa, Q3, 2023).

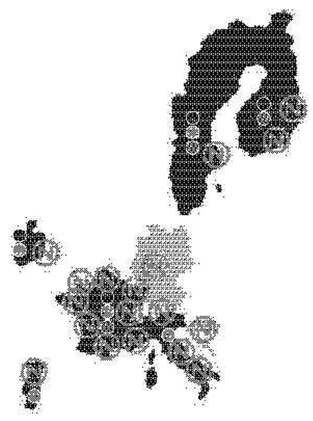
1.3.3.2 EUROPE–AFRICA

• Solar
In operation: 925 MWp
Under construction: 768 MWp

• Wind
In operation: 1,061 MW
Under construction: 240 MW

• Storage
In operation: 52 MW / 52 MWh
Under construction: 202 MW / 259 MWh

18 Offices
8 offices France • Dublin • Helsinki • Karlsruhe • Lappeenranta • Lisbonne • Rome • Brescia • Modena • Stockholm • Lusaka



Total capacity: 3.2 GW(1)
In operation: 2,038 MW
Under construction: 308.1 MW

(1) As of December 31, 2023

Countries with assets in operation or under construction

Other countries with projects in development

Construction of the Moloro plant (41 MWp) has been permanently suspended, and the asset is currently being sold.

A. MAIN NATIONAL MARKETS

France

Neoen was created in France in 2008, and is now the leading independent French producer of exclusively renewable energies. As of December 31, 2023, the Group's assets portfolio in operation or under construction in France consisted of:

- 37 wind assets for 503 MW in operation or under construction;
- 70 solar assets for 1,090 MWp in operation or under construction;
- 3 storage assets for 22 MW / 22 MWh in operation or under construction;
- 8 offices located in Aix-en-Provence, Bordeaux, Lyon, Nantes, Nancy, Paris, Rennes and Toulouse, for a total of 202 employees.

Regulatory context

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

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

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

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

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

Installed capacity as of 31.12 *(in GW)*	**2023**	**2028** Low option	**2028** High option
Hydro (including tidal energy)	25.7	26.4	26.7
Onshore wind	24.1	33.2	34.7
Solar	20.1	35.1	44.0
Offshore wind	2.4	5.2	6.2
Solid biomass	0.8	0.8	0.8
Methanisation	0.3	0.3	0.4
Geothermal energy	0.0	0.024	0.024
TOTAL	**73.5**	**101**	**113**

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

To help achieve these objectives, the indicative schedule for launching tenders for renewable electrical power generation until 2025 is as follows:

- for onshore wind: two tenders per year amounting to 925 MW per period, from 2022;
- for ground-array solar: two tenders per year amounting to 1,850 per period;
- for solar on buildings of more than 500 kW: three tenders per year amounting to 1,100 MW per period (1,200 in 2022);
- for "neutral" tenders: 1 tender per year amounting to 500 MW per period;
- for hydro under a permit: 1 tender per year amounting to 35 MW.

On December 28, 2022, the decree setting the threshold price in the context of the removal of the cap on additional remuneration contracts provided for by Article 38 of the amended finance law 2022-1157 of August 16, 2022, was published. This threshold price was set at €44.78/MWh in 2022. Its trajectory should then increase by 2% per year to reach €66.55/MWh in 2042. This decree was appealed by a group of producers representing the renewable energy sector. This appeal was accompanied by a priority question of constitutionality sent to the Constitutional Council. In decision no. 2023-1065 of October 26, 2023, the French Constitutional Council confirmed the State's right to

collect, including retroactively, sums in excess of a "reasonable return on capital invested by producers". After being declared unconstitutional for procedural reason, Finance Law no. 2023-1322 from December 29, 2023, for 2024, brought the system into compliance with constitutional requirements by deleting the notion of threshold price and providing for a total ceiling removal from January 1st, 2022.

On December 29, 2022, the Ministry of Energy Transition published a decree amending the decree of May 6, 2017, setting the conditions for additional remuneration of electricity generated by power generation facilities using mechanical wind energy, of up to 6 wind turbines. This decree allows projects for which the complete application for additional remuneration was made before July 1st, 2022, and which are commissioned between September 1st, 2022, and December 31, 2024, inclusive, to sell the electricity produced on the markets until the completion date, which is postponed by 18 months. Similar conditions are now included in the specifications of the CRE tenders for periods 4.6 to 4.10. The objective of this measure is to allow the construction of projects despite the strong increase in construction costs and financing rates.

On December 30, 2022, the Finance Law for 2023 was published. Its article 54 which transcribes into French law the revenue cap on electricity production resulting from the European regulation 2022/1854 of October 6, 2022, on emergency measures to deal with high energy prices. This article provides that the operator of the installation is liable for a tax contribution ("contribution on inframarginal income of electricity producers" - CRIM) corresponding to the share of market revenues exceeding a fixed threshold set at €100/MWh for onshore wind and ground-based solar. This measure is also applicable to installations that have left their subsidised contracts before the end of their term or at the normal term of their subsidised contracts. The decree implementing this Article 54 is the subject of an appeal for abuse of power before the Council of State brought by a producer group representing the renewable energy sector.

On March 11, 2023, law no. 2023-175 of March 10, 2023, on the acceleration of renewable energy production, was published in the Official Journal. The main contributions of this law are:

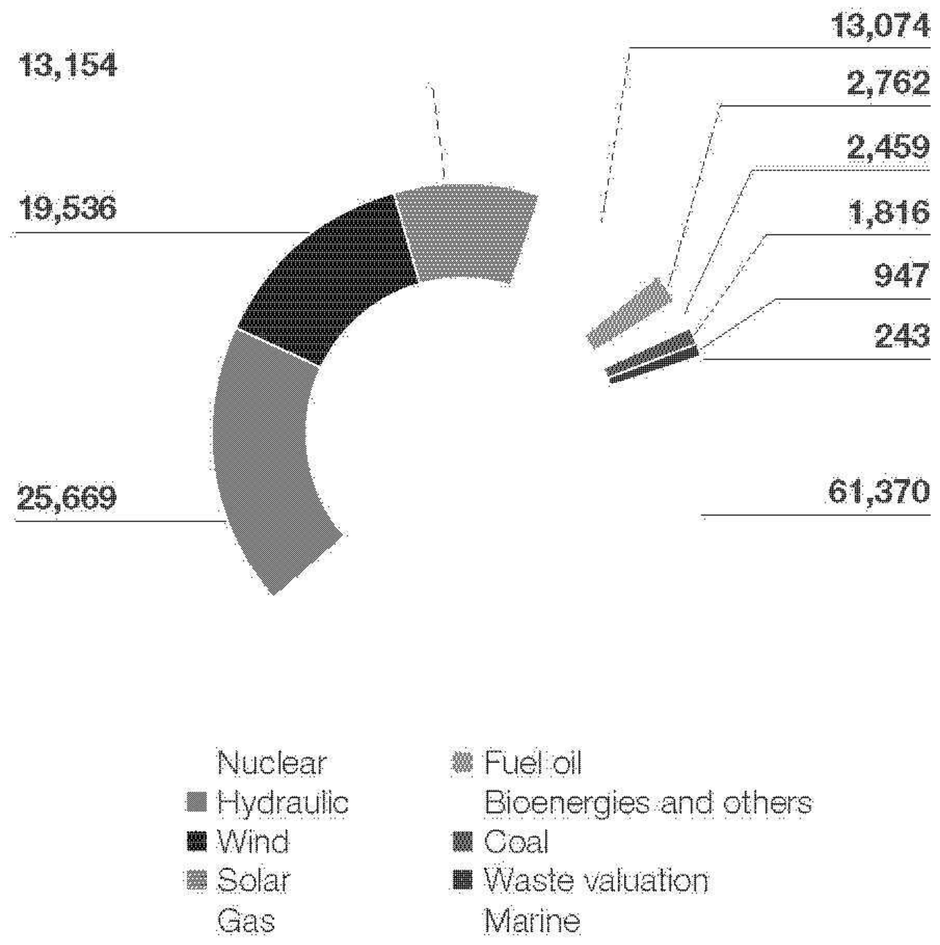
- the creation of acceleration zones: work to define these zones by the municipalities is underway following the provision of technical data by the State;
- control of photovoltaic projects in agricultural, natural and forestry environments - creation of a distinction between agrivoltaic projects and photovoltaic projects compatible with the exercise of an agricultural, pastoral or forestry activity, which have different characteristics and legal regimes, and a ban on photovoltaic projects requiring the clearing of an area greater than 25ha (this last measure being applicable to applications submitted 12 months after the promulgation of the law);
- the creation of value-sharing schemes for local authorities.

Electricity generation capacity

At the end of 2022, France's operating capacity was 141.0 GW, particularly including nuclear (61.4 GW), hydro (25.7 GW), wind (19.5 GW), solar (13.1 GW), thermal natural gas (13.1 GW), and fuel oil (2.8 GW).

The demand for electricity in France in 2022 amounted to 467 TWh.

Installed capacity by technology (in MW)



Source: RTE 2022 electricity report (2022 Data)

Finland

Neoen was established in Finland in May 2018 following the acquisition of the Hedet and Björkliden wind projects. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Finland consisted of:

- 8 wind assets for 686 MW in operation or under construction;
- 2 storage assets for 86 MW / 143 MWh in operation or under construction;
- 2 offices located in Helsinki and Lappeenranta, and a total of 27 employees.

Regulatory context

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

Finland has set ambitious objectives for the penetration of renewable energies in its energy mix and a carbon neutrality target by 2035:

In 2022:

- 54% of overall energy production was generated from renewable energies;

- 89% of energy production was CO2-neutral;
- 11.06 TWh of electricity generation came from wind energy. Estimates of wind power generation by 2030 vary, but there is a potential of more than 30 TWh.

CO2 emissions from electricity were moreover 4.4 Mt in 2021 – down by 77% since 2010.

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

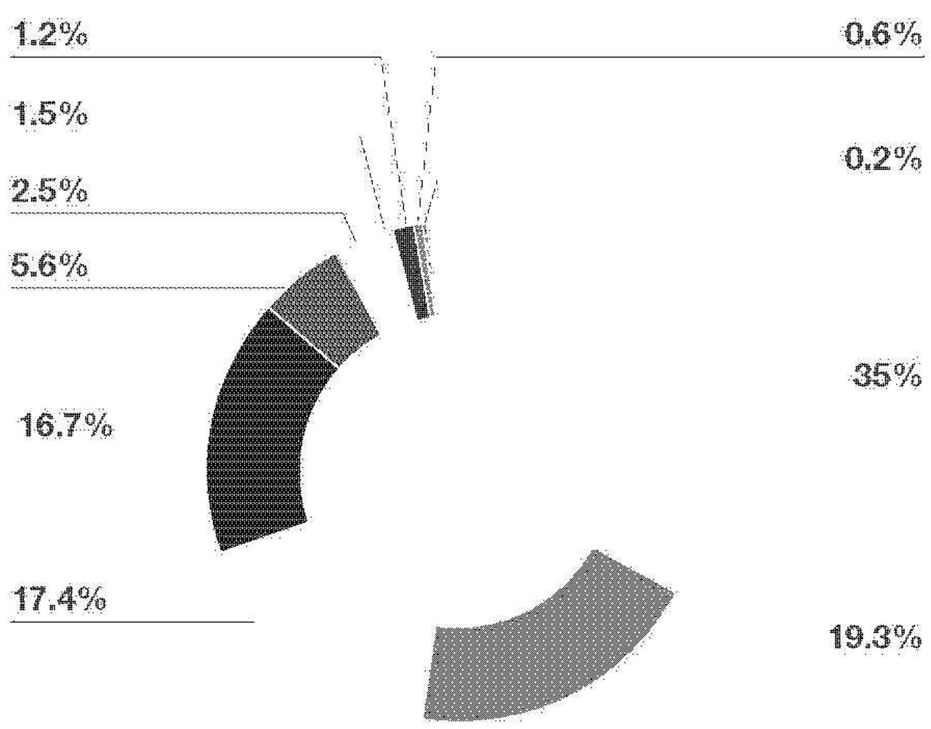
- premium tariff: the producers of renewable electricity and wind, biomass and biogas technologies receive a variable bonus equal to the difference between the spot price and a maximum tariff of €83.5/MWh. This bonus is paid to the project developers for a period of 12 years.

Since the maximum capacity of the feed-in tariff was reached in 2016, a new support programme was drawn up. In May 2018, the Finnish parliament approved the setting up of a tender system for a total capacity of 1.4 TWh for wind, solar, biomass and biogas technologies. Under these tenders, 7 projects were awarded a capacity of 1.36 TWh. No further government tenders are planned.

Electricity generation capacity

In 2022, Finland's electricity consumption was 82 TWh (86 TWh at the end of 2021) while its production was 69 TWh (69 TWh at the end of 2021). Finland is a net importer of electricity. Finland is currently diversifying its import sources and increasing energy self-sufficiency. Since April 2022 energy imports from Russia have mostly stopped.

Power generation by technology (in %)



Source: Finnish Energy, Energy Year 2022 (Data 2022).

In 2022 renewables accounted for 54% of the total power generation (54% in 2021) and CO2 neutral generation was 89% (87% in 2021). Installed wind power capacity in 2022 was 5,677 MW (3,257 MW in 2021).

The total projected nuclear capacity by 2030 is 4.4 GW including the commissioning of Olkiluoto 3 in 2022. There were plans to build a fifth nuclear power plant in Finland and the approval process of Hanhikivi 1 was underway. However, the approval process as well as the whole project were stopped due to the conflict in Ukraine as the supplier of the Hanhikivi 1 powerplant was a Russian company. Currently, there are no plans to restart the project.

Coal-fired power generation capacity is planned to be decommissioned by 2030 to meet Finland's commitment to the Paris Agreement. The government is also preparing incentive measures to support companies dismantling their coal-based generation facilities by 2025.

Sweden

Neoen was established in Sweden in 2020 and is currently developing projects in its three technologies: wind, solar and storage. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Sweden consisted of:

- 1 wind asset project for 57 MWp under construction;
- 1 solar asset for 100 MWp under construction backed by a PPA with a capacity of 90MWp, concluded with H&M, in which Neoen is a 51% majority shareholder;
- 2 storage assets for 146 MW / 146 MWh under construction;
- 1 office, located in Stockholm and a total of 12 employees.

Regulatory context

The Swedish Power market being fully liberalised, there is no specific regulatory regime nor incentives applicable to renewable power production as of January 1st, 2022 (electricity certificates mechanism expiration date).

The electricity trading system can be divided into four submarkets: a hedging market, a day-ahead market, an intraday market, and finally a balancing market. 70% of the electricity consumed in the Nordic region is traded on the Nord Pool day-ahead and intra-day markets, where prices are balanced in geographical bidding zones. In Sweden, there are currently four price zones, which have different market dynamics depending on their power mix and notably, the penetration of renewable power. The Nord Pool is one of the world's largest and most liquid power exchanges with a total volume exchanged on the day-ahead market of 1,077 TWh in 2022.

Sweden's electricity production has extensive degrees of renewable energy in their power mix (more than 60% in 2022). According to the governmental target, by 2030 Sweden's energy use is to be 50% more efficient than in 2005 and Sweden should reach 100% renewable energy by 2040. Carbon free sources (including nuclear generation) already constitute 96%[3] of the total Swedish power mix.

The Swedish electricity market is dominated by state-owned companies where Vattenfall (100% Swedish state-owned) and Fortum (51% owned by the Finnish state) supply 2/3 of the total energy in Sweden with nuclear power and hydro power mainly.

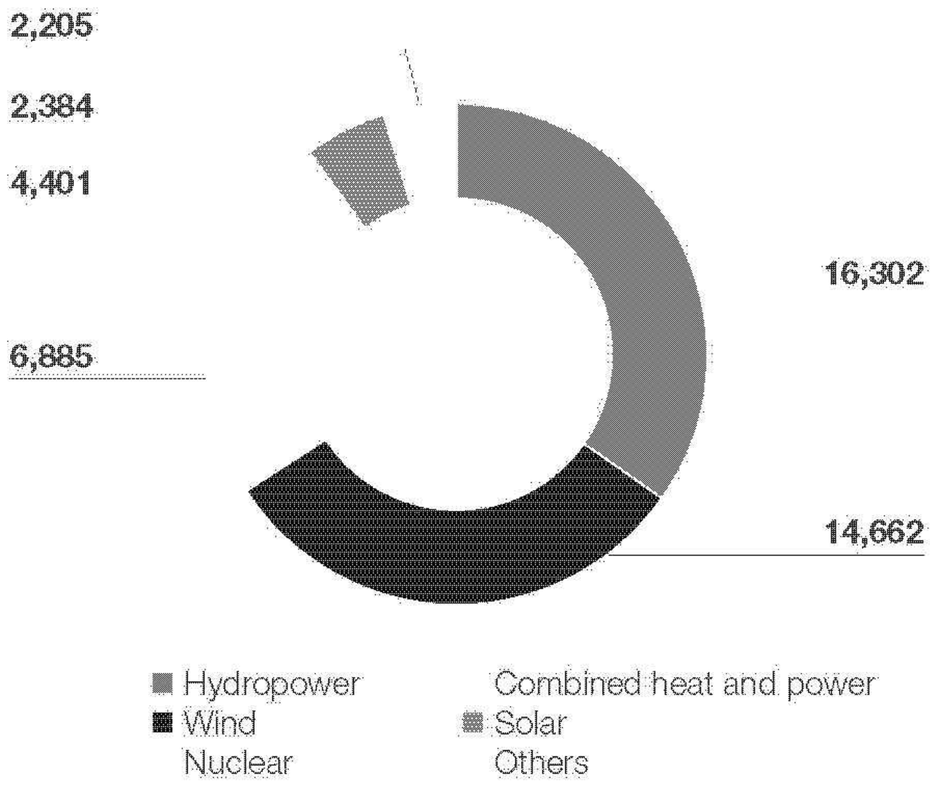
[3] Source: International Energy Agency, 2022.

Electricity generation capacity

At the end of 2022, net electricity production amounted to 170 TWh and broke down as follows:

- production from renewable sources (including hydropower capacities): 104 TWh (61%);
- production from non-renewable energy sources: 66 TWh (39%).

Installed capacity by technology (in MW) at end-December 2022



Sources: Swedish Energy Agency (Facts and Figures 2023)

B. OTHER NATIONAL MARKETS

(i) Portugal

In December 2019, the Ministry of the Environment presented its goal of developing renewable capacity by 2030 *(Plano Nacional Integrado de Energía e Clima – PNEC 2030).*

In June 2019, the Portuguese government launched an initial call for tenders for 1.35 GW of capacity, followed by another tender in May 2020 for 700 MW of renewable capacity with the possibility of storage. This tender resulted in a minimum of 97 MW of new solar storage capacity. A second tender, which was initially planned was not launched in 2020 due to the COVID-19 crisis.

In 2021, the government promoted the first floating photovoltaic solar tender, for which 183 MW were awarded. Around 56% of the capacity was awarded under a contract-for-difference regime (103 MW), and the rest under the National Electricity System compensation scheme (80 MW).

The phase-out of coal production in Portugal was confirmed with the closure of the last coal-fired power plant (Pego) in November 2021.

Regulated tariffs are being phased out and the electricity and natural gas sectors are fully liberalised to promote retail competition and build a competitive domestic energy market.

Following a legislative reform expected in 2021, the start of 2022 was marked by the publication of the aforementioned Decree-Law no. 15/2022, of January 14, 2022, which transposes to the Portuguese electricity grid the European directives for the renewable energy market. This legal framework sets out administrative procedures for the electricity market (including for energy producers), for grid planning, for competition within the sector, for consumer participation and, lastly, for further densification of over-equipment, modernisation, hybridisation and storage activities.

In the course of 2022, further measures for the implementation of renewable energy generation and storage projects from renewable sources were implemented on the simplification of permitting processes, the definition of additional compensation for municipalities with new solar energy projects, and measures to correct the economic impact of COVID-19 and the war in Ukraine on projects benefiting from a tariff guaranteed by tenders.

In 2023, the government published Decree-Law no. 11/2023 of February 10, 2023, which reforms and simplifies environmental permitting procedures, with the aim of speeding up renewable energy projects. In 2023, regarding an extensive participation by industry players, the government launched a request for interest for an offshore wind power tender.

The Portuguese TSO recently published figures for 2022. Renewable production supplied 49% of electricity consumption in Portugal. Wind energy represented 25%, followed by hydroelectric with 12%, biomass with 7% and photovoltaic with 5%. Photovoltaics recorded a sharp growth of 37% compared to the previous year. Non-renewable production supplied 33% of consumption. The imports supplied the remaining approximately 18%.

(ii) Ireland

In 2022, 36% of the electricity production in the Irish Republic comes from renewables. 86% of these renewables are wind-generated, which means that Ireland has the second-highest level of wind power generation in Europe (after Denmark) and the highest level of onshore wind generation. The share of electricity from renewable sources is set to increase from 36% in 2022 to 80% in 2030, according to the Republic of Ireland's Climate Action Plan, updated in 2022.

However, the Republic of Ireland's CO2 emissions remain 13% above the EU average given its dependence on coal and peat: overall, its energy needs remain 86% dependent on fossil fuels. In this context, the Republic of Ireland's objective is to reduce its emissions by 51% by 2030. The national carbon tax plan is another tangible element contributing to eliminating fossil fuel production, this tax is expected to reach €100/tonne by 2030.

The Renewable Electricity Support Scheme (RESS) is the main policy driver for increasing renewable projects, offering long-term guaranteed prices for wind and solar projects through annual auctions. The first RESS (RESS 1) procedure published its results on September 10, 2020. 2,230 GWh were successful (82 projects) and benefit from an electricity purchase tariff guaranteed by the government for more than 15 years via a CFD (Contract for Difference) mechanism. The average tariff in the "solar" category is €73/MWh, while the average tariff in the "All projects" category, including wind and solar projects, is €74/MWh. Winning projects are currently being delivered despite the fact that a number of projects have been abandoned.

RESS 2 took place in 2022 with the selection of 80 projects, with an average price of €97.87/MWh in the "All projects" category (solar and wind power). In December 2022, in its "Climate Action

Plan 2023", the government raised its target for installed capacity by 2030 to 9 GW of onshore wind power, 8 GW of solar power and 7 GW of offshore wind power (including 2 GW dedicated to the production of green hydrogen).

ORESS 1 (Offshore RESS) took place in June 2023 with the selection of four projects and an average price of €86.05/MWh.

RESS 3 (solar and onshore wind) took place in September 2023, with a much lower take-up than previous tenders and an average price of €100.47/MWh. To compensate for this, the government has increased the capacity it intends to contract at RESS 4.

Calls for tender are planned by the government by 2025, with ORESS 2.1 and RESS 4 already announced by the government for 2024. The TSO (EirGrid) and the DSO (ESB Networks) have also announced the launch of calls for tender to deploy medium/long-life batteries on the grid.

Lastly, reforms are currently under discussion to make it easier to obtain building permits, and to provide a better framework for appeals procedures against renewable projects (planning law), to authorise "private wires" (the possibility of connecting generators directly to large consumers), or to make it possible to connect different technologies to the same connection points (hybridisation).

The transport manager Eirgrid has developed a multi-annual programme called DS3 (for Delivering a Secure and Sustainable Electricity System) aimed at increasing the share of intermittent generation for the benefit of the network while maintaining the overall quality of the electricity supply nationally, partly through a strategy to support the massive deployment of storage batteries which will make it possible to achieve the 3.8 GW of storage for 2030.

(iii) Italy

Neoen was established in Italy in December 2021. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Italy consisted of:

- 3 solar assets under construction, with a total capacity of 24.7 MWp;
- 3 offices located in Rome, Brescia and Modena, and a total of 16 employees.

Regulatory context

In Italy, the electricity market was liberalised in 1999, opening up production and consumption respectively to independent producers (IPPs) and retailers, while transmission and distribution networks remain a monopoly owned and operated by state-owned companies. The planning, operation, and maintenance of the EHV/HV transmission network, as well as the management of distribution tasks, are entrusted to the transmission system operator Terna, while some 130 distribution companies ("DSOs") manage the distribution networks. The main DSO is "*e-distribuzione*".

Since 2006, the government has decided to encourage the production of renewable energy (RES) with two main measures: the "*Conto Energia*" for photovoltaic installations, which between 2011 and 2013 enabled the installation of over 10 GW of photovoltaic plants with an injection premium, and green certificates mainly for wind farms. Incentives for renewable energy have evolved in recent years, with a greater focus on their impact on the overall price of energy. At present, the system is based mainly on two contracts for difference (CfD) mechanisms: one for renewable energy plants over 1 MW, and another for feed-in tariffs for renewable energy plants under 1 MW.

The electricity market operator *(Gestore dei Mercati Energetici)* manages the entire energy market (day-ahead, intraday, guarantees of origin and others) in an increasingly integrated way in relation to the European internal electricity market. Italy remains a net importer of electrical energy from neighbouring countries, due to the price difference between Italian marginal units (mainly CCPPs) and those in other countries (nuclear in France, and lignite in Germany, the Czech Republic and Poland).

After more than 10 years of discussions, a capacity market remuneration mechanism came into force in 2019, both for existing (one-year remuneration) and future (15-year remuneration) installations, in order to address adequacy issues. So far, there have been three calls for tender, for deliveries in 2022, 2023 and 2024 respectively.

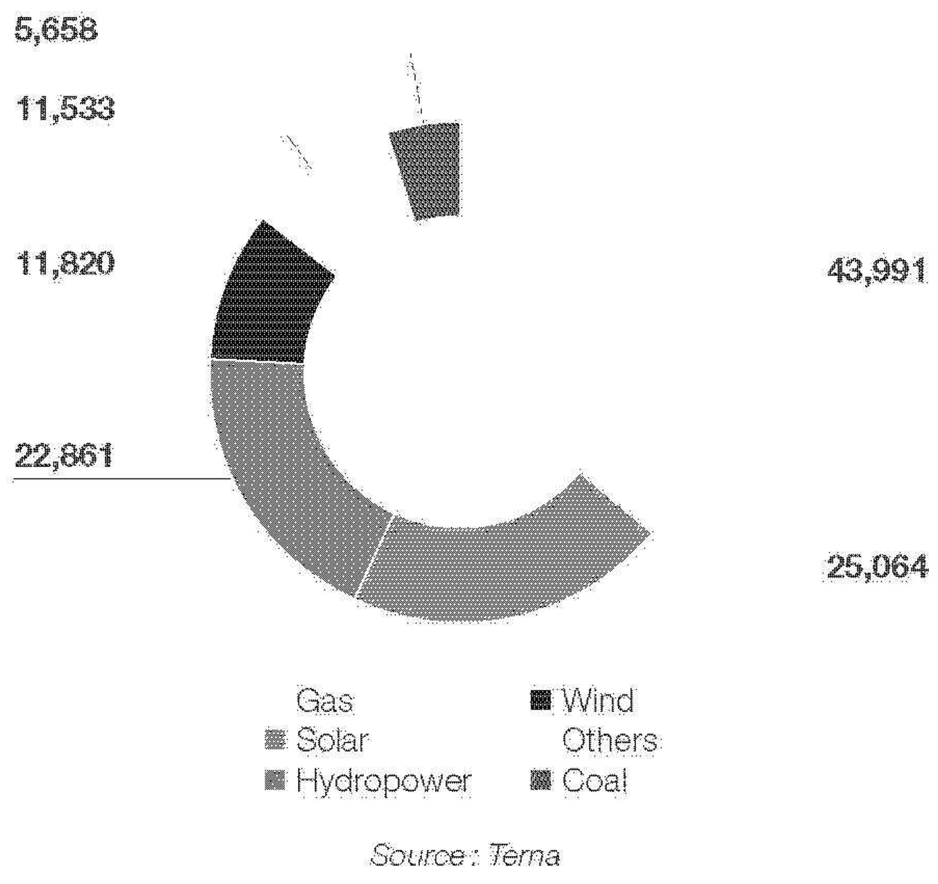
The Terna Snam 2030 scenario outlines a very ambitious decarbonisation trend, with renewable energy production set to reach 239 TWh (more than double the 113 TWh of 2019), thanks to the installation of around 50 GW of additional photovoltaic capacity and 16 GW of new wind farms (onshore and offshore). This increase in the share of renewable energies is based not only on large stand-alone assets, but also on small and medium-sized facilities in self-consumption configuration (known as "*Sistemi Efficienti di Utenza/SEU*").

This large-scale production of renewable energies will require a considerable increase in storage capacity compared with the 53 GWh already installed. This is why Italy has decided to implement a new capacity mechanism to add around 70 GWh of storage (both HPS and Li-ion batteries). The first tender for this mechanism is scheduled for the first half of 2024.

Electricity generation capacity

In 2022, electricity consumption in Italy was around 317 TWh (compared with 320 TWh in 2020). Domestic production amounted to around 273 TWh (of which 98 TWh from renewable sources and 175 TWh from non-renewable sources), with a net import balance of around 43 TWh. Details of the total energy balance for 2022 by source are shown below.

Installed capacity by technology (in MW)



Source : Terna

(iv) Zambia

The installed on-grid generation capacity in Zambia is around 3,618 MW. This comprises 83% hydro, 9% coal, 3% heavy fuel oil, 2.3% diesel and 2.5% solar PV.

It is hoped that the increased investment in the sector will result in an increase in electricity generation capacity to 4,457 MW by 2026 from 3,307 MW in 2021. The percentage of renewable energy in the national installed electricity capacity, excluding large hydroelectricity generation, is expected to increase to 10% from 3% over the same period.

In 2023, the Ministry of Finance (MoF) introduced incentives for public-private partnerships (PPP) and private-sector businesses, including reducing the tax chargeable on income received by SPV under the PPP for the first five years that a project makes a profit, by 20%.

To date, the penetration of renewable energies, excluding hydraulic technology, is supported by the GET FIT Zambia programme launched in 2017 as well as by the World Bank's IFC Scaling Solar programme:

- IFC Scaling Solar is a competitive bidding process that includes pre-arranged financing as well as insurance and risk products. In this context, in 2016, Neoen won a capacity of 54 MWp (Bangweulu Power Plant) out of the 100 MW proposed during the first part of the programme;
- numerous tenders have since 2017 been launched in partnerships between the IDC and the IFC. Meanwhile, some projects shortlisted from the GET FiT extended tenders have not yet reached financial close, as financiers are unable to fund projects while the Government's debt restructuring with its creditors is still not concluded and the country's rating remains at the selective default (SD) level;
- the new government is looking at ways to improve the investment conditions and unlock funding, and has made significant progress as signalled by the successful conclusion of the International Monetary Fund (IMF) debt relief package of US$1.3 billion.

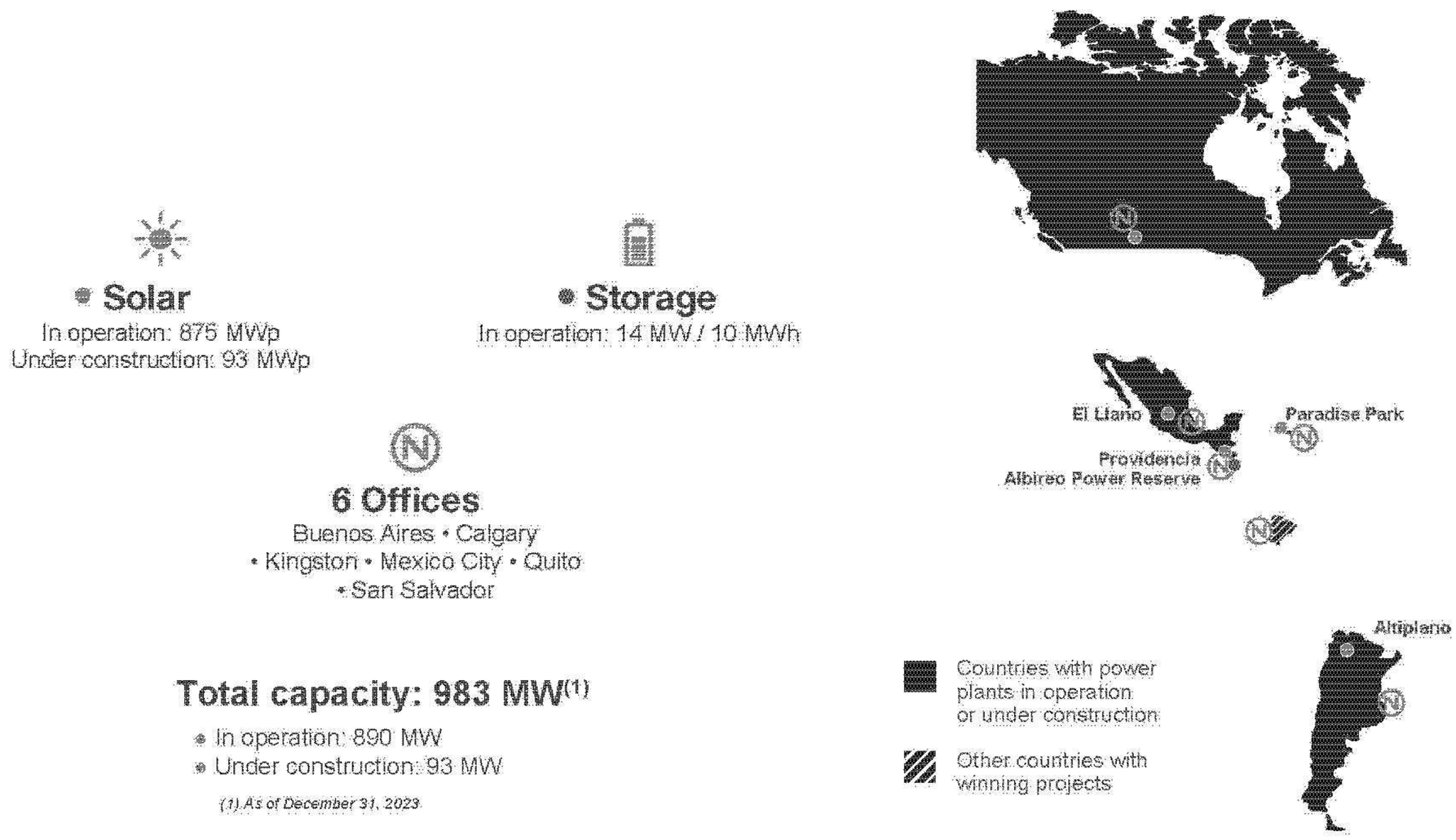
Moreover, in February 2020, the Zambian government approved new laws governing the country's energy sector.

The government has continued to support the sector's reform programme, in particular:

- the development of a market structure and design for Zambia's electricity sector together with supporting market rules and regulations for the open access regime, with financial support from the German government through KFW;
- the development of an integrated resource plan (IRP) for Zambia, funded by the British government. The Ministry of Energy held a public launch of the study on March 24, 2021, which included an address by the British High Commissioner to Zambia. The IRP is a 15-month project to develop and implement a 30-year plan for the energy sector, which will serve as a platform for addressing Zambia's energy challenges.

During August 2022, ZESCO launched an expression of interest (EOI) for the development of 50 MW Solar PV projects across three different provinces (one per province). The EOI makes provision for three different implementation options, full IPP model, IPP/Zesco JV (Zesco min 10% equity), and Zesco as IPP sourcing a suitable EPC.

1.3.3.3 AMERICAS



A. MAIN NATIONAL MARKETS

El Salvador

Neoen was established in El Salvador in 2014 to develop solar installations and storage solutions. As of December 31, 2023, the Group's assets portfolio in operation or under construction in El Salvador consisted of:

- 3 solar assets for 241 MWp in operation;
- 3 storage assets for 14 MW / 10 MWh in operation;
- 1 office located in San Salvador and a total of 10 employees.

Regulatory context

The country's electricity market was fully liberalised in 1996 with the enactment of the General Electricity Law, enabling foundations and rules for a free market, which has around 30 generation companies as of December 2023. The only state-owned producers are the *Comisión Hidroeléctrica del Río Lempa* (CEL), LaGeo, and its subsidiaries, which manage all the hydropower, all geothermal and some thermal capacity connected to El Salvador's grid, and account for 31% of the country's operating capacity.

The National Energy Council (CNE) published a refreshed National Energy Policy for the 2020-2050 horizon. The plan maintains the principal private sector role in the electricity infrastructure projects and deepens its support for renewable energies by establishing, among others, the following specific objectives:

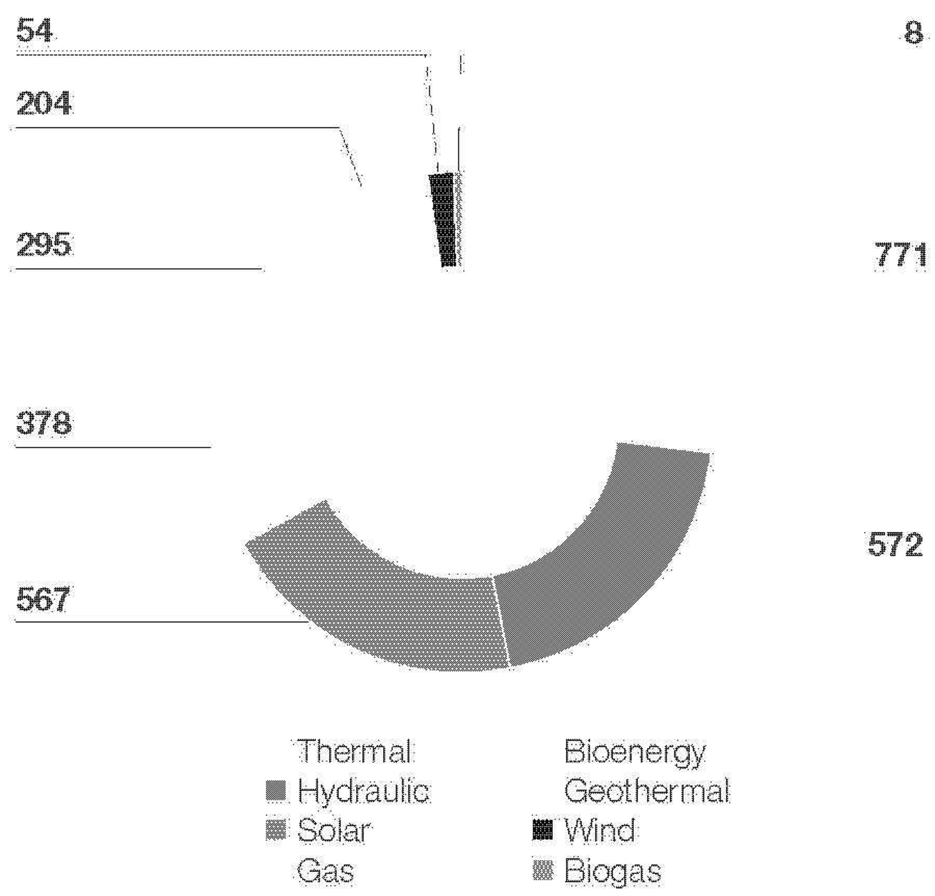
- mitigate the risks of energy shortages associated with the high dependence on oil products, the impact of climate change and national emergency conditions;
- achieve the national goals of mitigation and adaptation to climate change and sustainable development corresponding to the energy sector adopted in international agreements and treaties. The plan visualises an electricity sector with a modern regulatory and institutional framework that will strengthen the sector's competitiveness, facilitate the use of electricity storage and foster the use of digital technologies to manage the electricity demand, among other areas.

The newly formed *Dirección General de Energía, Hidrocarburos y Minas* concentrates the responsibilities of the CNE and the *Dirección de Hidrocarburos y Minas* under the Ministry of Economy.

Electricity generation capacity

As of December 31, 2022, the total installed capacity in El Salvador was 2,850 MW (compared to 2,421 MW as of December 31, 2021).

Installed capacity by technology (in MW)



Source: Boletín Estadísticas Eléctricas 2022 (SIGET)

According to the *Consejo Nacional de Energía (CNE)* expansion plan published in May 2022, electricity demand is expected to grow at an average rate of 2.7% per year for the next fifteen years.

Mexico

Neoen was established in Mexico in 2013. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Mexico consisted of:

- 1 solar asset for 375 MWp in operation;
- 1 office located in Mexico City and a total of 19 employees.

Regulatory context

In Mexico, electricity demand is resilient as it has already bounced back and even increased from its 2019 levels.

The Mexican electricity market is characterised by heavy reliance on CCGT (Combined Cycle Gas Turbine) power plants, which run on natural gas – mainly imported from the United States - as well as conventional power plants (coal and other fossil fuels) and hydropower plants. Between 2019 and the end of 2022, 3,76 GW of wind and solar power capacity has been installed.

The energy sector reform from 2013 resulted in the fixing of new objectives for renewable energy development. These should represent 35% of the Mexican energy mix in 2024. Moreover, 50% of the country's electricity production should be generated from renewable sources by 2050.

In order to support these ambitions, the 2013 reform enabled:

- the introduction of regulations allowing producers to enter into long-term bilateral agreements with qualified suppliers;
- the creation of clean energy certificates (CEL), aimed at increasing demand for electricity generated using clean technologies;
- the organisation of multiple public tenders leading to the signing of fixed-price and long-term PPAs.

Following the 2013 reform, installed capacity in the interconnected system increased by 26 GW, from 64 GW to 90 GW between 2016 and 2021. Private renewable capacity (wind and solar) increased by 12 GW during this period to represent a 16% share (compared to 4% in 2016).

Since 2018, President Andrés Manuel López Obrador (AMLO) has publicly stated that his priority is to:

- avoid any increase in regulated energy tariffs beyond inflation; and
- and maintain CFE's share of electricity generation above 54% of total electricity generation.

The Mexican government has taken various measures to reach these objectives, such as the publication by the SENER *(Secretaría de Energía)* of the energy sector planning for 2020-2024. However, the whole legislation passed by the AMLO administration has been suspended by the courts in response to injunctions from the private sector. The new laws have been ruled unconstitutional.

In September 2021, the Mexican President proposed a radical constitutional reform aimed at reversing the 2013 constitutional reform. The government's proposal included, *inter alia*:

- the elimination of the independent regulator (CRE) and the independent grid operator (CENACE);
- the cancellation of all privately held power generation permits and contracts with immediate effect;
- the elimination of renewable energy certificates resulting from the cap-and-trade system introduced following the 2013 reform;
- limiting private sector participation to 46% of total electricity production.

In April 2022 the constitutional reform was rejected by Parliament where it received only 275 votes in favour and 223 against. Under the free trade treaty between Mexico, the United States and Canada (USMCA), in July 2022, the respective governments of the latter two countries began a legal dispute against the Mexican government with the argument that the current administration's energy policy, applied since 2019, violates the commitments of the Mexican state to the USMCA, in particular those concerning market access, investment and public enterprises.

It is expected that the dispute will be resolved within 18 months.

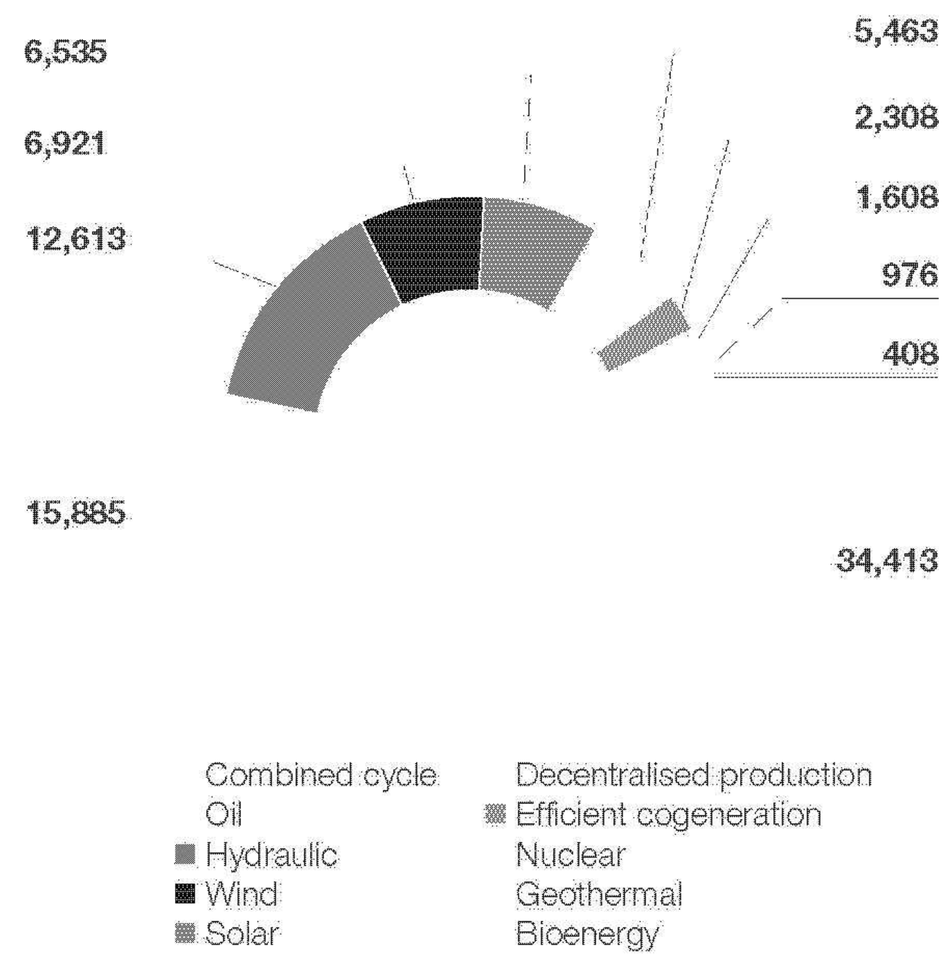
In November 2022, CENACE *(Centro Nacional de Control de Energía)* officially published an agreement to resume the administrative procedures related to interconnection studies that had been suspended during the COVID epidemic. A few months later, in early 2023, the CRE *(Comisión Reguladora de Energía)* also published an agreement to resume the administrative procedures that had been interrupted during the COVID pandemic.

Mexico will hold federal and regional elections in mid-2024, including presidential elections, federal and local congressional elections, and elections for governors of certain states.

Electricity generation capacity

In Mexico, electricity is still largely generated with fossil energy (notably natural gas imported from the United States). At the end of 2022, Mexico's total generation capacity was 87.1 GW for an estimated demand of 333.7 TWh in 2022 (PRODESEN 2023).

Installed capacity by technology (in MW)



Source: Prodesen 2023 (2022 Data).

B. OTHER NATIONAL MARKETS

(i) Argentina

Neoen was established in Argentina in 2017. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Argentina consisted of:

- 2 solar assets for 208 MWp under operation;
- 1 office located in Buenos Aires and a total of 3 employees.

Regulatory context

The government's climate change strategy for 2030 is based in particular on promoting low greenhouse gas emitting energy sources: reducing the carbon intensity of Argentina's electricity mix by 50% and encouraging distributed generation (small solar power plants connected to the distribution network) to reach 1 GW by 2030.

The Argentine parliament voted resolution 281/2017 regulating the market of renewable energies (called «MATER» market) in 2017 to compel large electricity consumers to purchase a percentage of renewable electricity equivalent to national targets for renewable penetration.

If the contribution of renewable energies to the Argentine electricity mix has increased noticeably, it is due to the commissioning of several solar and wind farms from tenders, part of the third "MiniRen" round of the "RenovAr" renewable energy programme, including the Neoen solar project.

In 2021, the government presented its 2030 energy transition roadmap. Two possible scenarios were put forward on the increasing integration of renewable energy:

- REN 20: achieving 20% of renewable energy by 2025. Providing 8,700 MW of additional capacity until 2030, including 3,375 MW of renewable energy;
- REN 30: achieving 30% of renewable energy by 2030. Providing 11,875 MW of additional capacity until 2030, including 6,650 MW of renewable energy.

To achieve this goal, the government relied primarily on:

- the commissioning of renewable energy power generation capacity, awarded in previous RenovAr and MATER tenders (1,650 MW) but not yet built;
- the development and commissioning of new renewable power generation capacity through private initiatives under the MATER mechanism (3,375 to 6,650 MW);
- the development and commissioning of new renewable power generation capacity in distributed generation, connected to the distribution network (1,000 MW).

However, with no significant public tenders planned in the medium term, renewable energy growth is now driven by agreements between private players, through the MATER market. However, this growth remains constrained by the congestion of high-voltage lines, which limits the prospects for large-scale development.

At the end of 2022, the government proposed mechanisms to allow a negotiated exit from the contracts of a number of projects awarded during the RenovAr calls for tenders, but not carried out due to lack of funding.

In 2023, the government organised the "RenMDI" call for tenders and awarded 634 MW of small-scale, distributed generation projects in solar, wind and biomass technologies.

Argentina's new president, Javier Milei, who took office on December 10, 2023, has not yet specified his renewable energy agenda.

(ii) Province of Alberta, Canada

Neoen expanded into Alberta in 2022. As of December 31, 2023, the Group's assets portfolio in operation or under construction in Alberta was based on:

- 1 solar asset for 93 MWp under construction;
- 1 office, located in Calgary, and a local presence in Edmonton for a total of 6 employees.

Regulatory context

Canada is a federal state, where the responsibility for structuring and regulating the electricity industry rests with the provinces. Most of them operate with vertically integrated utilities. Alberta has a deregulated electricity market that encourages competition for generation activities.

Electricity transmission and distribution activities remain regulated and are managed by companies such as AltaLink, ATCO and Fortis.

In 2016, the provincial government of Alberta asked the Alberta Electric System Operator (AESO) to implement a programme to develop new renewable generation capacities, with a target of 30% renewable electricity by 2030. 1,363 MW of wind power was awarded in three rounds of tenders conducted between 2017 and 2019. The federal government also promotes the reduction of greenhouse gas emissions and the penetration of renewable energy throughout the country, notably with the Clean Electricity Regulations, which set a carbon neutrality target for the electricity industry by 2035.

In 2022, AESO published a new report on the different possible ways to achieve a carbon neutral electricity system through three possible scenarios up to 2041:

- a scenario favouring non-intermittent energy sources, with moderate growth in renewables (+3.5 GW) representing 22% of electricity generation from renewable sources;
- an intermediate scenario with significant growth in renewables (+7 GW) and withdrawal of the most polluting thermal power plants, to reach 35% of generation from renewable sources;
- a scenario with aggressive growth in renewables (+11 GW) and storage (+5 GW) and significant withdrawal of thermal power plants, to reach 47% of generation from renewable sources.

While the federal and provincial governments are establishing roadmaps, the evolution of the electricity mix is still driven by market competitiveness and private investment decisions. The last public tender for renewables organised by AESO took place in 2019. There are no longer any government programmes to support the development or the increase in production capacity of renewable energy in Alberta. Similarly, at present, there is no clear regulatory framework or special tariff to encourage the construction of energy storage facilities. Despite the political will to develop storage in the medium term to support the growth of renewable energies in the electricity mix, it is above all the competitiveness and profitability of these installations that will determine their growth in the short term.

The increase in carbon pricing has accelerated the closure or conversion of many coal-fired power plants, which still accounted for 50% of power generation a few years ago. On the contrary, renewable energies can monetise the sale of carbon certificates and have become more competitive in recent years. Their share of electricity mix is therefore growing sharply: 1.8 GW of renewable energy was added between 2021 and 2022 in the province of Alberta.

Following the strong growth of renewable energy, where the electricity grid was until very recently dominated by coal, the provincial government of Alberta directed by the United Conservative Party announced an immediate seven-month pause in the approval of new renewable energy projects. On August 3, 2023, he declared that the Alberta Utilities Commission (AUC) would introduce a six-month moratorium on approvals for all wind and solar projects over one megawatt. This pause aims to give the government and the AUC time to analyse the impact of project development on farmland, landscapes, and the reliability of the electricity system.

The AUC will continue to examine projects but will not issue new permits before February 2024, and will launch an investigation into the future rules applicable to new projects.

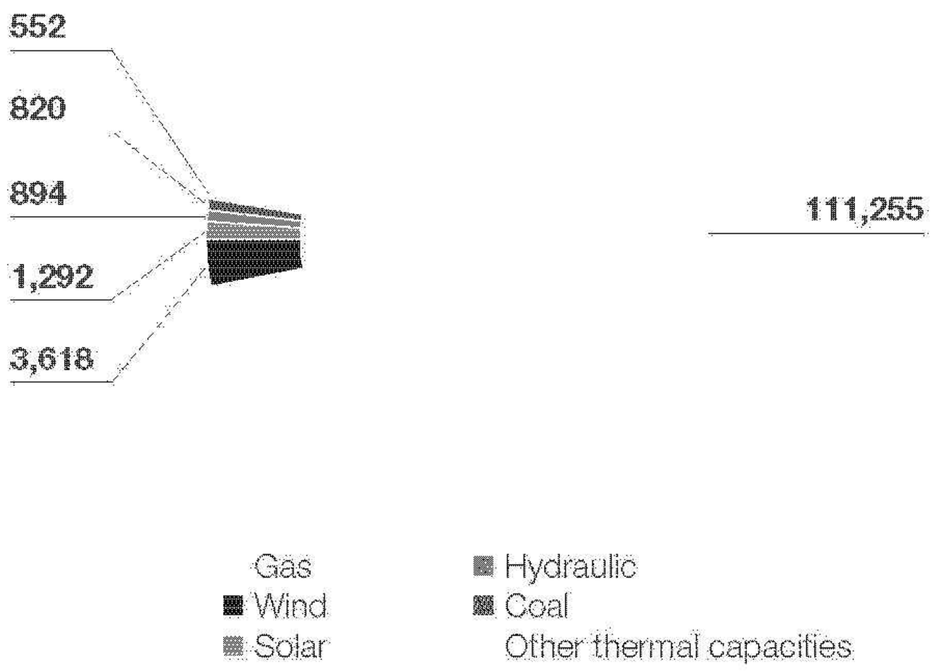
Electricity generation capacity and mix

In July 2023, installed power generation capacity in Alberta (18.4 GW) consisted of thermal (69%), wind (20%), solar (6%) and hydro (5%). Gas-fired power plants (combined cycle, cogeneration, etc.) dominate Alberta's electricity mix, which has seen a significant decline in the share of coal in recent years, while renewable production capacity is increasing rapidly.

In order to meet federal and provincial carbon neutrality targets, Alberta's electricity mix is expected to change over the coming years. The last existing coal-fired power plants are expected to convert to gas to extend their lifespan or be permanently shut down soon, while renewable capacity is expected to increase significantly.

In addition, many power plants are currently under construction: two large gas-fired power plants and several wind and solar farms are expected to come on stream between 2023 and 2025.

Installed capacity by technology (in MW)



Source: AUC (31/12/2022 Data).

(iii) Jamaica

In October 2018, Prime Minister Andrew Holness raised the historic target of 20% renewable capacity and set a target for Jamaica's energy mix to include 30% renewable electricity by 2030 and 50% renewable energy from all sectors (including transport) by 2030.

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

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

In February 2020, the government presented the new Integrated Resource Plan (IRP), with ambitious new targets for 2037 in terms of generation expansion and penetration of renewables in the electricity mix:

- installing 1.6 GW of new capacity, including 1.26 GW of renewable capacity (solar and wind);
- achieving 50% of power generation from renewable sources;
- investing USD 7.3 billion in the electricity sector by 2037, including USD 2.3 billion to replace polluting and ageing power plants.

In the shorter term, the objective is to double the share of renewable energy by 2025, from 12% in 2020 to 25% in 2025. Besides, the government in the coming months wants to promote, through tenders, the installation of 320 MW of solar or wind power, 120 MW of gas power plants, and 75 MW of hydro and biomass.

1.3.4 CUSTOMERS, SUPPLIERS AND GROUP'S CONTRACTS

1.3.4.1 CUSTOMERS

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

The following table shows a breakdown of the Group's contracted capacity in MW, based on its direct customers as of December 31, 2023:

Off-taker type	**Capacity** (in MW)	**Capacity** (in %)
Utilities	4,133	46%
Governments and state actors	1,617	18%
Corporate off-takers	848	9%
Market	2,385	27%
TOTAL	**8,983**	**100%**

As of December 31, 2023, 86% of the Group's secured capacity (in MW) covered by existing agreements was allocated to off-takers with an Investment Grade rating at that date.

The following table shows the Group's main clients, broken down by capacity in operation as of December 31, 2023:

Off-taker	**Country**	**Capacity** (in MW)	**Capacity** (in %)
EDF OA	France	1,214	24%
State of Victoria	Australia	469	9%
Australian Capital Territory (ACT)	Australia	317	6%
Comisión Federal de Electricidad (CFE)	Mexico	300	6%
Others (including markets)	-	2,683	54%
TOTAL		**4,983**	**100%**

As of December 31, 2023, the Group's four main purchasers, which together represented 46% of the total capacity in operation, had investment grade ratings at that date.

1.3.4.2 POWER PURCHASE AGREEMENTS

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

Electricity delivery contracts

A large part of the Group's electricity sales are electricity transfers at a fixed price per MWh. These contracts, mainly secured following calls for tender or through public tenders, offer a feed-in tariff over periods ranging from 15 years (historical French wind power) to 20 or even 25 years. This tariff may be the result of the tender or a price set in advance by regulation, with possible indexation to inflation. It is independent of the electricity market price. The tariff paid may or may not include the associated green certificates.

In this context, each power plant delivers the power generated directly or indirectly to the counterparty, which manages the interfaces with the electricity market, and the Group is limited to optimising production.

This is the simplest solution. It applies in particular to older contracts or in countries where the electricity market is less developed. It also applies to certain corporate PPAs such as those concluded with Google in Finland or TDF in France.

The Group has also contracted with aggregators in order to benefit from a fixed electricity price over several months. In this case, it is a matter of short-term hedges against the volatility of electricity prices than corporate PPAs.

Contracts for difference

As the sector of renewable energy has become increasingly mature, an increasing number of the public tenders or PPAs currently being targeted by the Group involve the signature of contracts for difference. The Group's first project under a CFD-based PPA entered into operation at the end of 2016.

In the CFD regime, Neoen enters a long-term PPA (between 10 and 20 years, sometimes between 5 and 10 years) with a set price (the "reference tariff") with a large, stable counterparty, such as EDF in France. Unlike FIT-based contracts, Neoen sells the electricity it produces under CFD-based contracts on the market instead of selling it directly to the PPA counterparty. The counterparty within the contract for difference pays the Group the difference between the reference tariff and the market price. If the market price is higher than the contracted tariff, the Group pays the counterparty. In this context, renewable energies exchange part of the market value of electricity for a long-term price guarantee in order to be able to raise debt.

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

- revenue from electricity sales on the market (through an aggregator) at market prices;

- revenue (or costs) from the remuneration supplements paid by (or to) the counterparty corresponding to the difference between the reference tariff and the market price; and
- in some cases, revenue from the sale of green certificates may be included in the contract for difference or sold separately.

There are many variations for these contracts, in particular concerning the reference market price (which may even be a theoretical market price rather than the actual price of the power generated) the management of the various costs related to the sale of power on the market (aggregator costs) or indexation (partially or fully) to inflation. In some cases, the contracted tariff may be dependent on the price of electricity (with a guaranteed minimum).

These power purchase agreements concern all or a percentage of the power plant's output. The Group does not therefore take any risks with regard to the generation profile (as only the power generated is sold). However, it may have minimum availability commitments, but the vast majority of these are lower than the commitments made by maintenance providers.

In the case of these contracts, the buyer is not seeking to obtain electricity but wishes to hedge its exposure to the volatility of electricity market prices and possibly benefit from the guarantees of origin associated with the production of renewable energy. There is therefore a separation between the physical flow of electricity and the financial flow. These are known as "Virtual PPAs" or "Financial PPAs".

This is the case, for example, with the contracts signed with Equinix in Finland or H&M in Sweden. The electricity and the guarantees of origin will be produced by Neoen's power plants in Finland or Sweden, but the customers' electricity consumption may occur in other European countries. Only the guarantees of origin associated with the production of electricity will be physically delivered to the customer, who will also be the payer/receiver of the difference between the market price of the electricity and the contractual price.

Other structured contracts

With the expertise of its Energy Management teams in Europe and Australia, the Group has also signed contracts that go beyond the sale of part of the production of a solar or wind plant.

In Australia, the Group signed its first baseload contract with BHP for 70 MW in South Australia, which will enable it to supply energy 24/7, drawing on its Goyder South Stage 1B wind farm, its Blyth battery and its energy management expertise.

The contract is therefore:

- a contract for the difference between a fixed price and the South Australian electricity price, on a fixed and constant volume and not just on a share of the volumes produced by the wind farm;
- a firm Guarantees of Origin Delivery Contract (GDC) with a commitment to produce these guarantees primarily from the wind plant.

This 70 MW PPA corresponds in practice to 85% of the output of Stage 1B of the Goyder South power plant. The battery allows positions to be taken in the electricity market to cover the exposure the Group has to guarantee a 24-hour price and volume when the wind plant is intermittent.

Other contracts have been structured by the Group around its storage facilities and in particular, there are:

- long-term contracts for the batteries to provide a service to the grid, for example, frequency regulation services or inertia service. Such contracts have been signed with the Hornsdale Power Reserve battery in Australia, or recently with the Victorian Big Battery, Blyth and Western Down Storage batteries;
- contracts to provide emergency services ("SIPS"), in which the battery is available to inject power quickly into the grid in the event of an incident. This is the case for the Victorian Big Battery, for example, or for part of 2022 for the Finnish battery Yllikkäla Power Reserve;
- the "Virtual Battery" contract signed with the electricity company AGL in which Neoen offers the capacity to charge or discharge a virtual battery, through a financial contract, and then covers itself with a physical asset;
- the capacity contract awarded by the AEMO to the Collie power plant in Western Australia. This contract guarantees payment for two years in exchange for the battery's activity on the electricity market.

The Group believes that its expertise in Energy Management will enable it to differentiate over the long term and to offer its customers a service closer to their needs.

Short-term hedges

As part of its risk management policy, the Group may limit its exposure to the electricity market by hedging short-term prices at which a spot asset will sell its electricity.

Such contracts are usually set up for shorter periods than PPAs (between a few months and 3 years) and may concern only part of the production. For example:

- setting the sale price for the following year of an asset with the balance responsible party;
- setting the sale price of part of a portfolio of solar projects through a Contract for difference.

These short-term contracts may have threshold effects (availability constraints) or reporting effects (such as EMIR in the European Union).

1.3.4.3 SIGNIFICANT CONTRACTS AND SUPPLIERS

The most important contracts signed by the Group consist of the contracts for difference, the power purchase agreements described above, the design, procurement and installation agreements (EPC agreements) and the operations and maintenance agreements (O&M agreements) and project financing agreements signed with multiple lenders described in paragraph 2.5.2 of this document.

The Group has numerous such contracts and is not dependent on any particular one. As indicated in paragraph 2.5.2 of this document, the Group finances its facilities mainly via non-recourse financing. In addition, as discussed in paragraph 1.3.2.2 (vi) "operating assets", while it is not uncommon for the Group to engage in repeat business with certain EPCs, it nevertheless remains flexible from an industrial point of view and is able to select its O&M contractors and service providers on a project-by-project basis rather than signing master agreements. It therefore has limited dependence on any particular partner for EPC or O&M services. The Group has however indirectly signed significant contracts via its co-contractors on a case-by-case basis depending on the project.

1.3.4.4 MATERIAL CONTRACTS

As of the date of this Registration Document, no contract (aside from the contracts entered into in the ordinary course of business) containing provisions imposing a significant obligation on any of the Group's companies or commitments for the Group as a whole, has been entered into by the Company or any other Group entity, with the exception of the contracts described in section 1.3 "Neoen's business" and in paragraph 1.3.4.2 "power purchase agreements", in section 2.5 "financing and investments" and in section 6.5 "statutory auditors' special report on regulated agreements".

1.4 INTELLECTUAL PROPERTY

1.4.1 RESEARCH AND DEVELOPMENT

The Group's Research and Development (R&D) activity mainly involves installing new equipment on Group projects in order to confirm its relevance and the conditions for its possible deployment on a larger scale. In addition to deploying new equipment, the Group is currently focusing on a major project to make the most of the data generated by its assets in order to improve their performance. The identification of relevant partners (companies with expertise in the field, research laboratories, etc.) as well as the development of internal capabilities enable the Group to make progress in this field. Efforts in this area focus on the three technologies developed by the Group. For each partnership, an agreement covers a joint approach to one or more specific projects, but does not contain any Group commitments beyond the defined scope. As a result, the Group does not finance specific R&D research, but does take technological innovation into account in its development and project operations.

For example:

- the Group is seeking to improve its modelling of the behaviour of these solar assets in order to monitor their performance more closely;
- the Group collects and analyses the data generated by its wind farms and storage facilities in greater detail in order to optimise their operation;
- the Group continues to work with tracker manufacturers to try to optimise energy production by improving their tracking algorithms;
- in France, the installation of photovoltaic modules of various technologies on the same power plant, particularly monofacial and bifacial, is part of a continuous search for performance evaluation in order to improve the competitiveness of projects under development;
- in 2023, the Group registered its first Australian solar power plant capable of participating in the FCAS market.

Further, and although it is not directly an R&D activity, the Group has its own competence center, comprising thirteen people by the end of 2023, notably devoted to the identification and analysis of new technologies capable of reducing the cost of energy produced and improving the yield of existing projects and assets, improving their integration into the network and increasing their reliability, and equally providing their expertise with regard to the Group's projects under development.

1.4.2 INTELLECTUAL PROPERTY RIGHTS

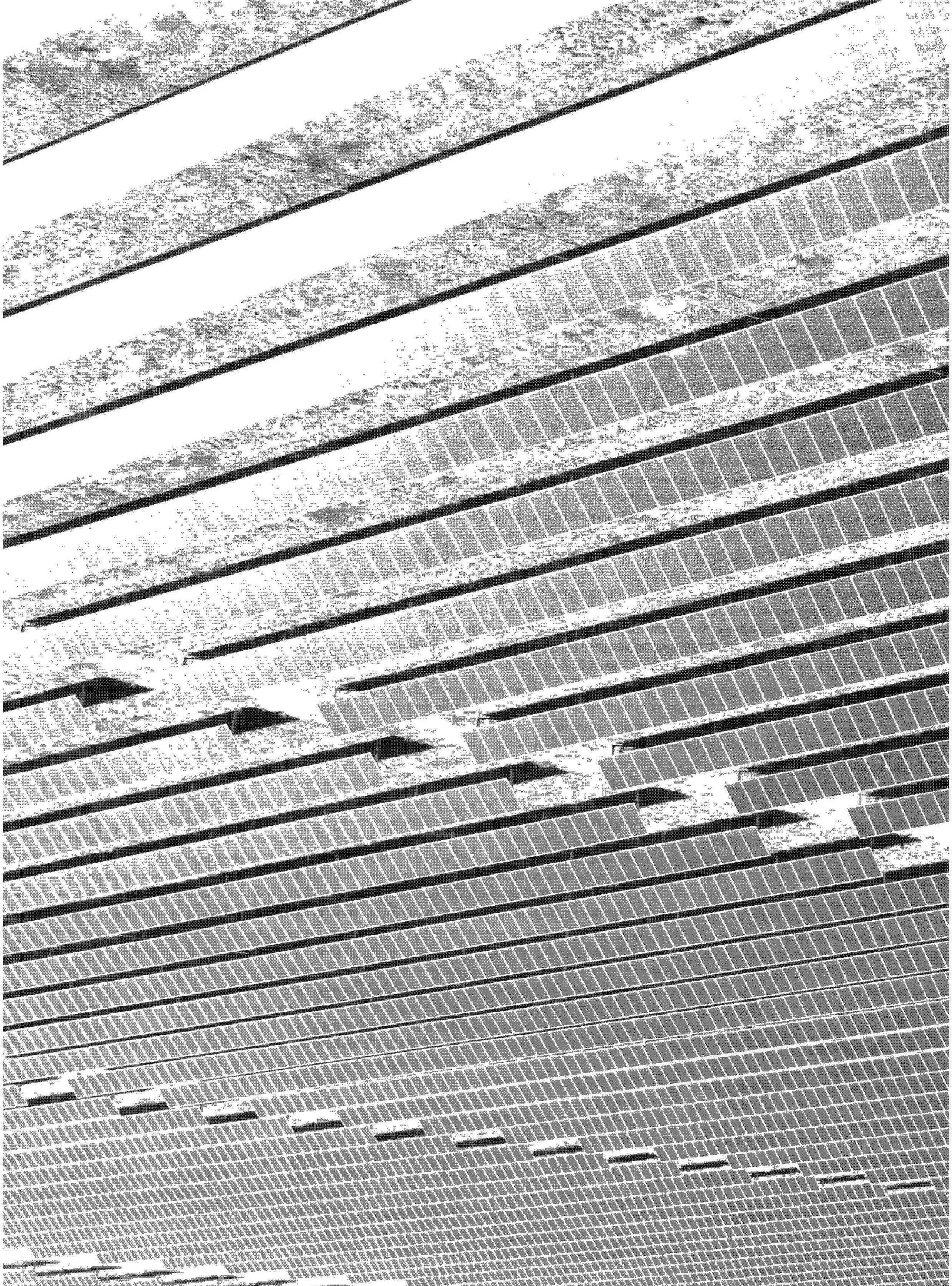
The Group's intellectual property rights mainly comprise the rights to distinctive signs such as brands and domain names, notably the verbal and semi-figurative brands "Neoen" and "Neoen Développement" and the domain names including the "Neoen" denomination such as www.neoen.com, www.neoen.eu and www.neoen.fr.

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

Finally, semi-figurative brand "Neoen" has been renewed for the European Union on December 7, 2020, for 10 years.

1.4.3 LICENSES

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



2

COMMENTS ON THE FINANCIAL YEAR

2.1	ALTERNATIVE PERFORMANCE INDICATORS	50
2.1.1	Adjusted EBITDA	50
2.1.2	Adjusted EBIT	50
2.1.3	Adjusted consolidated net income	51
2.1.4	Net debt	51
2.1.5	Gearing ratio	52
2.2	INFORMATION ON KEY OPERATING DATA	53
2.3	OUTLOOK AND TRENDS	54
2.4	ANALYSIS OF OPERATIONS AND RESULTS	55
2.4.1	Key events of the period	55
2.4.2	Comments on operations	56
2.5	FINANCING AND INVESTMENTS	69
2.5.1	Financing and cash management policy	69
2.5.2	Debt project financing	70
2.5.3	Indicators monitored by the Group	71
2.5.4	Reconciliation of consolidated liabilities and net debt	72
2.5.5	Eventual restrictions on the use of capital	74
2.5.6	Sources of financing for future investments	75
2.5.7	Cash position and cash flows	75
2.5.8	Capital investments	77
2.6	LEGAL AND ARBITRATION PROCEEDINGS	79
2.7	SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION	80
2.8	OTHER INFORMATION	80
2.8.1	Subsequent events	80
2.8.2	Other information relating to the parent company Neoen S.A.	80

2.1 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 concludes medium to long-term power purchase agreements with commercial counterparties, known as Corporate Power Purchase Agreements (CPPA). Some of these agreements 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" to the 2023 consolidated financial statements). These changes, associated with price movements in the electricity market, are volatile and non-controllable, and will extinguish when the underlying physical production is delivered. Therefore, the Group restates 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.

2.1.1 ADJUSTED EBITDA

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

(In millions of euros)	**FY 2023**	**FY 2022**	**Change**	**Change** (in %)
Current operating income	**383.3**	**262.1**	**+ 121.2**	**+ 46%**
Current operating amortisation	176.0	151.0	+ 25.0	+ 17%
IFRS 2 expense	4.2	3.8	+ 0.4	+ 10%
Change in fair value of energy derivative financial instruments	(88.6)	(2.8)	– 85.8	x32
Adjusted EBITDA[a]	**474.8**	**414.0**	**+ 60.8**	**+ 15%**

(a) Adjusted EBITDA corresponds to current operating income, which includes net proceeds from the disposal of portfolio's projects and assets 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.*

2.1.2 ADJUSTED EBIT

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

(In millions of euros)	**FY 2023**	**FY 2022**	**Change**	**Change** (in %)
Current operating income	**383.3**	**262.1**	**+ 121.2**	**+ 46%**
Change in fair value of energy derivative financial instruments	(88.6)	(2.8)	– 85.8	x32
Adjusted EBIT[a]	**294.7**	**259.3**	**+ 35.4**	**+ 14%**

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

2.1.3 ADJUSTED CONSOLIDATED NET INCOME

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

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Consolidated net income	**147.4**	**45.7**	**+ 101.7**	**x3**
Change in fair value of energy derivative financial instruments	(88.6)	(2.8)	– 85.8	x32
Tax effect related to the change in fair value of energy derivative financial instruments	21.5	5.1	+ 16.4	x4
Adjusted consolidated net income[a]	**80.4**	**48.0**	**+ 32.4**	**+ 67%**

(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.

2.1.4 NET DEBT

(In millions of euros)	31.12.2023	31.12.2022	Change	Change (in %)
Financial debt[a]	**3,804.1**	**3,509.3**	**+ 294.8**	**+ 8%**
Non-controlling investors and others[b]	(54.9)	(40.2)	– 14.8	– 37%
Adjusted financial debt	**3,749.1**	**3,469.1**	**+ 280.0**	**+ 8%**
Total cash and cash equivalents[c]	(773.7)	(622.8)	– 150.9	– 24%
Guarantee deposits[d]	(80.5)	(79.0)	– 1.5	– 2%
Interest rate derivative assets[e]	(214.9)	(302.7)	+ 87.8	+ 29%
Total net debt[f]	**2,680.0**	**2,464.6**	**+ 215.4**	**+ 9%**

(a) Essentially comprising project financing, the debt component of the green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANEs vertes"), 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 4.1 – note 20.2 to the 2023 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 2.4.2.4 "simplified consolidated statement of financial position" 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, 2022, is explained by the decrease in the fair value of interest rate derivatives, in a declining long-term interest rates environment in the Euro zone and Australia in the financial year 2023 (refer to section 4.1 - note 20.3 to the 2023 consolidated financial statements).

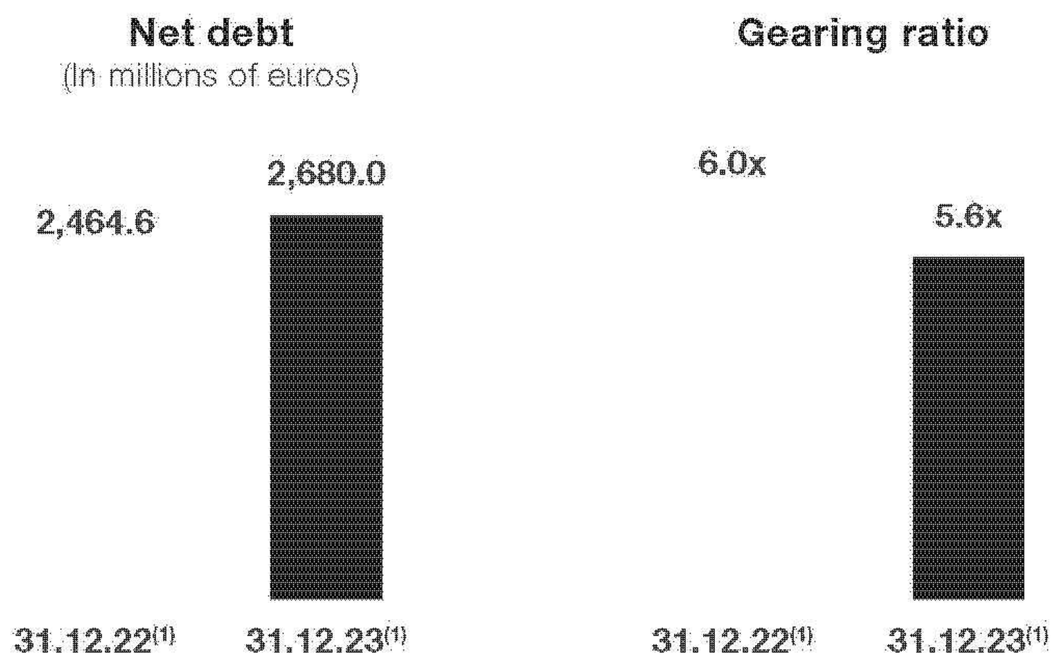
(f) As of December 31, 2023, and December 31, 2022, the net debt includes cash pending repayment to EDF OA, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In 2023, €84.3 million was repaid to EDF OA due to the establishment of the actual terms of repayment of the amounts owed. As a result of these repayments and the difference, over the year, between market prices and the power purchase agreement ones the resulting balance to be repaid in 2024 amounts to €19.7 million as of December 31, 2023 (compared with €90.3 million as of December 31, 2022). Furthermore, due to the decrease in long-term interest rates in the Euro zone and Australia during 2023, interest rate derivatives with a positive fair value have decreased to €214.9 million as of December 31, 2023. Excluding these two one-off and volatile items, net debt would have amounted to €2,914.5 million as of December 31, 2023 (+€57.0 million, or +2%, compared to the year end of 2022).

2.1.5 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).

	31.12.2023[1]	31.12.2022[1]
Gearing ratio	5.6x	6.0x

Change in the Group's net debt and gearing ratio



As of December 31, 2023, and December 31, 2022, the net debt includes cash pending repayment to EDF OA, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. As of December 31, 2023, €84.3 million was repaid to EDF OA due to the establishment of the actual terms of repayment of the amounts owed. As a result of these repayments and the difference, over the year, between market prices and the power purchase agreement ones, the resulting balance to be repaid in 2024 amounts to €19.7 million as of December 31, 2023 (compared with €90.3 million at December 31, 2022). Furthermore, due to the decrease in long-term interest rates in the Euro zone and Australia during 2023, interest rate derivatives with a positive fair value have decreased to €214.9 million as of December 31, 2023. Excluding these two one-off and volatile items, net debt and gearing ratio would respectively have amounted to €2,914.5 million and 6.1x as of December 31, 2023 compared to €2,857.6 million and 6.9x as of December 31, 2022.

2.2 INFORMATION ON KEY OPERATING DATA

The Group's portfolio amounted to 27.6 GW at December 31, 2023, versus 19.3 GW at the end of December 2022. This change is detailed in the table below and in paragraph 2.4.1.1 "continuing portfolio growth".

	31.12.2023	31.12.2022	Changes
Total assets in operation (in MW)[a]	**4,983**	**4,051**	**+ 932**
Americas	890	890	-
Australia[b]	2,055	1,455	+ 600
Europe–Africa[c]	2,038	1,706	+ 332
Total assets under construction (in MW)[a]	**3,000**	**2,523**	**+ 477**
Americas	93	93	-
Australia[d]	1,697	1,529	+ 168
Europe–Africa[e]	1,210	901	+ 309
Total assets for projects awarded (in MW)	**1,000**	**782**	**+ 218**
Americas[f]	216	-	+ 216
Australia	215	215	-
Europe–Africa[g]	569	567	+ 2
Total for the secured portfolio (in MW)	**8,983**	**7,356**	**+ 1,627**

Total for the tender-ready and advanced development projects	**31.12.2023**	**31.12.2022**	**Changes**
Americas[h]	3,221	1,313	+ 1,908
Australia[i]	6,110	4,795	+ 1,315
Europe–Africa[j]	9,313	5,830	+ 3,483
Total for the advanced pipeline (in MW)	**18,644**	**11,938**	**+ 6,706**
Total portfolio (in MW)	**27,627**	**19,294**	**+ 8,333**
Early stage projects	> 10 GW	> 10 GW	

(a) Gross capacity including the participations in projects in which Neoen is a minority shareholder: Cestas (300.0 MWp, 36%-owned by Neoen), Seixal (8.8 MWp, 50%-owned by Neoen), Les Beaux Monts (24.2 MW in operation the first half of 2023), Le Berger (22.6 MW in operation in 2023) and Saint-Sauvant (20.6 MW), three assets for which Neoen has sold 95% of its participation in 2022. For a definition of the various stages of development of the Group's projects, please refer to the section 8.6 "glossary" of this document.

(b) The increase in the capacity in operation in Australia results from the commissioning of the Western Downs solar power plant (460 MWp) and the Kaban wind power plant (157 MW), partially offset by the end of operations of the Degrussa power plant (17 MW).

(c) The increase in the capacity in operation in the Europe–Africa region results from the commissioning of twelve French solar power plants (194 MWp), three French wind power plants (64 MW), three Irish solar power plants (58 MWp), the Finnish wind power plant of Björkliden 1&2 (40 MW), and the French storage facility Antugnac Stockage (8 MW/8 MWh) partially offset by the sale of the Cabrela power plant in Portugal (13 MWp) and several solar power plants in France (19 MWp) as part of farm-down operations.

(d) The increase in capacity under construction in Australia is due to the transfer into construction of the Culcairn solar power plant (440 MWp), Collie Battery (219 MW/877 MWh) and Western Downs Storage X (58 MW/116 MWh), and changes in capacity (67 MW), partially offset by the commissioning at the above-mentioned power plants (see note (b) above).

(e) The growth in capacity under construction in the Europe–Africa region is mainly due to the transfer into construction of the Finnish wind power plants of Storbötet (105 MW) and Lumivaara (56 MW), the Swedish Hultsfred solar power plant (100 MWp), the Swedish Isbillen Power Reserve storage facility (94 MW/94 MWh), the Finnish Yllikkälä Power Reserve 2 storage facility (56 MW/113 MWh) and nine French solar power plants (161 MWp), partially offset by the commissioning of the above-mentioned power plants (see note (c) above).

(f) The increase observed in the capacity of awarded projects in Americas is due to the transfer into awarded stage of the Ecuadorian projects Imbabura Solar (72 MWp), Ambi Solar (72 MWp) and Intyana (72 MWp).

(g) The increase observed in the Europe–Africa region is mainly due to the net growth in the French MW solar awarded (270 MWp), and in the French MW wind awarded projects (35 MW), partially offset by the commissioning of assets above mentioned (see note (e) above).

(h) The growth observed in the Americas region is explained by +1,229 MWp coming from the early stage, +965 MW from new projects added to the portfolio over the period, +50 MW power reassessments on existing projects, partially offset by –216 MW from Ecuadorian projects transferred into the awarded stage over the period, and –100 MW related to the abandonment of a solar project in Argentina.

(i) The increase observed in the Australia region is explained by +1,300 MW of projects coming from the early stage, +675 MW of new projects added to the portfolio over the period, by +363 MW of reassessments of power, partially offset by –450 MW in construction, –260 MW of abandoned projects and –313 MW related to the sale of the Goorambat solar power plant project as part of farm-down operations.

(j) The increase observed in the Europe–Africa region is explained by new projects added to the portfolio and projects coming from the early stage for respectively +2,729 MW and +1,660 MW, and by the waiving of tariffs on certain projects for +78 MW, partially offset by –163 MW of abandoned projects, the transfer of several projects into the "awarded" phase or "under construction" phase for –547 MW, the reclassification of a project to the early stage for –200 MW and power variations of –75 MW.

	FY 2023	FY 2022	Changes
Production (GWh)	**7,536**	**5,957**	**+ 27%**
Average availability of assets in operation			
solar power[a] (%)	92.2%	86.4%	+ 5.8 pt
wind power[b] (%)	94.6%	97.3%	– 2.7 pt
Average load factor[c] or assets in operation			
solar power (%)	19.1%	19.1%	-
wind power[d] (%)	27.7%	28.5%	– 0.8 pt
Residual duration of electricity supply contracts			
solar power (years, weighted by MWp)	13.5	13.5	-
wind power (years, weighted by MW)	10.9	11.3	– 1.4 pt

(a) The increase in the average availability of photovoltaic installations in operation is due to fewer technical difficulties encountered by the El Llano power plant in Mexico compared to 2022.The replacement of its transformer has therefore been finalised at the end of 2023. Excluding this power plant, the average availability rate of the Group's solar assets would have reached 98.3% in 2023.

(b) The decrease in the average availability of wind power installations in operation is due to a temporary failure affecting cabling devices in the southern part of the Mutkalampi power plant during the first quarter. Restated from this one-time event, the average availability rate of the Group's wind assets would have reached 97.1% for 2023.

(c) 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.

(d) The decrease in the wind load factor between 2022 and 2023 results from temporarily reduced availability at the Mutkalampi power plant and from unfavourable wind conditions in Australia, partially offset by favourable wind conditions in France.

2.3 OUTLOOK[2] AND TRENDS

For 2024, Neoen expects an adjusted EBITDA of between €530 million and €560 million[3], or a double-digit annual growth as stated in its strategic plan, and an adjusted EBITDA margin above 85%.

The Group is reiterating its adjusted EBITDA target of over €700 million in 2025 and its target of reaching 10 GW in capacity in operation or under construction in the course of 2025.

All the Group's targets include the best estimate to date of the likely completion dates of its projects and its current view of likely spot prices.

[2] This outlook has been prepared (i) in accordance with the accounting methods applied to the historical financial information (see notes 1 and 2 in section 4.1 of this document) and (ii) on the basis of Neoen's scope of consolidation for the 2023 financial year. The definition of adjusted EBITDA is the same as the one used for the 2023 financial year (see paragraph 2.1.1 of this document).

[3] The adjusted EBITDA forecast takes into account net proceeds from the disposal of portfolio's projects and assets that the Group anticipates completing as part of the farm-down business, with a contribution of no more than 20% of annual adjusted EBITDA and 20% of the annual increase in the secured portfolio.

2.4 ANALYSIS OF OPERATIONS AND RESULTS

2.4.1 KEY EVENTS OF THE PERIOD

2.4.1.1 CONTINUING PORTFOLIO GROWTH

Capacity in operation or under construction[1] amounted to 8.0 GW at the end of December 2023 compared to 6.6 GW at the end of December 2022.

During 2023, the Group brought into operation two major projects in Australia – the 460 MWp Western Downs solar farm and the 157 MW Kaban wind farm. In France, 12 solar farms with capacity totaling 194 MWp, three wind farms with capacity totaling 64 MW and the Antugnac battery (8 MW/8 MWh) entered service in 2023. In addition, the 40 MW Björkliden wind farm in Finland and three solar power plants with 58 MWp in total capacity in Ireland entered service in the fourth quarter of 2023. Alongside, the Group sold in 2023 the 13 MWp Cabrela solar power plant in Portugal and four solar farms in France with a combined capacity of 19 MWp. It also ended operation of the 17 MW Degrussa power plant in Australia, which dismantling already started.

Neoen launched construction of 1.4 GW in new projects in 2023. These include the Culcairn solar farm (440 MWp), the Collie Battery (219 MW/877 MWh) and the Western Downs Storage battery extension (58 MW/116 MWh) in Australia, the Storbötet (105 MW) and Lumivaara (56 MW) wind farms and the Ylikkälä Power Reserve 2 (56 MW/113 MWh) in Finland, the Hultsfred solar farm (100 MWp) and the Isbillen Power Reserve (94 MW/94 MWh) in Sweden, nine solar farms with 161 MWp in combined capacity and the Ailes de Foulzy wind farm (21 MW) in France, the Foral solar farm (43 MWp) in Portugal and, lastly, three solar farms with 25 MWp in combined capacity in Italy.

The secured portfolio[1] (assets in operation, under construction or awarded[2]) represented 9.0 GW as of December 31, 2023, compared to 7.4 GW at the end of December 2022. In 2023, new awarded projects[1] amounted to 1.6 GW[3] and include:

- 717 MW awarded in Australia with Culcairn (440 MWp), Collie Battery (219 MW/877 MWh) and Western Downs Storage X (58 MWh/116 MWh) projects, now under construction;
- 381 MWp awarded in France under the latest government calls for tenders for solar power plants across 22 projects;
- 216 MWp awarded in Ecuador following a government call for tenders for three solar projects with the same capacity (Imbabura, Ambi and Intyana);
- 116 MW awarded in Finland with the uncontracted portion of Storbötet (45 MW) and Lumivaara (14 MW) wind projects, plus the Ylikkälä Power Reserve 2 (56 MW/113 MWh), which construction already started;
- 104 MW awarded in Sweden with the Isbillen Power Reserve (94 MW/94 MWh) and the uncontracted portion of Hultsfred (10 MWp), now under construction;
- 68 MW awarded in France across four wind farms;
- 43 MWp awarded in Portugal related to the Foral solar project;
- 25 MWp awarded in Italy with three solar projects now under construction.

The portfolio's total capacity (excluding early-stage projects[4]) rose by 8.3 GW or 43% to 27.6 GW at December 31, 2023, versus 19.3 GW at December 31, 2022.

2.4.1.2 NEOEN SUCCESSFULLY RAISED €750.4 MILLION THROUGH A CAPITAL INCREASE

On March 29, 2023, Neoen successfully completed a capital increase with preferential subscription rights, launched on March 7, 2023, for which the subscription period ran from 10 to 22 March 2023 inclusive. The gross proceeds of this capital increase (including the issue premium) amounted to €750.4 million and resulted in 36,694,552 new shares being issued with a nominal value of €2 at a subscription price of €20.45 per new share.

Neoen plans to use the proceeds from the capital increase to fund its investment plan to lift its capacity in operation or under construction in the course of 2025 to over 10 GW and to expand its storage capacity, especially by investing in batteries with a longer duration per MW installed.

This transaction had an impact of €744.0 million net of issuance costs and taxes on the Group's shareholders' equity.

Please refer to section 4.1 – note 1.3 of this document to further details about other key events:

- Free share plan;
- Payment of dividend in respect of 2022;
- Capital increase reserved for employees;
- Acquisition of wind farms in France;
- Farm-down operations;
- Situation of the Metoro solar power plant in Mozambique;
- Non-compliance with covenants for certain project financing facilities.

[4] For a definition of the different stages of development of the Group's projects, please refer to the section 8.6 "glossary" of this document.
[5] Includes a +5 MW net adjustment of capacity and the reclassification as tender-ready of six projects in France with 78 MW in total capacity.

2.4.2 COMMENTS ON OPERATIONS

The consolidated statements of income for 2023 and 2022 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 (Europe–Africa, Australia and the Americas, at the geographical level; wind, solar, 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. For an analysis of the Group's exposure to currency risk, see paragraph 3.1.3 "risks related to the Group's financial position" of this document.

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, 2023, have been audited by the Company's statutory auditors and are presented in their entirety in chapter 4 of this document.

2.4.2.1 KEY FIGURES

(In millions of euros)	FY 2023	FY 2023 (cer)	FY 2022	Change (cer)	Change (cer) (in %)	Change	Change (in %)
Revenue	**524.4**	**541.9**	**503.2**	**+ 38.6**	**+ 8%**	**+ 21.2**	**+ 4%**
Energy sales under contract	382.7	393.8	309.2	+ 84.6	+ 27%	+ 73.5	+ 24%
Energy sales in the market	119.4	124.7	171.5	– 46.9	– 27%	– 52.1	– 30%
Other revenue	22.3	23.4	22.5	+ 0.9	+ 4%	– 0.2	– 1%
Adjusted EBITDA[a]	**474.8**	**488.6**	**414.0**	**+ 74.6**	**+ 18%**	**+ 60.8**	**+ 15%**
Adjusted EBITDA margin	91%	90%	82%				
Adjusted EBIT[a]	**294.7**	**302.0**	**259.3**	**+ 42.7**	**+ 16%**	**+ 35.4**	**+ 14%**
Adjusted EBIT margin	56%	56%	52%				
Net financial result	**(152.7)**	**(158.2)**	**(152.7)**	**– 5.5**	**– 4%**	**– 0.1**	**– 0%**
Adjusted consolidated net income[a]	**80.4**	**80.7**	**48.0**	**+ 32.7**	**+ 68%**	**+ 32.4**	**+ 67%**

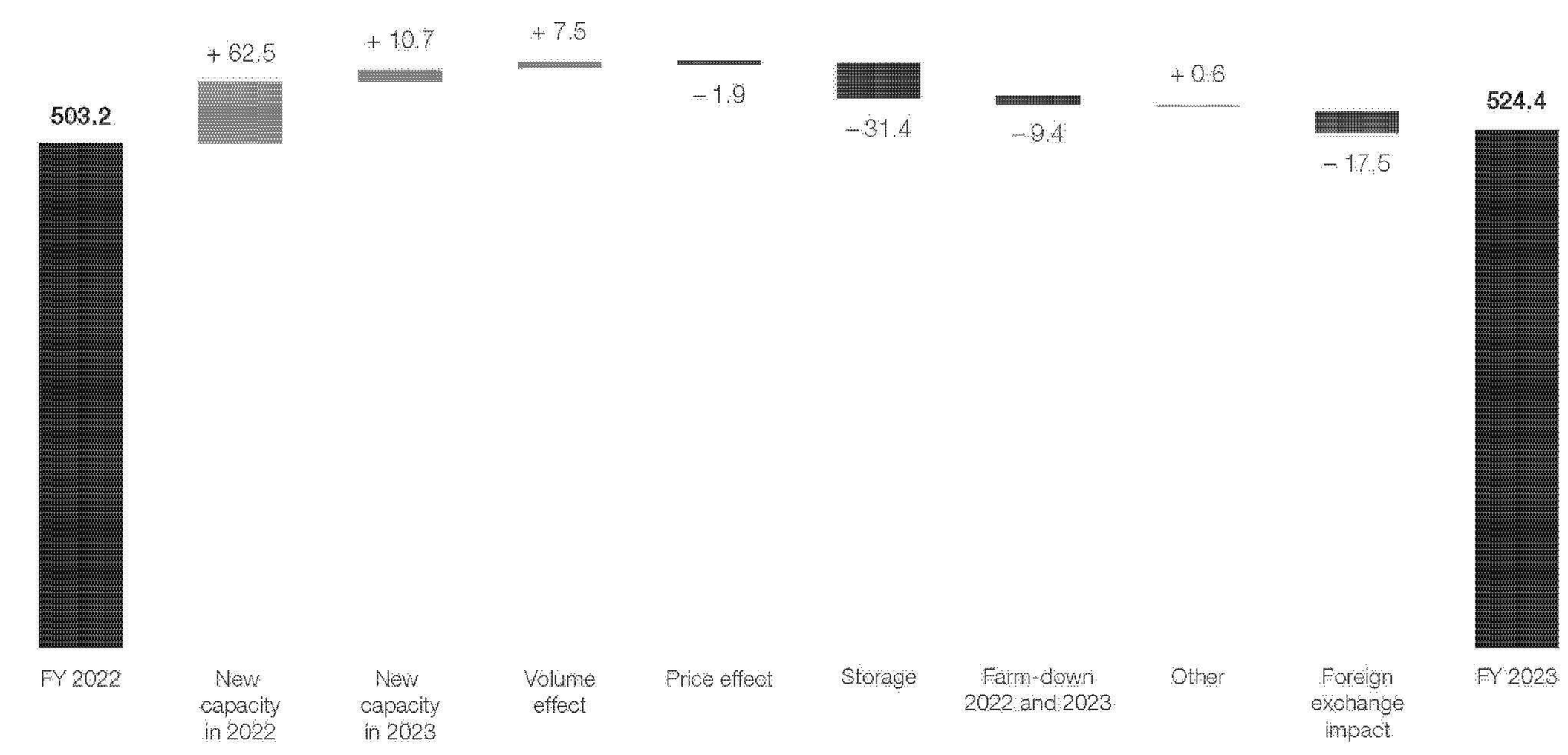
(a) For more details on the definition and calculation of those aggregates, the reader is invited to refer to section 2.1 "alternative performance indicators" of this document.

Evolution of revenue and adjusted EBITDA

The Group's consolidated revenue and adjusted EBITDA have evolved as follows between 2022 and 2023:

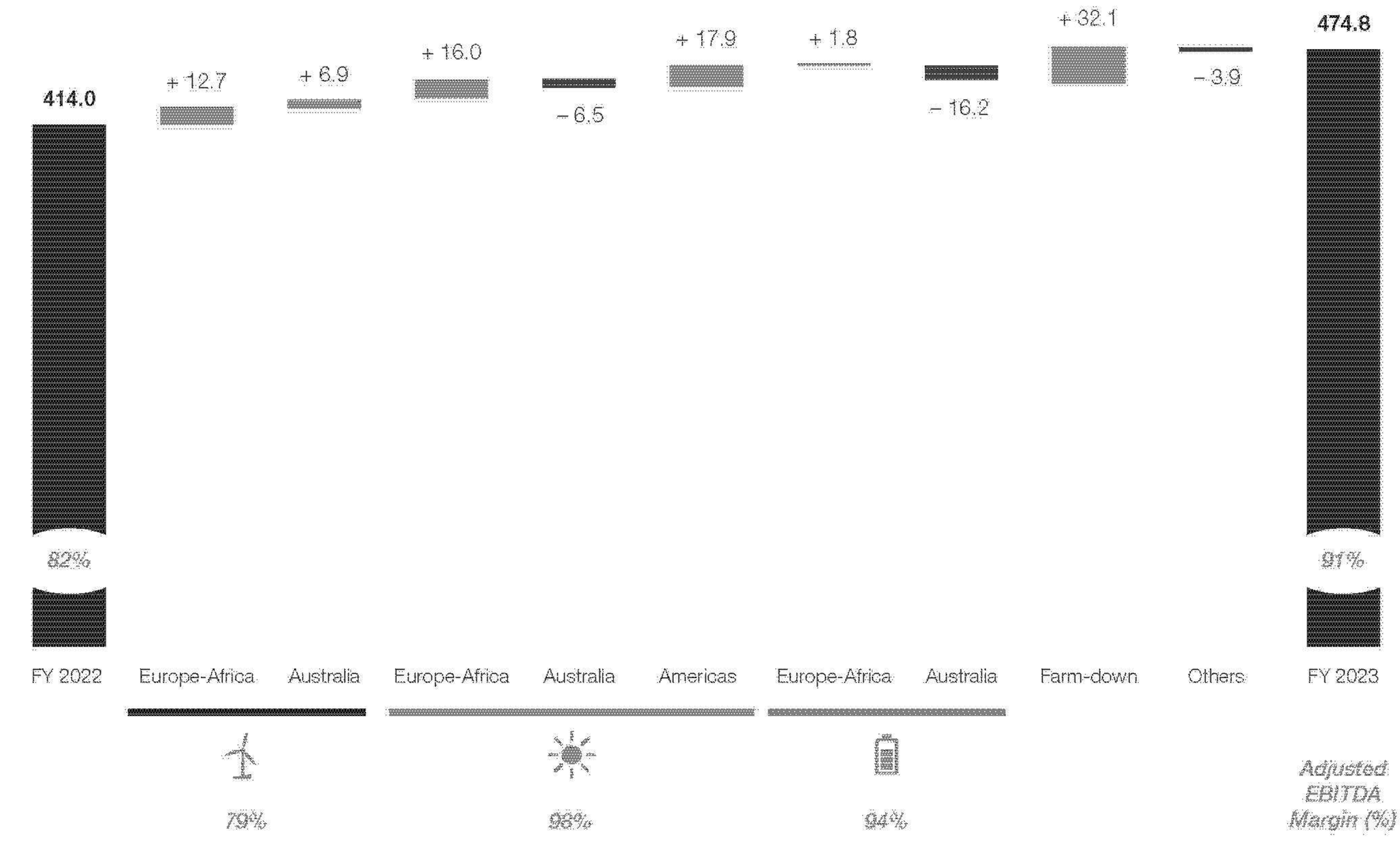
Change in revenue

(In millions of euros)



Change in adjusted EBITDA

(In millions of euros)



2.4.2.2 SEGMENT RESULTS

Segment results for 2022 and 2023 are thus presented for each of the Group's operating segments: wind power, solar power, storage, farm-down, development and investments and, eliminations.

