



# HALF YEAR FINANCIAL REPORT 2020

as at 30 June 2020



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# 1 MANAGEMENT REPORT

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The following statements have been examined by the Board of Directors of 24 September 2020 and have been the object of a limited review by the Statutory Auditors.

This is a free translation into English of the EPS Half Year Financial Report issued in the French language provided solely for the convenience of English-speaking readers. In case of discrepancy the French version prevails.

This report contains information relating to the markets in which the ENGIE EPS Group is present. This information has been taken from external sources and/or from the EPS internal analysis. Considering the very rapid changes that characterize the energy sector worldwide, it is possible that this information could turn out to be mistaken or outdated. Developments in the Group's activities could consequently differ from those described in this Half Year Financial Report and the declarations and information appearing in this report could prove to be erroneous.

The forward-looking statements contained in this Half Year Financial Report, notably in section 1.2 (*Outlook*) of the Half Year management report, are based on assumptions and estimates that could evolve or be impacted by risks, uncertainties (relating particularly to the economic, financial, competitive, regulatory and weather environment) or other factors that may cause the future results, performances and achievements of the Group to differ significantly from the objectives expressed and suggested. These factors may include changes in the economic and commercial environment, regulations, and the factors discussed in Section 4 of the 2019 Registration Document.

It should be noted that ENGIE EPS Half Year results are not representative of the Full Year results.

## 1.1 Definitions

In this Half Year Financial Report unless specified otherwise the terms below have the following meanings:

- **2019 Registration Document:** The Registration Document (Document de Référence) registered on 30 April 2020 with the French Market Authority ("**AMF**"), pursuant to its general regulations, and notably its article 212-3, under the number R.19-020.
- **Board of Directors** means the *Conseil d'Administration* of the Company, in place and as composed as at the date of publication of this Consolidated Financial Statement.
- **Company** or **ENGIE EPS** means the company ENGIE EPS S.A., a French limited liability corporation (*société anonyme*) with its registered headquarter located at 28, Rue de Londres, 75009, Paris, (France), and registered with the Trade and Companies Register of Paris under number 808 631 691. The former name of ENGIE EPS SA was Electro Power Systems SA until legal publication of 11 September 2019.
- **Consolidated Financial Statements of the ENGIE EPS Group** means the consolidated financial statements of the Company prepared in accordance with IFRS norms as adopted by the European Union.
- **e-Mobility** means distributed solutions to interface the rapidly-growing electric mobility fleets with the wider electrical system, in order to address the recharging needs of the vehicle fleet on one side, and the constraints and flexibility requirements of the grid on the other side.
- **ENGIE** means ENGIE a *société anonyme* incorporated under the laws of France, with registered office in Courbevoie (92400), 1 place Samuel de Champlain (France) and number of registration with the Companies Register of Nanterre 542 107 651.
- **ENGIE EPS Group** means the Company and its controlled companies.

- **ENGIE SPA** means the sale and purchase agreement between the majority shareholders of EPS and GDF International signed on 24 January 2018.
- **ESOP** means “Employee stock option plan”.
- **EPS Manufacturing** means Electro Power Systems Manufacturing S.r.l. (formerly Electro Power Systems S.p.A.), an Italian limited liability company with its registered office located at Via Anton Francesco Grazzini, 14, Milan, Italy, and registered with the Trade and Companies Registry of Milano, Italy under the number MI – 2073745 as well as in certain instances its subsidiaries. On 8 February 2017 EPS Manufacturing has been leased to ENGIE Eps Italia (ex EPS Elvi).
- **ENGIE Eps Italia** means ENGIE Eps Italia S.r.l. that changed its name from EPS Elvi Energy S.r.l. to ENGIE Eps Italia S.r.l. effective as of 12 June 2020, an Italian limited liability company with its registered office located at Via Anton Francesco Grazzini 14, Milan, Italy, and registered with the Trade and Companies Registry of Milano under the number MI 2082791.
- **EPS Mobility** means the permanent establishment in Italy, following the spinoff of the Mobility and Power Electronics Lab going concern from ENGIE Eps Italia (ex EPS Elvi) to EPS.
- **EPS USA** means Electro Power Systems Inc., a limited liability company with its registered office located at 160 Greentree Drive, Suite 101, Dover, 19904 Kent County, USA.
- **GDF International** means GDF International, a *société par actions simplifiée* incorporated under the laws of France, with registered office in Courbevoie (92400), 1 place Samuel de Champlain (France) and number of registration with the Companies Register of Nanterre 622 048 965.
- **Giga Storage** means utility-scale storage solutions designed to support the transmission and distribution grids in dealing with increasing penetration of intermittent renewable sources;
- **Grid Support Solutions** or **Grid Connected Solutions** means hybrid energy storage systems, developed to stabilize electrical grids in developed countries, heavily penetrated by renewable sources.
- **GW** means Gigawatt.
- **GWh** means Gigawatt-hour.
- **IFRS** means the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations (SIC/IFRIC) as adopted by the European Union.
- **Industrial Solutions** means distributed storage solutions to address the sustainability, affordability and reliability needs of the industrial and power generation sectors.
- **IPP** (“Independent Power Producer”) means an entity which is not a public utility, but which owns facilities to generate electric power for sale to utilities and end users.
- **KW** means Kilowatt.
- **KWh** means Kilowatt-hour.
- **Long Term Strategic Plan** means the ENGIE EPS’ plan that describes its development strategy and the corresponding financial objectives until 2025. The Long Term Strategic Plan has been approved in the board meeting of 12 December 2019.
- **MCM** means MCM Energy Lab S.r.l., an Italian limited liability company with its registered office located at Via Anton Francesco Grazzini 14, Milano and registered with the Trade and Companies Registry of Milano under the number MI 1829289.
- **Mobility Solutions** (or e-Mobility) means control techniques for the management of devices in full electric vehicles in collaboration with suppliers of electrical devices qualified as suppliers in the automotive sector.
- **MW** means Megawatt.
- **MWh** means Megawatt-hour.

- **New Profit-Sharing Plan** or **New Incentive Plan** means the new profit-sharing plan adopted by the Board of Directors on 6 March 2018, under the ENGIE SPA.
- **Off-Grid Power Generation Solutions** or **Microgrids and Off-Grid Solutions** means microgrids systems and support to power off-grid and weak-grid areas, at a lower cost and more reliably than fossil fuels developed in emerging economies.
- **Options** refer to the options to subscribe shares of the Company, issued by the Board of Directors pursuant to an authorization granted by the extraordinary shareholders' meeting of the Company held on 16 February 2015 (19<sup>th</sup> resolution), on 21 June 2016 (20<sup>th</sup> resolution) and 21 June 2017 (13<sup>th</sup> resolution), exercised by their beneficiaries, or replaced by SARs in the case of unexercised options.
- **Order Intake** consists of the aggregate contract value in terms of MW or euros with reference to all purchase orders received, contracts signed and projects awarded for a period.
- **P2P** means Power to Power.
- **PCS** means Power Conversion Systems.
- **Pipeline** means the estimate, to date, of the amount of potential projects, tenders and requests for proposals for which the ENGIE EPS Group has decided to participate or respond.
- **PPA** ("Power Purchase Agreement") means a contract between two parties, one which generates electricity (the seller) and one which is looking to purchase electricity (the buyer).
- **Project Backlog** means, as of the date of this presentation, the estimated revenues and other income attributable to
  - purchase orders received, contracts signed and projects awarded as of the date hereof, and
  - projects secured on a Power Purchase Agreement basis, therefore where the agreed value is a price per kWh of electricity and an amount of MW to be installed.
- **PV** means Photovoltaic.
- **R&D** means research and development.
- **SARs** means Stock Appreciation Rights, a "cash" instrument which replaced the existing stock options and warrants, reproducing the economic profile of a stock options or a warrant.
- **Warrants** refer to the warrants (bons de souscription d'actions) allowing, upon exercise, to subscribe shares of the Company, issued by the Board of Directors pursuant to an authorization granted by the extraordinary shareholders' meeting of the Company held on 16 February 2015 (18<sup>th</sup> resolution) and 21 June 2016 (21<sup>st</sup> resolution), exercised by their beneficiaries, or replaced by SARs in the case of unexercised warrants.

## 1.2 Outlook

Starting from 2020, ENGIE EPS Group is presenting its offering in a new way, namely grouping its products within three main lines as follows:

- **Giga Storage**: utility-scale storage solutions designed to support the transmission and distribution grids in dealing with increasing penetration of intermittent renewable sources;

- **Industrial Solutions**: distributed storage solutions to address the sustainability, affordability, flexibility and reliability needs of the industrial and power generation sectors;

- **e-Mobility**: distributed solutions to interface the rapidly-growing electric mobility fleets with the wider electrical system, in order to address the recharging needs of the vehicle fleet on one side, and the constraints and flexibility requirements of the grid on the other side.

Under the Long Term Strategic Plan, the ENGIE EPS Group aims at achieving annual revenues of €100 million by 2022, positioning it as a leading global supplier of storage and V2G solutions to utilities, IPPs and major industrial and automotive groups. The broad strategic underpinnings of such ambitious targets are outlined below.

#### (i) Market strategy

From a market perspective, the ENGIE EPS Group will focus its commercial effort on those jurisdictions where the potential of energy storage is supported by a critical mass of tenders for either storage services or the direct purchase of storage systems by creditworthy counterparties.

Within such framework, Europe, North America and the MENA region are currently expected to catalyze most of the ENGIE EPS Group's resources through the horizon of the Long Term Strategic Plan.

The growing maturity of the energy storage sector in those regions implies that, particularly in the commercialization of its Giga Storage Product Line, the ENGIE EPS Group will be increasingly exposed to price-based competitive dynamics. Crucially, however, in service tenders where storage systems are purchased by utilities or IPPs to deliver energy or grid support services to an energy buyer or a TSO / DSO, the initial cost of the storage system is only one factor in determining the energy or service price that the owner of the storage system can offer to the final client. Indeed, such price is also determined by the degradation profile of the storage system over time, its performance parameters, its technical availability, etc. Such factors create fundamental elements of non-price competition that can be mobilized by the ENGIE EPS Group leveraging its know-how, in order to mitigate margin compression dynamics.

With that in mind, the ENGIE EPS Group is focused on a range of strategic actions to strengthen its core competences supporting non-price-based competition.

With respect to the Industrial Solutions Product Line, given the scalability challenges experienced in targeting island systems and weak grid environments, the ENGIE EPS Group intends to selectively increase its focus on multinational industrial clients, with priority on those industrial verticals featuring a mix of sustainability, power quality and affordability requirements most conducive to the adoption of storage technologies. Furthermore, the ENGIE EPS Group intends to build on its experience in coupling storage systems to conventional power stations to work extensively with power plant owners in view of increasing the flexibility and endurance of their plants, via the retrofitting with energy storage systems.

The promotion of the ENGIE EPS Group's offering for the e-Mobility Product Line will prioritize partnering with selected leading automotive groups, for the launch of charging and V2G solutions leveraging ENGIE EPS Group's know-how in energy storage and grid stabilization.

#### (ii) Core competence strategy

In order to preserve and amplify its areas of sustainable competitive advantage, and mitigate the impact of price-based competition, through the horizon of the Long Term Strategic Plan the ENGIE EPS Group will continue developing:

- Superior system engineering capabilities: the extensive experience built in both off- and weak-grid environments, as well as across multiple technologies, provides a competitive edge in the optimal sizing and configuration of storage systems. The expansion and continuous professional development of the system engineering team is a strategic priority for the ENGIE EPS Group;
- Cutting-edge technology for power conversion and control and energy management: the capabilities of ENGIE EPS Group's conversion and control technologies are a key distinguishing asset on the market. As suppliers introduce new generations of hardware components, enabling the design of denser configurations of ENGIE EPS Group's System Blocks, the ENGIE EPS Group will preserve its technology edge via the constant improvement of its technology families;

- Strategic partnerships with key suppliers, particularly in the battery sector: as storage systems evolve toward increased capacity per unit of nominal power, procurement terms and service levels from battery suppliers will grow more and more relevant. The ENGIE EPS Group will continue developing its strategic dialogue with world-class battery manufacturers in view of securing preferential procurement terms;

- Strategic relationship with the ENGIE Group: over the last two years, the geographical business units of the ENGIE Group have represented an obvious go to market route for the ENGIE EPS Group, across the three Product Lines. The arm's-length cooperation with the ENGIE Group has represented an important accelerator for the affirmation of the ENGIE EPS Group as a market leader in an increasing number of geographies. On 23 September 2020 ENGIE has announced the intention to assess strategic options for ENGIE EPS, including the possible divestment of its stake in the Company. Should ENGIE decide to divest its stake following its strategic review, ENGIE has reaffirmed its continuous financial support until a potential transaction is closed.