(In millions of euros)	Revenue				Adjusted EBITDA[a]				Adjusted EBIT[b]			
	FY 2023	FY 2022	Change	Change (in %)	FY 2023	FY 2022	Change	Change (in %)	FY 2023	FY 2022	Change	Change (in %)
Europe–Africa												
Wind	**153.1**	**132.1**	+ 21.0	+ 16%	**119.6**	**106.9**	+ 12.7	+ 12%	**75.9**	**76.5**	– 0.6	– 1%
Solar	**72.2**	**64.4**	+ 7.7	+ 12%	**66.8**	**50.9**	+ 16.0	+ 31%	**46.0**	**32.4**	+ 13.5	+ 42%
Storage	**10.9**	**11.4**	0.5	4%	**8.0**	**6.2**	+ 1.8	+ 29%	**6.2**	**4.8**	+ 1.5	+ 31%
Farm down	**-**	**-**		N/A	**44.2**	**16.4**	+ 27.7	x3	**44.2**	**16.4**	+ 27.7	x3
Total	**236.2**	**208.0**	+ 28.2	+ 14%	**238.6**	**180.4**	+ 58.2	+ 32%	**172.2**	**130.2**	+ 42.1	+ 32%
As a %	**45%[e]**	**41%[e]**			**101%[f]**	**87%[f]**			**73%[g]**	**63%[g]**		
Australia												
Wind	**98.1**	**84.5**	+ 13.6	+ 16%	**78.8**	**71.9**	+ 6.9	+ 10%	**48.7**	**45.6**	+ 3.1	+ 7%
Solar	**63.0**	**53.1**	+ 9.9	+ 19%	**67.4**	**73.9**	6.5	9%	**44.2**	**56.1**	11.9	21%
Storage	**46.2**	**80.2**	33.9	42%	**45.7**	**61.9**	16.2	26%	**23.9**	**38.8**	14.9	38%
Farm-down	**-**	**-**	-	N/A	**4.4**	**-**	+ 4.4	N/A	**4.4**	**-**	+ 4.4	N/A
Total	**207.3**	**217.8**	– 10.5	– 5%	**196.3**	**207.6**	– 11.3	– 5%	**121.2**	**140.5**	– 19.3	– 14%
As a %	**40%[e]**	**43%[e]**			**95%[f]**	**95%[f]**			**58%[g]**	**65%[g]**		
Americas												
Solar	**78.6**	**76.6**	+ 2.0	+ 3%	**74.6**	**56.8**	+ 17.9	+ 32%	**47.9**	**30.0**	+ 18.0	+ 60%
Total	**78.6**	**76.6**	+ 2.0	+ 3%	**74.6**	**56.8**	+ 17.9	+ 32%	**47.9**	**30.0**	+ 18.0	+ 60%
As a %	**15%[e]**	**15%[e]**			**95%[f]**	**74%[f]**			**61%[g]**	**39%[g]**		
Others												
Development and investments[c]	**123.6**	**82.3**	+ 41.3	+ 50%	**(3.2)**	**(8.4)**	+ 5.2	+ 62%	**(16.4)**	**(20.5)**	+ 4.1	+ 20%
Eliminations[d]	**(121.3)**	**(81.4)**	39.9	49%	**(31.4)**	**(22.3)**	9.1	41%	**(30.3)**	**(20.9)**	9.5	45%
Total	**2.3**	**0.9**	+ 1.4	x3	**(34.6)**	**(30.7)**	– 3.9	– 13%	**(46.7)**	**(41.4)**	– 5.4	13%
TOTAL	**524.4**	**503.2**	**+ 21.2**	**+ 4%**	**474.8**	**414.0**	**+ 60.8**	**+ 15%**	**294.7**	**259.3**	**+ 35.4**	**+ 14%**
Of which: wind	**251.2**	**216.6**	+ 34.6	+ 16%	**198.4**	**178.6**	+ 19.6	+ 11%	**124.6**	**122.0**	+ 2.5	+ 2%
Of which: solar	**213.7**	**194.1**	+ 19.6	+ 10%	**208.8**	**181.6**	+ 27.4	+ 15%	**138.1**	**118.6**	+ 19.6	+ 17%
Of which: storage	**57.1**	**91.6**	– 34.4	– 38%	**53.7**	**68.1**	– 14.4	– 21%	**30.2**	**43.6**	– 13.4	– 31%
Of which: farm down	**-**			N/A	**48.6**	**16.4**	+ 32.1	x3	**48.6**	**16.4**	+ 32.1	x3

(a) For more details on the definition and calculation of this aggregate, please refer to paragraph 2.1.1 of this document "adjusted EBITDA".

(b) For more details on the definition and calculation of this aggregate, please refer to paragraph 2.1.2 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 revenue (excluding development and investments, and eliminations).

(f) The percentages correspond to the ratio of adjusted EBITDA to revenue by geographic area (adjusted EBITDA margin).

(g) The percentages correspond to the ratio of adjusted EBIT to revenue by geographic area (adjusted EBIT margin).

Revenue

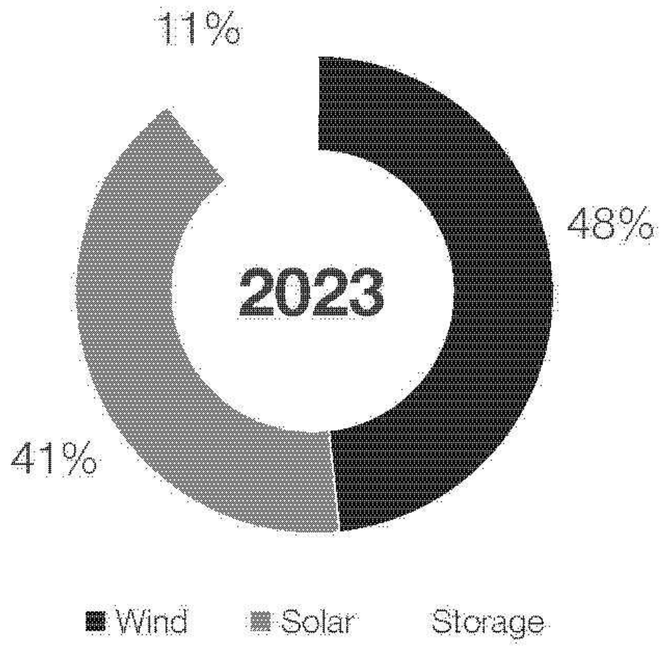
The Group's consolidated revenue amounted to €524.4 million during the 2023 financial year (€541.9 million at constant exchange rates), up by **+€21.2 million**, or +4%, compared with 2022 (+8% at constant exchange rates).

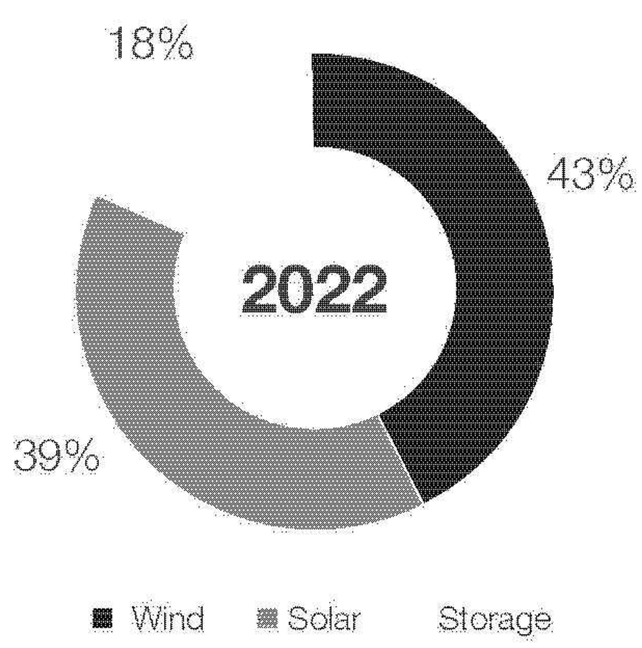
This growth is mainly due to the full-year contribution of assets which started production in 2022, in Australia, in France and, in Finland, and to the *prorata temporis* contribution of the power plants that started production in 2023, essentially in France. It thus includes early generation revenue[6], which continued to benefit from high market prices, particularly in the first half of the year.

However, revenue growth was limited by the decline in the contribution of power plants commissioned before January 1st, 2022, particularly Australian batteries, which had benefited from a particularly volatile market environment during the 2022 financial year, and by the negative impact associated with power plants sold in 2022 and 2023 as part of the farm-down operations carried out.

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 remained the first contributor to the Group's consolidated revenue (48% in 2023, compared to 43% in 2022).

Revenue for this segment amounted to €251.2 million in 2023 (**+34.6 million**), or +16% compared to 2022.

- **Europe–Africa (+€21.0 million)**

The growth in revenue is primarily due to the contribution of the power plants commissioned before January 1st, 2022, (**+€12.9 million**), driven mainly by better wind conditions and, to a lesser extent, by an increase in contractual prices in France. The full-year contribution of assets which started production in 2022 (**+€9.0 million**), mainly from the Mutkalampi power plant in Finland, which continued to benefit from significant early generation revenue in the first half of 2023, before the entry into force of its various PPA in the second and third quarters of 2023, and from power plants in France, also contributed to the Europe-Africa region growth.

However, this increase was partially offset by the impact of the sale of the Saint-Sauvant power plant in the second half of 2022 (**–€3.9 million**).

- **Australia (+€13.6 million)**

The growth in revenue is mainly due to the contribution of the Kaban power plant, which began injecting electricity into the grid from November 2022 and benefited from early generation revenue prior to the start of its long-term contract on January 1st, 2024 (**+€29.4 million**).

However, this increase was offset by a decline in the contribution from the Group's other wind farms commissioned before January 1st, 2022 (**–€15.8 million**), particularly due to unfavourable wind conditions and, for the Bulgana plant, to a decline in sales of green certificates on the market.

The solar segment is the second largest contributor to the Group's consolidated revenue (41% in 2023 compared to 39% in 2022).

Revenue for this segment amounted to €213.7 million in 2023 (**+€19.6 million**), or +10% compared to 2022.

- **Australia (+€9.9 million)**

The growth in revenue is primarily driven by the contribution of the Western Downs power plant, which started production, with a limited capacity, during the first quarter of 2022, and continued to benefit from significant early generation revenue before the entry into force of its long-term PPA's price level for the second quarter of 2023 (**+€16.0 million**).

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

This increase was partially offset by a decline in revenue from power plants commissioned before January 1st, 2022 (**–€6.1 million**), mainly due to lower irradiation levels at the Numurkah power plant and less favourable market prices at the Dubbo plant.

- **Europe–Africa (+€7.7 million)**

The increase in revenue is primarily explained by the *prorata temporis* contribution of assets which started production in 2023 in France (**+€7.0 million**), and to a lesser extent, by the full-year impact of the assets which started production in 2022 in France and Ireland (**+€3.5 million**). In addition, the Group benefited from the positive impact resulting from the cancellation, in the first quarter of 2023 of a tariff revision that had affected certain French power plants since the last quarter of 2021 (**+€3.1 million**).

This increase was partially offset by the impact of the sale of Cabrela power plant in Portugal, and by the sale of several solar power plants in France (**–€5.5 million**). Please refer to section 4.1 - note 1.3 of this document.

- **Americas (+€2.0 million)**

The increase in revenue is mainly due to the performance of El Llano power plant in Mexico (**+€6.5 million**), which benefited from a favourable comparison basis when compared to 2022, which was affected by prolonged technical difficulties.

The solar segment was however affected by a lower contribution of the Altiplano 200 power plant in Argentina (**–€4.8 million**), which is explained by technical problems on the grid in the second quarter of 2023, as well as less favourable irradiation conditions than in 2022.

The storage segment accounted for 11% of the Group's consolidated revenue in 2023 (compared with 18% in 2022).

This segment therefore contributed for €57.1 million to the consolidated Group's revenue in 2023 (**–€34.4 million**), or – 38% compared to 2022.

- **Europe–Africa (–€0.5 million)**
- **Australia (–€33.9 million)**

The decline in revenue is explained by a lower contribution from the Hornsdale Power Reserve (**–€19.0 million**) and the Victorian Big Battery (**–€15.0 million**), which benefited from a particularly volatile market environment in 2022, increasing arbitrage revenue and, to a lesser extent, network services revenue (FCAS).

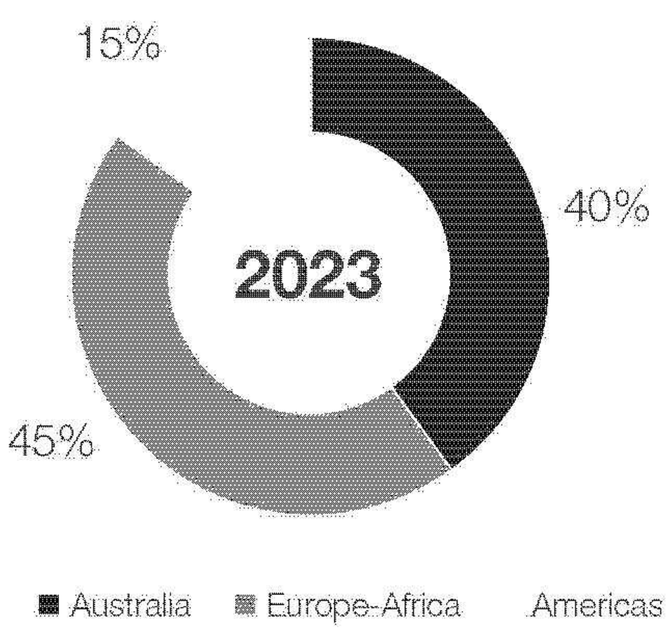
The development and investments, and eliminations segments generated revenue of €2.3 million in 2023 compared to €0.9 million in 2022 (**+€1.4 million**).

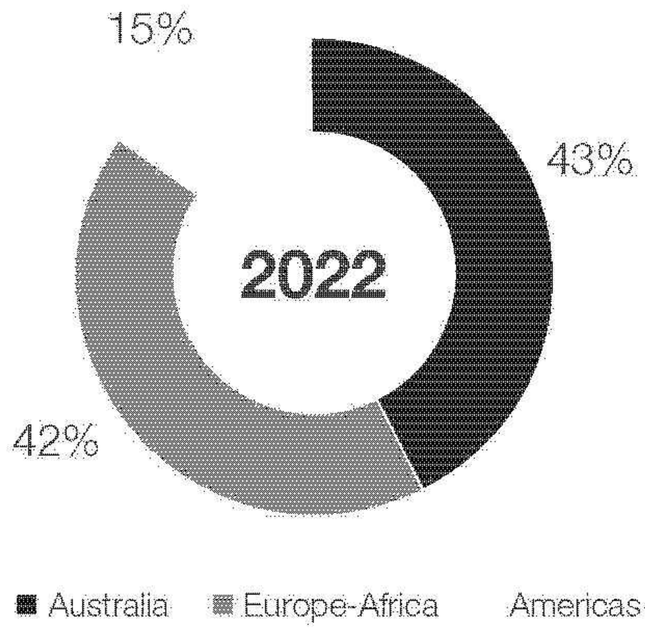
In 2023, the share of energy sales on the market reached 23% of consolidated revenue, compared to 34% in 2022. This decline notably reflects the entry into force of the Mutkalampi power plant PPA in Finland and the lesser contribution in 2023 of the Hornsdale Power Reserve and Victorian Big Battery facilities.

As a proportion of solar and wind revenue (excluding revenue from the storage segment), the share of energy sales in the market reached 17% of revenue, compared to 24% in 2022.

Revenue breakdown by geographic area

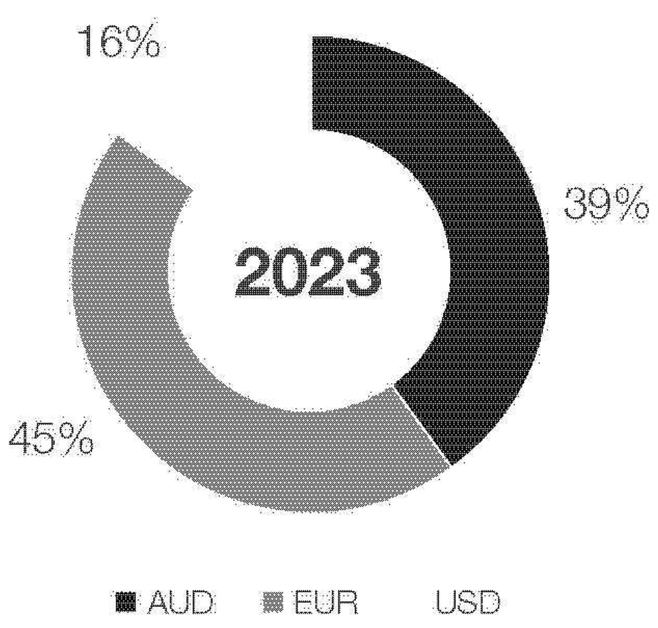
The graphs below show the breakdown of revenue by geographic area and does not include the following segments: development, investments and eliminations and farm-down.

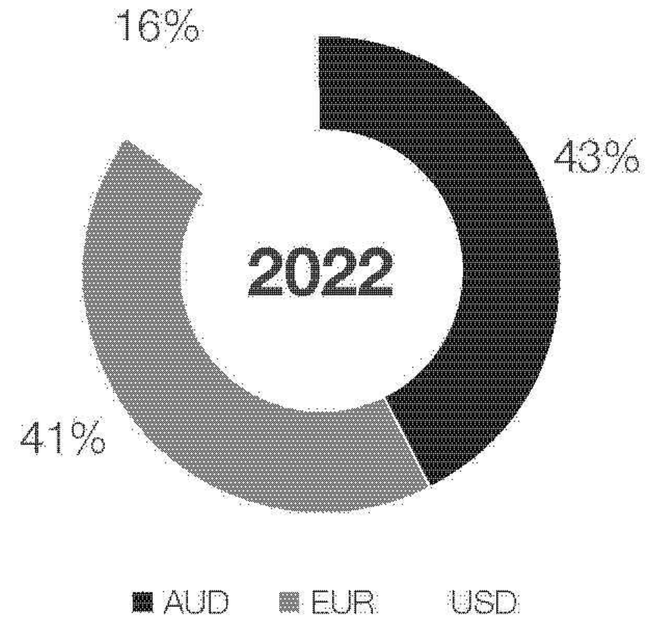




Revenue breakdown by currency

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 2023, the Group's consolidated adjusted EBITDA amounted to €474.8 million (€488.6 million at constant exchange rates), up by **+€60.8 million**, or +15% compared to 2022.

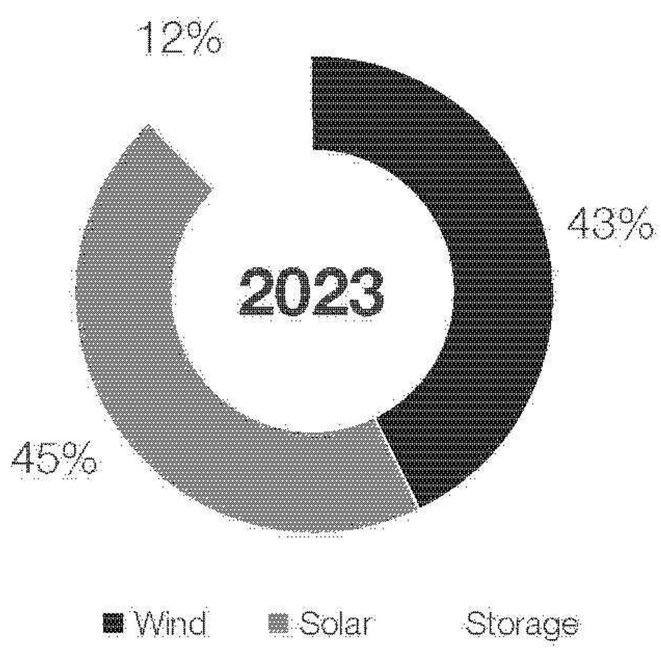
This growth is mainly due to the contribution of assets entering production and commissioned in 2022 and 2023. It also reflects a higher contribution from the French power plants commissioned before January 1st 2022, which benefited from a positive price effect, and from better wind conditions for wind power assets, as well as from the EL Llano power plant. Added to this was the effect of farm-down operations carried out in 2023, namely the sale of the Cabrela solar power plant in Portugal, four solar power plants in France and a solar project in Australia.

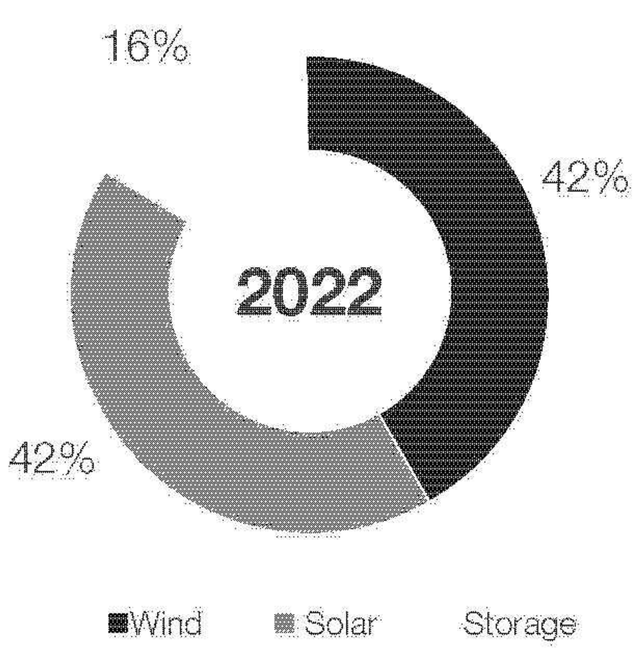
These factors more than offset the impact, in Australia, of less favourable market conditions for the storage segment, as well as lower market prices and fewer resources for solar and wind power plants commissioned before January 1st 2022. Added to this was the impact resulting from the positive base effect associated with the partial waiver, in 2022, of penalties historically recognised under a power purchase agreement in this geographical area.

The Group's adjusted EBITDA margin was 91% in 2023 compared to 82% in 2022.

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 for €208.8 million to the Group's adjusted EBITDA (**+€27.4 million**), or +15% compared to 2022.

The adjusted EBITDA margin of this segment was thus 98% in 2023, compared to 94% in 2022.

- **Americas (+€17.9 million)**

The growth in adjusted EBITDA was mainly due to the increase in the contribution from the El Llano power plant in Mexico (**+€21.1 million**). It benefited in particular from a favourable comparison effect compared to the financial year 2022, a year in which it had been affected by prolonged technical difficulties, and from insurance indemnities.

- **Europe–Africa (+€16.0 million)**

The increase in adjusted EBITDA is due both to the conclusion of a contractual agreement with a photovoltaic module supplier to compensate for delays affecting French and Irish power plants (**+€8.7 million**), and to the increase in revenue (**+€7.7 million** - see revenue analysis).

- **Australia (–€6.5 million)**

The change in adjusted EBITDA is mainly due to a negative base effect related to the sale in 2023 of green certificates that had been stored in 2022 (**–€7.2 million**) and to the recognition in 2022 of contractual indemnities compensating for delays in the ramp-up of a power plant that were higher than in 2023 (**–€6.0 million**). Added to this was the increase in operating expenses (**–€3.2 million**), mainly related to the ramp-up of production at the Western Downs power plant.

These effects were partially offset by the increase in revenue (**+€9.9 million** – see analysis of revenue above).

The wind segment contributed for €198.4 million to the Group's adjusted EBITDA (**+€19.6 million**), or +11% compared to 2022.

The adjusted EBITDA margin of this segment was 79% in 2023 compared to 82% in 2022, mainly due to the Mutkalampi plant, which benefited from significant early generation revenue in the second half of 2022, in a context of high market prices, before the entry into force of its various PPAs in the second and third quarters of 2023.

- **Europe–Africa (+€12.7 million)**

The growth in adjusted EBITDA was mainly due to the increase in revenue (**+€21.0 million** - see revenue analysis), and to compensation by the plant's manufacturer for the consequences of temporary availability problems encountered by a power plant in Finland during the first quarter (**+€6.0 million**). These effects were partially offset by an increase in operating expenses (**–€14.3 million**), mainly due to the impact of power plants which started production in 2022, particularly in Finland and to a lesser extent, in France.

- **Australia (+€6.9 million)**

The increase in adjusted EBITDA is mainly due to the increase in revenue (**+€13.6 million** – see analysis of revenue above).

These effects were partially offset by the partial waiver, in 2022, of penalties historically recognised under a power purchase agreement (**–€11.1 million**).

The storage segment contributed €53.7 million to the Group's adjusted EBITDA (**–€14.4 million**), or – 21% compared to 2022.

The adjusted EBITDA margin for this segment was 94% in 2023 compared to 74% in 2022, resulting mainly from the effect of lower purchase prices for electricity injected.

- **Europe–Africa (+€1.8 million)**

The increase in adjusted EBITDA is mainly due to the decrease in electricity purchase costs (**+€1.6 million**) of the Ylikkäla Power Reserve carried out on more favourable market conditions.

- **Australia (–€16.2 million)**

The decline in adjusted EBITDA is mainly due to the decrease in revenue (**–€33.9 million** - see analysis of revenue above).

This effect was only partially offset, in particular, by a decrease in operating expenses (**+€11.5 million**), mainly due to the lower cost of electricity purchases for the Hornsdale Power Reserve and Victorian Big Battery facilities.

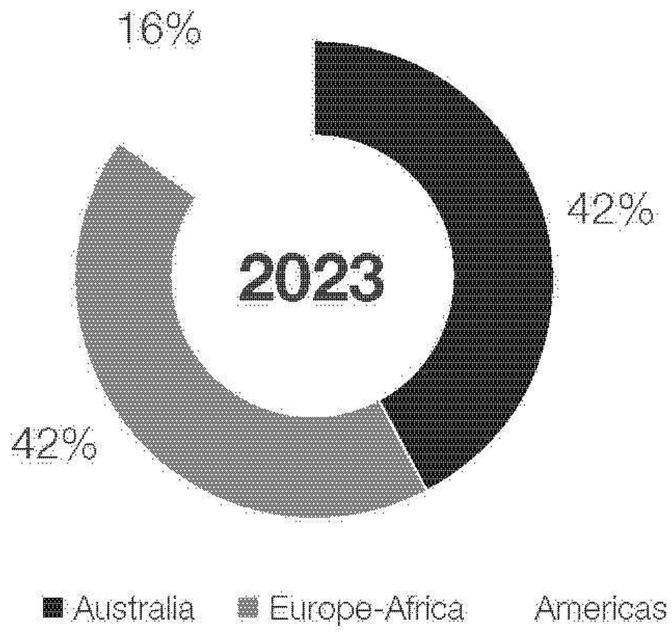
The farm-down segment generated an adjusted EBITDA of €48.6 million in 2023, corresponding mainly to the capital gain on the sale of the Cabrela power plant in Portugal and several solar power plants in France (see section 4.1 - note 1.3 of this document).

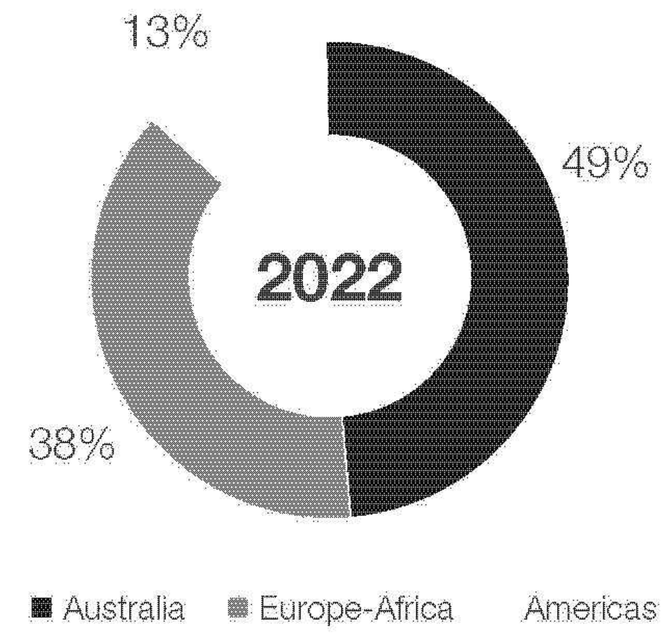
In 2022, this segment generated an adjusted EBITDA of €16.4 million, corresponding exclusively to the capital gain on the sale of the Saint-Sauvant wind farm in France.

The development and investment and elimination segments contributed (€34.6 million) to the Group's adjusted EBITDA in 2023, compared with €(30.7) million in 2022. This change (**–€3.9 million**) is mainly due to an increase in payroll costs and external expenses 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.



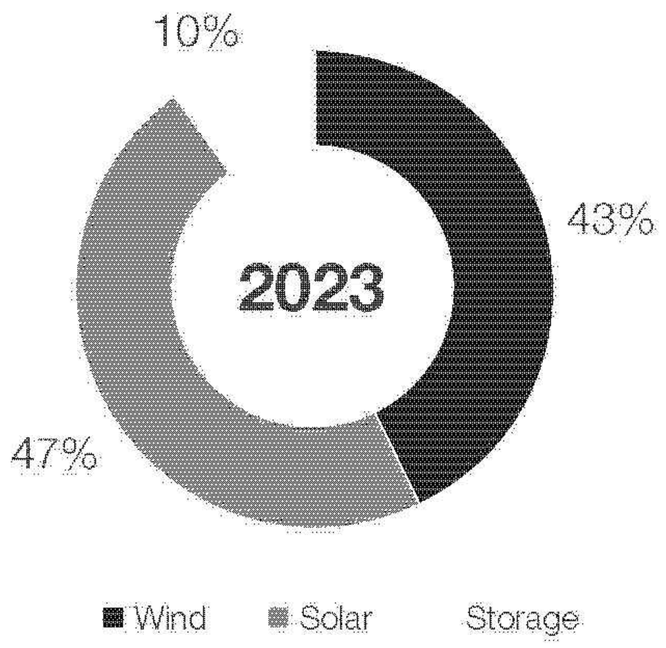


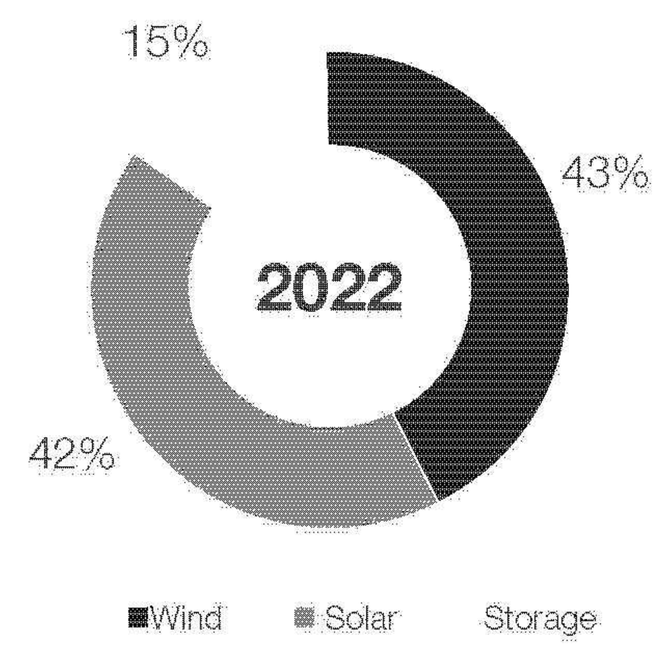
Adjusted EBIT

Adjusted Group EBIT amounted to €294.7 million in 2023 (€302.0 million at constant exchange rates), an increase of **+€35.4 million** or +14% compared to 2022. This increase was mainly due to growth in adjusted EBITDA for **+€60.8 million** (see analysis of adjusted EBITDA above). This increase was 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 2022 and in 2023 (**–€28.6 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 solar segment contributed €138.1 million to the Group's adjusted EBIT, (**+€19.6 million**) or +17% compared to 2022. This is mainly due to the increase in adjusted EBITDA of this segment (**+€27.4 million** 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 (**–€8.9 million**).

- **Americas (+€18.0 million)**

The increase in adjusted EBIT is mainly due to the increase in adjusted EBITDA (**+€17.9 million** - see analysis of adjusted EBITDA above).

Europe–Africa (+€13.5 million)

The increase in adjusted EBIT is mainly attributable to the increase in adjusted EBITDA (**+€16.0 million** - see analysis of adjusted EBITDA above), partly offset by the increase in depreciation expenses resulting from the growth in the number of assets in operation (**–€1.9 million**).

- **Australia (–€11.9 million)**

The decrease in adjusted EBIT is mainly attributable to the increase in amortisation expenses resulting from the growth in the number of assets in operation (**–€7.0 million**) and by the decrease in adjusted EBITDA (**–€6.5 million** - see analysis of adjusted EBITDA above).

The wind segment contributed for €124.6 million to the Group's adjusted EBIT (**+€2.5 million**). This is mainly due to the increase in adjusted EBITDA of this segment (**+€19.6 million** - 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 (**–€19.4 million**).

- **Australia (+€3.1 million)**

The increase in adjusted EBIT is mainly due to growth in adjusted EBITDA (**+€6.9 million** - see analysis of adjusted EBITDA above), effect partially offset by the increase in depreciation expenses resulting from the growth in the number of assets in operation (**–5.5 million**).

- **Europe–Africa (–€0.6 million)**

The decrease in adjusted EBIT is mainly attributable to the increase in depreciation expenses resulting from the growth in the number of assets in operation (**–€13.9 million**), partially offset by the increase in adjusted EBITDA (**+€12.7 million** – see analysis of adjusted EBITDA above).

The storage segment contributed €30.2 million to the Group's adjusted EBIT in 2023 (**–€13.4 million**). This change is mainly due to the decrease in adjusted EBITDA for this segment (**–€14.4 million** - see analysis of adjusted EBITDA above).

- **Europe–Africa (+€1.5 million)**

The increase in adjusted EBIT is mainly attributable to the increase in adjusted EBITDA (**+€1.8 million** - see analysis of adjusted EBITDA above).

- **Australia (–€14.9 million)**

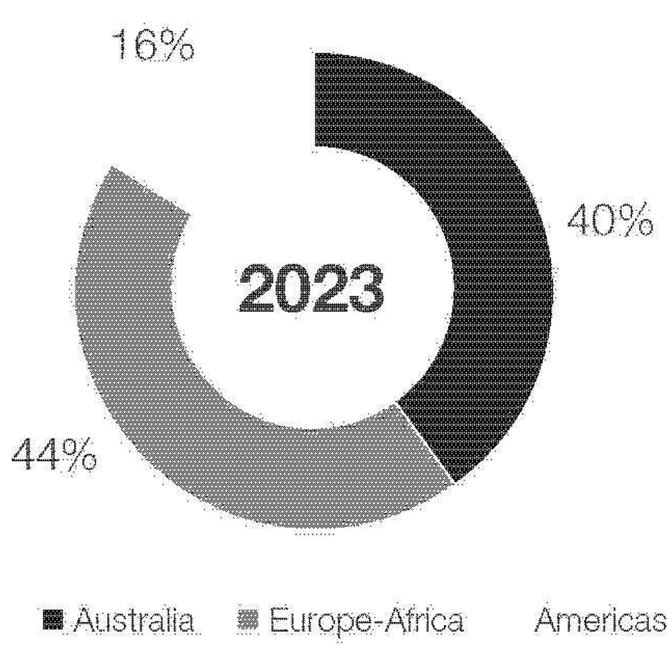
The variation in adjusted EBIT is mainly due to the decrease in adjusted EBITDA (**–€16.2 million** - see analysis of adjusted EBITDA above).

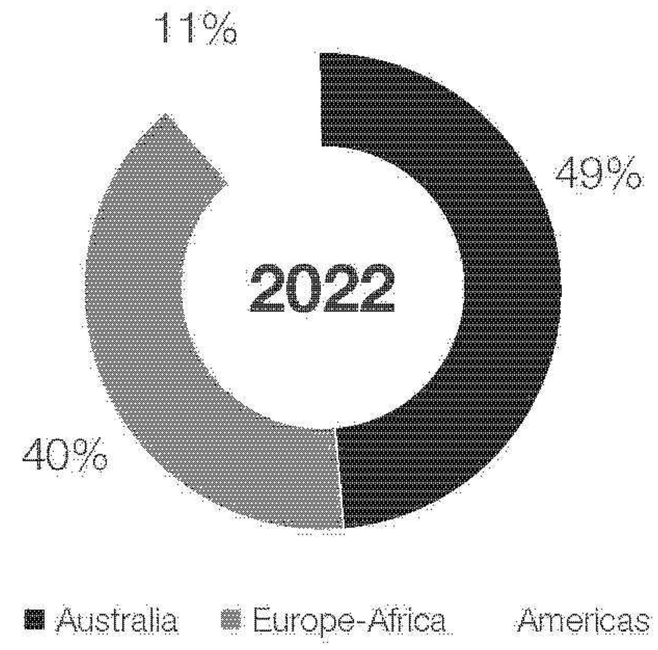
The farm-down segment contributed €48.6 million to the Group's adjusted EBIT (see the analysis of adjusted EBITDA above).

The development and investments, and elimination segments contributed €(46.7) million to the Group's adjusted EBIT in 2023, compared to €(41.4) million in 2022, 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 amounted to €383.3 million in 2023, corresponding to an increase of **+€121.2 million**, or +46% compared with 2022. This change is explained by the increase in adjusted EBIT (see the analysis of adjusted EBIT above), as well as by a positive change in the fair value of energy derivative financial instruments recorded in 2023 (+€88.6 million) which was significantly higher than the increase recorded in 2022 (€2.8 million). The change recorded in 2023 is directly attributable to a decrease in forward electricity market prices, in Finland and in Australia, during 2023 (see paragraph 2.1.2 "adjusted EBIT" of this document).

2.4.2.3 ANALYSIS OF THE OTHER CONSOLIDATED INCOME STATEMENTS ITEMS

Other non-current operating income and expenses

Other non-current operating income and expenses amounted to €(8.5) million, down by **–€4.7 million** and break down as follows:

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Prior period development costs[a]	(6.8)	(4.0)	– 2.8	– 71%
Gains and losses on disposal of assets[b]	(1.6)	0.1	– 1.7	N/A
Other income and expenses	(0.1)	0.1	– 0.1	N/A
Other non-current operating income and expenses	**(8.5)**	**(3.8)**	**– 4.7**	**– 123%**

(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 note 10 of the consolidated financial statements). In 2023, these are mainly related to the abandonment of projects in France and Australia. In 2022, they mainly corresponded to the abandonment of projects in Australia, in Ireland and in France.

(b) Excluding farm-down operations.

Impairments of non-current assets

Impairments of non-current assets amounted to €(10.5) million, an increase of **+€16.8 million**, and break down as follows:

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Impairment of capitalised development costs[a]	(4.9)	(15.7)	+ 10.8	+ 69%
Reversal of impairment of capitalised development costs[b]	4.8	1.6	+ 3.2	x3
Other asset impairment[c]	(12.1)	(13.1)	+ 1.0	+ 8%
Reversals of impairment losses on property, plant and equipment and intangible assets[d]	1.9	-	+ 1.9	N/A
Impairments of non-current assets	**(10.5)**	**(27.3)**	**+ 16.8**	**+ 62%**

(a) In 2023, this item is composed mostly of the impairment on development costs related to projects in Guatemala, in Ireland, in Australia, and in France. In 2022, this item mainly concerned the impairment on development costs for the Metoro power plant in Mozambique for €(8.8) million as well as a project in Australia for €(2.5) million otherwise.

(b) Reversals of impairment of capitalised development costs relate mainly to abandoned projects.

(c) In 2023, this item mainly corresponds to the recognition of impairment losses on the El Llano power plant in Mexico for €(8.2) million and on the Degrussa power plant in Australia for €(3.9) million. In 2022, this item corresponded mainly to the impairment loss recognised on the assets of the Metoro power plant in Mozambique for €(11.1) million.

(d) In 2023, this item corresponds to a reversal of impairment losses on a tangible asset sold in the United States.

Financial result

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Cost of debt	**(155.9)**	**(135.6)**	**– 20.3**	**– 15%**
Total other financial income and expenses	**3.1**	**(17.1)**	**+ 20.2**	**+ 118%**
Shareholder loan interest income and expenses	(1.4)	(1.0)	– 0.3	– 33%
Foreign exchange gains and losses	(7.4)	(6.9)	– 0.5	– 7%
Other financial income and expenses	11.8	(9.2)	+ 21.0	N/A
Financial result	**(152.7)**	**(152.7)**	**– 0.1**	**– 0%**

The change in the financial result is mainly due to:

- the increase in the cost of financial debt (**–€20.3 million**). This is mainly due to (i) the increase in the number of power plants in operation under financing, (ii) the full-year impact of the issue in September 2022 of green convertible bonds for an amount of €300 million[1], and (iii) the rise in average short-term interest rates on variable-rate borrowings between 2022 and 2023, for the portion not covered by interest-rate hedging instruments, across all the geographies in which the Group operates (please refer to note 22.1 "interest-rate risks"). These effects were partially offset by (i) the impact of the gradual repayment of financing for power plants in operation, (ii) the early conversion in October 2022 of the vast majority of the 2019 convertible bonds (the balance of which has been repaid), in accordance with the contractual documentation, for an amount of around €200 million[2], and (iii) the refinancing in November 2022 of Neoen Production 2's mezzanine debt.

  In 2023, the cost of financial debt thus corresponded to interest expenses on borrowings resulting from financing related to production assets for €(175.6) million (compared to €(113.9) million in 2022), financial income on interest rate derivatives for €28.8 million (compared with an expense of €(14.9) in 2022, and interest expenses on lease obligations for €(9.1) million (compared to €(6.8) in 2022).

- the positive impact of the change in other financial income and expenses (**+€21.0 million**). This is mainly due to the +€23.3 million increase in other financial income, associated in particular to the remuneration of deposits from the March 29, 2023 capital increase.

For further details, please refer to section 4.1 - note 20.1 of this document.

Income tax

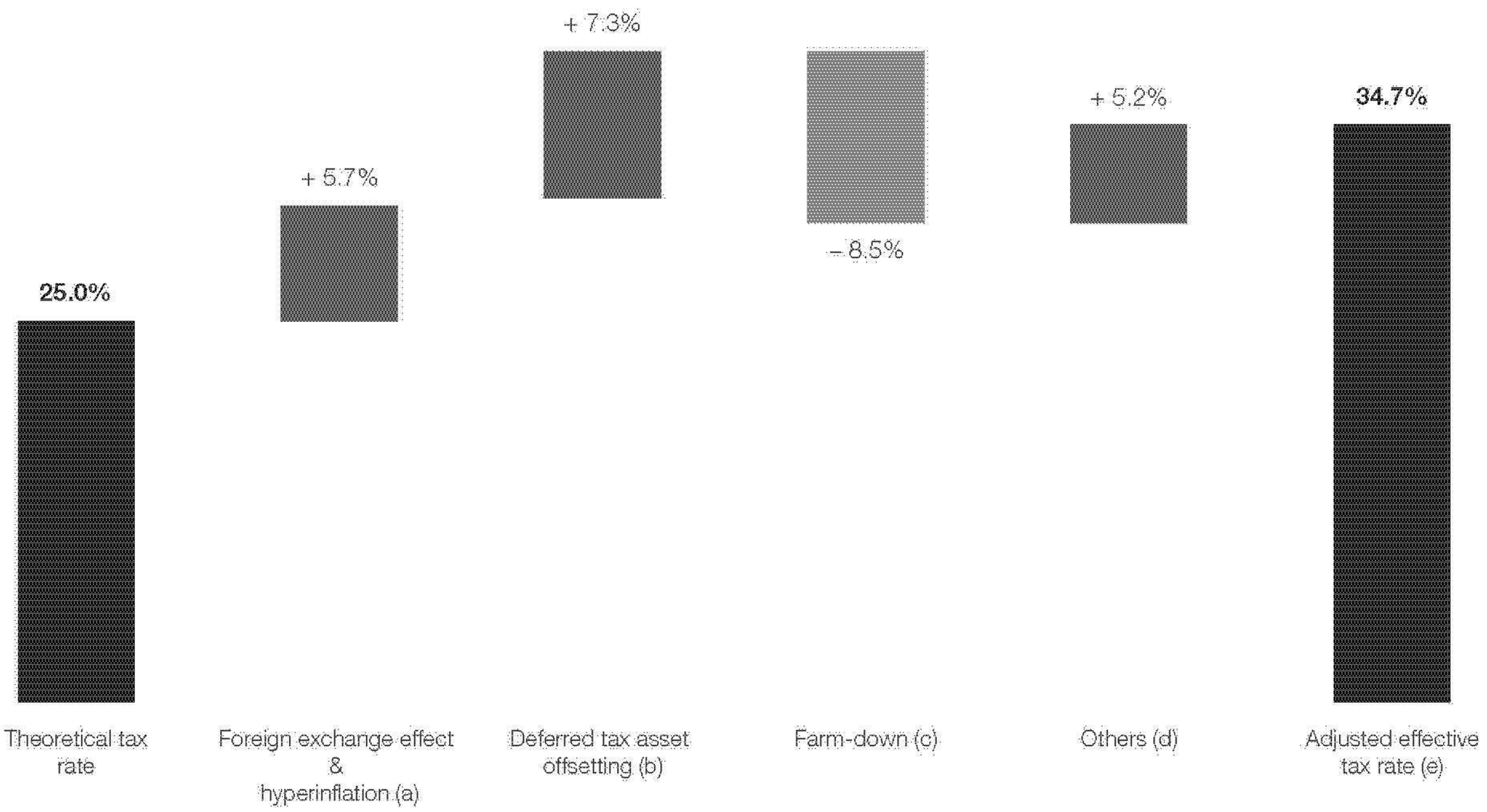
Consolidated income tax includes (i) current and deferred tax for continuing operations; (ii) France's value-added levy (CVAE) and (iii) withholding tax for which no tax credit is recognised. Other fiscal charges are excluded, such as local taxes recognised in "taxes, duties and similar payments" at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

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

The tax expense amounted to €(64.2) million in 2023 (of which €(22.2) million in current tax and €(41.9) million in deferred tax), compared with €(32.6) million in 2022 (of which €(22.6) million of current tax and €(10.0) million of deferred tax). After adjustment for the tax effect of the change in fair value of energy derivative financial instruments (€21.5 million), the adjusted tax expense amounted to €(42.6) million for financial year 2023, representing an adjusted effective tax rate of 34.7% compared with 36.4% for financial year 2022.

[1] The effective interest rate on the debt component of the 2022 green convertible bonds is 7.0%, compared with a nominal rate of 2.875%.
[2] The effective interest rate on the debt component of the 2019 convertible bonds was 4.3% for a nominal rate of 1.875%.

In 2023, the reconciliation between the theoretical and the effective tax rate breaks down as follows:



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

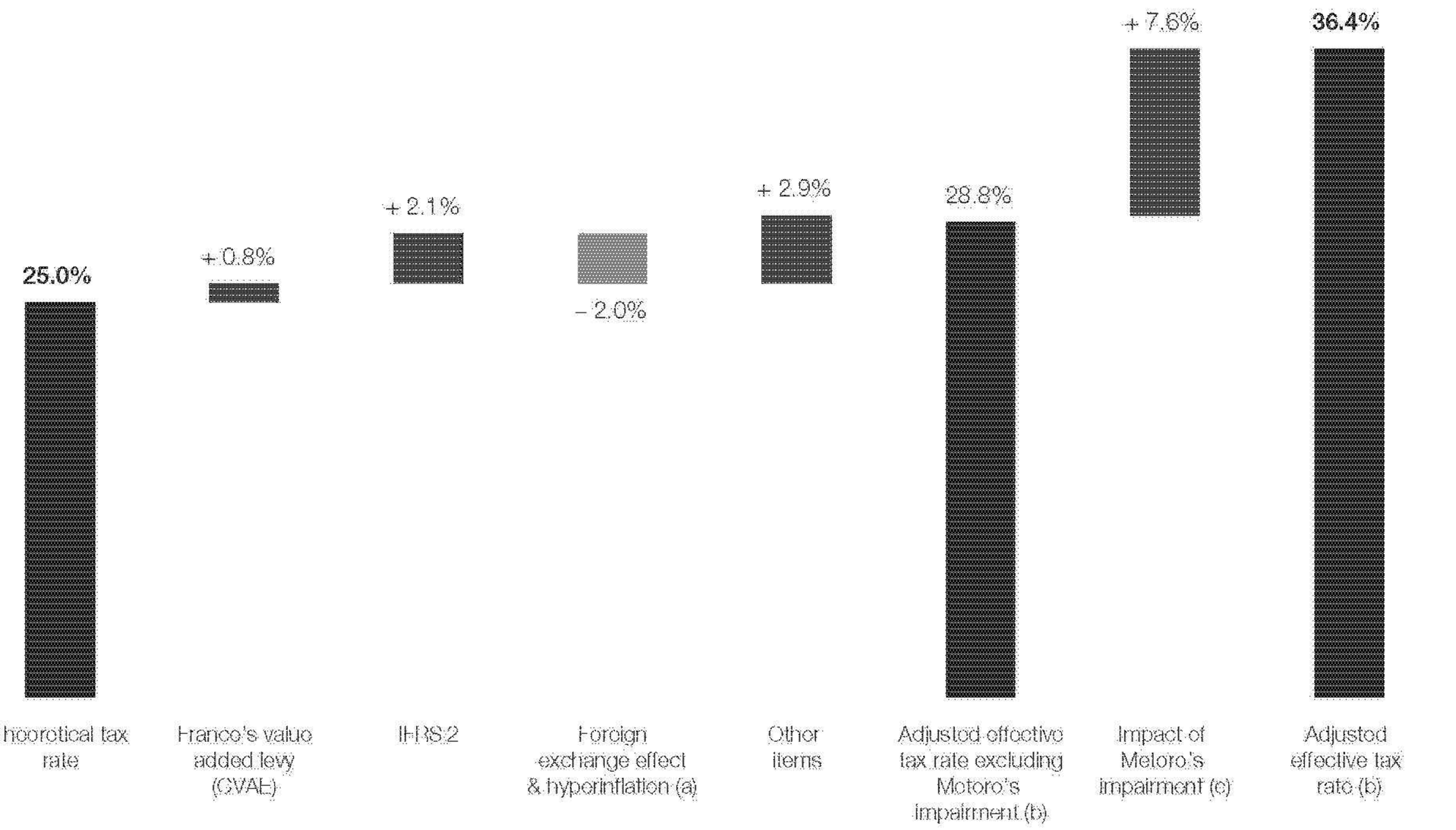
(b) Given the earnings outlook and the time limitation for the possible use of tax losses in certain geographical areas where the Group operates, the recognition of deferred tax assets has been limited to the amount of deferred tax liabilities, for the full amount in Mexico and partially in Argentina.

(c) Impact of the farm-down operations in Portugal, France and Australia, have resulted in capital gains on disposals, most of which have benefited from specific long-term capital gain tax regimes.

(d) Permanent differences not individually significant.

(e) 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 2.1.3 "adjusted consolidated net income" of this document.

In 2022, the difference between the theoretical tax rate of 25.0% and the adjusted effective tax rate of 36.4% (+11.4 points) broke 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 2.1.3 "adjusted consolidated net income" 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.

Adjusted net income of the consolidated Group

Details of the calculation of the adjusted net income for the consolidated Group are provided in paragraph 2.1.3 of this document.

As a result of the aforementioned changes, the adjusted net income of the consolidated Group increased by **+€32.4 million**, from €48.0 million in 2022 to €80.4 million in 2023.

Net income of the consolidated Group

In light of the above-mentioned changes, as well as the increase in the change in the fair value of energy derivative financial instruments (**+€85.8 million**) and the related tax impact variance (**–€16.4 million**) between 2022 and 2023, net income for the consolidated Group increased by **+€101.7 million** from €45.7 million in 2022 to €147.4 million in 2023.

- **Net income attributable to the Group**

  Net income attributable to the Group increased by **+€105.0 million**, to €150.2 million in 2023 from €45.2 million in 2022. This change was mainly due to the increase in the net income mentioned above.

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

  Net income attributable to non-controlling interests amounted to €(2.8) million in 2023 compared with €0.5 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 Sweden, Finland and Jamaica.

2.4.2.4 SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions of euros)	31.12.2023	31.12.2022	Change	Change (in %)
Non-current assets	**6,298.5**	**5,362.9**	**+ 935.6**	**+ 17%**
Of which: property, plant and equipment	5,423.5	4,566.9	+ 856.5	+ 19%
Of which: interest rate derivative financial instruments[a]	179.7	271.7	–91.9	–34%
Of which: energy derivative financial instruments[b]	72.8	41.3	+ 31.5	+ 76%
Current assets	**1,068.9**	**883.9**	**+ 185.1**	**+ 21%**
Of which: cash and cash equivalents[c]	773.7	622.8	+ 150.9	+ 24%
Assets held for sale[d]	**34.9**	**26.8**	**+ 8.1**	**+ 30%**
Total assets	**7,402.3**	**6,273.5**	**+ 1,128.7**	**+ 18%**
Of which: Equity[e]	**2,664.7**	**1,914.3**	**+ 750.5**	**+ 39%**
Of which: Financial liabilities[a]	**3,804.1**	**3,509.3**	**+ 294.8**	**+ 8%**
Of which: senior financing of projects	2,921.5	2,717.6	+ 203.8	+ 8%
Of which: junior financing of projects	73.9	77.4	– 3.4	– 4%
Of which: lease liabilities	314.7	264.4	+ 50.3	+ 19%
Of which: corporate financing	424.0	409.7	+ 14.3	+ 4%
Of which: interest rate derivatives financial instruments	15.0	-	+ 15.0	N/A
Of which: Energy derivative financial instruments[b]	**4.9**	**44.9**	**– 40.0**	**– 89%**
Of which: Liabilities associated with assets held for sale[d]	**38.0**	**28.2**	**+ 9.8**	**+ 35%**
Total equity and liabilities	**7,402.3**	**6,273.5**	**+ 1,128.7**	**+ 18%**

(a) Interest rate derivatives and financial debt are discussed in paragraph 2.5.4 "reconciliation of consolidated liabilities and net debt" of this document.

(b) As of December 31, 2023, energy derivative financial assets amounted to €91.9 million. (compared to €46.1 million as of December 31, 2022) of which €72.8 million for the non-current portion and €19.1 million for the current portion. Energy derivative financial liabilities amounted to €4.9 million (compared with €44.9 million as of December 31, 2022), of which €3.4 million for the current portion and €1.5 million for the non-current portion. The change in fair value of energy derivative financial assets and liabilities in 2023 is mainly due to the decrease in forward electricity market prices in Finland and Australia. They are detailed in section 4.1 – note 20.3 "derivative financial instruments".

(c) This amount does not include cash and cash equivalents presented under assets held for sale (€4.3 million at December 31, 2023 compared to nil at December 31, 2022) and bank overdrafts (€(0.1) million at December 31, 2023 compared €(0.2) million at December 31, 2022).

(d) As of December 31, 2023, the assets and liabilities held for sale correspond only to the Metoro solar power plant in Mozambique and its holding company NP Investment II, in Portugal, for which the sale is currently in process (see section 4.1 - note 3.4 "assets and liabilities held for sale"). As of December 31, 2022, this item corresponded solely to the Cabrela solar power plant in Portugal, which was formally sold on February 22, 2023.

(e) Movements in the Group's equity during the 2022 and 2023 financial years are detailed in the consolidated statement of changes in equity and the associated financial statement note (see paragraph 4.1.4 of this document and note 18 "shareholders' equity and details of dilutive instruments" of the consolidated financial statements).

Property, plant and equipment increased by +19% in 2023 due to the increase in the number of power plants in operation and under construction (see section 4.1 - note 12.3 "property, plant and equipment" and paragraph 2.4.1.1 "continuing portfolio growth" of this present document). The Group's investments are detailed in paragraph 2.5.8.2 "main investments made" of this document.

The increase in the Group's cash position over the year (**+€150.9 million**) is mainly due to the evolution of cash and cash equivalents:

- held by Neoen S.A. (€383.7 million, with a change in 2023 of **+€136.9 million** compared with 2022), that is mainly due to:
  - the capital increase carried out on March 29, 2023 (+€741.9 million net of expenses);
  - dividends received and shareholder loans repayments made by project companies (+€163.0 million);
  - payments by project companies for development services (+€78.6 million), notably in Finland, in Australia, and in France;
  - investments in the form of equity and shareholder loans in new projects and assets under construction (–€735.4 million), particularly in Australia, Finland, Portugal, France, Sweden and Canada; and
  - the financing of development activities and structure costs (–€118.8 million).
- located in the project companies and associated holding companies (€390.0 million, an increase of **+€14.0 million** compared with 2022), 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 holding 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, 2023, the cash position of the operating assets includes an amount of €19.7 million corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones, to be paid to EDF OA in accordance with the applicable regulations (see section 4.1 - notes 17 and 20.2 of the consolidated financial statements).

The increase in equity over the period (**+€750.5 million**) is mainly due to:

- the capital increase carried out on March 29, 2023 (**+€744.0 million** net of issue expenses and related taxes);
- the net income for the period (**+€147.4 million**);
- the negative change in other comprehensive income (**–€140.5 million**), attributable in particular to the change in the fair value of interest rate swaps classified as cash flow hedging instruments, in a decreasing long-term interest rates environment in the Euro zone and in Australia during 2023 (–€69.9 million net from taxes), and to currency translation differences, mainly on Australian subsidiaries in a context of depreciation of the Australian dollar against the euro (–€57.9 million).
- the payment of a dividend of **€18.9 million**, of which €15.8 million in shares and €3.1 million in cash.

The Group's financial structure remains solid, with 89% of its total financial debt at end of December 2023 backed by its electricity generation facilities which are for the most part financed by long-term project debt denominated in strong currencies (the euro, Australian dollar, US dollar, and Canadian dollar). The Group's financial liabilities are detailed in paragraph 2.5.4 "reconciliation of consolidated liabilities and net debt" of this document.

2.5 FINANCING AND INVESTMENTS

2.5.1 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, to a lesser extent, 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 2.5.2 "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 March 29, 2023, Neoen successfully completed a capital increase with preferential subscription rights, for a total gross amount of €750.4 million. For more information the reader is invited to refer to paragraph 2.4.1.2 of this document.

With regard to corporate financing, and in line with its commitment to sustainable finance, the Group 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 (green convertible bonds "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 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 had set up a syndicated credit facility, which has been refinanced in February 2024 to increase the nominal amount to €500 million, maturing in 2029, and comprised of a term loan of €300 million and a revolving credit facility for a nominal amount of €200 million[a], the financial terms of which are indexed to environmental, social and governance (ESG) indicators. This syndicated loan remained unused at December 31, 2023.

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 optimisation of its balance sheet, by continuing to target a forward-looking leverage ratio exceeding 70%[b] 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 revolving credit facility maturing in 2029, for which the nominal value is now €200 million, as described above, as well as the revenue associated with its developer activity (mainly in the form of development agreements).

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

2.5.2 DEBT PROJECT FINANCING

2.5.2.1 FINANCING PROGRESS

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.

2.5.2.2 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, especially for smaller projects, allowing the Group to benefit from a volume effect and risk pooling (cross-guarantees and diversification of resources).

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

2.5.2.3 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, Banque Postale, Clean Energy Finance Corporation, HSBC, 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.

[a] Before refinancing, the syndicated loan comprised a €175 million term loan and a €75 million revolving credit facility maturing in 2026.

[b] As of December 31, 2023, this leverage ratio stood at 65%, due to delays in the implementation of certain project financing, notably in Australia, and pending refinancing of the syndicated loan in February 2024. See section 4.1 – notes 20.2 and 22.5 of this document.

2.5.3 INDICATORS MONITORED BY THE GROUP

The average remaining maturity of the financing for the Group's consolidated assets in operation as of December 31, 2023 and December 31, 2022 is as follows:

Weighted average remaining maturity of financing (in years)	**Solar power**	**Wind power**	**Total**
AUD	7.3	13.6	10.9
EUR	15.6	16.7	16.3
USD	12.6	N/A	12.6
TOTAL 31.12.2023	**11.3**	**15.4**	**13.6**
TOTAL 31.12.2022	**13.4**	**17.7**	**15.9**

The decrease in the wind power segment between December 31, 2022 and December 31, 2023 is explained by the commissioning of the Kaban power plant in Australia, whose project financing is short-term (5 years, mini-perm type), but benefits from a long-term interest rate hedge, and by the natural amortisation of existing project financing.

The change in the solar segment between December 31, 2022 and December 31, 2023 is explained by the sale of the Cabrela power plant in Portugal, and the commissioning of the Western Downs power plant in Australia, whose project financing is short-term (5 years, mini-perm type), but which benefits from a long-term interest rate hedge.

The weighted average ratio of project debt to investment expenditure for the project's development and assets construction, for all the Group's assets in operation as of December 31, 2023 and December 31, 2022 is as follows:

Ratio of project debt to investment expenditure	**Solar power**	**Wind power**	**Total**
AUD	63%	78%	70%
EUR	85%	69%	74%
USD	64%	N/A	64%
TOTAL 31.12.2023	**68%**	**73%**	**71%**
TOTAL 31.12.2022	**70%**	**73%**	**72%**

The change between December 31, 2022 and December 31, 2023 in the solar segment, is mainly due to the sale of the Cabrela power plant in Portugal and the commissioning of the Western Downs power plant in Australia and the Hilltown, Hortland and Millvale power plants in Ireland.

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 65%[1] at December 31, 2023.

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, for all the Group's consolidated assets in operation, may be summarised as follows:

All-in weighted average interest rate for project financing	**Solar power**	**Wind power**	**Total**
AUD	4.5%	4.0%	4.2%
EUR	2.4%	2.8%	2.7%
USD	7.3%	N/A	7.3%
TOTAL 31.12.2023	**5.0%**	**3.3%**	**4.2%**
TOTAL 31.12.2022	**5.0%**	**3.1%**	**4.0%**

The overall increase between December 31, 2022 and December 31, 2023 is mainly due to the rising short-term interest rates environment, which has affected the unhedged portion of projects financing for assets in operation, particularly those denominated in euros and US dollars. The weighted average interest rate in euros for the wind power segment also increased as a result of the commissioning of the Björkliden power plant in Finland, whose financing conditions are less favourable than the segment's historical average in this currency.

In addition, as of December 31, 2023, the weighted average interest rate of the Group's various debts (project, mezzanine and corporate debt) is about 3.0% in euros, 4.5% in Australian dollars, 7.5% in Canadian dollars and 7.3% 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, 2023, (iii) calculated on an all-in basis i.e. inclusive of the spread applied

[1] Due to delays in the implementation of certain project financing, notably in Australia, and pending the refinancing of the syndicated loan in February 2024. See section 4.1 - notes 20.2 and 22.1 of this document.

by the bank and of the impact of any interest rate swaps or other interest rate derivatives and (iv) calculated excluding the costs of debt structuring.

As a reminder, as of December 31, 2022, the weighted average interest rate for 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. There were no debts denominated in Canadian dollars as of December 31, 2022.

The increase observed is due to the context of rising short-term interest rates, (see note 22.1 of the consolidated financial statements) and new debts arranged at interest rates higher than the historical average, notably in connection with assets under construction in Europe and Australia.

As of December 31, 2023, the Group's overall average interest rate is therefore around 4.2% compared to 3.8% at December 31, 2022.

The Group's financial debt terms and conditions and financing structure are detailed in section 4.1 – note 20 "financing and financial instruments".

2.5.4 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 millions of euros)	**31.12.2023**	**31.12.2022**	**Change**	**Change** (in %)
Financial debt[a]	**3,804.1**	**3,509.3**	**+ 294.8**	**+ 8%**
Non-controlling investors and others[b]	(54.9)	(40.2)	– 14.8	– 37%
Adjusted financial debt	**3,749.1**	**3,469.1**	**+ 280.0**	**+ 8%**
Total cash and cash equivalents[c]	(773.7)	(622.8)	– 150.9	– 24%
Guarantee deposits[c]	(80.5)	(79.0)	– 1.5	– 2%
Interest rate derivative assets[e]	(214.9)	(302.7)	+ 87.8	+ 29%
Total net debt[f]	**2,680.0**	**2,464.6**	**+ 215.4**	**+ 9%**

(a) Essentially comprising project financing, the debt component of the green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANEs vertes"), 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 4.1 – note 20.2 to the 2023 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 2.4.2.4 "simplified consolidated statement of financial position" 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, 2022, is explained by the decrease in the fair value of interest rate derivatives, in a declining long-term interest rates environment in the Euro zone and Australia in the financial year 2023 (refer to section 4.1 - note 20.3 to the 2023 consolidated financial statements).

(f) As of December 31, 2023, and December 31, 2022, the net debt includes cash pending repayment to EDF OA, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In 2023, €84.3 million was repaid to EDF OA due to the establishment of the actual terms of repayment of the amounts owed. As a result of these repayments and the difference, over the year, between market prices and the power purchase agreement ones, the resulting balance to be repaid in 2024 amounts to €19.7 million as of December 31, 2023 (compared with €90.3 million as of December 31, 2022). Furthermore, due to the decrease in long-term interest rates in the Euro zone and Australia during 2023, interest rate derivatives with a positive fair value have decreased to €214.9 million as of December 31, 2023. Excluding these two one-off and volatile items, net debt would have amounted to €2,914.5 million as of December 31, 2023 (+€57.0 million, or +2%, compared to the year end of 2022).

Analysis of financial liabilities by type

(In millions of euros)	Non-current	Current	**31.12.2023**	Non-current	Current	**31.12.2022**	**Change**
Senior financing of projects	2,621.6	299.9	2,921.5	2,331.0	386.7	2,717.6	+ 203.8
Junior financing of projects	69.8	4.2	73.9	73.9	3.5	77.4	– 3.4
Lease liabilities	303.3	11.4	314.7	257.5	6.9	264.4	+ 50.3
Corporate financing	421.5	2.6	424.0	407.9	1.8	409.7	+ 14.3
Non-controlling investors and others	54.6	0.3	54.9	39.9	0.3	40.2	+ 14.8
Interest rate derivative liabilities	14.6	0.4	15.0	-	-	-	+ 15.0
Total financial liabilities	**3,485.3**	**318.8**	**3,804.1**	**3,110.2**	**399.1**	**3,509.3**	**+ 294.8**

Senior project financing (+€203.8 million)

During the financial year 2023, drawdowns were made on loans issued in connection with the financing of Group projects (**+€498.2 million**), mainly:

- in the Australia zone (**+€264.2 million**), notably for the Goyder 1A (+€185.7 million) and the Western Downs (+€61.1 million) power plants;
- in the Europe–Africa zone (**+€214.9 million**), particularly for the Portuguese solar power plants (+€94.7 million) and French power plants (+€73.7 million), and as part of a bridge-type projects financing in France (+€44.0 million);
- in the Americas zone (**+€19.2 million**) for the Fox Coulee solar power plant in Canada.

in addition to this:

- (**–€196.1 million**) in loan repayments;
- impact of exchange rates fluctuations for (**–€73.1 million**);
- (**–€27.9 million**) of senior debt reclassified as liabilities associated with assets held for sale, corresponding to the Metoro power plant in Mozambique;
- change in amortised cost of borrowings for (**+€8.4 million**).

As of December 31, 2023, senior project financings were reclassified as current financial debt for a total amount of €110.1 million, compared with €226.6 million as of December 31, 2022, due to non-compliance with certain project financing covenants (see paragraph 2.5.5 "eventual restrictions on the use of capital" and section 4.1 - notes 1.3 and 20.2).

Junior project financing (–€3.4 million)

Junior financing mainly comprises junior debt on project entities. The decrease compared with December 31, 2022, is mainly due to gradual reimbursement of loans.

Lease liabilities (+€50.3 million)

The increase compared with December 31, 2022 is mainly due to the entry into force of new leases or revaluations for €62.6 million, reimbursements for (€7.4) million, and the impact of exchange rates for (€3.1) million.

Corporate financing (+€14.3 million)

As of December 31, 2023, corporate financing mainly corresponds to the green convertible bonds issued in June 2020 and September 2022. The increase in this item over the period is mainly attributable to the amortisation of issue premiums relating to these green convertible bonds (**+€13.7 million**).

Non-controlling investors and others (+€14.8 million)

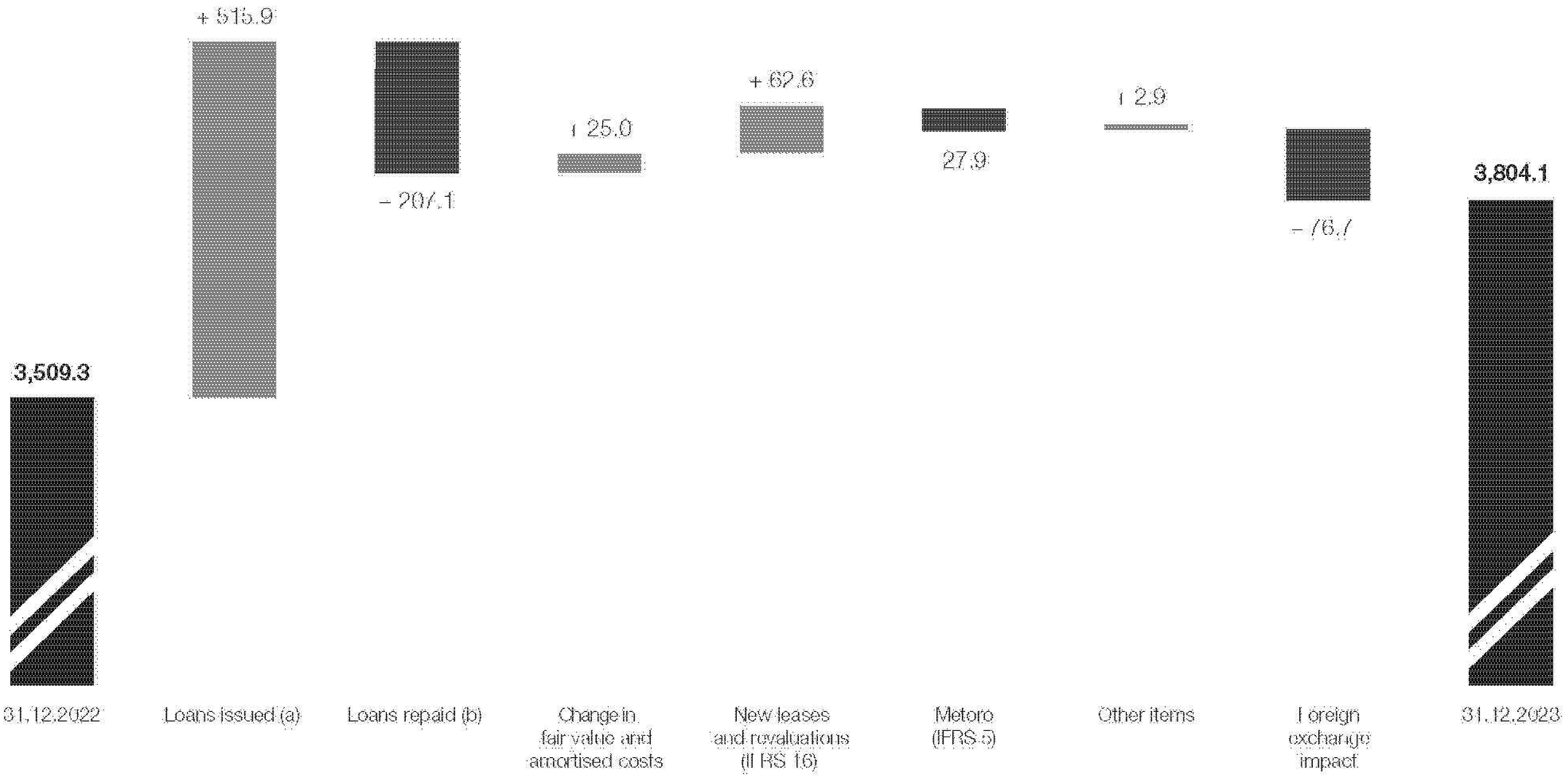
This item mainly comprises minority shareholder loans contributions as part of project financing. The increase in this item over the period is mainly due to contributions made by minority shareholders in Sweden and Finland.

Interest rate derivative liabilities (+€15.0 million)

As of December 31, 2023, the increase in interest-rate derivatives was mainly due to the effect of change in fair value. This increase concerns derivative financial instruments negotiated during the year and is the consequence of the impact of a recent decrease in long-term interest rates in the Euro zone and in Australia since they were negotiated.

Evolution of the Group's liabilities

The evolution of the Group's liabilities in the year 2023 may be summarised 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 (+€498.2 million). Please refer to the paragraph above entitled "analysis of liabilities by type - senior project financing" of this document.

(b) They mainly include loan repayments made over the period in respect of senior financing for assets (–€196.1 million). Please refer to the paragraph above "analysis of liabilities by type - senior project financing" of this document.

2.5.5 EVENTUAL RESTRICTIONS ON THE USE OF CAPITAL

The Company's financing contracts are subject to compliance with a number of commitments described in section 3.1.3 "risk linked to the financial covenants included in project financing agreements".

Bank financing

The non-recourse bank financing for project companies, and the mezzanine loans held by intermediate holding companies, include clauses restricting the payment to the entities' shareholders of cash in the form of 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, 2023, one of the Group's assets in Mexico, was non-compliant with its minimum debt service coverage ratio, mainly due to operational difficulties. As a result, the Group has maintained the acceleration in its financial statements of the related financial debt, which is presented as current financial debt (USD 120.4 million, or €110.1 million).

Otherwise, the situation at the Metoro power plant constitutes a case of technical default within the meaning of the financing documentation.

The other companies financed by projects debts, and Neoen S.A, as part of its syndicated credit complied with their covenants on minimum debt service coverage ratios (DSCR) or minimum shareholders' equity.

For more information on the description of financing contracts and related risks, please refer to paragraph 3.1.2 "risk linked to projects under development and assets under construction".

2.5.6 SOURCES OF FINANCING FOR FUTURE INVESTMENTS

The Group aims to have more than 10 GW of capacity in operation and under construction in 2025 and, plans to continue financing, 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, including corporate financing, in accordance with an objective of a leverage ratio exceeding 70%[2] 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 addition to these financings, to 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, the Group, in order to reach the aforementioned target of more than 10 GW in 2025, has raised equity for a total amount of €1.35 billion through two capital increases carried out respectively on April 9, 2021 (for €599.0 million) and on March 29, 2023 (for €750.4 million).

As of December 31, 2023, the Group disposed of a gross cash and cash equivalents of €773.7 million[3] and €288.0 million of unused corporate borrowing facilities.

2.5.7 CASH POSITION AND CASH FLOWS

(In millions of euros)	FY 2023	FY 2022	Change
Net cash flows from operating activities	324.7	457.0	– 132.3
Net cash flows from investing activities	(1,078.0)	(1,113.7)	+ 35.6
Net cash flows from financing activities	912.8	681.3	+ 231.5
Impact of foreign exchange rate fluctuation	(4.2)	9.4	– 13.6
Effect of reclassification of cash related to assets held for sale	0.0	(3.9)	+ 3.9
Change in cash and cash equivalents[(a)]	**155.3**	**30.2**	**+ 125.1**

(a) These amounts include cash and cash equivalent classified as assets held for sale (€4.3 million as of December 31, 2023 compared to a nil as of December 31, 2022) and bank overdrafts (€(0.1) million at December 31, 2023 compared to €(0.2) at December 31, 2022).

2.5.7.1 NET CASH FLOWS FROM OPERATING ACTIVITIES

(In millions of euros)	FY 2023	FY 2022	Change
Consolidated net income	147.4	45.7	+ 101.7
Elimination of change in fair value of energy derivative financial instruments(a)	(88.8)	(2.8)	– 86.0
Other eliminations(b)	377.0	349.7	+ 27.2
Impact of changes in working capital(c)	(91.0)	81.6	– 172.6
Taxes paid (received)	(19.8)	(17.2)	– 2.7
Net cash flows from operating activities	**324.7**	**457.0**	**– 132.3**

(a) In 2023, the elimination of the change in the fair value of derivative financial instruments is mainly comprised of the elimination of the change in the fair value of energy derivative financial instruments, with no impact on the Group's cash position, concerning primarily power plants in Finland for €42.9 million and in Australia for €34.1 million.

(b) Other eliminations mainly includes the elimination of amortisation and provisions (€185.1 million in 2023 compared with €176.9 million in 2022), the cost of financial debt (€155.9 million in 2023 compared with €135.6 million in 2022) and deferred and current tax expense (income) (€64.2 million in 2023 compared with €32.6 million in 2022) and the capital gains and losses on disposals (€(40.1) million in 2023 compared with €(12.5) million in 2022). Please refer to the consolidated cash flow statement - section 4.1 - paragraph 4.1.5 of this document.

(c) In 2023, the change in working capital requirement amounted to –€91.0 million, compared with +€81.6 million in 2022. This decrease (–€172.6 million) is mainly due to the decrease in other liabilities (contribution to the change in working capital requirement of –€76.1 million in 2023, compared to +€114.6 million in 2022). This corresponds mainly to the partial payment of the EDF OA debt, for a net impact of –€70.6 million during the 2023 financial year (compared with an impact of +€90.3 million in 2022). Please refer to paragraph 2.1.4 "net debt" of this document.

The decrease in net cash flow from operating activities (**–€132.3 million**), between 2022 and 2023, is mainly due to the negative change in working capital detailed above, partially offset by the increase in adjusted EBITDA, detailed in paragraph 2.4.2.2 "segment results" of this document, excluding gains on disposal related to the farm-down activities (**+€28.7 million**).

[2] As of December 31, 2023, this leverage ratio stood at 65%, due to delays in the implementation of certain project financing, notably in Australia, and pending refinancing of the syndicated loan in February 2024. See section 4.1 - notes 20.2 and 22.1 of this document.

[3] As of December 31, 2023, cash and cash equivalents include €19.7 million corresponding to the difference, for certain French power plants, to the difference between the market price received by them and the tariff under their purchase contract in accordance with current regulations (see notes 17 and 20.2 to the consolidated financial statements).

2.5.7.2 NET CASH FLOWS FROM INVESTING ACTIVITIES

(In millions of euros)	FY 2023	FY 2022	Change
Acquisitions of subsidiaries net of treasury acquired[(a)]	(28.5)	(15.6)	– 12.9
Sales of subsidiaries net of cash transferred[(b)]	77.9	26.2	+ 51.7
Acquisition of intangible and tangible fixed assets[(c)]	(1,046.0)	(1,111.2)	+ 65.2
Sale of intangible and tangible fixed assets	1.8	1.1	+ 0.7
Change in financial assets[(d)]	(83.9)	(15.4)	– 68.5
Dividends received	0.7	1.2	– 0.5
Net cash flows from investing activities	**(1,078.0)**	**(1,113.7)**	**+ 35.6**

(a) In 2023, acquisitions of subsidiaries net of treasury acquired mainly concern wind power plants in France, storage projects in Canada and earn-out payments for projects under construction in Finland and Ireland (refer to paragraph 2.4.1.1 "continuing portfolio growth" of this document. In 2022, this flow corresponded mainly to projects under development in Finland, Canada, and Ecuador (please refer to the consolidated cash flow statement - section 4.1 - paragraph 4.1.5 of this document).

(b) In 2023, sales of subsidiaries net of cash transferred correspond to the farm-down transactions, mainly related to several solar power plants in France and to the Cabrela farm in Portugal (see note 1.3 "events of the financial year" of this document). In 2022, this flow corresponded 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 the last quarter of 2021.

(c) These flows are detailed below and in paragraph 2.5.8.2 "main investments made" of this document.

(d) The change over the period is mainly due to shareholder loans made to equity-accounted companies. In 2023, acquisitions of financial assets amounted to €(102.6) million and disposals to €18.7 million. In 2022, acquisitions amounted to €(17.2) million and disposals to €1.9 million.

In 2023, net cash flows from investing activities are relatively stable compared to 2022 (**+€35.6 million**).

In 2023, investments in projects (acquisitions of property, plant and equipment and intangible assets net of changes in payables to suppliers of fixed assets) amounted to €1,046.0 million, and are mainly related to Goyder 1A (€176.6 million), Goyder 1B (€94.9 million), Western Downs Storage (€78.6 million), Blyth (€65.5 million), Collie Battery (€26.1 million), Neoen Australia (€24.8 million), Capital Battery (€13.1 million), Kaban (€11.6 million), Mount Hopeful (€10.2 million) in Australia, solar projects (€109.1 million), wind projects (€40.3 million), storage projects (€0.8 million) and capitalised development costs (€21.9 million) in France, Rio Maior (€88.8 million) and Torre Bela (€37.0 million) in Portugal, Björkliden (€28.4 million) and Mutkalampi (€15.2 million) in Finland, Storbrännkullen (€39.4 million) and Storen (€18.5 million) in Sweden and Fox Coulee (€70.3 million) in Canada.

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).

Investments made during the period are detailed in paragraph 2.5.8.2 "main investments made" of this document.

2.5.7.3 NET CASH FLOWS FROM FINANCING ACTIVITES

(In millions of euros)	FY 2023	FY 2022	Change
Share capital increase by the parent company[(a)]	742.5	48.1	+ 694.4
Contribution of non-controlling interests to share capital increases (reductions)	(1.9)	(1.5)	– 0.4
Transactions with non-controlling interests	(1.0)	(6.0)	+ 5.0
Net sale (acquisition) of treasury shares	(6.9)	(2.1)	– 4.9
Issue of loans[(b)]	515.9	1,192.4	– 676.5
Dividends paid	(3.1)	(2.1)	– 1.0
Repayment of loans[(b)]	(207.1)	(439.2)	+ 232.1
Interests paid	(127.1)	(108.3)	– 18.8
Investments grants received	1.5	-	+ 1.5
Net cash flows from financing activities	**912.8**	**681.3**	**+ 231.5**

(a) In 2023, this flow corresponds mainly to the capital increase carried out on March 29, 2023, for €741.9 million after taking into account the issuance costs (see paragraph 2.4.1.2 of this document in note 1.3 of the consolidated financial statements).

(b) Details of loan issues and repayments in 2023 are provided in paragraph 2.5.4 "reconciliation of consolidated liabilities and net debt" of this document.

The increase in net cash flows from financing activities (**+€231.5 million**) compared with 2022, is mainly due to the capital increase carried out in 2023, partially offset by the decrease in senior financing issuance, directly associated with the timetable for completion of the Group's projects under project financing, and to a lesser extent to a base effect associated with the issuance of the green convertible bonds in September 2022 by Neoen S.A.

In 2022, loan repayments, higher than those completed in 2023, included particularly the refinancing of a historic mezzanine and the repayment of short-term financing associated with assets under construction.

investments in 2023 were financed in part through equity, notably from the capital increase carried out on March 29, 2023 and also by issuing new loans to the project companies.

2.5.8 CAPITAL INVESTMENTS

2.5.8.1 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 authorised by the Board of Directors, for an amount requiring an increase in excess of 15% of the budgeted equity or amount previously authorised by the Board of Directors, for the project.

2.5.8.2 MAIN INVESTMENTS MADE

The table below details the consolidated investments made in 2023 and 2022:

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Acquisitions of intangible and tangible fixed assets[a]	**1,046.0**	**1,111.2**	**– 65.2**	**– 6%**
Of which: Property, plant and equipment	71.5	44.5	+ 27.0	+ 61%
Of which: Intangible assets	974.5	1,066.7	– 92.2	– 9%
Financial investments[b]	**131.1**	**32.8**	**+ 98.2**	**x4**
Of which: Acquisitions of financial assets[c]	102.6	17.2	+ 85.3	x6
Of which: Acquisitions of subsidiaries net of treasury acquired[d]	28.5	15.6	+ 12.9	+ 82%

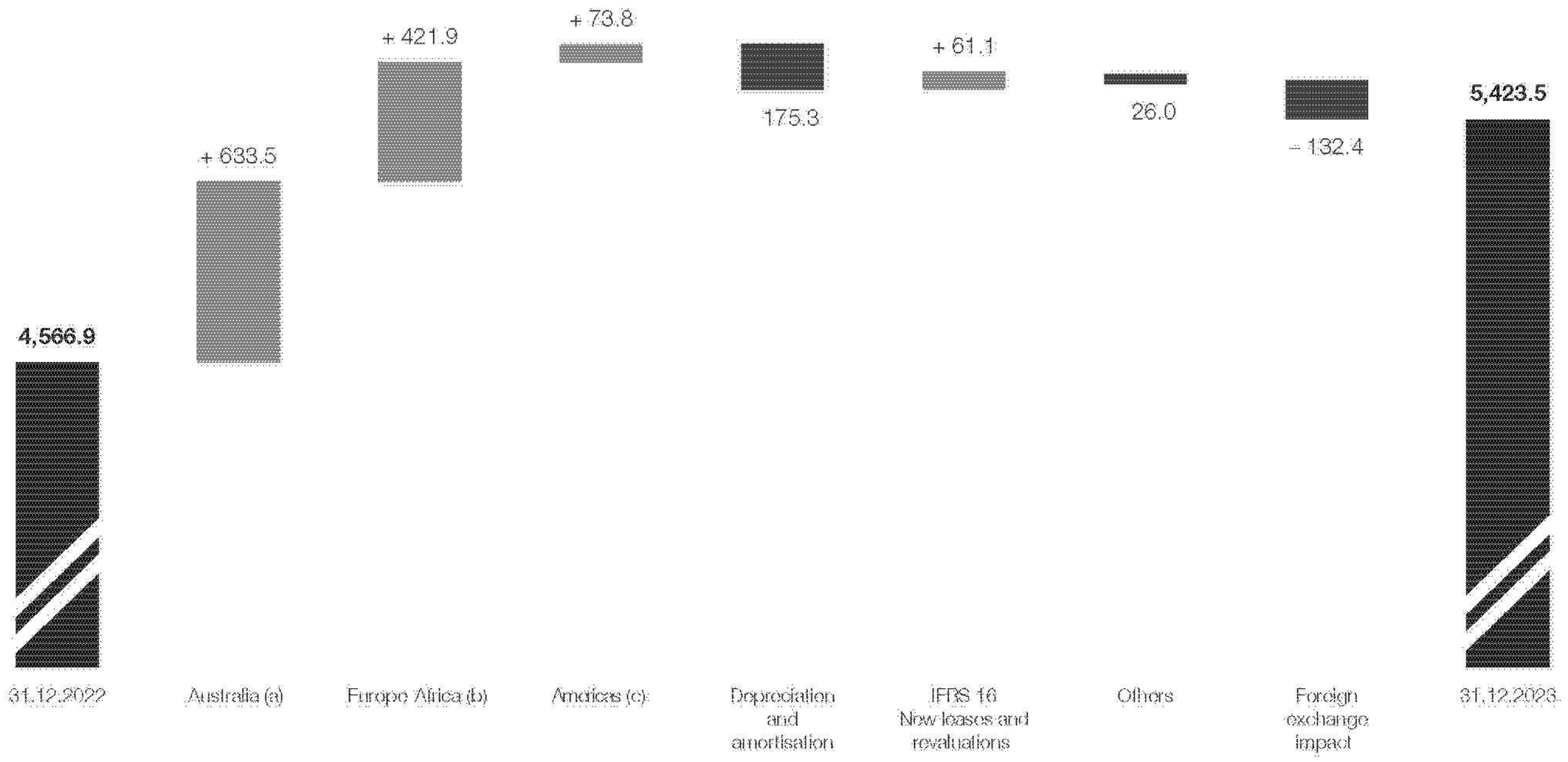
(a) The gross amounts of acquisitions presented above include any change in the supplier payables thereby facilitating reconciliation of their amounts with the corresponding cash payments. The gross amounts of these changes, excluding payables to suppliers of fixed assets, for 2023 and 2022 are €1,202.5 million and €1,008.6 million respectively. For more details, please refer to paragraph 2.5.7.2. "net cash flows from investing activities".

(b) Financial investments are analysed in paragraph 2.5.7.2 of this document.

(c) In 2023, acquisitions of financial assets mainly comprise shareholder loans advances to equity-accounted companies.

(d) Acquisitions of subsidiaries net of treasury acquired are detailed in paragraph 2.5.7.2 of this document.

The change between December 31, 2022, and December 31, 2023, in the Group's property, plant and equipment 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, including mainly Goyder 1A (€177.2 million), Goyder 1B (€136.3 million), Blyth (€81.4 million), Western Downs Storage (€80.6 million), Collie Battery (€70.0 million), Culcairn (€30.7 million), Western Downs (€24.1 million), Capital Battery (€13.3 million), Mount Hopeful (€10.3 million).

(b) Acquisitions during the period correspond to power plants under construction or in pre-construction, including mainly: Rio Maior (€98.9 million) and Torre Bela (€35.7 million) in Portugal, solar and wind power plants in France (for respectively €129.6 million and €36.1 million), the Storbrännkullen (€38.4 million), Storen Power Reserve (€18.5 million) and Hultsfred (€10.7 million) power plants in Sweden, and the Björkliden wind power plant (€28.3 million) in Finland.

(c) Acquisitions during the period correspond mainly to the Fox Coulee solar power plant under construction in Canada (€70.3 million).

2.5.8.3 MAIN INVESTMENTS IN PROGRESS

The Group's main investments in progress correspond to assets under construction as of December 31, 2023. Property, plant and equipment in progress amounted to €1,926.6 million in 2023, compared with €1,066.2 million in 2022 (see section 4.1 - note 12 "goodwill, intangible assets and property, plant and equipment" and section 4.3 - note 14 "property, plant and equipment and intangible assets" of this document).

2.5.8.4 MAIN INVESTMENTS ENVISAGED

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

In addition, since 2021, Neoen has been regularly but selectively disposing of all or most of some projects or assets in its portfolio (farm-down), up to a limit of 20% of the gross annual growth of its secured portfolio. For more details, please refer to paragraph 1.1.2 of this document.

In this context, the investments it plans to make in the future 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[14] (for a total volume of 1,000 MW as of December 31, 2023 compared with 782 MW as of December 31, 2023) but for which construction has not yet been launched. The Group also continues to develop its advanced development[14] and tender-ready[14] projects, with a volume of 18,644 MW as of December 31, 2023 (compared to 11,938 MW as of December 31, 2022).

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

Environmental constraints that may affect the use of the various facilities owned and/or operated by the Group are described in chapter 5 "sustainable development and corporate social responsibility" of this document.

Dismantling provisions are dealt with in section 4.1 – note 19 "provisions" of this document.

2.6 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.

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 arbitration was suspended at the end of 2023 following the signing in late October 2023 of an out-of-court settlement under favourable conditions for the Group, confirming the positions historically adopted in the preparation of its annual financial statements. The lenders of the Altiplano 200 power plant have approved the terms of this agreement, whose implementation is conditional on the provisional acceptance.

Goyder Wind Farm Stage 1

In December 2023, the EPC contractor responsible for designing and constructing Stage 1 of the Goyder Wind Farm in South Australia initiated an arbitration proceeding against Goyder Wind Farm 1 Pty Ltd as trustee for the Goyder Wind Farm 1 Trust. The dispute is in connection with the delays incurred by the EPC contractor in performing the work. The request for arbitration seeks to demonstrate that the EPC contractor should be entitled to an extension for the completion of the work as well as a reimbursement for the construction overruns allegedly incurred and for which they consider that the Group is liable. As at the date of this document, the arbitration tribunal has not been constituted and there is no case management timetable for the filing by the EPC contractor of a statement of claim. The Group has considered this arbitration proceedings, and the related level of risks, when preparing its 2023 financial statements.

[14] For a definition of the various stages of development of the Group's projects, the reader is invited to refer to the section 8.6 "glossary" of this document.

Goyder Wind Farm Stage 1B

In January 2024, the EPC contractor responsible for designing and constructing Stage 1B of the Goyder Wind Farm in South Australia initiated an arbitration proceeding against Goyder Wind Farm 1B Pty Ltd as trustee for the Goyder Wind Farm 1B Trust. The dispute is in connection with the delays incurred by the EPC contractor's delay in performing the work. The request for arbitration aims to establish that the Stage 1B arbitration should be consolidated with the Stage 1 arbitration and that the EPC contractor should be entitled to an extension for the completion of the work as well as a reimbursement for construction overruns allegedly incurred and for which they consider that the Group is liable. As at the date of this document, the arbitration tribunal has not been constituted and there is no case management timetable for the filing by the EPC contractor of a statement of claim. The Group has considered this arbitration proceedings, and the related level of risks, when preparing its 2023 financial statements.

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

There has been no change in the Group's financial or trading position since the publication of its annual financial statements on February 28, 2024.

2.8 OTHER INFORMATION

2.8.1 SUBSEQUENT EVENTS

Please refer to section 4.1 – note 26 "subsequent events" of this document.

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

2.8.2.1 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.

2.8.2.2 COMMENTS ON THE ACTIVITY OF NEOEN S.A.

Keys figures

(In millions of euros)	FY 2023	FY 2022	Change	Change (in %)
Revenue	107.9	85.8	+ 22.1	+ 26%
Operating result	**(6.9)**	**0.8**	**– 7.7**	**N/A**
Operating margin	– 6%	+ 1%		
Net financial result	152.0	46.8	+ 105.2	x3
Current profit (loss) before tax	**145.2**	**47.6**	**+ 97.6**	**x3**
Non-current profit (loss)	0.8	1.5	– 0.7	– 47%
Profit sharing / employee participation in the Company's result	(1.3)	(1.2)	– 0.1	– 8%
Income tax	(7.3)	(0.2)	– 7.1	x37
Net income	**137.4**	**47.7**	**+ 89.7**	**x3**
Equity	2,494.5	1,615.7	+ 878.8	+ 54%
Financial debt	532.0	493.6	+ 38.4	+ 8%
Cash and cash equivalents	383.7	246.4	+ 137.3	+ 56%

Revenue

Revenue reached €107.9 million in 2023, (**+€22.1 million** compared to 2021, or +26%). It consists mainly of development services (+€21.5 million). Its increase is 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, its financial closing or its commissioning.

Operating result

Operating result amounted to €(6.9) million in 2023 compared to €0.8 million in 2022. This decrease (**–€7.7 million**) is mainly due to:

- the increase in development costs incurred as part of the growth of the project portfolio (**–€19.8 million**).
- the increase in payroll costs (**–€6.5 million**). These amounted to €(30.9) million compared to €(24.4) million in 2022, due to a greater impact in 2023 of the free shares plans for certain employees (–€3.7 million including social security contributions). This has been coupled with the rise in payroll and related social security contributions (–€2.8 million), due to the 10% increase in headcount over the period.

These effects were only partially offset by revenue growth (+€22.1 million - see paragraph above).

Financial result

In 2023, the financial result amounted to €152.0 million (**+€105.2 million** compared to 2022). This improvement was mainly due to the exceptional dividend distributions received:

- from Neoen production 2 following the refinancing operation carried out in 2022 and related to intra-group disposals concluded in the first quarter of 2023 (+€65.4 million); and
- from NP Investment, as part of the sale of the Cabrela solar power plant in Portugal (+€25.2 million).

This has been coupled with the increase in interest income on shareholders loans (+€22.2 million), linked to the growth in investments in new assets, and the remuneration on all financial investments (+€14.1 million) in a context of rising interest rates.

These effects were partially offset by the impairment of equity shares and the shareholder loan of the Portuguese holding company owning an asset in Mozambique, in light of its upcoming disposal.

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

Non-current profit (loss)

Non-current profit (loss) amounted to €0.8 million in 2023, (**–€0.7 million**) lower compared to 2022. In 2023, this mainly comprises an earn-out payment (€0.5 million). In 2022, it was mainly composed of proceeds from internal sales of subsidiaries carried out as part of the structuring of new projects financing.

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

Income tax

In 2023, the Company recognised an income tax expense of €(7.3) million compared to €(0.2) million in 2022. This change is mainly due to the recognition in 2022 of tax credits related 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 2023, 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 4.3 - note 12 "taxation" of this document.

Net result

Net income amounted to €137.4 million in 2023 (**+€89.7 million** compared to 2022).

Financial position

The Company's equity amounted to €2,494.5 million as of December 31, 2023, compared to €1,615.7 million as of December 31, 2022. The increase of **+€878.8 million** is explained mainly by the capital increase carried out on March 29, 2023 (refer to section 4.3 - note 2 "activity and key events"), and to a lesser extent, by the net income for the year.

The +€38.4 million increase in financial debt (€532.0 as of December 31, 2023 compared to €493.6 million as of December 31, 2022) is mainly due to a one time loan from a company holding an asset in operation in Australia.

Cash and cash equivalents amounted to €383.7 million as of December 31, 2023, compared to €246.4 million a year earlier (**+€137.3 million**). The increase results from the combination of the capital increase carried out in 2023 for an amount net of issue costs of €744.0 million, and the sustained pace of equity investments as part of the development and construction of new power plants.

2.8.2.3 RESULTS OF THE LAST FIVE YEARS

Amounts	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
I. Financial position at the year-end (in millions of euros)					
a) Share capital	304.2	229.3	214.1	171.1	170.2
b) Number of shares comprising the share capital	152,122,449	114,669,498	107,056,685	85,550,712	85,088,748
c) Number of convertible bonds into shares[a]	9,791,917	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	107.9	85.8	79.2	61.5	57.5
b) Profit before tax, amortisation and provisions	146.9	50.6	43.9	29.1	24.1
c) Taxes on income	(7.3)	(0.2)	(6.1)	(0.8)	(2.2)
d) Profits after taxes, amortisation and provisions	137.4	47.7	35.8	26.6	21.1
e) Amount of profit distributed[b]	14.3	10.7	-	-	-
III. Result per share from operations (in euros)					
a) Profits after tax, but before amortisation and provisions	0.9	0.4	0.4	0.3	0.2
b) Profit after tax, amortisation and provisions	0.9	0.4	0.3	0.3	0.2
c) Dividend per share	0.1	0.1	-	-	-
IV. Personnel (in millions of euros)					
a) Number of employees	186.0	169.1	143.3	126.6	107.0
b) Gross payroll	15.1	13.3	11.3	10.3	9.5
c) Amounts paid for social security and other benefits[c]	15.8	11.1	16.5	20.0	7.5

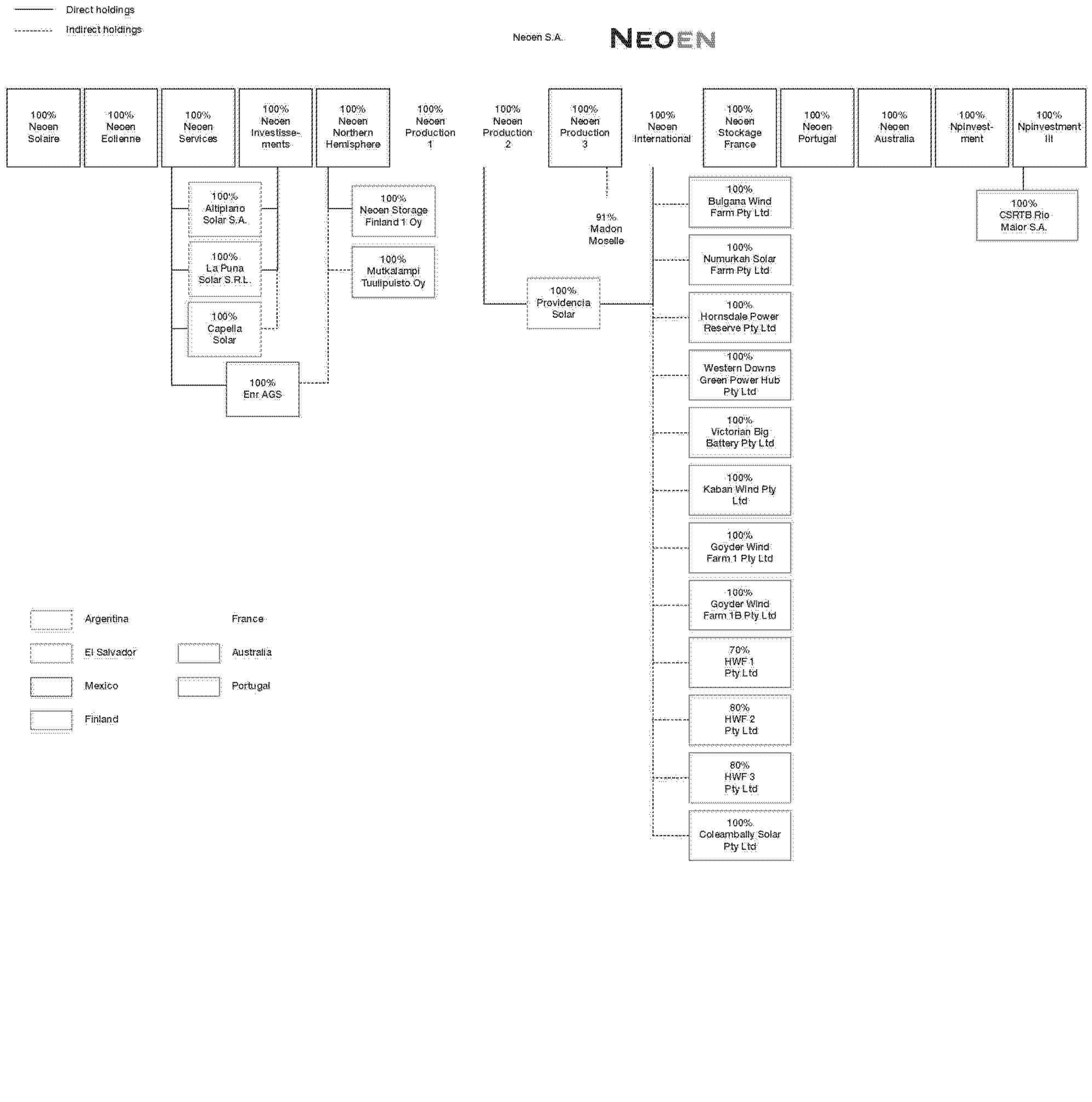
(a) In accordance with the terms and conditions of the convertible bonds OCEANEs issued by Neoen S.A. on October 7, 2019 ("OCEANEs 2019") and on June 2, 2020 ("OCEANEs vertes 2020"), by a decision dated April 7, 2021, the Chairman and Chief Executive Officer, acting on delegation of the Board of Directors, 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").