ENGIE EPS will continue to build on its know-how and commercial successes achieved over the last few years outside and within the ENGIE Group, and to continue to be a leading player in the Energy Storage and Electric Mobility markets.

### 1.3 Summary of the First Half 2020 Group's Results

**Revenues and Other Income** amount to €5.0 million as of 30 June 2020, up 89% compared to 2019 First Half. This *quasi* 2x growth is mainly due to the successful developments within the Giga Storage (utility-scale storage and solar-plus-storage projects) and Industrial Solutions (microgrids and storage systems) Product Lines. Worth highlighting are, respectively, the progress in the construction of the Sol De Insurgentes solar-plus-storage project in Mexico, with commissioning expected in early 2021, the storage solution for the Leini power plant and the microgrids in California and Comoros, all three projects with expected commissioning by year-end. Construction schedules were partly affected by Covid-19 related logistic restrictions.

On the other hand, the **Project Backlog** as of today amounts to €23.8 million, down 30% compared to the Project Backlog communicated on 30 September 2019, due to progress in project execution. The timing of conversion into Backlog of the most mature portion of the Pipeline (with over \$130 million of contracts secured but not yet executed due to customary permitting procedures and conditions precedent, as well as in the case of Guam the ongoing appeal) was partly affected by the situation relating to Covid-19.

**Pipeline** is up 130% over the same period, reaching €806 million. This Pipeline includes the project in Guam where ENGIE has been selected as successful bidder for the construction of two Solar-plus-300MWh Storage projects under a 20-year power purchase agreement by the Power Authority of Guam (GPA) and where ENGIE EPS is the exclusive storage solution provider. It also includes the 240MWh project in Hawaii where ENGIE has been selected in the final award list for the construction of one solar-plus-storage project under a 25-year power purchase agreement by Hawaii Electric Co. Furthermore, it includes a newly secured 50MWh project in New England.

**Gross margin** stands at 27% compared to 40% in 2019, mainly due to the higher commodity content of the iconic project in Mexico brought by ENGIE, which accounts for more than 51% of the First Half 2020 revenues.

**Personnel costs** increased by 19% reaching €3.7 million compared to €3.1 million in First Half 2019. Today ENGIE EPS has 110 employees, from 15 nationalities, 1/4 of which with a PhD or other post-graduate degree. The strengthening of the workforce is in line with its roadmap and mainly devoted to the execution of the projects in the USA.

**R&D investments** amounted to €1.9 million compared to €1.2 million in First Half 2019 and represent 38% of the consolidated revenues and other income, confirming the strong commitment towards R&D and innovation which is progressively addressed also towards the eMobility Product Line.

**Other Operating Expenses** increased by 36% amounting to €1.4 million, compared to €1 million in the first semester 2019, mainly because of time-phasing budget and extraordinary Covid-19 expenses.

**EBITDA** represents €4.4 million loss in the first semester 2020 compared to a €3.4 million loss in the first semester 2019, due to lower gross margins in Giga Storage Product Line, the increase in operating expenses and the extraordinary costs due to Covid-19, which more than offset the increase in revenues.



**EBIT and Net Result** as at 30 June 2020 stands, respectively, at €-6.5 million and €-6.5 million compared with €-6.7 million and €-6.2 for the previous year.

**Net Financial Position** at the end of the first semester 2020 decreased to €-17.8 million compared to €-8.1 million on 31 December 2019.

## BACKLOG AND PIPELINE UPDATE

As update of the Pipeline and the Project Backlog, it is worth highlighting in the:

- **Giga Storage** Product Line, with the ENGIE project award in Hawaii and Guam, as well as a new contract secured in New England, ENGIE EPS secured contracts for more than \$130 million and over 500MWh to be online by 2023. With specific reference to the flagship project the island of Guam, the Guam's Public Auditor is expected to issue within days its decision on the challenge brought by a competing bidder against the award to ENGIE of the Phase III Renewable Energy Project. ENGIE EPS is confident in a favorable decision, clearing the path for the project to approach execution. In Hawaii, following the selection of ENGIE in the final award group for the Stage 2 Variable Renewable Dispatchable Generation and Energy Storage projects, customary procedures are ongoing with respect to the finalization and approval of project documentation, in line with the announced timetable.
- **Industrial Solutions** Product Line, ENGIE EPS is completing its first microgrid in California and is well positioned to address the increased grid reliability challenges in the region.
- **eMobility** Product Line, ENGIE EPS kicked off delivery of the easyWallbox, setting the production capacity up to 50,000 units in the next 18 months, to cover 19 countries in Europe; the largest V2G pilot project in the world finally came to light on 14 September 2020, in partnership with FCA and Terna and in the presence of the EU Commissioner for Energy and the Italian Minister for Economic Development to highlight the importance of the project and the V2G technology in the European technology landscape.

Concerning the decision of the ENGIE Group to assess strategic options for ENGIE EPS, including the possible divestment of its stake in the Company, ENGIE has reaffirmed that the three major energy storage projects in the USA, representing more than \$130 million in revenues in the coming years, will continue to be developed jointly by both companies. For the future, both companies will continue jointly developing projects which are deemed mutually beneficial.

Should ENGIE decide to divest its stake following its strategic review, ENGIE has reaffirmed its continuous financial support until a potential transaction is closed.

ENGIE EPS will continue to build on its know-how and commercial successes achieved over the last few years outside and within the ENGIE Group, and to continue to be a leading player in the Energy Storage and Electric Mobility markets.

## 1.4 Important events during the period

- **Microgrid in California:** with the contract signed in January 2020, ENGIE EPS Group entered into an agreement as a contractor for the engineering, procurement supply and commissioning of the 2.0 MVA/4.0 MWh Battery Energy Storage System to be integrated into Anza Microgrid (California), consisting of existing 2.0 MWp PV plant and 1.35 MWp further extension. The commissioning and completion of the project is expected in Q4 2020.
- **FCA's easy electric charging debuts with Easy Wallbox™ by ENGIE Eps:** on 26 February 2020, presented with FCA the "Easy Wallbox™", patented by ENGIE Eps, exclusively for FCA. The product is the only wallbox that up to 2.2 kW and operating at up to 7.4 kW does not need to be set up by an installer or electrician. Dating back to 2017, the partnership between ENGIE Eps and Fiat Chrysler Automobiles is aimed at managing the changes in the best possible way and at coordinating all work related to electric mobility.
- **ENGIE EPS' CEO named Young Global Leader by the World Economic Forum:** on 12 March 2020 ENGIE Eps' Chief Executive Officer, Carlalberto Guglielminotti, has been recognized as a Young Global

Leader by the World Economic Forum for his ability to innovate and promote sustainable change. Carlalberto Guglielminotti was identified as one of the world's most promising and compelling leaders under the age of 40 for his accomplishments in the industrial sector, commitment to the promotion of positive change through technology, and for his achievements in bolstering the use of renewable energy around the world.

- As published in the Press Release dated on 19 March 2020, **the COVID-19 outbreak** is heavily impacting both the industrial operations of ENGIE EPS and its short-term business prospects. ENGIE EPS' operations and the majority of the supply chain are based in Italy, the country currently at the epicenter of the European outbreak. The Italian government imposed the most drastic steps yet by any country except China to contain surging numbers of COVID-19 cases, placing almost immediately the region of Lombardy (where ENGIE EPS has two industrial premises) and more than a dozen other provinces in neighboring regions under quarantine on March 8.

Restrictions were extended to the entire country on March 10, and then turned into a lockdown. In addition, travel restrictions all over the world are limiting the ability to ENGIE EPS to materialize its project development effort, particularly in large tender processes. As the situation continues to unfold, ENGIE EPS is not currently in a position to quantify the adverse impact, the related consequences for our supply chain and construction sites worldwide (Italy, Mexico, California, Singapore, Comoros, and Greece), nor the scenarios for our projects under development (Europe, South Africa, Middle East, US and Pacific Islands). As a consequence, the different scenarios for 2020 revenue recognition, presented by the management and analyzed by the Board of Directors held on 19 March 2020, are subject to significant volatility.

All of the above certainly impacts ENGIE EPS' 2020 guidance and ripples through the timing of the implementation of the Long Term Strategic Plan beyond 2020.

In the longer run, ENGIE EPS remains fully committed to its 2025 €400 million revenue indicative ambition, bearing in mind that delivering this plan will require an improvement of the current economic environment highly penalized by the global Coronavirus pandemic.

Further, the successful implementation of the Long Term Strategic Plan is significantly predicated upon (i) ENGIE EPS and ENGIE prioritizing efforts and resource allocation on the markets where storage is most promising, e.g. with favourable regulation and already announced tenders for which both groups have a competitive hedge, (ii) ENGIE supporting ENGIE EPS in three key projects in the US to which ENGIE has reaffirmed its commitment irrespective of the potential divestment of its stake in ENGIE EPS.

- **2019 Universal Registration Document (URD)**: has been filed on 30 April 2020 with the Autorité des Marchés Financiers ("AMF"), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.
- On 30 April 2020 ENGIE Eps announced the launch of the **FamilyWorking Manifesto**: a new way of remote working that puts family at its centre by combining family balance and work.
- **ENGIE EPS, FCA and Terna** have started the pilot **project Vehicle-to-Grid (V2G) of electric mobility**, which once totally completed, will become worldwide the biggest of its kind:
  - Phase 1 of the plant's construction has consisted of the installation of 32 V2G columns capable of connecting 64 vehicles, aimed at piloting the technology and managing the logistics of the storage area;
  - By the end of 2021, the Drosso V2G project will be extended (Phase 2) to interconnect up to 700 electric vehicles, making it the largest facility of its kind ever built in the world. The management of phase 2 will be mainly dictated by cost-effectiveness: the objectives will be to provide services to Terna power grid and to ensure a positive economic result for FCA and ENGIE EPS.

## 1.5 Subsequent events

- **easyWallbox**: in July 2020 ENGIE EPS kicked off delivery of the easyWallbox, setting the production capacity up to 50,000 units in the next 18 months, to cover 19 countries in Europe.

- **Terna UPI Pilot Project in Italy:** in July 2020 the ENGIE EPS Group successfully performed the Factory Acceptance Test (FAT) for the Engineering Procurement and Construction of 7.2 MW/5.08 MWh BESS in collaboration with ENGIE Produzione S.p.A. to support the existing power plant of Leinì in the provision of primary frequency regulation services to the grid in accordance with UPI requirements.
- **Microgrid in Greece:** in July 2020, within the framework of REMOTE EU project, the ENGIE EPS Group completed the commissioning of Power-to-Power integrated system (P2G 25kW, G2P 50 kW) to be incorporated in Agkistro Microgrid.
- **Microgrid in California:** in August 2020 the ENGIE EPS Group successfully performed the Factory Acceptance Test (FAT) for the Engineering Procurement supply and commissioning of the 2.0 MVA/4.0 MWh Battery Energy Storage System to be integrated into Anza Microgrid (California), consisting of existing 2.0 MWp PV plant and 1.35 MWp further extension.
- **Capacity firming solar plus storage in Mexico:** in Q3 2020 the ENGIE EPS Group successfully performed the Mechanical Completion and afterwards the pre-commissioning for the Engineering, Procurement supply and commissioning of 23 MWAC/31.055 MWp PV plant with ENGIE Solar SA, located in Baja California Sur (Mexico) to be coupled with a 5.4 MW/3.17 MWh Battery Energy Storage System (“BESS”) powered with ENGIE EPS Group cutting-edge technology.
- **The Vehicle-to-grid pilot project** has been inaugurated at Mirafiori: on 14 September 2020 FCA, ENGIE EPS and Terna have presented, in the evocative location of the Heritage Hub within the Mirafiori FCA’s premises in Turin, the pilot project Vehicle-to-Grid (V2G) of electric mobility, which once totally completed, will become worldwide the biggest of its kind.
- On 23 September 2020, the ENGIE Group announced that it was assessing strategic options for ENGIE EPS, including the possible divestment of its stake in the Company. The three major energy storage projects in the USA: Guam (300MWh), Hawaii (240MWh) and New England (50MWh) will continue to be developed jointly by both companies. Should ENGIE decide to divest its stake following its strategic review, ENGIE has reaffirmed its continuous financial support until a potential transaction is closed. For the future, both companies will continue jointly developing projects which are deemed mutually beneficial.