(b) The net income for year 2022 of €47.7 million was partially distributed for €14.3 million. Furthermore, €4.6 million were distributed as dividends from other reserves.

(c) The increase in this item is mainly related to a higher volume of company shares acquired in 2023 compared to 2022. These shares are acquired with the aim of serving the free share allocation plan expiring 2024 and 2025.

2.8.2.4 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 described in section 7.3 "shareholding structure" of this document.

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

Significant subsidiaries

Refer to section 4.1 – note 3.3 "changes in scope".

Recent acquisitions and sales of subsidiaries

Acquisitions

Within 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.

France

In January 2023, the Group acquired all the shares issued and outstanding of Eolienne Plouguin 2 SNC, Eolienne Plouguin 3 SNC and Eolienne Kerheral 2 SNC.

In July 2023, the Group also acquired all the shares issued and outstanding of ENR Molagnies SAS and ENR Ouest Aveyron SAS.

Portugal

In July 2023, the Group acquired 51% of the shares in the Portuguese company CSRTB Rio Maior SA (formerly known as Aura Power Rio Maior SA), increasing therefore its stake to 100%.

Canada

In November 2023, the Group acquired all the issued and outstanding shares of Shift Solar Inc.

Farm-down

Since 2021, Neoen has been proceeding regularly but selectively with the total or majority sale of projects and assets in its portfolio (farm-down). This activity is intended to be implemented within the limit of 20% of the gross annual growth of the secured portfolio.

In this context, the Group sold:

- On February 22, 2023, 100% of its shares in the Portuguese solar power plant of Cabrela;
- On November 30, 2023, 100% of the shares it held in the French companies Centrale Solaire Kertanguy SAS, Centrale Solaire Toreilles SAS, Centrale Solaire Zenith SAS and Centrale Solaire 3 SAS; and
- On December 18, 2023, 100% of the shares it held in the Australian company Goorambat East Solar Farm.

Sales

During the year ended December 31, 2023, the Group also disposed of certain stakes for financial or strategic reasons (including under co-investments agreements entered into by Group companies.

Therefore, the Group also sold in May 2023 9% of the shares in Centrale Eolienne du Pays entre Madon et Moselle SAS to TERR'ENR.

Liquidations

Finally, in order to simplify its legal and operational organisation, the Group has been led to dissolve and then write off the French company Centrale Eolienne Tureau à la Dame in 2023, as well as the American companies Neoen Wind US Inc and Neoen Holding US Inc during 2023.

Investments and Joint-Ventures

For a presentation of the Group's investments, please refer to section 4.1 - note 3.3.

For a presentation of the Group's joint venture investments, please refer to section 4.1 - note 3.3.

2.8.2.5 CUSTOMER AND SUPPLIER PAYMENT PERIODS

Article D. 441 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	185	16	12	9	19	56
Total invoice amounts inclusive of VAT	16,665,424	2,516,454	34,187	18,455	5,112	2,574,207
Percentage of total purchases of the year inclusive of VAT	1%	16%	0%	0%	2%	19%
(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 by article L.441-6 or article L.443-1 if the French code of commercial law)						
Payment period retained for the calculation of payment delays		30 days from the invoice date				

Article D. 441 I.-2° of the French code of commercial law: 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	2	45	0	0	2	47
Total invoice amounts inclusive of VAT	27,742,095	3,259,588	-	-	502,670	3,762,258
Percentage of total purchases of the year inclusive of VAT	28%	3%	0%	0%	1%	4%
(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 by article L.441-6 or article L.443-1 if 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 €0.5 million. They correspond mainly to the rebilling of fees by Neoen S.A. to one of its Portuguese subsidiaries, settled on January 12, 2024.

2.8.2.6 PECUNIARY SANCTIONS

None.

2.8.2.7 EXPENDITURE ON LUXURIES

Lease charges for company cars not deductible for tax purposes amounted to €122,292.74 for 2023.

2.8.2.8 OVERHEAD EXPENSES DISALLOWED FOR TAX PURPOSES FOLLOWING INSPECTION

None.

3

RISK FACTORS AND MANAGEMENT

3.1	MAIN RISK FACTORS TO WHICH THE GROUP IS EXPOSED	88
3.1.1	Risks related to the Group's line of business	90
3.1.2	Risks related to the Group's activity and strategy	94
3.1.3	Risks related to the Group's financial position	99
3.1.4	Legal and regulatory risks	103
3.1.5	Environmental, social and corporate governance risks	106
3.2	INSURANCE AND RISK MANAGEMENT	110
3.2.1	Insurance	110
3.2.2	Risk management	111

3.1 MAIN RISK FACTORS TO WHICH THE GROUP IS EXPOSED

The main risks to which the Group is exposed are mapped every three years with the aim of revising their classification in the light of changes in the environment in which it operates. The main risk factors described in the table below have been identified and qualified in the risk map, which was updated in the second half of 2022.

During the fourth quarter of 2023, this map and, more generally, the risk environment were analysed by the Executive Committee and validated by the Audit Committee.

At this stage, it does not seem that the net level of risks has increased or changed compared to the previous situation, particularly in view of the risk reduction measures implemented by the Group.

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

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

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

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

CATEGORY	RISK		NET POTENTIAL IMPACT[1]
Risks related to the Group's line of business	Risk linked to competition in the renewable energy sector		HIGH
	Risk linked to variations in the price of components necessary for the production of renewable equipment and their maintenance		HIGH
	Risk linked to connection to the distribution or transmission networks and to their use		MODERATE
	Wholesale electricity market price risk		MODERATE
Risks related to the Group's activity and strategy	Risk linked to the employment of third-party contractors	NFPS | Chapter 5	HIGH
	Risk linked to financing arrangements obtained from various sources and particularly external debt financing		HIGH
	Risk linked to the Group's expansion in emerging markets	NFPS | Chapter 5	HIGH
	Risk linked to projects under development and assets under construction		MODERATE
	Risk linked to the ability to obtain power purchase agreements		MODERATE
	Risk linked to the termination of a power purchase agreement or defaults or late payments by counterparties		MODERATE
	Risk linked to repairs and renovation of electricity production plants		LOW
Risks related to the Group's financial position	Risk linked to the Group's level of gearing and means of financing		HIGH
	Risk linked to the financial covenants included in project financing agreements		MODERATE
	Risk linked to the recoverability of deferred tax assets		MODERATE
	Risk linked to changes in tax rules		MODERATE
	Foreign exchange risk		MODERATE
Legal and regulatory risks	Risk linked to unfavourable changes in the regulatory environment or in public policies to promote the development of renewable energies		MODERATE
	Risk linked to the ability to obtain the necessary permits, licenses and authorisations for the conduct of the Group's business or the construction of its facilities		MODERATE
	Risk linked to the reduction or unilateral change of regulated prices and tariffs for the purchase of renewable electricity		MODERATE
Environmental, social and corporate governance risks	Risk linked to IT infrastructure		HIGH
	Risk linked to the ability to retain key employees and to hire and retain qualified new employees	NFPS | Chapter 5	HIGH
	Risk linked to the approval of facilities by local communities or any challenge to permits, licenses and authorisations once granted to the Group	NFPS | Chapter 5	MODERATE
	Risk linked to weather conditions and the effects of climate change	NFPS | Chapter 5	MODERATE

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

3.1.1 RISKS RELATED TO THE GROUP'S LINE OF BUSINESS

Risk linked to competition in the renewable energy sector

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

- the increase in the number of players in the renewable energy field, given its strong growth prospects associated with international ambitions to reduce global greenhouse gas emissions, as well as the desire of a growing number of countries to strengthen their energy independence;
- a historical long-term downward trend in the costs of photovoltaic panels, wind turbines and other system components as well as construction, maintenance, capital and other costs that the post COVID-19 economic recovery, and a recent sharp increase in global inflation, have temporarily suspended;
- the current level of electricity prices, which are above their historical trends, due to a significant increase in the price of fossil fuels and in particular gas, especially in Europe in the context of energy tensions associated with the Russian-Ukrainian conflict, which makes renewable energies competitive, and thus creates a conducive market environment for players of all sizes; or
- rapid technological changes affecting the sector, causing some competitors to opt for longer asset lives than those chosen by the Group.

All these factors are liable to make it more difficult for the Group to win tenders, or to conclude power sales contracts with counterparties at prices guaranteeing the desired returns. This competition had historically helped to create a downward trend in the prices proposed during bidding processes, hence the increasingly low prices observed in competitive bidding processes, such as the government tender that took place in Portugal in August 2020. The combination of increasing costs for photovoltaic plants, wind turbines, and storage facilities, in a general inflationary context since 2022, which has only very recently begun to stabilise, and an acceleration in the rise in interest rates during 2023, brought this trend to an abrupt halt. While this has led to a significant rise in the prices offered in the context of bidding processes or competitive bidding processes, it is possible that these will not always be sufficient, given the current highly competitive context, to fully cover the cost increases affecting the wind, solar and storage projects developed by the Group. In addition, it is possible that prices resulting from competitive bidding processes will subsequently resume their downward trend.

In each of the markets in which it operates, the Group faces both local and worldwide competitors, many of which have extensive experience (both domestically and internationally) in developing and operating electricity production plants, as well as financial resources that can be superior to those of the Group.

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

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

Risk management approach

By developing its projects internally whenever possible, with teams that are fully aware of local contexts, the Group tends to optimise their development costs and can select the most suitable sites and technological options. This enables it to be more competitive than competitors which may be obliged to make acquisitions instead.

The Group has also embarked on a continuous improvement initiative of its operation and maintenance processes, with the aim of improving its production costs and increasing its competitiveness in future developments.

In addition, the Group has set itself objectives for return on investment (internal rates of return (IRRs)) calculated over a 30-year horizon of 7.5% (+/- 150 basis points) for Europe, 8.5% (+/- 150 basis points) for Australia and other OECD countries (outside Europe), and greater than 10% (low double digit) for non-OECD countries. As far as possible, it strives to reach the upper end of these ranges by optimising its projects. Compliance with these IRRs, validated by its Board of Directors, is constantly monitored at all project phases from development through to final construction.

The Group's presence in several markets also enables it to follow attentively the measures of optimisation implemented by the various players in the industry (more so than for purely local players). Its long-term strategy, which is based on the principle of majority ownership of its assets over their operating life, excluding projects and assets in the portfolio sold as part of its farm-down[2] activity, gives it also an advantage in negotiating PPAs with private players.

Finally, the Group has chosen to develop innovative forms of contracting for some of its assets, aimed at differentiating it from

[2] Total or majority sale of projects and assets in the portfolio (farm-down), up to a limit of 20% of the volume of projects secured each year. These farm-down operations strengthen the Group's financial capacity and thus contribute to financing the construction of new assets.

its competitors. For more information, please refer to paragraph 1.3.4.2 "power purchase agreements" of this document.

Net risk impact: High.

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

The prices of wind turbines, photovoltaic plants, storage facilities and other system components (BOS or BOP units), as well as transportation costs of these components, have increased very significantly, against a backdrop of widespread global inflation, which accelerated in 2022 and stabilised in the second half of 2023. This increase has also affected operating and maintenance costs, of which those related to assets in operation are mostly subject to indexing mechanisms generally based on inflation.

In this context, during its Capital Markets Day of March 1, 2023, the Group has announced an increase of €900 million of its 2021-2025 investment plan, resulting for €750 million from the growth of solar, wind and storage projects' investment costs (see paragraphs 2.5.6 "sources of financing for future investments" and 2.5.8.4 "main investments envisaged" of this document).

All of these costs mentioned above are, by the way, likely to continue to fluctuate in the future due to many factors beyond the control of the Group, including the following:

- the evolution of the Russian-Ukrainian conflict and its consequences on the level of energy prices necessary for manufacturing renewable equipment, particularly in Europe;
- the variations in the price of the raw materials needed to produce renewable power plant equipment (polysilicon, steel, lithium, cobalt, etc.);
- the unavailability of certain components (due to worldwide demand currently exceeding available supply) which may lead to delays in the construction phase. This is the case in particular for the lithium used in both electric vehicle batteries and dedicated storage facilities, whose market continues to grow at a rate exceeding that of the opening of new mines;
- the disruption of supply chains affecting the pace of production and delivery of components necessary for the construction of equipment for renewable power installations;
- the supply chain imbalances affecting the international freight market;
- the changes in exchange rates, in particular the US dollar against the euro and the Australian dollar, currencies in which a very substantial proportion of the Group's investments are made;
- the growing concentration seen in certain segments of the value chain, restricting the choice of potential contractors, especially in the production of polysilicon, which represents a significant part of the manufacturing cost of photovoltaic panels, or wind turbines in certain local markets, including Australia which is a *de facto* in a duopolistic situation for at least the next two to three years;
- the accumulated losses of most Western turbine suppliers that lead them to significantly increase their prices for new wind power projects;
- the anti-dumping measures aimed at Chinese panel manufacturers, and the adoption of any other intergovernmental commercial measure or sanctions regime targeting materials or suppliers having a key role for the plants;
- the changes in general price and wage indexes in the countries where the Group operates.

These measures could continue to increase the Group's supply costs (in particular the cost of photovoltaic plants, the cost of wind turbines, the cost of batteries, which are the main component of storage facilities, or international transport costs), as well as its operation and maintenance costs, which could reduce the value of its projects, render certain projects non-viable or require the Group to postpone their completion schedule, each of these circumstances potentially having a material adverse effect on the Group's business, results or financial position.

Risk management approach

EPC (Engineering Procurement Construction) contractors are systematically subject to competitive tendering extending to at least three top rank contractors, with exceptions associated to the specificities of certain local markets. The cost trends for materials such as polysilicon, lithium, steel, copper, cobalt, or aluminium, are monitored on a monthly basis with the support of recognised research and data exploitation platforms from international markets, for the main critical components.

Depending on the importance of each project, the procurement team secures the price, power class and capacity of solar modules through framework contracts so as to prevent the Group from being subject to excessive price volatility (impact of fluctuating Chinese market demand and US anti-dumping barriers). The procurement team is also constantly expanding and renewing, for all technologies, its strategic supplier base to avoid, as far as possible, situations of abuse of a dominant position or a single source for critical components of the corresponding supply chains. Purchases of critical components (photovoltaic modules, battery cells and high-voltage transformers) are, wherever possible, grouped together in a portfolio of projects, in order to maximise volume effects, in the case of photovoltaic modules, the Group also carries out multi-year reverse auctions to capture the best possible savings resulting from imbalances between demand and supply available in the supply chains, particularly in China.

The integrated contract model (EPC Full Wrap) that the Group favours also leaves a significant part of the impact of potential changes in component costs to the EPC counterparty, with the exception of a small number of costs relating to critical components, which may be indexed (for limited periods of time) to the price of certain raw materials (lithium) or transport cost indices.

In addition, the Group only confirms orders to its suppliers (Notice to Proceed), which irrevocably binds the Group, once it has sufficient visibility as to its ability to carry out its projects under satisfactory profitability conditions with regard to its return on investment targets. It also systematically includes contingencies in its investment budgets for each project to be able to absorb all, or at least part, of the impact of changes in the prices of the components and equipment it is likely to face.

To cover changes in the costs of operations and maintenance services carried out by third parties, which are generally subject to inflation-based indexing mechanisms, the Group tends to favour at least partial indexation of sales prices to inflation in the power purchase agreements it enters into. At the end of 2023, 71% of the Group's power purchase agreements were partially or totally indexed to inflation.

Net risk impact: High.

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

In order to sell the electricity produced by the plants it operates, the Group must have these plants connected to the public electricity distribution or transmission networks. Consequently, the possibility of building an electricity production plant in a specific place greatly depends on the options for connecting it to the distribution and/or transmission networks. Electricity grids allowing for limited power transmission, the Group cannot guarantee that it will obtain adequate network connections, within the planned deadlines and budget, for installing its future power plants. This can lead to a significant delay in bringing projects into production (as has been the case in Mexico and Australia for example) and a loss of revenue that is difficult to recover from the EPC contractors or the need to implement additional equipment, at the request of the grid operator.

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

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

Finally, in certain markets (notably Australia) the Group (like other producers) has to make a contribution to the compensation paid to energy producers for services rendered for the stabilisation of the electricity network (the so-called FCAS or "frequency control ancillary services"). Details of the value of these FCAS contributions as well as of the compensation received by the Group for its FCAS services for the financial years ended December 31, 2022, and 2023 are set out in the table below:

(In Australian dollars)	**31.12.2023**	**31.12.2022**
FCAS revenue	31,860,194	47,151,239
FCAS contributions	(3,774,548)	(5,866,549)
BALANCE	**28,085,646**	**41,284,690**

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

Risk management approach

For each of its projects in Australia, the Group draws up financial models that take into account forecast grid curtailment and MLF values. These values are based on scenarios prepared by independent experts, reviewed by its own energy management teams and deemed realistic at the financial closing date. It is also continuously working on improving its operational production forecasting capability communicated to grid operators.

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

In Australia, the Group has also developed the ability of certain assets (wind farms in particular) to participate in the regulation market by becoming a frequency control ancillary services (FCAS) provider.

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

Net risk impact: Moderate.

Wholesale electricity market price risk

In 2023, market revenues amounted to €119.4 million, representing 23% of the Group's total revenue. Excluding revenues associated with dedicated storage facilities, market revenues represented in 2023, 17% of total Group revenue. The Group's current policy consists of keeping market prices exposure below the 20% threshold of its installed capacity[3], 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 PPAs (the so-called early generation phase). Thus, at the end of 2023, 22%[4] of the Group's installed capacity[3], excluding dedicated storage facilities, was exposed to market prices.

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

A fall in market prices of more than 20% was observed in Australia at the peak of the COVID-19 epidemic, affecting plants for which part of their production was exposed to price volatility in the wholesale markets. Due to its temporary nature, this price decrease did not

[3] Assets in operation or under construction.

[4] This percentage takes into account the start of construction at the end of 2023 of the Culcairn solar power plant in Australia (440 MW), part of whose production will be contracted under medium to long-term PPAs before it starts production. Excluding this plant under construction, this percentage stands at 16%.

have a significant effect on a consolidated level. Conversely, there was a very significant rise in market prices in Europe, and to a lesser extent in Australia, in 2022, and in the first quarter of 2023, under the effect of a general increase in commodity prices, and particularly gas at the global level, and, specifically for Europe, the consequences of the Russian-Ukrainian conflict on energy supply conditions. This increase benefited plants whose production had not been fully sold under long-term PPAs. In the specific case of power plants with exposure to market prices in Europe, this positive impact has been limited by the regulatory measures implemented by some States, aimed at imposing, in accordance with the recommendations of the European Union, a cap on the market prices of electricity captured by power generation assets operating at predominantly fixed costs, including renewable assets. From the second quarter of 2023, wholesale electricity prices declined to levels slightly above their historical averages.

In general, a noticeable and prolonged decline in market prices compared to their current level, could have a significant impact, either in terms of reduced revenue, competitiveness or profitability prospects for certain projects, or the Group's ability to finance its projects through dedicated project financing, based in particular on the long-term outlook for electricity prices.

Wholesale electricity prices which are currently displaying a high volatility, are very specific to a given market and are dependent on many factors, such as:

- the level of demand;
- the price of fossil fuels;
- the time, availability and cost of production of the available capacity needed to meet demand; and
- the structure of the wholesale markets (the order in which production capacity is distributed, and factors affecting the volume of electricity that can be distributed by the available infrastructure at given points and times).

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

More significant regulatory changes in the electricity market could also have an impact on electricity prices (please refer to paragraph 3.1.4 "legal and regulatory risks" of this document).

Given the intermittency of solar and wind resources (and in the absence of sufficient energy storage facilities), it is difficult for the Group to capitalise on the periods of strongest demand in the wholesale markets. In addition, in the markets with renewable production capacity, the increase of the production during periods of high resource can lead to lower market prices, or even make prices negative at times, as has been observed in some Australian states or in Europe. This correlation between low prices and the profile of renewable generation tends, generally, to increase as the penetration of renewables increases.

These periods of negative prices are likely to affect electricity production sold under PPA-type contracts. Some of the Group's contracts provide for the electricity produced during periods of negative prices to be valued at levels lower than the contracted price, or for the plant to be temporarily shut down until this situation ceases.

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

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

Lastly, the Group generates income from the sale of renewable energy certificates or green certificates (LGCs in Australia and CELs in Mexico or GOOs in Europe), which it obtains by producing electricity in its wind and photovoltaic power plants. It then sells those certificates either as part of bundled packages together with the power produced under a power purchase agreement, or in over-the-counter sales on the market via brokers or directly to distributors, or else under certificate sales contracts. In the latter cases, the Group is exposed to the risk of the certificate sale prices decreasing or being highly volatile. In 2023, revenue from the sale of green certificates amounted to €90.4 million, mainly in the context of energy sales contracts, or 17% of the Group's total revenue.

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

Risk management approach

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

- forecasting and preventive measures: Neoen relies for its medium and long-term pricing scenarios on external market analyses produced by specialist companies developing sophisticated models for forecasting market change. The models enable the definition of a central scenario as well as of alternative scenarios capable of testing project revenues' resilience and their ability to comply with their financial covenants in the event of more unexpected circumstances. In certain cases, the Group develops certain alternative scenarios directly as a means of testing its models;
- market risk hedging: in markets where power plants are in the production phase and exposed to price risk in wholesale markets (such as in Australia), the Group has teams dedicated to minutely analysing the market risks over shorter periods (ranging from a few months to a few years). These teams develop futures market risk hedging strategies validated by a committee comprising the management teams. For example, in 2023 the Group signed hedging contracts for some of its French power stations, which were initially due to sell at the market price in 2024;

- operating management of production assets: for assets in operation, if there is a risk of negative prices, teams are devoted to monitoring production on a continuous basis. For example, Australia possesses an operating control centre functioning 24/7. Its operators continuously confront spot prices and production; if required, they can modify the level of production or even cease production completely in the event of negative prices;
- active contribution to real-time regulation of the grid frequency through the provision of different types of reserve or frequency regulation services to market operators, e.g., in Australia, particularly through the use of storage facilities, which offer unique characteristics of very fast load ramp-up that conventional technologies (e.g., gas-fired power plants) are unable to offer;
- asset complementarity: market risk can also be managed through other assets such as storage facilities which enable the Group to reap the benefit of market volatility with low exposure to structural price increases or decreases. Storage facilities provide effective revenue protection against intra-day price distortions, including negative prices. The Group has acquired extensive experience in operating storage facilities.

Net risk impact: Moderate.

3.1.2 RISKS RELATED TO THE GROUP'S ACTIVITY AND STRATEGY

Risk linked to the employment of third party contractors

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

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

Furthermore, the Group's contractors, particularly in the context of the performance of EPC contracts, may be required to formulate claims for additional construction costs that could increase the initially planned investment and thus affect the profitability assumptions projected. They may also refuse to pay compensation for loss of revenue associated with a delay in the start-up of a power plant (Liquidated Damages), in particular in the case of situations that may fall under *force majeure* in the contractual sense. In the event of a disagreement regarding liability or refusal of payment of late penalties, as per the contractual provisions, for the assumption of these additional construction costs, the Group may be required to engage in amicable resolution procedures, resolution by a group of experts (dispute adjudication board), arbitration, or legal proceedings. These may result in rulings that require the Group's subsidiaries to assume additional construction costs that exceed the budget contractually provided for, or in the impossibility of recovering late payment indemnities, and thus potentially affect the amount of capex investments, the cash flow of the asset concerned through uncompensated revenue losses, and consequently the return on investment.

Thus, in Argentina, the Group's EPC contractors on the Altiplano 200 power plant, which began producing electricity in the fall of 2021, had filed a request for arbitration at the end of December 2021, which was notified to the Group at the beginning of 2022 before being suspended at the end of 2023 following the signing of an out-of-court settlement on terms favourable to the Group. In addition, in Australia, the EPC contractor for the Goyder power plant submitted two arbitration proceedings concerning stages 1 and 1B, in December 2023 and January 2024 respectively. The Group has taken into account the launch of these arbitrations, and the resulting level of risk, in the preparation of its financial statements for 2023. Legal and arbitration proceedings are detailed in section 2.6 "legal and arbitration proceedings" of this document.

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

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

Risk management approach

The Group enters into contracts with Tier 1 suppliers, and to the extent that the local market or its competitiveness allows it, in an essentially turnkey contract format, with allotment contracts currently accounting for a small proportion of its portfolio of construction contracts. These contracts are negotiated by highly experienced and dedicated teams of professionals from the Group's procurement and legal departments, assisted by technical experts and lawyers as and when necessary. The Health, Safety, Environmental and Social (HSES) obligations of contractors, as well as their compliance, are systematically subject to specific clauses that comply with industry best practices in the contracts entered into by the Group.

Contractual performance is monitored by a highly experienced and dedicated construction team assisted by leading consultants and technical experts in the construction phase, and by a highly experienced and dedicated operating team in the operation phase. In the event of a disagreement regarding the performance of its contracts, the Group may be required to seek the services of leading law firms specialised in such matters.

The Group does not generally enter into framework contracts with its EPC suppliers and their selection is made on a project-by-project basis according to strict competitiveness criteria (HSES, quality, costs and deadlines). It may nevertheless sign framework agreements with some of its suppliers of critical components (photovoltaic modules or batteries, for example). In addition, EPC suppliers provide the Group with performance guarantees, covering in particular the risk of delays in the construction phase or performance of power plants in the operating phase, within contractually negotiated limits. Such guarantees are generally provided by leading financial institutions. The Group pays close attention to the renewal of these guarantees when they expire.

In addition, the Group pays particular attention to ensuring that its service providers respect human rights, and to this end has initiated a specific approach based on the implementation of appropriate measures (see paragraph 5.4.2 "responsible procurement" in Chapter 5 of this document).

Net risk impact: High.

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

The Group's development and construction of photovoltaic plants and wind farms, supplemented in some cases by energy storage facilities, are capital-intensive and require significant financing, mainly through the use of equity and external debt. This external financing generally covers between 50% to 90% of project costs for projects in OECD countries or between 50% and 70% for projects outside the OECD. For projects with power sales contracts of limited duration and high exposure to market prices, cost coverage by external financing can fall to 35% - 40%.

In a limited number of cases, the Group may decide to launch the construction of a wind or photovoltaic power plant or a storage facility solely from equity, and financing may be arranged at a later date, once the facility is in operation or after a long-term power purchase agreement has been signed. Some dedicated storage facility projects can also be implemented without external financing, if there is no possibility of setting up capacity mechanisms or long-term network service supply contracts. This is the case for Ylikkälä Power Reserve in Finland, for example. As of December 31, 2023, 0.3 GW of assets in operation were thus not backed by project financing (out of a total of 5 GW of assets in operation).

As at December 31, 2023, the Group's outstanding bank debt amounted to €2,921.5 million in project financing, plus €73.9 million in project junior financing (mainly mezzanine debt) for energy production plants.

The Group's ability to obtain financing for its projects can vary from country to country and no guarantee can be given as to whether the banks and financial players that financed the Group's projects in the past will continue to do so for new projects or markets, as the Group expands into new markets, or under similar conditions, particularly in terms of leverage, maturity or cost of credit, to those seen for previous projects in markets where the Group already operates. The significant rise in interest rates, underway since the beginning of 2022 which accelerated during 2023 compared to their historical levels is also likely to affect the competitiveness of the Group's projects currently in the development phase, or secured but still under construction, and therefore make it difficult to finance them on terms that will enable them to be carried out in accordance with the return on investment objectives set by the Group.

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

Risk management approach

In these circumstances, the Group strongly focuses on developing projects in OECD countries and spreading its geographical exposure. In order to control its risk exposure, the Group currently has a policy of aiming to spread its installed capacity, locating at least 80% of it inside OECD countries and a maximum of 20% outside the OECD. Moreover, before any significant investment in a project, the Group systematically begins by assessing its "bankability" by consulting credit institutions or development banks.

The Group also tries to diversify its financing counterparties by ensuring that, on the one hand, in the various regions in which it operates, it forms a pool of regular lending banks capable of meeting the needs associated with the development of its projects there, and, on the other hand, it broadens the range of potential lenders by developing relationships with infrastructure funds, debt funds and insurers active in the renewable energy sector, as it was able to do in Finland for the financing of Mutkalampi wind power plant.

Lastly, in order to limit the exposure of some of its projects that have not yet been financed to interest rate fluctuations, which could jeopardise the Group's ability to finance them or even their economic viability, the Group may selectively set up specific interest rate pre-hedges. These concern projects for which the Group has sufficient visibility as to the timetable for signing a long-term power sales contract, as well as the timeframe for completing construction operations and arranging definitive project financing.

Net risk impact: High.

Risk linked to the Group's expansion in emerging markets

The main markets in which the Group currently operates are Australia, France and Finland. In 2023, it generated 80% of its revenue from solar and wind farms and electricity storage facilities.

To a lesser extent, the Group also operates solar and wind farms in selected markets in the rest of Europe as well as solar farms and storage facilities in Latin America (a market

in which the Group generated 15% of its revenue in 2023 but which represents 12% of the MW in its secured portfolio as at December 31, 2023) and Africa.

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

- the developmental disparities in these markets can result in increasing health and safety risks for personnel, particularly during the construction phase (refer to paragraph 5.5.1 "prioritising safety" of this document), and also increase the risk of failure or insufficiency of the network operators' infrastructure. In particular, the safety of personnel or even subcontractors may be affected in fragile geopolitical situations;
- the development and construction of renewable energy plants and their timely connection to the electricity network could cause problems if some network managers and other key counterparties have limited or no experience relating to the technical requirements (please refer to paragraph 3.1.1 "risks related to the Group's line of business" of this document);
- the political instability of certain countries could expose the Group to the risk of losses (if the assets and property are expropriated, nationalised or confiscated), restrictions on foreign investment and repatriation of invested capital, or adverse regulatory changes that were not anticipated when the investments were made;
- deteriorating local security conditions may make it difficult to access the Group's assets, prevent construction operations from being carried out, or lead to impairment, as was the case in Mozambique, where the worsening terrorist risk has led the Group and its suppliers to suspend construction operations for an indefinite period, resulting in the recognition of an asset impairment of €(19.9) million in the 2022 consolidated financial statements. The Group also initiated its exit from this country in 2023 (please refer to section 4.1 - note 1.3 of this document for more information);
- the imposition of foreign exchange controls or a lack of acceptable foreign currency could result in restrictions on the exchange of local currency into foreign currency and the transfer of funds abroad, as is currently the case in Argentina, which could limit dividend payments or repayments of shareholder loans to the Company;
- the economic difficulties following the rapid increase in inflation and interest rates, and their consequences on the public debt to finance support measures in response may limit the ability of the Group's public counterparties to meet their payment maturities within the contractual deadlines or even result in some of these countries defaulting on their sovereign debt or having to restructure it, potentially constituting cross-default events for some of the project financing put in place by the Group (for an analysis of the Group's counterparty risk exposure, please refer to paragraph 3.2.2.4 "management of financial risk" in this document);
- the elimination of certain measures taken to encourage foreign investment, including tax benefits, could adversely affect the Group's results or else the cost or even the availability of its project financing in some countries;
- weaknesses in the legal systems and legislation of certain countries may create uncertainty for the Group's investments and activities there;
- the perceived risk of corruption may be higher in some of these countries than in others. Although the Group has adopted a code of conduct designed to address these risks, its controls and procedures may not be capable of preventing breaches of anti-corruption legislation and regulations and its ethics charter or its anti-corruption code of conduct.

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

Risk management approach

The Group's intention is to increase its international presence. The expansion of its business activity to new countries, sometimes in geopolitically fragile regions, creates new potential exposure. The Group has a policy of taking out special insurance policies to protect its assets against the risks of material damage and the associated loss of income, including those caused by terrorism.

This expansion nevertheless creates a risk dispersion effect, which remains latent in sensitive geographical areas even when the Group's business becomes more mature locally.

In addition, the Group's HSES policy is constantly being strengthened and includes elements dedicated to the health and safety of its employees.

Lastly, whenever the Group chooses its future investments, it minutely monitors the economic, political and regulatory situation of the countries in which it is likely to invest. It is also careful to diversify its investments in order to limit its risk exposure in emerging countries and its sources of external financing, mainly relying on international Development Finance Institutions (DFIs). The Group currently has a policy of aiming to spread its installed capacity, locating at least 80% of it inside OECD countries and a maximum of 20% outside the OECD.

Corruption risk

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

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

The Group has formalised a system to prevent the risk of corruption in a separate code of conduct, published on its website.

During the second half of 2022, the Group, with the help of an external consultant, updated its corruption risk mapping established in 2018. This updated anti-corruption risk mapping was validated first by the Executive Committee and then by the Audit Committee. A new action plan was drawn up on this basis to strengthen the Group's anti-corruption system and its implementation was launched in 2023 according to schedule.

A training plan has also been implemented on anti-corruption issues, with physical sessions for those deemed to be the most exposed and online sessions for the rest of the teams. Since 2020, several training sessions have been held, the last of which took place in November 2023.

For further details on our anti-corruption policy and measures implemented, please refer to section 5.4.1 "working ethically" of this document.

Net risk impact: High.

Risk linked to projects under development and assets under construction

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

On December 31, 2023, the Group's pipeline of projects under development was made up of 358 projects at various stages of development (tender ready and advanced development projects, excluding early stage[5] projects), please refer to section 2.2 "information on key operating data" of this document.

The obstacles faced by the Group during the project development phases particularly in securing the necessary permits and authorisations, or in extending or renewing their validity may create delays or additional costs which could make the projects less competitive than initially planned. In certain cases, this could result in the project being postponed or abandoned and in the loss or impairment of the development expenses incurred (see section 4.1 - note 12 of this document for more information on the accounting of these development costs, including their amount recorded on the balance sheet at that date). As a result, the Group may be unable to secure the requisite contracts for the sale of electricity planned for those projects, obtain financing on terms enabling adequate profitability or achieve the anticipated investment returns.

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

On December 31, 2023, the Group's assets under construction represented 3,000 MW[6].

Risk management approach

The Group favours organic growth through a multi-local leadership strategy. It relies on local teams, serving as a strong catalyst for the development of new projects.

Investments in new geographical areas and in initial prospection phases are closely monitored and controlled.

For the construction of its facilities, the Group enters into essentially turnkey contracts, with first-tier EPC contractors, which provide for penalties and/or compensation, up to a contractually defined limit, for related revenue losses, in the event of non-compliance with contractual deadlines and the performance of which is closely monitored and supervised by the Group's own construction teams.

Net risk impact: Moderate.

Risk linked to the ability to obtain power purchase agreements

The value and viability of the Group's renewable energy projects depend notably on its ability to sell the electricity generated by these assets under contracts signed with creditworthy counterparties at sufficiently high prices, including in public tenders or the conclusion of bilateral PPAs.

As at 31 December 2023, 74% of the Group's capacity in operation and under construction (in terms of MW) benefited from electricity

[5] For a definition of the various stages of development of the Group's projects, see section 8.6 "glossary" of this document.
[6] At 31 December 2023, the projects in operation represented 4,983 MW (see section 2.2 "information on key operating data" of this document).

sale contracts resulting from tendering (or open-ended) procedures or bilateral contracts concluded directly with private counterparts, with a duration of more than 5 years. The residual capacity was intended to be sold on the market, hedged or covered by short-term contracts (with a duration of less than 5 years).

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

Bilateral contracts (corporate PPAs) are most often entered into at the end of competitive processes, the results of which depend mainly on the price offered and the commitments made in terms of the project's completion schedule.

If the Group is unable to secure power purchase agreements for a given project under a public tender or under sufficiently favourable terms and with counterparties that have a sufficiently high credit risk rating by rating agencies, it will generally be unable to finance that project or will not be able to do so on favourable financing terms.

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

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

Risk management approach

The Group may retain such projects in its pipeline and attempt to obtain power purchase agreements afterwards, through bilateral negotiations or future tenders, but cannot guarantee that such tenders will take place or that it will be successful in winning them.

The Group may also consider selling these projects to third parties, as part of the implementation of its farm-down[7] operations, within an annual limit of a volume of projects and assets concerned not exceeding 20% of the gross annual growth of its secured portfolio, its priority continuing to be a develop-to-own strategy.

The Group may also design and develop some of its projects with a view to selling their electricity production on the future or spot markets, or as part of short-term hedging, in accordance with the objectives set for exposure to electricity market risks. It now aims to ensure that the share of its installed capacity[8], whose revenues are exposed to market price changes, does not exceed 20% of its total 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 PPAs (the so-called early generation phase).

In 2023, excluding storage facilities, 22%[9] of its installed capacity[8] was exposed to market pricing whilst the Group's merchant revenues amounted to 17% of total consolidated revenue excluding storage facilities.

Net risk impact: Moderate.

Risk linked to the termination of a power purchase agreement or defaults or late payments by counterparties

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

Even when the Group obtains such state guarantees, the guarantor may not have an investment grade credit rating or may lose it. At December 31, 2023, 89% of the Group's secured capacity (in MW) under contract was allocated to buyers with an investment grade rating at that date.

Similarly, the Group may not be able to fully limit its exposure to regional economic crises, and the associated credit risk, despite locating its facilities in different geographical areas and therefore the resulting risk diversification. These risks may increase when the global economy or regional economies experience periods of volatility, as is currently the case in Europe on the energy markets following the Russian-Ukrainian conflict, or recession.

Also, as long as the Group's purchasers are mainly state entities or state-owned entities, its facilities are exposed to legislative or political risks, which may affect the proper performance of the applicable contracts.

For an analysis of the Group's exposure to counterparty risk, please refer to paragraph 3.2.2.4 "management of financial risk" of this document.

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

Risk management approach

Power purchase agreements entered into by the Group may be terminated by the counterparties in limited circumstances including events that render any payment made under such contracts illegal, force majeure events (including acts of state) and certain tax events. This termination option for counterparties is generally subject to the payment of compensation on termination.

The Group seeks to reduce its counterparty risk in power purchase agreements, partly by entering into contracts with states, state-owned power distribution companies or other highly creditworthy customers and by obtaining guarantees covering the obligations of the customers concerned. However, whenever one of the Group's current or future counterparties does not have, or ceases to have, an investment grade credit rating and the Group cannot obtain state guarantees, the Group is or will be exposed to a higher counterparty risk. In non-OECD countries, the Group also tends to finance its projects through development banks, which are likely to support it in its relationship with its

[7] Total or majority sale of projects and assets in its portfolio (farm-down), up to a limit of 20% of the volume of projects secured each year. These farm-down operations strengthen the Group's financial capacity and thus contribute to financing the construction of new assets.
[8] Assets in operation or under construction.
[9] This percentage takes into account the start of construction at the end of 2023 of the Culcairn solar power plant in Australia (440 MW), part of whose production will be contracted under medium- to long-term PPAs before it starts production. Excluding this plant under construction, this percentage stands at 16%.

counterparties whenever there is a known counterparty risk, or prior to its realisation.

Finally, when setting and negotiating the selling prices proposed for electricity produced, whether in the context of public tenders or of bilateral negotiation with counterparties, the Group systematically takes account of counterparty risk for the purpose of determining its desired rates of investment return.

Net risk impact: Moderate.

Risk linked to repairs and renovation of electricity production plants

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

Unexpected interruptions to the Group's electricity production units generally result in a loss of revenue, as was the case for several weeks during the second semester of 2022 for the El Llano power plant in Mexico, and increase operating and maintenance (O&M) costs. Revenue losses may be only partially covered by the commissioning, availability and performance guarantee mechanisms provided for in the contracts entered into with the Group's EPC and O&M counterparties, or by the insurance policies taken out by the project companies. It may not be possible to recover O&M costs under the power purchase agreements, thereby reducing the Group's revenue due to the sale of less electricity or forcing the Group to incur significant expenses due to the increased cost of operating the facility. In addition, essential equipment and components may not always be immediately available when needed, especially when their production is no longer assured by the original manufacturer, potentially resulting in significant downtime and delaying the resumption of facility operation, involving a loss of earnings that may not be fully offset by the penalties foreseen in the O&M contracts. Some custom-designed equipment and parts require considerable production and delivery times and costs: if these items do not operate as planned or are damaged, their replacement may require significant Group expenditure and cause significant downtime for the facility in question. In extreme cases, unforeseen interruptions to the Group's electricity production units could even constitute an event of default under a power purchase agreement, leading to its termination and possibly the early repayment of the corresponding project financing.

Risk management approach

The maintenance and refurbishment of electricity production facilities are performed by leading third party service-providers selected by the Group, generally on the basis of turnkey O&M contracts incorporating availability and performance requirements, covered by guarantees and sanctioned by penalties in case of underperformance, which the Group systematically applies whenever authorised by the contract.

In addition, the Group ensures that it has the appropriate operating insurance cover in place to cover loss of revenue associated with accidental material damage. For further details on insurance specific to project companies, please refer to paragraph 3.2.1.2 "insurance specific to project companies" of this document. In the event of any loss covered by insurance, the Group exercises its rights with the aim of minimising the impact of the relevant loss. This was the case, for example, with the failure of a transformer at the El Llano power plant in Mexico in the second half of 2022.

Net risk impact: Low.

3.1.3 RISKS RELATED TO THE GROUP'S FINANCIAL POSITION

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

As part of the financing of its projects, the Group uses significant leverage to limit its capital contribution. At December 31, 2023, the Group's leverage ratio, defined as the ratio between its net debt and its adjusted EBITDA (calculated over the previous 12 months) was 5.6x (please refer to paragraph 2.1.5 "gearing ratio" of this document). The Group's medium-term objectives, including its net debt/adjusted EBITDA ratio target between 8 and 10 by 2025, require a gearing ratio higher than 70%[9] of the capital invested, taking into account all financing, whether corporate or set up at the level of dedicated project companies, in the form of senior or mezzanine debt. The Group's project financing therefore involves significant use of debt by the project company, which includes the risks described below and in paragraph 3.2.2.4 "management of financial risk" of this document. Furthermore, the Group may not be able to maintain the level of leverage required to achieve its growth objectives for various reasons including a continuation in the interest rate increase currently in progress, or sustained high interest rates, or even a higher capital requirement by lenders, notably if a greater proportion of electricity generated by a power plant is sold at market prices or a fall in wholesale electricity prices on the market. This would require greater funding from its shareholders in order to meet the Group's equity needs.

At its Capital Markets Day on March 1, 2023, the Group indicated that the financing of its investment plan for the period 2021-2025 required equity contributions estimated at a maximum of €1.35 billion, of which €750.4 million was raised through a capital increase completed in March 2023, following an initial capital increase of €599.0 million on April 9, 2021. This equity contribution was part of an extension of its plan to invest in dedicated storage facilities with a longer duration than initially assumed (on average 2 hours compared to 1 to 1.5 hours previously), and therefore a higher investment cost. The level of leverage of these dedicated storage facilities, when they can be financed by external debt, is significantly lower than the average for the Group's other assets, which are themselves financed by dedicated project financing.

Beyond this recent specific development, a decrease in the level of leverage below the assumptions used by the Group or a higher equity requirement at the project companies' level may affect in the future this equity contribution requirement upwards by the time its 2021-2025 investment plan is implemented.

The Group would therefore be exposed to market risk, as its ability to raise additional equity from its shareholders depends on the

[9] At 31 December 2023, this leverage ratio stood at 65% due to delays in the implementation of certain project financing, particularly in Australia, and pending the refinancing of the syndicated loan in February 2024. See section 4.1 – notes 20.2 and 22.3 of this document.

general situation of the capital markets, and also on investors' appetite to finance Neoen's growth through capital increases.

On December 31, 2023, the Group's consolidated financial debt amounted to €3,804.1 million, of which €2,921.5 million of project financing debts contracted by project companies or intermediate holding companies, €73.9 million of bond financing of projects and €424.0 million[1] of corporate financing contracted by the Company. The remaining €384.6 million comprise (following application of IFRS 16) lease liabilities (€314.7 million), shareholder loans granted to project companies or project company holding companies by minority shareholders (€54.9 million) and interest rate derivative liabilities (€15.0 million). For a description of the Group's indebtedness, please refer to paragraph 2.5.4 "reconciliation of consolidated liabilities and net debt" of this document.

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

For more details related to covenants not met on certain project financing contracts, please refer to the paragraph below entitled "risk linked to the financial covenants included in project financing agreements".

In the case of the Company, failure to meet its payment obligations under its corporate financing or to comply with the financial ratios provided for under the syndicated credit facility initially contracted in March 2020 and refinanced in February 2024, would mean that all corporate debt would fall due immediately.

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

Finally, in the event of insolvency, liquidation or reorganisation of any project company, its creditors (including suppliers, adjudicated creditors and tax authorities) would be entitled to full payment of their claims from the revenue generated by the plants before the Group could be authorised to receive any distribution from the plant concerned. Where there is indebtedness for a given project company, the lenders may request forfeiture of the term of their debt and seize any collateral; the Group could then lose its interest in the project company.

Risk management approach

The debt of each project company in the Group is non-recourse or limited-recourse for the Company and the other entities outside the scope of the specific financing, excluding isolated and temporary exceptions.

Consequently, the debt can be repaid solely from the revenues generated by the relevant project company or its direct holding company (if projects are combined), and the repayment of such borrowings (and interest thereon) is generally secured by the project company's equity shares, the facility's physical assets and the contracts, insurance policies and cash flows of the project company or its direct holding company, as the case may be.

In the case of portfolio financing involving several assets, the debt is repayable solely from the revenues generated by the relevant project companies. In this case, cross-guarantees between assets may be set up for the benefit of the lenders, but always without recourse or with limited recourse to the Company and other entities outside the scope of the specific financing.

Some mezzanine debt, whose repayment is funded by the dividend flows and repayment of shareholders' loans of the applicable project companies, is equally not subject to any recourse or with limited recourse against the Company and other entities beyond the scope of the specific financing.

With regard to the Group's corporate financing, including the syndicated credit facility contracted in March 2020, refinanced in February 2024[2] [3], and subject to compliance with specific covenants[4], which remained undrawn as at December 31, 2023, the principal and interest payments are made by dividend and shareholder loans repayment flows from the various projects, once any principal and interest associated with interim mezzanine debt has been repaid and paid. These flows undergo special monitoring and regular forecasts intended to continuously manage the terms and conditions for covering the principal and interest of this financing.

Net risk impact: High.

Risk linked to the financial covenants included in project financing agreements

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

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

[1] This amount corresponds to the debt component, net of issue costs, of the issued green convertible bonds ("OCEANEs vertes"), considered as compound instruments under IFRS. The nominal amount of these bonds is €470 million. Please refer to section 4.1 – note 18 of this document for more information.
[2] The nominal amount of the syndicated credit facility is €500 million, comprising a term loan for €300 million and a revolving credit facility with a nominal amount of €200 million.
[3] This syndicated credit facility matures in 2029.
[4] The covenants are described in detail in the paragraph 3.1.3 entitled "risk linked to the financial covenants included in project financing agreements" of this document.

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

As of December 31, 2023, one of the Group's asset in Mexico did not meet its minimum debt service coverage ratio (DSCR), mainly due to operational difficulties. As a result, the Group has maintained the acceleration of the related financial debt in its financial statements, presented under current financial debt (US$120.4 million, or €110.1 million).

The other companies financed by project debt as well as Neoen S.A. in the context of its syndicated credit facility, complied with their minimum debt service coverage ratio (DSCR) and minimum equity covenants.

For further details, please refer to paragraph 2.5.5 "financial covenants" and section 4.1 - note 1.3 "non-compliance with covenants for certain project finance facilities" of this document.

The green convertible bonds issued by the Company in 2020 for a nominal amount of approximately €170 million and in 2022 for a nominal amount of €300 million are not subject to special financial covenants. However, they require compliance with a number of commitments (including a negative pledge clause and a change of control clause) and cases of default consistent with market practice for this type of financing.

The syndicated credit facility contracted by the Company in March 2020 and has been refinanced during February 2024, to reach a nominal amount of €500 million, maturing in 2029, from an initial amount of €250 million. This includes a term loan for €300 million, and a revolving credit facility for €200 million. The initial syndicated credit facility which remained undrawn as of December 31, 2023, was subject to two specific financial covenants which were maintained in the context of its refinancing. These covenants provide for a minimum level of debt service coverage ratio and a maximum level of loan-to-value, measured as the ratio between the sum of its net financial debt and its financial guarantees issued on the one hand and its financial assets on the other. This refinanced syndicated credit facility is also subject to compliance with a number of undertakings (and in particular negative pledge and change of control) and to cases of default in accordance with market practice for this type of financing.

Risk management approach

The Group closely monitors compliance with the covenants defined in all its financing contracts. Should it anticipate any non-compliance with these covenants over a given period, it would begin discussions with the counterparties with the aim of obtaining a waiver.

Please refer to paragraph 2.5.5 "eventual restrictions on the use of capital" of this document and the above paragraph.

Net risk impact: Moderate.

Risk linked to the recoverability of deferred tax assets

The Group may record deferred tax assets on its balance sheet as the difference between the tax recorded in accordance with IFRSs and the actual tax incurred by Group entities. This difference includes the deferred impact of any reduction in tax on losses carried forward. On December 31, 2023, deferred tax assets net of liabilities stood at –€148.1 million including the deferred tax assets equating with Group tax losses carried forward, and tax credits, for +€196.7 million (see section 4.1 – note 11.2 of this document).

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

The impact of those risks could increase the tax burden imposed on the Group and thereby have an adverse effect on its effective tax rate, financial position and results. In 2023, given the profit outlook for certain regions and the time limitations on the use of tax losses, no deferred tax assets were recognised in respect of certain tax losses for an impact of 0.2% on the Group's effective tax rate, as detailed in paragraph 2.4.2.3 "analysis of the other consolidated income statements items" of this document.

Risk management approach

The recognition of deferred tax assets within the Group's consolidated financial statements is conditioned by a preliminary assessment of their recoverability subsequently reviewed at each period end on the basis of the relevant project business plans prepared for project financing purposes and in turn regularly updated whenever material operating, financial or fiscal modifications occur of a nature to affect the original business plans.

Net risk impact: Moderate.

Risk linked to changes in tax rules

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

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

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

Risk management approach

The Group implements a tax policy in strict compliance with applicable laws and regulations. Its transfer pricing policy is duly documented and reflects a strict principle of rebilling of costs incurred plus a limited margin. The Group adopts an attitude of transparency with regard to tax authorities. Finally, its increasing geographical and product diversification may be expected to attenuate the potential impact of tax exposures.

Net risk impact: Moderate

Foreign exchange risks

The foreign exchange risk to which the Group is exposed firstly includes the "conversion" risk, i.e. the risk associated with converting any financial statements of Group subsidiaries that are prepared in currencies other than the euro, which is the consolidation currency. To date, this risk has mainly involved the Group's Australian subsidiaries, which prepare their accounts in Australian dollars, as well as the solar power plant in El Salvador, whose accounts are prepared in US dollars, the solar power plant in Mexico, whose functional currency is the US dollar, as well as the solar power plants in Argentina and finally, the solar power plants in Canada, whose accounts are prepared in Canadian dollars. The Argentine solar power plants whose functional currency is the US dollar are exposed to the foreign exchange risk relating to the Argentine peso, as part of VAT credits recovery, as well as the current exchange control measures applied by the Argentine government, which reduce the Group's ability to convert pesos into US dollars.

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

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

Risk management approach

This risk is specific to the Group as provided under Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

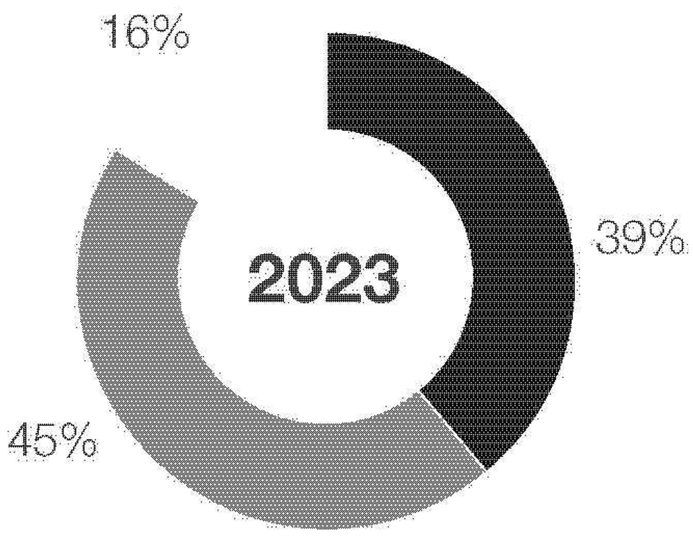
In order to hedge the risk of a fall in the value of the euro against the Australian dollar, the US dollar, and the Canadian dollar to the extent that the project's probability of achievement is sufficiently established, the Group may enter into forward currency contracts under which it purchases Australian dollars, US dollars or Canadian dollars with payment generally stipulated shortly before the date of the necessary contribution of equity or quasi-equity to the project. Such hedging instruments are generally subscribed if and when the Group has clear visibility as to the investment expenditure and debt/equity ratio applicable to the project, for example immediately after the signing of an EPC contract.

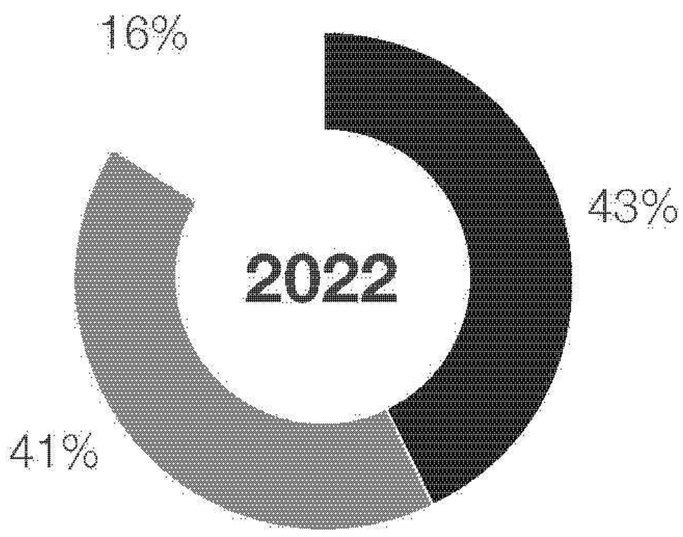
Finally, under certain exceptional circumstances, assets under construction may be exposed to payments in currencies other than its operating currency, notably when the EPC contract is denominated in several different currencies. The Group must then ensure that the project company proceeds with forex hedging at the time of the financial closing in order to ensure that the resources provided for the project will be sufficient for its proper completion.

The following table provides details of the Group's debt by currency type on December 31, 2022 and 2023 (excluding lease liability and minority investments):

(In millions of euros)	**31.12.2023**	**31.12.2022**
Debt denominated in euros	1,690.6	1,563.3
Debt denominated in Australian dollars (converted into euros)	1,258.3	1,112.4
Debt denominated in US dollars (converted into euros)	466.1	529.1
Debt denominated in Canadian dollars (converted into euros)	19.4	-
Debt denominated in other currencies (converted into euros)	-	-
TOTAL DEBT	**3,434.4**	**3,204.8**

The revenue breakdown by currency between 2022 and 2023 is as follows:





Net risk impact: Moderate.

3.1.4 LEGAL AND REGULATORY RISKS

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

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

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

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

In addition, on March 23, 2021, the Mexican Congress also passed a bill to amend the Electricity Industry Act[15] (the "Amended LIE"). This amendment affects independent power producers as it grants exclusive prerogatives to the Federal Electricity Commission (*Comisión Federal de Electricidad,* or "CFE"), Mexico's state-owned electric utility, and modifies the rules of priority of injection to the benefit of the CFE. The Amended LIE further affects power

[15] The Electricity Industry Act is a law that provides a framework for regulating the electricity industry.

producers as it restricts open access to transmission and distribution grids and relieves CFE's regulated distribution subsidiary from its obligation to purchase power through regulated public tenders. Accordingly, CFE is able to purchase power from its subsidiaries and pass on the cost through the tariffs offered to regulated consumers. Several independent producers appealed against the constitutionality of the Amended LIE before the Mexican courts. On January 31, 2024, the Mexican Supreme Court of Justice voted in favour of a draft decision confirming a first instance decision which had declared unconstitutional most of the contentious provisions of the Amended LIE. This draft decision also confirms the general effects of the first instance decision, which in practice would leave most of the contentious provisions of the Amended LIE without effect and would thus benefit to all independent producers.

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

Lastly, in this context, the Group could be exposed to risks linked to various legal or administrative proceedings or proceedings launched by regulatory authorities.

Risk management approach

In the case of regulatory requirements, the Group necessarily remains dependent on the evolution of the policies adopted by the various countries within which it operates.

It may nevertheless be noted that:

- international conferences such as the COP have shown that many countries are aware of the problem posed by global warming, in particular as the result of the pressure exercised by populations on their governments (marches for the climate etc.), and the necessary role of renewable energies in this respect;
- the energy crisis in Europe following the outbreak of the Russian-Ukrainian conflict, and in general the substantial rise in electricity prices during the winter of 2022-2023 from historical levels, have prompted many governments to implement measures to accelerate the deployment of renewable energies;
- the Group is supported by the banks, notably development banks, financing its production facilities;
- continuous improvements in the competitiveness of wind, solar and storage assets enable them to achieve grid parity in most countries in which the Group operates, especially in the current context of high electricity prices on the wholesale markets in Europe and to a lesser extent in Australia.

In addition, the Group strives to defend its interests before the courts.

Thus, with respect to the Amended LIE, on March 12 and April 20, 2021, ENR AGS, S.A. de C.V. ("ENR AGS") and ENR NL, S.A. de C.V. ("ENR NL"), subsidiaries of the Company, each filed appeals in Mexican courts challenging the constitutionality of the Amended LIE (*amparos*). On March 22 and April 29, 2021, the local courts seized issued judicial orders to ENR AGS and ENR NL suspending the effects of the Amended LIE until the court's final decision on the merits (the "Suspension Orders"). In the case of ENR NL, this decision is still pending. On the other hand, on February 17, 2023, a favourable first-instance decision was handed down in the appeal lodged by ENR AGS, confirming the suspension of the effects of the Amended LIE. The favourable decision at first instance concerning ENR AGS has been subject to an appeal by the local authorities to the collegiate court. This appeal at second instance is continuing and a decision is still pending. Notwithstanding the course of these cases, it is important to note that the general effects of the suspension of the effects of the Amended LIE carried by the project voted by the Mexican Supreme Court on January 31, 2024 should benefit both ENR AGS and ENR NL.

In order to cope with the potentially rapid and hazardous evolution of the applicable rules, the Group also engages in careful due diligence, prior to the financial closing of its projects, in order to be familiar with such rules and their potential evolution, and has the support of dedicated asset managers, who perform detailed monitoring of projects and project constraints, and of legal teams charged with analysing regulatory trends.

Finally, the Group attaches great importance to local leadership as a means of better understanding and anticipating potential changes in local regulation.

Net risk impact: Moderate.

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

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

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

As a result, the Group cannot guarantee that it will be able to obtain at reasonable cost, or within the anticipated timetable, the necessary permits, licenses and authorisations.

Finally, for projects at the development stage, the Group may have committed resources without obtaining the permits and authorisations required and may therefore have to withdraw from or abandon a project, which may have a material adverse effect on its business or operating results.

In Mexico, the Group began construction in 2020 of the high-voltage

facilities for the 380 MWp Puebla solar project, in order to comply with the initial validity schedules of the generation permit (December 2022) and the studies and interconnection contract of which it was the beneficiary. These facilities are now completed, and the Group is still awaiting confirmation from the network operator (CENACE) of the validity of the interconnection studies in order to launch the construction of the adjoining solar park.

Pending a response from CENACE, and for the sake of consistency, the Group has applied to the Energy Regulatory Commission (CRE) for an extension of its generation permit to that same date (December 2026).

The interconnection contract, of which interconnection studies are an appendix, can only be amended with CFE once the agreement of CRE has been obtained and the interconnection studies validated by CENACE. The interconnection works and the adjacent solar power facilities, which the group is still planning to build in the near future, can only be finalised under these conditions.

Risk management approach

The Group has specialist country development teams responsible for obtaining the requisite permits and licenses. The multiplication of projects in any given country facilitates comprehension of the applicable processes in particular for countries with strong regional characteristics. This is particularly true of France where the Group has a precise understanding of the various regional approaches to the development of renewable energies. However, some non-critical permits can only be obtained after the EPC has completed the detailed studies. In addition, administrative processes can sometimes delay the issuance of a permit that has been duly approved by the authorities. The Group may therefore decide, in a very limited number of cases and after prior legal, technical and regulatory analysis, to notify the EPCs to start construction of an asset without having formally obtained all the permits, being understood that the work will not be carried out until these permits have been obtained.

The Group is supported by specialist local consultants who perform the requisite analyses (technical and impact surveys, etc.) for permit applications, as well as by lawyers in order to ensure completeness.

The Group's positioning as a local leader or initiator of large-scale projects provides it the benefit of attention from central authorities, thereby limiting the impact of discretionary decisions in developing countries.

Net risk impact: Moderate.

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

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

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

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

For each of these countries, any adverse changes in the premiums or prices offered on an open-window basis or further to requests for tender may have a material impact on the profitability of the Group's projects and the revenue generated, particularly if the feed-in premiums or prices are not sufficiently high to cover project costs (notably the cost of repaying the applicable debt) and guarantee appropriate returns.

In addition, the Group may sell electricity produced by its power plants on the wholesale markets for the portion exceeding the capacity benefiting from mandatory feed-in tariffs, feed-in premiums, or bilateral contracts (so-called "corporate" PPAs). In this case, the Group is exposed to the risk of direct intervention by governments or public authorities on the wholesale markets or indirect intervention in the form of exceptional taxes. In the second half of 2022, the European Union announced the introduction of a price cap of up to €180/MWh for electricity sold on wholesale markets by renewable energy production facilities. Although the practical terms, scope and duration of this measure have been defined differently in the various member countries, some of which have set the cap at a much lower level than the European Union's recommendations and for a longer period, sometimes covering the period up to 2024, this type of measure is likely to limit the Group's ability to achieve its target IRR objectives, if the cap proves to be more important than the assumptions made by the Group in its investment plans. Electricity volumes sold on the market are generally sold at prices higher than the feed-in tariffs, feed-in premiums and corporate PPA prices, thus constituting a lever for improving the projects' IRR.

Finally, if the Group is not able to control its costs, particularly construction costs, to adapt to changes in the level of feed-in premiums or regulated prices in France or other countries, projects based on such revenue conditions may no longer be viable.

Risk management approach

The Group has chosen to concentrate its investment in countries where its renewable electricity production facilities largely reach grid parity, particularly in the current context of electricity prices higher than their historical average, especially in Europe, thereby rendering less likely any reduction or other unilateral change of the pricing arrangements for the purchase of renewable electricity since they are already competitive in comparison with the conventional sources of electricity production.

In the event of any such unilateral change of feed-in prices or other regulated tariffs, the Group's continuous insistence on seeking competitiveness for its facilities in comparison with other energy production sources would be expected to enable it to sell its electricity production on the spot or forward electricity markets.

The Group uses a combination of internal models and projections by market experts to determine the price assumptions for electricity sold on the markets, using central curves, the levels of which tend not to be significantly higher than the prices currently observed on the electricity markets. This lowers the risk that public intervention will significantly affect the price levels captured by the Group's assets exposed to wholesale prices, compared with the assumptions used in investment business plans.

Finally, the Group's strong geographical diversity renders it less exposed to any challenge to regulated prices and tariffs within any particular country or region.

Net risk impact: Moderate.

3.1.5 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

Risk linked to IT infrastructure

The Group's activity is based on the effective, secured and uninterrupted operation of its information system which includes complex and sophisticated IT systems, including the critical infrastructure component, telecommunications systems, control, accounting and reporting and systems for the acquisition and processing of operational and tertiary data. The Group may suffer computer breakdowns and disruptions of these systems and networks which are used in all its activities including in its highly automated plants and for the distribution and supply of electricity. These can be caused by system upgrade issues, natural disasters, cyber-attacks, the number, complexity and sophistication of which have increased substantially during the last two years, accidents, power cuts, telecommunications failures, terrorist attacks or war, computer viruses, physical or electronic intrusions or similar events or disruptions.

Disruptions to the Group's IT systems due in particular to cyber-attacks, such as ransomware, could seriously hinder administrative and commercial operations including causing a loss of sensitive data and compromising operating capacity, which could also lead to loss of service for customers and require substantial expenditure to correct security breaches or system damage. Furthermore, in addition to having a negative effect on the Group's activity, failure in operational monitoring may lead to loss of revenue, non-compliance with contractual, regulatory or tax obligations and give rise to fines and penalties.

Risk management approach

In order to secure its IT infrastructure, and in particular to preserve the integrity of its most critical information systems and sensitive data, in a context of strong growth, the Group has entered into several contracts with qualified external service providers to ensure the integrity, performance, continuity of service and protection of these systems. These contracts contain special performance obligations, which are subject to regular, detailed monitoring.

The Group has an internal IT function headed by the Chief Information Officer. As part of a medium-term plan currently being implemented, the CIO is responsible for strengthening the Group's investment in staff and equipment around cybersecurity, the monitoring and security of the tools used to measure the performance of the production assets, and IT development involving some of the Group's key functions (including operations, financing and human resources). In 2023, the Group continued to overhaul its IT infrastructure, based on the use of hybrid multicloud solutions to ensure greater resilience to the most critical attacks, such as ransomware[16].

As the main channel for cyber-attacks is now the human vector, in 2023 the Group pursued its efforts to raise employee awareness of cyber risk by implementing a dedicated training program and conducting phishing test campaigns.

This awareness-raising is accompanied by the gradual implementation, of systems and processes for incident detection and response, with a view to continuous improvement. For detection purposes, the Group uses proven solutions (Security Operating Center / Security Information and Event Management) that enable permanent, proactive and automated monitoring of possible cyber-attacks against information system components. To ensure that the incident response is appropriate and timely, the Group will use the services of qualified companies with cyber-security expertise.

[16] Ransomware is a malicious software that blocks access to the computer or files by encrypting them and demands the victim to pay a ransom to get access again, it is a common attack technique of cybercrime.

Fraud risk

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

In addition, since 2020, the Group has had regular external audits of its cybersecurity risk exposure, which led to the strengthening and implementation of several internal policies, the deployment of dedicated protection tools focusing in particular on securing data exchanges and workspaces, and ensuring that all employees are made aware of the risks associated with cybersecurity by providing e-learning courses on the subject.

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

Since 2022, online training courses covering the entire spectrum of cybersecurity risks, including employee control of their digital footprint, the main source of information used by attackers to perpetrate attacks, are deployed to all employees. Their content is adapted to their respective level of knowledge and expertise. Their effective implementation is monitored by the Group IT Department with the support of team managers.

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

Net risk impact: High.

Risk linked to the ability to retain key employees and to hire and retain qualified new employees

The Group's success and its ability to achieve its growth objectives depend on key personnel and skilled employees, including certain Group executives and employees with particular expertise in project development, structuring and financing, engineering, construction, operation and maintenance. Given their expertise in the industry in general, their knowledge of the Group's operating processes and their relations with the Group's local partners, the loss of the services of one or more of these individuals could have a significant adverse impact on the Group's growth, project development, financial position and income.

As the Group extends its activities, portfolio and geographical footprint, its operational success and its ability to execute its business plan depend for a large part on its ability to attract and retain additional qualified personnel with specific technical or industry expertise, including in the many international locations where it operates.

For example, the presence of the Group's personnel and engineering capabilities on the ground are crucial for the development of new projects and the operation of existing assets. The success of these projects depends on hiring and retaining personnel throughout the Group with sufficient expertise to enable the Group to complete the various project development stages with accuracy and on a timely basis. There is significant and growing competition in the renewable energies industry to attract qualified personnel with the necessary expertise, and the Group cannot guarantee that it will be able to recruit sufficient number of such talents to support its business plan and growth. The inability to recruit and retain qualified personnel could have a material adverse effect on the Group's activities.

In addition, executives and other employees with technical or sectoral expertise may sometimes leave the Group. As the Group's visibility and reputation grow, its employees also become more sought after.

Thus, in a context of general tension on the job market in the main countries where the Group operates, particularly exacerbated for key skills mobilised throughout the value chain of renewable activities, the Group has observed two notable phenomena during years 2022 and 2023. On the one hand, an increase in the number of requests from competitors or emerging players for key Group employees, and more generally for functions that are essential to the completion of its projects (development, construction and financing in particular). Secondly, inflation on the job market in the terms of remuneration offered to qualified profiles sought by the Group, making the recruitment process more complex for functions that are central to its continued growth.

If the Group is unable to quickly appoint qualified and effective successors or cannot effectively manage temporary gaps in expertise or other disruptions created by such departures, this could have a significant adverse impact on its business and growth strategy.

Risk management approach

The Group attaches great value to its human capital, which is one of its fundamental strengths, and seeks to encourage the emergence of talents among its personnel, in particular by exposing them to new positions and experiences within the Group's various locations.

The Group conducts an annual review of its workforce and identifies key functions and employees for which special retention policies and succession plans are put in place.

For that reason, the Group strongly encourages cross-functional and international mobility among its employees.

The Group has also historically offered its key employees stock option plans and free share grant plans, as described in chapters 4, 6 and 7 of this document.

Lastly, an incentive plan was set up in France in 2019 and an employee shareholding scheme for the Group's French employees every year since 2020. This allows each beneficiary the opportunity to acquire new shares at a preferential price, with a contribution of one free share for each share subscribed (see chapters 4, 6 and 7 of this document).

Net risk impact: High.

Risk linked to the approval of facilities by local communities or any challenge to permits, licenses and authorisations once granted to the Group

The wind power and, to a lesser extent, solar power projects and storage developed and operated by the Group may be subject to low acceptance and/or opposition from local populations and associations, particularly in France.

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

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

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

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

Risk management approach

In general, the Group gives priority to information and consultation with local communities and also undertakes to avoid, reduce and compensate for the impacts of a project through detailed environmental analysis. These analysis and consultations, combined with the implementation of compensatory measures, make it possible to limit the impact of a project or local opposition.

That is why the Group has established a framework for sustainable development, summarised in its Sustainability Framework[7], to which it is committed:

- to have environmental impact studies carried out by specialist environmentalists for 100% of its advanced development[8] projects and to compensate, where appropriate, for unavoidable environmental impacts, in accordance with local requirements. The Group is also committed, for each project to be built, to adopt a biodiversity initiative that goes beyond the requirements of local regulations;
- to consult the community and share information, even when not required by law;
- to develop a Community Engagement Plan[19] for 100% of its new projects with a capacity exceeding 50 MW;
- to maximise its impact on the local economy by interacting with local businesses and professional networks, favouring local suppliers and workers whenever possible, and developing a Local Participation Plan[20] for projects with a capacity exceeding 100 MW;
- to implement local initiatives and sustainable development projects for each project with a capacity exceeding 50 MW;
- to strengthen our ties with local communities by creating a work of art that highlights renewable energy and local culture for each project with a capacity exceeding 50 MW.

For wind power projects, a population involved as early as possible in the development of a project will tend to be more inclined to accept its implementation. Neoen's teams engage in discussion and provide information prior to any submission of requests for authorisations as a means of involving local residents and taking local issues on board. The means employed are adapted according to the context (presence of other wind turbines nearby, degree of local influence of the associations opposing wind turbines): involvement of local elected representatives, organisation of meetings or information sessions, canvassing, distribution of information sheets, visits to existing facilities, setting up a website dedicated to the project and often continue throughout the project development phase.

For the purposes of deployment of such approaches, the Group's project managers interacting directly with local stakeholders are complemented by community relations specialists (in Australia), or by specialised consultants for certain regions (Latin America, Africa or Europe), as a means of ensuring positive relationships over the long term.

Outside Europe, the Group conducts environmental and social impact assessments (ESIA) during the development phase. The social component of these assessments is used not only to establish the Community Engagement Plan, but also to draw up action plans with the communities involved during the construction and operation phases of the asset.

Finally, for some projects, in order not to delay the construction and operation of a power plant, the Group may consider the benefits of taking out insurance providing protection against the financial consequences suffered in the event of successful appeal (against the permits obtained by the Group) if such coverages are available and their implementation is financially justified.

Net risk impact: Moderate.

[7] The Sustainability Framework summarises Neoen's commitments to sustainable development. Neoen wants to develop responsible and sustainable practices in its modus operandi, its interactions with the communities and the control of its environmental footprint. The Sustainability Framework is available on the Neoen website (https://neoen.com/fr/rse/ / https://neoen.com/en/csr/).

[8] For a definition of the various stages of development of the Group's projects, see in section 8.6 "glossary" of this document.

[19] The Community Engagement Plan is a complete internal tool, guiding and marking out all the consultations and interactions that will take place during the life of a project, from the early stages of the feasibility study to its dismantling.

[20] The Local Participation Plan identifies and lists all potential economic benefits of a project in terms of local and regional development.

Risk linked to weather conditions and the effects of climate change

The Group is investing and expects to continue to invest in electricity generation projects dependent on solar and wind resources. As of December 31, 2023, the Group's photovoltaic facilities and wind farms in operation represented 2,708 MW and 1,738 MW, respectively, or approximately 54% and 35% of its total operational capacity.

The production levels of the Group's photovoltaic and wind farms are dependent respectively and significantly on the degree of irradiation of the solar installations and the kinetic energy of the wind to which the wind turbines are exposed. These resources are beyond the Group's control and are likely to vary significantly from period to period. General weather conditions, such as seasonal variations in resources, are thus complex to predict.

Insufficient levels of irradiation or wind may result in a reduction in electricity production. Excessive temperatures can also lead to a reduction in the production of electricity from photovoltaic installations. Winds exceeding a certain speed can damage wind turbines and force the Group to interrupt the operation of turbines.

This weather-related risk is increased by climate change. To the extent that climate change triggers fluctuations in temperature, wind resources and meteorological conditions, generates an increase in average cloud cover or increases the intensity or frequency of extreme weather events, such as hurricanes, floods or forest fires, it is likely to have an adverse effect on the Group's facilities and business. Moreover, extreme weather events may damage the Group's facilities, increase the incidence of downtime, increase operating and maintenance costs or interfere with the development and construction of large-scale projects. For example, in certain markets in which it is present, the Group has already had to deal with extreme weather events such as floods in Australia. It also suffered earthquakes in El Salvador.

Risk management approach

The Group's approach to managing weather events and climate change has multiple components:

- a strategy of geographic and technological diversification of its portfolio of assets and projects: as of the date of this document, although the Group conducts most of its business in Australia (41% of the MW in operation as of December 31, 2023), in France (26% of the MW in operation as of December 31, 2023), and in the Americas (18% of the MW in operation as of December 31, 2023), the pursuit of this strategy of diversification should limit the potential impact of the occurrence of this risk in the future at consolidated level;
- real-time monitoring of the climatic conditions in which the Group's assets operate. On the one hand, this monitoring enables the Group to make electricity production forecasts based on statistical studies of the historical weather conditions of the sites. The Group's internal rate of return ("IRR") and financial covenants negotiated in the context of project financing generally assume that these forecasts will be statistically verified over the long term. In addition, this monitoring should make it possible to identify and better anticipate any actions to be taken in the event of excessive variations. Indeed, estimates of the level of irradiation and wind resources at sites, based on the Group's experience and on studies conducted by independent engineers, may not reflect the actual level of solar and wind resources at a site for a given period. The Group may therefore need to carry out further studies in the event of persistent discrepancies between its initial estimates and the actual level of resources affecting certain assets, and revise its forecasts accordingly for a specific asset, but also for future projects with similar characteristics;
- the construction of assets in line with robust (seismic, wind, flooding, etc.) standards;
- insurance cover for its assets, in which weather issues play a fundamental role. The transfer of risks to the insurance market is defined based on clear criteria regarding the financial strength of the partner insurers and their ability to cover the major weather events and natural disasters that could affect the Group's assets. Given the continued tightening of the global insurance market, the Group may be obliged to conduct technical studies to define the level of guarantees appropriate to the risks of each asset. The insurance includes cover for physical assets (property damage), the expected income from assets (operating losses), or debt and fixed operating costs, as applicable, as well as additional O&M costs incurred during the repair of a disaster. This revised cover, as described in section 3.2, "insurance and risk management", protects the Group and its assets as much as possible against uncertainty due to extreme weather events. In addition, as a responsible manager, the Group monitors attentively the development of insurance or other financial cover for the availability or unavailability of renewable natural resources and more particularly, of wind and solar resources. Although it has not yet considered appropriate to subscribe such cover, given its high cost and currently uncertain effectiveness, it continues to follow the trends in such products, the purpose of which is to protect assets' economic performance in the event of scarcity or excess of renewable natural resources.

Net risk impact: Moderate.

3.2 INSURANCE AND RISK MANAGEMENT

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

3.2.1 INSURANCE

In the context of its business, the Group has implemented insurances:

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

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

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

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

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

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

3.2.1.2 INSURANCE SPECIFIC TO PROJECT COMPANIES

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

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

- each Group project or asset must be covered by:
  - a "construction all risks" policy covering both the Company and the project company against the risks of accidental damage to assets and associated loss of revenue as well as third-party liability (including accidental pollution risks) that may occur during the construction of the asset. The use of a "construction all risks" or "construction and erection all risks" policy provides insurance proceeds without seeking liability, to avoid delay during construction;
  - once the asset has been commissionned, operating insurance providing cover for third party liability (including for accidental environmental damage), accidental damage to assets and associated loss of revenue caused by or to the facility (for example fire, theft and acts of vandalism, natural disasters, etc.);

- a specific liability insurance policy that includes accidental environmental risks, for projects or assets that are most exposed to this risk if this component is not included in the construction or operation policies;
- depending on the asset risks, the Group may also take out a specific insurance policy to cover property damage and associated loss of revenue in the event of an act of terrorism, both during the construction phase and during operations;

* although each project or asset has its own cover separate from that of the other projects or assets, this cover must be consistent with the Group's policy on insurance cover. In the particular case of French solar projects or assets, standard terms and conditions have been set out in framework policies negotiated beforehand by the Group with leading insurers, including insurance brokers. Thus, as at the date of this document, framework policies have been taken out with AXA France and Gothaer to cover the Group's photovoltaic and wind farm assets located in France, both under construction and in operation in order to cover respectively, the third-party liability risks as well as the risks of accidental damage to assets and associated loss of revenue;
* concerning its international business, the Group has undertaken a project to harmonise and rationalise its international insurance policies. In 2020, it took out several operating insurance policies with leading insurers, with HDI as a lead insurer for the photovoltaic and storage facilities in Australia and AGCS for the other operating facilities located internationally, to cover the risks of accidental property damage and associated loss of revenue or debt and fixed operating costs. Construction policies covering these assets are taken out at the end of requests for quotations organised with the support of an international broker;
* insurance policies are generally audited by the lenders financing a project who ask to be designated as additional insureds in order to be able, if applicable, to receive any potential insurance proceeds in the event of a claim by subrogation in the framework of the loan agreements;
* finally, the insurance policies taken out by project companies contain limits of indemnity, deductibles and exclusions calibrated on a project-by-project or asset-by-asset basis, the levels of which are set appropriately further to analysis performed by the Group in consultation with the lenders.

In addition to this general policy, specific mandatory local insurance policies are put in place on a country-by-country basis.

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

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

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

3.2.2 RISK MANAGEMENT

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

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

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

An organisation and tools to provide structure have been implemented to support these measures at all levels of the Group's organisation.

3.2.2.1 RISK MAPPING

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

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

The main risks to which the Group is exposed are mapped every three years with the aim of revising their classification in light of changes in the environment in which it operates. The main risk factors have been identified and described in the risk map, which was updated in the second half of 2022.

During the fourth quarter of 2023, this map and, more generally, the risk environment were reviewed by the Executive Committee and validated by the Audit Committee.

At this stage, it does not seem that the net level of risks has increased or changed compared to the previous situation, particularly given the risk reduction measures implemented by the Group.

3.2.2.2 ORGANISATIONAL FRAMEWORK FOR RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

More specifically, the CFO of the Group is responsible for coordinating the implementation, management and reporting of the internal control system, with the support of internal teams and dedicated external service providers. He also coordinates the process of updating the risk map. In addition, business process owners have been designated within the Executive Committee to manage the audit tools (resources, policies, procedures, actions etc.) necessary for the control of each process.

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

Focus on the preparation of financial and accounting information

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

These are prepared on a half-yearly and annual basis, respectively for the consolidated financial statements and both the statutory and consolidated financial statements, under the authority of the Group's Finance Department, as follows:

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

At each period's end, the Group's central financial control teams review the accounts submitted, perform a period-to-period analytical review and analyse variances against budget and rolling forecast.

Their work is complemented by that of the Group's statutory auditors covering the Company's annual statutory accounts and the Group's consolidated financial statements.

3.2.2.3 SYSTEM OF INTERNAL CONTROL

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

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

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

Control activities have been defined for ten major operational, supporting, or cross-departmental processes identified by the Group. For each one, control activities have been listed and circulated via control matrices. This work has been performed under the responsibility of each business process owner. The control activities were defined based on the operating risks identified in each of the processes and via the risk mapping process. They were clearly detailed and defined in order to ensure ease of rollout by all Group subsidiaries. In 2023, all control activities related to the ten major processes were reviewed by the business process owners and adapted where necessary. In addition to this organisation, a concrete set of tools (checklist, model documents etc.) was designed and circulated within the Group for improved appropriation and implementation of the control activities in a harmonised manner across all territories.

Finally, the implementation of the internal control system is assessed annually. Historically, internal control self-assessment campaigns and audits across departments have been carried out. Each relevant manager thus prepared an assessment, for their area of responsibility or that of a colleague, of the effectiveness of the control measures defined by the Group, thereby allowing the level of deployment of internal control within the Group to be assessed and also enabling action plans to be drawn up to strengthen any activities not sufficiently controlled at the time. The results of the campaigns were then reported to the Executive Committee and the Audit Committee.

From the second half of 2019, the Group initiated an external audit campaign, firstly, to ensure that the defined controls were implemented correctly and secondly, to check that the measures for controlling major risks — as well as any other major risks identified between two risk map updates — were working properly. This audit, which specifically covered the controls used to prepare the financial statements and to produce the Group's financial information, has been achieved since 2020 in the various countries and geographical areas where the Group operates. In 2023, it was thus carried out on the Group's Portuguese entities and certain controls applicable to the Group's French entities which had not previously been subject to external control. It is due to be extended in 2024 to other Group countries, by geographical rotation and by process.

Lastly, internal controls on compliance are described in paragraph 3.2.2.1 "risk mapping" of this document. Although the Group has established internal control policies and procedures in order to identify any fraud, such policies and procedures may nevertheless not identify and protect the Group against fraud or other criminal acts perpetrated by its employees or agents or by those of its affiliated companies.

Should employees or agents of the Group or of its affiliated companies be involved in fraud or criminal or unethical activities, financial penalties could be imposed on the Group and the Group could be the subject of investigations carried out by the criminal or regulatory authorities or become the subject of disputes or litigation, which could have a material adverse effect on its reputation, activities, financial position or results.

3.2.2.4 MANAGEMENT OF FINANCIAL RISK

Interest rate risk

The Group has exposure to market risk in connection with its investment activities. This exposure is mainly linked to fluctuations in the variable interest rates related to the financing of its projects.

This risk is described in paragraph 3.1.3 "risk related to the Group's level of gearing and means of financing", which is a specific risk regarding Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

The following table summarises the Group's exposure by interest rate type on December 31, 2022 and 2023:

(In millions of euros)	**31.12.2023**	**31.12.2022**
Fixed rate borrowings	1,693.0	1,690.0
Floating rate borrowings	2,096.1	1,819.3
Interest rate derivative liabilities	15.0	-
Interest rate derivative assets	(214.9)	(302.7)
TOTAL BORROWINGS AFTER HEDGING	**3,589.2**	**3,206.6**

The Group's objective in managing interest rate risk is to secure the economic balance of its projects by limiting the future variability of the financial expense associated with their financing, where these are at variable rates. This is achieved by using hedging instruments, which generally represent 75% or more of the amount financed at variable rates.

Interest rate risk is hedged via over-the-counter instruments with top-tier counterparties. These are generally classified as cash flow hedges.

The following table sets out the Group's use of derivatives on December 31, 2022 and 2023 for the purpose of hedging its exposure to interest rate risk:

	Notional value per maturity					
(In millions of euros)	Less than 5 years	More than 5 years	Total	Fair value	Recorded as equity	Recorded as income
At December 31, 2022						
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 - Holdings	-	-	-	9.6	9.6	-
Interest rate caps	-	-	-	-	1.9	-
TOTAL	**(562.9)**	**(996.8)**	**(1,559.7)**	**302.7**	**294.6**	**-**
At December 31, 2023						
Interest rate swaps - Wind	(470.1)	(684.2)	(1,154.3)	127.4	117.9	-
Interest rate swaps - Solar	(166.8)	(443.1)	(609.9)	75.9	81.9	-
Interest rate swaps - Holdings	(162.8)	-	(162.8)	2.5	3.0	0.2
Interest rate swaps - Storage	-	-	-	(5.9)	(5.9)	-
Interest rate caps	-	-	-	-	1.7	-
TOTAL	**(799.7)**	**(1,127.2)**	**(1,926.9)**	**199.9**	**198.6**	**0.2**

For more information, please refer to section 4.1 – Note 20.2 "net debt" of this document.

Counterparty risk

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

The description of this risk is detailed in paragraph 3.1.2 of this document, the following categories "risk linked to the Group's expansion in emerging markets" and "risk linked to the termination of a power purchase agreement or defaults or late payments by counterparties", which are specific risks regarding the Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

The following table summarises the situation of the Group's trade receivables on December 31, 2022 and 2023:

(In millions of euros)	31.12.2023	31.12.2022
Trade receivables	115.2	106.6
Impairment of trade receivables	-	-
TOTAL	**115.2**	**106.6**

The Group sells most of the electricity generated by its plants via power purchase agreements or contracts for difference signed with state-owned counterparties (states or state-run businesses), electricity distribution companies, and a limited number of private purchasers.

The share of power purchase agreements held by private entities and market counterparties (spot exposure) is expected to increase in the future.

The Group could also design and develop some of its projects with a view to selling their electricity production on the future or spot markets, per the objectives set for exposure to electricity market risks. It should be remembered that the Group aims to ensure that the share of its installed capacity[2] whose revenues exposed to market prices is at most 20% of its total 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 of their PPAs into force (the so-called early generation phase).

[2] Asset in operation or under construction.

In cases where the counterparty to the power purchase agreement is a private company, its credit rating is taken into account when calculating the target internal rate of return ("IRR") of the underlying project. When all or part of a power plant's electricity sales are made on the market, a specific risk premium, depending on the proportion of electricity sales made on the markets, is also added to the project's target IRR calculation.

With regard to the counterparty risk associated with its cash management and interest rate or foreign exchange hedging, the Group invests its liquid and semi-liquid cash resources and signs interest rate and foreign exchange hedging agreements with leading financial establishments.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its immediate or short-term financial commitments. It is described in paragraph 3.1.3 "risks related to the Group's financial position", which is a specific risk regarding Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council.

The table below summarises the Group's available resources (liquidity position) as of December 31, 2022 and 2023 (see section 4.1 - note 22.5 "liquidity risks" of this document):

(In millions of euros)	**31.12.2023**	**31.12.2022**
Cash and cash equivalents:	*773.7*	622.7
of which short-term investments	66.6	40.6
of which available cash resources	707.2	582.2
- *Of which cash to be returned to EDF OA*[1]	*19.7*	*90.3*
Corporate credit lines available	288.0	288.0
TOTAL	**1,061.7**	**910.7**

(1) As of December 31, 2023, cash and cash equivalents of project companies taken into account in the calculation of net debt include an amount of €19.7 million corresponding to the difference, for some French power plants, between the market price they received and the price of their purchase contract, in accordance with current regulations (please refer to section 4.1 – note 20.2 of this document).

Short-term investments by the Group are fully available to the Company which holds them and do not generate any risk of change in value.

4

FINANCIAL STATEMENTS AND STATUTORY AUDITORS REPORTS

4.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31ST, 2023 118

4.1.1 Consolidated income statement 118

4.1.2 Consolidated statement of comprehensive income 119

4.1.3 Consolidated statement of financial position 119

4.1.4 Consolidated statement of changes in equity 121

4.1.5 Consolidated cash flow statement 122

4.1.6 Notes to the consolidated financial statements 123

4.2 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEOEN GROUP AS OF DECEMBER 31ST, 2023 174

4.3 ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31ST, 2023 178

4.3.1 Income statement 178

4.3.2 Statement of financial position - Assets 179

4.3.3 Statement of financial position - Equity and liabilities 179

4.3.4 Notes to the annual financial statements 180

4.4 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31ST, 2023 197

4.1 NEOEN GROUP CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31ST, 2023

4.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros, except for earnings per share data)	Notes	FY 2023	FY 2022
Energy sales under contract		382.7	309.2
Energy sales in the market		119.4	171.5
Other revenue		22.3	22.5
Total Revenue	5	**524.4**	**503.2**
Purchases net of changes in inventories	6.1	(4.9)	(2.2)
External expenses and payroll costs	6.3 and 7	(147.4)	(135.3)
Duties, taxes and similar payments	8	(13.7)	(10.0)
Other current operating income and expenses	9	200.8	56.8
Share of net income of associates	14	0.0	0.5
Current operating amortisation	12.2 and 12.3	(176.0)	(151.0)
Current operating income		**383.3**	**262.1**
Other non-current operating income and expenses	10	(8.5)	(3.8)
Impairment of non-current assets	10	(10.5)	(27.3)
Operating income		**364.3**	**231.0**
Cost of debt		(155.9)	(135.6)
Other financial income and expenses		3.1	(17.1)
Net financial result	20.1	**(152.7)**	**(152.7)**
Profit before tax		**211.6**	**78.3**
Income tax	11	(64.2)	(32.6)
Net income from continuing operations		**147.4**	**45.7**
Consolidated net income		**147.4**	**45.7**
Group share of net income		150.2	45.2
Net income attributable to non-controlling interests		(2.8)	0.5
Basic earnings per share (in euros)[1]		*1.01*	*0.38*
Diluted earnings per share (in euros)[1]		*0.94*	*0.35*

(1) The calculation of basic and diluted earnings per share for the 2022 financial year has been adjusted retrospectively, due to the capital increase of March 29, 2023, in accordance with IAS 33 "earnings per share".

4.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	FY 2023	FY 2022
Consolidated net income		**147.4**	**45.7**
Foreign exchange differences[1]		(70.7)	11.1
Cash flow hedging (interest rate derivatives)	20.3	(95.0)	348.7
Deferred tax for cash flow hedging		25.1	(96.7)
Items recyclable through profit or loss		**(140.5)**	**263.1**
Total comprehensive income		**6.9**	**308.8**
of which: Net Income - Group share		*12.0*	*297.3*
of which: Net Income - attributable to non-controlling interests		*(5.2)*	*11.4*

(1) In 2023, the foreign exchange differences are mainly due to the unfavourable change in the exchange rate of the Australian dollar and the US dollar against the euro, amounting to €(57.9) million and €(11.2) million respectively. In 2022, the foreign exchange differences were mainly due to the favourable change in the exchange rate of the US dollar against the euro, amounting to €28.9 million, offset by the unfavourable change in the Australian dollar against the euro, amounting to €(17.2) million.

4.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euros	Notes	31.12.2023	31.12.2022
Goodwill	12.1	0.7	0.7
Intangible assets	12.2	347.3	290.5
Property, plant and equipment	12.3	5,423.5	4,566.9
Investments in associates and joint ventures	14	15.6	24.4
Non-current derivative financial instruments	20.3	252.5	312.9
Non-current financial assets	15	175.0	99.9
Other non-current assets[1]		6.1	10.7
Deferred tax assets	11.2	77.9	56.8
Total non-current assets		**6,298.5**	**5,362.9**
Inventories	6.2	9.8	10.6
Trade receivables	5.2	115.2	106.6
Other current assets	16	115.9	108.0
Current derivative financial instruments	20.3	54.3	35.9
Cash and cash equivalents	17	773.7	622.8
Total current assets		**1,068.9**	**883.9**
Assets held for sale	3.4	34.9	26.8
Total assets		**7,402.3**	**6,273.5**

In millions of euros	Notes	**31.12.2023**	**31.12.2022**
Share capital		304.2	229.3
Share premium		1,933.0	1,247.4
Reserves		267.4	375.1
Treasury shares		(3.2)	(3.2)
Group share of net income		150.2	45.2
Group share of equity	18	**2,651.7**	**1,893.7**
Non-controlling interests	18	13.0	20.5
Total equity	18	**2,664.7**	**1,914.3**
Non-current provisions	19	144.1	115.3
Non-current project finance	20.2	3,049.2	2,702.3
Non-current corporate finance	20.2	421.5	407.9
Non-current derivative financial instruments	20.3	16.1	32.2
Other non-current liabilities[2]		3.2	17.9
Deferred tax liabilities	11.2	226.0	194.0
Total non-current liabilities		**3,860.0**	**3,469.8**
Current provisions	19	4.8	1.0
Current project finance	20.2	315.8	397.3
Current corporate finance	20.2	2.6	1.8
Current derivative financial instruments	20.3	3.7	12.6
Trade payables	6.4	386.6	242.4
Other current liabilities	21	125.9	206.2
Total current liabilities		**839.5**	**861.2**
Liabilities associated with assets held for sale	3.4	38.0	28.2
Total equity and liabilities		**7,402.3**	**6,273.5**

(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 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.

4.1.4 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, 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 reductions	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		0.0	-	(1.3)	-	(1.3)	1.3	0.0
Change in treasury shares		-	-	(1.9)	(0.1)	(2.1)	-	(2.1)
Changes in consolidation scope and other changes		-	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**
Net income of the period		-	-	150.2	-	150.2	(2.8)	147.4
Other comprehensive income		-	-	(138.1)	-	(138.1)	(2.4)	(140.5)
Comprehensive income for the period	**-**	**-**	**-**	**12.0**	**-**	**12.0**	**(5.2)**	**6.9**
Share capital increase and reduction[1][2]	37,452,951	74.9	685.7	(0.1)	-	760.4	(1.6)	758.8
Distribution of dividends[2]		-	-	(18.9)	-	(18.9)	-	(18.9)
Share-based payments		-	-	8.5	-	8.5	-	8.5
Transactions with non-controlling interests[3]		0.0	-	3.0	-	3.0	(1.0)	2.0
Change in treasury shares[4]		-	-	(7.0)	0.1	(6.9)	-	(6.9)
Changes in consolidation scope and other changes		-	0.0	(0.2)	-	(0.2)	0.3	0.2
Total equity as of December 31st, 2023	**152,122,449**	**304.2**	**1,933.0**	**417.6**	**(3.2)**	**2,651.7**	**13.0**	**2,664.7**

(1) See note 18.

(2) Given the option for the payment of the dividend in shares, the dividend distribution decided by the general shareholder's meeting of May 10, 2023 resulted in the creation of 641,364 new ordinary shares (representing around 0.42% of the share capital), i.e. a dividend of €15.8 million, and the payment of a dividend of €3.1 million in cash.

(3) In 2023, transactions with non-controlling interests correspond to the revaluation of two purchase commitments, and the acquisition and sale of minority stakes in two entities still controlled by the Group.

(4) The change in treasury shares corresponds to the purchases of Neoen S.A. shares for allocation under free share plans, and purchases and sales under a liquidity contract.

4.1.5 CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Notes	FY 2023	FY 2022
Consolidated net income		**147.4**	**45.7**
Eliminations:			
of the share of net income of associates	14	(0.0)	(0.5)
of depreciation, amortisation and provisions	12, 13 and 19	185.1	176.9
of change in fair value of energy derivative financial instruments	9	(88.8)	(2.8)
of gains and losses on sale[1]	9 and 10	(40.1)	(12.5)
of calculated income and expense related to share-based payments	7.3	4.2	3.8
of other income and expense without cash impact[2]		7.8	13.8
of the tax charge (income)	11	64.2	32.6
of the cost of net borrowings	20.1	155.9	135.6
Impact of changes in working capital[3]		(91.0)	81.6
Taxes paid (received)		(19.8)	(17.2)
Net cash flows from operating activities		**324.7**	**457.0**
Acquisitions of subsidiaries net of treasury acquired[4]		(28.5)	(15.6)
Sales of subsidiaries net of cash transferred[5]		77.9	26.2
Acquisition of intangible and tangible fixed assets[6]		(1,046.0)	(1,111.2)
Sale of intangible and tangible fixed assets		1.8	1.1
Change in financial assets[7]		(83.9)	(15.4)
Dividends received		0.7	1.2
Net cash flows from investing activities		**(1,078.0)**	**(1,113.7)**
Share capital increase by the parent company[8]	18	742.5	48.1
Contribution of non-controlling interests to share capital increases (reductions)	01.4	(1.9)	(1.5)
Transactions with non-controlling interests[9]		(1.0)	(6.0)
Net sale (acquisition) of treasury shares	01.4	(6.9)	(2.1)
Issue of loans	20.2	515.9	1,192.4
Dividends paid[10]		(3.1)	(2.1)
Repayment of loans	20.2	(207.1)	(439.2)
Interests paid		(127.1)	(108.3)
Investment subsidies received		1.5	-
Net cash flows from financing activities		**912.8**	**681.3**
Impact of foreign exchange rate fluctuation		(4.2)	9.4
Effect of reclassification of cash related to assets held for sale	3.4	0.0	(3.9)
Change in cash and cash equivalents		**155.3**	**30.2**
Opening cash and cash equivalents	17	622.7	592.5
Closing cash and cash equivalents	17	778.0	622.7
Change in net cash and cash equivalents		**155.3**	**30.2**

(1) In 2023, gains and losses on sale correspond mainly to net proceeds from farm-down transactions for €48.6 million and to write-offs of capitalised development costs for €(6.8) million. In 2022, gains and losses on sale corresponded mainly to net proceeds from farm-down transactions for €16.4 million and to write-offs of capitalised development costs for €(1.0) million.

(2) In 2023, other income and expense without cash impact mainly include undiscounting expense. In 2022, this item mainly included financial expenses related to the refinancing of the mezzanine debt located within Neoen Production 2 and undiscounting expense.

(3) In 2023, the change in working capital requirements is mainly due to the partial payment of the outstanding debt to EDF OA (see note 21.2), for an impact of €(70.6) million, as well as an increase in trade receivables in France for an impact of €(26.2) million (related in particular to the increase in power plants in operation and resource effects), partially offset by a decrease in trade receivables in Finland for an impact of +€14.6 million. In 2022, the impact of the change in working capital requirements essentially included (i) +€90.3 million in operating debts, corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones, which the Group considered to be returned to EDF OA under current regulations (see note 21.2), (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.

(4) In 2023, acquisitions of subsidiaries net of cash acquired relate to wind farms in France, storage projects in Canada (see note 3.3), and earn-out payments for projects under construction in Finland and Ireland.
In 2022, acquisitions of subsidiaries net of treasury acquired related mainly to projects under development in Finland, Canada and Ecuador.

(5) In 2023, sales of subsidiaries net of cash transferred correspond to the farm-down transactions of the Cabrela power plant in Portugal for €26.3 million, four solar power plants in France for €42.8 million and a solar project under development in Australia for €8.7 million (see note 3.3).
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.

(6) Acquisitions for the period include investments in intangible assets for €(71.6) million (see note 12.2) and property, plant and equipment for €(1,128.8) million (see note 12.3) and include the change in payables to suppliers of fixed assets for €154.3 million.

(7) In 2023, the change in financial assets mainly corresponds to shareholder loans granted to companies consolidated using the equity method. In 2022, the change in financial assets corresponded to the constitution of security deposits of guarantee deposits related to the construction and financing of production assets.

(8) In 2023, this amount corresponds mainly to the capital increase carried out on March 29, 2023 for €711.9 million after taking into account the issue costs (please refer to note 1.3). 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.

(9) 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).

(10) In 2023, Neoen S.A. paid a dividend in cash of €(3.1) million, compared with €(2.1) million in 2022 (see note 1.3).

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. General information and accounting principles 124
NOTE 2. Translation methods 127
NOTE 3. Group composition 128
NOTE 4. Segment reporting 132
NOTE 5. Sales 136
NOTE 6. Purchases and inventories 138
NOTE 7. Employee expenses and benefits 139
NOTE 8. Taxes, duties and similar payments 142
NOTE 9. Other current operating income and expenses 142
NOTE 10. Non-current operating items 143
NOTE 11. Taxes 144
NOTE 12. Goodwill, intangible assets and property, plant and equipment 147
NOTE 13. Impairment of goodwill and fixed assets 151
NOTE 14. Investments in associates and joint ventures 152
NOTE 15. Other non-current financial assets 152
NOTE 16. Other current assets 153
NOTE 17. Cash and cash equivalents 153
NOTE 18. Shareholders' equity and details of dilutive instruments 154
NOTE 19. Provisions 159
NOTE 20. Financing and financial instruments 160
NOTE 21. Other current liabilities 168
NOTE 22. Risk management 168
NOTE 23. Off-balance sheet commitments 171
NOTE 24. Related party transactions 172
NOTE 25. Statutory auditors' fees 173
NOTE 26. Subsequent events 173

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. 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 nearly 8.0 GW of projects in operation and under construction (including 300 MW under management) and 1.0 GW of projects awarded at December 31, 2023 (secured portfolio of nearly 9.0 GW), Neoen is the leading independent producer of exclusively renewable energies in France.

The Group also has an advanced development pipeline of 18.6 GW (advanced pipeline) and more than 10.0 GW of early-stage 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, 2023 were authorised for issue by the Board of Directors on February 28, 2024. They will be submitted to the shareholders for approval on May 14, 2024.

NOTE 1.2. STATEMENT OF COMPLIANCE AND ACCOUNTING STANDARDS

Declaration of compliance

The consolidated financial statements of the Group as December 31, 2023 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.

Evolution of the accounting standards

In preparing its financial statements for the year ended December 31, 2023, the Group has applied the same accounting standards, interpretations and methods as in its financial statements for the year ended December 31, 2022, with the exception of the texts that came into force on January 1st, 2023, mentioned in the paragraph below.

New mandatory texts as of January 1st, 2023

- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 1 and Practice Statement 2 – Disclosure of accounting policies in the notes
- Amendment to IAS 12 – Global minimum tax, Pillar II

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

- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction: from January 1, 2023, entities must now recognise deferred tax on transactions which, on initial recognition, give rise to identical amounts of taxable and deductible temporary differences, as is the case for leases and decommissioning costs. These amendments provide for the recognition of a deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences relating to such transactions. The Group already recognised deferred tax on the net amount of deductible and taxable temporary differences arising from these transactions. As a result, the application of these amendments has no impact on the Group's financial statements. Only the disclosures in the notes relating to the breakdown of deferred taxes by nature have been modified (see note 11.2).

New texts as of January 1st, 2023, with non-mandatory application

- Amendments to IAS 1 – Classification of liabilities as current or non-current, with mandatory application from January 1, 2024
- Amendments to IFRS 16 – Lease liability in a sale and leaseback, with mandatory application from January 1, 2024
- Publication of the first two IFRS sustainability disclosure standards, with mandatory application from January 1, 2024

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

NOTE 1.3. EVENTS OF THE FINANCIAL YEAR

Free share plan

On February 28, 2023, the Board of Directors decided to grant 221,766 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.

The Group recorded this transaction in accordance with IFRS 2 "share-based payment". This resulted in €(0.8) million impact on personnel costs in 2023.

Neoen successfully raised €750.4 million through a capital increase

On March 29, 2023, Neoen successfully completed a capital increase with preferential subscription rights, launched on March 7, 2023, for which the subscription period ran from 10 to 22 March 2023 inclusive. The gross proceeds of this capital increase (including the issue premium) amounted to €750.4 million and resulted in 36,694,552 new shares being issued with a nominal value of €2 at a subscription price of €20.45 per new share.

Neoen plans to use the proceeds from the capital increase to fund its investment plan to lift its capacity in operation or under construction in the course of 2025 to over 10 GW and to expand its storage capacity, especially by investing in batteries with a longer duration per MW installed.

This transaction had an impact of €744.0 million net of issuance costs and taxes on the Group's shareholders' equity.

Payment of dividend in respect of 2022

At the general shareholders' meeting of May 10, 2023, the shareholders approved the distribution of a dividend of €0.125 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 May 19, 2023, to June 2, 2023, inclusively), nearly 83% of the rights had been exercised in favour of payment of the dividend in shares.

This transaction resulted in the creation of 641,364 new ordinary shares (representing approximately 0.42% of the share capital after the capital increase) and the payment of €3.1 million of dividend in cash.

Capital increase reserved for employees

On May 12, 2023, 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 144 new shares at the preferential subscription price of €19.51 per share (benefiting from a 30% discount compared with the average closing share price over the last twenty trading days preceding April 5, 2023, 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.

The Group recorded this transaction in accordance with IFRS 2 "share-based payment". This resulted in an impact of €1.3 million in shareholders' equity and €(0.4) million in personnel expenses.

Acquisition of wind farms in France

On January 1, 2023, the Group acquired 100% of the three Plouguin wind farms, with a combined capacity of 14 MW, for a cash consideration of €15.4 million (including acquisition costs). In accordance with revised IFRS 3 "business combinations", the Group has recorded this transaction as an asset acquisition. The valuation of the acquired assets and liabilities led to the recognition of a valuation difference on tangible assets totalling €13.5 million.

Farm-down operations

In February 2023, the Group formally sold 100% of its shares in the 13.2 MWp Cabrela solar power plant in Portugal to Cubico. The transaction generated net proceeds from disposal of €27.3 million.

At the end of the year, the Group also sold 100% of its shares in four solar power plants in operation in France, with a combined capacity of 19.1 MWp, for net proceeds from disposal of €16.8 million, as well as the Goorambat solar power plant project under development in Australia, for net proceeds from disposal of €4.4 million.

In total, during the 2023 financial year, farm-down operations generated net proceeds from disposal of €48.6 million, recognised in other current operating income (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.

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

In July 2023, the Group received a binding offer for the sale of the plant, and on December 20, 2023 entered into a share purchase agreement. This had no significant impact on the impairment loss recognised in 2022, which remained unchanged.

As of December 31, 2023, the sale remains subject to the fulfilment of conditions precedent, some of which are not under the Group's direct control. In accordance with IFRS 5 "non-current assets held for sale and discontinued operations", the related assets and liabilities have been reclassified as assets and liabilities held for sale (see note 3.4).

Non-compliance with covenants for certain project finance facilities

The absence of an agreement for the technical Provisional Acceptance (PA) of the Mexican El Llano power plant, resulting in the maintenance of certain documentary non-compliances under the financing agreements, and 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$120.4 million, or €110.1 million) in the Group's financial statements at December 31, 2023. The Group is currently finalising the resolution of 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 on its failure to comply with the minimum debt service ratio on December 21, 2023.

Besides, the situation of the Metoro power plant constitutes a technical default in the meaning of the financing documentation.

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.

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, 2023, 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 operations 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 materialisation 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, 2023, 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 periods of high market prices for electricity for the uncontracted portion of their production, are included in the forecasted cash flows. Known or foreseeable regulatory changes in the medium term are taken into account through sensitivity tests. Given the need to continue decarbonising 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 2023 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 with regards to the functional currency determination factors. This specifically concerns the Group's assets and development companies in France, 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 of assets and liabilities arising on the acquisition of a foreign operation are treated as those 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 exercises 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, for which control 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, on one hand, 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, on the other hand, 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, or if they do not relate to facts and circumstances existing at the acquisition date, 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, 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., no 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 classifies all 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, 2023, the Group consisted of 444 consolidated companies ("full consolidation method") and 3 companies consolidated using the equity method.

As a reminder, as of December 31, 2022, the Group consisted of 362 consolidated companies ("full consolidation method") and 5 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 2023, 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 31.12.2023	Percentage interest 31.12.2022
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	Australia	100%	100%
	Goyder Wind Farm 1B Pty	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	Australia	100%	100%
	Numurkah Solar Farm	Australia	100%	100%
	Victorian Big Battery	Australia	100%	100%
	Western Downs Green Power Hub	Australia	100%	100%
	Capella Solar	El Salvador	100%	100%
	Providencia Solar	El Salvador	100%	100%
	Mutkalampi	Finland	100%	100%
	Neoen Storage Finland 1 Oy	Finland	100%	100%
	Centrale Eolienne du Pays entre Madon et Moselle	France	91%	100%
	Neoen International	France	100%	100%
	Neoen Production 1	France	100%	100%
	Neoen Production 2	France	100%	100%
	SPV AGS	France	100%	100%
	CSRTB Rio Maior, S.A.	France	100%	49%

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, projects or assets in its portfolio (farm-down).

Farm-down transactions – sale of shares

In 2023, the Group carried out the following farm-down transactions:

- the sale of 100% of the shares in the Cabrela solar power plant in Portugal on February 22, 2023;
- the sale of 100% of the shares in Centrale Solaire 3, Kertanguy, Torreilles and Zénith in France on November 30, 2023;
- the sale of 100% of the shares in the Goorambat East Solar Farm development project in Australia on December 19, 2023.

The capital gains on the sales were recognised in "Other current operating income" for €48.6 million (see note 9).

Acquisition of three wind farms in France

On January 1, 2023, the Group acquired 100% of the three wind farms at Plouguin in Bretagne, with a combined capacity of 14 MW, for a cash consideration of €14.9 million, plus €0.5 million in acquisition costs.

The Group has qualified this transaction as an asset acquisition rather than a business combination within the meaning of IFRS 3R "business combinations".

The valuation of acquired assets and liabilities led to the recognition of a valuation difference on property, plant and equipment totalling €13.5 million in 2023.

Acquisitions of projects under development

The project acquisitions made during the 2023 financial year have been classified as acquisitions of individual assets rather than business combinations within the meaning of IFRS 3 "business combinations".

The projects acquired and fully consolidated are as follows:

- acquisition of 100% of the equity interests in four storage projects in Canada;
- acquisition of 100% of the equity interests in two wind farm projects in France.

The Group has allocated the acquisition prices to the various identifiable assets acquired and liabilities assumed, resulting in the recognition of intangible assets totalling €2.8 million during the 2023 financial year.

Purchase of non-controlling interests

On July 7, 2023, the Group acquired the stake of the minority shareholders of the Portuguese entity Rio Maior, increasing its stake in the entity from 49% to 100%.

Other disposals and liquidations

No other significant entity was sold or liquidated in 2023.

NOTE 3.4. ASSETS AND LIABILITIES HELD FOR SALE

As of December 31, 2023, the assets and liabilities held for sale presented in the consolidated statement of financial position correspond to those of the Metoro solar power plant in Mozambique and its holding company NP Investment II in Portugal, in the process of being sold (see note 1.3).

As of December 31, 2022, the assets and liabilities held for sale presented in the consolidated statement of financial position corresponded solely to those of the Cabrela solar power plant in Portugal, for which the Group has completed the sale on February 22, 2023, as part of the farm-down activity (see note 3.3).

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

In millions of euros	**31.12.2023**	**31.12.2022**
Non-current assets	27.9	22.3
Current assets	2.7	0.6
Cash and cash equivalents	4.3	3.9
Assets held for sale	**34.9**	**26.8**
Non-current liabilities	4.4	25.7
Current liabilities	33.6	2.5
Liabilities associated with assets held for sale	**38.0**	**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 revenue 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 of projects or assets in the Group's portfolio;
- development and investments: this segment include mainly development and financing activities.

The main financial indicators published are also 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 projects or assets in the 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 signed medium to long-term power purchase agreements with commercial counterparties, known as Corporate Power Purchase Agreements ("CPPA"). Some of these agreements, 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, 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 20.4).

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

(In millions of euros)	FY 2023	FY 2022
Current operating income	**383.3**	**262.1**
Current operating amortisation	176.0	151.0
IFRS 2 expense	4.2	3.8
Change in fair value of energy derivative financial instruments	(88.6)	(2.8)
Adjusted EBITDA	**474.8**	**414.0**

Adjusted EBIT

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

(In millions of euros)	FY 2023	FY 2022
Current operating income	**383.3**	**262.1**
Change in fair value of energy derivative financial instruments	(88.6)	(2.8)
Adjusted EBIT	**294.7**	**259.3**

Segment reporting

Segment results for 2023 and 2022 for each of the Group's operating segments (solar, wind, storage, farm-down, development and investments), including eliminations are presented as follows:

In millions of euros		Wind power	Solar power	Storage	Farm-down	Development & Investment [2]	Eliminations [3]	FY 2023
	Income statement							
	Revenue	98.1	63.0	46.2	-	-	-	207.3
	Adjusted EBITDA [1]	78.8	67.4	45.7	4.4	-	-	196.3
	Adjusted EBIT [1]	48.7	44.2	23.9	4.4	-	-	121.2
	Balance Sheet							
AUSTRALIA	Intangible assets and property, plant and equipment	1,353.9	716.0	533.9	-	-	-	2,603.8
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	337.6	21.6	183.4	-	-	-	542.6
	Income statement							
	Revenue	153.1	72.2	10.9	-	-	-	236.2
	Adjusted EBITDA [1]	119.6	66.8	8.0	44.2	-	-	238.6
	Adjusted EBIT [1]	75.9	46.0	6.2	44.2	-	-	172.2
	Balance Sheet							
EUROPE-AFRICA	Intangible assets and property, plant and equipment	1,428.8	973.0	62.0	-	-	-	2,463.8
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	150.7	281.1	34.3	-	-	-	466.1
	Income statement							
	Revenue	-	76.6	-	-	-	-	78.6
	Adjusted EBITDA [1]	(0.0)	74.6	-	-	-	-	74.6
	Adjusted EBIT [1]	(0.0)	47.9	-	-	-	-	47.9
	Balance Sheet							
AMERICAS	Intangible assets and property, plant and equipment	0.0	852.3	-	-	-	-	852.3
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	0.0	72.6	-	-	-	-	72.6
	Income statement							
	Revenue	251.2	213.7	57.1	-	123.6	(121.3)	524.4
	Adjusted EBITDA [1]	198.4	208.8	53.7	48.6	(3.2)	(31.4)	474.8
	Adjusted EBIT [1]	124.6	138.1	30.2	48.6	(16.4)	(30.3)	294.7
	Balance Sheet							
TOTAL	Intangible assets and property, plant and equipment	2,782.7	2,541.4	595.9	-	34.5	(183.7)	5,770.8
	Cash flow statement							
	Acquisition of intangible and tangible fixed assets	488.4	375.2	217.7	-	(2.0)	(36.9)	1,042.3

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

(2) Revenue in this segment is 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.

(3) The eliminations mainly concern the cancellation of invoices for services rendered by Neoen S.A. to its project companies for the development, supervision and administrative management of the production assets as well as the capitalisation of development costs in accordance with IAS 38 "Intangible assets".

In millions of euros		Wind power	Solar power	Storage	Farm-down	Development & Investment [2]	Eliminations [3]	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
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

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

(2) Revenue in this segment is 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.

(3) The eliminations mainly concern the cancellation of invoices for services rendered by Neoen S.A. to its project companies for the development, supervision and administrative management of the production assets as well as the capitalisation of development costs in accordance with IAS 38 "intangible assets".

For additional information, the indicators below are broken down by location of consolidated entities:

	Revenue		Intangible assets and Property, Plant and Equipment	
In millions of euros	**FY 2023**	**FY 2022**	**FY 2023**	**FY 2022**
Australia	207.3	217.8	2,553.8	2,064.6
France	152.6	120.5	1,239.9	1,069.2
Rest of the world	164.5	164.9	1,977.1	1,723.6
Total	**524.4**	**503.2**	**5,770.8**	**4,857.4**

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.

Revenue 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, and revenue 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 is 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 2023	Solar	Wind	Storage	Other	FY 2022
Electricity	146.7	161.4	-	-	308.1	138.9	134.4	-	-	273.3
Green certificates	31.3	43.3	-	-	74.6	17.7	18.2	-	-	35.9
Energy sales under contract	**178.0**	**204.7**	**-**	**-**	**382.7**	**156.5**	**152.7**	**-**	**-**	**309.2**
Electricity	25.4	35.6	42.6	-	103.6	30.4	58.0	73.5	-	161.9
Green certificates	7.8	8.0	-	-	15.8	6.0	3.7	-	0.0	9.7
Energy sales in the market	**33.2**	**43.5**	**42.6**	**0.0**	**119.4**	**36.3**	**61.7**	**73.5**	**0.0**	**171.5**
Services rendered[1]	-	-	-	2.1	2.1	-	-	-	0.6	0.6
Other items[2]	2.5	3.0	14.5	0.2	20.2	1.2	2.3	18.1	0.3	21.9
Other revenue	**2.5**	**3.0**	**14.5**	**2.3**	**22.3**	**1.2**	**2.3**	**18.1**	**0.9**	**22.5**
Total revenue	**213.7**	**251.2**	**57.1**	**2.3**	**524.4**	**194.1**	**216.6**	**91.6**	**0.9**	**503.2**

(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 It also sells electricity on the market for the uncontracted portion of its installed capacity.

Receivables recognised at the reporting date corresponded mainly to invoices not yet due for the sale of electricity and green certificates. 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, 2023, 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 considering the nature of the receivables in the portfolio.

Breakdown of trade receivables

In millions of euros	31.12.2023	31.12.2022
Trade receivables (net value) - start of period	**106.6**	**81.6**
Change of activity	14.2	25.9
Scope change	(1.9)	(1.7)
Reclassifications and others	(1.2)	(0.3)
Effect of exchange rate changes	(2.5)	1.1
Trade receivables (net value) - end of period	**115.2**	**106.6**

There were no material overdue trade receivables at December 31, 2023 or December 31, 2022.

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 2023 mainly consist of:

- purchases for €(4.5) million;
- changes in inventories of green certificates generated by power plants in Australia, in Finland and Mexico for €(0.4) million.

In 2022, this item included purchases of €(3.9) million, and changes in inventories of green certificates of €1.7 million.

NOTE 6.2. INVENTORIES

Accounting principles

In certain regions, solar and wind power plants generate green certificates at the rate of their production which, for the portion exceeding the commitments provided for in their Power Purchase Agreement with their counterparties, are intended to be sold on the market.

These 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 months following their production, for sales on OTC markets, or as part of forward sales (mainly in Australia). This physical transfer triggers recognition of the associated proceeds as revenue.

The Clean Energy Certificates (CELs) are recognised under "Purchases net of changes in inventories" in the income statement and under "Inventories" in the balance sheet.

Inventories details

Inventories amount to €9.8 million as of December 31, 2023, compared to €10.6 million at December 31, 2022. They mainly include inventories of green certificates in Australia, in Finland and Mexico.

NOTE 6.3. EXTERNAL EXPENSES

In millions of euros	FY 2023	FY 2022
Maintenance and repair expenses	(49.6)	(35.9)
Other external expenses	(73.0)	(75.8)
Total of external expenses	**(122.6)**	**(111.7)**

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	31.12.2023	31.12.2022
Payables	58.0	60.3
Fixed asset suppliers	328.7	182.1
Total trade payables - end of the period	**386.6**	**242.4**

Fixed asset suppliers include mainly liabilities relating to the construction of power plants. The change of +€146.6 million mainly corresponds to an increase of +€133.5 million in Australia, +€19.0 million in France and +€9.4 million in Portugal, partially offset by a decrease of –€17.0 million in Finland, related to the construction schedules for solar and wind power plants and dedicated storage facilities.

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 2023, payroll costs amounted to €(24.9) million compared with €(23.6) million in 2022. 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 2023	FY 2022
Short-term employee benefits	3.6	3.0
Share-based payments	3.1	3.1
Total executive compensation	**6.8**	**6.0**

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.

Composition of the share subscription plans

	2018 Plan	2018 Plan	TOTAL
Date of General Shareholders' meeting	29/05/2018	04/07/2018	
Date of the Chairman's decision	30/05/2018	05/07/2018	
Total number of shares that can be subscribed or purchased	45,000	65,000	
Start of option exercise period	31/05/2021	06/10/2020	
End of option exercise period	30/05/2023	05/07/2023	
Subscription or purchase price	10.00€	10.00€	
Adjusted subscription or purchase price following the capital increase of April 9, 2021 (1)	9.25€	9.25€	
Adjusted subscription or purchase price following the capital increase of March 29, 2023 (2)	8.50€	8.50€	
Number of options			
Existing at January 1st, 2022	**27,025**	**33,835**	**60,860**
Notified	-	-	-
Cancelled	-	-	-
Exercised	11,215	23,025	34,240
Existing at January 1st, 2023	**15,810**	**10,810**	**26,620**
Notified	-	-	-
Cancelled	5,881	-	5,881
Exercised	11,321	11,674	22,995
Adjustment following the capital increase of March 29, 2023 (2)	1,392	864	2,256
Existing at December 31, 2023	**-**	**-**	**-**

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.

Composition of the free share allocation plans

	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	TOTAL
Date of General Shareholders' meeting	02/10/2018	26/05/2020	26/05/2020	25/05/2021	25/05/2021	
Date of the decision to allocate by the Chairman/Board of Directors	10/07/2019	02/07/2020	10/03/2021	14/03/2022	28/02/2023	
Total number of free shares allocated	297,000	140,000	272,302	164,046	221,766	
Shares vesting date	11/07/2022	03/07/2023	11/03/2024	14/03/2025	28/02/2026	
End of holding period	-	-	-	-	-	
Total number of free shares allocated						
Existing at January 1st, 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 January 1st, 2023	**-**	**115,291**	**279,306**	**164,046**	**-**	**558,643**
Notified	-	-	-	-	221,766	221,766
Cancelled	-	-	8,922	4,986	9,130	23,038
Definitively allocated	-	125,443	-	-	-	125,443
Adjustment following the capital increase of March 29, 2023 (2)	-	10,152	24,596	14,234	19,536	68,518
Existing at December 31, 2023	**-**	**-**	**294,980**	**173,294**	**232,172**	**700,446**

(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).

(2) Following the capital increase with preferential subscription rights carried out on March 29, 2023, 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 1.088).

The expense related to the allocation of free shares and options amounts to €(4.2) million for the financial year 2023, compared to €(3.8) million during the financial year 2022.

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 €(13.7) million in 2023 compared to €(10.0) million in 2022.

NOTE 9. OTHER CURRENT OPERATING INCOME AND EXPENSES

Accounting principles

Other current operating income and expenses mainly comprise:

- the change in the 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 projects or assets in the 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 2023	FY 2022
Change in fair value of energy derivative financial instruments	88.6	2.8
Farm-down	48.6	16.4
Other current operating income	66.3	40.9
Other current operating expenses	(2.6)	(3.4)
Other current operating income and expenses	**200.8**	**56.8**

The change in the fair value of energy derivative financial instruments relates to the Corporate Power Purchase Agreements ("CPPAs") not classified as hedges, entered into to economically hedge the risk associated with fluctuations in electricity prices in Finland for €42.9 million (compared to €(42.9) million in 2022), in Australia for €34.1 million (compared to €45.7 million in 2022), in France for €7.3 million (new contracts) and in Sweden for €4.2 million (new contracts).

The farm-down proceeds recognised in 2023 correspond to the sale of 100% of the Cabrela solar power plant in Portugal for net proceeds of €27.3 million, of four solar power plants in operation in France for net proceeds of €16.8 million, and the sale of the Goorambat solar power plant project under development in Australia for net proceeds of €4.4 million. In 2022, farm-down proceeds mainly corresponded to the sale of 95% of the Saint-Sauvant wind farm in France, for net proceeds of €15.2 million and a €1.2 million revaluation of the 5% share retained.

Other current operating income recognised during the 2023 financial year corresponds mainly to €54.0 million in contractual compensation for loss of revenue resulting from delays in the commissioning of certain power plants, caused by the EPC contractors responsible for their construction. In addition, €6.5 million was recognised in insurance compensation for loss of revenue. In 2022, other current operating income consisted of contractual compensation for loss of revenue resulting from delays in the commissioning of certain power plants by the EPC contractors responsible for their construction, amounting to €25.9 million, and a partial exemption of penalties historically recognised in respect of electricity sales contracts, amounting to €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, excluding farm-down operations;
- 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).

Composition of non-current operating items

In millions of euros	FY 2023	FY 2022
Prior period development costs	(6.8)	(4.0)
Gains and losses on disposal of assets	(1.6)	0.1
Other non-current income	0.3	0.0
Other non-current expenses	(0.4)	0.0
Other non-current operating income and expenses	**(8.5)**	**(3.8)**
Impairment of capitalised development costs	(4.9)	(15.7)
Other asset impairments	(12.1)	(13.1)
Reversals of impairment of capitalised development costs	4.8	1.6
Reversals of impairment losses on property, plant and equipment and intangible assets	1.9	-
Impairment of non-current assets	**(10.5)**	**(27.3)**

Other non-current operating income and expenses

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.

Impairment of non-current assets

In 2023, impairment of capitalised development costs mainly concerns projects in Guatemala, Ireland, Australia and France. In 2022, impairment of capitalised development costs mainly corresponded to the impairment loss related to the Metoro power plant in Mozambique for €(8.8) million (see note 1.3) 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 2023 corresponds to the impairments recognised on the El Llano power plant in Mexico for €(8.2) million and on the Degrussa power plant in Australia for €(3.9) million, compared with €(11.1) million in 2022 which corresponded to the impairment recognised on the Metoro power plant in Mozambique (please refer to note 1.3).

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

In 2023, reversals of impairment losses on property, plant and equipment and intangible assets correspond to a reversal of impairment losses on a tangible asset sold in the United States.

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 period, determined using tax rates adopted at the reporting date. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised for:

- 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".

Other tax and duties

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 2023	FY 2022
Profit before tax	211.6	78.3
Income tax	**(64.2)**	**(32.6)**
Current tax	*(22.2)*	*(22.6)*
Deferred tax	*(41.9)*	*(10.0)*
Effective tax rate	**30.3%**	**41.6%**

The tax charge amounts to €(64.2) million in 2023 compared with €(32.6) million in 2022, in line with the growth in profit before tax. The effective tax rate is 30.3% in 2023, compared with 41.6% in 2022.

Current tax is stable at €(22.2) million in 2023, compared with €(22.6) million in 2022. It is composed of:

- €(17.7) million in corporate income tax in 2023 compared with €(16.2) million in 2022;
- €(3.9) million of withholding taxes in 2023, used as tax credits for €3.4 million, compared with €(5.5) million in 2022, used as tax credits for €4.8 million;
- €(0.6) million in corporate value added contribution (CVAE) in 2023, compared with €(0.9) million in 2022.

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

In millions of euros	FY 2023	FY 2022
Profit before tax	**211.6**	**78.3**
Tax rate applicable to the parent company	25.0%	25.0%
Theoretical tax charge	**(52.9)**	**(19.6)**
Tax rate differences	0.9	(4.6)
Permanent differences	(1.0)	(1.1)
Tax without base	(0.8)	(2.3)
Change in tax assets (of which tax on loss carryforwards)	(8.7)	(5.5)
Tax losses generated during the period for which deferred tax assets have not been recognised	(2.3)	(2.0)
Imputation of previous deficits for which deferred tax assets have not been recognised	0.5	2.6
Others	0.2	(0.2)
Effective tax charge	**(64.2)**	**(32.6)**

In 2023, the €(11.3) million difference between the theoretical tax charge of €(52.9) million and the actual tax charge of €(64.2) million is mainly due to:

- permanent differences of €(1.0) million net, consisting mainly of the following three items:
  - the impact of farm-down operations for €10.5 million, mainly due to the application of long-term capital gains schemes;
  - the impact of changes in exchange rates and hyperinflation in Argentina and Mexico for €(7.1) million, not giving rise to tax savings;
  - the impact of expenses incurred in connection with the application of IFRS 2 "share-based payments" for €(1.0) million;
- taxes without base for €(0.8) million, corresponding mainly to the tax on business value added (CVAE) and withholding taxes that cannot be used as tax credits;
- the impact of the impairment of assets affecting the El Llano power plant, for which no tax savings were recognised, as well as total (Mexico) and partial (Argentina) limitations of deferred tax assets, for €(8.7) 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 a net amount of €(1.8) million;
- differences between the tax rate of the parent company and the tax rate of foreign subsidiaries for €0.9 million.

In 2022, 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 was 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 €(1.1) million. They mainly included:
  - 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 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;
- the impact of the impairment of the Metoro solar power plant in Mozambique for €(5.8) 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;
- the use of previously unrecognised deficits of €2.6 million, mainly in Mexico.

NOTE 11.2. DEFERRED TAXES

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

In millions of euros	31.12.2023	31.12.2022
Intangible assets and property, plant and equipment	(387.1)	(262.9)
Financial instruments	(81.8)	(81.0)
Tax loss carryforwards and unused tax credits	196.7	112.3
Lease liabilities	78.3	66.0
Dismantling provisions	39.5	30.3
Others	6.1	(1.9)
Net deferred taxes	**(148.1)**	**(137.2)**
Deferred tax assets	*77.9*	*56.8*
Deferred tax liabilities	*226.0*	*194.0*

The change in deferred tax assets on intangible assets and property, plant and equipment is mainly due to the difference between the tax depreciation period and the accounting depreciation period of certain fixed assets.

The change of +€84.4 million in deferred taxes on tax loss carryforwards and unused tax credits is mainly due to:

- the recognition of new deferred tax assets amounting to €98.2 million, mainly in Australia;
- consumption of deficits for €(13.8) million mainly in Australia for €(8.6) million and in France for €(5.2) million.

The amount of unrecognised ordinary tax losses as of December 31, 2023 is €6.1 million, corresponding to a deferred tax asset of €1.2 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	**56.8**	**194.0**	**(137.2)**
Recognised in net income	95.8	137.7	(41.9)
Recognised in other items of comprehensive income	11.2	(17.3)	28.5
Effect of changes in consolidation scope	(2.1)	(4.6)	2.5
Offsetting of deferred taxes	(83.8)	(83.8)	0.0
Net deferred tax - end of the period	**77.9**	**226.0**	**(148.1)**

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.

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[3]	Other intangible assets	**Total**
Gross amounts	**As of December 31st, 2022**	**131.4**	**95.1**	**106.0**	**332.5**
	Acquisitions[1]	13.7	56.2	1.6	71.5
	Disposals and scrapping[2]	(5.7)	(11.1)	-	(16.8)
	Changes in consolidation scope	-	0.0	2.8	2.8
	Impact of fluctuation in foreign exchange rates	(2.0)	(1.9)	(2.6)	(6.4)
	Reclassifications and others	4.5	(0.2)	3.4	7.7
	As of December 31st, 2023	**141.9**	**138.1**	**111.3**	**391.3**
Amortisation and impairment	**As of December 31st, 2022**	**(23.3)**	**(9.1)**	**(9.5)**	**(42.0)**
	Charge for amortisation	(3.1)	(0.1)	(3.1)	(6.3)
	Impairment loss[4]	-	(4.9)	-	(4.9)
	Reversal of impairment loss	0.1	4.6	-	4.8
	Disposals and scrapping[2]	3.6	-	-	3.6
	Changes in consolidation scope	-	-	-	-
	Impact of fluctuation in foreign exchange rates	0.2	0.2	0.4	0.8
	Reclassifications and others	(0.2)	0.2	0.0	0.0
	As of December 31st, 2023	**(22.7)**	**(9.1)**	**(12.2)**	**(44.0)**
Net amounts	**As of December 31st, 2022**	**108.1**	**85.9**	**96.5**	**290.5**
	As of December 31st, 2023	**119.2**	**129.1**	**99.1**	**347.3**

(1) In 2023, the Group capitalised expenses directly attributable to project development in the amount of €70.0 million. These investments mainly concern projects located in Australia, France, Finland, Italy, Ireland, Sweden, Canada, Portugal and Mexico.

(2) Corresponds to scrapping generated by the end of operations at the Degrussa power plant in Australia, as well as scrapping related to projects abandoned or sold during the period as part of the farm-down activity.

(3) At December 31, 2023, "Capitalised development costs - Studies" amounted to €129.1 million in net value, and included €20.6 million in capitalised expenses relating to projects for which the tariff is secured.

(4) Other impairments mainly relate to projects in Guatemala, Ireland and Australia.

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.

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.

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).

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 twelve 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 13.

Change in property, plant and equipment

	In millions of euros	Production assets	Production assets in progress	Lease rights of use[4]	Other property, plant and equipment	**Total**
Gross amounts	**As of December 31st, 2022**	**3,821.2**	**1,080.1**	**271.2**	**43.7**	**5,216.2**
	Acquisitions[1]	(0.0)	1,114.1	-	14.7	1,128.8
	Disposals and scrapping	-	(3.6)	(0.5)	(0.0)	(4.1)
	Changes in consolidation scope[2]	(51.4)	0.0	(3.1)	0.0	(54.5)
	Impact of fluctuation in foreign exchange rates	(94.0)	(51.0)	(3.1)	(1.5)	(149.5)
	Reclassifications and others[3]	198.4	(212.1)	61.1	0.4	47.8
	As of December 31st, 2023	**3,874.2**	**1,927.6**	**325.6**	**57.4**	**6,184.7**
Amortisation and impairment	**As of December 31st, 2022**	**(612.0)**	**(13.8)**	**(20.2)**	**(3.2)**	**(649.2)**
	Charge of amortisation	(158.1)	0.0	(10.2)	(1.3)	(169.6)
	Impairment loss	(8.2)	1.9	-	-	(6.4)
	Disposals and scrapping	-	-	0.3	0.0	0.3
	Changes in consolidation scope[2]	34.5	-	0.9	(0.0)	35.4
	Impact of fluctuation in foreign exchange rates	16.8	0.3	0.3	0.1	17.5
	Reclassifications and others[3]	(0.0)	10.7	0.0	0.0	10.7
	As of December 31st, 2023	**(727.0)**	**(1.0)**	**(28.9)**	**(4.4)**	**(761.3)**
Net amounts	**As of December 31st, 2022**	**3,209.2**	**1,066.2**	**250.9**	**40.5**	**4,566.9**
	As of December 31st, 2023	**3,147.2**	**1,926.6**	**296.7**	**53.0**	**5,423.5**

(1) Acquisitions over the financial year correspond to plants under construction, or in pre-construction, including:

- *in Australia: €633.5 million, mainly comprised of Goyder 1A (€177.2 million), Goyder 1B (€136.3 million), Blyth (€81.4 million), Western Downs Storage (€80.6 million), Collie Battery (€70.0 million), Culcairn (€30.7 million), Western Downs (€24.1 million), Capital Battery (€13.3 million) and Mont Hopolul (€10.3 million) power plants;*
- *in Europe-Africa: €421.9 million, mainly attributable to the Rio Maior (€98.9 million) and the Torre Bela (€35.7 million) power plants in Portugal, the solar and wind power plants in France (for €129.6 million and €36.1 million respectively), the Storbrännkullen (€38.4 million), Storen Power Reserve (€18.5 million) and Hultsfred (€10.7 million) power plants in Swedon, and the Björklidon (€28.3 million) wind power plant in Finland;*
- *in the Americas: €79.8 million, mainly attributable to the Fox Coulee solar power plant in Canada (€70.3 million).*

(2) The changes in the scope of consolidation correspond to:

- *the farm-down of four wind power plants in France for a total impact of €(30.5) million on net production assets and a net impact of €(2.6) million on rights of use;*
- *the acquisition of wind power plants in operation in France for a total impact of €13.6 million on net production assets and a net impact of €0.4 million on rights of use.*

(3) Reclassifications and others on production assets include €(26.2) million related to the reclassification of Motoro power plant property, plant and equipment as assets held for sale and €26.4 million related to decommissioning assets of newly commissioned power plants. Reclassifications and other reclassifications on rights of use (€61.1 million) mainly correspond to new leases entered into fixed assets according to IFRS 16 "lease contracts", as well as extension or indexing of leases in progress.

(4) This mainly concerns rights of use on land (for power plants under construction and in operation), for an amount of €282.6 million, as well as rights of use relating to offices, for an amount of €14.1 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

Given the technical difficulties encountered by the El Llano solar power plant in Mexico, which necessitated the replacement of its transformer by the EPC contractor in the fourth quarter of 2023, an impairment test was carried out at the year-end. This resulted in the recognition of an impairment loss of US$(8.9) million, or €(8.2) million.

A change of +1% in the cost of equity would have an impact of –US$11.9 million on the valuation of the El Llano plant, i.e. –€11.0 million.

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). In July 2023, the Group received a binding offer for the sale of the plant, and on December 20, 2023 entered into a share purchase agreement. This had no significant impact on the impairment loss recognised in 2022, which remained unchanged.

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	31.12.2023	31.12.2022
Total investments in associates and joint ventures - start of the period	**24.4**	**16.6**
Dividends paid	(0.5)	(0.7)
Impact of changes in consolidation scope	0.1	7.2
Share of net income of associates	0.0	0.5
Change in fair value of interest rate derivatives	(4.9)	0.8
Reclassifications and others	(3.5)	(0.0)
Total investments in associates and joint ventures - end of the period	**15.6**	**24.4**

The investments in associated companies correspond to the Group's holdings in Seixal in Portugal and in Storbötet Vind AB 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".

Composition of other non-current financial assets

In millions of euros	31.12.2023	31.12.2022
Security deposits	80.5	79.0
Non-consolidated securities	5.1	5.0
Loans due in more than one year	89.4	15.9
Total other non-current financial assets	**175.0**	**99.9**

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.

In 2023, the increase in loans due in more than one year is mainly due to shareholder advances made to companies consolidated using the equity method, notably in Finland.

NOTE 16. OTHER CURRENT ASSETS

In millions of euros	31.12.2023	31.12.2022
Tax and employee-related receivables	68.6	65.8
Prepaid expenses	8.1	9.8
Trade accounts payable in debit and other debtors	39.2	32.3
Total other current assets	**115.9**	**108.0**

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 highly liquid, easily 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	31.12.2023	31.12.2022
Cash	707.2	582.2
Cash equivalents	66.6	40.6
Total cash and cash equivalents	**773.7**	**622.8**

Cash and cash equivalents amounted to €773.7 million as of December 31, 2023, compared to €622.8 million as of December 31, 2022, a change of +€150.9 million, and mainly corresponds to cash and cash equivalents:

- held by Neoen S.A. for €383.7 million, with a change in 2023 of +€136.9 million that is mainly due to:
  - the capital increase carried out on March 29, 2023 for a net amount of +€741.9 million net of costs;
  - dividends received and repayments of shareholder loans made by project companies for +€163.0 million;
  - payment by project companies of development services for +€78.6 million, notably in Finland, Australia and France;
  - investments in the form of equity and shareholder loans in new projects and assets under construction for €735.4 million, particularly in Australia, Finland, Portugal, France, Sweden and Canada;
  - the financing of development activities and structural costs for –€118.8 million;
- located in the project companies and associated holding companies for €390.0 million, with a change in 2023 of +€14.0 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 financing 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, 2023, the cash position of the operating assets includes an amount of €19.7 million to the difference remaining to be repaid to EDF OA for certain French power plants, under current regulations, between the market prices received and their power purchase agreement prices (see note 21.2).

Cash equivalents mainly correspond to term accounts opened by Neoen S.A. for €50.0 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	**31.12.2023**	**31.12.2022**
Cash and cash equivalents	773.7	622.8
Cash and cash equivalents classified as assets held for sale	4.3	-
Overdrafts	(0.1)	(0.2)
Net cash and cash equivalents of cash flow statement	**778.0**	**622.7**

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 2022 and 2023 are detailed in the consolidated statement of changes in shareholders' equity.

Share capital

During the year, the share capital was increased by 37,452,951 shares as a result of:

- the creation of 36,694,552 shares as part of the capital increase carried out on March 29, 2023;
- the creation of 641,364 shares for the portion of the 2022 dividend paid in shares;
- the creation of 48,984 shares under a free share plan that expired on July 3, 2023;
- the creation of 45,056 shares as part of a capital increase reserved for employees; and
- the exercise of 21,995 stock options at an exercise price of €8.50;
- the exercise of 1,000 share subscription options at an exercise price of €9.25;

(see note 1.3 "events of the financial year").

These operations for a total of €760.6 million, including €74.9 million in share capital and an issue premium of €685.7 million, brought the share capital to €304.2 million and the issue premium to €1,933.0 million.

Treasury shares

At December 31, 2023, the Company held directly or indirectly 329,784 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 10, 2023 approved the distribution of a dividend of €0.125 per share with an option for payment of the dividend in new shares. This option resulted in the subscription of 641,364 new shares, i.e., a reinvestment rate of around 83%, and the payment of €3.1 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**	**31.12.2023**	**31.12.2022**	**FY 2023**	**31.12.2023**	**FY 2022**	**31.12.2022**
HWF 1	Australia	30.0%	30.0%	0.4	5.1	0.7	6.2
HWF 2	Australia	20.0%	20.0%	0.1	3.6	0.5	4.4
HWF 3	Australia	20.0%	20.0%	(0.1)	4.6	0.6	5.8
Björkliden Vindpark Ab	Finland	19.9%	19.9%	(0.4)	(0.4)	(0.1)	(0.1)
Hedet	Finland	19.9%	19.9%	(0.3)	(0.8)	(0.1)	(0.2)
Hexagone Énergie	France	40.0%	40.0%	(0.0)	3.6	(0.0)	3.6
EREC	Jamaica	50.0%	50.0%	(0.6)	(2.1)	(0.4)	(1.6)
Metoro	Mozambique	25.0%	25.0%	(0.1)	(0.4)	(0.6)	(0.4)
CSRTB Rio Maior S.A.	Portugal	0.0%	51.0%	-	0.0	(0.3)	0.5
Alight Miranda AB	Sweden	49.0%	49.0%	(1.5)	(1.0)	(0.0)	0.5
Centrale Eolienne du Pays entre Madon et Moselle	France	9.0%	0.0%	0.2	(0.5)	-	-
Bangweulu Power Company	Zambia	19.7%	19.7%	(0.2)	1.5	0.2	1.8
Others				(0.2)	(0.3)	(0.1)	(0.1)
Total non-controlling interests				**(2.8)**	**13.0**	**0.5**	**20.5**

On an all-in basis, the comprehensive income, the net assets and the cash flow statement of entities with non-controlling interests at December 31, 2023, on a 100% basis, break down as follows:

In millions of euros	HWF 1	HWF 2	HWF 3	Björkliden Vindpark Ab	Hedet	EREC	Centrale Eolienne du Pays entre Madon et Moselle	Alight Miranda AB	Bangweulu Power Company	Others
Income statement										
Revenue	**19.1**	**15.0**	**15.9**	**-**	**7.2**	**7.4**	**7.9**	**-**	**4.8**	**(0.0)**
Net income	**1.2**	**0.6**	**(0.3)**	**(2.1)**	**(1.6)**	**(1.2)**	**1.9**	**(3.1)**	**(0.8)**	**(1.0)**
-Of which: Group share	*0.8*	*0.5*	*(0.3)*	*(1.7)*	*(1.3)*	*(0.6)*	*1.7*	*(1.6)*	*(0.6)*	(0.7)
-Of which: attributable to non-controlling interests	*0.4*	*0.1*	*(0.1)*	*(0.4)*	*(0.3)*	*(0.6)*	*0.2*	*(1.5)*	*(0.2)*	(0.3)
Comprehensive income for non-controlling interests	**(0.3)**	**(0.5)**	**(0.6)**	**(0.6)**	**(0.5)**	**(0.6)**	**(0.0)**	**(1.5)**	**(0.3)**	**(0.2)**
Statement of financial position										
Current assets	6.3	4.6	4.9	3.1	3.1	4.1	16.5	8.7	3.4	8.7
Non-current assets	115.5	107.2	116.2	54.7	88.1	51.1	61.4	14.9	39.7	14.2
Current liabilities	7.9	6.6	7.2	45.6	39.3	13.5	18.5	14.9	11.9	20.5
Non-current liabilities	116.5	102.9	114.3	15.6	56.1	46.3	64.6	11.4	30.4	12.2
Net assets	**(2.6)**	**2.3**	**(0.5)**	**(3.4)**	**(4.2)**	**(4.6)**	**(5.3)**	**(2.6)**	**0.8**	**(9.8)**
Change in cash										
Net cash flows from operating activities	12.3	9.8	10.6	12.1	4.7	4.7	7.6	8.0	3.5	6.3
Net cash flows from investing activities	0.8	0.5	0.5	(28.4)	(0.0)	(0.3)	(1.1)	(8.5)	(0.1)	(6.6)
Net cash flows from financing activities	(13.5)	(11.3)	(13.7)	3.9	(4.6)	(4.0)	(3.3)	8.5	(3.3)	3.5
of which dividends paid	-	-	-	-	-	-	-	-	-	-
Impact of foreign exchange rate fluctuation	0.0	0.1	0.1	-	-	(0.1)	-	-	(0.0)	(0.1)
Net change in cash from continued activities	**(0.3)**	**(0.9)**	**(2.5)**	**(12.4)**	**0.1**	**0.4**	**3.2**	**8.0**	**0.1**	**(1.2)**
Opening cash and cash equivalents	0.9	0.8	2.3	14.0	0.9	2.5	9.7	-	2.0	7.3
Closing cash and cash equivalents	**0.6**	**(0.1)**	**(0.2)**	**1.7**	**0.9**	**2.9**	**12.9**	**8.0**	**2.1**	**6.0**

On an all-in basis, the comprehensive income, the net assets and the cash flow statement of entities with non-controlling interests at December 31, 2022, on a 100% basis, broke down as follows:

In millions of euros	HWF 1	HWF 2	HWF 3	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: Group share	*1.7*	*2.1*	*2.4*	*(0.4)*	*(0.3)*	*(0.4)*	*(0.2)*	*(1.9)*	*0.8*	*(0.2)*
-Of which: 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 for non-controlling interests	**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**

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)		31.12.2023	31.12.2022	31.12.2022	31.12.2021
Before dilution					
Number of shares		152,122,449	114,669,498	114,669,498	107,056,685
Number of treasury shares		329,784	146,347	146,347	204,510
Number of other shares		151,792,665	114,523,151	114,523,151	106,852,175
Average number of shares before dilution (1)		**133,157,908**		**110,687,663**	
Average number of adjusted shares (3)		*145,573,671*		*119,893,729*	
Dilutive instruments (2)	Free shares	700,446	558,643	558,643	726,645
	Stocks options	-	26,620	26,620	60,860
	Convertible bonds 2019 ("OCEANEs")	-	-	-	7,126,283
	Convertible bonds 2020 ("OCEANEs")	4,305,194	3,966,664	3,966,664	3,955,626
	Convertible bonds 2022 ("OCEANEs")	6,322,608	5,825,253	5,825,253	-
	TOTAL	**11,328,248**	**10,377,180**	**10,377,180**	**11,869,414**
After dilution					
Number of shares		163,450,697	125,046,678	125,046,678	118,926,099
Number of treasury shares		329,784	146,347	146,347	204,510
Number of other shares		163,120,913	124,900,331	124,900,331	118,721,589
Average number of shares after dilution (1)		**144,010,622**		**121,810,960**	
Average number of adjusted shares (3)		*156,881,783*		*131,942,168*	

(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 distribution of a dividend in the first half of 2023 and in accordance with the applicable legal provisions and the stipulations of the terms and conditions of the green convertible bonds ("OCEANEs vertes 2020") and of the green convertible bonds ("OCEANEs vertes 2022"), the Chairman and Chief Executive Officer, on delegation of the Board of Directors, has proceeded to the adjustment of the green convertible bonds ("OCEANEs 2020") and the green convertible bonds ("OCEANEs vertes 2022") (coefficient of 1.0004).

Following the capital increase of March 29, 2023 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 green convertible bonds issued by Neoen S.A. on June 2, 2020 (the "OCEANEs vertes 2020") and on September 14, 2022 (the "OCEANEs vertes 2022"), the Chairman and Chief Executive Officer proceeded, on delegation of the Board of Directors, to the adjustment of the rights (i) of the beneficiaries of free shares and stock options (coefficient 1.088) an ii) of the holders of green convertible bonds "OCEANEs vertes 2020" and "OCEANEs vertes 2022" (coefficient 1.081).

Following the distribution of a 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 and of the green convertible bonds ("OCEANEs vertes 2020"), the Chairman and Chief Executive Officer, on delegation of the Board of Directors, has proceeded to the adjustment of the convertible bond ("OCEANEs 2019") and the green convertible bonds ("OCEANEs vertes 2020") (coefficient of 1.0003).

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 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 the adjustment of 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).

Besides, 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 March 29, 2023, has been adjusted by a factor of 1.083 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 undiscounting 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

For each power plant commissioned, 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 2023 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, 2022	**115.0**	**0.4**	**115.3**	**1.0**	**0.0**	**1.0**	**116.3**
Constituted over the period	25.8	0.0	25.8	3.9	0.1	4.0	29.7
Accretion	5.5	-	5.5	-	-	-	5.5
Impact of changes in consolidation scope	0.6	(0.0)	0.6	-	-	-	0.6
Impact of exchange rate changes	(3.1)	-	(3.1)	(0.1)	-	(0.1)	(3.2)
As of December 31, 2023	**143.7**	**0.4**	**144.1**	**4.7**	**0.1**	**4.8**	**148.9**

NOTE 20. FINANCING AND FINANCIAL INSTRUMENTS

NOTE 20.1. NET FINANCIAL RESULT

In millions of euros	FY 2023	FY 2022
Loan interest	(175.6)	(113.9)
Interest associated with derivatives	28.8	(14.9)
Interest associated with lease obligations	(9.1)	(6.8)
Cost of debt	**(155.9)**	**(135.6)**
Shareholder loan interest income and expenses	(1.4)	(1.0)
Foreign exchange gains and losses	(7.4)	(6.9)
Other financial income and expenses	11.8	(9.2)
Total other financial income and expenses	**3.1**	**(17.1)**
Net financial result	**(152.7)**	**(152.7)**

The increase in the cost of financial debt is mainly explained by:

- the increase in the number of plants in operation under financing;
- the full-year effect of the issuance of the 2022 green convertible bonds ("OCEANEs vertes") in September 2022 for €300 million[1];
- the increase in average short-term interest rates on variable-rate loans between 2022 and 2023, for the portion not covered by interest rate hedging instruments, in all geographical areas where the Group operates (see note 22.1 "interest rate risks").

These effects were partially offset by the impact of the gradual repayment of the financing of the plants in operation, the early conversion in October 2022 of the vast majority of the 2019 convertible bonds (the balance of which has been repaid), in accordance with the contractual documentation, for an amount of around €200 million[2], and the refinancing in November 2022 of the mezzanine debt of Neoen Production 2.

In 2023, the total of other financial income and expenses consisted mainly of:

- foreign exchange gains and losses of €(7.4) million, of which €(5.9) million related to the Group's non-dollarized exposure in Argentina, mainly comprising €(3.4) million in foreign exchange losses on cash investments denominated in Argentine pesos and €(1.4) million in foreign exchange losses on VAT credits also denominated in Argentine pesos.

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

- other financial income, up by +€23.3 million, associated in particular with the remuneration of deposits from the capital increase of March 29, 2023, and by financial expenses, mainly consisting of bank commissions and charges, the cost of security deposits and guarantees, the undiscounting of provisions for decommissioning and other non-current liabilities, which have increased due to the growth in the number of operating assets.

[1] The effective interest rate on the debt component of the 2022 green convertible bonds is 7.0%, for a nominal rate of 2.875%.
[2] The effective interest rate on the debt component of the 2019 convertible bonds was 4.3% for a nominal rate of 1.875%.

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	31.12.2023	31.12.2022
Senior financing of projects	2,921.5	2,717.6
Junior financing of projects	73.9	77.4
Lease liabilities	314.7	264.4
Corporate financing	424.0	409.7
Non-controlling investors and others	54.9	40.2
Interest rate derivative liabilities	15.0	-
Financial debt	**3,804.1**	**3,509.3**
Non-controlling investors and others	(54.9)	(40.2)
Adjusted financial debt	**3,749.1**	**3,469.1**
Cash equivalents	(66.6)	(40.6)
Cash	(707.2)	(582.2)
Total cash and cash equivalents	**(773.7)**	**(622.8)**
Guarantee deposits	(80.5)	(79.0)
Interest rate derivative assets	(214.9)	(302.7)
Total other assets	**(295.4)**	**(381.7)**
Total net debt	**2,680.0**	**2,464.6**

Net debt increased by +€215.4 million between December 31, 2022 and December 31, 2023. This change is mainly due to an increase in senior financing for projects, in line with the growth of the Group's secured portfolio, and by the decrease of the net fair value of interest rate derivatives, mitigated by an increase in cash and cash equivalents, resulting in particular from the capital increase of March 29, 2023.

As of December 31, 2023, the cash taken into account in the net debt calculation included €19.7 million (compared with €90.3 million as of December 31, 2022), corresponding, for some French power plants, to the difference between the market prices received by them and their power purchase agreement prices pending repayment to EDF OA. This amount is due to be repaid in 2024.

During 2023 financial year, €84.3 million was repaid to EDF OA following the establishment of effective repayment terms.

Breakdown of current / non-current financial debt

In millions of euros	Non-current	Current[1]	31.12.2023	Non-current	Current[1]	31.12.2022
Senior financing of projects	2,621.6	299.9	2,921.5	2,331.0	386.7	2,717.6
Junior financing of projects	69.8	4.2	73.9	73.9	3.5	77.4
Lease liabilities	303.3	11.4	314.7	257.5	6.9	264.4
Corporate financing	421.5	2.6	424.0	407.9	1.8	409.7
Non-controlling investors and others	54.6	0.3	54.9	39.9	0.3	40.2
Interest rate derivative liabilities	14.6	0.4	15.0	-	-	-
Total financial liabilities	**3,485.3**	**318.8**	**3,804.1**	**3,110.2**	**399.1**	**3,509.3**

(1) Senior financing of current projects includes the acceleration of debts for certain power plants (see table below for breakdown of debt by maturity).

Breakdown of financial debt by currency

(Counter value in millions of euros at closing price)	EUR	USD	AUD	CAD	Others	31.12.2023
Senior financing of projects	1,187.1	466.1	1,248.9	19.4	-	2,921.5
Junior financing of projects	73.9	-	-	-	-	73.9
Lease liabilities	240.5	4.1	54.0	16.1	-	314.7
Corporate financing	424.0	(0.0)	0.0	-	-	424.0
Non-controlling investors and others	41.4	11.6	2.0	-	-	54.9
Interest rate derivative liabilities	5.6	-	9.4	-	-	15.0
Total financial debt	**1,972.5**	**481.8**	**1,314.2**	**35.6**	**-**	**3,804.1**

(Counter value in millions of euros at closing price)	EUR	USD	AUD	CAD	Others	31.12.2022
Senior financing of projects	1,076.2	529.1	1,112.4	-	-	2,717.6
Junior 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	0.0	0.1	40.2
Interest rate derivative liabilities	-	-	-	-	-	-
Total financial debt	**1,787.7**	**547.0**	**1,163.3**	**0.0**	**11.3**	**3,509.3**

Breakdown of financial debt by interest rate type

In millions of euros	31.12.2023	31.12.2022
Fixed rate	1,693.0	1,690.0
Variable rate	2,096.1	1,819.3
Interest rate derivative liabilities	15.0	-
Interest rate derivative assets	(214.9)	(302.7)
Total financial debt after hedging	**3,589.2**	**3,206.6**

The financing of projects generally subscribed at variable rates and the flow of variable interest are hedged, 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	31.12.2023
Senior financing of projects	299.9	1,012.7	1,608.8	2,921.5
Junior financing of projects	4.2	9.9	59.9	73.9
Lease liabilities	11.4	22.9	280.3	314.7
Corporate financing	2.6	421.5	-	424.0
Non-controlling investors and others	0.3	3.7	50.9	54.9
Interest rate derivative liabilities	0.4	4.4	10.2	15.0
Total financial debt	**318.8**	**1,475.2**	**2,010.1**	**3,804.1**

In millions of euros	Less than 1 year[2]	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
Junior 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	407.9	-	409.7
Non-controlling investors and others	0.3	3.6	36.3	40.2
Interest rate derivative liabilities	-	-	-	-
Total financial debt	**399.1**	**1,162.4**	**1,947.8**	**3,509.3**

(1) As of December 31, 2023, senior financing of projects due within one year include the acceleration of the debts of the El Llano power plant in Mexico for €110.1 million (US$120.4 million).

(2) 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 in Mexico 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).

Breakdown of financial debt by flow

			Change without cash impact					
In millions of euros	**31.12.2022**	**Cash flows**	Effect of exchange rate changes	Change in consolidation scope	Changes in fair value and amortised cost	Accrued interest	Other changes	**31.12.2023**
Senior financing of projects	2,717.6	302.2	(73.1)	(2.6)	8.4	(2.5)	(28.4)	2,921.5
Junior financing of projects	77.4	(3.5)	(0.0)	0.0	0.2	(0.2)	(0.0)	73.9
Lease liabilities	264.4	(7.4)	(3.1)	(2.2)	-	0.4	62.6	314.7
Corporate financing	409.7	-	0.0	-	1.3	(0.6)	13.6	424.0
Non-controlling investors and others	40.2	17.6	(0.4)	0.1	-	-	(2.5)	54.9
Interest rate derivative liabilities	-	-	(0.1)	-	15.1	-	-	15.0
Total financial liabilities	**3,509.3**	**308.8**	**(76.7)**	**(4.8)**	**25.0**	**(2.9)**	**45.3**	**3,804.1**

Senior project financing

In 2023, senior project financing increased by **+€203.8 million**, mainly due to:

- drawdowns on loans issued in connection with the financing of Group projects for **€498.2 million**:
  - in Australia, for **€264.2** million, including mainly Goyder 1A for €185.7 million and Western Downs for €61.1 million;
  - in Europe for **€214.9** million, particularly for the Portuguese solar power plants for €94.7 million and the French power plants for €73.7 million, as well as part of a bridge-type projects financing in France for €44.0 million;
  - in the Americas for €19.2 million (Fox Coulee solar power plant in Canada).
- loan repayments for **€(196.1) million**;
- the impact of exchange rates fluctuations for **€(73.1) million**;
- **€(27.9) million** of senior debt reclassified as liabilities associated with assets held for sale, corresponding to the Metoro power plant in Mozambique;
- the change in amortised cost of borrowings for **€8.4 million**.

As of December 31, 2023, senior project financings were reclassified as current financial debt for a total amount of €110.1 million, compared to €226.6 million as of December 31, 2022, due to non-compliance with certain project financing covenants (see note 1.3. "events of the financial year").

Junior project financing

Junior financing mainly comprises junior debt on project entities. The decrease of **–€3.4** million is mainly due to the progressive reimbursement of loans.

Lease liabilities

The increase of +€50.3 million is mainly due to the entry into force of new leases or revaluations for €62.6 million, reimbursements for €(7.4) million, and the impact of exchange rates for €(3.1) million.

Corporate financing

As of December 31, 2023, corporate financing mainly corresponds to the green convertible bonds issued in June 2020 and September 2022. The increase of **+€14.3** million over the period is mainly attributable to the amortisation of issue premiums relating to these green convertible bonds for +€13.7 million.

Non-controlling investors and others

This item mainly comprises minority shareholder loans contributions as part of project financing. The increase of +€14.8 million over the period is mainly due to contributions made by minority shareholders in Sweden and in Finland.

Interest rate derivative liabilities

The increase in interest-rate derivatives is mainly the result of a change in fair value. This increase of **+€15.1** million relates to derivative financial instruments negotiated during the year and is the consequence of the impact of a recent decrease in long-term interest rates in the Euro zone and in Australia since their initial negotiations.

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, 2023, 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, 2023 *(In millions of euros)*	Assets			Liabilities		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Energy derivative financial instruments	72.8	19.1	**91.9**	1.5	3.4	**4.9**
Interest rate derivative financial instruments	179.7	35.2	**214.9**	14.6	0.4	**15.0**
Total	**252.5**	**54.3**	**306.8**	**16.1**	**3.7**	**19.8**

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**

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, 2023 *(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	214.9	214.9	-	0.2	214.6
Energy derivative financial instruments	3	91.9	91.9	-	91.9	-
Non-current financial assets	2	175.0	175.0	175.0	-	-
Other assets (current and non-current)	2	122.0	122.0	122.0	-	-
Trade receivables	2	115.2	115.2	115.2	-	-
Cash and cash equivalents	1	773.7	773.7	-	773.7	-
Total financial assets		**1,492.6**	**1,492.6**	**412.1**	**865.9**	**214.6**
Non-current financial liabilities	2	3,470.7	3,246.0	3,470.7	-	-
Other liabilities (current and non-current)	2	129.1	129.1	129.1	-	-
Interest rate derivatives	2	15.0	15.0	-	-	15.0
Energy derivative financial instruments	3	4.9	4.9	-	4.9	-
Current financial liabilities	2	318.4	318.4	318.4	-	-
Trade payables	2	386.6	386.6	386.6	-	-
Total financial liabilities		**4,324.6**	**4,100.0**	**4,304.8**	**4.9**	**15.0**

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**	**-**

NOTE 21. OTHER CURRENT LIABILITIES

NOTE 21.1. TAX AND SOCIAL SECURITY LIABILITIES

In millions of euros	31.12.2023	31.12.2022
Tax debts	31.0	35.6
Social debts	15.2	13.1
Total of tax and social security liabilities	**46.2**	**48.6**

NOTE 21.2. OTHER CURRENT LIABILITIES

In millions of euros	31.12.2023	31.12.2022
Prepaid income	14.7	15.1
Other creditors	65.0	142.5
Total other current liabilities	**79.7**	**157.6**

Prepaid income consists mainly of 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, 2023, other payables include liabilities to EDF OA (2022 residual balance and amounts generated during 2023, for a net balance of €19.7 million), liabilities related to the acquisitions of assets under development, mainly in Europe, for €5.8 million, and a contractual liability, in connection with the execution of a long-term power purchase agreement in Australia, for €8.5 million.

As of December 31, 2022, other creditors included €90.3 million corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. In 2023, the Group paid EDF OA €91.8 million in this respect (including €84.3 million in debts contracted prior to the 2023 financial year and €7.5 million in debts contracted in 2023), in accordance with current regulations.

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 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.

As of December 31st, 2023 *(In millions of euros)*	Notional value by maturity: 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 - Wind	(470.1)	(684.2)	**(1,154.3)**	127.4	117.9	-
Interest rate swaps - Solar	(166.8)	(443.1)	**(609.9)**	75.9	81.9	-
Interest rate swaps - Holding	(162.8)	-	**(162.8)**	2.5	3.0	0.2
Interest rate swaps - Storage	-	-	-	(5.9)	(5.9)	-
Interest rate caps	-	-	-	-	1.7	-
Total	**(799.7)**	**(1,127.2)**	**(1,926.9)**	**199.9**	**198.6**	**0.2**

(1) The fair value is composed of €214.9 million of interest rate derivative assets and €(15) million of interest rate derivative liabilities.
(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.

Interest rate risk sensitivity analysis

The sensitivity analysis was based on the net debt position (including interest rate derivatives linked to net debt), for all financing associated with assets in operation at the reporting date.

For interest rate risk, the sensitivity corresponds to a change in the yield curve of plus or minus 100 basis points compared to the interest rates prevailing at the reporting date.

As of December 31st, 2023 *(In millions of euros)*	Impact on profit and loss: +100 basis points	-100 basis points	Impact on equity: +100 basis points	-100 basis points
Net interest expense on the nominal amount of variable rate debt and variable rate legs of derivatives	(0.7)	0.8	NA	NA
Change in fair value of derivatives not qualifying as hedges	-	-	NA	NA
Change in fair value of cash flow hedging derivatives	NA	NA	86.9	(97.1)
Total	**(0.7)**	**0.8**	**86.9**	**(97.1)**

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, 2023 *(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 profit and loss
Energy derivative financial instruments	283.1	205.6	**488.7**	87.0	-	88.6
Total	**283.1**	**205.6**	**488.7**	**87.0**	**-**	**88.6**

A 5% increase in electricity prices would lead to a decrease in the fair value of energy derivative financial instruments of –€12.5 million.

A 5% decrease in electricity prices would lead to an increase in the fair value of energy derivative financial instruments of +€12.5 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.

An appreciation of +10% (or depreciation of -10%) of the most significant currencies, in reference to December 31, 2023, would lead to an increase (or decrease) in the Group's income statement and equity before income tax, as follows:

	Impact on profit and loss		Impact on equity	
As of December 31st, 2023 *(In millions of euros)*	+10%	−10%	+10%	−10%
AUD/EUR	9.6	(7.9)	132.7	(108.6)
USD/EUR	(0.6)	0.5	46.3	(37.8)
Total	**9.1**	**(7.4)**	**179.0**	**(146.4)**

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 its financial statements, the Group had sufficient liquidity to finance its ongoing operations and development.

The cash held by the holding and development companies amounted to €484.5 million as of December 31, 2023, compared to €289.2 million for the project companies (assets under operation and construction).

As of December 31, 2023, the cash held by the project companies comprises €19.7 million corresponding, for some French power plants, to the difference between the market prices and their power purchase agreement ones. As of December 31, 2022, the cash position of the project companies included €90.3 million relating to this difference, of which €84.3 million was repaid to EDF OA in 2023.

In millions of euros	**31.12.2023**	**31.12.2022**
Cash and cash equivalents	778.0	622.7
Corporate credit lines available	288.0	288.0
Total	**1,066.0**	**910.7**

Corporate credit lines available

As at the closing date, the Group had 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, and a revolving credit line of €75.0 million, to meet the working capital requirements of the parent company. In February 2024, this syndicated credit facility was refinanced, raising the corporate loan component to €300 million, and the revolving credit line to €200 million (see note 26). This syndicated loan remained undrawn at the reporting date.

Credit lines granted to projects

As of December 31, 2023, the Group benefits from commitments received in respect of its projects and operating financing in the amount of €484.1 million not used at that date (see note 23.2).

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 subsidised 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	31.12.2023	31.12.2022
Guarantees provided to suppliers	730.2	1,036.1
Maintenance	1,937.9	1,712.1
Other commitments provided	326.3	358.8
Commitments provided associated with operating activities	**2,994.4**	**3,107.0**
Assets provided as surety	5,318.2	4,728.4
Commitments provided associated with financing activities	**5,318.2**	**4,728.4**
Total off-balance sheet commitments provided	**8,312.6**	**7,835.4**

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	31.12.2023	31.12.2022
Energy purchase commitments received	7,838.0	7,079.1
Other commitments received	4,455.0	4,162.2
Commitments received associated with operating activities	**12,293.0**	**11,241.4**
Amounts payable to related parties	484.1	547.3
Corporate credit lines available	288.0	288.0
Commitments received in connection with financing activities	**772.1**	**835.3**
Total off-balance sheet commitments received	**13,065.2**	**12,076.6**

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 42.17% of its share capital. In 2023, 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 insignificant 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 2023**
Neoen S.A.				
Statutory Audit	0.2	0.1	-	0.3
Non-audit services[1]	0.2	0.1	-	0.2
Subsidiaries				
Statutory Audit	0.9	0.1	0.3	1.3
Total	**1.4**	**0.2**	**0.3**	**1.9**

In millions of euros	Deloitte	RSM	Other networks	**FY 2022**
Neoen S.A.				
Statutory Audit	0.2	0.1	-	0.3
Non-audit services	0.0	0.0	-	0.0
Subsidiaries				
Statutory Audit	0.9	-	0.2	1.1
Total	**1.1**	**0.1**	**0.2**	**1.4**

(1) Services other than certification of financial statements mainly include fees relating to the capital increase of March 29, 2023.

NOTE 26. SUBSEQUENT EVENTS

Refinancing of Neoen SA's syndicated credit facility

On February 8, 2024, Neoen completed the refinancing of the syndicated credit facility arranged in March 2020. Its size was increased from €250 million to €500 million and its maturity extended from 2026 to 2029. This new credit facility includes a €300 million term loan and a €200 million revolving credit facility. Financial conditions are indexed to Environmental, Social and Governance (ESG) criteria. The original syndicated loan remained unused at December 31, 2023, as well as the new credit facility as of today. This refinancing significantly enhances the liquidity position of the Group, which is fully focus on achieving its target of 10 GW in capacity in operation or under construction in the course of 2025.

Neoen completes a landmark renewable energy portfolio financing in Australia

On February 23, 2024, Neoen completed the debt financing of a portfolio which includes 7 wind and solar operating assets in Australia, as well as Collie Battery (219 MW/877 MWh), currently under construction. Neoen raised over AUD1.1 billion of debt with maturity of 5 years and 7 years, refinancing approximately AUD700 million of single asset-level debt. This new financing is being provided by a group of 11 major Australian and international lenders.

4.2 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NEOEN GROUP AS OF DECEMBER 31ST, 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2023

To the Neoen Shareholders' Meeting

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Neoen for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for opinion

Audit framework

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

Our responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2023, to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) paragraph 1 of Regulation (EU) no. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

A. IFRS 9 – Hedging derivative financial instruments

(Note 20 to the consolidated financial statements)

Identified risk and main judgments

Neoen Group uses floating-rate borrowings to finance the construction of some of its facilities, thereby exposing the Group to interest rate risk. To hedge this risk, Neoen enters into firm hedging derivative such as interest rate swaps, to peg the interest rate at the start of the project and protect the Group against an increase in interest rates beyond a maximum cap.

Neoen Group designates most of these instruments as cash flow hedges for accounting purposes, in accordance with IFRS 9.

As disclosed in Note 20 "Financing and financial instruments" to the consolidated financial statements, these derivatives are initially measured at fair value on the derivative contract signature date and then remeasured at their fair value at each closing date. Derivative financial instruments with a positive market value are recorded in assets, while those with a negative market value are recorded in liabilities.

Changes in the fair value of derivatives are recognized in Other comprehensive income for the effective portion of the hedge and in Net financial result for the ineffective portion.

As of December 31, 2023, interest rate derivatives designated as cash flow hedges for accounting purposes totaled €214.9 million in assets and €15.0 million in liabilities. Changes in the fair value of these instruments in 2023 are recorded in Other comprehensive income in the amount of €198.6 million and in Net financial result as income of €0.2 million.

When they are not considered to be cash flow hedges for accounting purposes, net changes in the fair value of these instruments are recorded in net financial result.

We consider the recognition of financial instruments to be a key audit matter due to:

- the judgment exercised by Management in documenting and analyzing the classification of these hedging relationships with

regard to the criteria set out in IFRS 9 and the accounting impacts resulting from the application of cash flow hedge accounting;

- the material nature of outstanding amounts and the level of judgement involved in the fair value measurement of these instruments.

Responses as part of our audit

Our procedures primarily consisted in:

- Analyzing the compliance of the methodologies applied by the Group with prevailing accounting standards;
- Assessing the competency of the experts hired by the company to measure the fair value of the financial instruments and interviewing Management to obtain an understanding of their scope of involvement;
- Validating the completeness of Group financial instruments by sending bank confirmation letters;
- Familiarizing ourselves with the internal control system and processes relating to the valuation of these financial instruments by reconciling their fair value with the fair values determined by experts appointed by the company and performing verifications, for a sample of instruments. We compared these statements with bank confirmation letters.
- Performing independent counter-valuations using our own valuation models;
- Reviewing the cash flow hedging documentation prepared with regard to the criteria set out in IFRS 9;
- Validating compliance of the accounting treatment applied to financial instruments and their impacts on the income statement and other comprehensive income with regard to IFRS;
- Verifying the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

B. Valuation of Corporate Power Purchase Agreements (CPPA)

(Notes 1.4, 4, 9, 20.3, 20.4, 22.2 to the consolidated financial statements)

Identified risk

Neoen Group enters into medium- and long-term Corporate Power Purchase Agreements (CPPA). Some of these agreements provide for a financial settlement between the parties and are considered derivative financial instruments within the meaning of IFRS 9, "Financial Instruments". This is particularly the case for Virtual Power Purchase Agreements (VPPA) entered into by facilities in Australia and Europe.

Changes in the fair value of these agreements, which are not classified as hedging instruments, are recognized in current operating income and expenses.

As of December 31, 2023, these instruments represent €91.9 million in assets (compared to €46.1 million as of December 31, 2022) and €4.9 million in liabilities (compared to €44.9 million as of December 31, 2022).

The fair value of these instruments is determined in accordance with IFRS 13, "Fair value measurement".

The measurement techniques adopted by management involve a significant level of judgment regarding the choice of models, data and assumptions given:

- the use of internal valuation models;
- the use of unobservable inputs (particularly due to the absence of an observable forward price for the duration of the agreement);

As the valuation of these financial instruments requires the use of significant unobservable inputs they are classified as fair value level 3, whether they are recognized in assets or liabilities.

In addition, in Note 4 "Segment reporting" to the consolidated financial statements, the Group decided to restate the change in fair value of these energy derivatives in EBITDA, EBIT and net income of the consolidated group.

Due to the material nature of these outstandings and the judgement involved in determining the market value, we consider the measurement of these Corporate Power Purchase Agreements to be a key audit matter.

Responses as part of our audit

- We familiarized ourselves with the internal control systems and processes relating to the identification, recognition and valuation of these derivative financial instruments.
- We reviewed the relevance of assumptions, parameters, methodologies and models adopted in the uncertain context presented above, with the support of our financial instrument valuation specialists.
- We examined the financial instrument valuation disclosures published in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law on the information concerning the Group presented in the Board of Directors' management report.

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

Other Legal and Regulatory Verifications or Information

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of

these consolidated financial statements complies with the format defined in the above delegated regulation.

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

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

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

Appointment of the Statutory Auditors

Constantin Associés was appointed as statutory auditor of Neoen by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte & Associés at the Shareholders' Meeting of April 22, 2014. RSM Paris was appointed as statutory auditor by the Shareholders' Meeting of September 12, 2018.

As of December 31, 2023, Deloitte & Associés and RSM were in their 16th and 6th period of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

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

The consolidated financial statements have been approved by the Board of Directors.

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

Objective and audit approach

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

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris and Paris-La Défense, February 29, 2024

The Statutory Auditors

RSM Paris	**Deloitte & Associés**
Jean-Charles BOUCHER	Benoit PIMONT

4.3 ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31ST, 2023

4.3.1 INCOME STATEMENT

(In millions of euros)	Notes	2023	2022
Revenue	3.1	107.9	85.8
Other income (1)		0.2	3.0
OPERATING INCOME		**108.1**	**88.8**
External charges	**5.1**	**(80.1)**	**(59.6)**
Duties, taxes and similar payments		**(1.2)**	**(1.2)**
Wages and salaries	8.1	(21.8)	(15.7)
Social security contributions	8.1	(9.0)	(8.7)
Payroll costs	**8.1**	**(30.9)**	**(24.4)**
Amortisation and impairment on assets	14 and 15	(0.7)	(0.6)
Amortisation of operating expenses (2)		(1.5)	(2.0)
Foreign exchange gains and losses		(0.3)	(0.0)
Other expenses (3)		(0.3)	(0.3)
OPERATING EXPENSES		**(115.0)**	**(88.1)**
OPERATING PROFIT (LOSS)		**(6.9)**	**0.8**
Financial income	10.1	192.8	68.9
Financial expenses	10.1	(40.8)	(22.1)
Net financial income (expenses)	**10.1**	**152.0**	**46.8**
CURRENT PROFIT (LOSS) BEFORE TAX		**145.2**	**47.6**
Non-current income	11	9.9	9.0
Non-current expenses	11	(9.1)	(7.5)
Non-current profit (loss)	**11**	**0.8**	**1.5**
Employee profit-sharing		(1.3)	(1.2)
Income tax	12	(7.3)	(0.2)
PROFIT (OR LOSS) FOR THE PERIOD		**137.4**	**47.7**

(1) Includes mainly in 2023, transfers of expenses related to internal costs incurred on an IT project under development. In 2022, these were mainly 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).

(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.

4.3.2 STATEMENT OF FINANCIAL POSITION - ASSETS

(In millions of euros)	Notes	**Gross 31.12.2023**	Amortisation/ impairment	**Net 31.12.2023**	**Net 31.12.2022**
Intangible assets	**14**	**3.5**	**(2.3)**	**1.3**	**0.6**
Property, plant and equipment	**14**	**4.4**	**(1.8)**	**2.6**	**2.7**
Equity investments	15	154.5	(4.4)	150.0	78.2
Receivables from equity investments	15	2,462.0	(8.1)	2,453.9	1,763.6
Deposits and security provided	15	14.3	-	14.3	14.8
Other non-current financial assets	15	9.4	-	9.4	5.3
Non-current financial assets	**15**	**2,640.1**	**(12.5)**	**2,627.7**	**1,861.9**
FIXED ASSETS		**2,648.1**	**(16.5)**	**2,631.5**	**1,865.2**
Down-payments and advances		5.5	-	5.5	2.8
Trade receivables	3.2	35.8	-	35.8	16.2
Other receivables	3.2	9.5	-	9.5	10.2
Receivables	3.2	**50.7**	**-**	**50.7**	**29.3**
Liquid assets and miscellaneous		**383.7**	**-**	**383.7**	**246.4**
CURRENT ASSETS		**434.5**	**-**	**434.5**	**275.6**
Prepaid expenses	16	1.4	-	1.4	0.7
Deferred expenses	16	4.0	-	4.0	5.5
Unrealised foreign exchange losses	16	0.3	-	0.3	0.1
TOTAL ASSETS		**3,088.2**	**(16.5)**	**3,071.7**	**2,147.1**

4.3.3 STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

(In millions of euros)	Notes	**31.12.2023**	**31.12.2022**
Share capital	13	304.2	229.3
Additional paid-in capital	13	1,933.0	1,247.4
Legal reserve	13	8.9	6.5
Other reserves	13	103.0	76.7
Retained earnings	13	8.0	8.0
Profit (loss) for the period	13	137.4	47.7
EQUITY	13	**2,494.5**	**1,615.7**
Provisions for risks and charges	7	6.8	2.5
Provisions for exchange rate losses	7	0.3	0.1
PROVISIONS	7	**7.1**	**2.6**
Convertible bonds	10.2	472.8	473.0
Borrowings and liabilities with lending institutions	10.2	-	-
Miscellaneous borrowings and financial liabilities	10.2	59.2	20.6
Financial debt	10.2	**532.0**	**493.6**
Trade accounts payable	5.2	22.8	18.7
Payroll and tax liabilities	9	14.7	15.2
Current liabilities		**37.5**	**33.9**
Other payables	9	0.0	0.2
Deferred income	9	0.0	0.3
TOTAL PAYABLES		**569.5**	**527.9**
Unrealised foreign exchange gains	17	0.5	0.9
TOTAL EQUITY AND LIABILITIES		**3,071.7**	**2,147.1**

4.3.4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1. Accounting policies and valuation methods 181
NOTE 2. Activity and key events 181
NOTE 3. Revenue 182
NOTE 4. Maturity of receivables 183
NOTE 5. Purchases 183
NOTE 6. Maturity of total payables 184
NOTE 7. Provisions 185
NOTE 8. Personnel expenses and corporate officers' remuneration 185
NOTE 9. Breakdown of other liabilities 186
NOTE 10. Financial items 187
NOTE 11. Non-current profit (loss) 188
NOTE 12. Taxation 188
NOTE 13. Equity 190
NOTE 14. Property, plant and equipment and intangible assets 192
NOTE 15. Non-current financial assets 193
NOTE 16. Asset adjustment accounts 194
NOTE 17. Liability adjustment accounts 194
NOTE 18. Investments in subsidiaries 195
NOTE 19. Other information 196
NOTE 20. Contingent assets and liabilities 196
NOTE 21. Subsequent events 197

NOTE 1. ACCOUNTING POLICIES AND VALUATION METHODS

Preparation of the financial statements

The annual financial statements as of December 31, 2023, 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, 2022.

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 February 28, 2023, the Board of Directors decided to grant 221,766 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 increases

On March 29, 2023, Neoen successfully completed a capital increase with preferential subscription rights, launched on March 7, 2023, for which the subscription period ran from 10 to 22 March 2023 inclusive. The gross proceeds of this capital increase (including the issue premium) amounted to €750.4 million and resulted in 36,694,552 new shares being issued with a nominal value of €2 at a subscription price of €20.45 per new share.

Neoen plans to use the proceeds from the capital increase to fund its investment plan to lift its capacity in operation or under construction in the course of 2025 to over 10 GW and to expand its storage capacity, especially by investing in batteries with a longer duration per MW installed.

This transaction had an impact of €744.0 million net of issuance costs and taxes on the Group's shareholders' equity.

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

- The creation of 641,364 shares as part of the dividend payment on June 5;
- The creation of 48,984 shares as part of a free share allocation plan that expired on July 3;
- The creation of 45,056 shares as part of a capital increase reserved for employees;
- The exercise of 1,000 stock options at an exercise price of €9.25 and of 21,995 stock options at an exercise price of €8.50.

These operations, amounting to €760,559,346.97, including €685,653,444.97 in issue premium, increased the share capital to €304,244,898 (see note 13).

Payment of dividend in respect of 2022

At the General Shareholders' meeting of May 10, 2023, the shareholders approved the distribution of a dividend of €0.125 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 May 19, 2023, to June 2, 2023, inclusively), nearly 83% of the rights had been exercised in favour of payment of the dividend in shares.

This transaction resulted in the creation of 641,364 new ordinary shares (representing approximately 0.42% of the share capital after the capital increase) and the payment of €3.1 million of the dividend in cash.

Capital increase reserved for employees

On May 12, 2023, 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 144 new shares at the preferential subscription price of €19.51 per share (benefiting from a 30% discount compared with the average closing share price over the last twenty trading days preceding April 5, 2023, 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 45,056 shares with a nominal value of €2 each, corresponding to a capital increase of €439,521.28, including €394,465.28 in issue premium.

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	10.2	97.7	107.9
Revenue	**10.2**	**97.7**	**107.9**
Proportion (%)	**9%**	**91%**	**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 31.12.2023**	Impairment	**Net amount 31.12.2023**	**Net amount 31.12.2022**
Trade receivables	35.8	-	35.8	16.2
Other receivables	9.5	-	9.5	10.2
Down-payments and advances	5.5	-	5.5	2.8
TOTAL	**50.7**	**-**	**50.7**	**29.3**

The increase in trade receivables is mainly due to the increase in receivables relating to development agreements, particularly with Australian, Finnish and Swedish project companies, not yet collected as of December 31, 2023, but expected to be collected during 2024.

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 31.12.2023**	< 1 year	> 1 year	Of which: related companies
Receivables from equity investments	2,462.0	-	2,462.0	2,462.0
Equity investments	154.5	-	154.5	154.5
Deposits and security	14.3	0.1	14.2	-
Other financial assets	9.4	0.1	9.3	-
Total non-current financial assets	**2,640.1**	**0.2**	**2,639.9**	**2,616.4**
Trade receivables	35.8	35.8	-	-
Value added taxes	8.7	8.7	-	-
Other duties and taxes	0.8	0.8	-	-
Miscellaneous debtors	5.5	5.5	-	-
Total current assets	**50.7**	**50.7**	**-**	**-**
Prepaid expenses	1.4	1.4	-	-
TOTAL	**2,692.3**	**52.4**	**2,639.9**	**2,616.4**

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)	**31.12.2023**	**31.12.2022**
Development costs - France	(8.5)	(6.1)
Development costs -International	(51.9)	(34.5)
Surveys and subcontracting	(1.5)	(2.0)
Professional fees	(9.5)	(9.8)
Other charges	(8.7)	(7.3)
TOTAL	**(80.1)**	**(59.6)**

The Group has intensified its investments in the development of its international projects in France (+€2.4 million) and abroad (+€17.4 million), mainly in Australia, Italy and Canada.

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)	**31.12.2023**	**31.12.2022**
Trade payables - Group	16.5	11.4
Trade payables - third parties	2.8	1.8
Accrued invoices - Group	0.2	1.0
Accrued invoices - third parties	3.4	4.5
TOTAL	**22.8**	**18.7**

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 31.12.2023**	< 1 year	1 to 5 years	> 5 years	*Of which: related companies*
Convertible bonds	472.8	2.8	470.0	-	-
Miscellaneous borrowings and financial liabilities	59.2	54.8	-	4.4	54.8
Trade payables	22.8	22.8	-	-	-
Payroll liabilities	5.3	5.3	-	-	-
Social security liabilities	3.8	3.8	-	-	-
Tax liabilities:	**5.6**	**5.6**	**-**	**-**	**-**
> Value added taxes	5.1	5.1	-	-	-
> Other duties and taxes	0.5	0.5	-	-	-
Other payables	0.0	0.0	-	-	-
Deferred income	0.0	0.0	-	-	-
TOTAL	**569.5**	**95.2**	**470.0**	**4.4**	**54.8**

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)	**31.12.2022**	Increases	Reversals for use	Reversals without use	**31.12.2023**
Provisions for disputes	0.4	-	-	-	0.4
Provisions for risks	-	-	-	-	-
Provisions for charges[1]	2.1	6.7	(2.4)	-	6.4
Provisions for exchange rate losses	0.1	3.0	(2.8)	-	0.3
TOTAL	**2.6**	**9.7**	**(5.2)**	**-**	**7.1**

(1) At December 31, 2023, provisions for treasury shares amount to €6.4 million. These shares are intended to be allocated to beneficiaries of free share plans when these expire in 2024, 2025 and 2026 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 organisations that manage pension benefits.

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

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

NOTE 8.1. PAYROLL COSTS AND AVERAGE EMPLOYEE NUMBERS

(In millions of euros)	**31.12.2023**	**31.12.2022**
Payroll costs		
Wages and salaries	(21.8)	(15.7)
Social security contributions	(9.0)	(8.7)
PAYROLL COSTS	**(30.9)**	**(24.4)**
Full-time equivalent employees (FTE) - Average		
Executives	183	166
Employees and supervisors	3	3
EMPLOYEES NUMBER	**186**	**169**

The increase in wages and salaries is mainly due to:

- The impact of free share plans for employees for –€4.3 million. Treasury shares are impaired in proportion to the time elapsed over the full term of the plans, generating an expense of €(6.7) million in the 2023 financial year. In 2022, €(2.4) million had been recognised for the impact of free share plans.
- The –€1.8 million increase in the payroll, mainly due to the increase in the workforce over the year.

Social security contributions increased by –€0.3 million mainly due to:

- The increase in the payroll (€0.9 million);
- The decrease in provisions for social security contributions in the context of the current free share plans expiring in 2024, 2025 and 2026 (–€ 0.6 million).

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

Share purchase or subscription options

As of December 31, 2023, all share purchase or subscription options have been exercised. There are no more options outstanding.

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]
10/03/2021	272,302	11/03/2024	-	294,980
14/03/2022	164,046	14/03/2025	-	173,294
28/02/2023	221,766	28/02/2026	-	232,172
TOTAL	**658,114**			**700,446**

(1) Following the capital increases with preferential subscription rights carried out on April 9, 2021, and March 29, 2023, 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 (for a coefficient of 1.081 and 1.088 respectively).

NOTE 9. BREAKDOWN OF OTHER LIABILITIES

(In millions of euros)	**31.12.2023**	**31.12.2022**
Payroll liabilities	9.1	8.7
Tax liabilities	5.6	6.5
Other payables	0.0	0.2
Deferred revenue	0.0	0.3
TOTAL	**14.7**	**15.6**

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)	31.12.2023	31.12.2022
Financial income	**192.8**	**68.9**
Financial income from equity investments	167.0	59.7
Other financial income	18.7	5.5
Reversal of provisions and reclassification of expenses	0.1	0.8
Foreign exchange gains	7.1	2.8
Financial expenses	**(40.8)**	**(22.1)**
Financial allocations to amortisation and provisions	(12.8)	(0.1)
Interest and similar expenses	(20.1)	(17.6)
Foreign exchange losses	(8.0)	(4.4)
NET FINANCIAL INCOME (EXPENSE)	**152.0**	**46.8**

The increase in financial result is mainly explained by:

- The increase in dividends received from subsidiaries (+€85.0 million). This increase is primarily due to the exceptional distribution from:
  - Neoen production 2, following the refinancing operation carried out in 2022 and the related intra-group disposals entered into during the first quarter of 2023 (+€65.4 million); and
  - NP Investment, as part of the disposal of the Cabrela power plant in Portugal (+€25.2 million).
- The increase in interest income on shareholders loans for +€22.2 million, linked to the continued growth of investments in new projects;
- The return on financial investments (+€14.1 million), given the cash availability notably generated by the capital increase of March 29, 2023, and in a context of rising interest rates.

Partially offset by:

- The impairment of the equity securities and the shareholder loan of the Portuguese entity holding the securities of an asset in Mozambique, given its upcoming disposal, for –€12.5 million.

The increase in interest expense associated with the convertible bonds ("OCEANEs") (–€2.5 million) is explained by the recognition of the full year interest expense on the convertible bonds ("OCEANEs") issued in September 2022.

NOTE 10.2. BREAKDOWN OF FINANCIAL DEBT

(In millions of euros)	31.12.2023	31.12.2022
Borrowings	470.0	470.0
Accrued interest	2.8	3.0
Other financial debt	59.2	20.6
TOTAL	**532.0**	**493.6**

The increase in Other financial debt is essentially due to a one-time loan granted by a company in operation in Australia.

NOTE 11. NON-CURRENT PROFIT (LOSS)

(In millions of euros)	31.12.2023	31.12.2022
Non-current income	**9.9**	**9.0**
Non-current income from management transactions	0.0	-
Non-current income from capital transactions	0.7	1.7
Reversals on provisions and reclassification of expenses	9.1	7.3
Non-current expenses	**(9.1)**	**(7.5)**
Non-current expenses from management transactions	(6.7)	(2.5)
Non-current expenses from capital transactions	(2.4)	(4.9)
NON-CURRENT PROFIT (LOSS)	**0.8**	**1.5**

In 2023, the non-current income from capital transactions correspond mainly to the collection of an earn-out. In 2022, this involved 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, linked on the one hand to the shares that were definitively allocated when a free share allocation plan expired on July 3, 2023, 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, 2023, its following direct or indirect subsidiaries: Neoen Préfinancement France, 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 I, Neoen Finland II, Neoen Finland III, Neoen Finland IV, Neoen Finland V and Neoen Ireland II.

The following subsidiaries joined the tax consolidation Group as of January 1st, 2023: Neoen Finland I, Neoen Finland II, Neoen Finland IV, Neoen Finland V and Neoen Ireland.

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, 2023, Neoen S.A. recognised a tax charge of €6.1 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	137.4	26.0	104.1	59.3	-	59.3
Neoen International	3.2	0.5	3.3	0.4	-	0.4
Neoen Services	0.6	0.9	1.1	0.3	-	0.3
Neoen Eolienne	(0.8)	0.1	-	(0.7)	-	(0.7)
Neoen Solaire	(0.1)	0.1	0.0	(0.0)	-	(0.0)
Neoen Préfinancement France	2.1	17.2	19.2	0.0	-	0.0
Neoen Production 2	23.7	8.7	25.0	7.3	(4.2)	3.2
Neoen Production 3	2.5	1.7	-	4.2	-	4.2
Neoen Investissement	(8.9)	7.7	0.0	(1.2)	-	(1.2)
Neoen Northern Hemisphere	0.4	0.1	-	0.5	-	0.5
Zambian Sunlight One	4.0	1.3	-	5.3	-	5.3
Neoen Holding Jamaica	(0.3)	0.0	0.5	(0.7)	-	(0.7)
Neoen Holding Mexico	(1.2)	0.2	-	(1.0)	-	(1.0)
Neoen Holding El Salvador	(0.2)	0.0	-	(0.2)	-	(0.2)
Neoen Zephyr	(0.0)	-	-	(0.0)	-	(0.0)
Neoen Holding Finland III	(1.1)	0.2	0.0	(0.9)	-	(0.9)
Neoen Holding Mexico II	(0.1)	-	-	(0.1)	-	(0.1)
Neoen Investissement II	(0.0)	-	-	(0.0)	-	(0.0)
Neoen Holding Finland I	(0.1)	-	-	(0.1)	-	(0.1)
Neoen Holding Finland II	(2.4)	-	-	(2.4)	-	(2.4)
Neoen Holding Finland IV	(0.2)	-	-	(0.2)	-	(0.2)
Neoen Holding Finland V	(0.3)	-	-	(0.3)	-	(0.3)
Neoen Ireland II	(0.3)	-	-	(0.3)	-	(0.3)
TOTAL	**157.5**	**64.8**	**153.2**	**69.1**	**(4.2)**	**64.9**

Reinstatements/deductions specific to the tax consolidation	(26.4)
Consolidated taxable profit (loss)	**38.5**
Use of consolidated tax losses	-
Result after use of consolidated tax losses	**38.5**
Tax payable	9.6
Tax surcharge payable	0.3
Tax credits	(0.3)
Tax consolidation gain	(3.5)
Income tax	**6.1**

Determination of individual taxable profits (losses)

	Calculated in the absence of tax consolidation				
	Taxable profit (loss)	Losses carried forward at 31.12.2022	Use of losses brought forward	Taxable amount	**Theorical income tax**
Neoen	59.3	-	-	59.3	15.3
Neoen International	0.4	-	-	0.4	0.1
Neoen Services	0.3	-	-	0.3	0.1
Neoen Eolienne	(0.7)	0.2	-	(0.7)	-
Neoen Solaire	(0.0)	0.0	-	(0.0)	-
Neoen Préfinancement France	0.0	12.2	(0.0)	0.0	0.0
Neoen Production 2	7.3	12.2	(4.2)	3.2	0.8
Neoen Production 3	4.2	-	-	4.2	1.1
Neoen Investissement	(1.2)	2.9	-	(1.2)	-
Neoen Northern Hemisphere	0.5	-	-	0.5	0.1
Zambian Sunlight One	5.3	-	-	5.3	1.3
Neoen Holding Jamaica	(0.7)	1.8	-	(0.7)	-
Neoen Holding Mexico	(1.0)	1.0	-	(1.0)	-
Neoen Holding El Salvador	(0.2)	0.1	-	(0.2)	-
Neoen Zephyr	(0.0)	0.0	-	(0.0)	-
Neoen Holding Finland III	(0.9)	0.6	-	(0.9)	-
Neoen Holding Mexico II	(0.1)	-	-	(0.1)	-
Neoen Investissement II	(0.0)	-	-	(0.0)	-
Neoen Holding Finland I	(0.1)	-	-	(0.1)	-
Neoen Holding Finland II	(2.4)	1.8	-	(2.4)	-
Neoen Holding Finland IV	(0.2)	-	-	(0.2)	-
Neoen Holding Finland V	(0.3)	-	-	(0.3)	-
Neoen Ireland II	(0.3)	-	-	(0.3)	-

NOTE 13. EQUITY

Share capital

On February 28, 2023, 1,000 stock options were exercised at an exercise price of €9.25, for a total amount of €9,750, including a share premium of €7,250, bringing the share capital to €229,340,996.

On March 29, 2023, 36,694,552 new shares were issued in the context of a capital increase with preferential subscription rights, for a total gross amount of €750,403,588.40, including a share premium of €677,014,484.40, and bringing the share capital to €302,730,100.

On May 12, 2023, 45,056 shares with a nominal value of €2 were created in the context of a capital increase reserved for employees for a total amount of €484,577.28, including a share premium of €394,465.28, bringing the share capital to €302,820,212.

On the same day, 4,793 stock options were exercised at an exercise price of €8.50, for a total amount of €40,740.50, including a share premium of €31,154.50, bringing the share capital to €302,829,798.

On June 8, 2023, 17,202 stock options were exercised at an exercise price of €8.50, for a total amount of €146,217 including €111,813 in share premium, bringing the share capital to €302,865,202.

On the same day, it was issued, as part of the share dividend payment option attached to fiscal year 2022, 641,364 new shares at a unit price of €24.61, an increase in capital of a nominal amount of €1,282,728, with an issue premium of €14,501,240.04.

The share capital was increased to €304,146,930.

On July 3, 2023, 48,984 shares were created as part of the maturity of a free share plan, bringing the share capital to €304,244,898.

As of December 31, 2023, the share capital is thus divided into 152,122,449 fully paid-up ordinary shares with a par value of 2 euros.

Treasury shares

As of December 31, 2022, Neoen S.A. held 146,347 treasury shares (including 73,522 from a liquidity contract).

On May 11, 2023, Neoen signed a mandate to buy back a maximum of 150,000 shares over a period from May 12, 2023, to July 26, 2023, for a maximum purchase price of €35 per share. As part of this mandate, 150,000 shares were acquired over the period for an amount of €4,3 million.

On July 3, 2023, the Company used 76,459 of its treasury shares to serve a free share plan that had expired.

On November 2, 2023, Neoen signed a mandate to buy back a maximum of 120,000 shares over a period from November 3, 2023, to November 30, 2023, for a maximum purchase price of €30 per share. Under this mandate, 120,000 shares were acquired for an amount of €3.1 million.

As of December 31, 2023, Neoen S.A. held 329,784 own shares (including 63,418 from a liquidity contract) for a net amount of €2.9 million.