ENGIE Eps’ Half Year Financial Results 2020 are not impacted by ENGIE’s decision.

No other subsequent events were recorded at the time of publication of this document.

## 1.6 Main Risks and Uncertainties

Risk factors are similar to those presented in Section 3 of the Registration Document 2019 and did not change significantly from 30 April 2020. Please also refer to paragraph 1.2 – Outlook, 1.5 – Subsequent Events (with respect to ENGIE’s recent announcement about the Company) and note 3.1.2 with respect to the impact of COVID-19.

## 1.7 Transactions between Related Parties

Transactions between the companies consolidated under the equity method do not represent a significant amount at 30 June 2020. Furthermore, during the first six months of 2020, there was no significant transaction concluded with a member of the senior management. For more details please refer to paragraph 4.31 (*Related party disclosures*).

## 2 CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Consolidated Income Statement

| CONSOLIDATED INCOME STATEMENT<br>(amounts in Euro)                               | NOTES       | 30/06/2020          | 31/12/2019          | 30/06/2019          |
|--|-------------|---------------------|---------------------|---------------------|
| Revenues   |             | 4.914.240           | 19.684.041          | 2.626.522           |
| Other Income   |             | 111.887             | 520.770             | 32.607              |
| <b>TOTAL REVENUES AND OTHER INCOME</b>   | <b>4.1</b>  | <b>5.026.127</b>    | <b>20.204.810</b>   | <b>2.659.129</b>    |
| Cost of goods sold   | 4.2         | (3.690.491)         | (14.857.163)        | (1.592.391)         |
| <b>GROSS MARGIN FROM SALES</b>   |             | <b>1.335.635,53</b> | <b>5.347.646,92</b> | <b>1.066.737,65</b> |
| % on Revenues and Other Income   |             | 26,6%               | 26,5%               | 40,6%               |
| Personnel costs  | 4.3         | (3.703.950)         | (6.667.126)         | (3.099.999)         |
| Other operating expenses   | 4.4         | (1.406.757)         | (2.316.539)         | (1.031.840)         |
| Other costs for R&D and industrial operations                                    | 4.5         | (610.141)           | (2.094.303)         | (288.288)           |
| <b>EBITDA excluding Stock Option and Incentive Plans expenses <sup>(1)</sup></b> | <b>4.6</b>  | <b>(4.385.212)</b>  | <b>(5.730.321)</b>  | <b>(3.353.390)</b>  |
| Amortization and depreciation  | 4.7         | (1.291.930)         | (2.985.304)         | (1.487.957)         |
| Impairment and write down  | 4.8         | (196.061)           | (3.592.049)         | (419.686)           |
| Non recurring income and expenses and Integration costs                          | 4.9         | (142.226)           | (1.573.472)         | (782.727)           |
| Stock options and Incentive plans  | 4.10        | (513.025)           | (1.206.490)         | (702.486)           |
| <b>EBIT</b>  | <b>4.11</b> | <b>(6.528.455)</b>  | <b>(15.087.635)</b> | <b>(6.746.245)</b>  |
| Net financial income and expenses  | 4.12        | 39.481              | (312.219)           | (165.573)           |
| Income Taxes   | 4.13        | (31.291)            | 755.570             | 758.275             |
| <b>NET INCOME (LOSS)</b>   | <b>4.14</b> | <b>(6.520.264)</b>  | <b>(14.644.285)</b> | <b>(6.153.543)</b>  |
| <b>Attributable to:</b>  |             |                     |                     |                     |
| Equity holders of the parent company   |             | (6.520.264)         | (14.644.285)        | (6.153.543)         |
| Non-controlling interests  |             | 0                   | 0                   | 0                   |
| <b>Basic earnings per share</b>  |             | <b>(0,51)</b>       | <b>(1,15)</b>       | <b>(0,48)</b>       |
| Weighted average number of ordinary shares outstanding                           |             | 12.766.860          | 12.766.860          | 12.766.860          |
| <b>Diluted earnings per share</b>  |             | <b>(0,51)</b>       | <b>(1,15)</b>       | <b>(0,48)</b>       |

## 2.2 Consolidated Statement of Other Comprehensive Income

| <b>OTHER COMPREHENSIVE INCOME<br/>(amounts in Euro)</b>  | <b>30/06/2020</b>  | <b>31/12/2019</b>   | <b>30/06/2019</b>  |
|--|--------------------|---------------------|--------------------|
| <b>NET INCOME (LOSS)</b>   | <b>(6.520.264)</b> | <b>(14.644.285)</b> | <b>(6.153.543)</b> |
| Exchange differences on translation of foreign operations and other differences                        | (2.739)            | (4.517)             | (4.437)            |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) | 7.714              | 0                   | 0                  |
| Actuarial gain and (losses) on employee benefits   | (64.945)           | (123.021)           | (106.488)          |
| Other comprehensive income (loss) for the year, net of tax   | (59.970)           | (127.538)           | (110.924)          |
| Total comprehensive income for the year, net of tax  | (6.580.235)        | (14.771.823)        | (6.264.467)        |
| <b>Attributable to Equity holders of the parent company</b>  | <b>(6.580.235)</b> | <b>(14.771.823)</b> | <b>(6.264.467)</b> |

## 2.3 Consolidated Balance Sheet

| <b>ASSETS</b><br>(amounts in Euro)                        | <b>NOTES</b> | <b>30/06/2020</b>  | <b>31/12/2019</b> | <b>30/06/2019</b> |
|---|--------------|--------------------|-------------------|-------------------|
| Property, plant and equipment                             | 4.15         | 2.860.550          | 3.097.589         | 3.238.849         |
| Intangible assets   | 4.16         | 8.120.705          | 6.979.216         | 7.988.719         |
| Investments in entities accounted using the equity method | 4.17         | 996                | 996               | 996               |
| Other non current financial assets                        | 4.18         | 168.346            | 143.346           | 143.227           |
| <b>TOTAL NON CURRENT ASSETS</b>                           |              | <b>11.150.597</b>  | <b>10.221.147</b> | <b>11.371.792</b> |
| Trade and other receivables                               | 4.19         | 4.068.586          | 9.928.244         | 4.638.298         |
| Contract assets   | 4.20         | 7.226.231          | 9.148.945         | 4.217.618         |
| Inventories   | 4.21         | 3.218.163          | 2.985.948         | 3.153.814         |
| Other current assets                                      | 4.22         | 3.266.872          | 4.680.548         | 3.181.856         |
| Current financial assets                                  | 4.22         | 459.219            | 428.201           | 435.500           |
| Cash and cash equivalent                                  | 4.23         | 3.773.701          | 6.431.376         | 4.423.931         |
| <b>TOTAL CURRENT ASSETS</b>                               |              | <b>22.012.772</b>  | <b>33.603.262</b> | <b>20.051.017</b> |
| <b>TOTAL ASSETS</b>                                       |              | <b>33.163.369</b>  | <b>43.824.409</b> | <b>31.422.809</b> |
| <b>EQUITY AND LIABILITIES</b><br>(amounts in Euro)        | <b>NOTES</b> | <b>30/06/2020</b>  | <b>31/12/2019</b> | <b>30/06/2019</b> |
| Issued capital  | 4.24         | 2.553.372          | 2.553.372         | 2.553.372         |
| Share premium   | 4.24         | 48.147.696         | 48.147.696        | 48.147.696        |
| Other Reserves  | 4.24         | 4.529.648          | 4.586.787         | 4.603.320         |
| Retained Earnings   | 4.24         | (52.953.882)       | (38.306.765)      | (38.298.766)      |
| Profit (Loss) for the period                              | 4.24         | (6.520.264)        | (14.644.285)      | (6.153.543)       |
| <b>TOTAL EQUITY</b>                                       | <b>4.24</b>  | <b>(4.243.431)</b> | <b>2.336.804</b>  | <b>10.852.078</b> |
| Severance indemnity reserve and Employees' benefits       | 4.25         | 4.819.075          | 4.825.619         | 5.047.361         |
| Non current financial liabilities                         | 4.29         | 20.254.905         | 13.254.905        | 4.704.560         |
| Other non current liabilities                             | 4.28         | 1.998.478          | 1.631.591         | 1.619.796         |
| Non current deferred tax liabilities                      | 4.26         | 16.494             | 16.494            | 16.494            |
| <b>TOTAL NON CURRENT LIABILITIES</b>                      |              | <b>27.088.952</b>  | <b>19.728.609</b> | <b>11.388.211</b> |
| Trade payables  | 4.27         | 5.370.248          | 15.962.964        | 4.310.379         |
| Other current liabilities                                 | 4.28         | 3.664.869          | 4.518.758         | 3.149.166         |
| Current financial liabilities                             | 4.29         | 1.271.175          | 1.277.274         | 1.722.975         |
| Income tax payable  |              | 11.556             | 0                 | 0                 |
| <b>TOTAL CURRENT LIABILITIES</b>                          |              | <b>10.317.848</b>  | <b>21.758.996</b> | <b>9.182.519</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |              | <b>33.163.369</b>  | <b>43.824.409</b> | <b>31.422.809</b> |

## 2.4 Consolidated Statement of Changes in Equity

| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (amounts in Euro) |      | Share Capital | Premium Reserve | Stock Option and Warrants plan reserve | Other Reserves | Retained Earnings (Losses) | Profit (Loss) for the period | Total Equity before European Investment Bank variation (IFRS 2) | Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment | TOTAL EQUITY |
|---|------|---------------|-----------------|--|----------------|----------------------------|------------------------------|---|--|--------------|
| <b>Net Equity as of 31 December 2018</b>                      | 4.24 | 2.553.372     | 48.843.750      | 5.151.122                              | (218.938)      | (30.296.289)               | (12.511.771)                 | 13.521.245  | 3.777.134  | 17.298.379   |
| Previous year result allocation                               | 4.24 |               |                 |  | (27.704)       | (8.706.934)                | 12.511.771                   | 3.777.134   | (3.777.134)  | -            |
| Stock option and warrants                                     | 4.24 |               |                 | (181.831)                              |                |                            |                              | (181.831)   |  | (181.831)    |
| Shareholder's capital increase                                | 4.24 |               |                 |  |                |                            |                              | -   |  | -            |
| Other movements   | 4.24 |               | (696.054)       |  | (12.841)       | 708.895                    |                              | (1)   |  | (1)          |
| Loss for the period   | 4.24 |               |                 |  |                |                            | (6.153.543)                  | (6.153.543)   |  | (6.153.543)  |
| Total comprehensive income                                    | 4.24 | -             | -               |  | (106.488)      | (4.437)                    | -                            | (127.538)   | -  | (110.926)    |
| <b>Net Equity as of 30 June 2019</b>                          | 4.24 | 2.553.372     | 48.147.696      | 4.969.291                              | (365.971)      | (38.298.844)               | (6.153.543)                  | 10.852.078  | -  | 10.852.078   |
| Previous year result allocation                               | 4.24 |               |                 |  |                |                            | 6.153.543                    | 6.153.543   |  | 6.153.543    |
| Stock option and warrants                                     | 4.24 |               |                 |  |                |                            |                              | -   |  | -            |
| Shareholder's capital increase                                | 4.24 |               |                 |  |                |                            |                              | -   |  | -            |
| Other movements   | 4.24 |               |                 |  |                | (7.998)                    |                              | (7.998)   |  | (7.998)      |
| Loss for the period   | 4.24 |               |                 |  |                |                            | (14.644.285)                 | (14.644.285)  |  | (14.644.285) |
| Total comprehensive income                                    | 4.24 | -             | -               |  | (16.533)       | (80)                       | -                            | (16.614)  | -  | (16.614)     |
| <b>Net Equity as of 31 December 2019</b>                      | 4.24 | 2.553.372     | 48.147.696      | 4.969.291                              | (382.492)      | (38.306.857)               | (14.644.285)                 | 2.336.726   | -  | 2.336.726    |
| Previous year result allocation                               | 4.24 |               |                 |  |                | (14.644.285)               | 14.644.285                   | -   |  | -            |
| Stock option and warrants                                     | 4.24 |               |                 |  |                |                            |                              | -   |  | -            |
| Shareholder's capital increase                                | 4.24 |               |                 |  |                |                            |                              | -   |  | -            |
| Loss for the period   | 4.24 |               |                 |  |                |                            | (6.520.264)                  | (6.520.264)   |  | (6.520.264)  |
| Total comprehensive income                                    | 4.24 | -             | -               |  | (57.231)       | (2.739)                    | -                            | (59.970)  | -  | (59.970)     |
| <b>Net Equity as of 30 June 2020</b>                          | 4.24 | 2.553.372     | 48.147.696      | 4.969.291                              | (439.644)      | (52.953.882)               | (6.520.264)                  | (4.243.431)   | -  | (4.243.431)  |