Statement of changes in equity

(In millions of euros)	**31.12.2022**	Increase	Decrease	**31.12.2023**
Share capital	229.3	74.9	0.0	304.2
Additional paid-in capital	1,247.4	694.2	8.5	1,933.0
Legal reserve	6.5	2.4	-	8.9
Other reserves	76.7	31.0	4.7	103.0
Retained earnings	8.0	-	-	8.0
Net income for the year	47.7	137.4	47.7	137.4
TOTAL	**1,615.7**	**939.9**	**61.0**	**2,494.5**

The income for 2022 of €47.7 million was partially distributed in dividends for €14.3 million. In addition, €31.0 million was allocated to "Other reserves" and €2.4 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)	**31.12.2022**	Acquisitions	Disposals	**31.12.2023**
Software	-	-	-	-
Other intangible assets	2.3	0.0	-	2.3
Intangible assets under development	0.3	0.9	-	1.2
Intangible assets	**2.7**	**0.9**	**-**	**3.5**
Land	0.0	-	-	0.0
Computer and office equipment and furniture	1.6	0.3	-	1.9
Other property, plant and equipment	2.3	0.0	-	2.3
Property, plant and equipment under construction	0.0	0.1	-	0.2
Property, plant and equipment	**4.0**	**0.4**	**-**	**4.4**
TOTAL	**6.6**	**1.3**	**-**	**7.9**

Breakdown of the applicable amortisation and impairment

		Amortisation		**Impairment**		
(In millions of euros)	**31.12.2022**	Allocations	Reversals	Allocations	Reversals	**31.12.2023**
Software	-	-	-	-	-	-
Other intangible assets	(2.1)	(0.2)	-	-	-	(2.3)
Intangible assets under development	-	-	-	-	-	-
Intangible assets	**(2.1)**	**(0.2)**	**-**	**-**	**-**	**(2.3)**
Computer and office equipment and furniture	(1.3)	(0.5)	0.0	-	-	(1.8)
Other property, plant and equipment	(0.0)	(0.0)	-	-	-	(0.0)
Property, plant and equipment	**(1.3)**	**(0.5)**	**0.0**	**-**	**-**	**(1.8)**
TOTAL	**(3.3)**	**(0.7)**	**0.0**	**-**	**-**	**(4.0)**

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 shareholder loans 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

As of December 31st, 2023, 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)	**31.12.2022**	Increase	Decrease	**31.12.2023**
Equity investments	78.2	132.5	(56.2)	154.5
Receivables from equity investments	1,763.6	899.9	(201.5)	2,462.0
Deposits and security provided	14.8	3.1	(3.6)	14.3
Other non-current financial assets	5.4	7.5	(3.5)	9.4
TOTAL	**1,861.9**	**1,043.0**	**(264.8)**	**2,640.1**

The net increase in equity securities (+€76.3 million) and receivables related to equity investments (+€698.4 million) is mainly due to shareholder capital and loans contributions in connection with the financing of the construction of the Group's power plants, in particular in Europe for €355 million, in Australia for €270 million and, in North America for €53 million, to which should be added interest related to the remuneration of shareholder loans for €17 million.

The decrease in receivables by (–€201.5 million) is mainly related to the conversion into equity of a Portuguese subsidiary shareholders' loan (–€124.4) million as well as cash inflows from operating plants (–€77.1) million.

Other financial assets increased by +€4.0 million during the year due to the acquisition of new treasury shares for €7.5 million. These acquisitions are offset by the final allocation of shares under the free share allocation plan which expired on July 3rd, 2023, for (€2.4) million and by the sale of shares under the liquidity contract for (€1.1) million.

Breakdown of the applicable amortisation and impairment

(In millions of euros)	**31.12.2022**	Increases	Reversals	**31.12.2023**
Equity investments	-	(4.4)	-	(4.4)
Receivables from equity investments	-	(8.1)	-	(8.1)
Deposits and security provided	-	-	-	-
Other non-current financial assets	-	-	-	-
TOTAL	**-**	**(12.5)**	**-**	**(12.5)**

As mentioned in note 10.1, the equity securities and the shareholder loan of the Portuguese entity holding the securities of an asset in Mozambique were impaired over the financial year.

NOTE 16. ASSET ADJUSTMENT ACCOUNTS

(In millions of euros)	**31.12.2023**	**31.12.2022**
Prepaid expenses	1.4	0.7
Deferred expenses[1]	4.0	5.5
Unrealised foreign exchange losses	0.3	0.1
TOTAL	**5.7**	**6.3**

(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 2023, €4.1 million has been amortised.

NOTE 17. LIABILITY ADJUSTMENT ACCOUNTS

(In millions of euros)	**31.12.2023**	**31.12.2022**
Unrealised foreign exchange gains	0.5	0.9
TOTAL	**0.5**	**0.9**

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 ARGENTINA	ARS	35	(160)	(2,585)	99.8%	3,055	3,055	1,826	0	0	0
NEOEN AUSTRALIA	AUD	10,419	(3,691)	915	100.0%	10,545	10,545	(0)	0	40,487	0
NEOEN RENEWABLES CANADA INC	CAD	616	(12)	100	100.0%	371	371	523	0	3,642	0
NEOEN RENEWABLES DEUTSCHLAND GMBH	EUR	25	0	10	100.0%	29	29	303	0	722	0
NEOEN ECUADOR SA	USD	588	94	(162)	100.0%	568	568	0	0	415	0
NEOEN RENEWABLES FINLAND OY	EUR	1,647	(265)	(18)	100.0%	1,647	1,647	1,323	0	7,437	0
NEOEN INTERNATIONAL	EUR	100	(16,284)	2,059	100.0%	100	100	1,092,834	0	0	0
NEOEN SERVICES	EUR	539	350	(103)	100.0%	9	9	1,983	0	0	0
NEOEN HOLDING	EUR	37	13,043	626	100.0%	37	37	20,628	0	0	0
NEOEN SOLAIRE	EUR	37	2,147	3,185	100.0%	37	37	57,627	0	0	0
NEOEN PREFINANCEMENT FRANCE	EUR	37	(3)	(824)	100.0%	37	37	24,876	0	0	0
NEOEN PRODUCTION 1	EUR	10	(2,158)	29,297	100.0%	10	10	15,037	0	0	0
NEOEN PRODUCTION 2	EUR	3	(19,951)	23,683	100.0%	3	3	1,262	0	0	65,353
NEOEN PRODUCTION 3	EUR	3	(86)	(13)	100.0%	3	3	130,100	0	0	0
HOLDING VESTY	EUR	10	(83)	(10)	100.0%	10	10	778	0	0	0
CENTRALE HOLDING CHAMPS AU ROY	EUR	10	(76)	(6)	100.0%	10	10	78	0	0	0
CENTRALE SOLAIRE DU BERRAC	EUR	5	(102)	(13)	100.0%	5	5	322	0	0	0
NEOEN INVESTISSEMENT	EUR	20	7,500	2,451	100.0%	20	20	186,668	0	0	0
NEOEN NORTHERN HEMISPHERE	EUR	20	(9,392)	(8,912)	100.0%	20	20	878,977	0	0	0
NEOEN STOCKAGE	EUR	3	967	55	100.0%	3	3	609	0	800	0
NEOEN STOCKAGE FRANCE	EUR	3	(2)	19	100.0%	3	3	6,083	0	0	0
NEOEN INVESTISSEMENT II	EUR	1	(72)	(209)	100.0%	1	1	8,820	0	0	0
NEOEN RENEWABLES CROATIA LLC	EUR	57	593	(157)	100.0%	58	58	0	0	540	0
NEOEN IRELAND	EUR	0	(301)	120	100.0%	0	0	1,953	0	4,020	0
NEOEN RENEWABLES ITALIA SRL	EUR	10	1,196	310	100.0%	1,110	1,110	5,237	0	7,055	0
NEOEN RENEWABLES JAMAICA LIMITED	JMD	357	(259)	(50)	100.0%	411	411	0	0	200	0
NEOEN MEXICO	MXN	519	(355)	(64)	100.0%	420	420	0	0	18	0
NEOEN SERVICIOS MEXICO	MXN	3,295	(1,550)	(906)	100.0%	2,521	2,521	0	0	2,384	0
NEOEN MOZAMBIQUE	MZN	863	(726)	(180)	99.9%	659	659	187	0	0	0
NEOEN NEW ZEALAND LIMITED	NZD	0	0	(2)	100.0%	0	0	(0)	0	0	0
N DEVELOPMENT	EUR	50	544	(439)	100.0%	50	50	523	0	1,715	0
NP INVESTMENT	EUR	50	(13,892)	32,313	100.0%	829	829	616	0	0	25,202
NPI II	EUR	85	5,823	(11,254)	100.0%	4,425	0	8,073	0	0	0
NPI III	EUR	124,577	1,329	655	100.0%	124,427	124,427	10,404	0	0	0
NEOEN RENEWABLE SWEDEN AB	SEK	2	661	(489)	100.0%	2	2	323	0	2,568	0
NEOEN EL SALVADOR	USD	398	114	(7)	100.0%	376	376	0	0	1,099	0
DARA	USD	213	0	(54)	100.0%	219	219	0	0	11	0
NEOEN ZAMBIA RENEWABLES	ZMW	9	44	(61)	100.0%	1,821	1,821	0	0	166	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)	**31.12.2023**	**31.12.2022**
Remuneration paid to members of the Executive Committee	1.9	1.5
Remuneration paid to members of the Board of Directors	0.2	0.2
TOTAL	**2.1**	**1.7**

Information on related parties

Transactions with related parties in financial years 2023 and 2022 correspond 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 loans contributions denominated in foreign currencies for the benefit of the Group's project companies, where this are known precisely;
- The remittance by those companies of cash denominated in foreign currencies in the form of dividends or of the repayment of shareholder's loans.

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	121.8	10.4	95.0	16.4
Development guarantees	139.0	81.3	57.6	0.1
Operating guarantees	681.0	317.5	338.3	25.2
TOTAL	**941.7**	**409.2**	**490.8**	**41.7**

Contingent assets

(In millions of euros)	Total	< 1 year	1 to 5 years	> 5 years
Financing guarantees	9.1	8.0	1.0	0.2
TOTAL	**9.1**	**8.0**	**1.0**	**0.2**

NOTE 21. SUBSEQUENT EVENTS

Refinancing of Neoen SA's syndicated credit facility

On February 8, 2024, Neoen completed the refinancing of the syndicated credit facility arranged in March 2020. Its size was increased from €250 million to €500 million and its maturity extended from 2026 to 2029. This new credit facility includes a €300 million term loan and a €200 million revolving credit facility. Financial conditions are indexed to Environmental, Social and Governance (ESG) criteria. The original syndicated loan remained unused at December 31, 2023, as well as the new credit facility as of today. This refinancing significantly enhances the liquidity position of the Group, which is fully focus on achieving its target of 10 GW in capacity in operation or under construction in the course of 2025.

4.4 STATUTORY AUDITORS' CERTIFICATION REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF NEOEN S.A. AS OF DECEMBER 31ST, 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2023

To the Neoen Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Neoen for the year ended December 31, 2023. In our opinion, the financial statements give a true and fair view of the assets and liabilities and the financial position of the Company as of December 31, 2023 and of the results of its operations for the year then ended in accordance with generally accepted accounting principles in France.

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

Basis for opinion

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2023 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the financial statements taken as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

We determined that there were no key audit matters to be disclosed in our report.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D.441-6 of the French Commercial Code.

Information relating to corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information presented in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it that are included within the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

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

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Constantin Associés was appointed as statutory auditor of Neoen by the Shareholders' Meeting of September 13, 2008 and replaced by Deloitte & Associés at the Shareholders' Meeting of April 22, 2014. RSM Paris was appointed as statutory auditor by the Shareholders' Meeting of September 12, 2018.

As of December 31, 2023, Deloitte & Associés and RSM Paris were in their 16th and 6th period of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

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

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

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

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

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

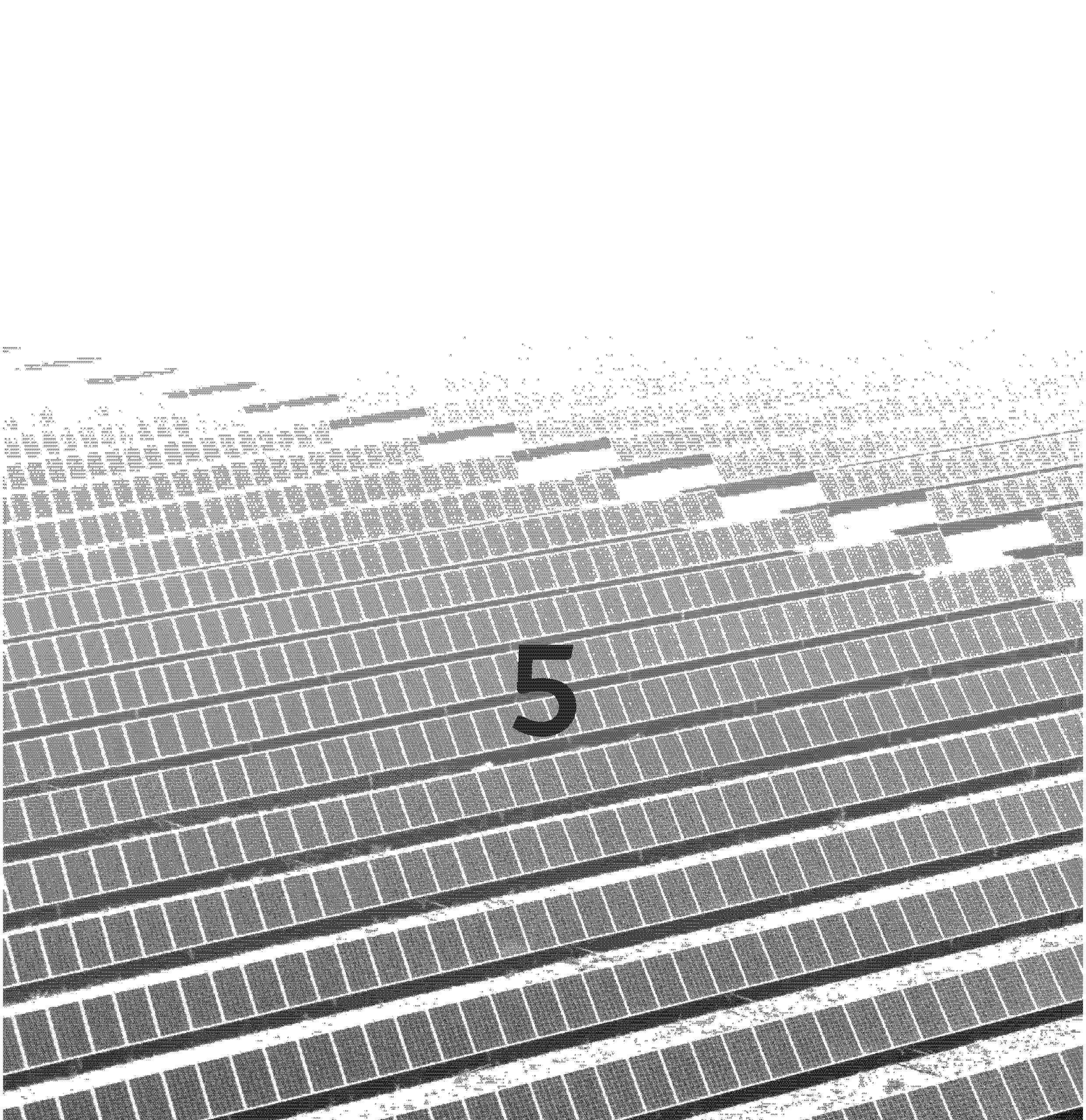
Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

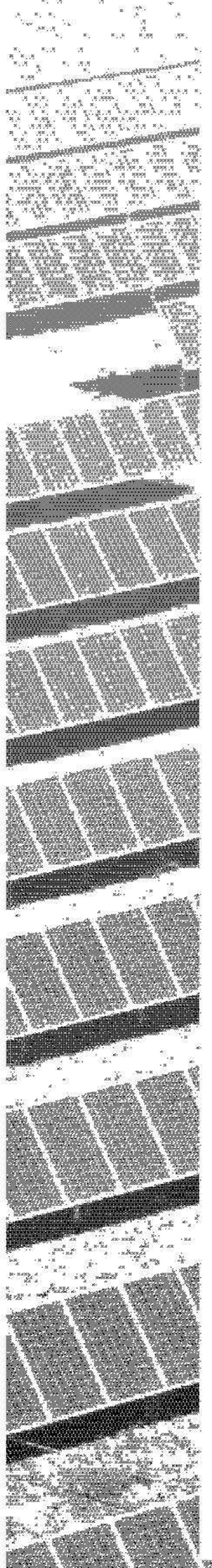
We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris and Paris-La Défense, February 29, 2024

The Statutory Auditors

RSM Paris	Deloitte & Associés
Jean-Charles BOUCHER	Benoit PIMONT





SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

5.1 SUSTAINABILITY, AT THE HEART OF OUR ORGANISATION 202
5.1.1 Grounded in values 203
5.1.2 Sustainable financing 203
5.1.3 Sustainability framework 203
5.1.4 Third party assessment 204

5.2 GREEN TAXONOMY: ASSESSING THE SUSTAINABILITY OF OUR ACTIVITIES 205

5.3 PRESENTATION OF THE MAIN NON-FINANCIAL RISKS 205

5.4 OUR TEAMS 207
5.4.1 Working ethically 208
5.4.2 Responsible procurement 209
5.4.3 Attracting talent and building staff loyalty 210
5.4.4 Encouraging diversity 214
5.4.5 Reducing emissions 215

5.5 OUR PROJECTS 216
5.5.1 Prioritising safety 217
5.5.2 Protecting biodiversity 218
5.5.3 Integrating recycling 220

5.6 OUR COMMUNITIES 221
5.6.1 Consulting and engaging 222
5.6.2 Economic development 223

5.7 REPORTING ON GREEN TAXONOMY REGULATION 225
5.7.1 Context 225
5.7.2 Analysis of the eligibility of the Neoen Group's activities 225
5.7.3 Business alignment analysis 226
5.7.4 Proportion of eligible activities aligned with the green Taxonomy Regulation 227

5.8 NON-FINANCIAL INDICATORS 229
5.8.1 Social indicators 229
5.8.2 Health and safety indicators 232
5.8.3 Societal indicators 232
5.8.4 Environmental indicators 233
5.8.5 Green Taxonomy indicators 234

5.9 METHODOLOGICAL NOTE 237

5.10 REPORT OF THE INDEPENDENT THIRD-PARTY BODY 239

5.1 SUSTAINABILITY, AT THE HEART OF OUR ORGANISATION

Sustainability is at the heart of the activities of Neoen, an independent producer of 100% renewable energy, whose mission is to

"Produce the most competitive renewable electricity sustainably and on a large scale."

SUSTAINABLE DEVELOPMENT GOALS

Neoen is committed to the fight against climate change, making its contribution through deploying large-scale solar farms, wind farms, and batteries around the world, and so helping to accelerate the energy transition.



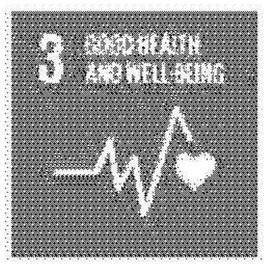
PROVIDE GREEN ENERGY TO REDUCE EMISSIONS

Neoen develops, owns and operates large-scale solar, wind power plants and storage facilities around the world. The size of our existing power plants and our ambition for future plants contributes to accelerate the pace of the energy transition.

PROMOTING ACCESS TO AFFORDABLE AND CLEAN ENERGY

Neoen's solar and wind parks provide competely priced energy, driving down electricity prices. Battery storage also plays its part in reducing energy costs by offering competitive solutions to grid problems. In Australia, for example, the Hornsdale Power Reserve storage facility has saved consumers more than €95 million in its first two years of operation.

Beyond our core business as a leading renewable energy developer and producer, we also develop responsible and sustainable practices relating to how we work, how we interact with communities and how we manage our own environmental footprint. In this way, we are helping to achieve the UN's Sustainable Development Goals.



PRIORITISE SECURITY

Promote a strong culture of health, safety and environment (HSE) for our employees, service providers and our subcontractors.



PROMOTING DIVERSITY

Respect the principles of equity, inclusion and non-discrimination, remedy gender inequalities.



PROMOTE THE LOCAL ECONOMY

Provide local and regional economic benefits through job creation, opportunities for local suppliers and skills development.



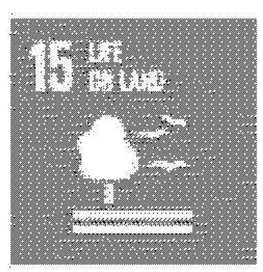
REDUCE INEQUALITIES

Respect the principles of equity, inclusion and non-discrimination, remedy gender inequalities.



REDUCE OUR EMISSIONS, PROMOTE RECYCLING

Calculate and limit our carbon footprint. Anticipating the future dismantling of our power plants and recycling of materials.



PROTECTING BIODIVERSITY

Avoid, reduce and compensate for impacts on environment and biodiversity, throughout the lifecycle of our projects.



WORKING ETHICALLY

Respect and align with our values, in particular integrity, at all levels of the Company.



CONSULT AND SHARE

Develop transparent and regular relationships with stakeholders and local communities. Sharing the benefits of the energy transition by supporting local communities.

5.1.1 GROUNDED IN VALUES

Neoen's work is grounded in four core values that guide its relationships and interactions with all its stakeholders:

- Audacity, daring to become one of the world leaders in renewable energy, by designing and implementing innovative, competitive and effective energy solutions;
- Integrity, ensuring that projects are conducted in complete transparency, anywhere in the world. Neoen selects partners who act according to the same principle;
- Commitment, by placing the fulfilment of commitments made to internal and external counterparties at the heart of its development;
- Esprit de corps - team spirit, loyalty and solidarity guiding the employees' actions on a daily basis.

Neoen has expressed its attachment to these values and the associated commitments in its Code of Conduct. This chart is distributed to all its employees and each employee undertakes to comply with. In 2022, Neoen also committed itself to integrate the principles of the United Nations Global Compact into its strategy, its culture and its daily operations. This covers areas such as human rights and fundamental freedoms, labour law, the environment and the fight against corruption.

5.1.2 SUSTAINABLE FINANCING

In line with its approach and convictions, Neoen was keen from the outset to adopt an environmental component in its project financing. Thus, since 2015, Neoen has launched several green bond issues to finance its activities. This financing was certified in accordance with the green bond principles as published by the International Capital Market Association (ICMA). This certification was carried out by Moody's ESG Solutions (formerly Vigeo Eiris), a recognised expert in assessing companies' sustainable development performance, following its "ESG" (Environmental, Social and Governance) due diligence.

Neoen pioneered the first issue of green convertible bonds in Europe in 2020, Green OCEANEs. In 2022, Neoen continued on this path by launching a new issue for a nominal amount of €300 million.

In March 2020, Neoen also entered into an initial syndicated loan agreement of €200 million whose financial terms were indexed to environmental, social and governance (ESG) indicators. This facility was refinanced by a new syndicated loan in February 2024 for a total of €500 million, whose financial terms are also indexed to ESG indicators and whose performance is measured annually.

5.1.3 SUSTAINABILITY FRAMEWORK

Neoen has therefore decided to adopt its "Sustainability Framework", a framework for an ambitious sustainable development policy. A first version of the Sustainability Framework established in March 2021, is now a common reference for all Neoen countries and employees. The Framework is built around three pillars:

- Our teams;
- Our projects;
- Our communities.

The commitments made under the Sustainability Framework can be identified in this present non-financial performance statement by means of the logo **SF**.

5.1.4 THIRD PARTY ASSESSMENT

Neoen is regularly assessed for its extra-financial performance:

MOODY'S ESG Solutions

63/100

Scale: 0 to 100

Top 4 % of assessed companies

MSCI ESG RATINGS

AA Leader

Scale: CCC / AAA

SUSTAINALYTICS

22.8

Scale: 100 / 0

ISS ESG

B Prime

Scale: D- to A+

ESG performance above the sector

SCORE CARBONE® AXYLIA

A

Scale: F to A

Indice Vérité40

Gaïa

79/100

Scale: 0 to 100

Top Performer

CDP DISCLOSURE INSIGHT ACTION

B

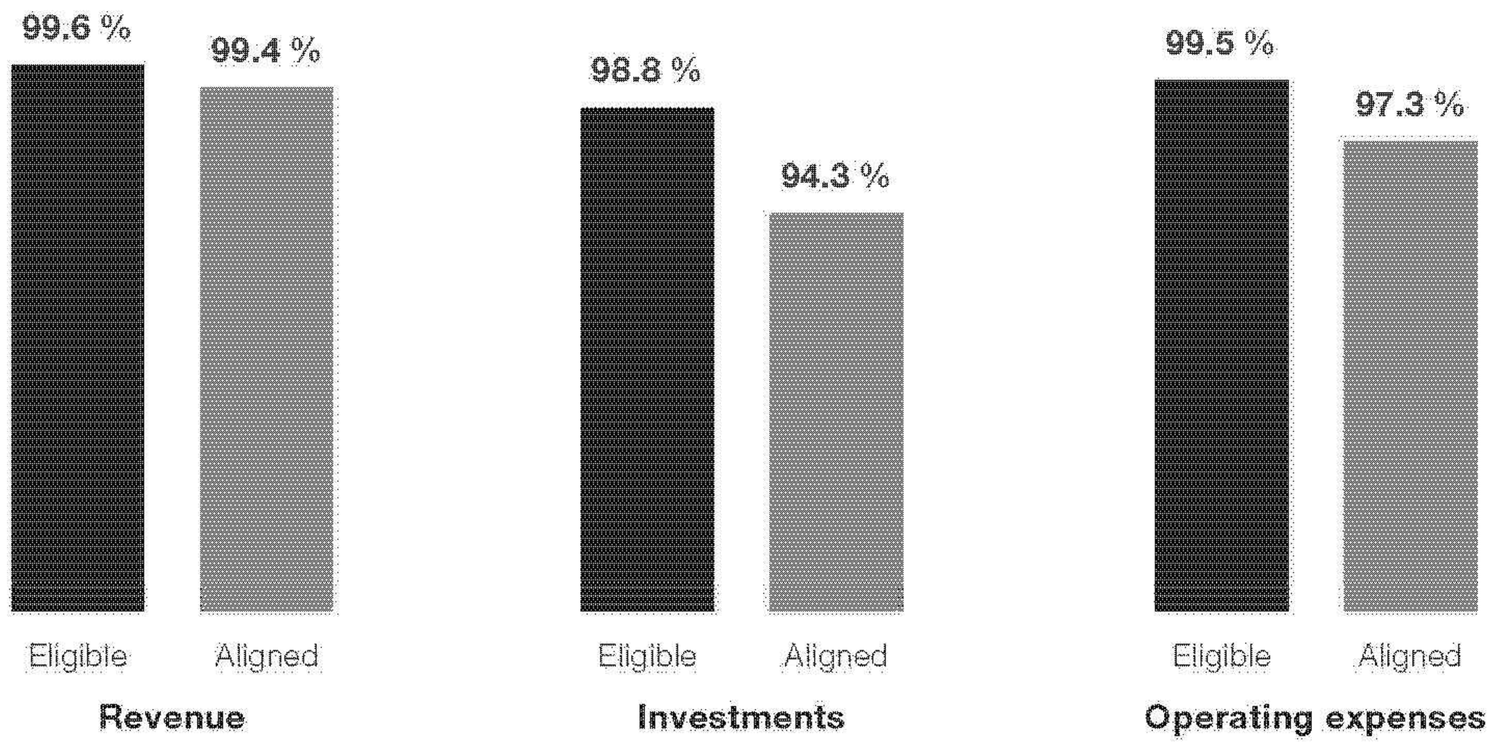
Scale: F to A

Climate change 2023

5.2 GREEN TAXONOMY: ASSESSING THE SUSTAINABILITY OF OUR ACTIVITIES

Since January 1st, 2022, listed companies subject to the non-financial performance statement (NFPS) must publish ratios relating to the European Green Taxonomy. Neoen does not fall within the scope of the transposition into French law of Directive 2014/95 on the disclosure of non-financial information. However, the Group has decided to voluntarily disclose the proportion of its revenue, capital expenditure and operating expenses derived from products or services associated with economic activities that contribute most to the EU's sustainable development objectives.

More than 99% of Neoen's activities are aligned with the European Green Taxonomy and contribute to the EU's climate change mitigation objective. The methods used to analyse the Green Taxonomy Regulation and calculate Taxonomy ratios are described in section 5.7 "Reporting on Green Taxonomy Regulation".



5.3 PRESENTATION OF THE MAIN NON-FINANCIAL RISKS

Neoen's risk mapping has been used as a reference for identifying the main non-financial risks that fall within the scope of the non-financial performance statement (NFPS). Updated in the second half of 2022 and approved by the Audit Committee, it presents and classifies risks according to their potential impact and their probability of occurrence. Neoen's non-financial risks are managed according to the same approach as the operational risks related to its business, such as legal or financial risks.

All of the risks presented are described in detail in chapter 3 of this document.

Among all the Group risks, Neoen has identified several important risks, including a non-financial dimension detailed in the table below. This table links the strategic priorities of the Sustainability Framework with Neoen's risks and opportunities, and the key performance indicators (KPI) monitored. In addition, the policies, mechanisms and actions implemented are detailed in chapters below.

Also, in 2021, Neoen carried out a materiality analysis with the support of a leading consulting firm, with the aim of ensuring that the Company had properly identified the expectations of internal and external stakeholders – employees, customers, suppliers, lenders, shareholders in particular – and reflected them in the strategic priorities of its sustainable development policy.

Note that, as part of the process of complying with the CSRD (Corporate Sustainability Reporting Directive), which will gradually apply from the next financial year, work has begun on drawing up a double materiality matrix, which will enable Neoen to re-consider its material issues.

Strategic priorities*	Risks/ Material issues	Policies, due diligence procedures	Key performance indicators	Results 2020	Results 2021	Results 2022	Results 2023	Target
Working ethically	Corruption risk in the context of the Group's expansion into emerging markets	§ 5.3.1 Working with integrity	Percentage of employees committed to respecting Neoen's Code of Conduct	58 %	100 %	100 %	100 %	100 %
		§ 3.1.2 Risks related to the Group's activity and strategy	Percentage of employees trained to provide anti-corruption and compliance Training***	39.4 %	96 %	95.6 %	95.2 %	100 %
			Percentage of employees trained in high-risk populations***		52.5 %	62.2 %	88 %	100 %
	Risk relating to suppliers and contractors whose practices are contrary to human rights (child labour, forced labour, health and safety, etc.), which can lead to a violation of human rights and harm the Company's reputation	§ 5.3.2 Responsible procurement	Share of Tier-1 contractors***	100 %	100 %	100 %	100 %	100 %
			Share of major suppliers certified ISO 9001, 14001 and 45001		100 % ISO 9001 96 % ISO 14001	96 % ISO 9001 96 % ISO 14001	93 % ISO 9001 93 % ISO 14001 93 % ISO 45001	100 % 100 % 100 %
Attracting talent and building staff loyalty	Risks associated with the capacity to retain white-collar and key employees	§ 5.3.3 Managing talents	Percentage of employees having completed at least one training course during the year***	79.8 %	100 %	100 %	100 %	-
			Attrition rate in the permanent workforce***	14.7 %**	15.4 %**	19.4 %	13.9 %	-
Reducing emissions	Contribution to the energy transition	§ 5.3.4 Committing to the climate	Tons of CO2 equivalent avoided through Neoen's Production***	1,994,589	2,230,831	2,587,092	3,265,084	-
Prioritising safety	Risks related to the health and safety of employees and subcontractors	§ 5.4.1 Prioritising safety	LTIFR***	n.a	5.5	2.3	4.7	2.75
			Percentage of sites under construction that have undergone an HSE audit in 2023***	n.a	48 %	79 %	73 %	100 %
			% of maintenance providers audited in 2023	n.a	n.a	62 %	80 %	100 %
Protecting biodiversity	Loss of biodiversity	§ 5.4.2 Using resources responsibly	Percentage of plants commissioned that have had an environmental impact assessment completed	n.a	100 %	91 %	95 %	100 %
Integrating/ promoting recycling	Waste and Circular Economy	§ 5.4.3 Promoting the Circular Economy	New MW covered by a recycling clause (photovoltaic and batteries)***	n.a	250 MW	975 MW	595 MW	-
Consulting and interacting	Risks associated with local opposition to the construction of a facility	§ 5.5.1 Consulting and engaging	Percentage of assets commissioned that were the subject of a consultation or information process***	85 %	100 %	100 %	95 %	100 %

** Strategic axes of the Sustainability Framework (https://neoen.com/app/uploads/2022/09/NEOEN_SUSTAINABILITY_FRAMEWORK_FR_2022.pdf)*

*** Change of method in 2022 with the exclusion of internal mobility and correction of 2021 and 2020 data*

**** Key performance indicators*

The energy transition is a growth opportunity for the Group, given the significant role Neoen plays in reducing greenhouse gas emissions by producing entirely renewable energy. However, it remains very mindful of the environmental footprint of its projects and assets.

5.4 OUR TEAMS

Neoen has 439 employees in around 15 countries working on more than 300 projects in advanced development or under construction, and more than 130 plants in operation.



“ Speeding up the transition to a more sustainable future ”

5.4.1 WORKING ETHICALLY

Integrity, one of Neoen's four values, serves as a compass that guides our daily activities. In this regard, Neoen's employees are trained to identify ethical risks (corruption, money laundering, unfair practices) in each country where the Group operates.





POLICY

As part of Neoen's expansion and exposure to potential corruption risks associated with certain Group sites, strengthening the culture of integrity in all our countries is essential.

The anti-corruption policy, which has been in force for several years, has been managed by a Compliance Officer since 2022. Additionally, several mechanisms and existing processes have been strengthened as part of the continuous improvement processes implemented within the Company.

This anti-corruption policy is based on:

- A corruption risk mapping, updated in 2022;
- A Code of Conduct and an anti-corruption code of conduct to which all employees must adhere. These documents were completed in 2022 following the update of the corruption risk mapping and latest regulatory changes;
- An employee awareness system comprised of an e-online anti-corruption training course for new employees and face-to-face training for the most exposed employees.

  In 2022, the programme was revised to offer up-to-date training in line with the corruption risk mapping. Since 2023, the anti-corruption course curriculum also includes compliance with rules of fair competition;
- An outsourced alert system whose purpose is to collect reports on the existence of situations contrary to Neoen's value of integrity;
- A third-party evaluation system aimed at applying actions commensurate with the corruption risks. Already deployed in several subsidiaries, this system has been systematised in 2022 and is now monitored centrally. In this regard, consideration has been given to introducing a new assessment tool that will strengthen the system implemented by Neoen;
- An internal control mechanism relying on compliance procedures. This system is described in paragraph 3.2.2.3 "system of internal control" of this document.

No case of corruption has been detected since the Company was created in 2008. No alerts related to corruption were raised in 2023.

ACTIONS IMPLEMENTED

- Continued roll-out of the anti-corruption training for all new employees and more specific face-to-face training for the most exposed employees, including a section on the principles of fair competition;
- Review of Neoen's third-party mapping.

KEY FIGURES

100%
of employees having signed the Code of Conduct SF

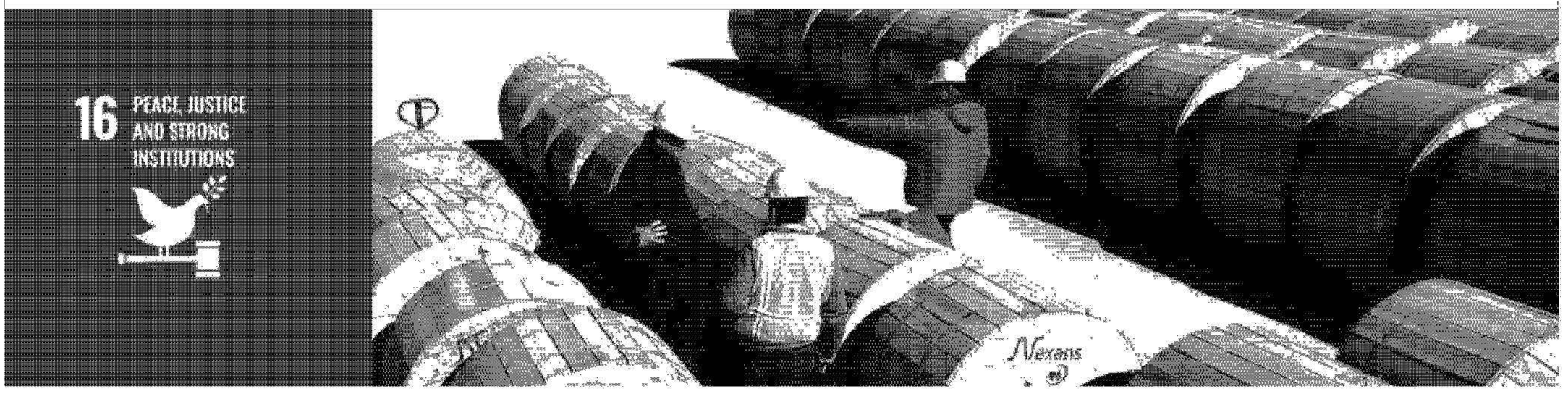
95.2%
of employees having taken the anti-corruption and compliance training
(95.8% in 2022) SF

88%
of "exposed" employees having received an additional anti-corruption training
(62.2% in 2022)

5.4.2 RESPONSIBLE PROCUREMENT

Neoen endeavours to select responsible suppliers and contractors who comply with the best practices and the most exacting standards of the sector. It ensures that these standards are adhered to, by incorporating them into its EPC and O&M contracts and implementing an audit and assessment system.

This responsible procurement strategy allows us to efficiently manage the risks within our supply chain (non-respect of human rights, health and safety, etc.) and the associated reputational risk.



POLICY

Neoen's Code of Conduct, its Strategic Industrial Partner Code of Conduct as well as its anti-corruption code of conduct commit Neoen, its suppliers and contractors to respect human rights, protect the environment and promote ethical behaviour throughout the supply chain.

Selection of suppliers

Prior to selection, Neoen asks its suppliers to provide their eventual certificates and to present their HSE and quality results as well as their sustainable development report. The analysis of responses is supplemented with Ecovadis ESG assessments, for the suppliers who have already been assessed. If the contractor or supplier is not registered on the platform, and is selected, Neoen will request it initiates the process in order to benefit from this additional assessment. During the selection phase (RFP), suppliers sign the Strategic Industrial Partner Code of Conduct, which includes a commitment to:

- Respect the principles of the UN Global Compact;
- Protect human rights;
- Fight against forced labour;
- Comply with the rules of security, hygiene, and environment (HSE – including biodiversity);
- Respect business ethics (including corruption);
- Promote local economic development.

Monitoring and assessment mechanism

Neoen carries out 360° audits and/or factory visits of its suppliers of major components (modules, turbines, trackers and inverters) as well as site visits of its EPC contractors, as soon as it initiates a new business relationship (when the health/political situation allows it). Site visits include a review of topics relating to health, safety, the environment and quality assurance.

Where a major breach of standards is revealed in an audit conducted either by Neoen or an independent auditor, Neoen may have to terminate its business relationship with the supplier.

ACTIONS IMPLEMENTED

- Contracts with Tier-1 suppliers of major or critical components, also ISO 9001, ISO 14001 and ISO 45001 certified, for the supply and/ or installation of photovoltaic modules, wind turbine generators, inverters, and battery cells;
- ESG assessment of Neoen's suppliers using the Ecovadis platform since the end of 2021;
- Adoption of a Strategic Industrial Partner Code of Conduct[1];
- Adhesion to the STS Sustainable Supply Chain Program;
- Mapping to identify human rights risks.

KEY FIGURES

100%
Tier-1 suppliers

93%
of major suppliers certified ISO 9001, 14001 and 45001

[1] Supplier Code of Conduct published on our website: https://neoen.com/app/uploads/2023/09/2023-Neoen-Supplier-Code-of-Conduct.pdf

5.4.3 ATTRACTING TALENT AND BUILDING STAFF LOYALTY

Neoen attaches great value to its workforce, one of its fundamental strengths, and seeks to encourage the emergence of talents within its employees.



CHALLENGES

Neoen's inability to retain its best employees and build staff loyalty would result in a loss of skill and expertise that could adversely affect its performance. Career development (in terms of mobility, training, taking responsibility, quality of life at work) is therefore an important dimension of its Human Resources policy.

ATTRACTING NEW TALENT

As of December 31, 2023, Neoen had 439 employees worldwide, compared to 361 as of December 31, 2022, i.e. an increase of 21.6% that reflects Neoen's growth both in France and internationally. A very large majority of employees, i.e. 97%[2], are white-collar workers. In addition, to enable employees to make long-term plans within the Group and to offer them a stable working environment, Neoen prioritises permanent contracts. In 2023, 98.2% of employees were employed under long-term permanent contracts.

In 2023, Neoen continued its sustained recruitment drive, with the hiring of 132 employees (including recruitment to cover departures or mobility), of which 91.7% are under a long-term permanent contract. In 2023, 56.1% of the new hires were related to our international activities, mainly in business development positions, in particular with the growth of activities in Germany and Canada. We have also expanded our presence with the opening of new offices in various countries: Sweden (Malmö), Italy (Rome), France (Rennes). The proportion of new hires in the total workforce was 30.1% as of December 31, 2023 (34.6% in 2022), fulfilling the need to attract new talent in order to sustain the Group's development momentum.

To this end, the Human Resources Department has implemented a new recruitment tool in March 2023, enabling the improvement of its management of the various phases of the recruitment process. Furthermore, the "Careers" page of Neoen's website has been reviewed to increase its ability to develop diversity within the teams. All positions offered by Neoen are published on its website and relayed through various channels, such as recruitment sites specialising in the environment and sustainable development, Alumni pages from various universities, or via social media to make them accessible to as many people as possible.

Neoen also promotes the professional integration of talented young people by regularly offering internships, work-study or International Corporate Volunteer (VIE) contracts, which may result in permanent employment. Visits are made to schools and universities to present the Group's business lines and the opportunities for joining Neoen.

Lastly, when a new country is opened, Neoen carries out a pre-audit of local salary and benefits practices. This system is part of a drive to remain competitive at a local level and to harmonise practices across the Group.

The attrition rate (13.9% in 2023) is down compared to 2022 (19.4%); this is due to the strong growth of the workforce over the last two years and a less tight labour market. This decline also demonstrates the effectiveness of the retention policies that have been implemented.

ACTIONS IMPLEMENTED

- Implementation of a new recruitment tool and redesign of the "Careers" page on the website, to highlight Neoen's commitment to diversity;
- Development of partnerships with schools and universities and participation in recruitment events (fairs, forums, etc.);
- Strengthening of the Human Resources Department with the hiring of a compensation and benefits manager.

[2] Excluding apprenticeships.



ENCOURAGING EMPLOYEE COMMITMENT AND QUALITY OF LIFE AT WORK

The quality of life at work for employees has a direct impact on their loyalty, commitment and performance. In order to promote quality of life, Neoen implements measures in favour of work/life balance of its employees:

- Definition of a parenthood policy for each European country from 2022, taking into account the local specificities while guaranteeing a minimum level for employees. This will complete the minimum three days paternity leave planned for all Neoen employees, which was implemented in 2019. In addition, the parenthood policy which has been in place for several years in Australia has been revised and updated in 2023 to be aligned with local practices.
- Benefits specific to each country to encourage employees to use bicycles or public transport for their home-to-work journeys. These benefits vary according to local conditions (sustainable mobility package in France, the possibility of buying a bicycle or a public transport pass in Ireland through the national TaxSaver scheme in Ireland, or monetary compensation for using public transport in Finland).
- Organisation of Neoen's Solidarity Day in six countries: all Neoen's employees were given the possibility to donate one day of their working time to an NGO of their choice in order to have a positive impact beyond Neoen's commitment to the energy transition: 179 employees participated for a total of over 915 hours of impact. In 2023, employees were particularly involved in missions such as helping with the preparation and distribution of meals, cleaning forests, interacting with young people with disabilities, etc.
- Organisation of internal events to strengthen team cohesion (team seminars, inaugurations) and participation in sporting events of the sector (Finergreen's Solar Foot, Renewable Energies World Race, solidarity races, etc.)
- Deployment of a remote work policy in France since 2021 allowing eligible employees to benefit from one day of remote working per week.

Neoen attaches a major importance to respectful and trusting relationships at all levels of the hierarchy, in order to prevent any risks of harassment and discrimination. In this regard, a new online alert system is accessible to all employees on Neoen's intranet.

KEY FIGURES

13.9%
Attrition rate in 2023
(19.4% in 2022)

439
employees
(361 in 2022)



SUPPORTING EMPLOYEE DEVELOPMENT

There is no standard career path at Neoen. Each employee can adapt their career path according to their own individual goals and the opportunities that arise.

The average age within Neoen is 35.1 years (35.2 years in 2022). Employees aged 35 and less (59.2%) remain predominant in 2023, due to significant recruitment among this age group (78.8% of the total). The Company offers the prospect of rapid career development, with the opportunity to take on new responsibilities. The average age of managers is 41.1 years (41.4 years in 2022).

Internal mobility is also a major factor in developing employee skills. Neoen gives its employees the opportunity to try out new jobs and experiences in other Neoen regions.

For that reason, Neoen encourages international mobility. For instance, in 2023, 19 employees (including International Corporate Volunteer - VIE) who had been hired by a Group company subsequently joined another Neoen company on a temporary or permanent basis. This practice, initially implemented for French employees, is expanding internationally today. This trend is also reflected in the mobility between functions with 4 employees moving into different parts of the business in 2023.

Since 2021, interviews are also conducted at mid-year to monitor progress and allow time for reflection and to refine their goals. Furthermore, the Human Resources team' travels to our various offices in France and abroad and conducts interviews to ensure close follow-up with employees.

Neoen has an attractive remuneration policy. The overall remuneration of employees takes into account the position held and the degree of responsibility, but also the individual and Neoen's performance. Remuneration may also include benefits that can vary according to the practices and regulations in force in the countries, such as lunch or commuting benefits, health insurance, pension plans, profit-sharing and incentive schemes.

In addition, Neoen has set up solutions that give certain employees the possibility of share ownership (employee shareholding, free share plan). Please also refer to paragraph 7.2.11 "employee shareholders" of this document.

In 2023, the various employee savings schemes for employees in France were renewed, with matching contributions under the Company savings plan (PEE) and the collective Company retirement savings plan (PER COL) agreements, the Spring 2023 employee share ownership plan as well as profit-sharing.

MONITORING AND REWARDING PERFORMANCE

The annual appraisal is an important moment of discussion between the manager and the employee. It allows both of them to take stock of the past year, and to plan for the year ahead by setting new objectives. Employees are also invited to express their views freely on their working conditions and on any improvements that could be made to the way their work is organised. It is also an opportunity to define the opportunities for professional development. In 2023, all employees had an annual performance review with their managers.



DEVELOPING SKILLS

In 2022, Neoen's training policy was reviewed and formalised to support employee development.

The Company ensures a level of skills that meets both:

- The Company's specific needs;
- The employee's development goals.

A professional skills development and career support plan is drawn up annually, based on individual needs identified during career interviews and Neoen's overall requirements. The training policy has three objectives:

- Complying with regulatory requirements, including safety training (in particular, to obtain accreditations for working at heights and with electricity, first aid training, etc);
- Anticipating the evolution of Neoen's professional skills to meet the future challenges of the business;
- Developing employees' cross-functional skills: in particular, developing managerial practices and supporting teams in developing their leadership skills. To this end, Neoen's new managers were invited to attend a two-day management training course, during which they were able to acquire the tools and methods needed to carry out their duties effectively, work on their leadership skills (i.e. being able to inspire, influence and coach their colleagues) and learn how to better manage crisis situations (conflict management, decision-making in a difficult context, etc.).

Ongoing training is also a tool for building employee loyalty. In 2023, 100% of employees received training (95.1% excluding e-learning) and the average number of hours of training per employee was 14.8 hours in 2023 including e-learning (compared to 16.5 hours in 2022).

Finally, Neoen promotes internal skills in the implementation of the training plan. In 2023, 10% of the organised trainings were provided internally by employees, compared to 30% in 2022. This sharing of expertise creates better conditions for teamwork and facilitates communication between the different teams.

KEY FIGURES

100%

of employees attended at least one training course (including e-learning) during the year

(100% in 2022)

14.8

hours of training on average per employee

(16.5 in 2022)

5.4.4 ENCOURAGING DIVERSITY

Diversity is a source of pride and dynamism for Neoen, with over 48 nationalities represented amongst the team. The recruitment process is open to all, and upholds the principles of fairness and non-discrimination. Neoen has a zero-tolerance policy towards harassment in the workplace.



POLICY

The Group's performance is underpinned by the diversity of its workforce, which includes a wide range of cultures and a good balance between men and women.

Neoen continues to prioritise the improvement of gender parity in all countries where it is present. As of December 31, 2023, 33.7% of its employees were women[SF] (compared to 30.7% in 2022) and 23.9% of them held management positions[SF] (compared to 22.8% in 2022). The share of women within Neoen increased significantly in 2023, as well as the share of women being recruited, which will eventually increase the share of women in management because Neoen encourages promotion from within.

Please also refer to paragraph 6.2.1.5 "diversity policy applied to members of the Board of Directors and Executive Committee, and diversity policy in the 10% of positions with the greatest responsibility".

For an equivalent skills basis, Neoen is careful to ensure that recruitment allows for gender parity and is committed to, at the time of the annual pay review, preserving equality without creating disparities.

In 2023, the workforce growth of more than 20% had an impact on the result of the professional equality index decreasing to 83/100.

Furthermore, Neoen is committed to pursuing a proactive policy in favour of the inclusion of candidates with disabilities. In this regard, the Group's job offers are published on a recruitment site dedicated to disability in France, allowing it to attract profiles with recognition of a person's status as a worker with a disability.

ACTIONS IMPLEMENTED

- Highlighting our commitment to diversity on our "Careers" page and in all job offers published on our website;
- Raising managers' and recruitment agencies' awareness of gender parity targets for recruitment to ensure that at least one woman is selected for the final list of candidates;
- Continuing efforts to recruit people with disabilities and increase purchases from sheltered employment sectors;

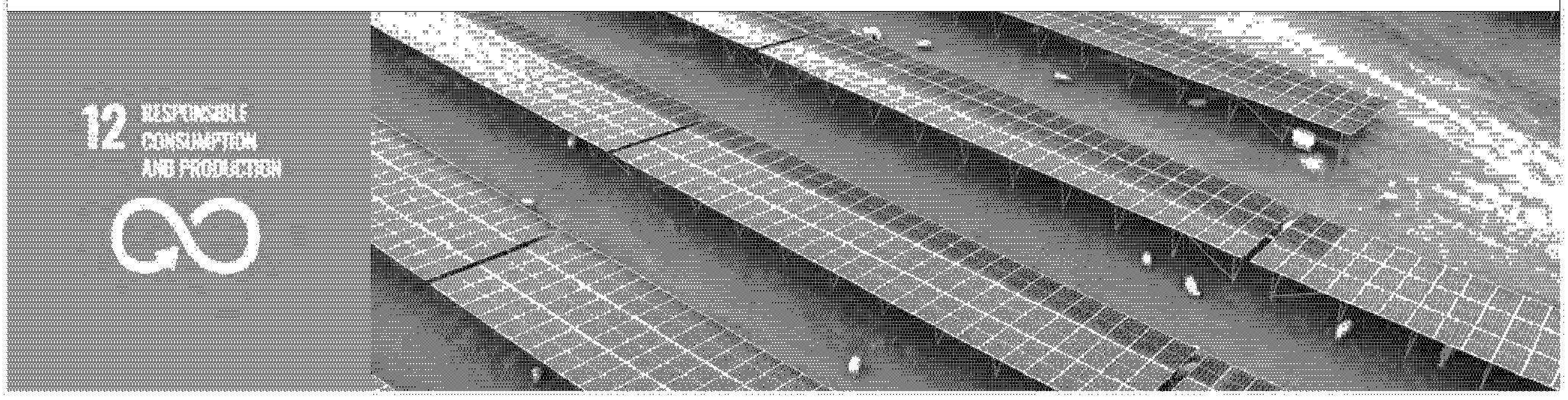
KEY FIGURES

33.7%
of women[SF]
(target[SF] of 32% exceeded)

48
nationalities

5.4.5 REDUCING EMISSIONS

As a specialised and independent energy specialist, Neoen's mission is to design and implement the means to produce the most competitive renewable electricity sustainably and on a large scale. In doing so, Neoen is actively participating in the decarbonisation of energy.



POLICY

Climate change represents an opportunity for Neoen, as it encourages the emergence of national policies in favour of renewable energies. Neoen's activities make an active contribution to reduce greenhouse gas emissions, which is an often-stated political objective. The development, ownership and operation of large-scale solar and wind farms and storage facilities around the world are helping to speed up the pace of the energy transition. Thus, in the past three years, Neoen has, according to its own calculations, avoided the emission of more than 8,000,000 tons of CO2 as a result of the strict application of the specific methodology developed by the European Investment Bank (EIB).

In addition, Neoen is committed to calculating its own carbon footprint (scopes 1, 2 and 3). Neoen also wants to reduce emissions related to its business and has already introduced several initiatives: dialogue with key suppliers, increase in the share of renewable energies in the consumption of its power plants (consumption of auxiliaries, excluding self-consumption), promotion of "low-carbon" travel (trains, electric cars), mobility packages for employees who commute by bicycle, and recycling of its computer equipment.

ACTIONS IMPLEMENTED

- Calculation of Neoen's [SF] carbon footprint for all its activities in 2023 (scopes 1, 2 and 3) including the carbon footprint of the power plants during the construction and operation phases;
- 275 MW of "low-carbon" solar panels purchased in 2023 and use of low-carbon concrete in certain of our power plants;
- Improvement in the result of the CDP Climate change questionnaire in 2023: grade obtained B;
- In 2023, offsetting 100% of the Company's business travel emissions (tons of CO2) by financing "clean" cooking stoves for low-income families and by restoring drinking water supply pipes in Mozambique;
- 100% renewable ancillary equipment's consumption for our Australian solar and wind farms in 2023.

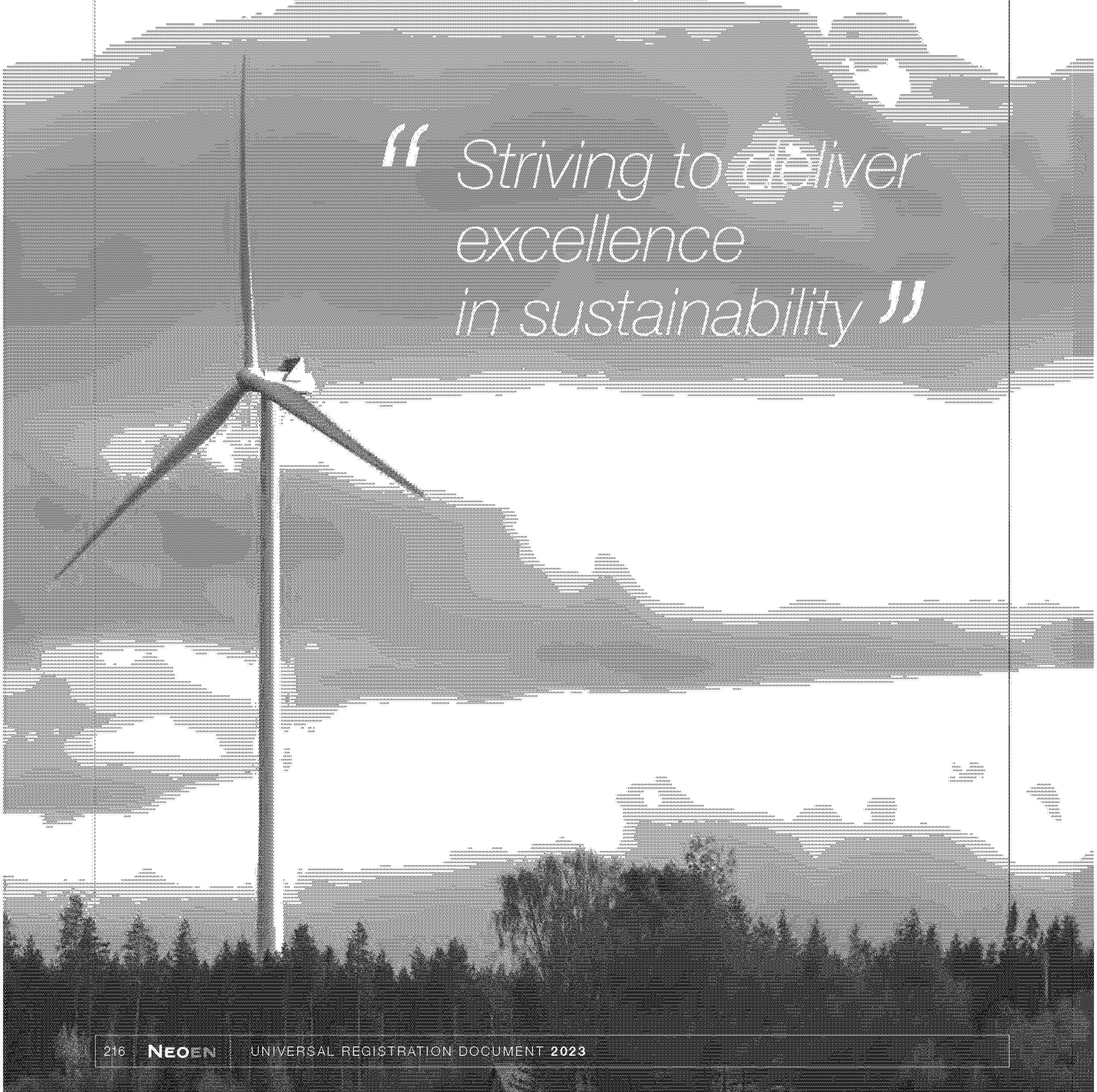
KEY FIGURES

3,265,084
tons of CO2 avoided through production of its power plants
(2,587,092 tons of CO2 in 2022)

609,813
tons of CO2 emitted in scopes 1, 2 and 3 in 2023

5.5 OUR PROJECTS

As well as generating clean electrons, Neoen's power plants are the crucible for a range of different and emerging sustainable initiatives and outcomes.



5.5.1 PRIORITISING SAFETY

Neoen is engaged in activities that may expose its employees and subcontractors to health and safety risks at all of its sites, primarily at its construction sites and production facilities, but also in its offices, and in particular in high-risk countries or areas.

For this reason, Neoen is committed to ensuring the health and safety of its employees and all of those working on its sites, by implementing strict measures to control and reduce risks, as well as procedures for reporting and investigating incidents and accidents.

POLICY

The construction, operation and maintenance of energy infrastructures can expose the Company to events that may affect the safety and/or health of individuals: technical risks related to the use of equipment, live electrical environment, traffic within at-risk areas, etc.

Neoen promotes a strong health, safety and environment (HSE) culture through its HSE approach, which ensures that contractors meet the Group's expectations in strict compliance with the relevant legal and regulatory constraints. This approach aims to limit harm to people (Neoen employees and contractors), property and the environment in the workplace, whether on the sites of Neoen's power plants under construction or during their development and operation phases. For the second consecutive year, Neoen conducted an internal assessment of the level of maturity of HSE culture in the context of its three-year strategy. Neoen's objective is to have a a Lost Time Injury Frequency Rate (LTIFR) sustainably under 2.

The strategy is based on five themes: the HSE management system, sourcing, monitoring and control, proactivity and finally leadership and skills. The objectives are set out operationally in the HSES Management Plan (appended to the EPC and O&M contracts):

- Avoid serious injury to personnel;
- Improve working conditions and reduce the risks associated with each work;
- Promote proactive reporting of information on near-miss and unsafe situations;
- Investigate each accident, near-miss and high-potential event (integration of this concept, in order to analyse and correct potentially fatal events);
- Promote the Group's HSE culture (by site inspections, toolbox talks, audits, training, ...).

- Carrying out a more systematic HSE audit campaign at Neoen's sites and of its service providers.

With its HSE Committee, including the members of its Executive Committee, Neoen ensures quarterly control of the Group's performance in terms of HSE policy and the monitoring of indicators relating to these objectives.

Neoen is also committed to collecting and analysing the frequency rates, with and without lost time, and the severity rates of service providers, as well as conducting an HSE compliance audit on all sites under construction.

ACTIONS IMPLEMENTED

- Creation of a regional HSE manager position in Australia;
- Rollout of an audit programme for our plants under construction and our maintenance contractors;
- Implementation of an HSE visit form for management;
- Training of project and operations managers in accident investigation;
- Systematic sharing of events and good practices that have taken place both on Neoen sites and at other contractor customers' sites, with all our service providers.

Its deployment involves:

- Strengthening HSE criteria when selecting our contractors;
- Performing an HSE risk assessment of all our geographic offices;

KEY FIGURES

4.7
Lost Time Injury Frequency Rate (LTIFR) SF in 2023 (Neoen employees and contractors)

0.04
Severity rate in 2023 (Neoen employees and contractors)

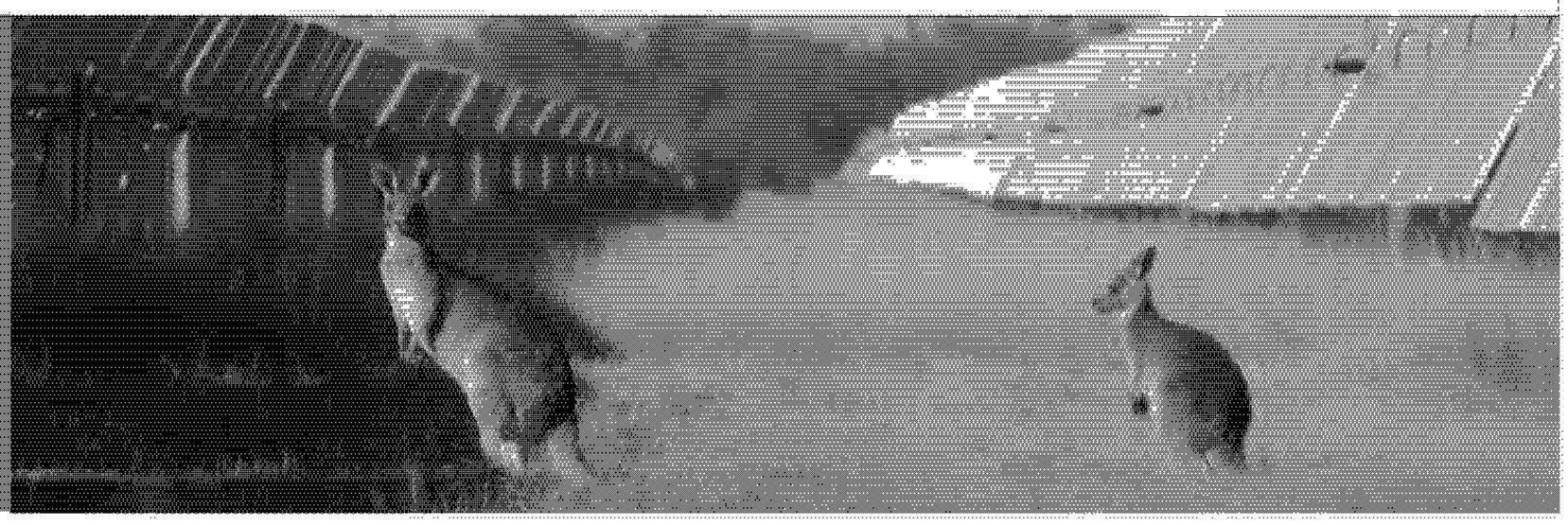
80%
of maintenance contractors audited in 2023

73%
of sites under construction that underwent an HSE audit in 2023 SF (target 100%)

8
Number of reported near-misses for each lost time accident (Lost Time Injury)

5.5.2 PROTECTING BIODIVERSITY

Beyond our commitment to addressing climate change through renewable energy, Neoen's environmental stewardship is reflected in our projects through the implementation of the "Avoid, Reduce, Offset" principles.



15 LIFE ON LAND

POLICY

As the footprint of its projects can be significant, Neoen is often confronted with issues relating to land use and the protection of biodiversity. Neoen takes particular care to respect ecosystems of the land where its projects are located, throughout the life cycle of its facilities and therefore limits the development of projects in biodiversity-sensitive areas.

The development of a project begins with the selection of a site, rigorously chosen in the light of mapping and field analyses aimed at identifying possible impacts on the fauna, flora, heritage and archaeological sites.

In addition, in rural areas, Neoen is developing agrisolar projects in partnership with farmers that make it possible to reconcile agricultural production with energy production.

Neoen has made several commitments to the environment and to biodiversity in its Biodiversity Policy[3]:

- Identify environmental impacts that could affect biodiversity by undertaking environmental impact assessments during the development phase of all tender-ready projects[4].
- Manage the environmental impacts of our projects or assets across phases (development, construction, operation). Following the Mitigation Hierarchy principles of avoid, minimise, restore and offset.
- Minimise net loss of biodiversity and, where possible, projects should result in a net gain.
- Report actions on biodiversity to Neoen's Regional HSE department.
- Promote and increase biodiversity awareness and training.

ACTIONS IMPLEMENTED

- Environmental impact assessments carried out by specialist ecologists for Neoen's development projects;
- Implementation of a biodiversity policy, also integrated in the Supplier Code of Conduct of Neoen (SIP Code of Conduct);
- Continued and enhanced deployment of an "agrisolar" approach in France (recruitment of an in-house agrisolar expert), in Australia, in El Salvador, and more recently in Italy and Ireland.

KEY FIGURES

95%

of the power plants commissioned in 2023 have undergone an environmental impact assessment SF

4

farms are located in biodiversity-sensitive areas or 2.5% of Neoen's assets

[3] Available on Neoen's website: https://neoen.com/app/uploads/2023/09/Biodiversity-Policy-Neoen.pdf

[4] Tender-ready projects



AUSTRALIA

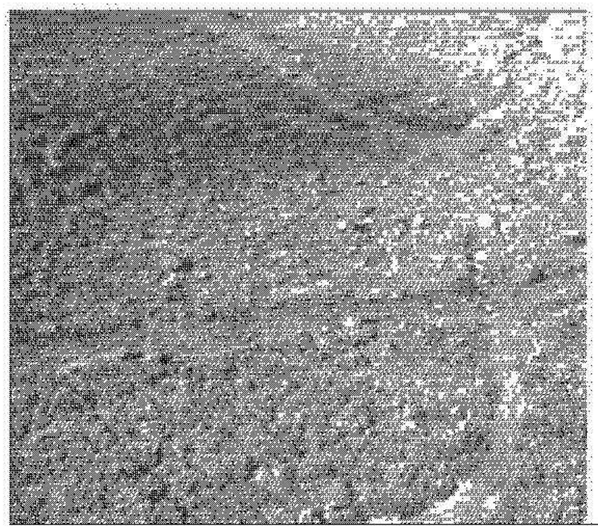
The Pygmy Blue Tongue Lizard (PBTL), a nationally endangered species in Australia has been discovered during development of Hornsdale wind farm. Around 145 ha parcel of land located within Hornsdale Wind farm are currently offset. Annual surveys within this offset area are part of a long-term annual programme until 2027, under which we:

- undertake long-term monitoring surveys of native vegetation and the PBTL population to ensure that suitable conditions are provided within the offset area to maintain or increase existing population numbers of PBTLs (including their habitat);
- identify any threats that may be occurring within the offset Area; for example, weed incursions, feral animals, or changes in vegetation structure, which may negatively affect the PBTL population;
- identify any actions that are required to maintain native grasslands with a rich diversity of species.

AUSTRALIA

Neoen has transferred ownership of a 1,000-hectare parcel of land at Worlds End Gorge to the Government of South Australia to enable the creation of a new national park in the area. This initiative is part of the environmental compensation strategy for the Goyder South Stage 1 wind farm (412 MW), currently under construction. It was made possible by a long-term collaboration between Neoen, landowners, the traditional owners of the Ngadjuri Nation and public authorities. This new national park will permanently protect the Worlds End Gorge, recognised for its environmental and cultural importance, for future generations to enjoy.



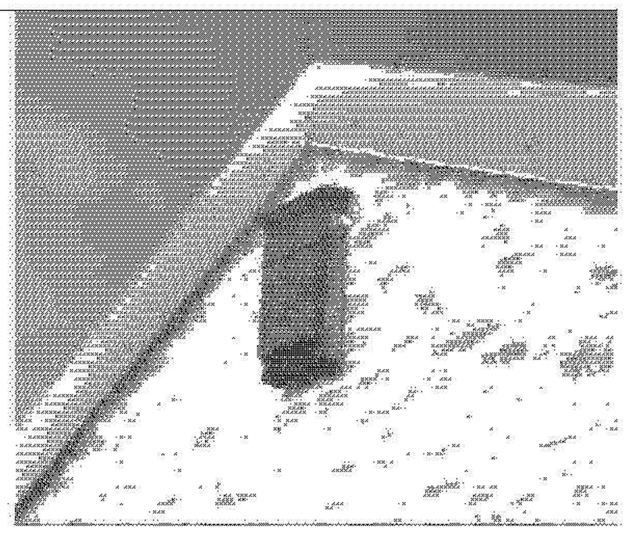


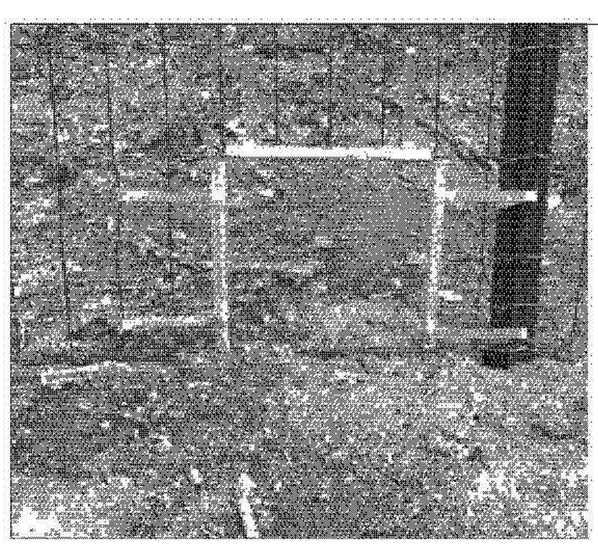
PORTUGAL

The solar parks of Rio Maior and Torre Bela, with a combined power of 272 MWp, have a substantial land footprint. That is why, both solar parks are built in plots with an average size of 20 hectares, separated by green corridors to allow an ecological continuity over almost 200 hectares of biodiversity protection areas.

FRANCE

During the construction of the Ailes de Foulzy wind farm (21 MW), which is maintained by a local association promoting the reintegration of long-term unemployed, nest boxes for bats were installed on the public buildings of the municipality, in order to promote the habitats of these chiropterans. Similarly, a hedge grant was launched, under which Neoen undertook to plant a total of more than 8 km of hedges by 2024-2025.





FRANCE

In addition to the regulatory requirements relating to biodiversity, 100% of Neoen's solar power plants built in 2022 and 2023 have "small fauna crossings" to ensure ecological continuity around our power plants. Also, more than 9 km of hedges have been replanted to promote biodiversity, creating new habitats for small game and birds, and helping to combat erosion.

5.5.3 INTEGRATING RECYCLING

Neoen develops and operates plants which have a long useful life – at least 20 years for its batteries and 30 years for its solar and wind power plants – but is very aware of the legacy issue of recycling the main equipment from its plants (photovoltaic panels, batteries, etc.). For this reason, Neoen is committed to analysing the various recycling channels for the materials across its three technologies: solar, wind and batteries.



POLICY

As a long-term owner and operator of its assets, Neoen complies with all applicable obligations, particularly in terms of waste management and recycling. Thus, during the construction and operation phases, EPC and O&M contractors of its assets are required to treat waste in accordance with local regulations.

Although Neoen has not yet dismantled any facilities, given the youth of its facilities, the Company is also attentive to the future challenges associated with their end-of-life. Neoen therefore sets aside provisions for the dismantling of each facility, which include recycling costs. The Company also maintains regular dialogue with its suppliers on this subject, especially as many of them are making significant and innovative investments in this area.

Neoen therefore asks its solar panel suppliers to join Soren (of which Neoen is a member of the board of directors) or equivalent organisations present in other geographies, or to implement extraterritorial recycling solutions. This recycling clause will be gradually integrated for all other countries where Neoen is established.

For its wind farms, pending the need to dismantle them, Neoen has added a re-use clause in all wind maintenance contracts that allows for the use of re-use parts (guarantee and equivalent certification) to promote the circular economy and reduce its CO2 emissions.

Dialogue with suppliers on recycling is also underway for battery storage. The lithium-ion batteries used by Neoen can be recycled using the pyrometallurgy and hydrometallurgy process (recycling rate >80%, with >90% for lithium and >99% for metals). A battery recycling clause has thus been included in some of the latest contracts signed by Neoen.

ACTIONS IMPLEMENTED

- Negotiation of a recycling clause in any new supply agreement in countries where recycling industry allows it;
- This commitment is again reflected in the syndicated loan signed by Neoen in February 2024, which has a target of 1,3 GW covered by this clause over the 2024-2025 period (solar power and batteries);
- Adoption of a Circular Economy policy;
- For new solar farms in France, encouraging the use of solar panels with a share of recycled raw material, especially poly-silicium: 275 MW in 2023. The Swedish project of Hultsfred also benefits from low-carbon panels.

KEY FIGURES

595

new MW covered in 2023 by a recycling clause SF*

** Total capacity of assets (MW) for which a recycling clause has been negotiated for main equipment: PV modules or batteries.*

5.6 OUR COMMUNITIES

As a long-term owner and operator, Neoen is committed to establishing and nurturing long-term relationships with local residents and communities.

Neoen works in consultation and cooperation with local stakeholders, contributes to local and regional economic development, and seeks to share the benefits of the transition with its communities.

"Participating in the transition alongside us"



5.6.1 CONSULTING AND ENGAGING

Neoen understands that the success of a project is dependent to a large extent on developing genuine, open, and ongoing relationships with key stakeholders and members of the local community.

Therefore, Neoen recognises the importance of ensuring a "no surprises" dynamic and is committed to engagement that starts early, is tailored to the local context, and provides opportunities for the community to participate.

17 PARTNERSHIPS FOR THE GOALS



POLICY

Neoen is committed to a structured approach with local stakeholders that goes beyond meeting regulatory requirements. The location of each facility is decided in consultation with the local authorities and communities in all countries where the Group operates.

To begin with, prior discussions are held with local elected officials to ensure the project is compatible with regional policies. Then, in addition to the regulatory provisions, and for all power plant development projects, Neoen takes steps to inform and communicate with the community (neighbours, local residents, local associations, etc.) in order to present the project and the issues at stake and help residents understand them, via face-to-face meetings, letters, posters, and/or a dedicated website.

During the development phase, public meetings are held which allow Neoen team members to consult with locals in order to come up with solutions that work for the community. They present the proposed project, the results of social (in emerging countries) and environmental impact studies, and the proposed benefit-sharing measures.

Outside Europe, community consultation is systematically managed by the project manager during the development phase. The relationships with the community may also be supported by a Community Liaison Officer in projects of significant scale or complexity.

In addition, to meet the commitments made in the Sustainability Framework, a Community Engagement Plan* is developed for projects with a capacity of over 50 MW.

ACTIONS IMPLEMENTED

- Community consultation and information sharing, even if not mandated (e.g.: launch of the new projects websites in 2023, launch of new country web pages with project information).

KEY FIGURES

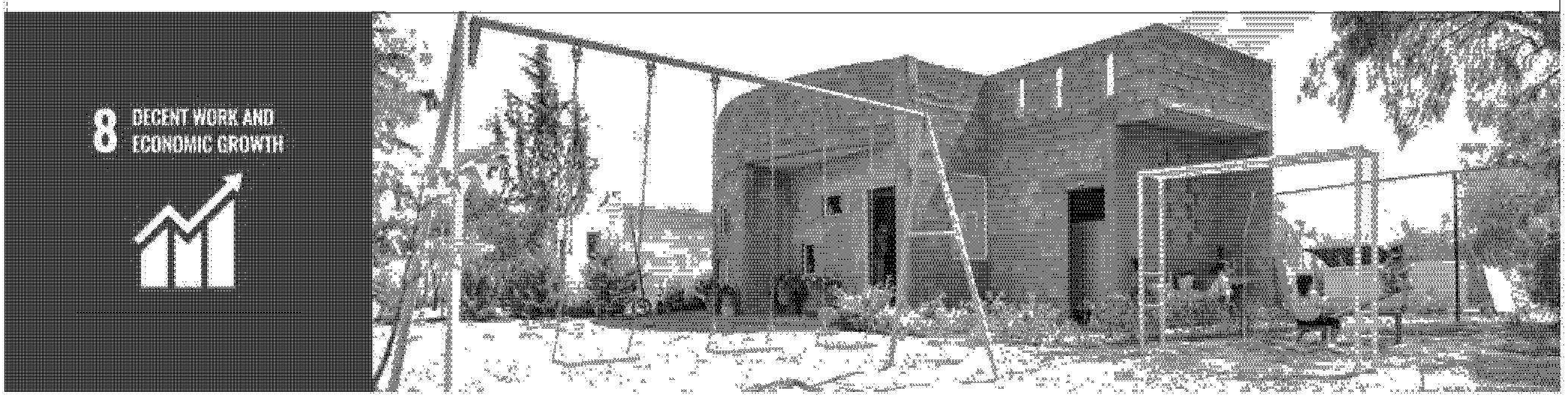
95%

of assets commissioned in 2023 were the subject of a consultation or information process SF

** The Community Engagement Plan is a comprehensive internal tool, guiding and marking out all the consultations and interactions that will take place during the life of a project, from the early stages of the feasibility study through to its dismantling.*

5.6.2 ECONOMIC DEVELOPMENT

The construction and operation of power plants has the potential to deliver significant local and regional economic development through creation of jobs, supply chain outcomes, multiplier effect of the income and expenditure generated by the investments. Neoen also intends to bring positive social and cultural benefits to the areas in which the Group operates.



POLICY

The impact of Neoen's projects is not purely environmental or economic. As a long-term owner and operator, Neoen is committed to ensuring that the regions where the projects are located benefit from the impacts of the projects, by identifying and financing local initiatives and sustainable development projects. The social and cultural investment in the regions is fundamental to all of the projects developed and operated by Neoen.

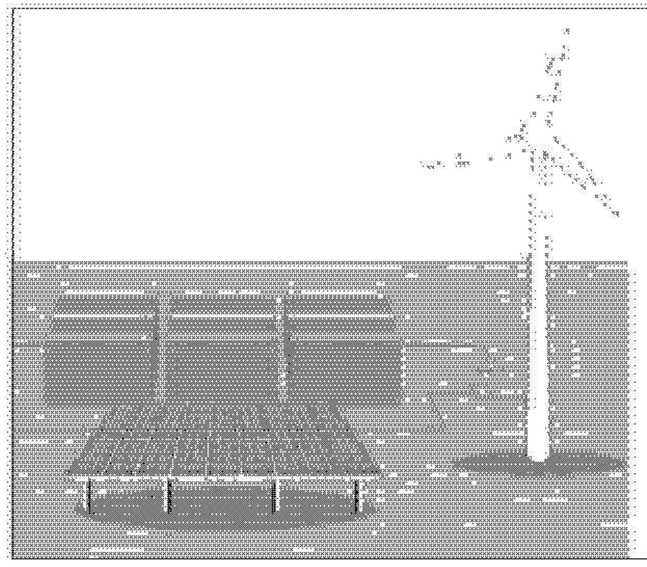
Since 2021, Neoen has been committed to:

- Maximising its local economic impact, by interacting with local businesses and business networks, favouring local suppliers and workers whenever possible, and seeking to develop skills, training and learning. A Local Participation Plan* may be developed, particularly for assets with capacity of more than 100 MW. [57]
- Enabling communities to benefit from the impacts of the Group's projects. Neoen sets aside an annual sum towards community building initiatives in the surrounding area, for each project with a capacity of over 50 MW. In emerging countries, a Community Development Plan is drawn up to target priority actions to meet the needs of local communities. [58]
- Creating a work of art that celebrates renewable energy and local culture for each project with a capacity of more than 50 MW. [57]

The Local Participation Plan is a sister document to the Community Engagement Plan which identifies and maps potential local and regional economic development outcomes.

ACTIONS IMPLEMENTED

- Neoen has rolled out a number of initiatives in the countries where these projects and plants are located, some of which are presented hereafter.

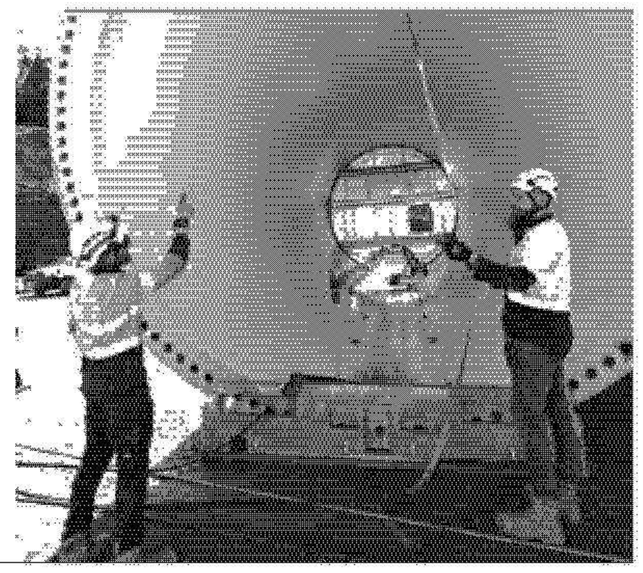


AUSTRALIA

Through the Community Benefits Funds set up for each of our projects, Neoen invests more than half a million Australian dollars per year to finance local development initiatives in Australia. One of our latest projects has been the creation of educational content on renewable energy for Australian primary and secondary schools. https://neoenlearning.com/

AUSTRALIA

35% of the jobs created by the construction of the Western Downs Green Power Hub, Neoen's largest solar power plant (460 MWp), were filled by locals. The same applied to 49% of the jobs created by the Kaban Wind Farm site (157 MW). To achieve this, Neoen worked closely with local suppliers, who had an excellent knowledge of the region's employment market, and with the construction contractors in charge of building the two power plants. These figures were monitored on a monthly basis to ensure that they were in line with Neoen's targets, which were ultimately exceeded.





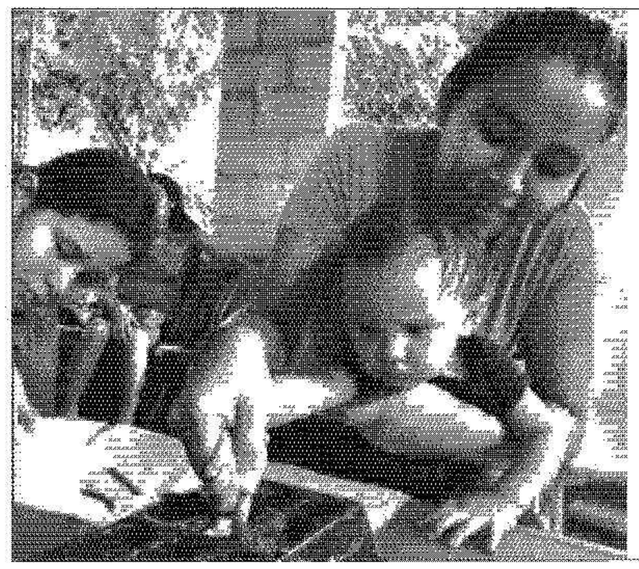
ECUADOR

Neoen Ecuador has financed the design and delivery of entrepreneurial training and personal resource management for the local communities of Chota and Tumbabiro where we will build our Imbabura Solar power plant. The courses and methods were developed following a community needs assessment. Participants were very happy to be able to make progress in managing their savings as well as preparing themselves to manage a business activity.

MEXICO

In 2023, Neoen provided support to the communities neighbouring the Aguascalientes solar power plant by financing education initiatives: almost 300 children (or their schools) from seven different communities benefited from donations of school supplies, physical education equipment and digital equipment (computers, printers).





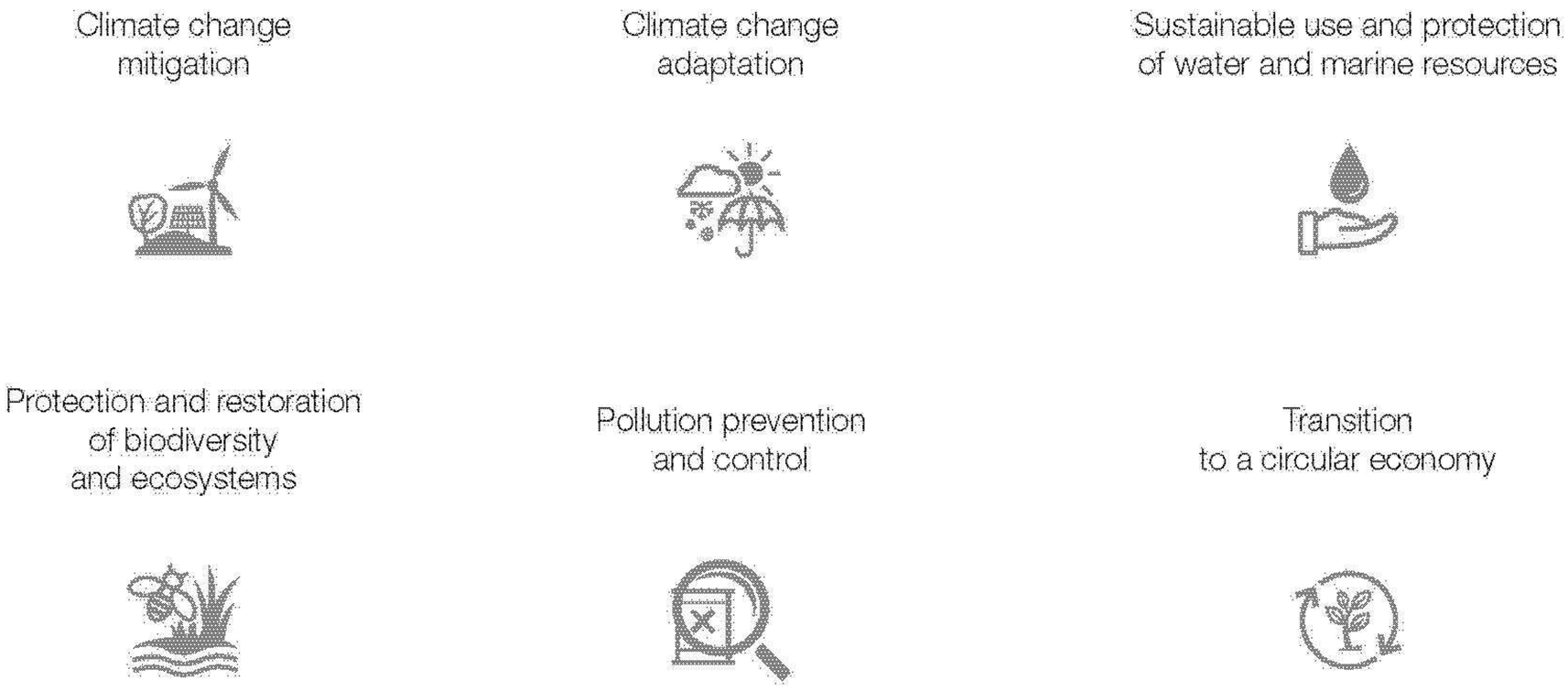
EL SALVADOR

3% of the revenues from Neoen's solar power plants in El Salvador are donated to a Social Investment Fund dedicated to local development projects (healthcare, education and community development). In 2023, Neoen financed the construction of a health centre in the province of Usulatan, which will benefit eight municipalities close to the Capella Solar plant.

5.7 REPORTING ON GREEN TAXONOMY REGULATION

5.7.1 CONTEXT

In order to prioritise the financing of activities that are already making a significant contribution to the low-carbon transition objectives, but also to encourage and accelerate the emergence and expansion of transition activities, the European Commission wanted to set up a common classification system known as the "Green Taxonomy" to assess the contribution of economic activities to the six environmental objectives:



This classification system describes eligibility, alignment criteria and thresholds:

- The activity must make a substantial contribution to one of the six environmental objectives;
- The activity must comply with the technical review criteria of making a substantial contribution to one of the six environmental objectives;
- The activity must not cause significant harm to one of the other environmental objectives ("Do No Significant Harm" principle - DNSH);
- The Company must respect the minimum safeguards relating to human rights and fundamental labour rights.

5.7.2 ANALYSIS OF THE ELIGIBILITY OF THE NEOEN GROUP'S ACTIVITIES

As part of its eligibility analysis, Neoen has endeavoured to align its business model with the description of the activities listed in the Green Taxonomy climate delegated act, going beyond a simple analysis of the NACE codes (Statistical Classification of Economic Activities in the European Community) for the six environmental objectives.

As a low-carbon energy producer, Neoen contributes to the objective of **mitigating climate change**. The activities relating to the production of electricity from renewable energy sources excluding hydroelectric power (NACE code D35.11) make a substantial contribution to mitigating climate change. These include:

- 4.1. Electricity generation using solar photovoltaic technology;
- 4.3. Electricity generation from wind power;
- 4.10. Electricity storage.

For individual investments not linked to a planned business activity, the alignment analysis was carried out for the entire scope of consolidation. Thus, during 2023, Neoen identified individual investments relating to activity 7.7 concerning the acquisition or long-term leasing of buildings.

In accordance with the specifications mentioned in the FAQ 2022/C385/01 of the European Commission, Neoen has considered as eligible for the **climate change adaptation** objective only the capital expenditure related to adaptation plans aimed at reducing the most significant physical climate risks for its assets. These plans are implemented following an analysis of the climate risks and vulnerability of its activities, in accordance with Appendix A of the delegated acts relating to the Taxonomy. No such capex was identified in 2023.

Neoen considered that the service activity does not make a direct contribution to one or more of the objectives of the European Taxonomy and is therefore not covered by the regulations. This activity represents 0.4% of the Group's revenue[5].

[5] Holding companies excluding property and vehicle acquisition and development activities.

5.7.3 BUSINESS ALIGNMENT ANALYSIS

Neoen voluntarily publishes for the 2023 financial year the proportion of the three indicators (Revenue, CapEx, OpEx) that are associated with aligned economic activities. These indicators relate to data for the 2023 financial year, with no comparative information for the 2022 financial year.

5.7.3.1 SUBSTANTIAL CONTRIBUTION CRITERIA

In order to assess the alignment of its activities, each Neoen power plant under construction or in operation within the scope of consolidation has satisfied the criteria with the criteria for making a substantial contribution to mitigating climate change.

- Electricity production from renewable sources, excluding hydroelectric: all the technical criteria are met;
- Electricity storage: all technical criteria are met.

5.7.3.2 DO NO SIGNIFICANT HARM[6] (DNSH)

Adaptation to climate change

Neoen called on a recognised expert in the field to carry out an analysis of the physical climate risks covering all the Group's activities on the basis of the SSP5-8.5 scenario (+4.4°C) for 2050. The study covers the weather hazards relevant to Neoen's[7] activities:

- Temperature-related hazards: heat stress, cold/frost waves, forest fires, etc;
- Wind-related hazards: changes in wind patterns, cyclones, hurricanes, storms;
- Water-related hazards: rising sea levels, heavy rainfall and flooding.

This study led to a classification of the sites, considering the level of exposure and the vulnerability of the site. The vulnerability of the sites corresponding to eligible activities and meeting the Taxonomy substantial contribution criteria was assessed in order to evaluate the alignment of the eligible activities carried out on these sites (adaptation to climate change). The physical risks associated with climate change were considered when the plants were built.

Sustainable use and protection of hydrological and marine resources

The criteria associated with this DNSH are not applicable given the nature of Neoen's activities:

- Activity 4.3 "Electricity generation from wind power": the DNSH refers to the construction of offshore wind farms and the need to take appropriate measures to prevent or mitigate the impacts associated with the project. Neoen does not build or operate offshore facilities.
- Activity 4.10: "Storage of electricity": the DNSH refers to the construction and operation of hydroelectric power plants. Neoen does not build or operate hydroelectric power plants.

Activity 4.1 "Electricity generation using solar photovoltaic technology" does not present any DNSH in terms of protecting hydrological resources.

Circular economy

With regard to renewable energy generation (4.1 and 4.3), the Taxonomy regulation requires the activity to assess availability and, whenever possible, use equipment and components that are highly sustainable and recyclable and that are easy to dismantle and refurbish. For the electricity storage activity (4.10), the regulations require the activity to have a waste management plan that guarantees maximum reuse or recycling at the end of its life.

Neoen has a Circular Economy policy covering every phase in the life of its projects, from development to dismantling. This policy describes the principles according to which Neoen conducts its activities and, more specifically, specifies the criteria considered in the choice of materials (recyclability, service life and refurbishment). The policy also describes the actions implemented in connection with the end-of-life of the assets, in particular:

- The formalisation of a waste management plan;
- Provisions for dismantling (including recycling) in the financial statements;
- The inclusion of recycling clauses in contracts with O&M and equipment suppliers as soon as possible.

Protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation requires an Environmental Impact Assessment (EIA) or screening to have been carried out in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the mitigation and compensation measures required to protect the environment are implemented.

Neoen has identified all the EIAs carried out during the project development phase, so that mitigation and compensation measures can be taken into account during the construction and operation phases. Neoen's biodiversity initiatives are detailed in paragraph 5.4.2. One asset was excluded from the alignment because it does not have an EIA within the meaning of the Green Taxonomy, as required by Directive 2011/92/EU[8].

[6] Do No Significant Harm.

[7] The Metoro power plant in Mozambique was not included in the alignment analysis because it is in the process of being sold.

[8] Coruche power plant in Portugal

5.7.3.3 MINIMUM SAFEGUARDS

With regard to the analysis of the "Minimum safeguards" alignment criterion, Neoen has undertaken to comply, wherever the Group's activities are carried out, with the principles and human rights set out in the International Bill of Human Rights, the fundamental conventions of the International Labour Organization, the United Nations Guiding Principles (membership of the UN Global Compact) on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

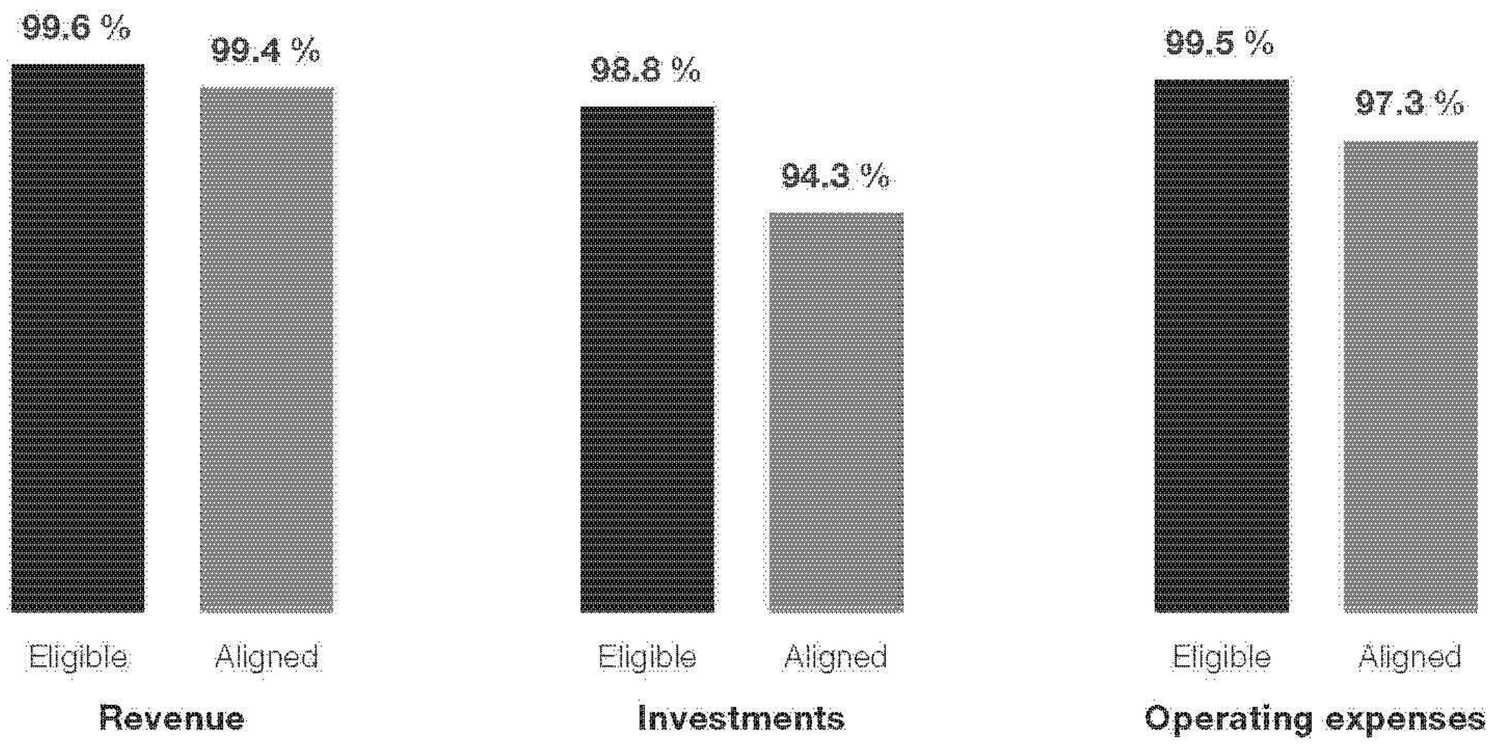
Neoen meets the various minimum safeguard criteria for 2023:

- Human rights: Neoen has put in place systems to identify risks in this area, assess them, prevent or mitigate them where necessary, and monitor the effectiveness of these systems (risk mapping, formalisation of a human rights policy).
- Corruption: Neoen has implemented due diligence procedures and anti-corruption measures. A specific corruption risk map was updated in the second half of 2022. Neoen also has a whistleblowing system for receiving reports of malfunctions on all subjects covered by the anti-corruption code of conduct, published on the Neoen website. A training programme for employees has also been developed (see section 5.3.1).
- Taxation: Neoen endeavours to comply with the applicable tax laws and regulations of the countries in which the Group operates.

  Neoen has implemented a transparency policy in line with the OECD's BEPS recommendations, detailing the consolidated scope of application, management of the associated risk, guiding principles for tax strategies and governance.
- Competition law: Within the scope of its activities, Neoen complies with the legislation in force under competition law. The Group makes its employees aware of the importance of complying with applicable laws and regulations on fair competition through its Code of Conduct and training courses on compliance, business ethics and anti-corruption.
- Roll-out of ethics and fair competition training in October 2023.
- In 2023, neither the Group nor any of its executives had been convicted of any offence relating to human rights violations, corruption, non-compliance with competition law or breaches of tax legislation.

5.7.4 PROPORTION OF ELIGIBLE ACTIVITIES ALIGNED WITH THE GREEN TAXONOMY REGULATION

On the basis of checks on compliance with the various criteria relating to activities eligible for the Taxonomy, the ratios relating to aligned activities for 2023 are:



These indicators have been calculated using existing reporting systems to derive the required financial aggregates. The denominators and numerators of these ratios have been determined on the basis of the accounting and analytical structure used to present the financial data for the Group's activities. In addition, financial information extracted from Neoen's information systems has been analysed and checked to ensure consistency with revenue, OpEx and CapEx during the 2023 financial year.

5.7.4.1 DETERMINATION OF REVENUE

The proportion of eligible or sustainable revenue corresponds to the ratio between the consolidated revenue of activities identified as eligible or aligned with the Taxonomy and the Group's revenue as reported in the consolidated financial statements as of December 31, 2023 (see section 4.1 – note 5 "sales" to the consolidated financial statements).

5.7.4.2 DETERMINATION OF THE PROPORTION OF CapEx

In accordance with the delegated act of the Green Taxonomy, the proportion of CapEx referred to in Article 8 paragraph 2 point b) of Regulation (EU) 2020/852 is determined as follows:

- the denominator corresponds to: all capital expenditure, including gross additions to tangible and intangible assets and rights of use (IFRS 16 "leases"), including those arising from business combinations (consolidation of a subsidiary) of the consolidated financial statements;
- the numerator corresponds to: capital expenditure linked to an eligible (or aligned) activity, an investment plan (CapEx plan) whose aim is to create or transform an activity that will be eligible or aligned with the Taxonomy, individually eligible (or aligned) investments that are not linked to a main eligible (or aligned) activity.

The Group does not have a CapEx plan, given the intrinsically long-term nature of its activities.

Reconciliation with the financial statements

(In millions of euros)

Intangible assets - Note 12.2*	
Acquisitions	71.5
Changes in scope	2.8
Property, plant and equipment - Note 12.3*	
Acquisitions	1,128.8
First-time consolidations: production assets	13.6
First-time consolidations: rights of use	0.4
Rights of use on leased assets	61.1
Total	**1,278.2**

(*) Notes to the consolidated financial statements.