## 2.5 Consolidated Statement of Cash Flows

| CASH FLOW STATEMENT<br>(amounts in Euro)                           | NOTES      | 30/06/2020         | 31/12/2019          | 30/06/2019         |
|--|------------|--------------------|---------------------|--------------------|
| Net Income or Loss   | 4.14       | (6.520.264)        | (14.644.285)        | (6.153.543)        |
| Amortisation and depreciation                                      | 4.7        | 1.291.930          | 2.985.304           | 1.487.957          |
| Impairment and write down  | 4.8        | 196.061            | 3.592.049           | 419.686            |
| Stock option and incentive plans impact                            | 4.10       | 513.025            | 1.206.489           | 702.486            |
| Defined Benefit Plan   | 4.25       | (6.544)            | 599.379             | 319.914            |
| Non-cash variation in bank debts                                   | 4.29       | 0                  | 528.048             | 0                  |
| <b>Working capital adjustments</b>                                 |            |                    |                     |                    |
| Decrease (increase) in tax assets                                  | 4.13       | (790.475)          | 221                 | (318.851)          |
| Decrease (increase) in trade and other receivables and prepayments | 4.19       | 9.140.030          | (13.689.123)        | (1.976.338)        |
| Decrease (increase) in inventories                                 | 4.21       | (232.215)          | 66.905              | (100.961)          |
| Increase (decrease) in trade and other payables                    | 4.27       | (11.631.110)       | 6.925.288           | (1.203.826)        |
| Increase (decrease) in SARs Liability                              | 4.25       | 0                  | 0                   | (289.110)          |
| Increase (decrease) in non current assets and liabilities          | 4.18, 4.26 | 584.369            | 107.590             | 113.925            |
| <b>Net cash flows from operating activities</b>                    |            | <b>(7.455.193)</b> | <b>(12.322.135)</b> | <b>(6.998.662)</b> |
| <b>Investments</b>   |            |                    |                     |                    |
| Net Decrease (Increase) in intangible assets                       | 4.16       | (1.995.160)        | 433.625             | (1.174.207)        |
| Net Decrease (Increase) in tangible assets                         | 4.15       | (53.117)           | (276.528)           | (208.878)          |
| Net Decrease (Increase) due to IFRS 16 FTA                         | 4.15       | 0                  | (2.175.922)         | (2.051.318)        |
| <b>Net cash flows from investments activities</b>                  |            | <b>(2.048.277)</b> | <b>(2.018.826)</b>  | <b>(3.434.402)</b> |
| <b>Financing</b>   |            |                    |                     |                    |
| Increase (decrease) in bank debts                                  | 4.29, 4.30 | 6.993.903          | 9.953.268           | 3.996.468          |
| IFRS 16 Impact   |            | (148.104)          | (41.460)            |                    |
| <b>Net cash flows from financing activities</b>                    |            | <b>6.845.799</b>   | <b>9.911.808</b>    | <b>3.996.468</b>   |
| <b>Net cash and cash equivalent at the beginning of the period</b> |            | <b>6.431.375</b>   | <b>10.860.527</b>   | <b>10.860.527</b>  |
| <b>NET CASH FLOW FOR THE PERIOD</b>                                |            | <b>(2.657.670)</b> | <b>(4.429.153)</b>  | <b>(6.436.596)</b> |
| <b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>      |            | <b>3.773.704</b>   | <b>6.431.375</b>    | <b>4.423.931</b>   |



## 3 ACCOUNTING STANDARDS AND METHODS

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The Consolidated Financial Statements reflect the financial situation of ENGIE EPS S.A. (the “**Company**”, or “**ENGIE EPS**”) and its subsidiaries.

The Consolidated Financial Statements of the Group have been approved on 24 September 2020 by the Board of Directors.

### 3.1 Accounting Principles and method evolution

In accordance with the European Regulation on international accounting standards dated 19 July 2002, the Group’s annual consolidated financial statements are prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Group presented its Consolidated Financial Statements in euro, prepared in accordance with IFRS as issued by the IASB and adopted by the European Union and in accordance with IAS 34 – Interim Financial Reporting. These do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the 2019 Annual Consolidated Financial Statements, subject to specific provisions relating to the preparation of interim condensed consolidated financial statements as described hereafter.

Except for the following changes, accounting rules and methods are the same as those applied in 2019 Annual Consolidated Financial Statements.

As of 30 June 2020, the following new accounting principles shall be applied mandatorily for the first time by companies reporting under IFRS.

#### 3.1.1 New methods

- Amendments to IFRS 3 – Business Combinations: Definition of a Business.
- Amendments to IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, Changes in accounting estimates and Errors: Definition of Material.
- Amendments to IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: recognition and measurement; IFRS 7 - Financial Instruments – Disclosures – Interest Rate Benchmark Reform.
- Amendments to IFRS 16 – Leases: Covid-19-related-rent concessions<sup>1</sup>.

The amendments, applicable as from 2020, have no significant impact on these statements.

#### 3.1.2 Impacts of COVID-19

In the context of the health crisis, special care has been taken by the Group in determining the accounting treatments applicable to the main issues and impacts of said crisis, for which the IFRS accounting principles have been applied consistently with those previously used, particularly in relation to:

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<sup>1</sup> This amendment has not yet been adopted by the European Union.

- Impairment losses on non-financial assets

Considering the COVID-19 pandemic, the Group assessed whether its non-financial assets, in particular goodwill and equity-accounted investments, could be impaired. The Group carried out an analysis of indicators of potential impairment, in accordance with the provisions of IAS 36 – Impairment of Assets. If necessary, an impairment test would have been carried out to compare the carrying amount and the recoverable amount of the cash-generating units in question (see Note 4.8)

- Impairment losses on financial assets: counterparty risk and expected credit losses

The COVID-19 crisis gives rise to a potentially increased credit risk and may therefore affect the amount of impairment losses to be recognized in respect of expected credit losses. The Group has therefore monitored payment receipts and counterparty risk more closely.

- Provisions

The Group reviewed whether any current obligations were likely to give rise to the recognition of provisions, particularly for onerous contracts.

- COVID-19 impacts in the income statement

Expenses directly associated with the COVID-19 crisis are presented according to their nature in EBITDA in accordance with the recommendations published during this crisis which primarily impacts revenues, regardless of the Group's practice of presenting items of an unusual, non-recurring, infrequent and material nature below EBITDA.

- Subsequent events

Given the uncertainties related to the health crisis and the constantly changing environment, the Group paid particular attention to events that occurred during the period from 30 June 2020 until the approval of the financial statements by the Board of Directors.

## 3.2 Format of the financial statements

The ENGIE EPS Group presents an income statement using a classification based on the nature of expenses, rather than one based on their function, as this is believed to provide information that is more relevant. For the statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1. The statement of cash flows is presented using the indirect method.

## 3.3 Functional and presentation currency

The Consolidated Financial Statements are prepared in Euro, which is the ENGIE EPS Group's functional and presentation currency. All financial information presented in Euro has been rounded to the nearest unit.

## 3.4 Use of estimates

The 2020 Half Year Consolidated Financial Statements, in accordance with IFRS principles, required the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, income and expense, as well as the disclosures in the notes relating to contingent assets and liabilities. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors considered to be relevant. The estimates and underlying

assumptions are reviewed periodically and if the items subject to estimates do not perform as assumed, then the actual results could differ from the estimates.

During the preparation of 2020 Half Year Consolidated Financial Statements, the ENGIE EPS Group particularly focused on the following items:

- Recoverable amount of non-current assets: specifically, non-current assets include property, plant and equipment, intangible assets with definite useful lives (development costs) and other financial assets. The ENGIE EPS Group periodically reviews the carrying amount of non-current assets held and used when events and circumstances warrant such a review and at least annually the carrying amount of intangible assets with indefinite useful lives. The analysis of the recoverable amount of non-current assets is usually performed using estimates of future expected cash flows from the use or disposal of the asset and a suitable discount rate in order to calculate present value or fair value less cost to sell;
- Post-retirement benefits are measured on an actuarial basis which takes into consideration parameters of a financial nature such as the discount rate, the rates of salary increase and the rates of health care cost increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality rates, dismissal and retirement rates;
- Allowance for doubtful accounts: the allowance for doubtful accounts reflects the management's estimate of losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions;
- Allowance for obsolete and slow-moving inventory: it has been determined on the basis of past experience, as well as on historical and expected future trends;
- Deferred tax assets are recorded if they are likely to be recovered according to the expected future taxable results;
- The fair value of the financial assets and liabilities are included in the ENGIE EPS Group's financial statements at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale;
- For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted, unless that fair value cannot be estimated reliably;
- For cash-settled share-based payment transactions, the Company measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Company remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period;
- Estimation of useful life of assets (depreciation).

### 3.5 Key Performance Indicators

EPS Group adopts the following non-IFRS performance indicators:

- EBITDA (excluding Stock Option and Incentive Plans expenses), calculated as Gross Margin from Sales minus Personnel costs, Other operating expenses and Other costs for R&D and industrial operations;
- EBITDA (excluding Stock Option and Incentive Plans expenses) adjusted for R&D expenses not capitalized;
- EBIT adjusted, calculated by restating Stock Option and Incentive Plans costs and Non-recurring Items from the EBIT;
- R&D investments calculated as percentage of capitalized and not capitalized R&D costs on total revenues of the period.

KPI evolution is presented in note 3.8.

### 3.6 Segment information

The Group is not yet organized into business units and no segments have been identified and/or measured by management. Information about geographical areas and activities are provided for Revenues and Other Income and Project Backlog in paragraph 4.1.

### 3.7 Evolution of the consolidation area

A change has occurred in the consolidation perimeter since 31 December 2019: as a reminder, in December 2019, MCM liquidation was approved by the Board of Directors and the Shareholders meeting. The process has been closed in January 2020. Please also refer to paragraphs 1.4.

| COMPANY                         | PERCENTAGE OF CONSOLIDATION | 30/06/2020     |
|---------------------------------|-----------------------------|----------------|
| ENGIE EPS                       | 100%                        | Parent Company |
| EPS Manufacturing               | 100%                        | Line by Line   |
| EPS USA                         | 100%                        | Line by Line   |
| ENGIE EPS ITALIA                | 100%                        | Line by Line   |
| COMORES ÉNERGIES NOUVELLES SARL | 49%                         | Equity method  |

## 3.8 Key Performance Indicators

| KEY PERFORMANCE INDICATORS<br>(amounts in Euro)  | H1 2020     |             |                    | H1 2019     |             |                    |
|--|-------------|-------------|--------------------|-------------|-------------|--------------------|
|  | Stated      | Adjustments | Adjusted Indicator | Stated      | Adjustments | Adjusted Indicator |
| Total revenues and other income  | 5.026.127   | 0           | 5.026.127          | 2.659.129   | 0           | 2.659.129          |
| Cost of goods sold   | (3.690.491) | 0           | (3.690.491)        | (1.592.391) | 0           | (1.592.391)        |
| Gross margin from sales  | 1.335.636   | 0           | 1.335.636          | 1.066.738   | 0           | 1.066.738          |
| Personnel costs  | (3.703.950) | 0           | (3.703.950)        | (3.099.999) | 0           | (3.099.999)        |
| Other operating expenses   | (1.406.757) | 0           | (1.406.757)        | (1.031.840) | 0           | (1.031.840)        |
| Other costs for R&D and industrial operations  | (610.141)   | 0           | (610.141)          | (288.288)   | 18.705      | (269.583)          |
| EBITDA excluding Stock Option and Incentive Plans expenses (1)   | (4.385.212) | 0           | (4.385.212)        | (6.746.245) | 1.823.045   | (4.923.200)        |
| EBITDA excluding Shut-down   | (4.385.212) | 0           | (4.385.212)        | (3.353.390) | 18.705      | (3.334.685)        |
| Amortization and depreciation  | (1.291.930) | 0           | (1.291.930)        | (1.487.957) |             | (1.487.957)        |
| Impairment and write down  | (196.061)   | 0           | (196.061)          | (419.686)   | 319.127     | (100.559)          |
| Non recurring income and expenses  | (142.226)   | 142.226     | 0                  | (782.727)   | 782.727     | 0                  |
| Stock options and Incentive plans  | (513.025)   | 513.025     | 0                  | (702.486)   | 702.486     | 0                  |
| EBIT Adjusted  | (6.528.455) | 655.251     | (5.873.204)        | (6.746.245) | 1.823.045   | (4.923.200)        |
| EBIT excluding Shut-down   | (6.528.455) | 655.251     | (5.873.204)        | (6.746.245) | 1.823.045   | (4.923.200)        |
| Net financial income and expenses  | 39.481      | 0           | 39.481             | (165.573)   | 0           | (165.573)          |
| Revaluation of European Investment Bank warrants liabilities (IFRS 2) and other impacts of EIB loan prepayment | 0           | 0           | 0                  | 0           | 0           | 0                  |
| Income Taxes   | (31.291)    | 0           | (31.291)           | 758.275     | 0           | 758.275            |
| NET INCOME (LOSS) excluding Shut-down  | (6.520.264) | 655.251     | (5.865.013)        | (6.153.543) | 1.823.045   | (4.330.498)        |
| Capitalized R&D costs  | 1.887.037   | 0           | 1.887.037          | 1.346.067   | 0           | 1.346.067          |
| Not capitalized R&D costs  | 0           | 0           | 0                  | 18.705      | 0           | 18.705             |
| Total R&D costs of the period  | 1.887.037   | 0           | 1.887.037          | 1.364.772   | 0           | 1.364.772          |
| Total revenues   | 5.026.127   | 0           | 5.026.127          | 2.659.129   | 0           | 2.659.129          |
| R&D investments % on Revenues  | 38%         |             | 38%                | 51%         |             | 51%                |