Calculation methods

- The numerator of the "Taxonomy-eligible CapEx" indicator corresponds mainly to investments linked to the construction of solar, wind and storage plants, and to individual investments not linked to a commercial activity (buildings).
- The numerator of the "Taxonomy-aligned CapEx" indicator corresponds to the investments described above that meet the Taxonomy alignment criteria.
- The denominator of the "Taxonomy-eligible CapEx" and "Taxonomy-aligned CapEx" indicators has been calculated as described above.

5.7.4.3 DETERMINATION OF THE PROPORTION OF OpEx

The proportion of OpEx referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is calculated by dividing the numerator by the denominator, determined as follows:

- the denominator corresponds to direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases (not recognised under IFRS 16), maintenance and repairs, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets;
- the numerator takes into account the operating expenditure included in the denominator that relates to an eligible (or aligned) activity.

Calculation methods

The numerator takes into account operating expenditure linked to an eligible (or aligned) activity, i.e. OpEx corresponding to maintenance, servicing and repair costs for solar, wind and storage plants (eligible or aligned assets) and operating expenses linked to R&D.

The denominator of the "Taxonomy-eligible OpEx" and "Taxonomy-aligned OpEx" indicators corresponds to the total amount of Neoen's maintenance, rental and R&D-related expenses.

All OpEx covered by the Taxonomy are included in the lines of the Group's consolidated income statement: external expenses and personnel expenses. In these costs, only the types of expenses specified above have been taken into account in the ratios.

5.8 NON-FINANCIAL INDICATORS

Neoen declares that it has not undertaken any direct or indirect lobbying activity. Consequently, the total resources devoted to lobbying is €0.

5.8.1 SOCIAL INDICATORS

	2021	2022	2023	Var.
Workforce				
Total workforce	**299**	**361**	**439**	**21.6%**
Europe-Africa	197	246	295	19.9%
Of which: France	*153*	*176*	*202*	*14.8%*
Australia	64	76	98	28.9%
Americas	38	39	46	17.9%
Workforce by country	**299**	**361**	**439**	**21.6%**
Europe-Africa	197	246	295	19.9%
France	153	176	202	14.8%
Finland	11	23	27	17.4%
Italy	1	9	16	77.8%
Ireland	8	12	14	16.7%
Sweden	7	8	12	50%
Portugal	8	11	11	-
Germany	0	0	6	100%
Croatia	3	4	4	-
Zambia	3	2	2	-
Mozambique	3	1	1	-
Australia	64	76	98	28.9%
Americas	38	39	46	17.9%
Mexico	15	15	19	26.7%
El Salvador	8	10	10	-
Canada	0	2	6	200%
Ecuador	4	4	5	25%
Argentina	8	4	3	–25%
United States	2	3	2	–33.3%
Jamaica	1	1	1	-
Breakdown of workforce by activity	**299**	**361**	**439**	**21.6%**
Management	4	4	4	-
Support	4	4	4	-
IT	1	4	6	50%
Legal	11	14	15	7.1%
Insurances	1	2	2	-
Human resources	4	4	5	25%
HSE&S	1	1	1	-

	2021	2022	2023	Var.
Development	124	163	198	21.5%
Energy Management	8	10	15	50%
Finance	52	54	61	13%
Investor Relations	2	1	2	100%
Financing	17	16	18	12.5%
Procurement	6	8	11	37.5%
Development	23	26	33	26.9%
Energy Management	7	11	12	9.1%
Finance	34	39	52	33.3%
Percentage of workforce aged 35 and under	**55.2%**	**56.8%**	**59.2%**	**2.4 bps**
Percentage of workforce aged 50 and over	**5.7%**	**5%**	**5.5%**	**0.5 bps**
Percentage of women in total workforce	**28.8%**	**30.7%**	**33.7%**	**3 bps**
Europe - Africa	31.0%	31.7%	36.9%	5.2 bps
Of which: France	*33.3%*	*33.5%*	*38.1%*	*4.6 bps*
Australia	28.1%	27.6%	26.5%	–1.1 bps
Americas	18.4%	30.8%	28.3%	–2.5 bps
Share of women in management	**24.7%**	**22.8%**	**23.9%**	**1.1 bps**
Percentage of women recruited (excluding mobility)	**24.4%**	**35.2%**	**40.9%**	**5.7 bps**
Percentage of women on the Board of Directors	**42%**	**42%**	**42%**	**-**
Number of new hires (excluding mobility)	**90**	**125**	**132**	**5.6%**
Europe - Africa	62	87	94	8%
Of which: France	*45*	*53*	*58*	*9.4%*
Australia	21	27	29	7.4%
Americas	7	11	9	–18.2%
Number of departures (excluding mobility)	**45**	**61**	**50**	**–18%**
Europe - Africa	25	36	34	–5.5%
Of which: France	*22*	*28*	*24*	*–14.3%*
Australia	14	16	13	–18.8%
Americas	6	9	3	–66.6%
Average employee seniority	**2.6 years**	**3.1 years**	**3.2 years**	**3.2%**
Attrition rate (excluding mobility)	**15.4%**	**19.4%**	**13.9%**	**–5.5 bps**
Number of inter-business mobilities	**5**	**6**	**4**	**–33.3%**
Number of geographic mobility (permanent and fixed-term contracts)	**10**	**5**	**18**	**260%**

	2021	2022	2023	Var.
Remuneration				
Total declared gross remuneration	23 M€	29 M€	35M€	20.7%
Social dialogue				
Number of collective agreements signed during the year (France)	6	4	4	-
% of employees covered by a collective agreement or collective agreement on working conditions	France, Australia, Finland, Italy: 76.6%	France, Australia, Finland, Italy: 78.7%	France, Australia, Finland, Italy: 78.1%	–0.6 bps
% of employees covered by an occupational health and safety committee	France: 51.2%	France: 48.8%	France, Italy: 49.7%	0.9 bps
Skills and careers				
Total number of training hours	6,853	5,591	5,936	6.2%
Number of training hours per employee	24.4	16.5	14.8	–10.6%
Percentage of employees who have received training (%)	100%	100%	100 %	-

Workforce share by gender	**2021**		**2022**		**2023**	
	Women / Men		**Women / Men**		**Women**	**Men**
Total workforce	**86**	**213**	**111**	**250**	**148**	**291**
Europe-Africa	61	136	78	168	109	186
Of which: France	*51*	*102*	*59*	*117*	*77*	*125*
Australia	18	46	21	55	26	72
Americas	7	31	12	27	13	33

5.8.2 HEALTH AND SAFETY INDICATORS

	2021	2022	2023	Var.
Work-related Lost Time Injury on Neoen sites (Neoen and contractors employees)	19	9	17	88.9%
Work-related Lost Time Injury on Neoen sites (Neoen employees)	0	0	1	100%
Work-related Lost Time Injury on Neoen sites (contractors)	19	9	16	77.8%
Sites under construction having undergone an HSE audit	48%	79%	73%	–6 bps
O&M contractors having undergone an HSE audit	-	62%	80%	18 bps
Near-misses reported	173 (S2 2021)	154	140	–9.1%
Lost Time Injury Frequency Rate (LTIFR) (Neoen and contractors employees)	5.2	2.3	4.7	104.3%
Lost Time Injury Frequency Rate (LTIFR) (Neoen employees)	0	0	1.4	100%
Lost Time Injury Frequency Rate (LTIFR) (contractors)	6.1	2.8	5.5	96.4%
Severity Rate (Neoen employees)	-	-	0.008	
Severity Rate (contractors)	-	-	0.04	
Rate of occupational illnesses among employees	0	0	0	-
Fatal accident rate for Neoen employees	0	0	0	-
Fatal accident rate for contractors	0	0	0	-
Number of high-potential events	n.a	23	23	-
Percentage of Neoen employees having received training on HSE issues	7.83%	61.3%	38.8%	–22.5 bps

5.8.3 SOCIETAL INDICATORS

	2021	2022	2023	Var.
Ethics and integrity				
% of employees who have signed the Code of Conduct	100.0%	100%	100%	-
% of employees who participated in anti-corruption and compliance training	96%	95.8%	95.2%	–0.6 bps
% of "exposed" employees with additional anti-corruption training	52.5%	62.2%	88%	25.8 bps
Responsible purchases				
Tier-1 suppliers	100%	100%	100%	-
Major suppliers certified ISO 9001	100%	96%	93%	–3 bps
Major suppliers certified ISO 14001	96%	96%	93%	–3 bps
Major suppliers certified ISO 45001	n.a	n.a	93%	-
Concertation and information				
Power plants in operation in year N having been the subject of a consultation or information	100.0%	100%	95%	–5 bps

5.8.4 ENVIRONMENTAL INDICATORS

	2021	2022	2023	Var.
Recycling				
New MW covered by a recycling clause	250	975	595	-39%
MW of low-carbon panels purchased	n.a	208	275	32.2%
Carbon footprint and avoided emissions				
Tons of CO2 equivalent avoided through Neoen's production	2,231,000	2,587,092	3,265,084	26.2%
Tons of CO2 emitted in scopes 1, 2 and 3	n.a	292,000	609,813	108.8%
Of which scope 1	n.a	1,753	2,157	23%
Of which scope 2	n.a	9,161	20,607	124.9%
Of which scope 3	n.a	281,086	587,049	108.8%
Tons of CO2 offset (business travel)	707	1,509	1,797	19.1%
Environnement				
Plants commissioned in year N that have had an environmental impact assessment carried out	100.0%	91.0%	95.1%	4.1 bps
Sites located in biodiversity-sensitive areas	n.a	n.a	4	

5.8.5 GREEN TAXONOMY INDICATORS

Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities, disclosure covering year N

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		M€	%	YES/NO; %EL	YES/NO; %EL	YES/NO; %EL	YES/NO; %EL	YES/NO; %EL	YES/NO; %EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Solar energy	CCM 4.1	212.8	40.6%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Wind energy	CCM 4.3	261.2	49.9%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Storage energy	CCM 4.10	57.1	10.9%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES		-	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		521.2	99.4%	99.4%						YES	YES	YES	YES	YES	YES	YES			
of which enabling		57.1	10.9%	10.9%						YES	YES	YES	YES	YES	YES	YES		-	
of which transitional		-	-	-						YES	YES	YES	YES	YES	YES	YES			-
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Fossil energy	CCM 4.1	0.9	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.9	0.2%	0.2%															
A. Turnover of Taxonomy eligible activities (A.1+A.2)		522.0	99.6%	99.6%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2.3	0.4%																
Total (A + B)		524.4	100 %																

	Proportion of Turnover/Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM: Climate Change Mitigation	*99.4%*	*99.6%*
CCA: Climate Change Adaptation	*0%*	*0%*
WTR: Water and Marine Resources	*0%*	*0%*
CE: Circular Ecocnomy	*0%*	*0%*
PPC: Pollution Prevention and Control	*0%*	*0%*
BIO: Biodiversity and ecosystems	*0%*	*0%*

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities, disclosurecovering year N

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	M€	%	YES;NO; N/EL	YES;NO; N/EL	YES;NO; N/EL	YES;NO; N/EL	YES;NO; N/EL	YES;NO; N/EL	YES;NO; N/EL	YES;NO	YES;NO	YES;NO	YES;NO	YES;NO	YES;NO	YES;NO	%	E	T
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Solar energy	CCM 4.1	646.2	50.5%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Wind energy	CCM 4.3	476.3	37.2%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Storage energy	CCM 4.10	282.2	22.1%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES		IT	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,205.6	94.3%	94.3%						YES	YES	YES	YES	YES	YES	YES			
Of which enabling		282.7	22.1%	22.1%						YES	YES	YES	YES	YES	YES	YES		H	
Of which transitional		-	-	-						YES	YES	YES	YES	YES	YES	YES			T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Solar energy	CCM 4.1	63.6	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Wind energy	CCM 4.3	10.8	0,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Storage energy	CCM 4.10	7.4	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Building renovation	CCM 7.2	3.9	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		70.0	5.5%	5.5%															
A. CapEx of Taxonomy eligible activities (A.1+A.2)		1,275.6	99.8%	99.8%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		2.5	0.2%																
Total (A + B)		1,278.2	100%																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM: Climate Change Mitigation	*94.3%*	*99.8%*
CCA: Climate Change Adaptation	*0%*	*0%*
WTR: Water and Marine Resources	*0%*	*0%*
CE: Circular Ecocnomy	*0%*	*0%*
PPC: Pollution Prevention and Control	*0%*	*0%*
BIO: Biodiversity and ecosystems	*0%*	*0%*

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities, disclosure covering year N

Financial year N	2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		M€	%	YES/NO/N/EL	YES/NO/N/EL	YES/NO/N/EL	YES/NO/N/EL	YES/NO/N/EL	YES/NO/N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Solar energy	CCM 4.1	24.0	36.8%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Wind energy	CCM 4.3	35.8	54.3%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES			
Storage energy	CCM 4.10	3.7	5.7%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES	-		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		63.6	97.3%	97.3%						YES	YES	YES	YES	YES	YES	YES			
of which enabling		3.7	5.9%	6%						YES	YES	YES	YES	YES	YES	YES	-		
of which transitional		-	-	-						YES	YES	YES	YES	YES	YES	YES		-	
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL										
Solar energy	CCM 4.1	0.7	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Storage energy	CCM 4.10	0.9	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Building acquisition	CCM 7.7	0.4	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Clean transportation	CCM 6.5	0.1	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.4	2.2%	2.2%															
A. OpEx of Taxonomy eligible activities (A.1+A.2)		65.0	99.5%	99.5%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0.3	0%																
Total (A + B)		65.3	100%																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM: Climate Change Mitigation	*97.3%*	*99.5%*
CCA: Climate Change Adaptation	*0%*	*0%*
WTR: Water and Marine Resources	*0%*	*0%*
CE: Circular Ecocnomy	*0%*	*0%*
PPC: Pollution Prevention and Control	*0%*	*0%*
BIO: Biodiversity and ecosystems	*0%*	*0%*

5.9 METHODOLOGICAL NOTE

Neoen voluntarily committed since 2019 to publishing a NFPS in its universal registration document, with reference to the transposition in France of European Directive 2014/95/EU of October 22, 2014 on disclosure of non-financial and diversity information (decree 2017-1180 of July 19, 2017, O.J. of 21; decree 2017-1265 of August 9, 2017, O.J. of 11), as amended by decree 2017-1180 of July 19, 2017 and decree 2017-1265 of August 9, 2017.

The cross-reference table with the employment, environmental and societal information to be included in the NFPS, as well as the list provided for by Article R. 225-105 II of the French Commercial Code, is published in Chapter 8 of this document. This methodological note aims to specify the methods for collecting social, environmental and societal indicators.

NFPS consolidation scope

The following information relates to Neoen's subsidiaries (within the meaning of Article L. 233-1 of the French commercial code) and the companies in which it holds a controlling interest (within the meaning of Article L. 233-3 of said code), i.e. companies included in the Company's full consolidation scope. The local teams, the various Group departments and the Head of CSR have compiled the 2023 data and indicators based on information as of December 31, 2023.

Organisation of CSR and reporting

The Group tasks its various departments with the definition and roll-out of solutions to address issues and challenges within their scope, under the oversight of the Executive Committee. These solutions factor in the expectations of internal and external stakeholders: employees, customers, suppliers, lenders, shareholders and national and international regulatory and governance bodies.

In 2020, Neoen entrusted the monitoring of labour-related, environmental and social criteria to the CSR manager, who became CSR director in 2021 and reports directly to the Chairman and Chief executive officer. Likewise, a number of these topics are addressed by the HSES Manager, recruited in 2021. In addition, a CSR committee was formed, bringing together the members of the Executive Committee and the Head of CSR. It has been meeting every six months since October 2020.

Finally, since 2022, the Governance and CSR Committee of Neoen's Board of Directors, which meets at least once a year, has been steering the Group's CSR strategy.

Employment and health and safety information

Workforce

The workforce includes the number of employees on permanent contracts and those on fixed-term contracts. Employees on work-study contracts are also counted as fixed-term contracts. Employees on an International Corporate Volunteer (VIE) contract and on an internship are excluded from the headcount.

Net workforce growth

This is the organic growth in the number of Neoen employees. The growth rate does not take into account any new employees following disposals, mergers and acquisitions.

Number of training hours per employee

Total number of training hours completed during the year. Internal and external training (including e-learning) for all permanent and fixed-term employees is included.

Number of new hires in the total workforce

Number of new hires (permanent and fixed-term contracts) in the Group during year N (excluding Group mobility).

Percentage of employees trained during the year (KPI [9])

The percentage of employees trained corresponds to the number of employees having received at least one training course, including e-learning, out of the average workforce.

Attrition rate (KPI)

Number of departures of employees with permanent contracts in the Group during the year, based on the permanent workforce as of December 31 of the previous year (x100). Mobility between countries is not included.

Percentage of employees trained in anti-corruption and compliance training (KPI)

Number of employees on permanent or fixed-term contracts who received anti-corruption training during years N, N-1, N-2 and N-3 divided by the number of employees present on December 31 of year N.

Employees who have left are not included in the number of employees trained or in the workforce as of December 31 of year N.

Percentage of exposed employees who have had additional anti-corruption training (KPI)

Number of employees on permanent or fixed-term contracts among the population at risk (involved in the development and construction of projects or assets in all countries except Europe and Australia, as well as employees in finance, purchasing, legal and insurance in all countries) who have taken anti-corruption training in years N, and N-1 divided by the number of employees considered to be at risk on September 30 of year N.

Employees who left the Company are not taken into account neither in the number of employees trained nor in the workforce on September 30 of year N. The population at risk corresponds to employees involved in the development and construction of projects or assets in all countries (except Europe and Australia) as well as employees in charge of finance, purchasing, legal and insurance in all countries.

[9] Key Performance Indicator (KPI)

Social dialogue

Regarding labour relations, the Company and the Group's subsidiaries are subject to different legal and regulatory requirements in terms of employee representation, depending on the country in which they are located. Neoen complies with local obligations regarding employee representation and union representation. For example, in France, employee representation is provided by the Social and Economic Council (CSE). The members of the CSE meet with the employer every two months.

Lost Time Injury Frequency Rate (LTIFR) (KPI)

This is the number of lost-time accidents (each event resulting in more than one day's absence from work is counted) per million hours worked by Neoen's employees but also by its contractors during their work on Neoen's sites. Commuting accidents or accidents not related to work are not considered in this indicator.

Severity rate

This is the number of days off work as a result of a lost-time accident (each event resulting in more than one day of absence from work is considered) per thousand hours worked by Neoen's employees and also by its contractors during their work on Neoen's sites. Commuting accidents or non-work-related are not considered in this indicator.

Number of Lost Time Injury

These are accidents resulting in more than one day of absence from work. The scope covered includes the activities carried out by Neoen or its contractors. The published indicator covers the year 2023. Commuting or non-work related accidents are not considered in this indicator.

High Potential Event

Any incident or near-miss that could otherwise have resulted in one or more fatalities. The scope covered includes the activities carried out by Neoen or its contractors. The published indicator covers the year 2023.

Number of near-misses

This is the number of events that did not result in physical or environmental injury or damage, but had the potential to do so under other circumstances. The scope covered includes the activities carried out by Neoen or its contractors. The published indicator covers the year 2023.

Percentage of sites under construction that have undergone an HSE audit (KPI)

Percentage of sites under construction that have undergone an HSE audit, including audits conducted by our Owner Engineers, the Corporate HSES manager and third parties.

Environmental information

Avoided CO2 emissions (KPI)

Avoided CO2 emissions are equal to the difference between the emissions generated by the renewable electricity production of existing operating plants and the emissions of a benchmark scenario that would have occurred in the absence of such production. Neoen calculates its emissions according to the EIB methodology (production in kWh x rate of CO2 avoided per kWh) and had a critical review of this methodology carried out in 2021 by Carbone 4.

Carbon footprint of the Neoen Group (Scopes 1, 2 and 3)

Since 2021, Neoen is assisted by specialised firms to calculate its carbon footprint (Scopes 1, 2 and 3). The calculation method is based on the principles of the ISO 14069 standard and integrates two methodologies: the Greenhouse Gas protocol and the Carbon Footprint method. The emission factors can be taken from the ADEME Carbon Database, calculated on the basis of information provided by Neoen or taken from the databases of firms.

Tons of CO2e offset

Neoen offsets tons of CO2 emitted during business travel in year N by purchasing carbon credits. 1 carbon credit = 1 ton of CO2e offset.

"Biodiversity-sensitive" areas

The Natura 2000 network of protected areas and key areas of biodiversity, as well as other protected areas, as defined in Annex II, Appendix D of Commission Delegated Regulation (EU) 2021/2139, are considered to be biodiversity-sensitive areas. UNESCO World Heritage Sites are not included.

Percentage of projects in operation, that have had an environmental impact assessment

Percentage of projects in operation that are officially recorded in the portfolio of projects reported by Neoen's management, over the past year, that have had an environmental impact study before the start of construction.

Sum of MW covered by a recycling clause under new or renegotiated contracts (KPI)

Total capacity (MW) of suppliers contracts, new or newly renegotiated, in which a recycling clause has been included. The scope includes solar and storage technologies, in all geographical areas of Neoen.

Societal information

Share of Tier-1 contractors (KPI)

Neoen only works with Tier-1 suppliers for the main equipment of its power plants (modules, inverters, wind generators and battery cells). This classification is established by referenced third parties, such as BNEF (Bloomberg) or Wood Mackenzie to name only the best-known for solar panels, batteries, inverters or wind turbine suppliers.

Percentage of suppliers and contractors certified ISO9001 / ISO14001 / ISO45001

Number of Neoen suppliers and main contractors (solar, storage and wind EPC) participating in the construction of a solar, wind or battery power plant for the current year certified ISO 9001, 14001 or 45001 divided by the number of suppliers and main contractors for the current year.

Percentage of O&M contractor having undergone an HSE audit

Number of O&M contractors audited for HSE, including audits by Owner Engineers, Neoen's Corporate HSES Manager and third parties, divided by the number of O&M contractors.

Tax transparency

Neoen has adopted tax rules applicable to all countries and takes into account the ethical rules of the Group. As an international group, Neoen pays taxes and duties in the countries where it operates. Neoen applies the tax rules rigorously and ensures that it complies with local regulations, international treaties and the directives of international organisations. Neoen only has establishments abroad in order to develop its activities or to meet operational requirements.

Percentage of assets in operation that have been subject to consultation (KPI)

Number of public consultation actions (public meetings, open houses) for projects in operation (officially recorded in the portfolio of projects by the management of Neoen) over the past year.

Exclusions

Given the Group's activity, Neoen has not detailed the following topics, as they are considered immaterial in the context of its activity:

- the fight against food waste;
- the fight against food insecurity;
- respect for animal welfare;
- responsible, fair and sustainable food;
- actions for sport and physical activity;
- actions to promote the link between the nation and the army and to support commitment to the reserves;
- information on the impact of climate change, including the direct and indirect greenhouse gas emissions linked to the Company's upstream and downstream transport activities and the action plan to reduce them.

External verification

The quantitative and qualitative data provided in this report have been externally verified by RSM, appointed as an independent third-party body and the Company's statutory auditor. For the information considered to be the most important, tests of details have been carried out.

Vigilance plan

As of the date of this document, given the number of employees, the Group is not required to prepare a vigilance plan as provided for in Article L. 225-102-4 of the French Commercial Code.

5.10 REPORT OF THE INDEPENDENT THIRD-PARTY BODY

NEOEN

Report of one of the statutory auditors, designated as an independent third party, on the consolidated statement of non-financial performance.

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

(Year ended December 31, 2023)

To the General Assembly,

In our capacity as statutory auditors of your company (hereinafter "entity") designated as an independent third party organization ("third party"), we have carried out work designed to provide a reasoned opinion expressing a conclusion of moderate assurance on the information of a historical or extrapolated nature in the consolidated extra-financial performance statement prepared in accordance with the entity's procedures (here in after the "Reporting Criteria"), for the year ended December 31, 2023 (here in after the "Information" and the "Statement" respectively), presented in the Group's management report in accordance with the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Preparation of the extra-financial performance declaration

The absence of a generally accepted and commonly used framework or established practice on which to base the evaluation and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the Reporting Criteria, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of information related to the Declaration

The Information may be subject to inherent uncertainty given the state of scientific knowledge and the quality of the external public data used (e.g., greenhouse gas emission factors, sectoral climate trajectories, etc.). Some information is sensitive to the methodological choices, assumptions and/or estimates used to establish it and presented in the Statement, (e.g., the reporting scope, extrapolations made on energy consumption, scope 3 greenhouse gases reported, etc.).

Responsibility of the entity

It is the responsibility of the Executive Committee:

- to select or establish appropriate criteria for the preparation of the Information.
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators ;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the entity's Baseline as described above.

Responsibility of the auditor appointed as an independent third-party body

It is our responsibility, based on our work, to express a reasoned opinion with a moderate level of assurance on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter referred to as the "Information";

As it is our responsibility to form an independent conclusion on the information as prepared by management, we are not authorized to be involved in the preparation of the Information as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory requirements in particular with regard to the due diligence plane and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional doctrine

We conducted the work described below in accordance with the provisions of Articles A. 225-1 and of the French Commercial Code, with the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this work and in accordance with the *DPEF Verification Program (P01.a), serving as a verification program*.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of the Statutory Auditors. In addition, we have implemented a quality control system that includes documented policies and procedures designed to ensure compliance with applicable laws and regulations, ethical rules and professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Nature and scope of work

We planned and performed our work considering the risks of material misstatement of the Information.

We believe that the procedures we have performed in the exercise of our professional judgment enable us to provide a moderate level of assurance.

We conducted our work in accordance with an audit program and related specified audit requirements.

- We have examined the activities of all the entities included in the scope of consolidation and the description of the main risks;
- we assessed the appropriateness of the Reporting Criteria with regard to its relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, good industry practice;
- we have verified that the Declaration covers each category of information provided for in III of Article L. 225-102-1 with regard to social and environmental matters, as well as respect for human rights and the fight against corruption and tax evasion;
- we have verified that the Declaration presents the information required by II of Article R. 225 105 when it is relevant to the main risks and includes an explanation of the reasons for the absence of the information required by the second paragraph of III of Article L. 225-102-1;
- we have verified that the Statement presents the business model and a description of the principal risks of all entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as policies, actions and results, including key performance indicators relating to the principal risks;
- we consulted documentary sources and conducted interviews to:
  - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators, with the main risks and policies presented, and

- corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1. For certain risks, our work was performed at the level of the consolidating entity; for other risks, work was performed at the level of the consolidating entity and in a selection of entities;

- we have verified that the Declaration covers the consolidated perimeter, i.e., all the entities included in the consolidation perimeter in accordance with Article L. 233-16;

- we have examined the internal control and risk management procedures implemented by the entity and have assessed the collection process aimed at ensuring the completeness and fairness of the information;

- for the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1, we performed:

  - Analytical procedures consisting of verifying the correct consolidation of the data collected and the consistency of changes in the data;

  - detailed tests on a test basis, consisting of verifying the correct application of definitions and procedures and reconciling the data with supporting documents. This work was carried out on a selection of contributing entities, namely the French and International subsidiaries, and covered between 46% and 100% of the consolidated data selected for these tests;

- We assessed the overall consistency of the Statement in relation to our knowledge of all the entities included in the scope of consolidation.

The procedures performed as part of a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC); a higher level of assurance would have required more extensive verification work.

Means and resources

Our work mobilized the skills of two people and took place between October 2023 and February 2024 over a total intervention period of two weeks.

We called upon our specialists in sustainable development and social responsibility to assist us in our work. We conducted 10 interviews with the people responsible for the preparation of the Declaration.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and on the information we obtained, nothing has come to our attention that causes us to believe that the non-financial performance statement is not in compliance with the applicable regulations and that the information, taken as a whole, is presented fairly, in accordance with the Standards.

Paris, 02/29/2024
The Statutory Auditor appointed Independent Third-Party Organization

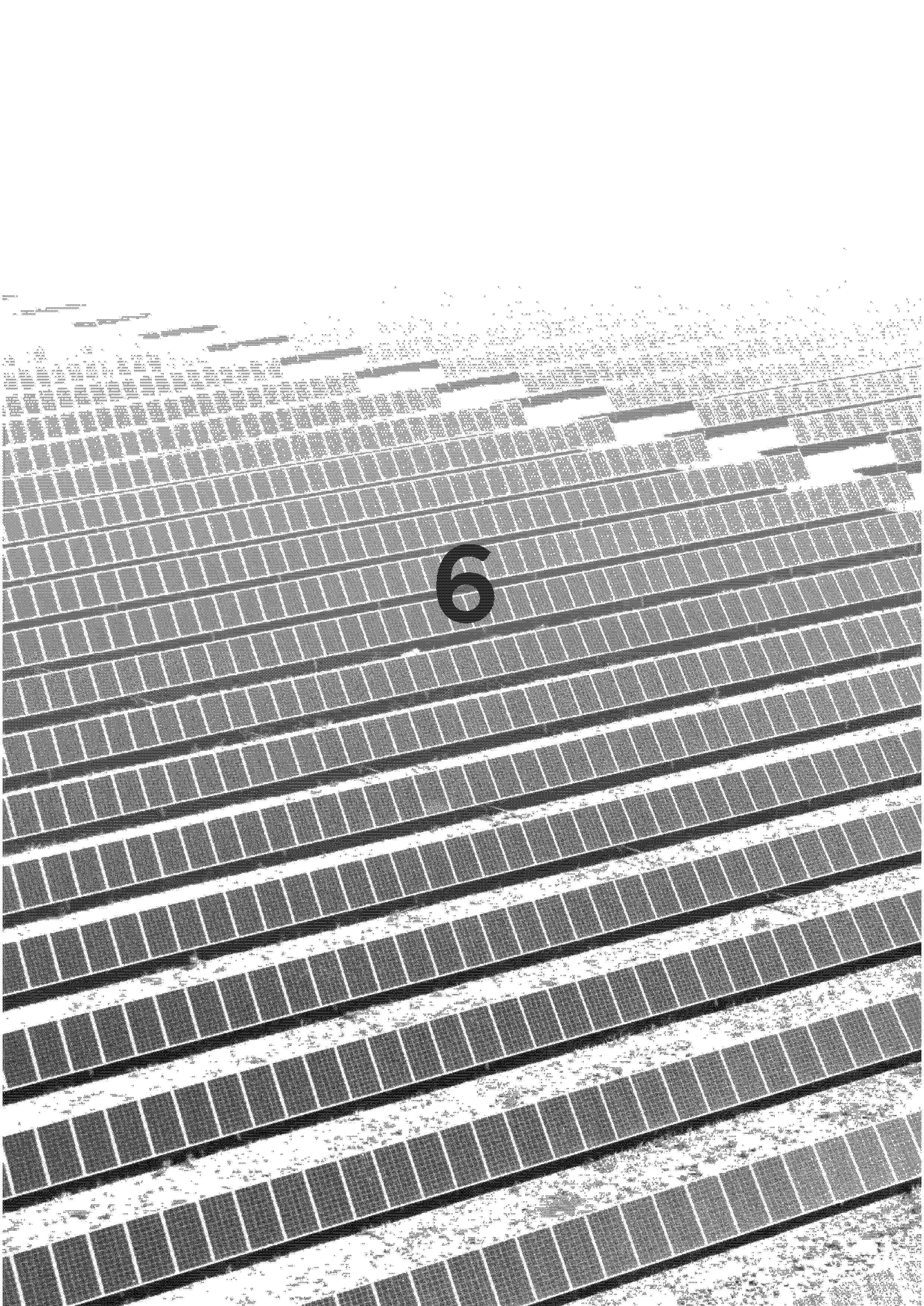
RSM Paris
Martine Leconte

Director of the CSR Department
Partner

Appendix 1: List of information that we considered to be the most important

Qualitative and quantitative information (including key performance indicators):

Risks	Quantitative indicators	Qualitative data tested
Working according to ethical principles *Risk of corruption in the context of the Group's expansion into emerging markets* *Risk with suppliers and contractors whose practices do not respect human rights (child labor, forced labor, health and safety, etc.), which can lead to human rights violations and damage the company's reputation*	KPI: - Share of employees trained in anti-corruption training - Percentage of "exposed" employees who have had additional anti-corruption training - Percentage of Tier-1 suppliers - Percentage of suppliers and contractors certified ISO 45 001	- Systematization of the third-party system aimed at applying actions proportionate to the risks of corruption - Site visits include a review of points relating to health, safety, environment, and quality
Attracting and retaining employees *Risks related to the ability to retain managers and key employees*	Indicators: - Headcount as at 31.12.N - Breakdown of employees by gender and geographic area KPI: - Attrition rate - Percentage of employees having received at least one training session during the year	- Neoen carries out a pre-audit on local practices in terms of remuneration and benefits - Neoen allows its employees to confront new positions and experiences within its various subsidiaries - The employee is also invited to express themselves freely about their working conditions and any improvements to be made to their work organization.
Reducing our emissions *Contributing to the energy transition*	KPI: - Tons of CO2 equivalent avoided through production.	- Several initiatives launched to reduce emissions including the establishment of dialogues with key suppliers
Putting safety first *Health and safety risks for employees and subcontractors*	Indicator: - % of O&M Contractor that have had an HSE audit KPI: - Frequency rate of work accidents with lost time - % of sites under construction that have had an HSE audit	- Neoen monitors the Group›s performance in terms of HSE policy on a quarterly basis
Protecting biodiversity *Risk/Opportunity: Protecting natural resources*	Indicator: - Number of Neoen parks located in sensitive areas in terms of biodiversity KPI: - % projects entering construction that have had an environmental impact assessment completed.	- Neoen develops agri-solar projects in partnership with farmers.
Integrate/Foster recycling *Risk/Opportunity: Waste and circular economy*	KPI: - For new or renegotiated contracts, sum of MW covered by a recycling clause	- Neoen has added a reuse clause in all wind maintenance contracts authorizing the use of reuse parts (guarantee and equivalent certification)
Consult and interact *Risks related to opposition to the installation of a facility by local populations*	KPI: - % projects in operation that have been subject to consultation	- Discussions take place with local elected officials to ensure the compatibility of the project with the orientations of the territories


6

CORPORATE GOVERNANCE REPORT

6.1	STATE OF GOVERNANCE	246
6.1.1	Composition of the Board of Directors	246
6.1.2	Observer of the Board of Directors	253
6.1.3	Renewal of terms of office	254
6.2	ORGANISATION OF CORPORATE GOVERNANCE	256
6.2.1	Principles governing the composition and operation of the Board of Directors	256
6.2.2	Principles governing the functioning of the governance	262
6.3	REMUNERATION OF ALL CORPORATE OFFICERS	272
6.3.1	Remuneration policy	272
6.3.2	Remuneration of executive officers	275
6.3.3	Compensation of non-executive officers	293
6.3.4	Report on options and free shares	296
6.3.5	Other information on executive officers	301
6.3.6	Amounts set aside or accrued by the Company or its subsidiaries for pension, retirement or other benefit payments	301
6.4	OTHER INFORMATION	302
6.4.1	List of valid delegations and authorisations granted by the general shareholders' meeting in the area of capital increases (including uses made in 2023 on the basis of delegations voted in 2022)	302
6.4.2	Agreements entered into by executives or shareholders with companies controlled by the Company	305
6.4.3	Procedure for evaluating current agreements	305
6.4.4	Main transactions with related parties	305
6.4.5	Information likely to have an impact in the event of a public offering	306
6.5	STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS	307

6 CORPORATE GOVERNANCE REPORT

This chapter constitutes the corporate governance report referred to in Article L. 225-37 of the French Commercial Code.

In this chapter, "Company", "Neoen S.A." or "Neoen" refers to the limited company Neoen.

It reports in particular on (i) the composition, conditions for preparing and organising the work of the Board of Directors and its Committees and gender balance, (ii) the Corporate Governance Code to which the company refers and (iii) remunerations for corporate officers.

This report was prepared by a working group including *inter alios* the Legal Department, the Human Resources Department and the Finance Department.

This report was reviewed by the Governance and CSR Committee at its meeting on February 16, 2024, and approved by the Board of Directors of February 28, 2024. It will be presented to the shareholders at the next general shareholders' meeting on May 14, 2024.

6.1 STATE OF GOVERNANCE

The Company is a limited company with a Board of Directors since September 12, 2018.

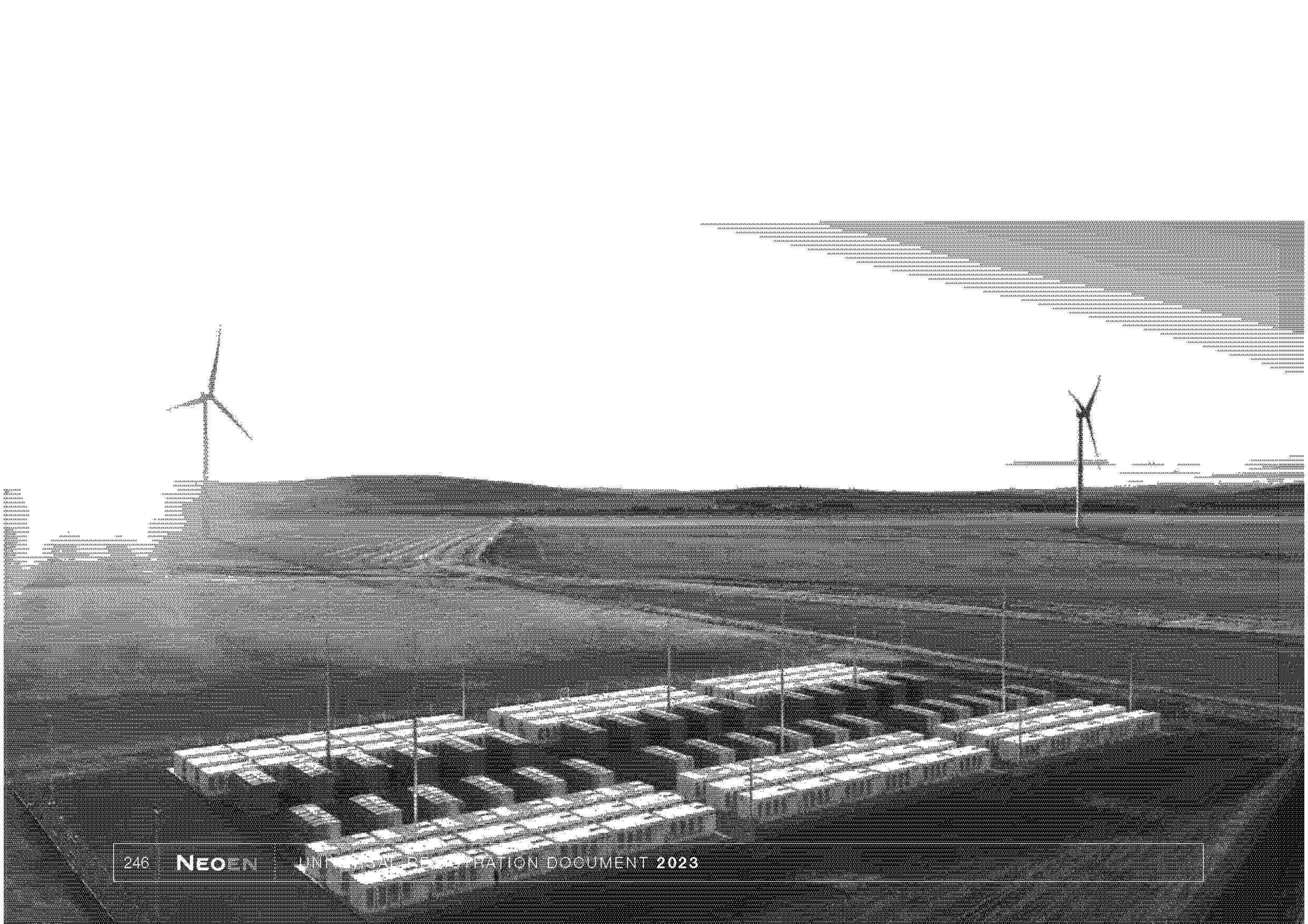
The Company refers to the Corporate Governance Code for listed companies of the *Association Française des Entreprises Privées* (AFEP) and *the Mouvement des Entreprises de France* (MEDEF) (the "**AFEP/MEDEF Code**"). In this chapter, the numbering of the recommendations of the AFEP/MEDEF Code is that of the revised version of December 20, 2022.

6.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

As of February 28, 2024, the date on which the report on corporate governance was prepared by the Board of Directors, it is composed of seven members and an observer. The composition of the Board of Directors is described in the tables below.

There was no change in the composition of the Board during the 2023 financial year or between the end of this financial year and February 28, 2024.

Stéphanie Levan was reappointed as a Director at the general shareholders' meeting of May 10, 2023, for a term of four years.



THE BOARD OF DIRECTORS IS COMPOSED OF SEVEN MEMBERS AND AN OBSERVER:



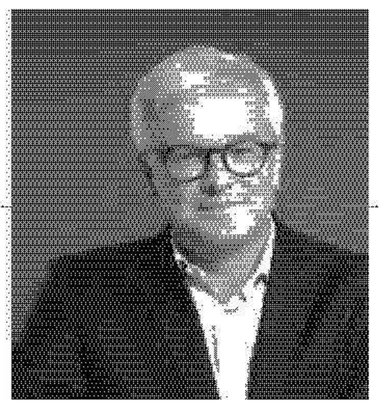
XAVIER BARBARO
President and CEO



HELEN LEE BOUYGUES
Lead Director



FSP(1)
Represented by Christophe Gégout
Director



SIXTO
Represented by Bertrand Dumazy
Director



BPIFRANCE INVESTISSEMENT
Represented by Vanessa Giraud
Director



STÉPHANIE LEVAN
Director



SIMON VEYRAT
Director



JACQUES VEYRAT
Observer

- Independent Director
- Audit Committee
- Governance and CSR Committee
- P President of Committee

Ratio of Independent Directors(2)
42 %

Gender Diversity in the Board of Directors(2)
42%
58%

Average age of Directors(2)
48 years

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

XAVIER BARBARO

Chairman and Chief Executive Officer

Business address:
22 rue Bayard - 75008 Paris

Age: 48 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2026 to approve the financial statements for the previous financial year

Number of Company shares held:
1,946,634[1]

Xavier Barbaro is Chairman and Chief Executive Officer of Neoen. He started his career at Louis Dreyfus Communications (which became Neuf Cegetel) in Paris in 2001, before joining Louis Dreyfus Commodities in Geneva as assistant to the managing director, where he was in charge of the business plan and carried out several projects in Asia. He then joined Direct Energie in 2007 as Director of development before founding Neoen in 2008. Xavier Barbaro is a graduate of the École Polytechnique, the École Nationale des Ponts et Chaussées and holds an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT[2]

- Chairman and Chief Executive Officer of Neoen S.A.*[2]
- Chairman of Cartusia S.A.S
- Manager of the non-trading company Axholme
- Manager of the non-trading company Casara

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD[4]

- None.

(1) Number of shares held directly or indirectly (notably, via Cartusia) by Xavier Barbaro and his family members.
(2) Xavier Barbaro holds positions in certain Group's European subsidiaries.
(3) Main office held by Xavier Barbaro as of the date of this document.
(4) Xavier Barbaro has held positions in certain Group subsidiaries.
** French listed company*

INDEPENDENT DIRECTORS

HELEN LEE BOUYGUES

Independent Director

Lead Director

Business address:
184 avenue Victor Hugo - 75116 Paris

Age: 51 years

Nationality: American

Date of expiry of term of office:
General shareholders' meeting to be held in 2025 to approve the financial statements for the previous financial year

Number of Company shares held:
1,632

Helen Lee Bouygues began her career in 1995 with J.P. Morgan, as an associate in M&A in New York and Hong Kong. In 1997, she was appointed Development Director of Pathnet, a telecommunications services provider based in Washington, DC, and then in 2000 joined Cogent Communications where she worked as Treasurer, Chief Operating Officer and Chief Financial Officer until 2004. She was then appointed partner at Alvarez & Marsal in Paris, which she left in 2010 to create her own consulting firm. In 2014, she joined McKinsey & Company, where she became a partner in charge of the Recovery and Transformation Services department. Since February 2018, she has been President of LB Associés, a consulting firm. She holds a Bachelor of Arts in political science, magna cum laude, from Princeton University and an MBA from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

- President of LB Associés[1].
- Independent Director, Lead Director and member of the Audit Committee and member of the Governance and CSR Committee of Neoen S.A.*
- Member of the Board of Directors and the Audit and Remuneration Committee of Burelle S.A.*
- Member of the Board of Directors and the Audit and Remuneration Committee of Latécoère S.A.*
- Member of the Board of Directors and the Audit Committee of Fives S.A.S.
- Governor and Chairwoman of the Finance Committee of the American Hospital (Association).
- Member of the Board of Directors and of the Audit & Risk Management Committee and Chairman of the Investment Committee of CGG S.A.*
- Member of the Board of Directors and the Audit Committee and the IT Strategy Committee of Guaranty Trust Holding Company PLC.**

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Member of the Board of Directors and the Audit Committee of Novartex S.A.S.
- Chairwoman of the Board of Directors of Conforama S.A.
- Member of the Supervisory Board of Arvella Investments S.A.S.

(1) Main office held by Helen Lee Bouygues as of the date of this document.
** French listed company*
*** Nigerian listed company*

FONDS STRATEGIQUE DE PARTICIPATIONS (FSP)[1]

Represented by Christophe Gégout, Independent Director

Business address:
20 rue Royale - 75008 Paris

Age: 47 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year

Number of Company shares held[2]:
10,534,226

Christophe Gégout began his career in 2001 in the General Directorate of the French Treasury and then, from 2003, in the Budget Department. In 2007, he became an advisor to the Ministry of Finance. He joined the French Alternative Energies and Atomic Energy Commission (CEA) in April 2009 as Chief Financial Officer and became Deputy Managing Director in September 2015. He also became Chairman of CEA Investissement, a subsidiary of the CEA, in 2010. In 2018, he became the new President of the Alliance Nationale de Coordination de la Recherche pour l'Énergie (Ancre), and then Senior Investment Director at Meridiam, he is now a partner and Chief Executive Officer of Yotta Capital Partners, a management company specialising in the reindustrialisation and decarbonisation of industry. He is a graduate of École Polytechnique, Sciences Po Paris and ENSAE (École Nationale de la Statistique et de l'Administration Économique).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Offices and positions held by Christophe Gégout

- Partner – Chief Executive Officer of Yotta Capital Partners S.A.S.[3]
- Permanent representative of FSP as Director and Chairman of the Audit Committee of Neoen S.A.*
- Member of the Board of Directors and Chairman of the Audit Committee of Soitec S.A.*

Positions and offices held by FSP

- Director and Chairman of the Audit Committee of Neoen S.A.*
- Member of the Board of Directors of SEB S.A.*
- Member of the Board of Directors of Arkema S.A.*
- Member of the Board of Directors of Eutelsat Communications S.A.*
- Member of the Supervisory Board of Tikehau Capital SCA*.
- Member of the Board of Directors of Tikehau Capital Advisor S.A.
- Member of the Board of Directors of Elior S.A.*
- Member of the Board of Directors of Valeo S.A.*
- Member of the Board of Directors of Believe S.A.*
- Member of the Board of Directors of Soitec S.A.*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

Offices and positions held by Christophe Gégout

- Assistant Director General of the French Alternative Energies and Atomic Energy Commission (CEA).
- Chairman of the Board of Directors of CEA Investissement.
- Member of the Supervisory Board of Supernova Invest.
- Member of the Board of Directors of Séché environnement.
- Permanent representative of CEA, Director of FT1CI.
- Permanent representative of CEA Investissement, observer of the supervisory Board of Kalray*.
- Member of the Board of Directors of Allego BV.

Positions and offices held by FSP

- Member of the Board of Directors of Safran S.A.*
- Member of the Board of Directors of Zodiac Aerospace S.A.*

(1) For more information on the Fonds Stratégique de Participations (FSP), the reader is invited to refer to paragraph 7.3.1 "breakdown of share capital and voting rights" of this document.
(2) The Fonds Stratégique de Participations, of which Christophe Gégout is the permanent representative, is a shareholder in the Company (refer to section 7.3 "shareholding structure" of this document).
(3) Main office held by Christophe Gégout as of the date of this document.
** French listed company*

SIXTO[1]

Represented by Bertrand Dumazy, Independent Director

Business address:
14/16 boulevard Garibaldi - 92130 Issy les Moulineaux

Age: 52 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2025 to approve the financial statements for the previous financial year

Number of Company shares held:
1,350

Bertrand Dumazy began his career in 1994 as a consultant with Bain & Company, first in Paris and later in Los Angeles. He then became Investment Director at BC Partners in 1999. In 2002 he joined the Neopost group, where he was Director of marketing and strategy. He was appointed Chairman and CEO of Neopost France in 2005 and then Chief Financial Officer of the group in 2008. In 2011, he was appointed CEO of the Deutsch group, a world leader in high performance connectors, a position he held until the group was acquired by TE Connectivity. In 2012, he joined the Materis group as Executive Vice President and then CEO and eventually Chairman and CEO of the renamed Cromology Group. He was appointed CEO of the Edenred group in October 2015. Bertrand Dumazy is a graduate of ESCP Europe and holds an MBA (with distinction) from Harvard Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Offices and positions held by Bertrand Dumazy

- Chairman and Chief Executive Officer of Edenred S.E.*[2]
- Permanent representative of Sixto on the Board of Directors and Chairman of the Governance and CSR Committee of Neoen S.A.*
- Director on the Board of Directors, member of the Nominations and Governance Committee and of the Audit and Accounts Committee of Air liquide S.A.*

Positions and offices held by Sixto

- Director and Chairman of the Governance and CSR Committee of Neoen S.A.*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

Offices and positions held by Bertrand Dumazy

- Chairman of PWCE Participations S.A.S (a company of the Edenred group).
- Chairman of the Supervisory Board of Union Tank Exkstein GmbH & Co. KG (Germany - Edenred group company).

Offices of Sixto

- Member of the Board of Directors of Terreal Holding S.A.S.

(1) Sixto is a company specialised in the business consulting sector, including strategy, management and investment consulting.
(2) Main office held by Bertrand Dumazy as of the date of this document.
** French listed company*

DIRECTORS

BPIFRANCE INVESTISSEMENT[1]

Represented by Vanessa Giraud, Director

Business address:
6/8 boulevard Haussmann – 75009 Paris

Age: 50 years

Nationality: French

Date of expiry of the position:
General shareholders' meeting to be held in 2025 to approve the financial statements for the previous financial year

Number of Company shares held[2]:
6,674,470

Vanessa Giraud started her career in 1996 in the international banking sector (Société Générale in Germany and then General Inspection of Crédit Agricole Indosuez), before continuing in strategy consulting for Arthur D. Little in 2001 (Telecom/Internet/Media/Electronics, Pharma, Oil & Gas practices). Vanessa joined Caisse des Dépôts' private equity division in 2004 and then Bpifrance in 2013. She is currently Director of the Environmental Impact Funds Unit and the Director of Strategy & Development of the Private Equity Division at Bpifrance Investissement. Vanessa is a graduate of HEC, holds a certificate as a company Director from the French Institute of Directors (IFA), and is a Knight of the Order of Agricultural Merit.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT

Positions and offices held by Vanessa Giraud

- Director of the Environmental Impact Funds Unit and Director of Strategy & Development of the Private Equity Department at Bpifrance Investissement.[3]
- Permanent representative of Bpifrance Investissement on the Board of Directors of Neoen S.A.*
- Director of Société Forestière de la Caisse des Dépôts.
- Permanent representative of Bpifrance Investissement on the Strategy Committee of Linex S.A.S.
- Member of the Monitoring Committee of Malvaux Group S.A.S.
- Observer of the Strategic Committee of Mobilitex S.A.S.

Offices and positions of Bpifrance Investissement[4]

- Director of Neoen S.A.*
- Member of the Board of Directors of Advicenne Pharma S.A.*
- Member of the Board of Directors of Alstom S.A.*
- Member of the Board of Directors of Arkema S.A.*
- Member of the Board of Directors of Beneteau S.A.*
- Member of the Board of Directors of Elis S.A.*
- Member of the Board of Directors of Essilor Luxottica S.A.*
- Member of the Board of Directors of Euroapi S.A.*
- Member of the Board of Directors of Fermentalg S.A.*
- Member of the Board of Directors of Forsee Power S.A.*
- Member of the Supervisory Board of Kalray S.A.*
- Observer of the Board of Directors of Maat Pharma S.A.*
- Member of the Board of Directors of McPhy Energy S.A.*
- Member of the Board of Directors of Mersen S.A.*

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

Positions and offices held by Vanessa Giraud

- Permanent representative of Bpifrance Investissement at the Supervisory Board of Bois et Sciages de Sougy S.A.
- Permanent representative of Bpifrance Investissement and Chairman of the Strategic Committee of Palettes Gestion Services S.A.S.
- Permanent representative of Bpifrance Investissement on the Strategic Committee of Scierie de Savoie Lapierre & Martin S.A.S.
- Permanent representative of Bpifrance Investissement on the Monitoring Committee of G.M.I - Groupe Millet Industrie S.A.S.
- Permanent representative of Bpifrance Investissement on the Supervisory Committee of Trainvest S.A.S.
- Permanent representative of Bpifrance Investissement on the Sirail S.A.S Group Committee.
- Permanent representative of Bpifrance Investissement on the Monitoring Committee of Interior Rail S.A.S.
- Permanent representative of Bpifrance Investissement on the Strategic orientation of Syntony S.A.S.

Offices and positions of Bpifrance Investissement[4]

- Member of the Board of Directors of Abéo S.A.*
- Member of the Board of Directors of Adocia S.A.*
- Member of the Board of Directors of Albioma S.A.
- Member of the Board of Directors of Balyo S.A.*
- Member of the Board of Directors of Bastide le Confort Médical S.A.
- Member of the Board of Directors of EOS Imaging S.A.
- Member of the Board of Directors of Eutelsat Communications S.A.*
- Observer of the Board of Directors of Gensight Biologics S.A.
- Observer of the Board of Directors of Getaround S.A.*

- Member of the Board of Directors of Metabolic Explorer S.A.*
- Member of the Board of Directors of Nacon S.A.*
- Member of the Board of Directors of Seb S.A.*
- Member of the Supervisory Board of SergeFerrari Group S.A.**
- Member of the Board of Directors of SPIE S.A.*
- Member of the Board of Directors of Teract S.A.*
- Member of the Board of Directors of Verallia S.A.*
- Observer of the Board of Directors of Voyageurs du Monde S.A*
- Member of the Board of Directors of Lysogène S.A.
- Member of the Board of Directors of Pixium Vision S.A.
- Observer of the Board of Directors of Poxel S.A.
- Member of the Board of Directors of Sensorion S.A.*
- Member of the Board of Directors of Txcell S.A.
- Member of the Board of Directors of Villmorin & Cie S.A.*
- Member of the Board of Directors of Vantiva S.A.*
- Observer of the Board of Directors of Teract S.A*

(1) For more information on Bpifrance Investissement, please refer to paragraph 7.3.1 "breakdown of share capital and voting rights" of this document.
(2) Bpifrance Investissement, of which Vanessa Giraud has been a permanent representative, is a shareholder in the Company, through the FPCI Fonds ETI 2020 (refer to section 7.3 "shareholding structure" of this document).
(3) Main office held by Vanessa Giraud as of the date of this document.
(4) As the fund manager of a large portfolio of investments, the list of Bpifrance Investissement mandates presented above includes only those held in listed companies.
** French listed company*

STÉPHANIE LEVAN

Director

Business address:
4 rue Euler - 75008 Paris

Age: 52 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2027 to approve the financial statements for the previous financial year

Number of Company shares held:
1,442

Stéphanie Levan began her career at Ernst & Young where she conducted audit and consulting assignments for five years with several listed French and foreign companies. She then joined the Plastic Omnium Group, an automotive equipment manufacturer and specialist in urban waste collection and management, as group consolidation Director and then internal audit Director. In September 2004, she joined the Louis Dreyfus group as group consolidation Director and, at the time of a spin-off, became the Chief Financial Officer of the Impala group (formerly Louis Dreyfus S.A.S). Stéphanie Levan is a graduate of the EDHEC and is a certified public accountant.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chief Financial Officer of Impala S.A.S.(1) – Director and member of the Audit Committee of Neoen S.A.*	– None.

(1) Main office held by Stéphanie Levan as of the date of this document.
** French listed company*

SIMON VEYRAT

Director

Business address:
4 rue Euler - 75008 Paris

Age: 33 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year

Number of Company shares held(1):
0

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

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Business manager at the Impala Group.(2) – Director of Neoen S.A.* – Chairman of Clapioca S.A.S.	– None.

(1) Simon Veyrat is an indirect shareholder of the Company, through Impala S.A.S, in which he is a minority shareholder.
(2) Main office held by Simon Veyrat as of the date of this document.
** French listed company*

6.1.2 OBSERVER OF THE BOARD OF DIRECTORS

The Board of Directors may appoint observers.

Observers are invited to attend and may be consulted by the Board of Directors as observers. The Board of Directors may entrust specific missions to observers; they may be part of and chair - subject to compliance with the recommendations of the AFEP/MEDEF Code and the Board of Directors' internal regulations, in particular with regard to independence requirements, Committees created by the Board of Directors (with the exception of the Audit Committee). Please refer to the paragraph 6.2.1.4 "review of the independence of Directors".

Any remuneration of observers is set by the Board of Directors. The Board of Directors may decide to pay observers a share of the total annual remuneration allocated to it by the general shareholders' meeting and authorise the reimbursement of expenses incurred by observers in the interest of the Company.

JACQUES VEYRAT

Observer

Business address:
4 rue Euler - 75008 Paris

Age: 61 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2026 to approve the financial statements for the previous financial year

Number of Company shares held[1]:
0

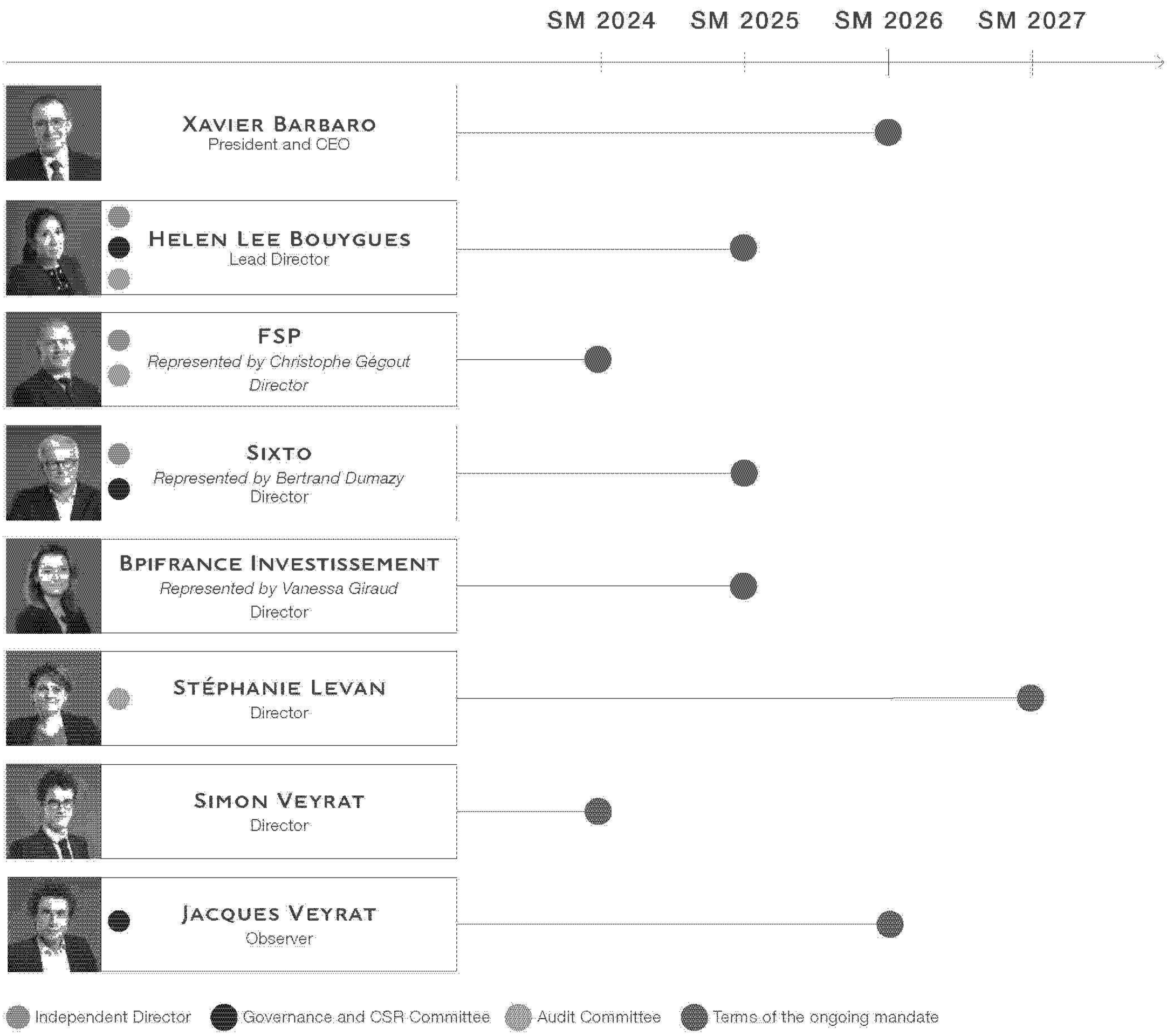
Jacques Veyrat began his career in 1989 at the Industrial Restructuring Interdepartmental Committee (treasury department), where he was rapporteur until 1991. From 1991 to 1993, he was deputy secretary general of the Paris Club, and subsequently became a technical advisor to the Ministry of Transportation Equipment, Tourism and the Sea as of 1993. In 1995, he joined the Louis Dreyfus group as Managing Director of Louis Dreyfus Armateurs until 1998, before becoming Chairman and CEO of Louis Dreyfus Communications (Neuf Cegetel) from 1998 to 2008 and Chairman and CEO of the Louis Dreyfus group until 2011. Since 2011, he has been Chairman of Impala S.A.S. He is a graduate of the École Polytechnique and Collège des Ingénieurs, and is an engineer of the Corps des Ponts et Chaussées.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Chairman of Impala S.A.S.[2] – Observer and member of the Governance and CSR Committee of Neoen S.A.* – Chairman of the Board of Directors of Fnac-Darty S.A.* – Director of GBL (Groupe Bruxelles Lambert)** – Director of Iliad S.A. – Observer of the Supervisory Board of Louis Dreyfus Armateurs S.A.S.	– Member of the Supervisory Board of Eurazeo SE* – Director of Direct Energie S.A.* – Director of ID Logistics Group S.A.* – Director of Imerys S.A.* – Director of HSBC France S.A. – Member of the Supervisory Board of Sucres et Denrées S.A. – Director of Nexity S.A.* – Observer of the Board of Directors of ID Logistics Group S.A.*

(1) Jacques Veyrat controls Impala S.A.S, which is the Company's reference shareholder.
(2) Main office held by Jacques Veyrat as of the date of this document.
** French listed company*
*** Belgian company listed on Euronext Brussels*

6.1.3 RENEWAL OF TERMS OF OFFICE

Expiry of the terms of office of the Directors and the observer



	First appointment	Last renewal of office	Expiry of current office[1]
Xavier Barbaro Chairman and Chief Executive Officer	2018 SM	2022 SM	2026 SM
Helen Lee Bouygues Lead Director	2018 SM	2021 SM	2025 SM
FSP Represented by Christophe Gégout Director	2018 SM	2020 SM	2024 SM
Sixto Represented by Bertrand Dumazy Director	2018 SM	2022 SM	2025 SM
Bpifrance Investissement Represented by Vanessa Giraud Director	2018 SM	2021 SM	2025 SM
Stéphanie Levan Director	2018 SM	2023 SM	2027 SM
Simon Veyrat Director	2018 SM	2020 SM	2024 SM
Jacques Veyrat Observer	2018 Board of Directors	2022 Board of Directors	2026 SM

(1) The terms of office of the members of the Board of Directors expire at the end of the general shareholders' meeting to be held during the relevant year to approve the financial statements for the previous financial year.

Proposal to renew the term of office of Mr. Simon Veyrat

Mr. Simon Veyrat's term of office as a Director expires at the end of the general shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year, i.e. at the next annual general shareholders' meeting.

Considering the priority skills, in particular sector expertise and strategy, which Simon Veyrat possesses, a proposal will be made to the Company's next annual general shareholders' meeting to reappoint him as a Director for a term of four years, expiring at the end of the general shareholders' meeting to be held in 2028 to approve the financial statements for the previous financial year.

It is specified that the Board of Directors of December 14, 2023 has considered, after having consulted the Governance and CSR Committee, that Mr. Simon Veyrat could not be qualified as independent having regard to the AFEP/MEDEF Code criteria to which the Company refers because of his appointment on the proposal of the reference shareholder Impala SAS.

Proposal to renew the term of office of the Fonds Stratégique de Participations (FSP)

FSP (represented by Mr. Christophe Grégout) term of office as a Director expires at the end of the general shareholders' meeting to be held in 2024 to approve the financial statements for the previous financial year, i.e. at the next annual general shareholders' meeting.

Considering the priority skills, in particular sector expertise and experience in finance and CSR, which FSP (represented by Mr. Christophe Gégout) possesses, a proposal will be made to the Company's next annual general shareholders' meeting to reappoint him as a Director for a term of four years, expiring at the end of the general shareholders' meeting to be held in 2028 to approve the financial statements for the previous financial year.

FSP and its representative Mr. Christophe Gégout meet the AFEP-MEDEF Code independence criteria adopted by the Company, as set out in section 6.2.1.4 "review of the independence of Directors" of this document.

As a reminder, FSP, represented by Mr. Christophe Grégout is also member and Chairman of the Audit Committee.

At its meeting of February 28, 2024, the Board of Directors, on the recommendation of the Governance and CSR Committee, decided to renew FSP, represented by Mr. Christophe Gégout, as member and Chairman of the Audit Committee, subject to the condition precedent that and with effect from the renewal of its Director's term of office, for a term coinciding with that of its term of office.

6.2 ORGANISATION OF CORPORATE GOVERNANCE

6.2.1 PRINCIPLES GOVERNING THE COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS

6.2.1.1 RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company is governed by a Board of Directors comprising at least three members and no more than eighteen members, appointed by the ordinary general shareholders' meeting.

When the Board of Directors is composed of more than eight members, the difference between the number of Directors of each gender may not exceed two.

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

The Board of Directors is renewed each year in rotation, so that this rotation concerns a portion of the members of the Board of Directors.

The ordinary general shareholders' meeting sets the term of office of Directors at four years, subject to the legal provisions allowing an extension of the term of office. The duties of each Director will terminate following the ordinary general meeting of shareholders called to approve the financial statements of the prior financial year and which is held in the year during which such Director's term expires.

As an exception, the general shareholders' meeting may, for the implementation or maintenance of a principle of staggered renewal of the Board of Directors, appoint one or more Directors for a different term not exceeding four years or reduce the term of office of one or more Directors in office to less than four years. The duties of any Director so appointed or whose term of office is modified for a period not exceeding four years shall end at the end of the ordinary general meeting of shareholders that has approved the financial statements of the previous financial year and held in the year during which such Director's term of office expires.

6.2.1.2 INTERNAL REGULATIONS FOR THE BOARD OF DIRECTORS

The Board of Directors of the Company adopted on September 12, 2018, and subsequently updated for the last time on December 14, 2023, internal regulations describing the composition, duties and rules governing its operation and those of the Committees, in addition to the applicable legislative, regulatory and statutory provisions. It is posted on the Company's website, in the "investors – governance" section. It provides for the following clarifications.

(i) Participation in Board of Directors meetings by videoconference or any other means of communication - Written consultation of Directors

In accordance with the provisions of Article L. 225-37 of the French Commercial Code and Article 14.3 of the by-laws, the Board of Directors' internal regulations provide for the possibility for Directors to attend Board meetings by any means of videoconferencing or telecommunication that allows Directors to be identified and ensures their effective participation. These methods of participation do not apply to the approval of those decisions defined by Articles L. 232-1 and L. 233-16 of the French Commercial Code relating respectively to the establishment of the annual financial statements and the management report and to the establishment of the Group's consolidated financial statements and management report.

In addition, in accordance with the provisions of Article L. 225-37 of the French Commercial Code, Article 14.3 of the by-laws and the Board of Directors' internal regulations, certain decisions of the Board of Directors (as provided for by the regulations) may be taken by written consultation.

(ii) Reserved matters of the Board of Directors

According to the terms of Article 15 of the by-laws, the Board of Directors sets the limits on the powers of the Chief Executive Officer, if applicable, according to its internal regulations, defining the decisions for which the prior approval of the Board of Directors is required.

According to the terms of Article 4.2 of the internal regulations of the Board of Directors, without prejudice as to those decisions expressly reserved by law for general shareholders' meetings and without prejudice to the general powers of the Board of Directors to examine any question concerning the conduct of Company business, the following decisions relating to the Company and/or any one of its subsidiaries, as applicable, and any measure leading in practice to the same consequences as those resulting from one of the following decisions which the Chief Executive Officer and/or the Deputy Chief Executive Officers may wish to make shall be subject to prior approval of the Board of Directors, voting on the basis of a simple majority of this members present or represented:

(i) any acquisition or disposal (in particular by means of sale, merger, spin-off, or partial asset contribution) by the Company or one of its subsidiaries of an asset or equity investment of more than €20,000,000 (with the exception of potential transactions to be carried out by the Company or one of its subsidiaries in the assets or equity securities of subsidiaries that are wholly owned, directly or indirectly, by the Company);

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

(iii) any investment by the Company or by one of its subsidiaries, immediately or in the future, in equity or expenses relating to a project not included in the budget (including any partnership or joint venture agreement) for a unit amount greater than €20,000,000;

(iv) any investment or expense by the Company or one of its subsidiaries relating to a project included in the budget or authorised by the Board of Directors or the Supervisory Board, as the case may be, for an amount that results in an increase of more than 15% of the equity provided for in the budget or authorised by the Board of Directors or the Supervisory Board, as the case may be, for such project;

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

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

(vii) any transfer or sale of all or nearly all of the Company's assets, or any merger, spin-off, winding up, or liquidation of the Company (except for any transactions with a Group company that are merely internal reorganisation transactions without any effect on the shareholders' rights and obligations);

(viii) the entry into or amendment by the Company of any loan or corporate financing agreement with a person other than a Group company or one of its shareholders, and any guarantee, endorsement, or any other similar payment undertaking of the Company in an amount exceeding 5% of the total amount of the Group's indebtedness, it being specified that all projects that are part of the same decision or the same call for tender shall be combined for purposes of the thresholds provided for in this paragraph (viii);

(ix) the decision to (x) change the stock exchange on which the Company is listed, (y) conduct an initial public offering of the Company on another regulated market in addition to Euronext Paris, or to (z) conduct an initial public offering of a subsidiary of the Company on a regulated market; and

(x) the decision to transfer the registered office outside of France (or move the main decision-making centres outside of France).

(iii) Lead Director

The Board of Directors may decide to appoint a Lead Director if it deems it useful or necessary, under the conditions set by Article 1.3 of its internal regulations.

Details of (i) the appointment of the Lead Director and (ii) his or her duties and powers are set out in article 1.3 of the internal regulations of the Board of Directors.

Mrs. Helen Lee Bouygues was appointed Lead Director by the Board of Directors of April 17, 2019 and renewed by the Board of Directors of March 10, 2021.

Review of the Lead Director's activity

During the past financial year, Helen Lee Bouygues, attended all meetings of the Board of Directors and its Committees. She met regularly with the Chairman and Chief Executive Officer, including in advance of each meeting, to review the anticipated agendas and ensure that important issues were addressed. In addition, her main activities in financial year 2023 included:

- participating in the update of the 2025 business plan and the development strategy presented at the Capital Markets Day held on March 1st, 2023;
- contributing to the preparation of the capital increase with preferential subscription rights carried out on March 29, 2023;
- participating in the selection of the external consultant responsible for evaluating the operation of the Board of Directors and its Committees during the financial year 2023, carrying out the assessment work and preparing the presentation of its conclusions to the Board;
- assisting the Chairman and Chief Executive Officer in drawing up succession plans prior to their presentation to the Governance and CSR Committee and the Board of Directors Committee;
- leading and chairing the discussions of the Board meeting held without the presence of the executive officers (executive session) on December 21, 2023;

In addition, Helen Lee Bouygues ensured that there were no situations of conflicts of interest among the members of the Board of Directors during this financial year.

Lastly, as part of this work, Helen Lee Bouygues considered that the governance bodies functioned satisfactorily during the 2023 financial year. Under these conditions, she did not consider it necessary to ask the Chairman and Chief Executive Officer to call a Board meeting to discuss a specific agenda.

Managing conflicts of interest

Notwithstanding the obligation imposed on each member of the Board of Directors to declare conflicts of interest, as set out in article in Article 3.3 of the internal regulations, the Lead Director shall bring to the attention of the Board of Directors any situation of conflict of interest, even potential, that he or she may have identified.

6.2.1.3 CORPORATE GOVERNANCE CODE

The Company complies with the recommendations of the AFEP/MEDEF Code in its version dated December 20, 2022.

6.2.1.4 REVIEW OF THE INDEPENDENCE OF DIRECTORS

In accordance with Article 1 (ii) of the Internal Rules of the Governance and CSR Committee, the Committee shall assess "*each year, prior to the publication of the Company's annual corporate governance report, the position of each member of the Board of Directors with regard to the independence criteria adopted by the Company, and submit its opinions to the Board so it can examine the situation of each person in question with regard to these criteria*".

In accordance with the AFEP/MEDEF Code, to which the Company adheres, and the Board of Directors' internal regulations (article 1.2), Directors who do not have any relationship with the Company, the Group or its management, of any kind whatsoever that may compromise their freedom of judgement are considered independent. In particular, the criteria to be considered by the Governance and CSR Committee and the Board of Directors in order to consider a Director as independent are as follows:

(i) may not be an employee or executive officer of the Company, may not be an employee, executive officer or Director or of the parent company, of a company or entity of the Group or of a company consolidated by the parent company, and may not have been so during the previous five years;

(ii) may not be an executive officer of a company in which the Company directly or indirectly serves as a Director or in which an employee appointed as such or a company officer of the Company (currently or in the last five years) serves or has served as a Director;

(iii) may not be a significant customer, supplier, investment banker, corporate finance banker or advisor of the Company or its Group, or for which the Company or its Group represents a significant share of its business;

(iv) may not have any close family relationship with an officer of the Company;

(v) may not have been, during the previous five years, the statutory auditor of the Company;

(vi) may not have been a Director of the Company for longer than twelve years, it being specified that the loss of Independent Director status occurs on the date of twelve years.

According to the AFEP/MEDEF Code, with regard to the criterion mentioned in point (iii) above, the assessment of whether or not the relationship with the Company or the group is significant must be discussed by the Board of Directors and the quantitative and qualitative criteria that lead to this assessment must be contained in the corporate governance report.

For Directors holding more than 10% of the share capital or voting rights of the Company, or representing a legal person holding such an interest, the AFEP/MEDEF Code further recommends that the qualification as an Independent Director take into account the composition of the Company's capital and the existence of a potential conflict of interest.

In addition, the AFEP/MEDEF Code specifies that a non-executive officer cannot be considered independent if he or she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group.

	Xavier Barbaro	Helen Lee Bouygues	FSP	Sixto	Bpifrance Investissement	Stéphanie Levan	Simon Veyrat
Criterion 1: Must not be or have been an employee or executive officer of the Company, its parent company or one of its subsidiaries during the past five years		●	●	●	●		
Criterion 2: Must not be an executive officer of a company in which the Company holds a directorship	●	●	●	●	●	●	●
Criterion 3: Must not have significant business relationships with the Company	●	●	●	●		●	●
Criterion 4: Must not have a close family relationship with one of the Company's corporate officers	●	●	●	●	●	●	●
Criterion 5: Must not have been an auditor of the Company within the past five years	●	●	●	●	●	●	●
Criterion 6: Must not have been a Director of the Company for more than twelve years	●	●	●	●	●	●	●
Criterion 7: Must not receive variable performance-related compensation as a non-executive corporate officer		●	●	●	●	●	●
Criterion 8: Analysis by the Board of the status of the significant shareholder (>10% of the Company's capital) and of its representative director		●	●	●	●		
Independent Director	**NO**	**YES**	**YES**	**YES**	**NO**	**NO**	**NO**

● Independence Criterion satisfied

Pursuant to these criteria, the following persons were previously considered independent, on the occasion of the Company's IPO in October 2018 and at subsequent Board meetings, and in particular the meeting of December 14, 2023: Helen Lee Bouygues, Sixto represented by Bertrand Dumazy and the *Fonds Stratégique de Participations* (FSP) represented by Christophe Gégout because they each meet all the aforementioned independence criteria.

It is also specified that no Independent Director has a business relationship with the Company.

However, in view of the composition of the Company's capital, two Directors (Stéphanie Levan and Simon Veyrat) were not considered independent, notably given that they were appointed on the proposal of the Company's' reference shareholder, Impala SAS. Mr. Xavier Barbaro, who is the Chairman and Chief Executive Officer, was not considered independent because he is an executive officer of the Company.

Bpifrance Investissement's independence was reviewed in detail in December 2023 by the Governance and CSR Committee and the Board of Directors. As an entity of Bpifrance group is one of the Group's financing banks, the Company's conservative approach to this relationship has not yet allowed Bpifrance Investissement to be considered an independent member of the Board of Directors. However, the Board of Directors will review the situation each year to be able to reflect any possible changes in the business relationship between the Company, the Group and the lending entity of the Bpifrance group that is a financing bank of the Group.

6.2.1.5 DIVERSITY POLICY APPLIED TO MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE, AND DIVERSITY POLICY IN THE 10% OF POSITIONS WITH THE GREATEST RESPONSIBILITY

Diversity within the Board of Directors and its Committees

The Board of Directors has implemented a diversity policy aimed at obtaining a composition that achieves a good balance and a fair distribution of experiences, qualifications, cultures, ages, nationalities and seniority, in line with the needs of the Company. The search for this diversity results in a balanced composition within the Board of Directors, taking into account in particular the following elements: (i) the desired balance in the Board of Directors in view of the Company's shareholders, (ii) the desired number of independent members, (iii) the proportion of men and women required by the regulations in force, and (iv) the integrity, competence, experience and independence of each member.

At its meeting of December 15, 2021, the Board of Directors, acting on a proposal from the Governance and CSR Committee, approved the terms of the diversity policy applicable to Directors, assessed on the basis of a number of criteria set out below. At its meeting on December 14, 2023, it examined its implementation during the 2023 financial year and the results obtained during said financial year, from which the following elements emerge:

Criteria	Policy and objectives	Policy implementation and results in 2023
Gender balance	Gender balance on the Board and all Committees Compliance with the legal requirement within the Board: when the Board of Directors has more than eight members, the difference between the number of Directors of each gender may not exceed two and the proportion of Directors of each gender may not be less than 40%	Composition of the Board: • 42% women • Difference of one between the number of members of each gender (it being specified that the legal requirement applicable in this matter is a maximum difference of two) Composition of the Committees: • Audit Committee: 2/3 women • Governance and CSR Committee: 1/3 women • Difference of one between the number of members of each gender on each Committee
Plurality of nationalities - International profiles	International experience of some of the Directors and/or presence of at least one Director of foreign nationality	International dimension of the Board with regard to the presence of: • Helen Lee Bouygues, a US citizen with international experience, • Bertrand Dumazy, who heads a group with a large international presence, and • Xavier Barbaro, Chairman and CEO of Neoen, who had a previous professional experience abroad and currently heads the Group, which is present in 17 countries
Independence	Minimum percentage of independent members on the Board and the Committees: • Board of Directors: 1/3 • Audit Committee: 2/3 • Governance and CSR Committee: +50%	Representation of Independent Directors on the Board of Directors and the Committees: • Board of Directors: 42% independent members • Audit Committee and Governance and CSR Committee: 2/3 independent members
Age	Number of Directors over the age of 70 may not exceed one-third of the Directors in office	No Director has reached the age of 70. The Directors are currently between 33 and 52 years old, with an average of 48 years.

Criteria	Policy and objectives	Policy implementation and results in 2023
Diversity of professional skills and experience	Promoting and maintaining a variety and complementarity of expertise and experience among the Directors, which allows them to quickly and thoroughly apprehend the Company's development challenges and to make well-considered, quality decision	Diversity of skills: Some Directors have expertise in strategy, others in finance, international business, senior management or more specific areas (ethics and compliance, CSR, digital) For further details, please refer to the table of "skills represented on the Board of Directors" below Diversity of work experience: The majority of Directors have extensive professional experience in various business segments and in senior positions, most of whom are already or have already held Directorships or corporate offices in other French or foreign companies, some of which are public companies

SKILLS REPRESENTED ON THE BOARD OF DIRECTORS

		Strategy	Finance	International	General Management	Energy	Ethics and compliance	CSR	Digital
Xavier Barbaro		✓		✓	✓	✓		✓	
Helen Lee Bouygues	● ●	✓	✓	✓	✓	✓	✓	✓	✓
FSP Represented by Christophe Gégout	●	✓	✓	✓	✓	✓	✓	✓	
Sixto Represented by Bertrand Dumazy	●	✓	✓	✓	✓	✓	✓	✓	✓
Bpifrance Investissement Represented by Vanessa Giraud		✓	✓			✓	✓	✓	
Stéphanie Levan	●		✓				✓		
Simon Veyrat		✓	✓	✓	✓	✓			
Jacques Veyrat(1)	●	✓	✓	✓	✓	✓			
Total (%)*		85%	85%	71%	71%	85%	71%	71%	28%

● Audit Committee ● Governance and CSR Committee

(1) Mr. Jacques Veyrat is an observer of the Board of Directors.

** This percentage does not take into account the participation of Jacques Veyrat as observer.*

In light of the above, the Board of Directors of the Company, meeting on December 14, 2023, after having reviewed the conclusions of the Governance and CSR Committee, noted that all the objectives of the diversity policy had been achieved and would be monitored annually by the Governance and CSR Committee.

The monitoring and implementation of this diversity policy will be ensured in particular through the selection procedure for Directors, which includes all the criteria taken into account in connection with the diversity of the composition of the Board. These criteria will therefore be systematically examined when selecting candidates for the position of Director.

Gender balance on the Executive Committee

As an introduction, it is specified that the Company's management authority at the level of which gender diversity objectives are set in accordance with the AFEP/MEDEF Code is the Executive Committee of the Company.

The offices represented on the Company's Executive Committee are: Chairman and Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and General Counsel.

The representation of women on the Executive Committee remains at 20%, as in the previous year. The average women on their executive and management Committees is 25,5% in CAC 40 companies and 26,4% in SBF 120 companies.

However, given the Group's business sector and the predominantly engineering profile of the Executive Committee members, women are less represented in this labour market sector. As a result of these constraints, the Board of Directors, at its meeting of December 14, 2023, acting on a proposal from the Governance and CSR Committee, approved the objective of maintaining a minimum of 20% women on the Company's Executive Committee.

In addition, in the event of a vacancy on the Executive Committee to be filled by external recruitment, the Company will endeavour to have candidates of both sexes to maximise its chances of having a better gender balance on its Executive Committee. However, in the event of internal recruitment in accordance with the succession plan in place, there may not necessarily be any competition between male and female candidates.

Results in terms of gender diversity in the 10% of positions with the greatest responsibility

As of December 31, 2023, women accounted for 33.6% of the Group's total workforce (compared with 30.7% in 2022, an increase of around 10%) and 36.4% of the 10% most senior positions (compared with 27.8% in 2022, an increase of around 31%). The proportion of women in the Group, as well as recruitment, was already increasing in 2022. The significant increase of women in the Group's total workforce and in the top 10% positions of responsibility in 2023 is the result of major efforts deployed to implement the Group's diversity policy, which have been supported by growth in the workforce of more than 21% in 2023. Neoen has therefore exceeded its target by more than 32% of women within the Group.

The Group continues to ensure a satisfactory distribution of men and women and a wide diversity of backgrounds and nationalities (48 nationalities).

6.2.2 PRINCIPLES GOVERNING THE FUNCTIONING OF THE GOVERNANCE

6.2.2.1 METHOD OF GOVERNANCE

(i) Chairman and Chief Executive Officer

Combination of the functions of Chairman of the Board of Directors and Chief Executive Officer

Xavier Barbaro was appointed Chairman and Chief Executive Officer on September 12, 2018, with immediate effect. His term of office as Chairman and Chief Executive Officer was renewed for a period of four years at the end of the annual general shareholders' meeting on May 25, 2022.

Following the opinion of the Governance and CSR Committee, the Board of Directors concluded that not separating the functions of Chairman of the Board of Directors and Chief Executive Officer would ensure continuity with the separation of the powers between the statutory corporate bodies of the Company in its previous corporate form as a simplified joint stock company, so that the change in the corporate form would not have any effect on the way in which the Company's senior management is exercised. Xavier Barbaro held the position of Chief Executive Officer of the Company and Chairman of the Supervisory Board of the Company in its previous corporate form as a simplified joint stock company until it was changed into a limited company (*société anonyme*) on the same date, September 12, 2018.

The Board of Directors decided to keep the combination of the functions of Chairman of the Board and Chief Executive Officer for the following reasons:

- the combination of functions will continue to ensure responsiveness, efficiency and agility in decision-making: the latter is very characteristic for decision-making within the Group and the "unity of command" would be perfectly consistent with the existing decision-making process within the Group;
- it also allows the Company to speak with one voice and to continue to benefit from a single point of contact and strong and consistent communication;
- the combination of the functions of Chairman of the Board and Chief Executive Officer also makes it possible to continue to maintain the trust and dialogue established between the Company's senior management and the Board of Directors, and thereby ensure consistency between strategy and operational function;
- this combination of functions is also justified in view of the recognised performance and qualities of the current Chairman and Chief Executive Officer.

Lastly, this combination of functions ensure continuity with the previous method of governance, which has proven to be effective in a group with 439 employees at the end of 2023.

In addition, to ensure a balance of power within the Board of Directors and to avoid potential conflicts of interest, the Board of Directors has appointed a Lead Director. For more details, the reader is invited to refer to paragraph 6.2.1.2 (iii) "Lead Director" of this document.

Powers of the Chief Executive Officer (Article 16.2 of the by-laws)

The Chief Executive Officer is vested with all powers to act in all circumstances in the name of and on behalf of the Company. He exercises these powers within the limit of the corporate purpose and subject to those powers that the law and the by-laws expressly reserve to the general shareholders' meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is committed even by the actions of the Chief Executive Officer which do not fall within the corporate purpose, unless it can prove that the third party knew that the action exceeded this purpose or that he could not ignore it in the relevant circumstances, it being clarified that the publication of the by-laws alone shall not in itself be sufficient proof thereof. Nevertheless, the Chief Executive Officer must obtain the prior approval of the Board of Directors for operations listed in paragraph 6.2.1.2 (ii) "reserved matters of the Board of Directors" of this document.

(ii) Deputy Chief Executive Officer

Appointment of the Deputy Chief Executive Officer

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is set at three.

At its meeting of April 17, 2019, on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Governance and CSR Committee, the Company's Board of Directors had decided to appoint Romain Desrousseaux as Deputy Chief Executive Officer.

The term of office of Mr. Romain Desrousseaux as Deputy Chief Executive Officer was renewed at the Board of Directors' meeting of March 14, 2022, on the proposal of the Governance and CSR Committee, for a term coinciding with that of the Chairman and Chief Executive Officer, which took effect at the end of the annual general shareholders' meeting of May 25, 2022.

ROMAIN DESROUSSEAUX

Deputy Chief Executive Officer

Business address:
22 rue Bayard - 75008 Paris

Age: 48 years

Nationality: French

Date of expiry of term of office:
General shareholders' meeting to be held in 2026 to approve the financial statements for the previous financial year

Number of Company shares held:
547,825(1)

Romain Desrousseaux is Deputy Chief Executive Officer of Neoen and his main responsibility is to ensure the implementation of the Group's strategy and to support its international development accordingly. He began his career in 1999 at LDCom, in charge of the investment program in the high speed broadband internet network. In 2008, he joined the Louis Dreyfus Commodities group as deputy Chief Information Officer, then he took over operations management for the African and Middle East region. He joined Neoen in 2013 as Deputy Chief Executive Officer in charge of international project development, and member of the Executive Committee. Romain Desrousseaux is an alumnus of the École Normale Supérieure.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT(2)	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
– Deputy Chief Executive Officer of Neoen S.A.*	– None.

(1) Number of shares held by Romain Desrousseaux and his family members.
(2) Romain Desrousseaux holds offices in certain Group's foreign subsidiaries.
** French listed company*

Powers of the Deputy Chief Executive Officer (Article 16.3 of the by-laws)

With the Chief Executive Officer's agreement, the Board of Directors determines the extent and duration of the powers granted to the executive Deputy Chief Executive Officers.

Towards third parties, the executive Deputy Chief Executive Officer(s) have the same powers as the Chief Executive Officer.

Nevertheless, the Deputy Chief Executive Officer must obtain the prior approval of the Board of Directors for operations listed in paragraph 6.2.1.2 (ii) "reserved matters of the Board of Directors" of this document.

(iii) Executive Committee

As of the date of the corporate governance report, the Executive Committee was comprised of five members:

Xavier Barbaro	Chairman and Chief Executive Officer
Romain Desrousseaux	Deputy Chief Executive Officer
Norbert Thouvenot	Group Chief Operating Officer
Louis-Mathieu Perrin	Group Chief Financial Officer
Olga Kharitonova	General Counsel

Xavier Barbaro's resume is presented in paragraph 6.1.1 of this document.

Romain Desrousseaux's resume is presented in paragraph 6.2.2.1 (ii) of this document.

Norbert Thouvenot began his career in 1991 at Alcatel as export project manager. In 1998, he joined Louis Dreyfus Communication (LDCOM) where he held various positions (construction, internet and data BU) before taking over the management of the operational activities of the residential sector. He then joined the Louis Dreyfus Commodities group in 2006 as global Director of industrial operations, procurement and health & safety. He joined Neoen in 2015 as Director of international operations. He was then appointed Group Chief Operating Officer in May 2021. He is a graduate of CentraleSupelec and holds an International Master in Management from EM Lyon.

Louis-Mathieu Perrin began his career in audit and financial consulting for five years before joining Pictet Asset Management in 2006, initially as an analyst before becoming an Investment Manager. In 2009, he joined EY, where he became associate Director, and worked in particular with players in the energy sector. In 2014, he was appointed Chief Financial Officer of the Direct Énergie group, before moving to Voodoo in 2018, in similar positions. He joined Neoen in 2019 as Group CFO. Louis-Mathieu Perrin is a graduate of Sciences Po Paris.

Olga Kharitonova began her career in Moscow in 2000 with the European Business Club (an association representing the interests of European businesses in Russia) before joining CMS Francis Lefebvre. Admitted to the Paris bar in 2006, she then joined the Paris office of Cleary Gottlieb Steel & Hamilton LLP where she advised clients on complex international transactions. Olga Kharitonova joined Neoen in 2018 as the Group's General Counsel. She graduated from the State University of Moscow (Lomonossov), from the Paris IEP and holds a master's degree in business law from the Paris I-Sorbonne University.

(iv) Procedure for selecting Directors

The Company has a procedure for selecting new Directors. This procedure is intended to be used when a new member of the Board of Directors is to be appointed in addition to the members in office or to replace a member whose position has become vacant, including independent members. This selection procedure is implemented by the Governance and CSR Committee. It is managed by the Lead Director, in conjunction with the Chairman of the Governance and CSR Committee.

The main steps in this process, after identifying the selection criteria and the profile sought, are a review of the applications by the Lead Director in conjunction with the Chairman of the Governance and CSR Committee, where appropriate, in light of the work carried out by an external recruitment firm and/or profiles proposed by the Directors, followed by an individual interview with the Governance and CSR Committee, which makes a recommendation to the Board of Directors. The final choice is made by the Board of Directors. If this procedure is implemented, a report will be presented in the corporate governance report for the corresponding year.

(v) Succession plan for corporate officers

Under Article 1 (i) of the Internal Rules of the Governance and CSR Committee, the Committee is required to prepare and maintain a succession plan for the members of the Board of Directors and for the Company's executive officers, in order to be in a position to propose quickly to the Board of Directors succession solutions, especially in case of unforeseeable vacancy.

At its meeting on February 28, 2024, the Board of Directors, after receiving the opinion of the Governance and CSR Committee, has examined this point and considered, in line with the already existing plan, the following:

- the Deputy Chief Executive Officer appointed by the Board would enable the Company to appoint him/her as part of the immediate succession of the Chief Executive Officer in the event of an unforeseeable vacancy. This internal solution would have the advantage of ensuring a continuity as well as the thorough knowledge of the Company by the successor thus appointed, even if, depending on the circumstances that arise, the Board may wish to identify another candidate whose profile would more closely suit the role of Chief Executive Officer of the Company;
- the Lead Director appointed by the Board could, in turn, play the role of interim successor by immediately assuming the duties of Chairman of the Board of Directors in the event this position becomes vacant unexpectedly. Given the role of the Lead Director, this would enable the Company and its Board of Directors to also benefit from a continuity in the corporate bodies and the knowledge of the Company by the successor thus appointed, even if, depending on the circumstances that may arise, the Board may wish to identify, either temporarily or on a more permanent basis, another candidate whose profile would better fulfil the role of Chairman of the Board of Directors of the Company when the time comes.

Following its review of this succession plan, the Board of Directors confirmed that said succession plan was still applicable.

With regard to the members of the Board of Directors on the recommendation of the Governance and CSR Committee, the Board of Directors decided at its meeting of February 28, 2024 to continue the process of identifying potential candidates to allow the Group to face an unforeseeable vacancy of a Director; however, it being recalled that three of the seven Directors are legal entities, for which the question of succession does not arise, with the exception of the Company Sixto.

Lastly, in order to ensure continuity of management in the event of an unforeseen vacancy of a member of the Executive Committee, at its meeting of February 28, 2024, the Board of Directors, on the recommendation of the Governance and CSR Committee, has updated the succession plan of the other members of the

Executive Committee in place. This plan was implemented at the time of the departure of Paul-François Croisille by the Governance and CSR Committee, which had led to the appointment of Norbert Thouvenot as his replacement.

6.2.2.2 RULES APPLICABLE TO THE OPERATION OF THE BOARD OF DIRECTORS

(i) Duties (internal regulations - Article 4.1)

The Board of Directors shall perform the responsibilities and exercise the powers attributed to it by law, the Company's by-laws, and the internal regulations of the Board of Directors and its Committees. It shall determine and evaluate the Company's strategic direction, (including multi-year strategic guidelines on social and environmental responsibility), objectives, and performance, and supervise their implementation in accordance with its corporate interest, taking into account the social and environmental challenges of its business. Subject to the powers attributed to the general shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations.

The Board shall carry out the audits and verifications that it believes appropriate and may request communication of documents that it deems useful in order to carry out its responsibilities.

The Board of Directors shall also work to promote value creation over the business's long term, taking into account the employment, societal, and environmental dimensions of its activities. Where necessary, it shall propose any amendments to the corporate purpose set forth in the by-laws that it shall deem appropriate. It shall also be informed of developments on the markets, of the competitive environment, and of the principal challenges facing the business, including with regard to social and environmental responsibility. The Board of Directors shall regularly examine, in light of the strategy that it has defined, the Company's opportunities and risks, including financial, legal, operational, social, and environmental risks, as well as the measures taken as a result. To that end, the Board of Directors shall obtain all information from the Company's executive officers that it needs to perform its responsibilities.

The Board of Directors shall ensure that the executive officers implement a non-discrimination and diversity policy, in particular with respect to the balanced representation of women and men on management bodies.

With regard to the regular assessment of agreements relating to current agreements entered into under normal conditions, the Board of Directors ensures that a meeting is held each year to re-examine the arm's length nature of the continuing agreements. During the financial year, monitoring of current agreements is established and managed by an *ad hoc* committee composed of the Group Chief Financial Officer and the General Counsel. This monitoring is summarised in a monitoring table including the date of conclusion of the agreement, its main characteristics and the reasons for considering it current.

Regarding the climate strategy, the Board of Directors carries out an annual review of the results achieved, and considers whether it is appropriate to adapt the action plan or modify the objectives, particularly in the light of changes in the company's strategy, technologies, shareholder expectations and the financial capacity to implement them.

(ii) Directors' competence and expertise (Articles 3.4 and 5 of the internal regulations)

Members of the Board of Directors must have the following essential attributes:

- they must be attentive to the corporate interest;
- they must have good judgment, in particular with respect to situations, strategies, and people, relying in particular on their experience;
- they must have the ability to anticipate risks and strategic challenges;
- they must have integrity and be present, active, and involved.

The skills and experience of the members of the Board of Directors are described in paragraphs 6.1.1 and 6.2.1.5 of this document.

In addition, each member of the Board of Directors may at his or her request, on appointment, or subsequently during their term of office, receive additional training on the specific characteristics of the Company and the companies it controls, their businesses, their sectors of activity and their social and environmental responsibility issues.

(iii) Ethics (criminal record and bankruptcy, family links, conflicts of interest, service contracts)

Criminal record and bankruptcy

To the Company's knowledge, and at the date of this document, over the course of the last five years:

- none of the members of the Board of Directors or executive officers has been convicted of fraud;
- none of the members of the Board of Directors or corporate officer has been involved in any bankruptcies, receiverships, liquidations or companies put into administration;
- no official public censure and/or sanction has been issued against any member of the Board of Directors or any executive officer by any statutory or regulatory authorities (including any designated professional bodies);
- none of the members of the Board of Directors or executive officers has been disqualified by a court from serving as a member of a management or supervisory body of an issuer or from being involved in the management or conduct of an issuer's business.

Family links

As of the date of this document, and to the Company's knowledge, other than the family relationship between Jacques Veyrat (observer and majority shareholder of the Company through Impala SAS) and his son Simon Veyrat (member of the Board of Directors), there are no family relationships among the members of the Board of Directors mentioned or between members of the Board of Directors and members of the Company's Executive Committee.

Conflicts of interest

According to the terms of Article 3.3 of the Board of Directors' internal regulations, each member of the Board of Directors must inform the Board of Directors about any conflict of interest (even potential) and must refrain from taking part in the debate and vote in the corresponding deliberation.

As of the date of this document, and to the Company's knowledge, there are no potential conflicts of interest between the duties of the Directors or executive officers with regard to Neoen and their private interests or other duties.

As of the date of this document, and to the Company's knowledge, no arrangement or agreement has been entered into with any of the main shareholders, a client, a supplier or any third party under which any member of the Board of Directors or an executive officer may have been appointed to the Board of Directors.

To the Company's knowledge and at the date of this document, the restrictions on the free disposal, within a certain period of time, of the Company's shares held by the members of the Board of Directors listed in paragraph 6.1.1 "composition of the Board of Directors" of this document or members of the Company's Executive Committee are as follows:

- rules relating to preventing insider trading;
- the rules defined by the Company in accordance with the AFEP/MEDEF Code imposing an obligation to hold shares, namely:
  - in accordance with the Board of Directors' internal regulations (Article 3.10), the obligation for each member of the Board of Directors to own (directly or indirectly) five hundred shares throughout his term of office and in any event not later than six months after his appointment,
  - the obligation for executive officers to keep in registered form, until the end of their term, at least five thousand shares, the minimum number set by the Board of Directors,
  - the minimum number of shares issued as free shares to be retained by the executive officers until the end of their term, as set by the regulations of the corresponding plans (see paragraph 6.3.4.3).

Service contracts

As of the date of this document, and to the Company's knowledge, no contract exists between members of the administrative or management bodies and the Company or any of its subsidiaries that provides for the granting of benefits under such a contract.

6.2.2.3 ASSESSMENT AND WORK OF THE BOARD OF DIRECTORS AND THE COMMITTEES

The individual attendance of the members of the Board of Directors at meetings of the Board of Directors and its Committees held during financial year 2023 and the nature of their participation are presented in the table below:

	Board of Directors[1]			Audit Committee			Governance and CSR Committee		
Number of sessions/meetings	5			4			3		
Average duration	2h30			2h00			1h20		
Directors and observer	Average attendance rate	Nature of participation		Average attendance rate	Nature of participation		Average attendance rate	Nature of participation	
		🤝	💻		🤝	💻		🤝	💻
Xavier Barbaro	100%	5	-	-	-	-	-	-	-
Helen Lee Bouygues ●	100%	3	2	100%	4	-	100%	3	-
FSP ● *Represented by Christophe Gégout*	100%	5	-	100%	4	-	-	-	-
Sixto ● *Represented by Bertrand Dumazy*	100%	3	2	-	-	-	100%	3	-
Bpifrance Investissement *Represented by Vanessa Giraud*	100%	5	-	-	-	-	-	-	-
Stéphanie Levan	100%	5	-	100%	4	-	-	-	-
Simon Veyrat	100%	5	-	-	-	-	-	-	-
Jacques Veyrat[2]	100%	5	-	-	-	-	100%	3	-
Average attendance rate	100%[3]	-	-	100%	-	-	100%[3]	-	-

● Independent Director 🤝 Face-to-face meetings 💻 Videoconference meetings

(1) In accordance with recommendation 12.3 of the AFEP/MEDEF Code, which recommends that at least one annual meeting be held without the presence of executive officers, the members of the Board of Directors met on December 21, 2023, without the presence of the Chairman and Chief Executive Officer. A strategy seminar was also held on May 10, 2023. Note that the statistics in the above table do not include the above-mentioned meetings.
(2) Jacques Veyrat is an observer of the Board of Directors.
(3) Average attendance rate not taking into account the attendance of the observer.

(i) Assessment of the operation of the Board of Directors and the Committees

In accordance with recommendation 11 of the AFEP/MEDEF Code, the Board of Directors must conduct an assessment of its operation every year, and a formal assessment at least every three years. In accordance with the internal regulations, the Lead Director is responsible for assisting the Governance and CSR Committee in this regard.

During the assessment of the Board's operation in December 2022, the following areas for improvement were mentioned:

- strengthening the Board's vigilance, in particular on the following subjects: (i) constraints on the supply chain; and (ii) geopolitical risks and the resulting uncertainties on the Group's activities;
- continue the Board's education and focus on cyber security;
- improve the Board's knowledge on research and development, innovation and the development of new technologies;
- pay particular attention to the identification and management of potential conflicts of interest;
- further refinement of financial analysis in relation to investment decisions or risks review.

Three topics have been considered as the most important by the Directors and the observer: (i) the impact of constraints on the supply chain; (ii) cyber security; and (iii) research and development and innovation.

The following measures have been taken in 2023 to take into account the ideas put forward in the 2022 assessment:

- the Board of Directors was kept regularly informed of changes in supply chain constraints, as well as geopolitical risks and the resulting uncertainties on the Group's activities, and was able to discuss their impact on the Group and submit questions to senior management as part of the monitoring of these issues;
- the Board of Directors and the Audit Committee paid particular attention to cyber security at Neoen;
- to improve the Board of Directors' knowledge of research and development, innovation and the development of new technologies, senior management regularly made available to the Directors via the Dilitrust platform, documentation relating to these subjects;
- the Board paid particular attention to identifying potential conflicts of interest;
- financial analyses relating to investment decisions or risk reviews were detailed and clarified in order to provide the Board with better information.

In addition, a new assessment of the operation of the Board and its Committees was carried out at the end of 2023 by an independent firm selected by the Lead Director following a tender procedure and approved by the Chairman of the Governance and CSR Committee. The independent firm conducted individual interviews with each Director and the observer without the executive officers being present. This evaluation also enabled to assess the effective contribution of each Director and of the observer. The individual contributions of each Director and of the observer were presented.

The assessment gave a positive appraisal of the operation of the Board and its Committees. In addition, the exemplary attendance by the Directors and the observer to all Board and Committee meetings held in 2023 was highlighted, with an attendance rate of 100%, and the effective contributions of each Board member were praised. It should be noted that the Directors and the observer are satisfied with the composition of the Board and its Committees and of their operation in 2023. The Board is tightly-knit, agile and responsive, with contributing and committed independent members. Open, straightforward communication in meetings encourages smooth, rapid decision-making. The Board's Committees are professional and efficient, and the excellence of their work is unanimously recognised. The Directors and the observer recognise the quality of the meeting documentation and the usefulness of the Chairman and Chief Executive Officer's communications to the Board between meetings. The Board's strategy seminar and executive session were highly appreciated.

Ideas for thought and areas for improvement have been identified, including:

- improving management of the annual agenda with more specific strategic themes;
- investing more in informality to strengthen the cohesion of the Board;
- should the Company consider adding new independent Directors, focusing on candidates with an international profile and experience in the renewable energy sector;
- encouraging a more structured discussion of the Company's financial communications ahead of publication.

(ii) Work of the Board of Directors and the Committees

The main work of the Board of Directors and its Committees during the 2023 financial year is presented below.

Board of Directors

During the 2023 financial year, the Board of Directors made decisions on the following topics:

Financial statements and financial communication

Approval of the annual financial statements for the year ended December 31, 2022, and the approval of the annual financial report, review of the half-yearly financial statements and preparation of the half-year financial report, financial communication procedures, monitoring of threshold crossings and changes in the shareholder structure, approval of the 2024 budget with the corresponding financing plan

Strategy

The Group's strategic guidelines and focus on development in Australia

Combined general shareholders' meeting of May 10, 2023

Preparation of the combined general shareholders' meeting of May 10, 2023, and, in particular, draft resolutions, implementation of the share buyback programme

Remuneration and governance

The remuneration of the Chairman and Chief Executive Officer, the granting of free performance shares, the assessment of the level of achievement of the performance conditions of the free shares, the allocation of the Directors' remuneration, the composition of the Committees, the criteria for the independence of Directors, the annual assessment of the operation of the Board of Directors and its Committees, the succession plans, talents' retention, the authorisation of sureties, endorsements and guarantees, the update of the internal regulations of the Board of Directors, the proposal to amend the Company's bylaws

Corporate social responsibility

The monitoring of the achievement of the Sustainability Framework objectives, in particular the implementation of the group's policies on diversity and professional and wage equality

Group development projects

Monitoring the Group's growth

Financing

The preparation of the capital increase with preferential subscription rights (for more details, the reader is invited to refer to paragraph 2.4.1.2 of this document)

Audit Committee

At its meetings during the 2023 financial year, the Audit Committee prepared, inter alia, the Board of Directors' sessions and/or deliberations on:

- the review of the annual corporate financial statements, the half-yearly and annual consolidated financial statements and the 2024 budget;
- the proper application of accounting principles;
- the main Group's accounting and tax estimates;
- the statutory auditors' fees;
- the conditions of financial communication;
- the monitoring of the audit work and action plans undertaken in the area of internal control;
- the external review of the internal control system in France and in Portugal;
- the cash flow forecasting and financing methods at the Company level;
- the follow-up of farm-down transactions carried out by the Group in 2023;
- the insurance management of risks within the Group;
- the security of the information system; and
- the implications of the gradual implementation of CSRD (Corporate Sustainability Reporting Directive) requirements.

Organisation of the work

As part of its duties, the Audit Committee may interview:

- the statutory auditors, who attend Audit Committee meetings to review the financial statements and risks and answer questions raised by Committee members;
- the Group Chief Financial Officer, who attends all Audit Committee meetings and answers questions raised by Committee members.

In addition, the Audit Committee's internal rules provide that, as far as possible, the Audit Committee shall review the financial statements two days before they are reviewed by the Board of Directors. In practice, the Audit Committee reviews the financial statements between four and seven days before the Board of Directors does.

Lastly, the Audit Committee's internal rules provide for the possibility of using external experts, as necessary, while ensuring their competence and independence.

Governance and CSR Committee

At its meetings during the 2023 financial year, the Governance and CSR Committee prepared the Board's deliberations on:

- the determination of the remuneration and benefits of the Chairman and Chief Executive Officer, and in particular the variable portion of his 2022 remuneration, the fixed portion and the performance conditions of the variable portion of his 2023 remuneration;
- the remuneration policy for corporate officers;
- the distribution of the Directors' remuneration for the 2023 financial year;
- the granting of free performance shares and the assessment of the performance conditions for free shares;
- the employee shareholding;
- the diversity policy of the Board of Directors and the management bodies;
- the policy on professional and wage equality;
- the renewal of term of office as Director at the general shareholders' meeting of May 10, 2023;
- the composition of the Board of Directors, particularly with regard to criteria of independence, gender balance and skills represented on the Board;
- the annual assessment of the operation of the Board of Directors and its Committees;
- the succession plans;
- the review of compliance with the recommendations of the AFEP/MEDEF Code;
- the review of the non-financial performance statement prepared by the Company on a voluntary basis;
- the multi-year strategic guidelines for social and environmental responsibility, and in particular the progress made towards achieving the Sustainability Framework objectives, and the competitive advantage that the Group derives from its CSR excellence; and
- updating the internal rules of the Board of Directors and the Company's bylaws.

Furthermore, the Chairman and Chief Executive Officer also attends meetings of the Governance and CSR Committee, but does not participate in deliberations or proposals relating to his remuneration.

6.2.2.4 COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors relies on the work carried out by its two specialised Committees: the Audit Committee and the Governance and CSR Committee. The possibility for the Board of Directors to create these Committees is provided for in the Company's by-laws and the main organisational and operating procedures for these Committees are set out in the Board of Directors' rules of procedure. The Audit Committee and the Governance and CSR Committee also have their own internal regulations.

The composition of these specialised Committees complies with the recommendations of the AFEP/MEDEF Code.

(i) Audit Committee



AUDIT COMMITTEE

FSP
Represented by Christophe Gégout ●
Chairman of the Committee
• Helen Lee Bouygues ●
• Stéphanie Levan

● Independent Director

- Monitoring the process for preparing financial information
- Review of the annual and half-yearly corporate and consolidated financial statements, as well as the budget
- Monitoring the effectiveness of the internal controls, internal audit and risk management systems relating to financial and accounting information
- Monitoring the selection, renewal and independence of the statutory auditors
- Monitoring the Group's cash flow forecasts and financing means
- Monitoring insurance risk management
- Monitoring work to secure information systems

In 2023

4 meetings

3 members

67 % of Independent Directors

2/3

100 % average attendance of the Committee members

(A) Composition

The Audit Committee is made up of three members, all of whom are chosen from among the Directors, at least two thirds of whom are independent Directors as per Article 1.2 of the Board of Directors' internal regulations. In accordance with applicable legal provisions, Committee members must have particular expertise in financial, accounting or auditing matters.

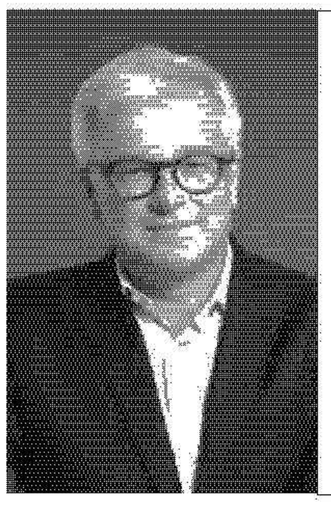
The term of appointment of members of the Audit Committee corresponds to the term of their appointments as members of the Board of Directors. It may be renewed at the same time as the latter.

The Chairman of the Audit Committee is appointed, after specific examination, by the Board of Directors, further to a proposal from the Governance and CSR Committee, among the Independent Directors as per Article 1.2 of the Board of Directors' internal regulations. No executive officer may sit on the Audit Committee.

(B) Work of the Audit Committee in 2023

For details of the work of the Audit Committee in 2023, please refer to paragraph 6.2.2.3 (ii) of this document.

(ii) Governance and CSR Committee



GOVERNANCE AND CSR COMMITTEE

Sixto
Represented by Bertrand Dumazy ●
Chairman of the Committee
• Helen Lee Bouygues ●
• Jacques Veyrat

● Independent Director

- Proposals on the appointment of (i) Directors in accordance with the Director selection procedure, (ii) members of the Committees and (iii) the executive officers of the Company
- Annual assessment of the independence of the members of the Board
- Proposals to the Board concerning all terms and conditions of the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer
- Determination of the general compensation policy for the other members of the Executive Committee
- Proposals to the Board concerning the method for allocating the overall annual remuneration budget for Directors allocated by the general shareholders' meeting
- Monitoring of the policy on professional and wage equality
- Monitoring of the social and environmental risk management policy
- Review of extra-financial information

In 2023

3 meetings

3 members

67 % of Independent Directors

1/3

100 % average attendance of the Committee members

(A) Composition

The Governance and CSR Committee is composed of three members, the majority of whom are independent members of the Board of Directors within the meaning of Article 1.2 of the Board of Directors' internal regulations. They are appointed by the Board of Directors from among its members or from among the observer, and in view in particular of their independence and their competence in the selection or remuneration of executive officers of listed companies, as well as in the area of CSR. No executive officer may sit on the Governance and CSR Committee.

The term of office of the members of the Governance and CSR Committee coincides with their term of office as members of the Board of Directors or observer. It may be renewed at the same time as the latter.

The Chairman of the Governance and CSR Committee is appointed by the Board of Directors among its independent members. The secretariat of the Committee's work is provided by any person appointed by or in agreement with the Chairman of the Committee.

(B) Work of the Governance and CSR Committee in 2023

For details of the work of the Governance and CSR Committee in 2023, please refer to paragraph 6.2.2.3 (ii) of this document.

6.2.2.5 SPECIAL ARRANGEMENTS FOR PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

General shareholders' meetings shall be called and held under the conditions laid down by law.

Meetings shall be held at the registered office or at any other place specified in the notice of meeting.

Any shareholder, regardless of the number of shares he/she owns, has the right to participate in the general shareholders' meetings, in accordance with applicable law and bylaws, upon presentation of proof of identity or the name of the proxy registered on his/her behalf under the provisions laid down by the law.

Shareholders that are not attending in person at the general shareholders' meeting, may choose one of the three following options:

- give a proxy to another shareholder, his or her spouse or civil partner or any other person, or
- vote by correspondence, or
- send a proxy to the Company without voting indication,

under the provisions laid down by the law and the regulations.

Under the conditions provided for by the law and regulations in force, the Board of Directors may organise shareholder participation and voting at the general shareholders' meetings by videoconference or by telecommunication means that allow them to be identified. If the Board of Directors decides to exercise this right for a given meeting, this decision shall be mentioned in the notice of meeting and/or notice of convocation. Shareholders participating in meetings by videoconference or by any of the other means of telecommunication referred to above, at the discretion of the Board of Directors, shall be deemed to be present for the calculation of quorum and majority.

Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a Director specially appointed for this purpose by the Board of Directors. Failing this, the meeting appoints its own Chairman.

The functions of scrutineers shall be performed by the two members of the meeting present who have the largest number of votes, and who accept these functions. The Committee appoints the secretary, who may be chosen from outside the shareholders.

An attendance sheet shall be kept in accordance with the conditions laid down by law.

Ordinary general shareholders' meetings shall only deliberate validly if the shareholders present or represented or voting by correspondence or by electronic means of telecommunication hold at least one fifth of the shares with voting rights on first call. No quorum is required on second call.

Resolutions of the ordinary general shareholders' meeting shall be taken by a majority of the votes cast by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained, or voted in blank or invalid.

An extraordinary general shareholders' meeting shall only validly deliberate if the shareholders present, or represented, or who have voted by post or by electronic means of telecommunication hold at least one quarter and, on first call, one fifth of the shares with voting rights. Failing this last quorum, the second meeting may be postponed to a date two months after the one on which it was convened, with the same quorum requirement of one fifth.

Decisions of the extraordinary general shareholders' meeting shall be taken by a two-thirds majority of the votes cast by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained, or voted in blank or invalid.

Copies or excerpts of the minutes of the meeting shall be validly certified by the Chairman of the Board of Directors, by a Director performing the duties of Chief Executive Officer or by the secretary of the meeting.

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

6.3 REMUNERATION OF ALL CORPORATE OFFICERS

6.3.1 REMUNERATION POLICY

In general, and in particular with regard to remuneration, the Company refers to the recommendations of the AFEP/MEDEF, as interpreted by the High Committee on Corporate Governance (HCGE) in its Guide to the application of the AFEP/MEDEF Code, as well as its activity reports and to the recommendations of the AMF, which are set out, in particular, in its guide for the preparation of universal registration documents, in its 2012-02 recommendation, as well as in its most recent report on corporate governance and executive remuneration at listed companies.

In accordance with Articles L. 22-10-8 and R. 22-10-14 of the French Commercial Code, the remuneration policy for corporate officers established by the Board of Directors, on the proposal of the Governance and CSR Committee, is the subject of draft resolutions (12th to 14th resolutions) submitted for the approval of the combined general shareholders' meeting of May 14, 2024.

In accordance with the above provisions, the remuneration policy for corporate officers is subject to approval by the general shareholders' meeting each year, and whenever there is a significant change.

In accordance with applicable legal and regulatory requirements, the remuneration policy for corporate officers must include (i) information on all corporate officers and (ii) specific information for each category of corporate officer.

The information on the remuneration policy applied to all corporate officers is summarised in the table below:

Criteria defined in Article R. 22-10-14 I. of the French Commercial Code	
Respect for the corporate interest, contribution to the Company's business strategy and sustainability	The remuneration policy for corporate officers respects the corporate interest and contributes to the business strategy (described in paragraph 1.1.2 of this document) and the Company's sustainability by (i) providing for a periodic review to verify whether the level of remuneration remains in line with the performance achieved by both the Company and by the person in question, and (ii) by seeking to remain attractive in relation to the remuneration practised on the market, mainly by comparable companies in the sector, with a view to attracting and retaining talent within its management bodies. In particular, for the executive officers, the performance conditions for their annual variable remuneration have been set in connection with the implementation of the Company's business strategy.
Decision-making process for its determination, revision and implementation	The remuneration policy is set by the Board of Directors in accordance with applicable legal and regulatory provisions, after having obtained prior proposals from the Governance and CSR Committee, composed mainly of Independent Directors and chaired by an Independent Director. Any revision and implementation of the remuneration policy shall be determined by the Board of Directors acting by a majority of its members present and represented. The Directors endeavour to comply with the principles laid down in the AFEP/MEDEF Code and in the Board of Directors' internal regulations, particularly as regards the management of potential conflicts of interest. Deliberations relating to remuneration of executive officers shall take place without their presence.
Consideration of the Company's remuneration and employment conditions	The Company's Governance and CSR Committee and the Board of Directors take into account, in the context of the determination and review the remuneration policy for executive officers, the equity ratios published in the Company's corporate governance report under the global say on pay *ex post*. These ratios are used to determine the level of remuneration paid to the Chairman and Chief Executive Officer, Deputy Chief Executive Officer, regarding the average and median full-time equivalent remuneration of Company employees, other than corporate officers.
Evaluation methods - meeting performance criteria for variable remuneration and share-based remuneration	The proper achievement of performance criteria is examined by the Governance and CSR Committee, which provides the Board of Directors with any comments it may have before the Board decides whether or not the performance criteria have been met.

Criteria defined in Article R. 22-10-14 I. of the French Commercial Code

Clarifications to be made in the event of a change to the remuneration policy

On February 28, 2024, the Board of Directors, at the proposal of the Governance and CSR Committee on February 16, 2024, and after reviewing the results of the votes of the last general shareholders' meeting on the remuneration policy for Directors, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, as well as the information referred to in I of Article L. 22-10-9 of the French Commercial Code, decided to make the following main changes to the remuneration policies for corporate officers compared with those previously approved:

- remuneration policy for the Chairman and Chief Executive Officer:
  - regarding the annual variable remuneration:
    - update of the qualitative criteria for 2024 each in equal part;
    - Addition of a criterion linked to an objective of reducing the carbon intensity of the Group's activities estimated in tons of CO2e per MW installed by technology;
    - clarification on how the quantitative criteria for variable remuneration relating to revenue and the number of new MW awarded are to be assessed;
  - with regard to free share grants, specifying what happens to plans in the event of forced or voluntary departure from the Group during the vesting period;
- remuneration policy for the Deputy Chief Executive Officer:
  - regarding annual variable remuneration:
    - update of the qualitative criteria for 2024, (each with an equal part);
    - Addition of a criterion linked to an objective of reducing the carbon intensity of the Group's activities estimated in tons of CO2e per MW installed by technology;
    - clarification of how the quantitative criteria for variable remuneration relating to revenue and the number of new international MW awarded are to be assessed;
- remuneration policy for Directors:
  - subject to the condition precedent that the general shareholders' meeting votes to increase the overall package by 5%, the amounts allocated to Directors will be increased by 5% to partially take account of inflation in France over the period 2020-2023, it being specified that the criteria for distributing the fixed annual sum allocated to Directors by the general shareholders' meeting remain unchanged.

Procedures for applying the provisions of the remuneration policy to newly appointed or reappointed corporate officers, pending, where applicable, approval by the general shareholders' meeting of significant changes to the remuneration policy

The provisions of the remuneration policy applicable to corporate officers are intended to apply to corporate officers newly appointed or whose term of office is renewed after the general shareholders' meeting, pending approval by the general shareholders' meeting of any significant changes to the remuneration policy referred to in Article L. 22-10-8 of the French Commercial Code.

Exceptions to the application of the remuneration policy

In accordance with applicable legal and regulatory provisions, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, reserves the right to temporarily waive the application of the remuneration policy in the event of exceptional circumstances, provided that such waiver is in line with the Company's interests and is necessary to ensure the Company's sustainability or viability. This option for the Board of Directors to waive this requirement applies to any element of remuneration of any nature whatsoever. In such a case, the Board will decide on the recommendations of the Governance and CSR Committee and will verify whether the conditions necessary to be able to decide such a waiver are met and will justify its decision. Shareholders will be informed of these justifications in the next corporate governance report. It should be noted that the Chairman and Chief Executive Officer does not attend the deliberations on these issues.

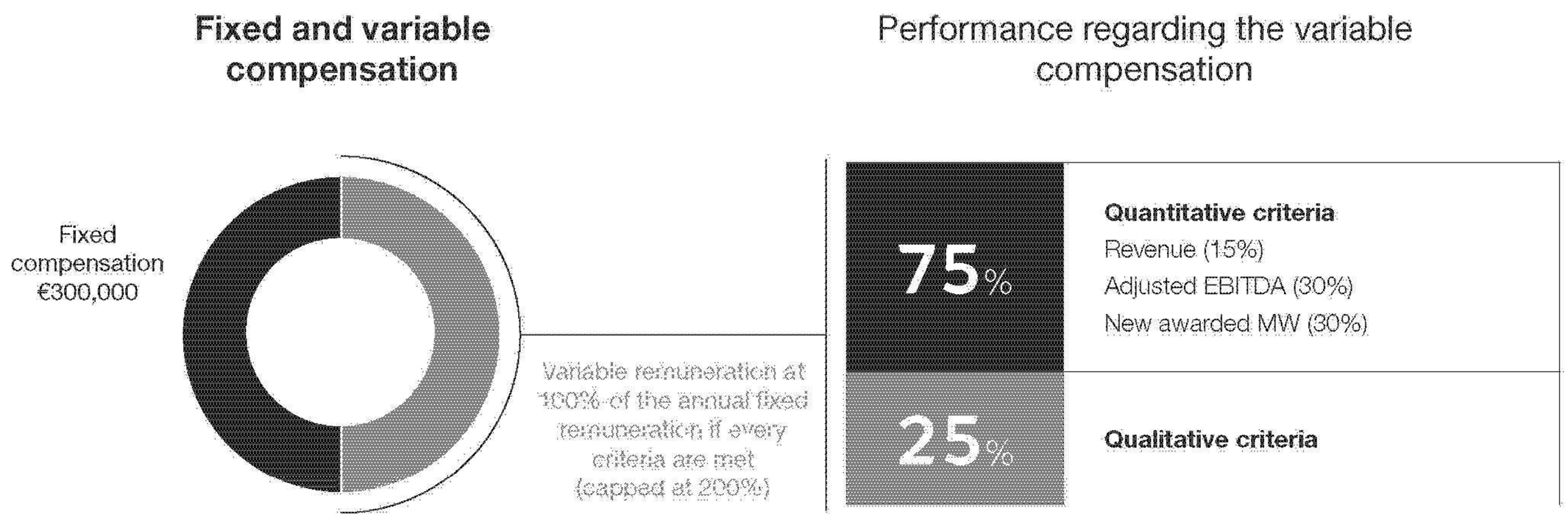
6.3.2 REMUNERATION OF EXECUTIVE OFFICERS

6.3.2.1 DESCRIPTION OF REMUNERATION OF EXECUTIVE OFFICERS

(i) Chairman and Chief Executive Officer

In respect of his term of office as Chairman and Chief Executive Officer of the Company, Xavier Barbaro's remuneration is determined in accordance with the principles set out below. These principles were reviewed by the Governance and CSR Committee on February 16, 2024 and decided by the Board of Directors of February 28, 2024.

In the chart below, all remuneration and amounts shown are expressed in gross amounts.



Remuneration

The remuneration of the Chairman and Chief Executive Officer includes a fixed component and an annual variable component, with the latter being determined in accordance with performance criteria set by the Board of Directors, after consultation with the Governance and CSR Committee, and these criteria are reviewed regularly by the Board.

The payment of variable and, where applicable, exceptional components of remuneration granted in respect of the last financial year is subject to the approval by an ordinary general shareholders' meeting of the components of remuneration paid during or granted in respect of the last financial year to the Chairman and Chief Executive Officer (individual say on pay *ex post*).

In the event that the functions of Chairman and Chief Executive Officer are separated, the remuneration provided for the Chief Executive Officer would be that currently provided for the Chairman and Chief Executive Officer, and the Chairman would receive a fixed remuneration of an amount determined in consideration of the importance of his duties, without being able to exceed the amount of the fixed remuneration of the Chairman and Chief Executive Officer.

Fixed remuneration

The amount of the fixed remuneration is determined by the Company's Board of Directors on the recommendation of the Governance and CSR Committee, taking into account market practices and remuneration observed for similar functions in French listed companies in the sector and of comparable size.

The Governance and CSR Committee reviews the remuneration of the Chairman and Chief Executive Officer once a year, without this review necessarily giving rise to a revision of the remuneration.

The gross annual fixed remuneration of the Chairman and Chief Executive Officer, which has been set at €300,000 since June 1st, 2022, remains unchanged for the financial year 2024.

Annual variable remuneration

With respect to annual variable remuneration, it is proposed that 75% be based on quantitative criteria and 25% be based on qualitative criteria, assuming, with respect to the quantitative criteria, achievement of the target objectives set by reference to the Company's budget, as approved by the Board of Directors, or the adjusted EBITDA guidance as the case may be, and, with respect to the MW awarded criterion, on the basis of the target objective set by the Board of Directors. The proposed quantitative criteria make it possible to correlate the amount of the Chairman and Chief Executive Officer's annual variable remuneration with the Group's performance.

In accordance with the AFEP/MEDEF Code, the amount of the annual variable would be equal to 100% of the annual fixed remuneration if the quantitative and qualitative criteria set by the Board of Directors are met, it being specified that in the event of outperformance, the maximum amount of the annual variable remuneration may not exceed an amount corresponding to 200% of the annual fixed remuneration.

Concerning the quantitative criteria:

The quantitative criteria used would represent 75% of the gross annual variable remuneration if the target objectives were achieved and would be assessed with regard to the revenue criterion and the adjusted EBITDA criterion in light of the achievement of the budget set by the Board of Directors and the guidance, respectively.

For each criterion defined below (i) a trigger level in relation to the objective set is provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion will be increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective set is provided for.

These criteria are as follows:

- Revenue criterion:

  Up to 15% of the gross variable annual remuneration (this percentage being applicable in the event of achievement of the target objectives), taking into account the revenue level achieved (i.e. the sum of reported revenue and any penalties and insurance proceeds paid to compensate for missed revenue), with a trigger level as from the achievement of 90% of the revenue provided for in the budget approved by the Board of Directors, as well as the following conditions for outperformance:

  – if the level of revenue is between 90% and 100% (inclusive) of the budgeted level of revenue, the achieved percentage will be taken into account linearly. Thus, for example, if 95% of the target revenue is reached, this criterion will enable the Chairman and Chief Executive Officer to be paid 50% of the annual gross variable remuneration target for this criterion (i.e., 7.5% of the amount of his annual fixed remuneration);

  – if the level of revenue exceeds 100% of the budgeted level of revenue, a multiplier coefficient of two applies to the percentage of outperformance achieved (i.e. the percentage between 100% and the level achieved). Thus, for example, if 120% of the target revenue is reached, this criterion will allow the Chairman and Chief Executive Officer to be paid 15% of 140% (i.e. 100% of the target amount plus the outperformance percentage (20%) multiplied by two) of his gross annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% the budgeted level of revenue, such that the maximum amount likely to be due in the event of outperformance under this criterion cannot exceed 15% of 150% of his annual fixed remuneration.

- Adjusted EBITDA criterion:

  Up to 30% of the annual gross variable remuneration (this percentage being applicable if the adjusted EBITDA level corresponding to the mid-point of the adjusted EBITDA guidance range is reached), taking into account the adjusted EBITDA level reached, with a trigger level as from the achievement of 80% of the amount corresponding to the middle of the adjusted EBITDA guidance range (with linear application to the target amount of the percentage reached between 80% and 100%) and identical conditions of outperformance mutatis mutandis to those provided for the revenue criterion, it being specified that the maximum amount likely to be due in the event of outperformance under this criterion cannot exceed 30% of 150% of his gross annual fixed remuneration.

- New MW awarded criterion:

  Up to 30% of the annual gross variable remuneration (this percentage being applicable if the target objectives are achieved), taking into account the number of new MW in the awarded phase (also including all new MW acquired in the context of any external growth operations as well as the new MW that have gone directly to the under construction phase without having gone through the awarded phase), new MW corresponding to incremental power under repowering projects and new MW corresponding to the change in capacity. The Board of Directors may also take into account the MW of a ready-to-build project whose state of progress made it possible to start construction, but for which it was decided not to do so and which was sold as part of the Group's farm-down strategy by applying, where appropriate, a weighting coefficient (the "New MW"), with a triggering level starting from the achievement of 50% of the number of MW in the awarded phase target set by the Board of Directors (the "Annual Target Number of New MW Awarded" as described below) and the following performance conditions:

  – if the number of New MW is between 50% and 100% (inclusive) of the Annual Target Number of New MW Awarded for the financial year in question, the percentage achieved will be taken into account on a straight-line basis. Thus, for example, if the number of new MW reaches 70% of said Annual Target Number of New MW Awarded, this criterion will enable the Chairman and Chief Executive Officer to be paid 40% of the variable remuneration target for this criterion;

  – if the number of New MW exceeds 100% of the Annual Target Number of New MW Awarded for the financial year in question, a multiplier coefficient of two applies to the percentage of outperformance achieved (i.e., the percentage between 100% and the level reached). Thus, for example, if the number of New MW reaches 200% of the Annual Target Number of New MW Awarded, this criterion will enable the Chairman and Chief Executive Officer to be paid 30% of 300% (i.e. 100% added to the outperformance percentage (i.e. 100%) multiplied by two) of his annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 250% of the Annual Target Number of New MW Awarded for the financial year in question, so that the maximum amount likely to be due in the event of outperformance of this criterion may not exceed 30% of 400% (i.e. 100% plus the maximum percentage of outperformance 150%) multiplied by two) of his annual fixed remuneration.

The Annual Target Number of New MW Awarded is defined by the Board of Directors which will be able to adjust the objective of New MW Awarded to take into account (x) a change in the Group's geographical scope and (y) the number of invitations to tender in which the Company was able to participate during the financial year, compared to the number of calls for tender taken into account in the year in question.

Regarding qualitative criteria:

The qualitative performance criteria used would represent 25% of the annual gross variable remuneration of the Chairman and Chief Executive Officer (this percentage being applicable if the target objectives are achieved) and take into account the following factors each in equal part:

- Leadership and organisation within Neoen:
  - leading the senior management of Neoen and the whole of the Company
  - developing and retaining talents in all Neoen sites, particularly in key countries, and preparing succession plans for key positions;
  - supporting information sharing between regions;
- Growth:
  - maintaining the same quality of growth (at least half of Neoen's countries must contribute, the technology mix and the customer mix must be balanced);
  - continuing to grow the secured and advanced development portfolio;
- Financial issues:
  - maintaining a high level of quality of earnings (i.e., formation of adjusted EBITDA from all of Neoen's regions and technologies, predominantly from electricity sales and, to a limited extent, from penalties and farm-down);
  - optimising the Group's financing methods, in particular debt instruments;
- Cross-functional issues:
  - continuing to improve HSE practices;
  - continuing to implement Neoen's CSR policy (in particular, the internationalisation and feminisation of Neoen's teams and the reduction of the carbon intensity of Neoen's projects assessed in tons of CO2e per MW installed per technology); and
  - preparing for the implementation of CSRD.

The Board of Directors may review the above performance criteria annually to take into account changes in the Company's situation, prospects and strategy.

For each criterion, the performance assessment of the Chairman and Chief Executive Officer results from a comparison between the target set and the result achieved.

The assessment of the achievement of the target, which will be carried out under the supervision of the Governance and CSR Committee, will take into account the competitive environment and the market context, which may require an adjustment to the measurement of certain criteria.

The aforementioned criteria contribute to the objectives of the remuneration policy aimed at respecting the corporate interest, contributing to the Company's sustainability and its business strategy, in particular through a periodic review to verify whether the level of remuneration remains in line with the performance achieved by both the Company and the person in question, and by seeking to remain attractive in relation to the remuneration practised on the market, mainly at the level of comparable companies in the sector, with a view to attracting and retaining talent within its management bodies.

Under the conditions set out below, the Board of Directors would have discretionary power in the application of the remuneration policy concerning the annual variable remuneration of the Chairman and Chief Executive Officer to ensure that it correctly reflects the Group's performance. Thus, in the event of new circumstances or events occurring during the financial year - unforeseeable at the time the remuneration policy is determined - that significantly impact, upwards or downwards, the level of achievement of the performance criteria attached to annual variable remuneration, the Board of Directors may decide, on the proposal of the Governance and CSR Committee, to use this discretionary power provided that it continues to comply with the principles set out in the remuneration policy and provides shareholders with a clear, precise and complete explanation of its choice. This discretionary power would apply only to a limited portion of the annual variable remuneration and could increase or reduce the amount of the variable remuneration theoretically achieved, in application of the performance criteria, for the financial year (with a maximum amplitude of plus or minus 20%), without this ever exceeding the overall ceiling of annual variable remuneration provided for by the remuneration policy.

Annual variable remuneration: payment terms and conditions

The payment of the annual variable remuneration components granted in respect of the previous financial year is subject to the approval by the ordinary general shareholders' meeting of the components of the remuneration and benefits of any kind of the Chairman and Chief Executive Officer paid during the previous financial year or granted in respect of said financial year (individual *ex post* vote).

Exceptional remuneration

No exceptional remuneration, except in specific circumstances linked to transactions that have a structuring effect on the Company, after the Governance and CSR Committee has given its opinion.

The amount of exceptional remuneration that may be granted in this way could not exceed 100% of the gross annual fixed remuneration.

The payment of exceptional remuneration components granted in respect of the most recently completed financial year is, in any event, subject to the approval by the ordinary general shareholders' meeting of the components of the remuneration and benefits of any kind paid to the Chairman and Chief Executive Officer during the previous financial year or granted in respect of said financial year (individual *ex post* vote).

Remuneration for Directors' activities

The Chairman and Chief Executive Officer may receive remuneration for his duties as a Director. However, the Chairman and Chief Executive Officer has indicated that he will not receive such remuneration for his participation in the work of the Company's Board of Directors in his capacity as Director and Chairman, for as long as he performs the duties of Chief Executive Officer of the Company.

Benefits of any kind

The Chairman and Chief Executive Officer is provided with a company car, paid for by the Company up to a maximum valuation of the benefit in kind corresponding to €6,000 per year.

The Chairman and Chief Executive Officer benefits from an unemployment insurance plan that provides him with remuneration for a period of twelve months up to a maximum of 70% of his annual net taxable remuneration.

Other collective benefits

The Chairman and Chief Executive Officer may also benefit from all collective rights and benefits enjoyed by the Company's managers (in particular pension plans, mutual insurance and provident schemes, employee savings plans where permitted by the regulations in force (including, in particular, profit-sharing and incentive schemes), CESU cheques and other benefits set up by the staff representative bodies, etc.).

Stock options, performance shares or any other element of long-term remuneration

The Company's long-term remuneration policy is part of a strategy of associating senior executives and key personnel with the Company's capital that is competitive in light of market practices, in accordance with the objectives of the remuneration policy established by the Board of Directors, i.e. respect for the corporate interest and contribution to the Group's strategy and sustainable development.

The grant of performance shares is decided by the Board of Directors under the terms of the authorisation granted to it by the extraordinary general shareholders' meeting.

The total number of shares that may be granted in this way may not exceed a specific percentage of the share capital provided for in the authorisation granted to the Board of Directors by the general shareholders' meeting. For information purposes, it is specified in this respect that the authorisation regarding the grant of free shares in progress, granted by the general shareholders' meeting of May 10, 2023 provides that for each financial year the total number of existing shares or shares to be issued granted under this authorisation to the Company's executive officers may not represent more than 50% of the shares that may be granted free of charge under said authorisation.

The Board of Directors is committed to providing for long-term remuneration that is particularly motivating for executive officers, in particular the Chairman and Chief Executive Officer, whose recognised skills and expertise are essential for the Group.

The Company's practice is to award free performance shares to the Chairman and Chief Executive Officer once every three years. The value of the free shares granted (according to the accounting valuation method used for the consolidated financial statements) to the Chairman and Chief Executive Officer may not exceed an amount equal to the product of:

- a ceiling relative to one year: 200% of the maximum fixed and variable remuneration attributable to him/her it for the financial year in question;
- the number of years covered by the plan, i.e. three years.

Any grant of free shares to executive officers would thus be subject to a double cap, in volume and amount.

The number of shares definitively vested will be determined at the end of a period of at least three years, in application of performance conditions that will be assessed over the same period of at least three years, all shares thus allocated being subject to compliance with performance conditions, determined in view of the Company's quantitative objectives, and to a condition of effective presence in the Group at the end of the vesting period.

In the event of forced departure from the Group, in whatever form, during the vesting period, the Chairman and Chief Executive Officer will retain the right to acquire a number of free shares corresponding to the number of free shares initially allocated to him, as adjusted where appropriate, *pro rata* temporis to his presence within the Group during the vesting period, weighted by the coefficient for the level of achievement of the performance conditions assessed over the period during which the Chairman and Chief Executive Officer has been present within the Group.

In the event of voluntary departure from the Group during the vesting period, the Chairman and Chief Executive Officer will lose the right to acquire the free shares initially allocated to him, as adjusted where applicable, unless the Board of Directors decides, upon proposal from the Governance and CSR Committee, to allow him to acquire a number of free shares corresponding to the number of free shares initially granted to him, as adjusted where appropriate, *pro rata temporis* to his presence within the Group during the vesting period, weighted by the coefficient for the level of achievement of the performance conditions assessed over the period during which the Chairman and Chief Executive Officer has been present within the Group.

The applicable performance conditions will be demanding and concern both the intrinsic financial and stock market performance of the Group. The conditions will include at least: the thresholds to be reached for adjusted EBITDA, new MW (growth criterion) and the rate of return (*Total Shareholder Return*, or TSR) of the Company's share compared with that of the companies included in the SBF 120 (by sextile).

The executive officers must undertake not to use transactions to hedge their risks on the performance shares allocated to them, until the end of any lock-in period set by the Board of Directors.

The Board of Directors may (i) decide that the shares allocated to executive officers may not be transferred by the interested parties before the termination of their duties, or (ii) set the number of performance shares that they are required to keep in registered form until the termination of their duties.

Supplementary pension scheme

The Chairman and Chief Executive Officer does not currently benefit from a supplementary pension plan. In respect of his corporate office within the Company, the Chairman and Chief Executive Officer may benefit from a defined contribution supplementary pension plan, in accordance with the Group's practices, for the benefit of its senior executives.

Termination benefits: Severance pay

The Chairman and Chief Executive Officer is entitled to severance pay in the event of cessation or non-renewal of his term of office as Chief Executive Officer of the Company (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to six months of remuneration (one month being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid).

In accordance with the AFEP/MEDEF Code to which the Company refers, the total severance pay and non-competition remuneration may not exceed twenty-four months of total remuneration (annual fixed and variable remuneration).

Payment of the severance pay will be subject to the dual condition that (x) the sum of the Group's net profit for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is positive and that (y) the average achievement of the variable remuneration criterion of the number of new MW awarded for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is equal to or higher than the average of 50% of the targets for this same criterion and for the said two financial years.

Non-competition payment

The Chairman and Chief Executive Officer is entitled to a non-competition payment for the cessation of his term of office as Chief Executive of the Company in respect of his obligation not to undertake, on French soil, via any means whatsoever, any business competing with that of the Company and not to become involved, directly or indirectly, in any activity that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties.

This severance pay will be paid monthly during the twelve months following the cessation of the said duties for an amount equal to 70% of his remuneration (a month of remuneration being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid).

This indemnity may not be paid if (i) the Chief Executive Officer asserts his pension rights; and/or (ii) he exceeds the age of 65.

The Company, through its Board of Directors, reserves the right, in particular in the event of gross misconduct or major financial difficulties, to unilaterally waive this non-competition commitment on the date of termination of the term of office of the executive officer, in which case he/she shall be free from any commitment and no compensation shall be owed to him/her.

This remuneration policy is subject to the approval of the general shareholders' meeting, pursuant to a resolution reproduced below:

"13th resolution (Approval of the remuneration policy applicable to the Chairman and Chief Executive Officer).

The general shareholders' meeting, deliberating under the conditions of quorum and majority required for ordinary general shareholders' meetings, having taken note of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to the Chairman and Chief Executive Officer, as presented in paragraphs 6.3.1 and 6.3.2.1 (i) of the corporate governance report incorporated into the 2023 universal registration document in Chapter 6".

(ii) Deputy Chief Executive Officer

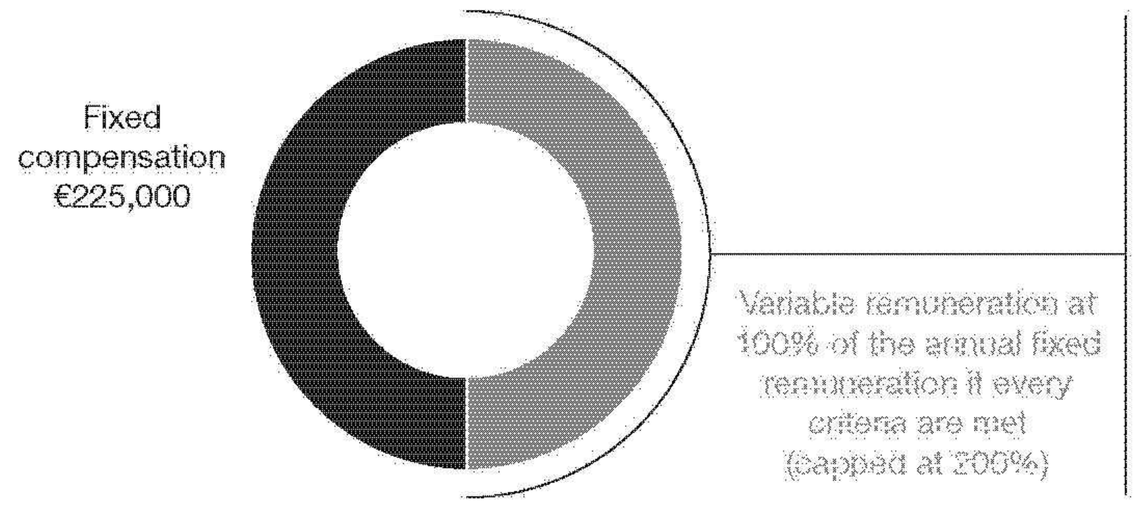
Romain Desrousseaux was appointed Deputy Chief Executive Officer by decision of the Board of Directors of April 17, 2019, on the proposal of the Chairman and Chief Executive Officer and after receiving the opinion of the Governance and CSR Committee. Romain Desrousseaux's term of office as Deputy Chief Executive Officer was renewed at the Board of Directors' meeting of March 14, 2022, on the proposal of the Governance and CSR Committee, for a term coinciding with that of the Chairman and Chief Executive Officer. The renewal of Mr. Romain Desrousseaux's term of office took effect when the term of office of the Chairman and Chief Executive Officer was renewed at the close of the annual general shareholders' meeting on May 25, 2022. For more information, refer to paragraph 6.2.2.1 of this document.

Mr. Romain Desrousseaux is exclusively paid under his employment contract signed with the Company prior to his appointment as Deputy Chief Executive Officer (subject to any free shares allocation that may have been or may be granted to him as a result of his corporate mandate).

Article R. 22-10-14 II of the French Commercial Code, by reference to Article L. 22-10-8, states that information relating to the remuneration policy of each corporate officer covers any remuneration that may be granted in respect of the mandate in question. Insofar as the Deputy Chief Executive Officer does not receive any remuneration for his duties, except for any free share allocations that may have been or may be granted to him as a result of his corporate mandate, it would be possible, in accordance with the aforementioned provisions, to limit the content of his remuneration policy to these allocations. Nevertheless, it was decided to submit to the vote of the next general shareholders' meeting a remuneration policy for the Deputy Chief Executive Officer covering all items of remuneration and benefits likely to be granted to him in respect of both his corporate office and his employment contract, as set out below.

In the chart below, all remuneration and amounts shown are expressed in gross amounts.

Fixed and variable compensation



Performance regarding the variable compensation



Remuneration

In the event of any change in the Company's governance, if the Deputy Chief Executive Officer(s) is/are not bound to the Company or to one of its subsidiaries by an employment contract, he/she may be granted, in respect of their office as Deputy Chief Executive Officer, compensation and benefits in accordance with the remuneration policy described for the Deputy Chief Executive Officer.

In such a case, the payment of the variable and, if applicable, exceptional compensation components granted to the Deputy Chief Executive Officer(s) by reason of the said mandate and in respect of the previous financial year would be conditional upon the approval by an ordinary general meeting of the compensation components paid during or granted in respect of the previous financial year to the beneficiary Deputy Chief Executive Officer (individual *ex post* say on pay).

Fixed remuneration

The Company pays the Deputy Chief Executive Officer a fixed remuneration under his employment contract. He therefore does not receive any fixed remuneration from the Company in his capacity as Deputy Chief Executive Officer.

The gross annual fixed remuneration of the Deputy Chief Executive Officer, which has been set at €225,000 since June 1st, 2022, remains unchanged for the financial year 2024.

Annual variable remuneration

In accordance with the employment contract of the Deputy Chief Executive Officer, the annual variable portion is expressed as a percentage of the annual fixed remuneration. This annual variable part is calculated based on the degree of achievement of objectives. These are set according to different criteria. These criteria are, for 75%, quantitative criteria in the event that the target objectives set by reference to the Company's budget are achieved, as approved by the Board of Directors or the adjusted EBITDA guidance as the case may be, and, with regard to the MW "awarded" criterion, on the basis of the target objective set by the Governance and CSR Committee for the projects for which he has been given responsibility and, for 25%, qualitative criteria. Each year, the amount of the Deputy Chief Executive Officer's annual variable remuneration for the previous year is determined by the Governance and CSR Committee, which informs the Board of Directors.

In accordance with the AFEP/MEDEF Code, the amount of the annual variable remuneration is capped at 100% of the annual fixed remuneration if the quantitative and qualitative criteria are met, it being specified that in the event of outperformance, the maximum amount of the annual variable remuneration may not exceed an amount corresponding to 200% of his annual fixed remuneration.

For each criterion defined below (i) a trigger level in relation to the objective set is provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion is increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective defined is provided.

The quantitative criteria would be as follows:

- Revenue criterion:

  Up to 10% of the gross variable annual remuneration (this percentage being applicable in the event of achievement of the target objectives), taking into account the revenue level achieved (i.e. the sum of reported revenue and any penalties and insurance proceeds paid to compensate for missed revenue), with a trigger level as from the achievement of 90% of the revenue provided for in the budget approved by the Board of Directors, as well as the following conditions for outperformance:

  – if the level of revenue is between 90% and 100% (inclusive) of the budgeted level of revenue, the achieved percentage would be taken into account linearly. Thus, for example, if 95% of the target revenue is achieved, this criterion would allow the Deputy Chief Executive Officer to receive 50% of the target annual variable remuneration under this criterion;

  – if the level of revenue exceeds 100% of the budgeted level of revenue, a multiplier coefficient of two would apply to the percentage of outperformance achieved (i.e. the percentage between 100% and the level achieved). Thus, for example, if 120% of the target revenue is reached, this criterion will allow the Deputy Chief Executive Officer to be paid 10% of 140% (i.e. 100% of the target amount plus the outperformance percentage (20%) multiplied by two). It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the budgeted level of revenue.

- Adjusted EBITDA criterion:

  Up to 20% of the annual variable remuneration (this percentage is applicable assuming the target objectives are achieved), taking into account the level of adjusted EBITDA achieved, with a trigger threshold as from the achievement of 80% of the amount corresponding to the middle of the adjusted EBITDA guidance range (applied linearly to the target amount of the percentage achieved between 80% and 100%) and performance conditions identical mutatis mutandis to those provided for the revenue criterion. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 125% of the amount corresponding to the middle of the adjusted EBITDA guidance range.

- New MW awarded criterion:

  Up to 45% of the annual variable remuneration (this percentage being applicable if the target objectives are achieved), taking into account the number of new MW in the awarded phase for the projects for which he has been given responsibility (also including all new MW acquired in the context of any external growth operations as well as the new MW that have gone directly to the under construction phase without having gone through the awarded phase), new MW corresponding to incremental power under repowering projects and the new MW corresponding to the change in power. The Governance and CSR Committee may also take into account the MW of a ready-to-build project whose state of progress made it possible to start construction but for which it was decided not to do so and which was sold as part of the Group's farm-down strategy by applying, where appropriate, a weighting coefficient) (the "New International MW"), with a triggering level as of the achievement of 50% of the number of MW awarded target set by the Governance and CSR Committee for the projects for which he has been given responsibility (the "Annual Target Number of New International MW Awarded" as described below) and the following performance conditions:

  – if the number of New International MW is between 50% and 100% (inclusive) of the Annual Target Number of New International MW Awarded for the financial year in question, the percentage achieved would be taken into account on a straight-line basis. Thus, for example, if the number of new MW reaches 70% of said Annual Target Number of New International MW Awarded, this criterion will allow the Deputy Chief Executive Officer to be paid 40% of the target amount of variable remuneration under this criterion;

  – if the number of New International MW exceeds 100% of the Annual Target Number of New International MW Awarded for the financial year in question, a multiplier coefficient of two would apply to the percentage of outperformance achieved (i.e., the percentage between 100% and the level reached). Thus, for example, if the number of New International MW reaches 200% of the Annual Target Number of New International MW Awarded, this criterion will enable the Deputy Chief Executive Officer to be paid 45% of 300% (i.e. 100% added to the outperformance percentage (i.e. 100%) multiplied by two) of his annual fixed remuneration. It is specified that the level of outperformance taken into account for the purposes of this calculation may not exceed 250% of the Annual Target Number of New International MW Awarded for the financial year concerned, so that the maximum amount likely to be due in the event of outperformance of this criterion may not exceed 45% of 400% (i.e. 100% of the target number plus the maximum percentage of outperformance (150%) multiplied by two) of his annual fixed remuneration.

The Annual Target Number of New International MW Awarded is set by the Governance and CSR Committee. It will have the option of adjusting the Annual Target Number of New International MW Awarded to take into account (x) a change in the Group's geographical scope and (y) the number of invitations to tender in which the Company was able to participate during the financial year, compared to the number of calls for tender taken into account in the budget for the year in question.

The qualitative performance criterion used would represent 25% of the annual gross variable remuneration of the Deputy Chief Executive Officer (this percentage being applicable if the target objectives are achieved) and would take into account the following elements each in equal part:

- Ensuring growth in at least half of the countries where Neoen is present while rationalising (in a spirit of active portfolio management) its portfolio in others ;
- Recruiting new talents, developing the existing teams, in particular in key countries such as Australia or the Nordic countries ;
- Further development of Neoen's energy management platform;
- Cross-functional challenges: continuing to implement Neoen's CSR policy (in particular, continuing to internationalisation and increase the percentage of women in Neoen's teams and reducing the carbon intensity of Neoen's projects, measured in tons of CO2e per MW installed per technology).

Variable remuneration: payment terms

As the payment of the Deputy Chief Executive Officer's annual variable remuneration granted in respect of the previous financial year is exclusively linked to his employment contract, he is not subject to approval by the ordinary general shareholders' meeting of the components of his remuneration and benefits of any kind paid during the previous financial year or granted in respect of said financial year (individual *ex post* vote).

Exceptional remuneration

No exceptional remuneration, except in specific circumstances linked to transactions that have a structuring effect on the Company, after the Governance and CSR Committee has given its opinion. This type of remuneration would be linked to the employment contract.

As a result, the payment of components of exceptional remuneration granted in respect of the previous financial year would not, in any case, be conditional on the approval by the ordinary general shareholders' meeting of the components comprising its remuneration and benefits of any kind, paid during the past financial year or granted in respect of the said financial year (individual *ex post* vote).

Remuneration for Directors' activities

Not applicable.

Other collective benefits

The Deputy Chief Executive Officer may also benefit from all collective rights and benefits enjoyed by the Company's managers (in particular pension plans, mutual insurance and provident schemes, employee savings plans where permitted by the regulations in force (including, in particular, profit-sharing and incentive schemes), CESU cheques and other benefits set up by the staff representative bodies, etc.).

Stock options, performance shares or any other element of long-term remuneration

The Company's long-term remuneration policy is part of a strategy of associating senior executives and key personnel with the Company's capital that is competitive in light of market practices, in accordance with the objectives of the remuneration policy, i.e. respect for the corporate interest and contribution to the Group's strategy and sustainable development.

The grant of performance shares is decided by the Board of Directors under the terms of the authorisation granted to it by the extraordinary general shareholders' meeting.

The total number of shares thus allocated may not exceed a specific percentage of the share capital provided for in the authorisation granted to the Board of Directors by the general shareholders' meeting. For information purposes, it is specified in this respect that the authorisation regarding the grant of free shares in progress, granted by the general shareholders' meeting of May 10, 2023, provides that the total number of existing shares or shares to be issued granted under this authorisation to the Company's executive officers may not represent more than 50% of the shares that may be granted free of charge under said authorisation.

The Company is committed to providing for long-term remuneration that is particularly motivating for executive officers, in particular the Deputy Chief Executive Officer(s), whose skills and expertise are essential for the Group.

The Company's practice is to award free performance shares to the Deputy Chief Executive Officer once every three years. The value of the free shares granted (according to the accounting valuation method used for the consolidated financial statements) to the Deputy Chief Executive Officer may not exceed an amount equal to the product of:

- a ceiling relative to one year: 200% of the maximum fixed and variable remuneration attributable to him/her it for the financial year in question;
- the number of years covered by the plan, i.e. three years.

Any grant of free shares to executive officers would thus be subject to a double cap, in volume and value.

The number of shares definitively vested will be determined at the end of a period of at least three years, in application of performance conditions that will be assessed over the same period of at least three years, all shares thus allocated being subject to compliance with performance conditions, determined in view of the Company's quantitative objective and to a condition of actual presence in the Group (whether as a corporate officer or as an employee) at the end of the vesting period. The applicable performance conditions will be demanding and concern both the intrinsic financial and stock market performance of the Group.

The conditions will include at least: the thresholds to be reached for adjusted EBITDA, new MW (growth criterion) and the rate of return (Total Shareholder Return, or TSR) of the Company's share compared with that of the companies included in the SBF 120 (by sextile).

The executive officers must undertake not to use transactions to hedge their risks on the performance shares allocated to them, until the end of any lock-in period set by the Board of Directors.

The Board of Directors may (i) decide that the shares allocated to executive officers may not be transferred by the interested parties before the termination of their duties, or (ii) set the number of performance shares that they are required to keep in registered form until the termination of their duties.

Termination benefits: Severance pay

The Deputy Chief Executive Officer is not entitled to any specific severance pay in the event of termination of his office or employment contract.

Employment contract notice periods

The Deputy Chief Executive Officer is subject to a three-month notice period in the event of resignation under his permanent employment contract.

Conditions for terminating the employment contract

The Deputy Chief Executive Officer may resign from his employment contract.

The Company may make a dismissal, provided that it has a reason, or a contractual termination.

Non-competition payment

The Deputy Chief Executive Officer is entitled to a non-competition payment upon termination of his employment contract with the Company in return for the application of the clause which has the consequence of limiting the free exercise of a professional activity. The Deputy Chief Executive Officer will receive a monthly financial compensation from the date of termination of his/her employment contract and throughout the application of the clause, (of a duration of 12 months), calculated as follows:

- 33% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if he/she becomes unemployed; and
- 20% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if he has found a job.

Supplementary pension scheme

The Deputy Chief Executive Officer may be entitled to a supplementary defined contribution pension plan, in accordance with Group practices, in favour of its senior executives.

This remuneration policy for the Deputy Chief Executive Officer is subject to a vote by the general shareholders' meeting of May 14, 2024, pursuant to the resolution reproduced below:

"14th resolution (Approval of the remuneration policy applicable to the Deputy Chief Executive Officer)

The general shareholders' meeting, deliberating under the conditions of quorum and majority required for ordinary general shareholders' meetings, having taken note of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the remuneration policy applicable to the Deputy Chief Executive Officer, as presented in paragraphs 6.3.1 and 6.3.2.1 (ii) of the corporate governance report incorporated into the 2023 universal registration document in Chapter 6".

6.3.2.2 SUMMARY OF REMUNERATION FOR EXECUTIVE OFFICERS (XAVIER BARBARO AND ROMAIN DESROUSSEAUX)

The tables below follow the standardised presentation recommended in the AFEP/MEDEF Code and by the AMF.

Table 1 - Summary of remuneration and options and shares granted to each executive officer (AMF nomenclature)

(In euros)	2022 (1)	2023 (1)
Xavier Barbaro, Chairman & Chief Executive Officer		
Remuneration granted in respect of the financial year *(detailed in Table 2)*	621,565.70 (2)	620,544.24 (2)
Valuation of multi-year variable remuneration granted during the financial year	-	-
Valuation of options granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-
Valuation of other long-term remuneration plans	-	-
TOTAL	**621,565.70**	**620,544.24**
Romain Desrousseaux, Deputy Chief Executive Officer		
Remuneration granted in respect of the financial year *(detailed in Table 2)*	461,231.25 (3)	515,385.73 (3)
Valuation of multi-year variable remuneration granted during the financial year	-	-
Valuation of options granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-
Valuation of other long-term remuneration plans	-	-
TOTAL	**461,231.25**	**515,385.73**

(1) On a gross basis (before social security contributions and taxes).

(2) For the purposes of this document, this amount does not include benefits in kind in the amount of €4,580.28 (corresponding to the company car) and in the amount of €11,266.13 and €12,045.82 (corresponding to unemployment insurance premiums) taken into account in Table 2 below in 2022 and 2023 respectively. This amount does not include the profit-sharing granted in 2023 in respect of 2022 in the amount of €22,750 euros, nor the profit-sharing granted in 2024 in respect of 2023 in the amount of 23,500 euros (see paragraph 6.3.2.3, in the tables relating to individual say on pay ex-post for executive officers).

(3) For the purposes of this table, this amount does not include (i) the profit-sharing granted in 2023 in respect of 2022 in the amount of €21,625 euros, nor the profit-sharing granted in 2024 in respect of 2023 in the amount of 23,500 euros. Please refer to paragraph 6.3.2.4 (in the tables on individual say on pay ex-post for executive officers); and (ii) the value sharing bonus in respect of 2023 paid to all eligible employees of the Company.

Table 2 - Summary of remuneration of each executive officer (AMF nomenclature)

(In euros)	2022 (1)		2023 (1)	
	Amounts granted (2)	**Amounts paid (2)**	**Amounts granted (2)**	**Amounts paid (2)**
Xavier Barbaro, Chairman and Chief Executive Officer (3)				
Fixed remuneration	279,166.70	279,166.70	300,000.00	300,000.00
Annual variable remuneration (4)	342,399.00	342,399.00	320,544.24	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration of the Director's activities	-	-	-	-
Benefits of any kind (5)	4,580.28 (company car) 11,266.13 (unemployment insurance)	15,846.41	4,580.28 (company car) 12,045.82 (unemployment insurance)	16,626.10
TOTAL	**637,412.11**	**637,412.11**	**637,170.34**	**316,626.10**
Romain Desrousseaux, Deputy Chief Executive Officer (3)(6)				
Fixed remuneration	206,250.00	206,250.00	225,000.00	225,000.00
Annual variable remuneration (4)	254,981.25	254,981.25	290,385.73	-
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration of the Director's activities	N/A	N/A	N/A	N/A
Benefits of any kind	-	-	-	-
TOTAL	**461,231.25**	**461,231.25**	**515,385.73**	**225,000.00**

(1) On a gross basis (before social security contributions and taxes).
(2) For the above-mentioned financial year.
(3) Xavier Barbaro and Romain Desrousseaux also benefited from a profit-sharing scheme for 2022, paid in 2023, in the amount of €22,750 and €21,625 respectively. The profit-sharing granted to each person in 2024 for 2023 amounts to €23,500 (see paragraphs 6.3.2.3 and 6.3.2.4 - tables relating to individual say on pay ex-post for executive officers).
(4) The criteria for annual variable remuneration granted for the 2023 financial year and their level of achievement are detailed in paragraphs 6.3.2.3 and 6.3.2.4 (in the tables relating to the individual say on pay ex post for executive officers).
(5) Xavier Barbaro has a company car and unemployment insurance (refer to paragraph 6.3.2.1 (i) of this document for more information on this unemployment insurance).
(6) The remuneration of Romain Desrousseaux is paid under his employment contract.

Equity ratios[1]

In accordance with paragraphs 6 and 7 of I of Article L. 22-10-9 of the French Commercial Code, the Company must present the ratios between the level of remuneration of the Chairman and Chief Executive Officer and, on the one hand, the average remuneration on a full-time equivalent basis for employees other than corporate officers, and, on the other hand, the median remuneration on a full-time equivalent basis for employees other than corporate officers. It also presents the annual change in the remuneration of the Chairman and Chief Executive Officer, the Company's performance, the average remuneration on a fulltime equivalent basis for employees (other than executives) compared to the ratios mentioned above, during the 2023 financial year.

The remuneration of the Chairman and Chief Executive Officer used for the purposes of this calculation includes all components of fixed, variable and exceptional remuneration paid, due or awarded in respect of each of the 2019-2023 financial years.

Insofar as the Deputy Chief Executive Officer received a free share grant in 2021 and this grant was made to him in respect of his corporate office, this grant being the first and only element of remuneration of the Deputy Chief Executive Officer in respect of his corporate office since his appointment as Deputy Chief Executive Officer, the Company has decided to calculate the same ratio between the level of remuneration of the Deputy Chief Executive Officer and, on the one hand, the average remuneration on a full-time equivalent basis of employees other than corporate officers, and on the other hand, the median remuneration on a full-time equivalent basis of employees other than corporate officers for the Deputy Chief Executive Officer for the first time in respect of the 2021 financial year. However, this calculation was not made for the 2019 and 2020 financial years, as the entire remuneration of the Deputy Chief Executive Officer in respect of these financial years was paid, due to him solely under his employment contract.

[1] The equity ratios have been calculated on the basis of items paid, due or granted in respect of the 2023 financial year (in accordance with the calculation method used in the 2022, 2021, 2020 and 2019 financial years).

The annual evolution of the remuneration of the Chief Executive Officer, the performance of the Company, the average remuneration on a full-time equivalent basis of the employees (other than executives) in relation to the above-mentioned ratios, during the financial year 2023 is presented. The remuneration of the Deputy Chief Executive Officer used for the purposes of this calculation therefore includes all components of fixed, variable and exceptional remuneration paid, due or awarded in respect of each of the 2021-2023 financial years.

The ratios were calculated on the basis of the median and average remuneration paid (including, where applicable, the bonus paid) to all employees of the Company, the only French company in the Group that has employees in France.

The following methodological elements should be highlighted:

- for representativeness purposes, the scope used is that of the Company (representing 100% of the employees in France and 37.5% of the Group's employees), by retaining employees on permanent and fixed-term contracts present both on December 31 of the financial year in question and December 31 of the previous financial year. By way of illustration, on December 31, 2023, this workforce represented 71.28% of the permanent/fixed-term workforce in France;
- the following components were used in accordance with the AFEP guidelines on remuneration multiples published on December 19, 2019 and updated in February 2021 (the "Guidelines"): fixed remuneration, variable remuneration, profit-sharing and incentive schemes, performance shares awarded in respect of the financial year in question, exceptional bonus and any benefits in kind. Severance, non-competition benefits and supplementary pension plans were excluded. With regard to performance shares, in accordance with the Guidelines, the full valuation of the free shares was retained for the financial year in question, even though (x) their definitive grant is conditional on actual presence at the date of definitive grant and the achievement of performance criteria with a three-year vesting period, and (y) the Company's practice is to grant them to corporate officers once every three years.

Change

Insofar as the Company calculates the equity ratios in application of the Guidelines, according to which the remuneration actually paid (such as fixed remuneration), due or granted (such as variable remuneration or profit-sharing) as well as benefits in kind and the valuation of performance shares granted free of charge must be added together, the latter must be taken into account in full for the financial year in question, even though it is subject to a three-year vesting period and to the condition of presence as well as to the achievement of performance conditions, and the Company's practice is to grant them once every three years. As a result, changes in the respective remunerations of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer calculated in accordance with the Guidelines are strongly impacted by the valuation of the free shares granted once every three years, the vesting of which is uncertain and staggered over time.

Tables – Comparison of the remuneration of executive officers with the Company's performance and the average and median remuneration of employees

The total remuneration[2] paid, due or granted to the Chairman and Chief Executive Officer in 2023 was €660,670.34, **0.25%** higher than that paid in 2022, **85.85%** lower than that paid in 2021[3], **32.17%** higher than that paid in 2020 and **54.17%** higher than that paid in 2019.

This compares to an increase in adjusted EBITDA[4] of **14.69%**, an increase in the average remuneration of employees of **4.09%** compared with 2022, an increase in adjusted EBITDA[4] of **58.06%**, an increase in average compensation of employees of **0.73%** compared to 2021, an increase in adjusted EBITDA[4] of **75.59%**, a decrease in average compensation of employees of **2.39%** (due to the scope of consolidation[5]) compared to 2020, an increase in adjusted EBITDA[4] of **119.71%** and a decrease in average compensation of employees of **11.08%** (due to the scope of consolidation[5]) compared to 2019.

[2] Remuneration is calculated on a gross basis and includes benefits in kind (corresponding to the company car and unemployment insurance) taken into account in Table 2 above and the profit-sharing scheme granted in 2024 in respect of 2023 (see paragraph 6.3.2.3, in the tables relating to the individual *ex-post* say on pay for corporate officers).

[3] Insofar as Xavier Barbaro received a free share grant in the 2021 financial year and the Company's practice is to grant shares to corporate officers once every three years, the addition of this remuneration component for the 2021 financial year is reflected of changes in the percentages.

[4] In accordance with the Company's press release announcing the 2022 half-year results dated July 28, 2022, the EBITDA targets of the Group, which until that date were excluding the impact of the change in the fair value of energy derivative financial instruments, are now adjusted EBITDA targets. For more details on the definition and calculation of this aggregate, please refer to paragraph 2.1.1 of this document "Adjusted EBITDA".

[5] This decrease is mainly explained by (x) the fact that the average remuneration of employees in 2020 includes the full remuneration of Mr. Romain Desrousseaux unlike the average remuneration in 2021,2022, and 2023 which excludes it, and (y) a number of internal transfers from France to other countries.

	2019	2020	2021	2022	2023
Xavier Barbaro, Chairman and Chief Executive Officer					
Remuneration (in euros)	428,543.35	499,854.91	4,668,623.72	659,037.11	660,670.34
Ratio in relation to average employee remuneration(1)	**3.47**(2)	**4.46**(2)	**44.70**	**6.53**(2)	**6.28**(2)
Ratio in relation to median employee remuneration(1)	**5.23**(2)	**6.98**(2)	**65.80**	**9.28**(2)	**9.20**(2)
Adjusted EBITDA(7) (in € million)	216.1(3)	270.4(4)	300.4(5)	414.0(6)	474.8(8)

(1) The average and median remunerations of employees include the remuneration that Romain Desrousseaux received under his employment contract in 2019 and 2020. However, the entire remuneration received by Romain Desrousseaux in 2021,2022 and 2023 including that received under his employment contract, was excluded from the average and median remunerations of employees (see paragraph 6.3.2.1 (ii) of this document).
(2) Insofar as Xavier Barbaro was not granted any free shares during the 2019, 2020, 2022 and 2023 financial years, the absence of this remuneration component is reflected in the ratios.
(3) €217.2 million at constant exchange rates.
(4) €274.8 million at constant exchange rates.
(5) €297.2 million at constant exchange rates.
(6) €399.2 million at constant exchange rates.
(7) €488.6 million at constant exchange rates.
(8) In accordance with the Company's press release announcing the 2022 half-year results dated July 28, 2022, the EBITDA targets of the Neoen Group, which until that date were excluding the impact of the change in the fair value of energy derivative financial instruments, are now adjusted EBITDA targets.

The total compensation paid, due or allocated to the Deputy Chief Executive Officer during 2023 amounts to **€544,885.73**, which is **11.46%** higher than the compensation for 2022, and **82.56%**[5] less than the compensation paid for 2021 (the first financial year for which the calculation of the equity ratios for the Company has been carried out).

This compares with an increase in adjusted EBITDA of **14.69%**, an increase in average employee remuneration of **4.09%** compared to 2022 as well as an increase in adjusted EBITDA of **58.06%** and an increase in average employee compensation of **0.73%** compared to 2021.

	2021	2022	2023
Romain Desrousseaux, Deputy Chief Executive Officer(1)			
Remuneration (in euros)	3,123,716.84	488,856.25(4)	544,885.73(4)
Ratio in relation to average employee remuneration	**29.91**(2)	**4.84**(5)	**5.18**(5)
Ratio in relation to median employee remuneration	**44.03**(2)	**6.88**(5)	**7.59**(5)
Adjusted EBITDA(8) (in € million)	300.4(3)	414.0(6)	474.8(7)

(1) Insofar as Romain Desrousseaux's remuneration as Deputy Chief Executive Officer for the financial years prior to 2021 was paid to him in full under his employment contract, the Company did not calculate the equity ratios concerning him. Following the grant of free shares to Romain Desrousseaux in respect of his corporate office in 2021 (this grant being the first and only element of remuneration for the Deputy Chief Executive Officer in respect of his corporate office since his appointment as Deputy Chief Executive Officer in 2019), the Company decided to calculate the equity ratios for the Deputy Chief Executive Officer for the first time in respect of the 2021 financial year.
(2) Insofar as Romain Desrousseaux was granted free shares during the 2021 financial year, the presence of this remuneration component for the 2021 financial year is reflected in the ratios.
(3) €297.2 million at constant exchange rates.
(4) Including the value sharing bonus for 2022 and 2023 paid to all eligible Company's employees.
(5) Insofar as Romain Desrousseaux did not receive a free share grant during the 2022 and 2023 financial years, the absence of this remuneration component is reflected in the ratios.
(6) €399.2 million at constant exchange rates.
(7) €488.6 million at constant exchange rates
(8) In accordance with the Company's press release announcing the 2022 half-year results dated July 28, 2022, the EBITDA targets of the Group, which until that date were excluding the impact of the change in the fair value of energy derivative financial instruments, are now adjusted EBITDA targets.

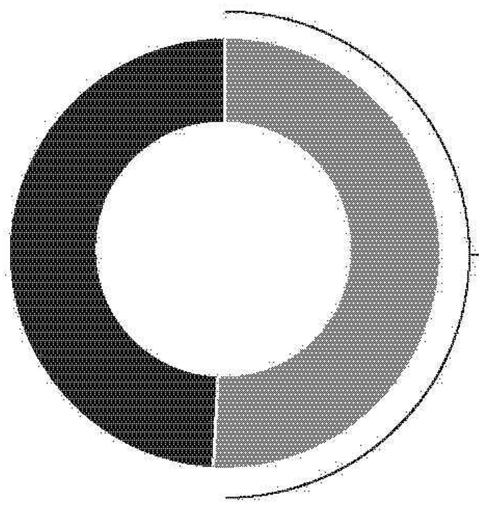
[5] Insofar as Mr. Romain Desrousseaux benefited from a free share allocation during the 2021 financial year and as the Company's practice is to make allocations to corporate officers once every three years, the addition of this component of remuneration in respect of the 2021 financial year is reflected in the variations in the percentages.

6.3.2.3 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE 2023 FINANCIAL YEAR OR GRANTED IN RESPECT OF THIS FINANCIAL YEAR TO XAVIER BARBARO, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, SUBMITTED TO THE VOTE OF THE GENERAL SHAREHOLDERS' MEETING OF MAY 14, 2024 IN ITS 10TH RESOLUTION (INDIVIDUAL SAY ON PAY *EX POST*)

Summary tables of the remuneration of the Chairman and Chief Executive Officer granted for the 2023 financial year or paid in that financial year

In the chart below, all remuneration and amounts shown are expressed in gross amounts.

Summary of remuneration



Valuation of free shares granted during the year
None

Performance regarding the variable compensation

75%	**Quantitative criteria** Revenue (15%) Adjusted EBITDA (30%) New awarded MW (30%)	**Amount** €249,294.24
25%	**Qualitative criteria**	**Amount** €71,250

Remuneration for term of office as a Director	Benefits of any kind	Profit-sharing	Exceptional remuneration	Supplementary pension scheme
€0	€16,626.10	€23,500	€0	None

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the past financial year	Amounts granted in respect of the past financial year or accounting valuation	Presentation
Fixed remuneration	€300,000	€300,000	The amount of the annual fixed remuneration of the Chairman and Chief Executive Officer paid in 2023 and granted for that financial year was €300,000.
Annual variable remuneration	€342,399[7]	€320,544.24	The amount of the Chairman and Chief Executive Officer's annual variable remuneration for his duties within the Company is set by the Company's Board of Directors, after consultation with the Governance and CSR Committee, and based on performance criteria. The annual variable portion of the Chairman and Chief Executive Officer's remuneration will amount to 100% of the gross amount of his fixed remuneration if the performance criteria are met, not to exceed 200% of the gross amount of his fixed remuneration. Quantitative criteria represent 75% of the variable remuneration while qualitative criteria represent 25%. During its meeting of February 28, 2024, the Board of Directors, after receiving the opinion of the Governance and CSR Committee, noted the achievement of the annual variable remuneration quantitative performance criteria as follows: • **Revenue criterion: €586.6[8] million**, or 98.95% of budgeted revenue, or 89.54% of the 15% target; • **Adjusted EBITDA criterion: €474.8 million**, or 99.96% of the amount corresponding to the middle of the adjusted EBITDA guidance range, i.e. 99.79% of the 30% target; • **New MW awarded criterion: 1,801.36 MW[9]**, or 116.22% of the annual target number of new MW awarded, or 132.43% of the 30% target. Regarding the **qualitative performance criteria**, the said Board of Directors noted: • Regarding the leadership and organisation: the involvement of Neoen's senior management and all its teams was visible in the record growth that Neoen achieved in 2023. Particular attention has been paid to empowering local talent in different geographies (e.g. Sweden, Portugal, Germany, Canada). Succession plans for key positions are well in place. The regionalisation of Neoen is complete, with regional senior management in place and fully operational. The sharing of information between regions works well: with representatives from other regions taking part in regional seminars and discussion forums between regional managers in the various teams (development, legal, operations, finance, etc.). The cross-functional projects (energy management, optimising industrial performance, etc.) are also federating. • Regarding growth: growth in 2023 was very balanced and thus met the expectations of the Board of Directors: driven by 7 countries in Neoen's 3 operating regions, it was divided between new solar, wind and storage projects. The counterparties with which the Company signed new contracts were also varied: governments, utilities, large electro-intensive companies and medium-sized industrial groups. • Regarding the financial issues: adjusted EBITDA in 2023 was generated overwhelmingly from electricity sales, from all regions and technologies, thus ensuring a wide range of contributions. The Group was financed by a capital increase in March 2023 and by new projects financing. The quality of this project financing was recognised, and the March 2023 capital increase was oversubscribed and successful. However, it was marked by a significant drop in the Company's share price, demonstrating the importance of financial communication that is better understood by the market. • Lastly, with regard to cross-functional issues: In terms of HSE, for the second time the Company has measured its severity rate (the number of days lost due to accidents per thousand hours worked on site): with a value of 0.04 in 2023, it is among the best in the sector. Nevertheless, the Company noted a deterioration in its lost-time accident frequency rate (which measures the number of accidents with lost time divided by the number of hours worked x 1,000,000) in 2023 compared with 2022: for construction, this indicator rose from 2022 (while remaining below the 2021 level), and for operations and maintenance, it rose to a historically high level. In terms of CSR, Neoen saw an increase in the percentage of women in its workforce (from 30.7% to 33.7%).

[7] The payment of these remuneration components was approved by the general shareholders' meeting of May 10, 2023, under the sixth ordinary resolution. At its meeting on February 28, 2024, the Board of Directors decided to include €6.5m of insurance proceeds in the calculation of revenue, in addition to the late payment indemnities, to compensate for the loss of revenue received by a subsidiary of the Company.

[8] At its meeting on February 28, 2024, the Board of Directors decided to include €6.5m of insurance proceeds in the calculation of revenue, in addition to the late payment indemnities, to compensate for the loss of revenue received by a subsidiary of the Company.

[9] At its meeting on February 28, 2024, the Board of Directors decided to include part of the MW of a ready-to-build project that had been sold as part of the Group's farm-down strategy in the calculation of the number of new MW awarded, even though (x) the state of progress of the project made it possible to start construction, still it was decided not to do so and to sell it as part of the Group's farm-down strategy, and (y) the sale of this project made it possible to cover its development costs and generate a capital gain.

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the past financial year	Amounts granted in respect of the past financial year or accounting valuation	Presentation
			With regard to carbon intensity, the Company is preparing to measure this intensity over several years and is already taking steps to reduce it. In 2023, the Group reduced its carbon intensity in tons of CO2e per MW installed in solar and wind power compared with 2020 by 17% and 5%, respectively. Thus, in total, the amount of annual variable remuneration granted to Xavier Barbaro for the 2023 financial year is **€320,544.24**. The payment of the annual variable remuneration granted for 2023 is subject to approval by the next ordinary general shareholders' meeting of the resolution covered by this table.
Exceptional remuneration	None	None	No exceptional remuneration.
Remuneration for Directors' activities	None	None	The Chairman and Chief Executive Officer has indicated that he does not receive any such remuneration for his participation in the work of the Company's Board of Directors as long as he holds the positions of Chief Executive Officer.
Benefits of any kind	€16,626.10 (accounting valuation)	€4,580.28 (company car) €12,045.82 (unemployment insurance)	The Chairman and Chief Executive Officer is provided with a company car, paid for by the Company up to a maximum valuation of the benefit in kind corresponding to €6,000 per year. The Chairman and Chief Executive Officer benefits from an unemployment insurance plan that provides him with remuneration for a period of twelve months up to a maximum of 70% of his annual net taxable remuneration.
Profit-sharing	€22,750[1]	€23,500	The profit-sharing scheme was introduced for the first time for the year 2019 and paid each year, since 2020.
Stock options, free shares or any other element of long-term remuneration		Options: None Shares: None	No options to subscribe for or purchase shares were granted to Mr. Xavier Barbaro during the 2023 financial year. No free shares were granted to Mr. Xavier Barbaro during the financial year 2023.
Supplementary pension scheme	N/A		Xavier Barbaro does not benefit from a supplementary defined contribution pension plan.
Termination benefits: Severance pay	None	None	The Chairman and Chief Executive Officer is entitled to severance pay in the event of cessation or non-renewal of his term of office as Chief Executive Officer of the Company (excluding cases of gross negligence or serious misconduct). This severance pay will be an amount equivalent to six months of remuneration (one month being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). Payment of the severance pay will be subject to the dual condition that (x) the sum of the Group's net profit for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is positive and that (y) the average achievement of the variable remuneration criterion of the number of new MW awarded for the last two financial years preceding his removal or, as the case may be, the expiry of his non-renewed term is equal to or higher than the average of 50% of the targets for this same criterion and for the said two financial years.

[1] The amount of "€21,625" stated in the 2022 Universal Registration Document should have read "€22,750". The amount of €22,750 was calculated and paid strictly in accordance with the remuneration policy for the Chairman and Chief Executive Officer and the terms of Neoen SA's profit-sharing agreement.

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the past financial year	Amounts granted in respect of the past financial year or accounting valuation	Presentation
Non-competition payment	None	None	The Chairman and Chief Executive Officer is entitled to a non-competition payment for the cessation of his term of office as Chief Executive within the Company in respect of his obligation not to undertake, on French soil, via any means whatsoever, any business competing with that of the Company and not to become involved, directly or indirectly, in any activity that could compete with those of the Company, for a period of twelve (12) months from the date of termination of said duties. This severance pay will be paid monthly during the twelve months following the cessation of the said duties for an amount equal to 70% of his remuneration (a month of remuneration being defined as the sum of (i) the average monthly fixed remuneration paid in the twelve months preceding the end of the term of office and (ii) the monthly average of the last two amounts of variable remuneration paid). This indemnity may not be paid if (i) the Chief Executive Officer asserts his pension rights; and/or (ii) he exceeds the age of 65.

6.3.2.4 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE 2023 FINANCIAL YEAR OR GRANTED IN RESPECT OF THIS FINANCIAL YEAR TO ROMAIN DESROUSSEAUX, DEPUTY CHIEF EXECUTIVE OFFICER, SUBMITTED TO THE VOTE OF THE GENERAL SHAREHOLDERS' MEETING OF MAY 14, 2024 IN ITS 11TH RESOLUTION (INDIVIDUAL SAY ON PAY *EX POST*)

The payment of the variable and exceptional components granted to Romain Desrousseaux is not subject to approval by an ordinary general shareholders' meeting. However, they are submitted to it for consultative purposes.

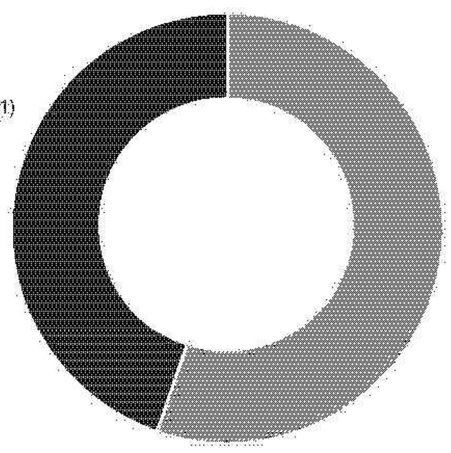
The following information is provided for this purpose:

Summary table of the remuneration of the Deputy Chief Executive Officer granted for the 2023 financial year or paid in that financial year

In the chart below, all remuneration and amounts shown are expressed in gross amounts.

Summary of remuneration

Fixed compensation[1] €225,000



Variable compensation €290,386.73

Valuation of free shares granted during the year
None

Performance regarding the variable compensation

75%	**Quantitative criteria** Revenue (10%) Ajusted EBITDA (20%) New international awarded MW (45%)	**Amount** €234,135.73
25%	**Qualitative criteria**	**Amount** €56,250

Remuneration for term of office as a Director N/A	**Benefits of any kind** None	**Profit-sharing** €23,500	**Exceptional remuneration** €0	**Supplementary pension scheme** None

(1) Romain Desrousseaux is paid exclusively under his employment contract.

First, it should be noted that Romain Desrousseaux, Deputy Chief Executive Officer, is remunerated exclusively under his employment contract (subject to shares which may have been or may be granted to him free of charge in respect of his corporate office).

For the financial year 2023, Mr. Romain Desrousseaux did not receive any remuneration or benefits in respect of his corporate office. For this financial year, he was therefore exclusively remunerated under his employment contract with the Company prior to his appointment as Deputy Chief Executive Officer.

Nevertheless, it was decided to submit, for consultative purposes, the items of the table set out below to a vote at the next ordinary general shareholders' meeting (which recaps, for information purposes only, the components related to its employment contract in the column "Presentation (indicative)").

Accordingly, the items presented in the table below do not show any amount in the columns concerning the remuneration paid during 2023 or granted in respect of that financial year to Romain Desrousseaux in respect of his corporate office. As the variable remuneration granted in respect of 2023 is exclusively linked to his employment contract, its payment is not conditional on a favourable vote at the next ordinary general shareholders' meeting.

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the past financial year in respect of the corporate office	Amounts granted in respect of the past financial year or accounting valuation in respect of the corporate office	Presentation (indicative)
Fixed remuneration	None	None	This remuneration is paid by the Company under the employment contract of the Deputy Chief Executive Officer. For information, it amounts to **€225,000** for 2023. The Deputy Chief Executive Officer does not therefore receive any fixed remuneration paid by the Company in his capacity as Deputy Chief Executive Officer.
Annual variable remuneration	None	None	The annual variable remuneration of the Deputy Chief Executive Officer for 2023 was set by the Governance and CSR Committee on February 16, 2024, which noted the following performances in respect of the quantitative and qualitative performance criteria set by the Committee at its meeting of February 17, 2023 and whose principles are reflected in his employment contract. With regard to the achievement of the quantitative performance criteria for the annual variable remuneration, said Committee noted: • **Revenue** criterion: **€586.6 million**[11], or 98.95% of budgeted revenue, or 89.54% of the 10% target; • **Adjusted EBITDA** criterion: **€474.8 million**, or 99.96% of the amount corresponding to the middle of the adjusted EBITDA guidance range, i.e., 99.79% of the 20% target; • **New international MW awarded** criterion: **1,425.76 MW**[12] or 133.50% achievement of this criterion (based on the target number), i.e., 167% of the 45% target. Regarding the **qualitative performance criteria**, said Committee noted that: • With regard to the growth in at least half of the countries where Neoen is present, while streamlining its portfolio in others, the materialisation of Neoen's presence in at least one more European country (Italy or Croatia) and the creation of the conditions for rapid launch in Germany, or even New Zealand: year of record growth, achieved in 7 countries across 3 regions. Development of the first solar projects in Italy, development of a portfolio of storage projects in Germany, additional developments in two Canadian provinces. Announcement of the sale of Mozambique in order to streamline Neoen's activities. • Regarding the recruitment of new talents, the development of existing teams, particularly in Australia or in the Nordic countries: organisation of a team of State leaders in Australia, and expansion of the Neoen teams in Sweden and Finland, as well as in Italy and Germany. Departure rate in 2023 much lower than in 2022. • Regarding the continued development of the energy management platform: strengthening the energy management team in the various countries of Neoen and its role, and improving geographical coverage (cooperation between the team based in Australia and the Canadian teams in preparing the storage tender in Ontario). • Regarding the ongoing development of long-term relations with the local communities in which Neoen implements its projects: new initiatives in Australia that are highly visible and recognised locally. Knowledge sharing with other Neoen countries throughout 2023. Thus, in total, the amount of annual variable remuneration granted to the Deputy Chief Executive Officer for the 2023 financial year is **€290,385.73**. This Deputy Chief Executive Officer's annual variable remuneration is exclusively granted under his employment contract, his payment is not subject to the approval by the general shareholders' meeting of remuneration and benefits of any kind paid during or granted in respect of the last financial year.
Exceptional remuneration	None	None	No exceptional remuneration.
Profit-sharing	None		An amount of €21,625 was paid in 2023 in respect of 2022. The profit-sharing granted in 2024 in respect of 2023 amounts to €23,500.
Stock options, free shares or any other element of long-term remuneration		Options: None Shares: None	No options to subscribe for or purchase shares were granted to the Deputy Chief Executive Officer during the 2023 financial year. No free shares were granted to the Deputy Chief Executive Officer during the 2023 financial year.

[1] At its meeting on February 16, 2024, the Governance and CSR Committee decided to include €6.5m of insurance proceeds in the calculation of revenue, in addition to late payment indemnities, to compensate for the loss of revenue received by a subsidiary of the Company.

[2] At its meeting on February 16, 2024, the Governance and CSR Committee decided to include part of the MW of a ready-to-build project that had been sold as part of the Group's farm-down strategy in the calculation of the number of new MW awarded internationally, even though (x) the state of progress of the project made it possible to start construction, still it was decided not to do so and to sell it as part of the Group's farm-down strategy, and (y) the sale of this project made it possible to cover its development costs and generate a capital gain.

Remuneration components submitted to the vote of the general shareholders' meeting	Amounts paid during the past financial year in respect of the corporate office	Amounts granted in respect of the past financial year or accounting valuation in respect of the corporate office	Presentation (indicative)
Termination benefits: Severance pay	N/A		The Deputy Chief Executive Officer is not entitled to any specific severance pay in the event of termination of his office or employment contract.
Non-competition payment	None	None	The Deputy Chief Executive Officer is entitled to a non-competition payment upon termination of his employment contract with the Company in return for the application of the clause which has the consequence of limiting the free exercise of a professional activity. The Deputy Chief Executive Officer will receive a monthly financial compensation from the date of termination of his/her employment contract and throughout the application of the clause (for a period of 12 months), calculated as follows: • 33% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if the employee becomes unemployed; and • 20% of the gross fixed monthly remuneration received on the date of termination of the contractual relationship if the employee has found a job.
Supplementary pension scheme	N/A		The Deputy Chief Executive Officer does not benefit from a supplementary.

6.3.3 COMPENSATION OF NON-EXECUTIVE OFFICERS

(i) Remuneration policy for Directors

In accordance with the law, the maximum amount of remuneration allocated to Directors is set by the general shareholders' meeting.

The general shareholders' meeting of May 26, 2020, set this amount at €300,000 per year for the current and subsequent periods, unless a new general shareholders' meeting changes the annual amount.

Within the limits of the amount decided by the general shareholders' meeting and the remuneration policy approved by the latter, the Board of Directors sets, at the end of each year, the amount of remuneration to be allocated to its members in respect of the financial year just ended and, at the beginning of each year, the rules for its distribution as well as the methods for calculating the remuneration allocated for the current financial year.

In addition, since the amount of remuneration allocated is granted on an annual basis, this amount is calculated *prorata temporis* in the event of the appointment or termination, for any reason whatsoever, of the term of office of member of the Board of Directors during the financial year.

At the date of this document, the criteria for distributing the fixed annual sum allocated by the general shareholders' meeting remain those described in section 6.3.3 of the 2022 universal registration document.

Modification of an existing rule

At its meeting on February 28, 2024, the Board of Directors, acting on a proposal from the Governance and CSR Committee, decided to (i) propose to the next annual general shareholders' meeting on May 14, 2024 (8th resolution) that the total annual remuneration package to be allocated to members of the Board of Directors be increased to €315,000 per year for the current and subsequent periods, and (ii) subject to the approval of the eighth resolution by the general shareholders' meeting of May 14, 2024, to increase by 5% each amount paid to members of the Board of Directors in their different capacities, in each case in order to partially offset the level of inflation in France over the period 2020-2023. Failing a favourable vote for the 8th resolution by the general shareholders' meeting of May 14, 2024, the aforementioned 5% increase in the criteria for allocating Directors' remuneration will not be applied, and the amounts allocated in respect of their Board and Committee duties will be those previously approved.

Subject to the condition precedent to the approval of the eighth resolution by the General Meeting of May 14, 2024, the criteria for distribution the fixed annual amount allocated by the general shareholders' meeting to the Directors would be as follows:

BOARD OF DIRECTORS

- A remuneration of €36,750 is due to each Director, adjusted according to their actual presence and time devoted to the work:
  - in case of absence from 20% of the meetings or less: the amount due is unchanged;
  - in case of absence from more than 20% and less than 70% of the meetings: the amount due is reduced in proportion to the presence; and
  - in case of absence from more than 70% of the meetings: the amount due is reduced by 70%
- An additional remuneration of €18,375 is due to the Lead Director
- The budget allocated to the Directors is set at a maximum total amount of €315,000
- In the event of an increased workload, the Board may allocate the balance of the total annual remuneration remaining available to all or some of its members, depending on their participation in the Board's work
- In accordance with the provisions of Articles L. 22-10-15 and L. 225-46 of the French Commercial Code, exceptional remuneration may be granted to certain Directors for specific assignments or mandates. This remuneration would be charged to operating expenses and would be subject to the procedure for regulated agreements

MEMBERS OF BOARD COMMITTEES

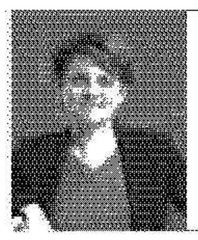
- A remuneration of €18,375 is due to the Chairman of the Audit Committee and the Chairman of the Governance and CSR Committee
- A remuneration of €13,125 is due to each member of the Audit Committee and each member of the Governance and CSR Committee

(ii) Amount of gross remuneration granted in respect of and paid during 2023

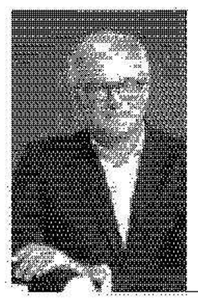
In thousands of euros



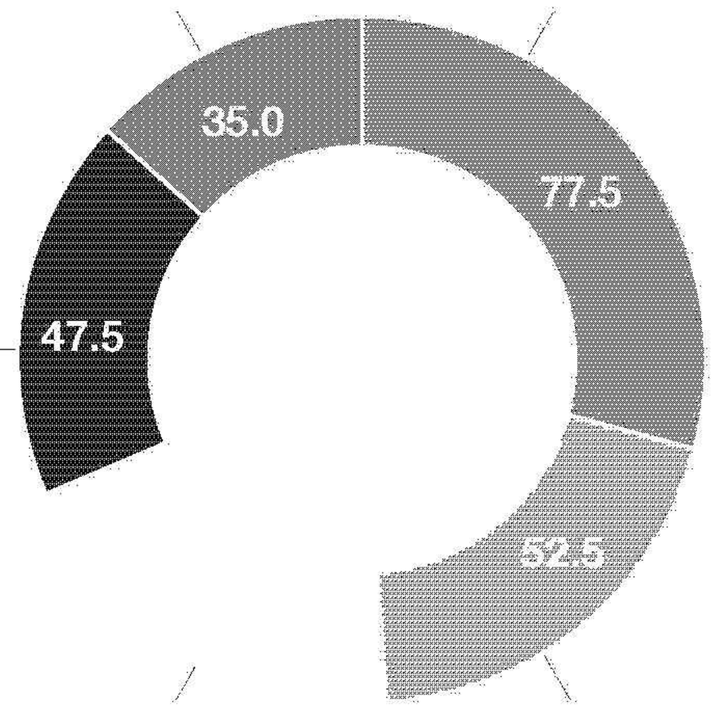
SIMON VEYRAT



STÉPHANIE LEVAN
Member of the Audit Committee

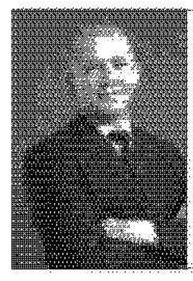


SIXTO
Represented by Bertrand Dumazy
Chairman of the Governance and CSR Committee





HELEN LEE BOUYGUES
Member of Audit Committee and of the Governance and CSR Committee
Lead Director



CHRISTOPHE GÉGOUT
Representative of the FSP
Chairman of the Audit Committee

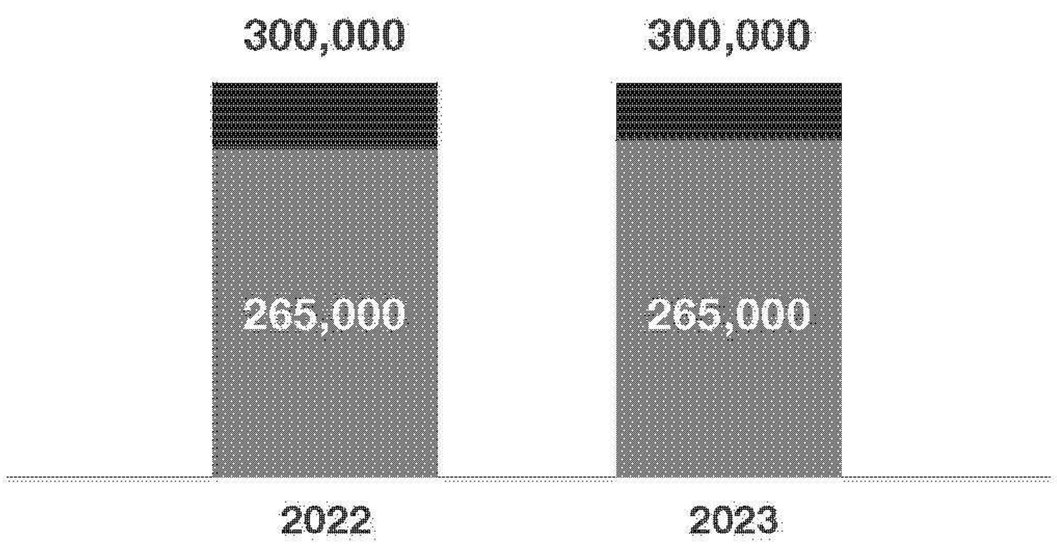
Table 3 - Remuneration granted for the office of Director and other remuneration received by non-executive corporate officers (AMF nomenclature)

	2022[1]		2023[1]	
Non-executive corporate officers *(in euros)*	**Amounts granted in respect of 2022**	**Amounts paid during 2022**	**Amounts granted in respect of 2023**	**Amounts paid during 2023**
Helen Lee Bouygues				
Remuneration (fixed, variable)	77,500	77,500	77,500	77,500
Other remuneration	N/A	N/A	N/A	N/A
Christophe Gégout, as permanent representative of FSP[2]				
Remuneration (fixed, variable)	52,500	52,500	52,500	52,500
Other remuneration	N/A	N/A	N/A	N/A
Sixto, whose permanent representative is Bertrand Dumazy				
Remuneration (fixed, variable)	52,500.00	52,500	52,500	52,500
Other remuneration	N/A	N/A	N/A	N/A
Bpifrance Investissement, whose permanent representative is Vanessa Giraud[3]				
Remuneration (fixed, variable)	-	-	-	-
Other remuneration	N/A	N/A	N/A	N/A
Stéphanie Levan				
Remuneration (fixed, variable)	47,500	47,500	47,500	47,500
Other remuneration	N/A	N/A	N/A	N/A
Simon Veyrat				
Remuneration (fixed, variable)	35,000	35,000	35,000	35,000
Other remuneration	N/A	N/A	N/A	N/A
TOTAL	**265,000**	**265,000**	**265,000**	**265,000**

(1) The remuneration shown in the table above also includes the remuneration allocated for participation in the Audit Committee and the Governance and CSR Committee, and the remuneration of the Lead Director.
(2) The remuneration is paid directly to Christophe Gégout as permanent representative.
(3) Bpifrance Investissement did not receive any remuneration in respect of the 2022 and 2023 financial years.

Global annual compensation budget allocated to Directors

In euros



6.3.4 REPORT ON OPTIONS AND FREE SHARES

6.3.4.1 POLICY FOR THE GRANT OF OPTIONS AND FREE SHARES

The combined general shareholders' meeting of May 10, 2023, in its 16th resolution, granted authorisation to the Board of Directors, for a twenty-six-month term, to grant existing or new free shares to some or all employees the Company or related companies or joint ventures and/or executive officers of the Group or to some of them.

The existing shares or shares to be issued granted for free under this authorisation may not represent more than 2% of the Company's share capital on the date of the Board of Directors' decision, it being specified that the total number of existing shares or shares to be issued granted to the Company's executive officers may not represent, more than 50% of the shares that may be granted free of charge under the said authorisation.