<sup>(1)</sup> EBITDA excluding Stock Option and Incentive Plans expenses is not defined by IFRS. It is defined in notes 4.6

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.1 Revenues and Other Income

Revenues and other incomes increase by 89% with respect to the H1 2019.

The split of revenues and total revenues including other income is as follow:

| <b>REVENUES AND OTHER INCOME<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| Construction contracts                                 | 4.549.290         | 18.484.496        | 2.322.178         |
| Rendering of services                                  | 364.950           | 1.199.545         | 304.344           |
| Sales of goods   | 0                 | 0                 | 0                 |
| <b>REVENUES</b>  | <b>4.914.240</b>  | <b>19.684.041</b> | <b>2.626.522</b>  |
| Other Income   | 111.887           | 520.770           | 32.607            |
| <b>TOTAL REVENUES AND OTHER INCOME</b>                 | <b>5.026.127</b>  | <b>20.204.810</b> | <b>2.659.129</b>  |

The increase in revenues related to Construction contracts is mainly related to the successful developments within the Giga Storage and Industrial Solutions Product Lines mainly related respectively to the progress in the construction of the Sol De Insurgentes solar plus storage project in Mexico, with commissioning expected in early 2021, the storage solution for the Leini power plant and the microgrids in California and Comoros, all with expected commissioning by year-end. Construction schedules were partly affected by Covid-related logistic restrictions.

Allocation of revenues as per single legal entity is:

| <b>REVENUES AND OTHER INCOME<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| ENGIE EPS ITALIA                                       | 4.868.763         | 19.306.661        | 2.230.549         |
| ENGIE EPS  | 157.364           | 412.125           | 184.507           |
| EPS Manufacturing                                      | 0                 | 486.025           | 244.073           |
| EPS USA  | 0                 | 0                 | 0                 |
| <b>TOTAL REVENUES AND OTHER INCOME</b>                 | <b>5.026.127</b>  | <b>20.204.810</b> | <b>2.659.129</b>  |

Revenues and Other income given by geographical areas, categorized as per the country of origin of the clients and the geographical area of the installation, are as follows:

| <b>REVENUES AND OTHER INCOME BY CLIENT<br/>GEOGRAPHICAL AREAS<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|---|-------------------|-------------------|-------------------|
| LATIN AMERICA   | 2.506.985         | 12.669.649        | 0                 |
| EUROPE  | 1.735.232         | 3.571.036         | 1.133.118         |
| AFRICA  | 341.993           | 3.052.673         | 1.519.918         |
| ASIA PACIFIC  | 24                | 911.452           | 6.092             |
| USA   | 441.893           | 0                 | 0                 |
| <b>TOTAL REVENUES AND OTHER INCOME</b>  | <b>5.026.127</b>  | <b>20.204.810</b> | <b>2.659.129</b>  |

| <b>REVENUES AND OTHER INCOME BY INSTALLATIONS<br/>GEOGRAPHICAL AREAS<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| LATIN AMERICA  | 2.506.985         | 12.676.844        | 214.369           |
| EUROPE   | 1.719.661         | 3.547.571         | 594.902           |
| AFRICA   | 335.894           | 3.052.673         | 1.520.578         |
| ASIA PACIFIC   | 21.694            | 927.722           | 329.279           |
| USA  | 441.893           | 0                 | 0                 |
| <b>TOTAL REVENUES AND OTHER INCOME</b>   | <b>5.026.127</b>  | <b>20.204.810</b> | <b>2.659.129</b>  |

The amount of revenues realized by the Group in foreign currency is entirely realized in US Dollars and corresponds to 2.948 k€.

The chart below represents Revenues by product lines:

| <b>REVENUES BY PRODUCT LINES<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| Giga Storage   | 2.514.509         | 12.770.249        | 1.799.601         |
| Industrial Solutions                                   | 1.484.666         | 5.489.848         | 649.881           |
| eMobility and Others                                   | 915.065           | 479.892           | 177.040           |
| Other non-core activities                              | 0                 | 944.052           | 0                 |
| <b>TOTAL REVENUES BY PRODUCT LINES</b>                 | <b>4.914.240</b>  | <b>19.684.041</b> | <b>2.626.522</b>  |
| Other Income   | 111.887           | 520.770           | 0                 |
| <b>TOTAL REVENUES AND OTHER INCOME</b>                 | <b>5.026.127</b>  | <b>20.204.810</b> | <b>2.626.522</b>  |

## 4.2 Cost of Goods Sold

The split of Cost of Goods Sold as of 30 June 2020 is as follow:

| <b>COST OF GOODS SOLD<br/>(amounts in Euro)</b> | <b>30/06/2020</b>  | <b>31/12/2019</b>   | <b>30/06/2019</b>  |
|---|--------------------|---------------------|--------------------|
| Costs of goods/ Rendering of services           | (3.690.491)        | (14.857.163)        | (1.844.029)        |
| Cost of technology partnership agreements       | 0                  | 0                   | 0                  |
| Change in inventories                           | 0                  | 0                   | 251.638            |
| <b>TOTAL COST OF GOODS SOLD</b>                 | <b>(3.690.491)</b> | <b>(14.857.163)</b> | <b>(1.592.391)</b> |

Cost of goods sold relates to purchases of raw materials, consumables and finished products for 3,690 k€ (1,592 k€ in first semester 2019) and increased because of the growth of the ENGIE EPS in terms of number and size of the projects.

### 4.3 Personnel costs

The following table details staff costs and their evolution over the relevant financial periods:

| <b>PERSONNEL COSTS<br/>(amounts in Euro)</b> | <b>30/06/2020</b>  | <b>31/12/2019</b>  | <b>30/06/2019</b>  |
|--|--------------------|--------------------|--------------------|
| Salaries and wages                           | (2.469.145)        | (3.918.439)        | (1.794.928)        |
| Social contributions                         | (528.955)          | (979.946)          | (445.691)          |
| Employee benefits service costs              | (275.863)          | (626.973)          | (319.914)          |
| Other Costs                                  | (429.987)          | (1.141.768)        | (539.465)          |
| <b>TOTAL PERSONNEL COSTS</b>                 | <b>(3.703.950)</b> | <b>(6.667.126)</b> | <b>(3.099.999)</b> |

Total personnel costs increased by 604 k€, from 3,100 k€ for the First Half of 2019 to 3,704 k€ for the First Half of 2020.

The increase in Salaries and wages and Social contributions is due to the pro rata accrual of the yearly variable compensation. Total employees as at 30 June 2020 are 110 (compared to 110 as at 31 December 2019 and 109 as at 30 June 2019). The effect of the variable compensation accruals compared to 30 June 2019 worth 455 k€.

Employee benefits and Other costs (mainly related to personnel travel costs) decreased by 44 k€ and 109 k€ respectively compared to the same period of 2019, mainly due to travel restrictions followed to COVID-19 crisis.

### 4.4 Other operating expenses

The Other operating expenses amount to 1,407 k€ during the first semester 2020.

The chart below shows Other operating expenses as of 30 June 2020 compared with previous period.



| <b>OTHER OPERATING EXPENSES</b><br>(amounts in Euro) | <b>30/06/2020</b>  | <b>31/12/2019</b>  | <b>30/06/2019</b>  |
|--|--------------------|--------------------|--------------------|
| Legal and other consultancy costs                    | (410.516)          | (500.723)          | (198.087)          |
| Communication & Travel                               | (235.763)          | (508.799)          | (174.544)          |
| Maintenance  | (139.689)          | (297.767)          | (103.907)          |
| Audit services                                       | (102.311)          | (134.107)          | (136.231)          |
| Software licenses                                    | (106.104)          | (55.509)           | (32.491)           |
| Rents  | (63.789)           | (155.950)          | (73.464)           |
| Board compensation                                   | (60.000)           | (83.425)           | (60.000)           |
| Safety   | (58.498)           | (114.144)          | (59.613)           |
| Tax and administrative services                      | (62.690)           | (171.635)          | (82.667)           |
| Bank commissions                                     | (23.514)           | (31.933)           | (16.586)           |
| Insurance  | (20.527)           | (14.612)           | (5.387)            |
| Indirect taxes                                       | (13.354)           | (24.637)           | (13.934)           |
| Miscellaneous  | (110.001)          | (223.300)          | (74.928)           |
| <b>TOTAL OTHER OPERATING EXPENSES</b>                | <b>(1.406.757)</b> | <b>(2.316.539)</b> | <b>(1.031.840)</b> |

The increase in Other Operating Expenses is mainly due to the growth of the ENGIE EPS structure necessary to support the growth of the business as well as the need to enhance the process of integration in ENGIE. Main increases are related to legal cost previously considered in Non-recurring income and expenses.

## 4.5 Other costs for R&D, Selling and industrial operations

The chart below shows Other costs for R&D and industrial operations as of 30 June 2020 compared with previous period.

| <b>OTHER COSTS FOR R&amp;D AND INDUSTRIAL OPERATIONS</b><br>(amounts in Euro) | <b>30/06/2020</b> | <b>31/12/2019</b>  | <b>30/06/2019</b> |
|---|-------------------|--------------------|-------------------|
| Industrial operations costs   | (496.264)         | (2.075.598)        | (269.583)         |
| Not capitalized R&D costs   | 0                 | (18.705)           | (18.705)          |
| Selling costs   | (113.877)         | 0                  | 0                 |
| <b>TOTAL OTHER COSTS FOR R&amp;D AND INDUSTRIAL OPERATIONS</b>                | <b>(610.141)</b>  | <b>(2.094.303)</b> | <b>(288.288)</b>  |

These costs have been identified on a separate line of the P&L in order to facilitate the understanding of ENGIE EPS' efforts to invest in cutting-edge technology and undertake innovative projects in order to meet the requirements of its key clients.

Industrial operations costs as at 30 June 2020 amount to 496 k€ while were 270 k€ as at 30 June 2019. The increase is due to the higher level of activity of the Group especially linked to external assembling and services outsourced to qualified partners.

Selling costs are mostly related to marketing and communication campaign on new products launched by Engie EPS on e-Mobility.

## 4.6 EBITDA (excluding Stock Option and Incentive Plans) (non-IFRS)

First Half 2020 Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) is a non-IFRS defined metrics which excludes non-recurring income-expenses and the accounting impact of stock options. The EBITDA (excluding Stock Option and Incentive Plans) amounts to -4,385 k€ for the First Half 2020 compared with -3,353 k€ of the First Half 2019.

This result is justified by the increase of 19% in Personnel costs, of 36% in Other Operating Expenses and of 112% in Other costs for R&D and industrial operations mainly driven by the major commitment in R&D and perfectly in line with the planned growth of the internal organizational structure and the execution of ENGIE EPS Long Term Strategic Plan.

## 4.7 Amortization and depreciation

Amortization and depreciation are in line with the previous year, with a slight decrease by 196 k€ in the first semester 2020.

## 4.8 Impairment and write up / down

In the First Half 2020 the item amounts to 196 k€, which is related to the risk provision on the cost of completion of future projects and the impairment on assets as shown in the following table:

| <b>IMPAIRMENT AND WRITE DOWN<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b>  | <b>30/06/2019</b> |
|--|-------------------|--------------------|-------------------|
| Provison for risks on R&D projects completion          | (196.061)         | (334.000)          | 0                 |
| Impairment of Hydrogen assets                          | 0                 | (1.386.700)        | 0                 |
| Business shut-down                                     | 0                 | (1.084.380)        | 0                 |
| Bad debt provision                                     | 0                 | (739.969)          | (100.560)         |
| Future completion cost on project                      | 0                 | (47.000)           | 0                 |
| Impairment on inventory and non current assets         | 0                 | 0                  | (319.127)         |
| <b>TOTAL IMPAIRMENT AND WRITE DOWN</b>                 | <b>(196.061)</b>  | <b>(3.592.049)</b> | <b>(419.686)</b>  |

At 30 June 2020, the Group recognized net impairment losses of 196 k€.

These impairment losses related mainly to R&D project and co-development projects.

No impairment loss was identified by the Group as of 30 June 2020 on the goodwill (amounting to 1.569 k€) emerging from the acquisitions of ENGIE Eps Italia (ex Eps Elvi) and MCM in 2016. As a reminder, MCM was liquidated in during the first semester 2020. All MCM activities were acquired by ENGIE EPS Italia.

## 4.9 Non-recurring income and expenses

| <b>NON RECURRING INCOME AND EXPENSES<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b>  | <b>30/06/2019</b> |
|--|-------------------|--------------------|-------------------|
| Non recurring integration expenses                             | (125.468)         | (220.202)          | 0                 |
| Origination and Development Costs                              | (8.280)           | (297.576)          | (350.340)         |
| Other  | (8.477)           | (29.238)           | (3.604)           |
| Non recurring Legal Accounting & Certification                 | 0                 | (603.956)          | (330.016)         |
| M&A costs  | 0                 | (312.216)          | 0                 |
| Non recurring Distribution & Business dev. Expenses            | 0                 | (75.284)           | (98.767)          |
| Non recurring expenses for R&D activities                      | 0                 | (35.000)           | 0                 |
| <b>TOTAL NON RECURRING INCOME AND EXPENSES</b>                 | <b>(142.226)</b>  | <b>(1.573.472)</b> | <b>(782.727)</b>  |

This item includes expenses considered as non-recurring, such as those which are mainly related to specific phases of company growth and the setting up of accounting, administration and business development departments. These operating expenses cannot be qualified as exceptional or extraordinary, but still they are linked to unusual and infrequent elements, for significant amounts, therefore they are presented by ENGIE EPS on a separate line, in order to facilitate the understanding of the current operating activity. Compared to First Half 2019, this item decreased by 641 k€, from 783 k€ to 142k€ in First Half 2020, confirming the viability of investments made on building internal departments.

As mentioned above, these costs are not representative of the Group's ordinary activity although they may have occurred in the past year and they are likely to occur again in future years.

## 4.10 Incentive Plans

The line refers to the accrual of Incentive Plans for employees and management. In accordance with the Profit Sharing Plan adopted on 6 March 2018, stock options and warrants plans issued before have been replaced with Stock Appreciation Rights ("SARs"), and, where applicable, Additional Stock Appreciation Rights ("additional SARs"). Following this plan:

- 200,000 vested stock options granted to the CEO which were replaced by SARs;
- the unvested stock options and warrants were replaced by Transformed SARs on a one-to-one basis – different SARs matching the strike prices of the different existing stock options or warrants are not subject to any performance conditions and are only linked to the condition of presence within the Group;
- in addition, "Additional SARs" with special characteristics, including performance conditions, linked to the achievement of revenue and EBITDA levels consistent with the 2020 Strategic Plan and the Company's retention rates for 2018 to 2020 (the "Additional SARs"), were distributed to the CEO and other managers.

The SARs and the Additional SARs provide a vesting period and benefit from a floor price of €9.50, subsequently adjusted to 8,87. The allocation of stock appreciation rights (SARs) decided by the Board of Directors on 6 March 2018 to the benefit of the Chief Executive Officer, the Chairman of the Board of Directors and the other members of the Board of Directors, in replacement of the existing unvested stock-options or warrants is detailed in par. 15.5 of the 2017 Registration Document.

In view of the granted SARs' features and a settlement of the benefits that will be made in cash instead of equity instruments, this plan is qualified as "cash-settled" according to IFRS 2.

IFRS 2 standards do not explicitly address the case of transformation of equity-settled plans into cash-settled plans, as in the situation of EPS; however, the IASB Board considered that this transaction could be treated by analogy with example IG9. By analogy EPS considered that:

- the constitution of (all or part) the original debt of cash settle plan should be done directly from equity;

- the recognition of a “floor” cost, if the conditions of the new plan are unfavorable and would lead to the accounting of a lower cost than the cost that would be accounted according to the old plan;
- the obligation to record a "cash-settled" debt at fair value on the modification date, all subsequent changes (positive or negative) impacting the income statement.

The Remuneration and Performance Committee is currently discussing an amendment of the incentive plan, including the postponement of Additional SAR related to performance vesting to 2022 and the review of performance conditions to set targets aligned to the updated Business Plan of the Group.

Once the equity-settled plan has been transformed into cash-settled, the new plan will be treated according to the principles applicable to cash-settled plans. The only exception to this principle, as in the example IG9, is the case where the new plan is unfavorable (by comparing the value of the shares and the vesting conditions at the date of modification to the same information at the grant date of the original equity-settled plan). In this case, there will be an additional charge (with a corresponding entry in equity) to maintain at least the cost of the rendered services to the level of the “old” cost. For EPS, on the contrary, the share prices are higher than they were at the grant date of the original equity-settled plan.

In accordance with the requirements for cash-settled share-based payment transactions (IFRS 2, par. 30-33), EPS accounted the liability to be settled in cash on the date of the plan's modification, based on the fair value of the shares and on the services acquired at that time. Furthermore, until the liability is settled, EPS will remeasure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

As of 30 June 2020, the fair value of the debt amounts to 3,470 k€ while it was 3,647 k€ as at 31 December 2019. The movements booked are the following:

- 513 k€ recorded in P&L, mainly corresponding to SARs exercised during the period as well as the adjustment of the fair value of not exercised SARs;
- 689 k€ paid during the period, corresponding to SARs exercised and paid during the first half year 2020.

In the next periods, this debt will be revaluated to consider:

- the additional years of supplied services;
- the evolution of the fair value of the SARs;
- the modifications of the plan that may occur .

A summary of SARs details over the period is illustrated by the chart below:]

| <b>SARs VALUE<br/>(amounts in Euro)</b> | <b>Additional SAR</b> | <b>Transformed SAR</b> | <b>TOTAL</b>     |
|---|-----------------------|------------------------|------------------|
| <b>Closing 31.12.2019</b>               | <b>1.645.207</b>      | <b>2.001.309</b>       | <b>3.646.516</b> |
| Increase / (Decrease) (P&L)             | 679.127               | (166.103)              | 513.025          |
| Increase (Equity)                       | 0                     | 0                      | 0                |
| Exercised and paid                      | (150.000)             | (539.252)              | (689.252)        |
| <b>Closing 30.06.2020</b>               | <b>2.174.334</b>      | <b>1.295.955</b>       | <b>3.470.289</b> |

| SARs NUMBER               | Additional / New SARs | Transformed SAR | TOTAL            |
|---------------------------|-----------------------|-----------------|------------------|
| <b>Closing 31.12.2019</b> | <b>751.576</b>        | <b>368.922</b>  | <b>1.120.498</b> |
| Exercised and paid        | (25.685)              | (71.987)        | (97.672)         |
| <b>Closing 30.06.2020</b> | <b>725.891</b>        | <b>296.935</b>  | <b>1.022.826</b> |

Summary of dilutive instruments and dilution risk

As at 30 June 2020, no dilutive risk related to Stock Options and Warrant plans arise. The Company's corporate officers, members of management and employees do not hold any shareholding in the Company's share capital and there are no outstanding securities entitling the holders of which to access the capital of the Company.

The allocations of the SARs to the CEO, the Chairman of the Board of Directors and other members of the Group's management decided by the Board of Directors on 6 March 2018 to replace unvested stock is described in chapter 15.2 of the 2019 Registration Document.

## 4.11 EBIT

In First Half 2020 Earnings Before Interest and Taxes ("EBIT") is -6,528 k€ compared with -6,746 k€ of First Half 2019.

## 4.12 Net Financial Income and expenses

The item includes interests and charges on bank accounts and other financing, exchange rate differences on extra EU trades.

| NET FINANCIAL INCOME AND EXPENSES<br>(amounts in Euro) | 30/06/2020    | 31/12/2019       | 30/06/2019       |
|--|---------------|------------------|------------------|
| Financial interest                                     | (136.297)     | (236.481)        | (138.074)        |
| Financial interest related to IFRS 16                  | (40.028)      | (45.512)         | (22.773)         |
| Net exchange differences                               | 215.806       | (40.126)         | (4.726)          |
| Financial income                                       | 0             | 9.900            | 0                |
| <b>TOTAL NET FINANCIAL INCOME AND EXPENSES</b>         | <b>39.481</b> | <b>(312.219)</b> | <b>(165.573)</b> |

Financial interests linked to the other credit lines in place amount to 136 k€ which is in line with the First Half 2019. Due to the favorable exchange rate on USD, during the first semester 2020, the Net exchange differences worth 216 k€ (-5 k€ in First Half 2019).

## 4.13 Income taxes

The item includes income and deferred taxes for an amount of -31 k€ (758 k€ for the first semester of 2019).

## 4.14 Net income or loss

In the first semester 2020, the net loss amounts to 6,520 k€ (6,154 k€ in First Half 2019). As of 30 June 2020, basic earnings per share is a loss equal to 0.51 €.

## 4.15 Property, plant and equipment

Property, plant and equipment in First Half 2020 is equal to 2,861 k€, with a decrease of 238 k€ from 3,098 k€ as of 31 December 2019. This is due to the difference between the investments done and amortization cost accounted during the period.

The following table describes tangible assets by Legal Entity:

| <b>TANGIBLE ASSETS</b><br>(amounts in Euro) | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|---|-------------------|-------------------|-------------------|
| ENGIE EPS                                   | 0                 | 0                 | 0                 |
| EPS Manufacturing                           | 0                 | 0                 | 0                 |
| ENGIE EPS ITALIA                            | 2.862.240         | 3.099.279         | 3.240.540         |
| EPS USA                                     | 0                 | 0                 | 0                 |
| Purchase Price Allocation (PPA)             | (1.690)           | (1.690)           | (1.690)           |
| <b>TOTAL TANGIBLE ASSETS</b>                | <b>2.860.550</b>  | <b>3.097.589</b>  | <b>3.238.850</b>  |

The evolution of Tangible Assets between 2019 year-end and 2020 first semester by asset category is described in the next table:

| <b>PROPERTY, PLANT AND EQUIPMENT</b><br>(amounts in Euro) | <b>Buildings</b> | <b>Plant, machinery and technical equipment</b> | <b>Office and IT equipment</b> | <b>Assets leased (IFRS16)</b> | <b>Tangible assets in progress</b> | <b>Total</b>       |
|---|------------------|---|--------------------------------|-------------------------------|------------------------------------|--------------------|
| <b>Book Value</b>   |                  |   |                                |                               |                                    |                    |
| At 31 December 2019                                       | 1.391.802        | 891.061   | 512.453                        | 2.175.922                     | 0                                  | 4.971.238          |
| Additions   | 16.180           | 0   | 36.936                         |                               | 0                                  | 53.117             |
| Disposal  | 0                | 0   | 0                              |                               | 0                                  | 0                  |
| <b>At 30 June 2020</b>                                    | <b>1.407.982</b> | <b>891.061</b>                                  | <b>549.389</b>                 | <b>2.175.922</b>              | <b>0</b>                           | <b>5.024.355</b>   |
| <b>Depreciation and Impairment</b>                        |                  |   |                                |                               |                                    |                    |
| At 31 December 2019                                       | (620.088)        | (641.745)                                       | (309.576)                      | (302.240)                     |                                    | (1.873.649)        |
| Depreciation and Impairment                               | (87.811)         | (37.010)  | (124.709)                      | (150.316)                     | 0                                  | (399.846)          |
| Disposal  | 0                | 0   | 0                              |                               | 0                                  | 0                  |
| <b>At 30 June 2020</b>                                    | <b>(707.899)</b> | <b>(678.755)</b>                                | <b>(434.285)</b>               | <b>(452.556)</b>              | <b>0</b>                           | <b>(2.273.495)</b> |
| <b>Net Book Value</b>                                     |                  |   |                                |                               |                                    |                    |
| At 31 December 2019                                       | 771.714          | 249.316   | 202.877                        | 1.873.682                     | 0                                  | 3.097.589          |
| Opening reclass as at 1 January 2020 *                    | (179.430)        | (29.589)  | 224.797                        | 0                             | 93.912                             | 109.690            |
| <b>At 30 June 2020</b>                                    | <b>520.653</b>   | <b>182.717</b>                                  | <b>339.902</b>                 | <b>1.723.366</b>              | <b>93.912</b>                      | <b>2.860.550</b>   |

\*in order to give a most comprehensive disclosure, some amounts have been reclassified between classes. Please also refer to note 4.16

Tangible assets in First Half 2020 amount to 2,860 k€, compared with 3,098 k€ as at 31 December 2019. The decrease is mainly due to the amortization accounted during the period.