The 16th resolution on the granting of free shares provides for the Board of Directors to set the condition, in particular the ceilings referred to above, as well as the performance criteria applicable to them, if any, and for the Board of Directors to determine the list of beneficiaries of the free shares.

In accordance with the terms and conditions applicable to free share allocations made during the 2023 financial year, the definitive grant of free shares is subject to:

- a condition of presence of the beneficiary on the last day of the vesting period of the free shares, subject to exceptions provided for in the plan rules (in particular, retirement or early retirement, death or permanent disability of 2nd or 3rd category within the meaning of Article L. 341-4 of the French Social Security Code) or upon authorisation of the Chairman and Chief Executive Officer after consultation with the Governance and CSR Committee; It should be noted that the regulations of the free share allocation plan of February 28, 2023, also include the provision that the number of free shares definitively allocated to each beneficiary will be prorated according to the beneficiary's days of absence during the vesting period that are not assimilated to actual working time within the meaning of Article L. 3314-5 of the French Labour Code or any other equivalent provision within the meaning of applicable local law;
- three performance conditions. The number of free shares definitively vested to the beneficiaries at the end of the vesting period will be determined based on the achievement of performance criteria set by the Board of Directors. For each criterion defined below (i) a trigger level in relation to the objective set is provided for, (ii) in the event of outperformance of said criterion in relation to the objective set, the weighting relating to this criterion will be increased in order to take account of this outperformance and (iii) a maximum threshold of outperformance in relation to the objective set is provided for. The performance conditions set out in the plan are as follows:
  - the definitive vesting of 40% of the free shares will depend on achieving an adjusted EBITDA level;
  - the definitive vesting of an additional 40% of free shares will depend on the achievement of growth objectives assessed in terms of new megawatts (MW) in the awarded phase (including, in particular, those acquired as part of possible external growth operations, in accordance with the assessment conditions specified in the plan);
  - the definitive vesting of the remaining 20% of free shares will depend on the achievement of shareholder return objectives, assessed on the basis of Total Shareholder Return, or TSR, by reference to that of the companies included in the SBF 120 (by sextile).

  The level of achievement of each of the three aforementioned performance conditions will be recorded by the Board at the meeting during which it will approve the annual financial statements producing the performance criteria indicators used, under the following conditions:
  - in the event that the objectives under one of the criteria are not met, such underperformance under one criterion may be offset by a possible outperformance under another criterion for the same financial year;
  - the number of free shares definitively acquired by the beneficiaries will be determined by taking into account the average of the objectives achieved during the three financial years ended during the vesting period; and
  - the number of free shares definitively granted to each beneficiary depending on the achievement of the performance conditions may not under any circumstances exceed the maximum number of free shares initially granted to the beneficiary in question on the granting date, subject to any adjustments made in accordance with the terms of the plan rules.

The Company has not granted any stock subscription or purchase options since 2018.

6.3.4.2 STOCK SUBSCRIPTION OR PURCHASE OPTIONS

(i) Stock subscription or purchase options awarded during the 2023 financial year to each executive officer by the Company and by any Group company

None.

(ii) Stock subscription or purchase options exercised during the 2023 financial year by each executive officer

None.

(iii) Stock subscription or purchase options granted to the top ten employees who are not corporate officers

Table 9 - (AMF nomenclature)

Share subscription or purchase options granted to the top ten employees who are not corporate officers and options exercised by them	Total number of options granted/ shares subscribed or purchased	Average weighted price
Options granted during the 2023 financial year by the issuer and any company included in the scope of the grant of options to the top ten employees of the issuer and any company included in this scope with the highest number of options granted (overall information)	N/A	N/A
Options held on the issuer and the companies referred to above, exercised during the 2023 financial year by the top ten employees of the issuer and these companies with the highest number of options thus purchased or subscribed (overall information)	19,995	€8.53

(iv) History of stock subscription or purchase option grants

Table 8 - History of share subscription or purchase option grants (after consolidation of shares) (AMF nomenclature)

	2018 Plan (II)	2018 Plan (I)
Date of the general shareholders' meeting	04/07/2018	29/05/2018
Date of the Chairman's[1] decision approving the list of beneficiaries	05/07/2018	30/05/2018
Start of option exercise period[2]	06/10/2020	31/05/2021
Total number of shares that may be subscribed or purchased (on the date of grant of stock subscription or purchase options), the number of which may be subscribed by:	65,000	40,000
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*
Total number of shares that may be subscribed or purchased (after the adjustment to take into account the April 2021 capital increase), the number of which can be subscribed by:	67,835	42,835
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*
Total number of shares that may be subscribed or purchased (after the adjustment to take into account the March 2023 capital increase), the number of which can be subscribed by:	68,699	44,227
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*
End of option exercise period	05/07/2023	30/05/2023
Subscription or purchase price (before adjustment to take into account the April 2021 capital increase)	€10	€10
Subscription or purchase price (after adjustment to take into account the April 2021 capital increase)	€9.25	€9.25
Subscription or purchase price (after adjustment following the March 2023 capital increase)	€8.50	€8.50
Conditions of exercise (if the plan has more than one tranche)	-	-
Number of shares subscribed as of December 31, 2023	63,699	33,346
Aggregate number of stock options or share purchase options cancelled or lapsed (number at 31 December 2023 after adjustment following the March 2023 capital increase)	5,000	10,881
Remaining stock subscription or purchase options as of December 31, 2023 (number after adjustment following the capital increases of April 2021 and March 2023)	0	0

(1) Decisions taken by the Chairman of the Company in its former S.A.S form.
(2) The 2018 (I) plan presented includes a vesting period of thirty-six (36) months. The 2018 plan (II) has a vesting period of 2 years, 3 months and 1 day.

6.3.4.3 ALLOCATION OF FREE SHARES

(i) Conditions set by the Board of Directors relating to the sale of free shares granted to executives

Pursuant to Article L. 225-197-1 II paragraph 4 of the French Commercial Code, the beneficiary of the performance free share plan of February 28, 2023, if he/she is a corporate officer of the Company or an affiliated company, will be required to hold in registered form at least 15% of the free shares granted to him/her until the termination of his/her duties, it being specified that any shares subscribed for by the executive exercising the preferential subscription rights attached to the free shares thus held in registered form shall be freely transferable if the executive has paid for them.

(ii) Performance shares granted free of charge to executive officers during the 2023 financial year

Table 6 - Free shares granted to each corporate officer (AMF nomenclature)

	Number of free shares granted	Value of the shares (according to the method used for the consolidated financial statements) *(in euros)*	Date of the granting decision
Free shares granted during the financial year to corporate officers by the Company and by companies affiliated with them by virtue of the offices they hold in the Company, of which number of shares granted to:			
Xavier Barbaro, Chairman & Chief Executive Officer	N/A	N/A	N/A
Romain Desrousseaux, Deputy Chief Executive Officer	N/A	N/A	N/A
Free shares granted during the financial year to corporate officers by controlled companies within the meaning of Article L. 233-16 of the French Commercial Code in respect of the offices they hold in these companies	N/A	N/A	N/A

(iii) Performance shares granted free of charge to each executive officer during the 2023 financial year

Table 7 - Free shares that became available during the financial year for each executive officer (AMF nomenclature)

Free shares definitively vested by each corporate officer	Plan number and date	Number of shares that became available during the year	Vesting conditions
Xavier Barbaro	N/A	N/A	N/A
Romain Desrousseaux	N/A	N/A	

(iv) History of free share grants

Table 10 - History of free share grants (AMF nomenclature)

	2023 plan	2022 plan	2021 plan	2020 plan
Date of the general shareholders' meeting	25/05/2021	25/05/2021	26/05/2020	26/05/2020
Date of decision to grant the shares by the Board of Directors or the Chairman	28/02/2023	14/03/2022	10/03/2021	2/07/2020
Total number of free shares granted (at the date of grant), of which number of shares granted to:	221,766	164,046	272,302	140,000
Xavier Barbaro, Chairman & Chief Executive Officer	*0*	*0*	*88,590*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*0*	*0*	*59,060*	*0*
Total number of free shares granted (after adjustment to take into account the April 2021 capital increase), of which number of shares granted to:	N/A	N/A	294,360	151,354
Xavier Barbaro, Chairman & Chief Executive Officer	*N/A*	*N/A*	*95,766*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*N/A*	*N/A*	*63,844*	*0*
Share vesting date	28/02/2026	14/03/2025	11/03/2024	3/07/2023
Cumulative number of shares cancelled or lapsed before the adjustment related to the March 2023 capital increase (number after the adjustment is made, if applicable)	0	2,496	15,054	36,063
Total number of free shares granted (after adjustment to take into account the March 2023 capital increase), of which number of shares granted to:	241,302	178,280	318,956	161,506
Xavier Barbaro, Chairman & Chief Executive Officer	*N/A*	*N/A*	*104,194*	*0*
Romain Desrousseaux, Deputy Chief Executive Officer	*N/A*	*N/A*	*69,463*	*0*
End of holding period	-	-	-	-
Number of shares vested as of December 31, 2023	0	0	0	125,443
Cumulative number of shares cancelled or lapsed on December 31, 2023 (number after the adjustment related to the capital increases of April 2021 and March 2023 is made, if applicable)	9,130	4,986	23,976	36,063
Remaining free shares on December 31, 2023 (number after adjustments to take into account the April 2021 and March 2023 capital increases, if applicable)	232,172	173,294	294,980	0

6.3.5 OTHER INFORMATION ON EXECUTIVE OFFICERS

Table 11 (AMF nomenclature)

	Employment contract		Supplementary pension scheme		Allowances or benefits due or likely to be due as a result of termination or change of position[1]		Compensation relating to a non-competition clause[1]	
Executive officers	Yes	No	Yes	No	Yes	No	Yes	No
Xavier Barbaro Chairman and Chief Executive Officer Beginning of the term of office: September 12, 2018 Effective date of last renewal: May 25, 2022 End of term: Annual general shareholders' meeting called to approve in 2026 on the financial statements for the previous financial year	-	X	-	X	X	-	X	-
Romain Desrousseaux Deputy Chief Executive Officer Beginning of the term of office: April 17, 2019 Effective date of last renewal: May 25, 2022 End of term: Annual general shareholders' meeting called in 2026 to approve the financial statements for the previous financial year	X	-	-	X	-	X	X	-

(1) For more information on these possible indemnities, see paragraphs 6.3.2.3 and 6.3.2.4 of this document.

6.3.6 AMOUNTS SET ASIDE OR ACCRUED BY THE COMPANY OR ITS SUBSIDIARIES FOR PENSION, RETIREMENT OR OTHER BENEFIT PAYMENTS

The Company has not set aside any provisions for payments of pensions, retirement or other similar benefits to its corporate officers.

6.4 OTHER INFORMATION

6.4.1 LIST OF VALID DELEGATIONS AND AUTHORISATIONS GRANTED BY THE GENERAL SHAREHOLDERS' MEETING IN THE AREA OF CAPITAL INCREASES (INCLUDING USES MADE IN 2023 ON THE BASIS OF DELEGATIONS VOTED IN 2022)

Securities concerned Date of the general shareholders' meeting (authorisation/ delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations/ delegations
Issues with preferential subscription rights		
Delegation of authority to increase the Company's capital by issuing shares and/ or marketable securities giving immediate or future access to the capital or to debt securities SM of May 25, 2022 16th resolution 26 months	**€90 million** (independent ceiling)	**Use during the 2023 financial year:** capital increase for a nominal amount of 73,389,104 euros
Delegation of authority to increase the share capital by capitalising premiums, reserves, profits or any other amounts SM of May 25, 2022 22nd resolution 26 months	**€60 million** (independent ceiling)	
Issues without preferential subscription rights		
Delegation of authority to increase the Company's capital by issuing shares and/ or marketable securities giving immediate or future access to the capital, or to debt securities by public offer other than the offers mentioned in 1° of Article L. 411-2 of the Monetary and Financial Code and/ or as consideration for securities in a public exchange offer (A) SM of May 25, 2022 17th resolution 26 months	**€65 million** **(A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million **Determination of the price** Shares: at least equal to the minimum provided by the regulatory provisions applicable on the issue date (as of May 25, 2022, weighted average price over the last three trading sessions on the regulated Euronext Paris market prior to the start of the public offering minus 10%) Securities giving access to capital (price of the underlying share): at least equal to the minimum subscription price described above	
Delegation of authority to increase the Company's capital by issuing shares and/ or marketable securities giving immediate or future access to the capital, or debt securities, by an offer referred to in 1° of Article L. 411-2 of the Monetary and Financial Code (B) SM of May 25, 2022 18th resolution 26 months	**€65 million** **(A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million (in any case, up to the legal limit of 20% per year on May 25, 2022) **Determination of the price** Shares: at least equal to the minimum provided by the regulatory provisions applicable on the issue date (on May 25, 2022, weighted average of the prices of the last three trading sessions on the regulated Euronext Paris market prior to the start of the public offering minus 10%) Securities giving access to capital (price of the underlying share): at least equal to the minimum subscription price described above	**Use during the 2022 financial year** * issuance of debt securities of a nominal amount of €300 million[5]; * capital increase for a nominal amount of €11,650,508[6]

Securities concerned Date of the general shareholders' meeting (authorisation/ delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations/ delegations
Delegation of authority to issue shares and/ or marketable securities giving immediate or subsequent access to shares to be issued by the Company as consideration for contributions in kind consisting of equity securities or marketable securities giving access to the capital (C) SM of May 25, 2022 21st resolution 26 months	**10% of the share capital on the date of the transaction (A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million	
Delegation of authority to the Board of Directors to decide on a capital increase for the Company by issuing shares and/or securities giving immediate or future access to the capital, reserved for members of savings plans SM of May 25, 2022 23rd resolution 26 months **This delegation is no longer in force since May 10, 2023. This delegation has been replaced by a new delegation of the same type, see (D) below.**	**2% of the share capital on the day of the Board's decision** (SM 2022 global ceiling) **Determination of the price** Conditions provided for in Articles L. 3332-18 et seq. of the French Labour Code, i.e. a price at least equal to 70% or 60% (when the lock-in period is longer than or equal to 10 years) of the average closing price quoted over the twenty trading days preceding the decision setting the subscription opening date.	**Use in the 2023 financial year:** - capital increase in cash for an nominal amount of €45,056 - capital increase by incorporating reserves in the nominal amount of €45,506, i.e. approximately 0.03% of the capital on the day the capital increase is recorded
Delegation of authority to the Board of Directors to decide on a capital increase for the Company by issuing shares and/or securities giving immediate or future access to the capital, reserved for members of savings plans (D) SM of May 10, 2023 15th resolution 26 months	**2% of the share capital on the day of the Board's decision** **(A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million **Determination of the price** Conditions provided for in Articles L. 3332-18 et seq. of the French Labour Code, i.e. a price at least equal to 70% or 60% (when the lock-in period is longer than or equal to 10 years) of the average closing price quoted over the twenty trading days preceding the decision setting the subscription opening date.	
Delegation of authority to the Board of Directors to decide on a capital increase of the Company by issuing shares and/or securities giving immediate or future access to the capital, reserved for Group employees abroad (E) SM of May 10, 2023 13th resolution 18 months	**1% of the share capital on the date of the Board's decision it being specified that this amount is deducted from the amount referred to in (D) above (A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million **Determination of the price** (i) Average closing price quoted over the twenty trading sessions preceding the date of the decision setting the subscription opening date less a maximum discount of 30% or (ii) if the transaction is part of a global employee share ownership plan set up in France and abroad, price determined under (D).	

Securities concerned Date of the general shareholders' meeting (authorisation/ delegation duration and expiry)	Maximum amount of capital increase and methods used for determining the price	Use of authorisations/ delegations
Issues with or without preferential subscription rights		
Authorisation to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights SM of May 10, 2023 14th resolution 26 months	**Ceiling equal to the limit provided by the applicable regulations (on May 10, 2023, 15% of the initial issue and within the limits set by the general shareholders' meeting)**	
Grant of free shares or stock options		
Authorisation to grant free existing shares or shares to be issued to some or all of the Group's employees and corporate officers SM of May 25, 2021 16th resolution 26 months **This delegation is no longer in force since May 10, 2023. This delegation has been replaced by a new delegation of the same type, see (F) below.**	**2% of the share capital on the day of the Board's decision** (SM 2021 global ceiling)	**Use in the 2022 financial year:** 164,046 shares granted, i.e. approximately 0.15% of the share capital on the grant date **Use in the 2023 financial year:** 221,766 shares granted, i.e. approximately 0.19% of the share capital on the grant date
Authorisation to grant free existing shares or shares to be issued to some or all of the Group's employees and corporate officers (F) SM of May 10, 2023 16th resolution 26 months	**2% of the share capital on the day of the Board's decision** **(A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million	
Authorisation to grant share subscription and/or purchase options to employees and/ or corporate officers of the Group or to some of them (G) SM of May 25, 2022 24th resolution 26 months	**2% of the share capital on the day of the Board's decision** **(A)+(B)+(C)+(D)+(E)+(F)+(G)** is limited to €65 million **Determination of the price** Subscription options: price at least equal to 80% of the average closing listed price over the twenty trading days preceding the granting decision Purchase options: price at least equal to 80% of the average share price over the twenty trading days preceding the granting decision, and at least equal to 80% of the average purchase price of treasury shares	

(1) Issue of OCEANEs vertes 2022, by decisions of the Board of Directors dated September 6, 2022 and of the Chairman and Chief Executive Officer dated September 7, 2022.
(2) If all 3,000 OCEANEs vertes 2022 are exercised and subject to adjustments in accordance with the issue contract.

6.4.2 AGREEMENTS ENTERED INTO BY EXECUTIVES OR SHAREHOLDERS WITH COMPANIES CONTROLLED BY THE COMPANY

Pursuant to Article L. 225-37-4 of the French Commercial Code, the corporate governance report must mention, unless they are agreements relating to current operations and entered into under normal conditions, agreements entered into directly or through an intermediary between, on the one hand, the Chief Executive Officer, the Deputy Chief Executive Officer, a Director, or a shareholder holding more than 10% of the Company's voting rights and, on the other hand, another company controlled by the former within the meaning of Article L. 233-3 of the French Commercial Code.

The Company is not aware of any such agreements.

6.4.3 PROCEDURE FOR EVALUATING CURRENT AGREEMENTS

In accordance with Article L. 22-10-12 of the French Commercial Code, the Board of Directors adopted a procedure at its meeting of March 25, 2020 for regularly evaluating whether agreements relating to day-to-day transactions entered into under normal conditions meet these conditions. This policy was updated at its meeting of February 28, 2023.

This procedure aims to identify and qualify, by means of criteria, current agreements entered into under normal conditions to which the Company is a party. It provides for a regular review (at least once a year) by an *ad hoc* committee composed of the Group CFO and the Company Secretary and applies prior to the conclusion of an agreement and on the occasion of any modification, renewal or termination, including for agreements considered as current at the time of their conclusion to ensure that they continue to meet these conditions. At its last meeting before the closing of the annual accounts, the Board of Directors is informed of the implementation of the assessment procedure, its results and any comments.

The *ad hoc* committee has reviewed all the agreements for the 2023 financial year, the results of which were communicated to the Board of Directors of February 28, 2024.

6.4.4 MAIN TRANSACTIONS WITH RELATED PARTIES

6.4.4.1 AGREEMENTS BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Technical and administrative assistance agreement between the Company and Impala

On May 10, 2012, the Company and its reference shareholder, Impala SAS, entered into a technical and administrative assistance agreement, pursuant to which Impala SAS undertook to provide the following services to the Company:

- advising on the Group's financing and guarantee strategy and assisting with the negotiation of any financing and guarantee line with financial partners;
- representing the Company's interests with central governments and/or local authorities and regulatory authorities.

In consideration for these services, the agreement provides for the payment to Impala SAS of a fixed quarterly fee of €25,000 before tax, which can be revised every year by agreement between the parties.

Strategic management agreement between the Company and Impala

On January 2, 2017, the Company and its main shareholder, Impala SAS, entered into a strategic management agreement by which Impala SAS undertook to provide the following services of the Group's holding company:

- definition of the Group's general policy and organisational principles;
- definition of the Group's economic, commercial and financial strategy;
- definition of the Group's development policy and the resources to be implemented (external growth, diversification, creation of new establishment, opportunities for growth and equity investments, investments, etc.); and
- definition of the Group's communication policy (marketing, advertising, etc.).

Since the date of the agreement, these services have not been remunerated by the Company.

6.4.4.2 AGREEMENTS BETWEEN THE COMPANY AND ITS SUBSIDIARIES

Tax consolidation groups

The Company and some of its direct French subsidiaries, more than 95% owned, form a tax consolidation group set up pursuant to the provisions of Articles 223 A et seq. of the French General Tax Code. Given that the Company is the Group's parent company, it is solely liable for the tax payable by all the companies belonging to the integrated group. The integrated subsidiaries pay the Company the tax for which they would be liable in the absence of tax consolidation, calculated according to the rules of law as they would apply in the absence of tax consolidation.

Nine other French tax consolidation groups have also been set up in France between each of the nine holding companies related to the Cestas project as the head company of the group and the project companies more than 95% owned by the development company in question. The creation of these groups gave rise to the signing of tax consolidation agreements under which the integrated subsidiaries pay the parent company the tax they would be liable for in the absence of tax consolidation, calculated on the rules of law as they would apply in the absence of tax consolidation.

In addition, the Group has also set up certain tax consolidation groups abroad, particularly in Australia, where the parent company is solely liable for the tax payable by all the companies of the group. The creation of these groups led to the conclusion of tax consolidation agreements between the parent company and each of the group's companies in order to regulate the subsidiaries' contribution to the overall tax based on a distribution key set in accordance with local regulations and on the principle of "equitable distribution".

The scope of the tax consolidation group is also detailed in note 12 to the annual financial statements.

Agreements between the Company and project companies

As part of its activities, the Company's intends to conclude, directly or through its intermediary holding companies and/or project companies, all the contracts necessary for the development, financing, construction and operation of the solar, wind and storage facilities carried by these facilities. These contracts generally provide for the provision of the following services:

- project development services and management of the design and construction of the facilities, which include assistance in obtaining land rights, planning and environmental permits, carrying out feasibility studies, diagnostics and impact studies, relations with the project's stakeholders (neighbourhood, local authorities, etc.), selection and management of relationships with suppliers and project company contractors (including the EPC contractor, the module supplier, the turbine manufacturer) or the monitoring of operations prior to the provisional and/or final acceptance of the facility;
- administrative and financial management services; and
- operation and maintenance management services of the facility, which include in particular the management and monitoring of relations with the O&M provider, operational assistance in connection with the production and sale of electricity and the negotiation of offtake, balancing or power purchase contracts, the processing of information concerning the connection of the facility to the network or the performance of works and studies to improve the performance of the facility.

As part of the implementation of the procedure for evaluating standard agreements, these agreements were considered by the Group to be standard agreements entered into under normal conditions.

In addition, as part of project financing, the Company (or one of its intermediate holding companies or development companies) generally grants shareholder loans to project companies. The related agreements generally provide for an interest rate of between 4% and 10% (with the exception of certain projects (Zambia or Argentina) for which interest rates are generally between 10% and 12%), in line with interest rates for bonds with an equivalent level of subordination. Shareholder loans are subordinated to senior financing and are repayable on demand at the Group's request, subject nevertheless to compliance with the financial covenants provided for in the financing agreements, for projects located in France or at maturity for international projects. In this second case, the agreements in questions include standard cases of accelerated repayment. They are, except in exceptional cases, considered by the Group to be standard agreements entered into under normal conditions, after analysis in light of the provisions of Article L. 225-38 of the French Commercial Code relating to regulated agreements.

6.4.5 INFORMATION LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

In accordance with Article L. 22-10-11 of the French Commercial Code, the Company must present and, where applicable, explain the factors likely to have an impact, in the event of a public tender offer or exchange offer. These include agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company.

To the Company's knowledge, the factors likely to have an impact in the event of a takeover bid or exchange offer are the following:

- the capital structure as well as the direct or indirect shareholdings known to the Company and all information in this regard are described in chapters 2 and 7 of this document;
- there are no statutory restrictions on the exercise of voting rights, with the exception of the sanction provided for in Article 10 of the Company's by-laws in the event of failure to comply with the obligation to declare the crossing of statutory thresholds (1% of the Company's share capital or voting rights, or any multiple of this percentage, up to 50% of the share capital or voting rights);
- there are no statutory restrictions on share transfers. However, there are extra-statutory restrictions described in paragraph 6.2.2.2 (iii) of this document;
- to the Company's knowledge, there are no agreements or other commitments signed between shareholders other than

the shareholders' agreement entered into between Impala SAS and Cartusia SAS on December 21, 2020;

- there are no securities with special control rights; it should be noted, however, that the general shareholders' meeting of May 10, 2023 introduced a double voting right attached to fully paid-up shares which have been held in registered form in the name of the same shareholder for at least two years. It is specified that for the calculation of this two-year period, any period during which such shares were held in registered form prior to May 10, 2023, shall be disregarded (see Article 11 of the by-laws);
- there are no control mechanisms provided for in a possible employee shareholding system with control rights that are not exercised by employees;
- the rules for appointing and dismissing members of the Board of Directors are the legal and statutory rules provided for in Article 13 of the Company's bylaws;
- with regard to the powers of the Board of Directors, the current financial delegations are described in this document in paragraph 6.4.1 above;
- amendments to the by-laws of the Company are made in accordance with legal and regulatory provisions;
- concerning agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, it is specified that there are change of control clauses in the financing agreements, the convertible bonds (OCEANEs) issue agreements and the syndicated facility agreement;
- agreements providing for compensation in the event of the termination of the duties of the Chairman and Chief Executive Officer are described in paragraph 6.3.2.3 of this document. There is no agreement providing for compensation for employees if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a takeover bid or exchange offer.

6.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2023

To the NEOEN Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Previously approved agreements that remained in force during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreement, already approved in previous years by Shareholders' Meetings, has remained in force during the year.

Person concerned:

Romain Desrousseaux, Deputy Chief Executive Officer of the Company

Nature and purpose:

Following the appointment by the Board of Directors' meeting of April 17, 2019 of Romain Desrousseaux as Deputy Chief Executive Officer of the Company, his employment contract was amended on July 11, 2019 to introduce, in particular, the principle of variable compensation based on quantitative and qualitative objectives.

Terms and conditions:

The Board of Directors' meeting of July 10, 2019 previously authorized the signing of this amendment to the employment contract.

Pursuant to this amendment, variable compensation is equal to a maximum of 100% of gross annual compensation paid in respect of the reference year if quantitative (representing 75% of the maximum amount) and qualitative (representing 25% of the maximum amount) objectives are attained, as determined each year by the Appointments and Compensation Committee.

A trigger threshold is set with respect to the above objectives under which no compensation will be payable. In the event of outperformance, variable compensation may represent a maximum of 200% of gross annual fixed compensation.

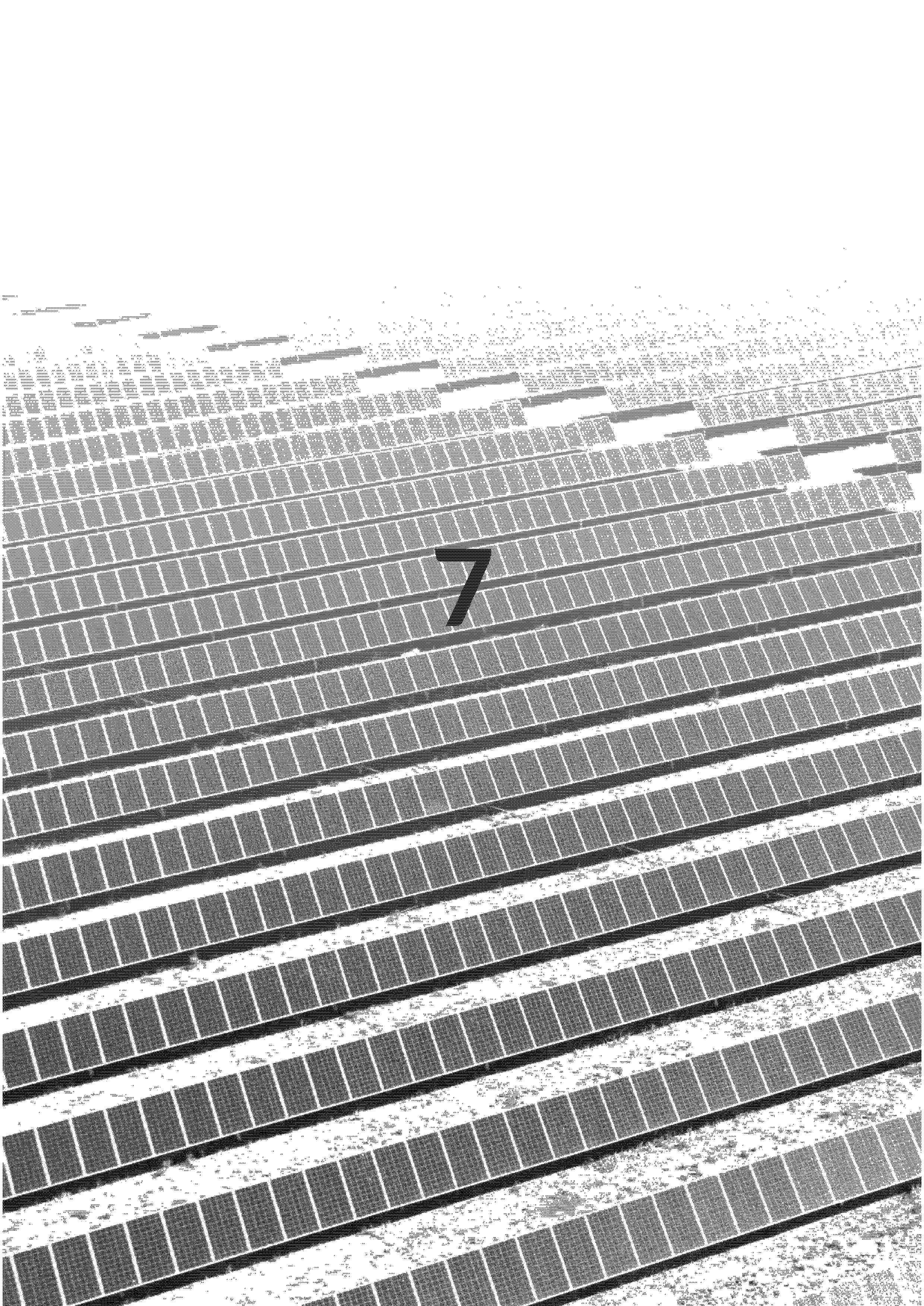
Variable compensation of €290,385.73 was awarded to Romain Desrousseaux in respect of the year ended December 31, 2023.

Paris and Paris-La Défense, February 29, 2024

The Statutory Auditors

RSM Paris	Deloitte & Associés
Jean-Charles BOUCHER	Benoît PIMONT





CAPITAL AND SHAREHOLDING STRUCTURE

7.1 INFORMATION ON THE COMPANY 312
7.1.1 Corporate name 312
7.1.2 Registered office 312
7.1.3 Legal form 312
7.1.4 Identification of the Company 312
7.1.5 Legislation 312
7.1.6 Term 312
7.1.7 Corporate purpose 312
7.1.8 Trade and companies register 312
7.1.9 Location where documents and other information on the Company may be consulted 312
7.1.10 Financial year 313
7.1.11 Statutory distribution of profits 313
7.1.12 Shareholders' voting rights 313
7.1.13 Declaration of intent 313

7.2 CAPITAL 313
7.2.1 Share capital 313
7.2.2 Potential share capital 313
7.2.3 Securities not representing share capital 313
7.2.4 Summary statement of transactions carried out during the financial year by executives or similar persons on the Company's securities or related financial instruments 314
7.2.5 Treasury shares and purchase by the Company of its own shares 318
7.2.6 Other securities giving access to the Company's share capital 318
7.2.7 Terms governing any acquisition rights and/or obligations attached to share capital subscribed but not paid up 319
7.2.8 Share capital of any Group company subject to an option or option agreement 319
7.2.9 Programme for Neoen to buy back its own shares 319
7.2.10 Employee savings plans 320
7.2.11 Employee shareholders 320
7.2.12 Change in the share capital 321
7.2.13 Disposal of cross-shareholdings 322
7.2.14 Pledges 322

7.3 SHAREHOLDING STRUCTURE 323
7.3.1 Breakdown of share capital and voting rights 323
7.3.2 Commitments by shareholders to retain their shares 324
7.3.3 Obligation to hold shares of the Company 324
7.3.4 Exceeding legal and/or statutory thresholds 324
7.3.5 Control structure 325
7.3.6 Agreements that may lead to a change of control 325
7.3.7 Dividends 325

7.4 SECURITIES MARKET AND RELATIONS WITH SHAREHOLDERS 326
7.4.1 Securities market (stock market information) 326
7.4.2 Relationship with shareholders 327

In this chapter, "Company", "Neoen S.A." or "Neoen" refers to the limited company Neoen.

7.1 INFORMATION ON THE COMPANY

7.1.1 CORPORATE NAME

The Company's corporate name is "Neoen".

7.1.2 REGISTERED OFFICE

The company's registered office is located at 22 rue Bayard, 75008 Paris.

7.1.3 LEGAL FORM

As of the date hereof, the Company is a French limited company (*société anonyme*), governed by all laws and regulations in force in France (and in particular, by the provisions of Book II of the French Commercial Code) as well as by its bylaws.

7.1.4 IDENTIFICATION OF THE COMPANY

The Company's registration number is specified in paragraph 7.1.8 of this document.

The Company's LEI code is 969500C0AIAGQWZGJO13.

7.1.5 LEGISLATION

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

7.1.6 TERM

The Company was registered on September 29, 2008. The Company was incorporated for a period of ninety-nine years as from the date of its registration, i.e., until September 28, 2107 except in the event of extension or early dissolution.

7.1.7 CORPORATE PURPOSE

(See Article 2 of the bylaws)

The Company's corporate purpose includes the following activities, both in France and abroad:

- all activities relating to energy and the environment, and in particular to the electricity, natural gas, and water sectors, including, in particular, the production of electricity or other sources of energy, and the sale, distribution, marketing, and storage of all energy products and raw materials;
- all arbitrage, development and marketing services relating to derivative products and aggregate hedging products, and management of the balancing of such products; all management and advisory services relating to the energy or commodities sector;
- the acquisition, disposal, use, and licensing of any intellectual or industrial property rights related directly or indirectly to the corporate purpose;
- and, more generally, all industrial, commercial, financial, movable property or real estate transactions directly or indirectly related to the corporate purpose or intended to promote its expansion or development, including, but not limited to, the acquisition, holding, obtaining or use, in any form whatsoever, of licenses, patents, trademarks, and technical information.

The Company may act, both in France and abroad, on its own behalf or on behalf of third parties, and either alone or in partnerships, associations, economic interest groups or companies with any other companies or persons, and may carry out, directly or indirectly, in any form whatsoever, transactions that fall within its corporate purpose.

It may also acquire, in any form, any interests and investments in any companies or enterprises, whether French or foreign, whatever their purpose.

7.1.8 TRADE AND COMPANIES REGISTER

The Company is registered with the Paris trade and companies register under number 508 320 017.

7.1.9 LOCATION WHERE DOCUMENTS AND OTHER INFORMATION ON THE COMPANY MAY BE CONSULTED

Information concerning the Company and particularly its bylaws, balance sheets, income statements, reports by the Board of Directors to general shareholders' meetings and reports by the statutory auditors may be consulted on request at the Company's registered office.

Regulated information published by the Company is available on its website under "Regulated information" at the following address: https://neoen.com/en/investors/#regulated.

7.1.10 FINANCIAL YEAR

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

7.1.11 STATUTORY DISTRIBUTION OF PROFITS

(See Article 24 of the bylaws)

Out of the fiscal year's profits, less, if applicable, any prior losses, a minimum of 5% shall be set aside to constitute the legal reserve required by law, until such reserve is equal to at least one-tenth of the share capital.

Distributable profits shall consist of the year's profit minus any prior losses and the amount set aside as provided for above, plus profits carried forward.

If the year's financial statements, as approved by the general shareholders' meeting, show a distributable profit, the general shareholders' meeting shall decide whether to record it in one or more reserve accounts of which it shall determine the allocation or use, to carry it forward in retained earnings, or to distribute it in the form of a dividend subject to the restrictions set out in the Company's syndicated credit facility agreement.

7.1.12 SHAREHOLDERS' VOTING RIGHTS

(See Article 11 of the bylaws)

Each ordinary share gives its holder the right to one vote at general shareholders' meetings.

Subject to legal and regulatory restrictions, the voting right attached to shares is proportional to the percentage of the share capital that they represent, and each share gives its holder the right to one vote.

However, voting rights that are double those granted to other ordinary shares, given the percentage of the share capital that they represent, shall be granted to all shares that are fully paid-up and have been held in registered form for at least two years in the name of the same shareholder. Any period during which such shares were held in registered form prior to May 10, 2023, shall be disregarded for purposes of calculating such two-year period.

This double voting right was introduced by a decision of the general shareholders' meeting of May 10, 2023.

7.1.13 DECLARATION OF INTENT

None.

7.2 CAPITAL

7.2.1 SHARE CAPITAL

On December 31, 2023, the Company's share capital was set at €304,244,898 and divided into 152,122,449 ordinary shares with a par value of €2 each, of the same class and fully paid up.

7.2.2 POTENTIAL SHARE CAPITAL

On December 31, 2023, the Company's potential share capital breaks down as follows:

- 700,446 shares under free share allocation plans;
- 10,627,802 convertible bonds and/or exchangeable for new or existing shares.

Thus, the potential dilutive impact of these instruments would be 7.45% of the Company's share capital on December 31, 2023.

7.2.3 SECURITIES NOT REPRESENTING SHARE CAPITAL

On December 31, 2023 the Company has not issued any securities not representing share capital.

7.2.4 SUMMARY STATEMENT OF TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR BY EXECUTIVES OR SIMILAR PERSONS ON THE COMPANY'S SECURITIES OR RELATED FINANCIAL INSTRUMENTS

Person[1]	Financial Instrument	Transaction date	Unit Price (euros)	Transaction Type	Transaction Volume
Impala SAS	Shares	01/03/2023	0.0000	Pledge	10,000,000
Louis-Mathieu Perrin	Preferential subscription rights ("PSR")	08/03/2023	2.2398	Disposal	(20,000)
Fonds Stratégique de Participations (FSP)	PSR	08/03/2023	2.1000	Acquisition	4,000,000
Xavier Barbaro	PSR	08/03/2023	2.2500	Disposal	(26,000)
Romain Desrousseaux	PSR	08/03/2023	2.2900	Disposal	(60,000)
Romain Desrousseaux	PSR	09/03/2023	2.0000	Disposal	(50,000)
Louis-Mathieu Perrin	PSR	09/03/2023	2.2520	Disposal	(10,000)
Xavier Barbaro	Shares	09/03/2023	26.7500	Acquisition	2,800
Romain Desrousseaux	PSR	10/03/2023	1.9499	Disposal	(20,019)
FPCI FONDS ETI 2020 (represented by fund manager Bpifrance Investissement)	PSR	10/03/2023	1.8700	Disposal	(19,000)
Xavier Barbaro	PSR	10/03/2023	2.0000	Disposal	(11,001)
Impala SAS	PSR	10/03/2023	2.1000	Disposal	(12,782,166)
Xavier Barbaro	PSR	13/03/2023	2.0000	Disposal	(68,000)
Casara	PSR	13/03/2023	1.9315	Disposal	(52,395)
Axholme	PSR	13/03/2023	1.9361	Disposal	(16,800)
Xavier Barbaro	PSR	13/03/2023	2.0000	Disposal	(3,000)
Xavier Barbaro	PSR	13/03/2023	2.0000	Disposal	(3,000)
Xavier Barbaro	PSR	13/03/2023	2.0000	Disposal	(3,000)
Xavier Barbaro	PSR	13/03/2023	2.0000	Disposal	(3,000)
FPCI FONDS ETI 2020 (represented by fund manager Bpifrance Investissement)	Shares	13/03/2023	20.4500	Subscription	1,609,872
Louis-Mathieu Perrin	PSR	13/03/2023	2.0733	Disposal	(6,125)
Olga Kharitonova	PSR	13/03/2023	2.1055	Disposal	(31,949)
Romain Desrousseaux	PSR	13/03/2023	1.9000	Acquisition	25
Norbert Thouvenot	PSR	13/03/2023	1.9255	Disposal	(211,840)
Axholme	Shares	14/03/2023	26.7803	Disposal	(16,800)
Casara	Shares	14/03/2023	27.1587	Disposal	(8,800)
Equinox	Shares	14/03/2023	27.3500	Disposal	(10,000)
Cartusia	Shares	14/03/2023	26.9866	Disposal	(80,000)

[1] Except for Mr Xavier Barbaro, whose related legal entities are identified, this table only identifies executive officers and related persons without specifying the identity of any of their related persons who carried out the transactions listed in the table.

Person[1]	Financial Instrument	Transaction date	Unit Price (euros)	Transaction Type	Transaction Volume
Kampen	Shares	14/03/2023	27.3500	Disposal	(10,000)
Hilaris	Shares	14/03/2023	27.3500	Disposal	(10,000)
Palancia	Shares	14/03/2023	27.3500	Disposal	(10,000)
Olga Kharitonova	PSR	14/03/2023	2.2428	Disposal	(20,050)
Romain Desrousseaux	PSR	14/03/2023	2.4700	Disposal	(19,000)
Romain Desrousseaux	PSR	14/03/2023	2.4909	Disposal	(65,830)
Romain Desrousseaux	PSR	15/03/2023	2.5000	Disposal	(12,558)
Impala	PSR	15/03/2023	2.5150	Acquisition	23
Romain Desrousseaux	PSR	16/03/2023	2.5196	Disposal	(28,703)
Romain Desrousseaux	PSR	16/03/2023	2.4495	Disposal	(511)
Impala	PSR	16/03/2023	2.5204	Acquisition	32
Cartusia	Shares	16/03/2023	28.0244	Disposal	(50,000)
Equinox	Shares	16/03/2023	27.9500	Disposal	(2,000)
Kampen	Shares	16/03/2023	27.9500	Disposal	(2,000)
Hilaris	Shares	16/03/2023	27.9500	Disposal	(2,000)
Palancia	Shares	16/03/2023	27.9500	Disposal	(2,000)
Olga Kharitonova	PSR	16/03/2023	2.4300	Disposal	(7)
Impala SAS	PSR	17/03/2023	2.5660	Acquisition	20
Cartusia	Shares	20/03/2023	27.8316	Disposal	(20,000)
Equinox	Shares	20/03/2023	27.8688	Disposal	(3,200)
Kampen	Shares	20/03/2023	27.8688	Disposal	(3,200)
Hilaris	Shares	20/03/2023	27.8688	Disposal	(3,200)
Palancia	Shares	20/03/2023	27.8688	Disposal	(3,200)
Casara	PSR	20/03/2023	2.3525	Disposal	(21)
Cartusia	PSR	20/03/2023	2.3525	Disposal	(73)
Cartusia	Shares	20/03/2023	27.8316	Disposal	(20,000)
Olga Kharitonova	Shares	23/03/2023	27.7300	Acquisition	220
Louis-Mathieu Perrin	Shares	27/03/2023	20.4500	Acquisition	5,100
Impala SAS	Shares	29/03/2023	20.4500	Subscription	12,691,635
Fonds Stratégique de Participations (FSP)	Shares	29/03/2023	20.4500	Subscription	3,510,544
Olga Kharitonova	Shares	29/03/2023	20.4500	Subscription	600
Olga Kharitonova	Shares	29/03/2023	20.4500	Subscription	148
Olga Kharitonova	Shares	29/03/2023	20.4500	Subscription	1,389
Stéphanie Levan	Shares	29/03/2023	20.4500	Subscription	344

[1] Except for Mr Xavier Barbaro, whose related legal entities are identified, this table only identifies executive officers and related persons without specifying the identity of any of their related persons who carried out the transactions listed in the table.

Person[1]	Financial Instrument	Transaction date	Unit Price (euros)	Transaction Type	Transaction Volume
Xavier Barbaro	Shares	29/03/2023	20.4500	Subscription	7,038
Xavier Barbaro	Shares	29/03/2023	20.4500	Subscription	327
Xavier Barbaro	Shares	29/03/2023	20.4500	Subscription	327
Xavier Barbaro	Shares	29/03/2023	20.4500	Subscription	327
Xavier Barbaro	Shares	29/03/2023	20.4500	Subscription	327
Equinox	Shares	29/03/2023	20.4500	Subscription	20,690
Kampen	Shares	29/03/2023	20.4500	Subscription	20,690
Hilaris	Shares	29/03/2023	20.4500	Subscription	20,690
Palancia	Shares	29/03/2023	20.4500	Subscription	20,690
Axholme	Shares	29/03/2023	20.4500	Subscription	28,977
Casara	Shares	29/03/2023	20.4500	Subscription	24,480
Cartusia	Shares	29/03/2023	20.4500	Subscription	347,526
Romain Desrousseaux	Shares	29/03/2023	20.4500	Subscription	77,699
Romain Desrousseaux	Shares	29/03/2023	20.4500	Subscription	2,356
Xavier Barbaro	Shares	06/04/2023	9.7550	Subscription (employee share ownership)	288
Xavier Barbaro	Shares	04/05/2023	27.1200	Acquisition	217
Olga Kharitonova	Shares	12/05/2023	9.7550	Subscription (employee share ownership)	288
Romain Desrousseaux	Shares	12/05/2023	9.7550	Subscription (employee share ownership)	288
Cartusia	Shares	15/05/2023	28.9000	Disposal	(1,000)
Olga Kharitonova	Shares	08/06/2023	24.6100	Payment of dividends in shares ("PDS")	291
Olga Kharitonova	Shares	08/06/2023	24.6100	PDS	13
FPCI FONDS ETI 2020 (represented by fund manager Bpifrance Investissement)	Shares	08/06/2023	24.6100	PDS	33,729
Norbert Thouvenot	Shares	08/06/2023	24.6100	PDS	938
Romain Desrousseaux	Shares	08/06/2023	24.6100	PDS	2,663
Romain Desrousseaux	Shares	08/06/2023	24.6100	PDS	148
Kampen	Shares	08/06/2023	24.6100	PDS	352
Equinox	Shares	08/06/2023	24.6100	PDS	352
Palancia	Shares	08/06/2023	24.6100	PDS	352
Hilaris	Shares	08/06/2023	24.6100	PDS	352

[1] Except for Mr Xavier Barbaro, whose related legal entities are identified, this table only identifies executive officers and related persons without specifying the identity of any of their related persons who carried out the transactions listed in the table.

Person[1]	Financial Instrument	Transaction date	Unit Price (euros)	Transaction Type	Transaction Volume
Xavier Barbaro	Shares	08/06/2023	24.6100	PDS	21
Xavier Barbaro	Shares	08/06/2023	24.6100	PDS	21
Xavier Barbaro	Shares	08/06/2023	24.6100	PDS	21
Xavier Barbaro	Shares	08/06/2023	24.6100	PDS	21
Xavier Barbaro	Shares	08/06/2023	24.6100	PDS	648
Axholme	Shares	08/06/2023	24.6100	PDS	600
Casara	Shares	08/06/2023	24.6100	PDS	728
Cartusia	Shares	08/06/2023	24.6100	PDS	6,461
Impala SAS	Shares	08/06/2023	24.6100	PDS	324,153
Stéphanie Levan	Shares	08/06/2023	24.6100	PDS	7
Fonds Stratégique de Participations (FSP)	Shares	08/06/2023	24.6100	PDS	53,235
Louis-Mathieu Perrin	Shares	20/06/2023	30.1723	Disposal	(1,000)
Cartusia	Shares	20/06/2023	30.5400	Disposal	(2,500)
Cartusia	Shares	26/06/2023	29.1400	Disposal	(1,000)
Romain Desrousseaux	Shares	28/07/2023	29.9338	Disposal	(9,900)
Louis-Mathieu Perrin	Shares	28/07/2023	30.0155	Disposal	(500)
Cartusia	Shares	28/07/2023	30.1000	Disposal	(3,000)
Xavier Barbaro	Shares	28/07/2023	30.1000	Disposal	(5,000)
Louis-Mathieu Perrin	Shares	31/07/2023	29.9937	Disposal	(250)
Cartusia	Shares	31/08/2023	28.0000	Disposal	(2,000)
Cartusia	Shares	14/09/2023	28.1000	Disposal	(2,500)
Cartusia	Shares	19/09/2023	28.5000	Disposal	(1,000)
Cartusia	Shares	20/09/2023	28.9500	Disposal	(2,000)
Xavier Barbaro	Shares	20/09/2023	28.8121	Disposal	(1,800)
Xavier Barbaro	Shares	21/09/2023	29.1000	Disposal	(1,000)
Cartusia	Shares	17/10/2023	25.0000	Disposal	(4,000)
Xavier Barbaro	Shares	17/10/2023	24.7156	Disposal	(3,200)
Xavier Barbaro	Shares	13/11/2023	25.2000	Disposal	(146)
Xavier Barbaro	Shares	29/11/2023	27.0126	Disposal	(1,950)
Romain Desrousseaux	Shares	12/12/2023	27.9400	Disposal	(10,000)
Romain Desrousseaux	Shares	14/12/2023	29.2000	Disposal	(10,000)
Romain Desrousseaux	Shares	21/12/2023	29.9400	Disposal	(10,000)

[1] Except for Mr Xavier Barbaro, whose related legal entities are identified, this table only identifies executive officers and related persons without specifying the identity of any of their related persons who carried out the transactions listed in the table.

7.2.5 TREASURY SHARES AND PURCHASE BY THE COMPANY OF ITS OWN SHARES

On December 31, 2023, none of the Company's subsidiaries or a third party acting on the Company's account held any of the Company's shares. On December 31, 2023, the Company held 329,784 of its own shares, representing 0.22% of its share capital (on the basis of the share capital on December 31, 2023), of which 63,418 shares held under the Company's liquidity contract. These shares have no voting rights.

7.2.6 OTHER SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

7.2.6.1 CAPITAL INCREASE

On March 27, 2023, Neoen announced the success of its capital increase with preferential subscription rights, representing a total gross amount (including issue premium) of €750,403,588.40. For further details, please refer to paragraph 2.4.1.2 of this document.

7.2.6.2 STOCK OPTIONS

The general shareholders' meeting of the Company of May 25, 2022, in its 24th resolution authorised the Board of Directors, with the right to sub-delegate, to grant stock options or share purchase options to some or all employees and executive officers of the Group. This delegation was granted for a period of twenty-six months.

No options to subscribe for or purchase shares for the benefit of the Group's employees and corporate officers were granted in connection with this general shareholders' meeting's authorisation.

Information on share subscription options is described in paragraph 6.3.4.2 of this document.

7.2.6.3 ALLOCATION OF FREE SHARES

The general shareholders' meeting of the Company of May 25, 2021, in its 16th resolution authorised the Board of Directors to carry out allocations of free shares, either existing or to be issued, for some or all employees and corporate officers of the Group. This delegation was granted for a period of twenty-six months.

On February 28, 2023, the Board of Directors decided to allocate 221,766 free shares of Neoen S.A. to certain employees of the Group. The allocation of shares will only be final at the end of a three-year vesting period, provided that the beneficiaries are still present in the Group and that the performance conditions set by the Board of Directors in the plan regulations and relating in particular to the achievement of financial and development objectives are met.

The delegation granted under the 16th resolution of the Company's general shareholders' meeting of May 25, 2021, has been replaced by that granted under the 16th resolution of the Company's general shareholders' meeting of May 10, 2023.

Information on allocation of free shares is described in paragraph 6.3.4.3 of this document.

7.2.6.4 CONVERTIBLE BONDS INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES

OCEANEs vertes 2020

On June 2, 2020, the Company issued green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANEs vertes 2020"), maturing on June 2, 2025, for a principal amount of approximately €170 million (gross amount of the issue).

The net proceeds from the issue has been affected to the financing or refinancing of renewable energy generation projects (solar and wind energy) or energy storage projects, in accordance with the requirements of the European Union taxonomy and the Green bond Framework of May 27, 2020 reviewed by Moody's ESG Solutions (formerly Vigeo Eiris) published and available on the Company's website (the «Green Bond Framework») website, and, in particular, was intended to finance its development with a view to achieving its capacity target at the end of 2021 (more than 5 GW of capacity under construction or in operation).

The OCEANEs vertes 2020 bear interest from their issue date at the annual rate of 2% payable semi-annually in arrears at December 2 and June 2 of each year. The 3,679,653 OCEANEs vertes 2020 issued have a nominal value of €46.20 each, and the initial conversion ratio of 1 share for each OCEANEs vertes 2020 exercised, as adjusted at December 31, 2023, is 1.170 share for each OCEANEs vertes 2020 exercised, subject to the usual subsequent adjustments provided for in the terms and conditions of the OCEANEs vertes 2020.

In certain circumstances defined by the terms and conditions of the OCEANEs vertes 2020, in the event of a change of control of the Company, a defined liquidity incident affecting the market for the Company's shares or the delisting of shares of the Company (as defined in the terms and conditions of the OCEANEs vertes 2020), the bondholders are entitled to request the early redemption of the bonds at their par value plus accrued interest. The bondholders may equally request early redemption in the event of certain events of default as set out in the terms and conditions of the OCEANEs vertes 2020.

OCEANEs vertes 2022

On September 14, 2022, the Company issued green convertible bonds into new shares and/or exchangeable for existing shares ("OCEANEs vertes 2022"), maturing on September 14, 2027, for a principal amount of €300 million (gross amount of the issue). The net proceeds from the issue are used to finance or refinance renewable energy production or storage projects, in accordance with the Green Bond Framework.

The OCEANEs vertes 2022 bear interest from their issue date at an annual rate of 2.875% payable semi-annually in arrears on March 14 and September 14 of each year, for the first time on March 14, 2023.

The 3,000 OCEANEs vertes 2022 issued have a nominal value of €100,000 each, and the initial conversion ratio of 1,941.7513 shares for each OCEANEs vertes 2022 exercised, as adjusted at December 31, 2023, is 2,107.5361 shares for each OCEANEs vertes 2022 exercised, subject to the usual subsequent adjustments provided for in the terms and conditions of the OCEANEs vertes 2022.

In certain circumstances defined by the terms and conditions of the OCEANEs vertes 2022, in the event of a change of control of the Company, the occurrence of a liquidity event affecting the market for the Company's shares or a delisting of the Company's shares (as such terms are defined in the terms and conditions of the OCEANEs vertes 2022, the bondholders will be entitled to request prior to the maturity date the early repayment of the OCEANEs vertes 2022 at their nominal value plus accrued and unpaid interest. The bondholders may equally request their acceleration in the event of the occurrence of certain events of default as defined in the terms and conditions of the OCEANEs vertes 2022.

7.2.7 TERMS GOVERNING ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS ATTACHED TO SHARE CAPITAL SUBSCRIBED BUT NOT PAID UP

None.

7.2.8 SHARE CAPITAL OF ANY GROUP COMPANY SUBJECT TO AN OPTION OR OPTION AGREEMENT

Neoen and its subsidiaries may enter into commitments to sell shares or shareholders' agreements with third parties as part of their investment operations. These agreements generally govern the applicable rules of governance and the procedures to be followed when selling shares in the relevant portfolio companies. They may also define provisional timetables for shareholders' exit from these companies. They are all subject to confidentiality obligations.

7.2.9 PROGRAMME FOR NEOEN TO BUY BACK ITS OWN SHARES

Authorisation given by the general shareholders' meeting of May 10, 2023

The general shareholders' meeting of May 10, 2023, in its 12th resolution, authorised the Board of Directors to trade in the Company's shares on the stock exchange. This authorisation was given for eighteen months, until November 10, 2024, and terminates the authorisation granted to the Board of Directors by the general shareholders' meeting of May 25, 2022, in its 13th ordinary resolution.

The maximum unit purchase price was set at €80 per share for a maximum amount of €50 million.

The objectives of this programme include:

- the implementation of any stock option plan of the Company pursuant to the provisions of Articles L. 225-177 *et seq.* and L.22-10-56 *et seq.* of the French Commercial Code or any similar plan; or
- the allocation or sale of shares to employees in respect of their participation in the benefits of the company's expansion or the implementation of any company or group savings plan (or similar plan) under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code as well as any other employee or executive shareholding plan of the Company and its subsidiaries; or
- the allocation of free shares under the terms of Articles L. 225-197-1 *et seq.* and L.22-10-59 *et seq.* of the Commercial Code; or
- generally, complying with obligations related to stock option programmes or other allocations of shares to employees or corporate officers of the Company or an associated company; or
- the delivery of shares upon the exercise of rights attached to securities giving rights to the share capital through redemption, conversion, exchange, presentation of a warrant or in any other manner; or
- the cancellation of all or part of the securities thus repurchased, in accordance with the authorisation granted or to be granted by the extraordinary general shareholders' meeting; or
- the delivery of shares (as exchange, payment or otherwise) in the context of external growth, merger, demerger or contribution transactions; or
- the stimulation of the secondary market or the liquidity of the Company's shares by an investment services provider acting within the framework of a liquidity contract in accordance with the market practice recognised by the AMF (French financial market authority) (as amended if applicable).

Assessment of the share buyback programme

(In number of treasury shares)	Stock market stabilisation	Share buyback programme[1]	**Total**
Positions on December 31, 2022	**73,522**	**72,825**	**146,347**
Repurchases	1,441,957	270,000	1,711,957
Sales/Transfers	(1,452,061)	(76,459)	(1,528,520)
Positions on December 31, 2023	**63,418**	**266,366**	**329,784**

(1) The Company purchases its own shares to cover its commitments to grant free shares to its employees and employee shareholding.

In 2023, 1,711,957 shares were purchased at an average price of €28.75 per share and 1,528,520 shares were sold or granted in the context of free share plans at an average price of €13.54 per share.

On December 31, 2023, the Company directly or indirectly held 329,784 of its own shares, representing a value of €9,383,731 based on book value.

7.2.10 EMPLOYEE SAVINGS PLANS

Discretionary profit-sharing agreement

To involve French employees in the Group's performance, a new incentive plan was established in 2021 with the Social and Economic Council (CSE). This agreement was filed with DREETS. This agreement will apply for three financial years, i.e. 2022, 2023 and 2024.

Non-discretionary profit-sharing agreement

It is mandatory for companies with 50 employees or more to establish a profit-sharing agreement, pursuant to Article L. 3322-2 of the French Labour Code.

In 2023, the Company signed a new profit-sharing agreement with the social and economic committee, which was filed with DREETS.

Company savings schemes and assimilated schemes

In 2014, the Company implemented a company savings scheme (PEE) and a collective retirement savings scheme (PERCO). In 2019, in line with employee savings reform in France, the Company signed a new collective retirement savings agreement (the PERCOL, replacing the PERCO) with the Company's employee representative body.

Any amounts generated under the Company's profit-sharing agreements, as well as contributions made by employees on a voluntary basis, eventually topped up by additional payments made by the employer, may be paid into the PEE and the PERCOL.

The arrangement for payment of top-ups by the employer in addition to voluntary payments made by employees up to the maximum limits defined by law has been in place in the Company to date and is revised on an annual basis.

On December 31, 2023, employees held shares in the Company under its employee savings plans (please refer to paragraph 7.2.11 "employee shareholders" of this document).

7.2.11 EMPLOYEE SHAREHOLDERS

In 2023, the Company introduced an employee shareholding scheme for all its employees in France for the fourth time. This mechanism forms part of the framework defined by the employee savings plan.

The employee savings plan in force within the Company allows employees to have the amounts payable to them from the incentive plan and/or their personal employee savings converted to Company shares and to benefit from the employer contribution of shares. The employees' assets are blocked for five years in return for social and tax benefits, except in the event of early release provided for by law.

This operation is detailed in section 4.3 - notes 2 and 13 of this document.

On December 31, 2023, employees shareholding in the Company's equity, calculated in accordance with article L. 225-102 of the French Commercial Code, amounted to 259,733 shares held under the Company savings plan and 603,390 shares from free share allocations, i.e., a total of 863,123 registered shares held directly by employees, representing 0.57% of the Company's share capital.

7.2.12 CHANGE IN THE SHARE CAPITAL

The following table presents the history of the changes in the Company's share capital over the past three financial years:

Date	Type of transaction	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)*	Issue premium per share *(in euros)*	Share capital after the transaction *(in euros)*
15/03/2021	Share capital increase (exercise of stock options)	85,550,712	85,574,712	2	4.00	171,149,424
09/04/2021	Share capital increase (issue of new shares with preferential subscription rights)	85,574,712	106,968,390	2	26.00	213,936,780
12/05/2021	Share capital increase (reserved for employees)	106,968,390	106,979,909	2	26.25	213,959,818
12/05/2021	Share capital increase (reserved for employees)	106,979,909	106,991,428	2	N/A	213,982,856
12/05/2021	Share capital increase (exercise of stock options)	106,991,428	106,995,752	2	3.55	213,991,504
31/05/2021	Share capital increase (free share award)	106,995,752	106,998,455	2	N/A	213,996,910
30/06/2021	Share capital increase (exercise of stock options)	106,998,455	107,011,665	2	7.25	214,023,330
31/12/2021	Share capital increase (exercise of stock options)	107,011,665	107,056,685	2	7.25 (7,005 shares) 3.55 (38,015 shares)	214,113,370
19/04/2022	Share capital increase (reserved for employees)	107,056,685	107,072,910	2	20.30	214,145,820
19/04/2022	Share capital increase (reserved for employees)	107,072,910	107,089,135	2	N/A	214,178,270
19/04/2022	Share capital increase (exercise of stock options)	107,089,135	107,103,350	2	7.25	214,206,700
23/06/2022	Share capital increase (exercise of stock options)	107,103,350	107,106,350	2	7.25	214,212,700
23/06/2022	Share capital increase (payment of the dividend in shares)	107,106,350	107,358,836	2	31.99	214,717,672
11/07/2022	Share capital increase (exercise of stock options)	107,358,836	107,521,854	2	N/A	215,043,708
26/10/2022	Capital increase (conversion of OCEANEs 2024 into shares)	107,521,854	114,652,473	2	25.99	229,304,946
26/10/2022	Share capital increase (exercise of stock options)	114,652,473	114,669,498	2	7.25	229,338,996
28/02/2023	Share capital increase (exercise of stock options)	114,669,498	114,670,498	2	7.25	229,340,996
29/03/2023	Share capital increase (issue of new shares with preferential subscription rights)	114,670,498	151,365,050	2	18.45	302,730,100
12/05/2023	Share capital increase (issue of new shares without preferential subscription rights)	151,365,050	151,387,578	2	17.51	302,775,156
12/05/2023	Share capital increase (reserved for employees)	151,387,578	151,410,106	2	N/A	302,820,212

Date	Type of transaction	Number of shares prior to the transaction	Number of shares after the transaction	Par value *(in euros)*	Issue premium per share *(in euros)*	Share capital after the transaction *(in euros)*
12/05/2023	Share capital increase (exercise of stock options)	151,410,106	151,414,899	2	6.50	302,829,798
08/06/2023	Share capital increase (exercise of stock options)	151,414,899	151,432,101	2	6.50	302,864,202
08/06/2023	Share capital increase (payment of dividend)	151,432,101	152,073,465	2	22.61	304,146,930
03/07/2023	Share capital increase (allocation of free shares)	152,073,465	152,122,449	2	N/A	304,244,898

7.2.13 DISPOSAL OF CROSS-SHAREHOLDINGS

None.

7.2.14 PLEDGES

Except for the pledge of 10,000,000 shares in the Company by Impala SAS as security for a loan from a financial institution, dated March 1, 2023 and as declared by Impala SAS on March 10, 2023, to the best of the Company's knowledge, there are no other pledges covering a significant proportion of its share capital.

7.3 SHAREHOLDING STRUCTURE

7.3.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of capital and voting rights on December 31, 2021, December 31, 2022 and December 31, 2023 on a non-diluted basis:

Shareholder	Number of ordinary shares and voting rights	Percentage of capital (and theorical voting rights)	Percentage of potential voting rights
Impala SAS [1]	49,796,256	46.51%	46.51%
Cartusia SAS	1,000,086	0.93%	0.93%
Mr Xavier Barbaro and members of his family (directly or indirectly)	721,357	0.67%	0.67%
Total concert party [2]	**51,517,699**	**48.12%**	**48.12%**
Fonds Stratégique de Participations *(represented by fund manager ISALT)*	6,950,000	6.49%	6.49%
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	5,016,112	4.69%	4.69%
Public	43,572,874	40.70%	40.70%
Total on December 31, 2021	**107,056,685 [3]**	**100%**	**100%**
Impala SAS [1]	51,128,741	44.59%	44.59%
Cartusia SAS	1,076,498	0.94%	0.94%
Mr Xavier Barbaro and members of his family (directly or indirectly)	633,309	0.55%	0.55%
Total concert party [2]	**52,838,548**	**46.08%**	**46.08%**
Fonds Stratégique de Participations *(represented by fund manager ISALT)*	6,970,447	6.08%	6.08%
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	5,030,869	4.39%	4.39%
Public	49,829,634	43.45%	43.45%
Total on December 31, 2022	**114,669,498 [4]**	**100%**	**100%**
Impala SAS [1]	64,144,529	42.17%	42.17%
Cartusia SAS	1,261,485	0.83%	0.83%
Mr Xavier Barbaro and members of his family (directly or indirectly)	685,149	0.45%	0.45%
Total concert party [2]	**66,091,163**	**43.45%**	**43.45%**
Fonds Stratégique de Participations *(represented by fund manager ISALT)*	10,534,226	6.92%	6.92%
FPCI FONDS ETI 2020 *(represented by fund manager Bpifrance Investissement)*	6,674,470	4.39%	4.39%
Public	68,822,590	45.24%	45.24%
Total on December 31, 2023	**152,122,449 [5]**	**100%**	**100%**

(1) Impala SAS is wholly owned, controlled and managed by Mr Jacques Veyrat and his family.

(2) The concert party results from an agreement between shareholders Impala SAS and Cartusia SAS, the latter being a long-term investment vehicle held by Mr Xavier Barbaro and the members of his family.

(3) On April 9, 2021, the Group carried out a capital increase of €591.2 million (after taking into account issue costs) by issuing 21,393,678 new ordinary shares.

(4) This amount includes the creation of 7,130,619 shares as part of the conversion, on October 28, 2022, of the convertible bonds ("OCEANEs 2019") issued on October 7, 2019.

(5) On March 29, 2023, the Group carried out a capital increase of 750.4 million euros (after taking into account issue costs) by issuing 36,694,552 new ordinary shares.

For more information on the main shareholders, please refer to the chapter "introduction" of this document.

7.3.2 COMMITMENTS BY SHAREHOLDERS TO RETAIN THEIR SHARES

On December 31, 2023, there are no outstanding share retention commitments from the shareholders, as these commitments expired in 2023. As a reminder, they related to the commitments to retain the shares made by Impala SAS, Fonds Stratégique de Participations (represented by fund manager ISALT) and FPCI FONDS ETI 2020 (represented by fund manager Bpifrance Investissement) for a period of 90 calendar days following the settlement-delivery date of the new shares in connection with the capital increase carried out on March 29, 2023 (as described in paragraphs 2.4.1.2 and 7.2.6.1 of this document).

7.3.3 OBLIGATION TO HOLD SHARES OF THE COMPANY

Pursuant to the internal regulations of the Board of Directors (Article 3.10), each member of the Board of Directors must own (directly or indirectly) at least 500 shares throughout his or her term of office and at the latest within six months after his or her appointment. In case of indirect shareholding, the relevant Director shall inform the Chairman of the Board of Directors or the secretary to the Board or, failing that, the Company's General Counsel. Members of the Board of Directors shall register the shares they hold when they take up their duties. The same applies to shares acquired subsequently.

Furthermore, in accordance with the AFEP/MEDEF Code to which the Company adheres, the Board of Directors has set at 5,000 the minimum number of Company shares that executive officers must hold in registered form until the end of their term of office.

7.3.4 EXCEEDING LEGAL AND/OR STATUTORY THRESHOLDS

On December 31, 2023, the shareholders who have crossed the legal and/or statutory thresholds are the following:

Date of the market transaction	Registered intermediaries or fund managers	Type of threshold crossing	Number of shares	% share Capital
18/01/2023	Caisse des Dépôts	↓	6,837,242[2]	5.96%
09/03/2023	Millenium International Management LP	↑	1,273,745	1.11%
23/03/2023	GIC Private Limited (GIC)	↑	1,183,581	1.03%
24/03/2023	Schroders Plc	↑	2,797,659	2.44%
24/03/2023	La Banque Postale Asset Management	↑	N.C.	1.23%
29/03/2023	Caisse des Dépôts	↑	9,327,252[2]	6.16%
29/03/2023	Invesco Ltd	↓	1,395,101	0.92%
30/03/2023	Amundi	↑	3,082,612	2.68%
31/03/2023	Invesco Ltd	↓	1,394,351	0.92%
11/04/2023	Point 72 UK Limited	↓	159,443	0.10%
13/04/2023	AXA Investment Managers SA	↓	1,501,500	0.99%
14/04/2023	AXA Investment Managers SA	↑	1,621,484	1.07%
09/05/2023	GIC Private Limited (GIC)	↑	3,030,323	2.00%
01/06/2023	Amundi	↓	3,458,193	2.28%
10/07/2023	Amundi	↓	3,013,357	1.99%
04/08/2023	Schroders Plc	↓	3,031,940	1.99%
24/08/2023	GIC Private Limited (GIC)	↑	4,678,161	3.08%
19/09/2023	Amundi	↑	3,044,588	2%
20/09/2023	Amundi	↓	2,975,856	1.95%
25/09/2023	Amundi	↑	3,192,803	2.09%
26/09/2023	GIC Private Limited (GIC)	↑	6,143,414	4.04%
20/10/2023	Blackrock	↓	2,848,346	1.87%
20/10/2023	Amundi	↓	3,019,076	1.98%
08/11/2023	CDC croissance	↑	3,049,012	2.01%

[2] Exceeding of thresholds declared in respect of its holdings in Bpifrance Investissement, CDC croissance and CDC.

7.3.5 CONTROL STRUCTURE

On December 31, 2023, the Company is indirectly controlled by Mr Jacques Veyrat and his family, who hold 42.17% of the share capital and voting rights via Impala SAS.

As a result, Impala SAS is the reference shareholder of the Company.

On December 21, 2020, Impala SAS entered into a concert party agreement with Cartusia SAS, a long-term investment vehicle owned by Mr Xavier Barbaro and the members of his family.

On December 31, 2023, Impala SAS and Cartusia SAS (together with Mr Xavier Barbaro and his family members, directly or indirectly) jointly held an interest in the capital and voting rights of the Company that gives them control of the Company (their total interest in the capital and voting rights of the Company amounting to 43.45%).

In this context, the Company has taken following measures to prevent improper exercise of control:

- of the seven Directors, three Directors (more than one third) are independent members, in accordance with the recommendations of the AFEP/MEDEF Code applicable to controlled companies;
- one Director has been appointed Lead Director;
- one Director is a representative of Fonds Stratégique de Participations (FSP);
- one Director is a representative of Bpifrance Investissement;
- two Directors (less than half) are related to Impala SAS.

For further details, please see paragraph 6.2.1 "principles governing the composition and operation of the Board of Directors" of this document.

7.3.6 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

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

7.3.7 DIVIDENDS

7.3.7.1 DIVIDEND DISTRIBUTION POLICY

In accordance with law and the bylaws of the Company, the general shareholders' meeting may decide, on the recommendation of the Board of Directors, the distribution of dividends.

The Company's dividend distribution policy takes into account, in particular, the Company's results, its financial position, the implementation of its objectives and its liquidity requirements.

The Company paid a dividend for the second time in 2023 in respect of the 2022 financial year. Dividend payments are subject to the restrictions set out in the Company's syndicated credit facility agreement.

Given the achievement of its objectives for 2023, the Company will propose at the next general shareholders' meeting, scheduled on May 14, 2024, the payment of a dividend of €0.15 per share, payable fully in cash or fully in new ordinary shares, in respect of financial year 2023, which resulted in net income of €137.4 million. In line with the announcements made at its Capital Markets Day on March 1, 2023, the Company intends to gradually increase its dividend per share in respect of the financial years 2024 and 2025, based in particular on trends in its earnings and financial position.

7.3.7.2 DIVIDENDS DISTRIBUTED OVER THE PAST THREE YEARS

Reference year	Dividend per share (in euros)	Option exercise period for payment of the dividend in new shares	Percentage of rights exercised in favour of payment of the dividend in shares	Number of new ordinary shares issued	Percentage of capital (after capital increase)	Payment in cash
Financial year 2021	0.10	From June 3, 2022 to June 17, 2022 inclusive	80%	252,486	0.2%	€2.1 million
Financial year 2022	0.125	From May 19, 2023 to June 2, 2023 inclusive	83%	641,364	0.42%	€3.1 million

For the dividend for the financial year ending on December 31, 2023, please refer to section 7.3.7.1 of this document.

7.4 SECURITIES MARKET AND RELATIONS WITH SHAREHOLDERS

7.4.1 SECURITIES MARKET (STOCK MARKET INFORMATION)

Information sheet

The Company's shares are listed in France, on Euronext Paris, Compartment A:

- Sector: Energy and Basic Products;
- Indexes: CAC Mid 60, CAC All-share, CAC Mid & Small, CAC Utilities, SBF 120, Next 150, MSCI Small Cap France, S&P Global Clean Energy Index;
- DSS: Eligible;
- SSP: Eligible;
- ISIN code: FR0011675362;
- Date of initial listing: October 17, 2018.

Stock market data

Average price from initial listing until 29/02/2024	€29.56
Average volume from initial listing until 29/02/2024	147,683 shares
Highest price in 2023	€34.58 on 02/01/2023
Lowest price in 2023	€23.48 on 23/10/2023
Progress of the share from listing until 29/02/2024	+ 59.5%
Change between 01/01/2023 and 29/02/2024	– 33.3%
Market capitalisation at 29/02/2024	€3.5 billion

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

Dates	Highest price (in euros)	Lowest price (in euros)	Average volume of transaction
January 2023	34.58	31.67	151.7
February 2023	33.84	31.40	149.5
March 2023	28.95	26.46	426.3
April 2023	28.70	26.62	155.0
May 2023	29.42	27.00	127.8
June 2023	30.38	28.30	156.4
July 2023	30.40	27.32	91.8
August 2023	29.06	26.50	82.1
September 2023	29.04	26.92	151.7
October 2023	26.76	23.48	201.6
November 2023	28.02	24.74	129.6
December 2023	30.28	26.72	145.8
January 2024	29.16	25.76	132.0
February 2024	26.62	22.12	144.3

Change in the price of Neoen shares



7.4.2 RELATIONSHIP WITH SHAREHOLDERS

7.4.2.1 ACCESSIBILITY OF INFORMATION

All the financial information and financial communication media may be consulted, in digital format, on the Neoen website (www.neoen.com) under the heading Investors which particularly contains:

- this Universal Registration Document (including the annual financial report) filed with the AMF;
- all the financial press releases and financial communication media (publication of results, webcasts, Capital Markets Day, semestrial financial reports, investor presentations);
- documents relating to the general shareholders' meeting;
- the Company bylaws;
- the Board's internal regulations.

This information may also be sent on simple request from the financial communications department of the Company at the following e-mail address: ir@neoen.com.

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

7.4.2.2 RELATIONSHIP WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

To ensure good relations with the financial community, the investor relations department of the Company regularly organises events enabling financial analysts and institutional investors to meet senior management.

With regard to financial year 2023, financial publications were presented by senior management at webcasts and conference calls during which it also replied to questions asked by financial analysts.

Furthermore, senior management and the investor relations department joined in meetings with the financial community (financial analysts and institutional investors) in the form of sector conferences and in-person and digital roadshows.

The Neoen share is monitored by 16 financial analysis firms.

7.4.2.3 AGENDA

Financial agenda 2024

May 2, 2024	May 14, 2024	July 25, 2024	November 5, 2024
Publication of 1st quarter revenue	General shareholders' meeting	Publication of 1st semester financial results	Publication of nine-month revenue

7.4.2.4 FINANCIAL COMMUNICATION CONTACTS

Investor relations department

22, rue Bayard 75008 Paris

Email: ir@neoen.com



8

ADDITIONAL INFORMATION

8.1 PERSONS RESPONSIBLE 332

8.1.1 Person responsible for the universal registration document and the annual financial report 332

8.1.2 Declaration by the person responsible for the universal registration document and the annual financial report 332

8.1.3 Person responsible for the financial information 332

8.2 STATUTORY AUDITORS 332

8.2.1 Auditors 332

8.2.2 Information on the statutory auditors that have resigned, were eliminated or whose mandate was not renewed 333

8.2.3 Fees paid to statutory auditors 333

8.3 HISTORICAL FINANCIAL INFORMATION INCLUDED BY REFERENCE 333

8.4 DOCUMENTS AVAILABLE TO THE PUBLIC 333

8.5 CROSS-REFERENCES TABLES 334

8.5.1 Cross-reference table for the annual financial report 334

8.5.2 Cross-reference table for the management report of the Company and the Group 334

8.5.3 Cross-reference table for the non-financial performance statement 335

8.5.4 Cross-reference table for the corporate governance report 336

8.5.5 Cross-reference table for the provisions of annexes 1 and 2 of the 2019/980 delegated regulation of the European commission 337

8.6 GLOSSARY 340

8.1 PERSONS RESPONSIBLE

8.1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Xavier Barbaro, Chairman and Chief Executive Officer of Neoen S.A.

8.1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I certify that the information contained in this universal registration document is, to the best of my knowledge, true and accurate, and does not contain any omission likely to affect its scope or significance.

I certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the elements of the Management Report included in this document, present a fair review of the development and performance of the business and financial position of the Company and all the other companies included in the scope of consolidation, together as well as a description of the main risks and uncertainties that they face."

Paris, March 21st, 2024

Mr. Xavier Barbaro

Chairman and Chief Executive Officer of Neoen S.A.

8.1.3 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Xavier Barbaro

Chairman and Chief Executive Officer of Neoen S.A.

22 rue Bayard, 75008 Paris

8.2 STATUTORY AUDITORS

8.2.1 AUDITORS

	Date of first appointment	Date of appointment/renewal	Term of office	Expiry date
Auditors				
Deloitte & Associés Statutory auditor Member of the *Compagnie régionale de Versailles et du Centre* Represented by Mr. Benoit Pimont Tour Majunga, 6 place de la Pyramide 92908 Paris-La Défense	15.04.2014	26.05.2020	6 financial years	General shareholders' meeting called to approve the financial statements for the financial year ended 31.12.2025
RSM Paris Statutory auditor Member of the *Compagnie régionale de Paris* Represented by Mr. Jean-Charles Boucher 26 rue Cambacérès 75008 Paris	12.09.2018	12.09.2018	6 financial years	General shareholders' meeting called to approve the financial statements for the financial year ended 31.12.2023

8.2.2 INFORMATION ON THE STATUTORY AUDITORS THAT HAVE RESIGNED, WERE ELIMINATED OR WHOSE MANDATE WAS NOT RENEWED

During the period covered by the historical financial information, there was no resignation of the statutory auditors.

8.2.3 FEES PAID TO STATUTORY AUDITORS

The table of fees of the statutory auditors of the Company is shown in note 25 to the consolidated financial statements for the financial year ended December 31, 2023 contained in section 4.1 of this document.

8.3 HISTORICAL FINANCIAL INFORMATION INCLUDED BY REFERENCE

In accordance with article 19 of regulation (EU) no. 2017/1129 of June 14, 2017, this 2023 universal registration document includes by reference:

- the consolidated financial statements for the financial year ended December 31, 2022 established in accordance with IFRS reference as adopted by the European Union, and the statutory auditors' report presented in sections 4.1 and 4.2 respectively to the 2022 Universal Registration Document filed with the Autorité des Marchés Financiers on April 7, 2023 under number D.23-0256, as well as the information extracted from the 2022 management report in chapters 1, 2, 3, 5 and 7 of the 2022 Universal Registration Document;
- the consolidated financial statements for the financial year ended December 31, 2021 established in accordance with IFRS reference as adopted by the European Union, and the statutory auditors' report presented in sections 4.1 and 4.2 respectively to the 2021 Universal Registration Document filed with the Autorité des Marchés Financiers on March 31, 2022 under number D.22-0224, as well as the information extracted from the 2021 management report in chapters 1, 2, 3, 5 and 7 of the 2021 Universal Registration Document;
- parts of these documents not included are either irrelevant to the investor or covered elsewhere in the Universal Registration Document.

8.4 DOCUMENTS AVAILABLE TO THE PUBLIC

The press releases of the Company and the annual registration documents including historical financial information on the Company filed with the AMF and any revisions are available on the Company's website at the following address: www.neoen.com, a copy may also be obtained from the registered office of the Company located at 22 rue Bayard, 75008 Paris.

All information published and made public by the Company during the last 12 months in France is available on the Company's website at the above address and on the AMF website at the following address: www.amf-france.org.

Finally, the bylaws of the Company, the minutes of the general shareholders' meetings, the statutory auditors' reports and all other corporate documents may be consulted at the registered office of the Company.

8.5 CROSS-REFERENCES TABLES

8.5.1 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of this universal registration document, the cross-reference table hereafter enables to identify the information, required in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the French Financial Markets Authority, which constitute the annual financial report.

Information required	Section / Paragraph
Consolidated financial statements of the Group (IFRS)	4.1
Annual financial statements of Neoen S.A. (French GAAP)	4.3
Management report	Dedicated Table – 8.5.2
Corporate governance report	Dedicated Table – 8.5.4
Declaration by the person responsible	8.1.2
Report by the statutory auditors on the 2023 consolidated financial statements	4.2
Report by the statutory auditors on the 2023 annual financial statements of Neoen S.A.	4.4
Statutory auditors' fees	Note 25 - 4.1

8.5.2 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT OF THE COMPANY AND THE GROUP

This universal registration document includes all elements of the management report.

In order to review the elements of the management report, the cross-reference table hereafter enables to identify the main information provided for by Articles L. 225-100 *et seq.*, L. 22-10-35 and L. 22-10-36, L. 232-1 and R. 225-102 *et seq.* of the French Commercial Code. The specific sections of the management report related to the corporate governance pursuant to Articles L. 225-37, al 6 *et seq.*, L. 22-10-8 *et seq.* of the French Commercial Code are detailed in paragraph 8.5.4.

Information required	Section / Paragraph
Situation and activity	
Analysis of the change in business, profits or losses and in the financial position of the Company, in particular its debt position in view of the volume and complexity of its business	2.4
Activity and results of the Group, of subsidiaries and of controlled companies by branch of activity	2.4 and 2.5.2
Key performance indicators of a financial nature and any non-financial performance indicators	2.1
Main risks and uncertainties to which the Group is exposed	3
Financial risks resulting from the effects of the climate change and measures undertaken by the Company	3.1.5
Procedures of internal control and risk management relating to the preparation and handling of accounting and financial information	3.2.2
Company's objectives, hedging policy and exposure to price, credit, liquidity and cash flows risks	3.1.1, 3.1.3 and 3.2.2
Add-back of operating expenses and extravagant expenses (Art. 39.4 and 223 quater, Art. 39.5 and 223 quinquies of the General Tax Code)	2.8.2.6, 2.8.2.7 and 2.8.2.8
Research and development activities	1.4
Major events occurred since the close of the fiscal year	2.8.1
Company and Group foreseeable trends and outlook	2.3
Equity investment in or takeover of companies having their registered office in France	2.8.2.4 – None
Activities of the Company's subsidiaries	1.3.3
Table on the Company's financial results over the last five years	2.8.2.3
Information relating to suppliers and clients' terms of payment	2.8.2.5

Information required	Section / Paragraph
Legal information and information related to shareholding	
Employee shareholdings at the year-end	7.2.10 and 7.2.11
Identity of shareholders holding more than 5%	7.3
Name of companies controlled directly or indirectly by the company and the share of the company's capital that they hold (treasury shares)	7.2.5
Information on share buybacks	7.2.9
Dividends distributed for the last three fiscal years	7.3.7.2
Summary of transactions by corporate officers on Company securities	7.2.4
Information on loans granted to other companies	N/A
Existing Company branches	N/A
Extra-financial performance	
Non-financial performance statement (NFPS)	Dedicated Table – 8.5.3
Vigilance plan	5.9

8.5.3 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

Required information	Chapter / Section / Paragraph
ELEMENTS OF THE 2023 NON-FINANCIAL PERFORMANCE STATEMENT	
Presentation of the business model	
Main activities of the company: key figures, organisation and governance	Introduction. Our mission; Our expertise; A multi-local player; Key figures; Governance
Description of the business model	Introduction. Our expertise
Strategy: outlook and objectives	Introduction. Our ambition for 2025
Presentation of the main non-financial risks related to the Company's business	**3.1 et 5.3**
Description of the policies applied by the company, results and performance indicators	
Risks associated with ethics and corruption	5.4.1
Risks relating to suppliers and contractors whose practices are contrary to human rights	5.4.2
Risks associated with the capacity to retain executives and key employees	5.4.3
Risks related to the health and safety of employees and subcontractors	5.5.1
Risks associated with local opposition to the construction of a facility	5.6.1
Other topics and information mentioned in article L.225-102-1	
Impacts of the activity in terms of respect for human rights	5.4.1 and 5.4.2
Impacts of the activity on the fight against corruption	5.4.1
How the company takes into account the risk of tax evasion	5.9
Climate change	5.4.5
Circular economy	5.5.3
Fight against food waste, fight against food insecurity, respect for animal welfare and fair and sustainable food	N/A
Collective bargaining agreements and impacts	5.4
Fight against discrimination, promotion of diversity and measures regarding employment and integration of disabled people	5.4.4
Social commitments	5.6.1 and 5.6.2

Required information	Chapter / Section / Paragraph
Actions to promote physical activity and sport	N/A
Actions to promote the link between the nation and the armed forces and to support commitment to the reserves	N/A

8.5.4 CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT

Information required	Section / Paragraph
Missions, composition, preparation and *modus operandi* of the Board of Directors	6.2.1
List of all terms of office and functions held in any company by each Director and Corporate Officer during the fiscal year	6.1.1
Procedures for exercising the General Management	6.2.2.1
Description of the diversity policy, objectives and results applied to Board members (including gender diversity)	6.2.1.5
Limits provided by the Board of Directors on Chief Executive Officer's powers	6.2.2.1 (i)
Reference to of the AFEP-MEDEF Corporate Governance Code and application of the comply or explain principle	6.2.1.3
Description and implementation of the evaluation procedure of non-regulated agreements	6.4.3
Review of the independence of its members and of potential conflicts of interest	6.2.1.4
Agreements between an Executive Officer or a major shareholder of the Company and a subsidiary	6.4.2
Remuneration policy of the Directors and Corporate Officers	6.3.1, 6.3.2 and 6.3.3
Compensation and benefits of any kinds paid to Corporate Officers	6.3.2, 6.3.3, 6.3.4 and 6.3.5
Use of the "claw back" possibility to claim the return of variable remuneration	N/A
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L.233-16 of the French Commercial Code	N/A
Remuneration ratios between the remuneration of each Corporate Officer and the average and median remunerations of the Company employees	6.3.2.2
Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the abovementioned ratios over the five past fiscal years	6.3.2.2
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria have been applied	6.3.2.3 and 6.3.2.4
Manner in which the vote of the last ordinary general meeting has been taken into account	6.3.2.3 and 6.3.2.4
Deviation from the procedure for the implementation of the remuneration policy and any derogations	N/A
Application of Article L. 225-45 al. 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with the Board of Directors' gender diversity)	N/A
Attribution and retention of stock-options by Directors and Corporate Officers	N/A
Attribution and retention of free share grants to Corporate Officers	6.3.4.3
Special terms for the participation of the shareholders in the General Meeting	6.2.2.5
Information that may have an impact in the event of a takeover bid or exchange offer	6.4.5
Summary table of the status of valid delegations of powers and powers granted by the General Meeting to the Board of Directors with regard to capital increases and the use made of these delegations during the past year	6.4.1

8.5.5 CROSS-REFERENCE TABLE FOR THE PROVISIONS OF ANNEXES 1 AND 2 OF THE 2019/980 DELEGATED REGULATION OF THE EUROPEAN COMMISSION

This cross-reference table identifies the main information required by Annexes I and 2 of the 2019/980 Delegated Regulation of the European Commission dated March 14, 2019. This table refers to the paragraphs of this universal registration document on which the information related to each item is indicated.

Information required		Section / Paragraph
Section 1	**Persons responsible, third-party information, expert's reports and competent authority approval**	
1.1	Identity of the person responsible	8.1.1 and 8.1.3
1.2	Statement of the person responsible	8.1.2
1.3	Identity of the person participating as an expert whose statement or report is included in the universal registration document	N/A
1.4	Statement on the information provided by a third party	N/A
1.5	Statement on the competent authority	AMF insert
Section 2	**Statutory auditors**	
2.1	Identity	8.2
2.2	Change	N/A
Section 3	**Risk factors**	**3**
Section 4	**Information about the issuer**	
4.1	Legal and commercial name	7.1
4.2	Registration place and number, legal entity identifier (LEI)	7.1 and 4.1 – note 1.1
4.3	Incorporation date and term	7.1
4.4	Registered office, legal form, applicable legislation, country of incorporation, address and telephone number of the registered office, website	7.1
Section 5	**Business overview**	
5.1	Principal activities	1.3
5.1.1	Nature of operations and principal activities	1.3
5.1.2	Development of new products and/or services	1.3
5.2	Principal markets	1.3.3
5.3	Important events in the development of the business	1.1.1, 2.4.1, 4.1 – note 1.3 and 4.3 – note 2
5.4	Strategy and objectives	1.1.2
5.5	Dependence of the issuer with regards to patents, licenses, contracts and manufacturing processes	N/A
5.6	Competitive position of the issuer	1.2.4
5.7	Investments	2.5.8
5.7.1	Material investments made	2.5.8.2
5.7.2	Material investments in progress	2.5.8.3
5.7.3	Information relating to the joint ventures and undertakings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	2.8.2.4
5.7.4	Environmental issues that may affect the use of the tangible fixed assets	2.5.8.5
Section 6	**Organisational structure**	
6.1	Brief description of the Group	2.8.2.4

Information required		Section / Paragraph
6.2	List of the significant subsidiaries	4.3 – note 18
Section 7	**Operating and financial review**	
7.1	Financial position	2.1, 2.4, 2.8, 4.1 and 4.2
7.2	Operating results	2.4, 2.8, 4.1.1 and 4.3.1
Section 8	**Capital resources**	
8.1	Issuer's capital resources	2.5
8.2	Sources and amounts of the cash flows	2.5
8.3	Borrowing requirements and funding structure	2.5
8.4	Restrictions on the use of capital resources	2.5
8.5	Anticipated sources of funds	2.5
Section 9	**Regulatory environment**	
9.1	Description of the regulatory environment and external factors materially influencing the operations	1.3.3
Section 10	**Trend information**	**2.3**
Section 11	**Profit forecasts or estimates**	
11.1	Published profit forecasts or estimates	2.3
11.2	Principal assumptions	1.1.2, 1.2.1, 1.3.1, 1.3.2 and 1.3.3
11.3	Declaration of comparability with historical financial information and compliance with accounting methods	2.3
Section 12	**Administrative, management and supervisory bodies and senior management**	
12.1	Information on the members of the administrative and management bodies	6.1
12.1	Conflicts of interests	6.2.2 and 6.3.1
Section 13	**Compensation and benefits**	
13.1	Compensation paid and benefits in kind	6.3
13.2	Provisions for pension and retirement obligations	6.3
13.3	Securities giving access to the Company's capital awarded to corporate officers	6.3
Section 14	**Board practices**	
14.1	Expiration date of the current terms of office	6.1
14.2	Service contracts between members of the administrative or management bodies and the issuer or one of its subsidiaries	6.2
14.3	Information on the Board committees	6.1 and 6.2
14.4	Statement of compliance with the corporate governance rules applicable to the issuer	6.2.1.3
14.5	Potential material changes on the corporate governance	N/A
Section 15	**Employees**	
15.1	Number of employees	5.4
15.2	Equity interests and stock options of corporate officers	6.3.4
15.3	Agreements involving the employees in the capital of the issuer	7.2.10
Section 16	**Major shareholders**	
16.1	Identification of the major shareholders	7.3.1
16.2	Voting rights	7.3.1

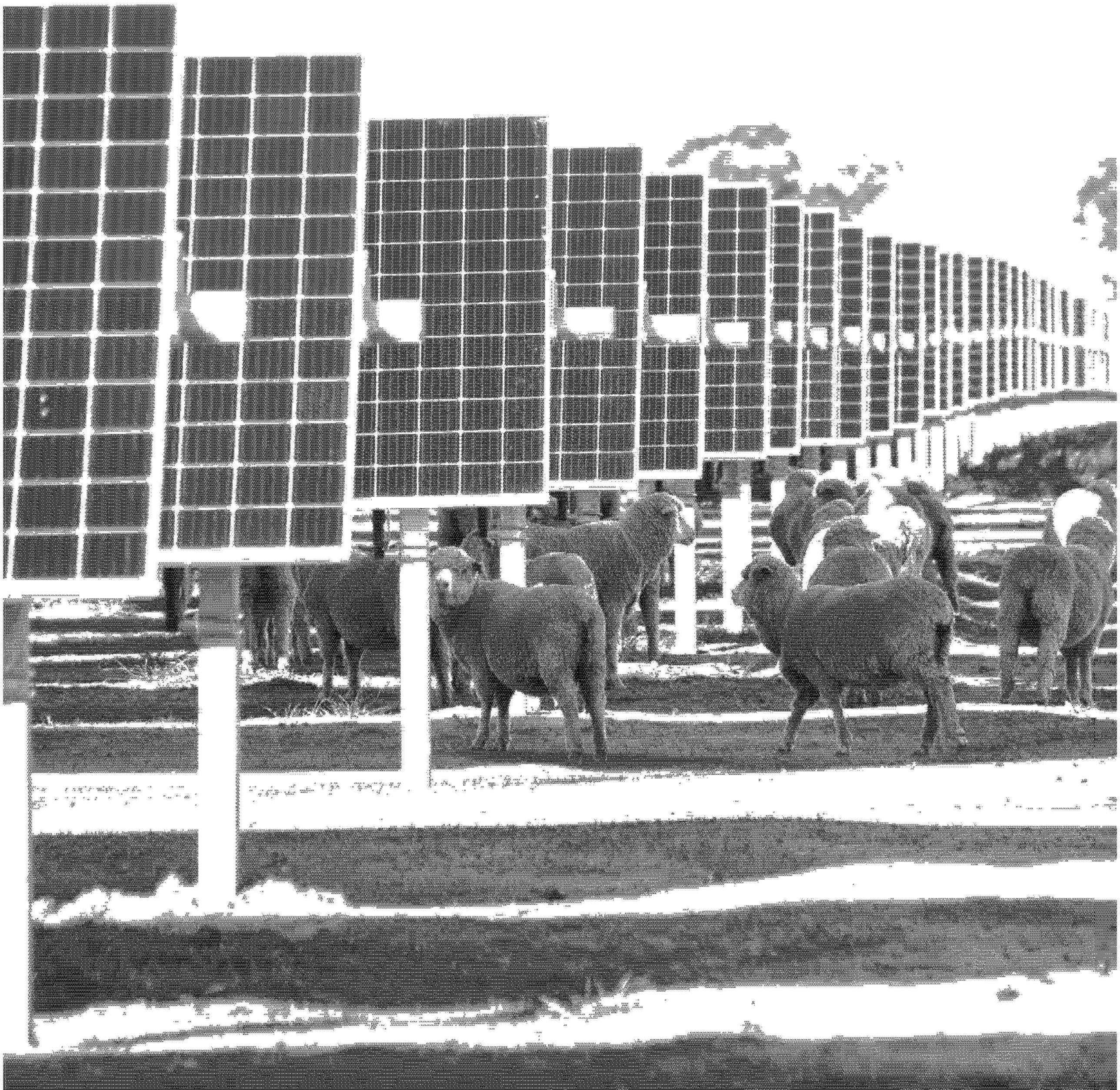
Information required		Section / Paragraph
16.3	Control of the issuer	7.3.1, 7.3.5
16.4	Arrangements that may result in a change of control	7.3.6
Section 17	**Related party transactions**	
17.1	Details of related party agreements	4.1 – note 24 and 4.3 – note 19
Section 18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	
18.1.1	Audited historical financial information and audit report	Chapter 4
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	4.1 and 4.2
18.1.4	Change of accounting framework	N/A
18.1.5	Financial statements	4.1 and 4.3
18.1.6	Consolidated financial statements	4.1
18.1.7	Date of latest financial information	4.1 and 4.3
18.2	Interim and other financial information	
18.2.1	Half yearly and quarterly financial information and interim financial information	N/A
18.3	Auditing of historical annual financial information	
18.3.1	Audit report on the historical financial information	4.2 and 4.4
18.3.2	Other information audited by the auditors	5.10
18.3.3	Financial information not extracted from audited financial statements of the issuer	N/A
18.4	Pro forma financial information	N/A
18.5	Dividend policy	7.3.7
18.6	Legal and arbitration proceedings	2.6
18.7	Significant change in the issuer's financial position	2.7
Section 19	**Additional information**	
19.1	Share capital	7.2
19.2	Memorandum and Articles of Association	
19.2.1	Trade and Companies Register, purposes of the issuer	7.1
19.2.2	Rights, preferences and restrictions attaching to shares	7.1
19.2.3	Provisions that may delay, defer or prevent a change of control	7.3
Section 20	**Material contracts**	
20.1	Material contracts of the issuer or any member of the group	1.3.4.4
Section 21	**Documents available**	
21.1	Statement regarding the available documents	8.4

8.6 GLOSSARY

Average availability	Ratio between the energy actually produced by a solar or wind asset during a given period and the energy that could theoretically be produced by the asset during the same period.
Certificados de Energías Limpias (CELs)	Green-energy certificate system issued by the CRE *(Comisión Reguladora de Energía, energy regulating commission in Mexico)* to accredit electrical power generated from clean sources, and to enable users to meet their obligations under the energy transition.
Commercial operation date (COD)	Date at which a solar or wind asset is connected to the grid and all its equipment is commissioned, or, in the case of a storage facility, the date at which it is connected to the grid and begins to operate.
Contract for difference (CFD)	A contract structure pursuant to which a buyer of electricity (usually a state or state-backed entity) undertakes to pay the electricity producer the difference between a reference tariff and the actual price at which the producer sells the electricity on the market via an aggregator.
EPC contract (Engineering, Procurement and Construction)	Design, supply and installation contracts for solar, wind and storage assets. These contracts generally include the supply of photovoltaic panels or wind turbines and other system components (BOS or BOP components).
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 labour 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).
Levelised 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 MWh) 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. Beyond these two initial years, it is either the EPC provider or, where applicable, a company specialised in the field of solar, wind or storage installation maintenance.
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.
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 finalised.
Projects in advanced development phase	Projects for which the following elements have been achieved: • real-estate: signature of a commitment to lease, to sell or for which a temporary right to occupy a state-owned land; • access to the electricity grid: preliminary grid connection; • technical: launch of environmental studies.

	Projects where either: • a building permit has been obtained, a grid connection solution has been confirmed, 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.
Projects in tender-ready phase	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	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.
Assets in "under construction" phase	For these assets 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.
Assets 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, assets "under construction" and assets "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 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, optimise 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.
Turbine Supply Agreement (TSA)	Contract pursuant to which a supplier provides, transports, installs and commissions turbines.
Watt (W)	Standard unit measuring (for the Group) the electrical power of a solar, wind or storage asset, established under standard test conditions.
Wind kinetic energy	Energy generated by moving air, depending on its mass and speed.
Wind power	Process to transform the kinetic energy of the wind into mechanical energy and then into electrical energy through the use of wind turbines.



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