## 4.16 Intangible Assets

Intangible assets in First Half 2020 amount to 8,121 k€, compared with 6,979 k€ as at 31 December 2019.

The following table illustrates the distribution of Intangible Assets among the Legal Entities of the Group:

| <b>INTANGIBLE ASSETS</b><br>(amounts in Euro) | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|---|-------------------|-------------------|-------------------|
| ENGIE EPS ITALIA                              | 5.625.674         | 5.072.588         | 6.089.963         |
| Purchase Price Allocation (PPA)               | 2.106.572         | 1.572.926         | 951.516           |
| ENGIE EPS                                     | 333.547           | 193.654           | 818.584           |
| EPS Manufacturing                             | 54.912            | 140.048           | 128.656           |
| EPS USA                                       | 0                 | 0                 | 0                 |
| <b>TOTAL INTANGIBLE ASSETS</b>                | <b>8.120.705</b>  | <b>6.979.216</b>  | <b>7.988.719</b>  |

The evolution of Intangible Assets between 2019 year-end and First Half 2020 by asset category is described in the table below:

| <b>INTANGIBLE ASSETS</b>               | <b>Patent and Licenses with definite useful life</b> | <b>Software</b>  | <b>Development costs</b> | <b>Other intangible assets (to be amortised)</b> | <b>Goodwill</b>  | <b>Total</b>       |
|--|--|------------------|--------------------------|--|------------------|--------------------|
| <b>Book Value</b>                      |  |                  |                          |  |                  |                    |
| At 31 December 2019                    | 2.394.618  | 495.260          | 10.718.437               | 633.362  | 1.568.783        | 15.810.460         |
| Additions                              | 10.533   | 227.530          | 1.887.037                | 18.685   | 0                | 2.143.786          |
| Adjustments and Disposals              | 0  | 0                | 0                        | 0  | 0                | 0                  |
| <b>At 30 June 2020</b>                 | <b>2.405.151</b>                                     | <b>722.791</b>   | <b>12.605.474</b>        | <b>652.047</b>                                   | <b>1.568.783</b> | <b>17.954.245</b>  |
| <b>Depreciation and Impairment</b>     |  |                  |                          |  |                  |                    |
| At 31 December 2019                    | (2.240.984)  | (341.971)        | (6.095.742)              | (152.546)  | 0                | (8.831.243)        |
| Amortisation and Impairment            | (99.377)   | (187.538)        | (605.692)                | 0  | 0                | (892.607)          |
| Adjustments and Disposals              | 0  | 0                | 0                        | 0  | 0                | 0                  |
| <b>At 30 June 2020</b>                 | <b>(2.340.361)</b>                                   | <b>(529.509)</b> | <b>(6.701.434)</b>       | <b>(152.546)</b>                                 | <b>0</b>         | <b>(9.723.850)</b> |
| <b>Net Book Value</b>                  |  |                  |                          |  |                  |                    |
| At 31 December 2019                    | 153.633  | 153.290          | 4.622.695                | 480.815  | 1.568.783        | 6.979.216          |
| Opening reclass as at 1 January 2020 * | 44.100   | 191.817          | (34.663)                 | (310.943)  | 0                | (109.690)          |
| <b>At 30 June 2020</b>                 | <b>108.889</b>                                       | <b>385.099</b>   | <b>5.869.377</b>         | <b>188.557</b>                                   | <b>1.568.783</b> | <b>8.120.706</b>   |

\*in order to give a most comprehensive disclosure, some amounts have been reclassified between classes. Please also refer to note 4.15

The increase of 2,144k€ in book value is mainly due to:

- 533 k€ DROSSO - V2G Parking+ Bidirection Charger: ENGIE Eps designed, developed and tested EVHouse, a containerized solution specifically designed for large EV parking areas and fleets. The centralized solution EVHouse was produced and implemented for the Drosso Pilot (Project E301001), aggregates up to 64 EVs by using 4 Power Conversion Systems with a single interface to the grid. This goal is reached by emulating the structure of stationary energy storage system in which batteries are operated in parallel. Each EV is connected to a DC user unit ("EVPost") that enables both the communication and the power transfer between the centralized Power Conversion System and the single car. The main innovation of the proposed solution relies in the realization of a double DC link ("main" and "auxiliary") configuration for the equalization of battery SoC between cars that are connecting/disconnecting with/from the main system;
- 519 k€ in E-mobility with BMS (Battery Management System) development: the project will exploit the value of EV batteries in providing energy and power services to the grid (V2G applications). To this end, a reliable ageing model and a real time battery model will be developed;
- 372 k€ investment for the improvement of EMS (Energy Management System) and PMS (Power Management System): this project stems from the need of improving the present Energy and Power Management Systems for the operation of both isolated and grid connected storages, possibly in combination with other types of electrical assets. Moreover, new more stringent grid codes,

efficiency and robustness requirements demand to overhaul the present plant controller architecture. In this context PROPHET project was launched in collaboration with Milan Polytechnic. The new algorithm allows overcoming scale up issues of the heuristic management systems, both in terms of complexity and deployment time. Moreover, the resolution of a rigorous optimization problem ensures improved performances in terms of key figure of merit such as: genset fuel consumption, renewable penetration, battery cycling and ageing, system availability, auxiliaries energy consumption. Even if, when launched, the project was intended to provide just proof of concepts of the EMS within the context of the PROPHET microgrid, at a later stage also the final industrialization of the algorithms has been included among the main milestone of this project;

- 208 k€ for Power and Control Electronics Development: the project cover mainly the bottom level of ENGIE Eps vertical integration, providing the fundamental bricks for the whole system. The development of innovative technologies for power and control electronics is aimed at enabling the design of new products in the fast-growing sectors such as PCS, e-Mobility, predictive diagnostics, as well as energy storage systems, both stationary and distributed on EV;
- 161 k€ investment for the energy storage products development: the project includes standardization, optimization and development of energy storage solution that will guarantee EPS ENGIE more competitiveness in terms of performance and cost;
- 94 k€ investment in computer science and artificial intelligence algorithms development: the most important goal is to further improve the techniques used for the development of the ENGIE EPS' EMS, within the framework of PROPHET project. The new EMS is based on mathematical optimization, predictors (as load and photovoltaic forecasters), adaptive functionalities and real time updating of the constraints. Another vital direction is to provide a software dashboard which will help supervise and monitor the plant and the assets in the portfolio.

The internal development costs are 903 k€.

Goodwill of 1,569 k€ recognized in intangible assets is related to the acquisitions of ENGIE Eps Italia (ex EPS Elvi Energy) and MCM in 2016 (please also refer to paragraph 4.8).

## 4.17 Investments in entities accounted using the equity method

Investments in entities accounted using the equity method which amounts to 1 k€ consists of Comores Énergies Nouvelles.

## 4.18 Other non-current financial assets

The amount of 168 k€ mainly consists of:

- 115 k€ of refundable deposits as a guarantee to the rent contract signed for the plant in Rivoli (Turin, Italy) and Cosio (Sondrio, Italy);
- 53 k€ of deposited utilities supplies.

## 4.19 Trade receivables

Total trade receivables decreased by almost 5.860 k€ from 31 December 2019 to 30 June 2020.



| <b>TRADE AND OTHER RECEIVABLES</b><br>(amounts in Euro) | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|---|-------------------|-------------------|-------------------|
| Trade and other receivables                             | 4.888.502         | 10.748.160        | 4.718.246         |
| Bad debt provision                                      | (819.916)         | (819.916)         | (79.947)          |
| <b>TOTAL TRADE AND OTHER RECEIVABLES</b>                | <b>4.068.586</b>  | <b>9.928.244</b>  | <b>4.638.298</b>  |

All trade receivables which involve a reasonable risk of non-collection have been provisioned during the period.

## 4.20 Contract Assets

Total contract asset decreased from 9.149 k€ from 31 December 2019 to 7.226 k€ as at 30 June 2020.

## 4.21 Inventories

As of 30 June 2020, the inventory amounts to 3,218 k€ compared to 2,986 k€ at the end of 2019.

| <b>INVENTORIES</b><br>(amounts in Euro)  | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| <b>Raw materials</b>   |                   |                   |                   |
| Gross value  | 1.619.846         | 1.837.636         | 2.012.740         |
| Obsolescence provision   | 0                 | (417.852)         | (123.820)         |
| <b>Raw materials net book value</b>  | <b>1.619.846</b>  | <b>1.419.784</b>  | <b>1.888.920</b>  |
| <b>Work in progress</b>  |                   |                   |                   |
| WIP for construction contracts whose respective revenues aren't recognized during the current period | 755.539           | 755.539           | 755.539           |
| Gross value  | 502.669           | 382.178           | 382.178           |
| Obsolescence provision   | (25.980)          | 0                 | 0                 |
| <b>Work in progress net book value</b>   | <b>1.232.228</b>  | <b>1.137.717</b>  | <b>1.137.718</b>  |
| <b>Finished goods</b>  |                   |                   |                   |
| Gross value  | 366.088           | 428.446           | 127.177           |
| Obsolescence provision   | 0                 | 0                 | 0                 |
| <b>Finished goods net book value</b>   | <b>366.088</b>    | <b>428.446</b>    | <b>127.177</b>    |
| <b>Total inventories</b>   |                   |                   |                   |
| Gross value  | 3.244.143         | 3.403.800         | 3.277.634         |
| Obsolescence provision   | (25.980)          | (417.852)         | (123.820)         |
| <b>Total inventories net book value</b>  | <b>3.218.163</b>  | <b>2.985.948</b>  | <b>3.153.814</b>  |

## 4.22 Other current assets and other current financial assets

| OTHER CURRENT ASSETS AND OTHER CURRENT FINANCIAL ASSETS<br>(amounts in Euro) | 30/06/2020       | 31/12/2019       | 30/06/2019       |
|--|------------------|------------------|------------------|
| Prepaid expenses   | 416.065          | 1.590.669        | 1.099.654        |
| VAT receivables  | 1.388.420        | 1.495.389        | 1.333.425        |
| Advances to suppliers  | 350.180          | 1.064.082        | 124.477          |
| Current financial assets   | 459.219          | 428.201          | 435.500          |
| Other receivables  | 176.819          | 383.841          | 181.001          |
| Other tax assets   | 74.677           | 94.509           | 82.403           |
| Social contributions receivables   | 41.880           | 23.922           | 13.687           |
| Deferred tax asset   | 28.136           | 28.136           | 28.136           |
| Tax asset "Industria 4.0"  | 790.696          | 0                | 319.072          |
| Advance Payment Elvi Acquisition   | 0                | 0                | 0                |
| <b>TOTAL OTHER CURRENT ASSETS AND OTHER CURRENT FINANCIAL ASSETS</b>         | <b>3.726.091</b> | <b>5.108.749</b> | <b>3.617.356</b> |

The decrease in Other current assets in First Half 2020 compared to year-end 2019, amounting to 1,383 k€ can be explained with the decrease in Prepaid expenses (1,175 k€) related to projects that will produce their economic benefits in the future periods and advances on suppliers (714 k€) partially off-set in Tax asset "Industria 4.0" (791 k€).

Other current financial assets are related to a loan granted by ENGIE EPS to Comores Énergies Nouvelles Sarl for an amount of 480 k€.

## 4.23 Cash and cash equivalent

Cash at banks and petty cash represent the amount held on bank balances both in Euro and in other currencies and cash deposits at leading credit institutions. The cash liquidity is mainly held in Euro currency.

The amount of cash and cash equivalent in the first semester 2020 is 3,774 k€, compared to 6,431 k€ at the end of 2019.

The decrease is mainly due to operating cash flows (as described in the Cash Flow Statement). A portion of the liquid assets amounting to 1,328 k€ serve as cash collateral to guarantee financings received by the Group that are included in net debt. The Group considers this cash collateral is liquid to the extent that the release of the guarantee is under its control.

## 4.24 Net Equity

| <b>NET EQUITY</b><br>(amounts in Euro) | <b>30/06/2020</b>  | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|--------------------|-------------------|-------------------|
| Issued capital                         | 2.553.372          | 2.553.372         | 2.553.372         |
| Share premium                          | 48.147.696         | 48.147.696        | 48.147.696        |
| Other reserves                         | (439.643)          | (382.504)         | (365.971)         |
| Stock Option and Warrants plan reserve | 4.969.291          | 4.969.291         | 4.969.291         |
| Retained earnings                      | (52.953.882)       | (38.306.765)      | (38.298.766)      |
| Profit (Loss) for the period           | (6.520.264)        | (14.644.285)      | (6.153.543)       |
| <b>TOTAL EQUITY</b>                    | <b>(4.243.431)</b> | <b>2.336.804</b>  | <b>10.852.078</b> |

Equity at the end of June 2020 is -4,243 k€ while was 2,337 k€ on 31 December 2019. The decrease is basically due to the first semester loss.

The total number of shares at the end of period is 12,766,860, as illustrated in the table below.

| <b>NUMBER OF SHARES</b>   | <b>30/06/2020</b> |
|---|-------------------|
| Beginning of the period   | 12.766.860        |
| Net Rights Issue  | 0                 |
| EIB Warrants  | 0                 |
| Exercise of options and warrants reserved to management and employees | 0                 |
| <b>End of period</b>  | <b>12.766.860</b> |

## 4.25 Severance indemnity reserve and Employees' incentive plan

The Italian Severance indemnity (TFR), calculated in accordance with IAS 19, in the First Half of 2020 amounts to 1,349 k€, while it was 1,179 k€ at the end of 2019. The remaining amounts of 3,971 k€ is related to the non-current portion of SAR benefits. For a detailed description of this item please refer to paragraph 4.10.

## 4.26 Non-current deferred tax liabilities

Non-current deferred tax liabilities for 16 k€ in First Half 2020 (16 k€ for 31 December 2019) include deferred taxes liabilities on assets recorded for ENGIE Eps Italia (ex EPS Elvi) Purchase Price Allocation.

## 4.27 Trade payables

The item refers to invoices for goods, services and utilities received by suppliers during the year, and it amounts to 5,370 k€, with a decrease respect to 15,963 k€ in 2019 year end.

| <b>TRADE PAYABLES</b><br>(amounts in Euro) | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| Trade payables                             | 1.814.321         | 15.258.926        | 2.950.371         |
| Invoices to be received                    | 3.555.927         | 704.038           | 1.360.008         |
| <b>TOTAL TRADE PAYABLES</b>                | <b>5.370.248</b>  | <b>15.962.964</b> | <b>4.310.379</b>  |

## 4.28 Other Current and Non Current Liabilities

Other non current liabilities amount to 1,998 k€ and was 1.632 k€ as at 31 December 2019. The amount is entirely related to the long term portion of the lease liability booked under the new IFRS 16.

Other liabilities at the end of first semester 2020 are 3,665 k€ (4,519 k€ for 31 December 2019).]

| <b>OTHER LIABILITIES<br/>(amounts in Euro)</b> | <b>30/06/2020</b> | <b>31/12/2019</b> | <b>30/06/2019</b> |
|--|-------------------|-------------------|-------------------|
| Lease liabilities                              | 1.528.701         | 1.603.866         | 0                 |
| Provision for onerous contract                 | 502.989           | 1.332.104         | 209.475           |
| Employee wages and salaries                    | 1.694.296         | 1.156.213         | 706.226           |
| Withholding taxes and social contributions     | 503.310           | 1.080.223         | 545.963           |
| Advances on government grants                  | 1.119.630         | 859.712           | 998.609           |
| Deferred income                                | 239.421           | 103.230           | 613.893           |
| Board compensations                            | 75.000            | 15.000            | 75.000            |
| <b>TOTAL OTHER LIABILITIES</b>                 | <b>5.663.347</b>  | <b>6.150.348</b>  | <b>3.149.166</b>  |

## 4.29 Financial liabilities

Financial liabilities at the end of First Half 2020 are 21,526 k€, with an increase of 6,993 k€ compared with the year-end 2019. The amount is detailed as follows.

| <b>Financial liabilities as of 30/06/2020<br/>(amounts in Euro)</b> | <b>Interest rate</b>  | <b>Current liability</b> | <b>Non-current liability</b> | <b>Total</b>      |
|---|---|--------------------------|------------------------------|-------------------|
| MLT credit line – SOGEN to ENGIE EPS                                | Floating rate (euribor 3m + spread 0.85%)<br>Fixed rate (0.35%) on the unused and uncanceled amount | 0                        | 19.441.211                   | 19.441.211        |
| MLT credit line – Mediocredito Italiano to EPS Manufacturing        | Floating rate (euribor 3m + spread 3.75%)   | 599.937                  | 582.216                      | 1.182.153         |
| MLT credit line – Banca Sella to ENGIE EPS ITALIA                   | Floating rate (euribor 3m + spread 3.5%)  | 0                        | 231.479                      | 231.479           |
| ST credit line – Banca Sella to ENGIE EPS ITALIA                    | Floating rate (euribor 3m + spread 3.5%)  | 171.238                  | 0                            | 171.238           |
| Subvention ENGIE DROSSO project                                     |   | 500.000                  | 0                            | 500.000           |
| <b>TOTAL FINANCIAL LIABILITIES</b>                                  |   | <b>1.271.174</b>         | <b>20.254.905</b>            | <b>21.526.080</b> |

Variation on each item between 31 December 2019 and 30 June 2020 are detailed as follows:

| Financial liabilities as of 31/12/2019 (amounts in Euro)           | Short Term 2019  | Long Term 2019    | Cash in          | Cash out         | Fair Value adjustment | Reclass form Long term to Short term | Short Term       | Long Term         | TOTAL             |
|--|------------------|-------------------|------------------|------------------|-----------------------|--------------------------------------|------------------|-------------------|-------------------|
| MLT credit line – SOGEN to ENGIE EPS                               | 0                | 12.441.211        | 7.000.000        |                  |                       |                                      | 0                | 19.441.211        | 19.441.211        |
| MLT credit line – Mediocredito Italiano to EPS Manufacturing       | 794.381          | 582.216           |                  | (201.306)        | 6.862                 | 0                                    | 599.937          | 582.216           | 1.182.153         |
| MLT credit line – Banca Sella to ENGIE EPS ITALIA                  | 227.412          | 231.479           |                  | (59.221)         | 1.523                 | (169.715)                            | 0                | 231.479           | 231.479           |
| ST working capital financing - Unicredit to ENGIE EPS ITALIA       | 175.000          | 0                 |                  | (175.000)        |                       |                                      | 0                | 0                 | 0                 |
| ST working capital financing - Intesa Sanpaolo to ENGIE EPS ITALIA | 80.480           | 0                 |                  | (80.480)         |                       |                                      | 0                | 0                 | 0                 |
| MLT credit line – Banca Sella to ENGIE EPS ITALIA                  | 0                | 0                 |                  |                  | 1.523                 | 169.715                              | 171.238          | 0                 | 171.238           |
| MLT credit line – Unicredit to ENGIE EPS ITALIA                    | 0                | 0                 |                  | 0                |                       |                                      | 0                | 0                 | 0                 |
| Subvention ENGIE DROSSO project *                                  | 0                | 0                 | 500.000          |                  |                       |                                      | 500.000          |                   | 500.000           |
| <b>TOTAL</b>   | <b>1.277.273</b> | <b>13.254.905</b> | <b>7.500.000</b> | <b>(516.007)</b> | <b>9.908</b>          | <b>0</b>                             | <b>1.271.174</b> | <b>20.254.905</b> | <b>21.526.080</b> |

\* Cash in expected in the second half of the year

As a reminder ENGIE EPS obtained €7.5m and €15m from Société Générale in June and December 2019 respectively in the form of two credit lines (to be paid back over a 4-year revolving credit facility) in order to fund its working capital needs, R&D and capex investments. Both credit lines accrue an interest equal to Euribor 3 months plus a margin of 85 basis points, with a commitment fee equal to 35% of the margin that is calculated on the unused and uncanceled amount of the revolving credit facility for the availability period. During the First Half 2020 ENGIE EPS drawdown €7m of the funds made available by Société Générale.

- **Covenants**

Regarding the credit lines, only information covenants are set out in the respective Facility Agreements. The table below illustrates all Group obligations:

|                         | FINANCIAL COVENANTS AND OBLIGATIONS   | INFORMATION  |
|-------------------------|---|--|
| <b>Mediocredito</b>     | <ul style="list-style-type: none"> <li>Negative pledge</li> <li><i>Pari passu</i></li> <li>Equity shown in the Consolidated Financial Statement equal to or higher than (6) six million (otherwise, the Company has to find a remedy within (30) thirty days since the communication date to the Bank)</li> </ul> | <ul style="list-style-type: none"> <li>insolvency proceeding about any Group's entity;</li> <li>dissolutions, mergers, acquisitions or founding one or more assets allocated to a particular business;</li> <li>resolution or event that could create a shareholder's right to withdraw;</li> <li>shareholders' exercising, if any, of their right to withdraw;</li> <li>decrease of the share capital;</li> <li>transfer of activity or significant modification, or transfer of the company or branch property / use;</li> <li>defining act which by a third party acquires, in any way, the debt deriving from the Mediocredito loan;</li> <li>changes of the end use of the goods referred to the project;</li> <li>changes of the shareholders' framework have to be transmitted within 10 days.</li> </ul> <p><b>Before 2017 September 30<sup>th</sup>:</b></p> <p>technical report about the completion of the project, using a form attached to the agreement.</p> <p><b>Before July 31<sup>st</sup> of each year.</b></p> <p>Legal Representative declaration attached with a copy of (i) Financial Statement with attachments and (ii) Consolidated Financial Statements with attachments, not drafted in short way.</p> |
| <b>Banca Sella</b>      | <ul style="list-style-type: none"> <li>Not Applicable</li> </ul>  | <ul style="list-style-type: none"> <li>substantial changes of the activity scope</li> <li>changes of the shareholders' framework</li> </ul>  |
| <b>Intesa Sanpaolo</b>  | <ul style="list-style-type: none"> <li>Not Applicable</li> </ul>  | <ul style="list-style-type: none"> <li>There isn't a specific obligation on working capital credit line facilities.</li> </ul>   |
| <b>Société Générale</b> | <ul style="list-style-type: none"> <li>Not Applicable</li> </ul>  | <ul style="list-style-type: none"> <li>There isn't a specific obligation on working capital credit line facilities.</li> </ul>   |

## 4.30 Net financial position

The Net Financial Position decrease by 9.652 k€ during the last 6 months reflects the investments made by the Group to set up the current industrial footprint, product industrialization and business results along with the support of the banking system and in particular of Société Générale.

The cash position at 30 June 2020, represented by liquid assets, amounted to € 3.8 million compared to € 6.4 million at the end of 2019.

| <b>NET FINANCIAL POSITION</b><br>(amounts in Euro) | <b>30/06/2020</b>   | <b>31/12/2019</b>  | <b>30/06/2019</b>  |
|--|---------------------|--------------------|--------------------|
| Cash and cash equivalent                           | 3.773.701           | 6.431.376          | 4.423.931          |
| <i>Cash at banks and petty cash</i>                | 3.773.701           | 6.431.376          | 4.423.931          |
| <i>Cash related to advances on grants</i>          | 0                   | 0                  | 0                  |
| Current financial payables                         | 0                   | 0                  | 0                  |
| <i>Cash on grants</i>                              | 0                   | 0                  | 0                  |
| Net financial debts                                | (21.526.080)        | (14.532.179)       | (6.427.535)        |
| <i>Current financial liabilities</i>               | (1.271.175)         | (1.277.274)        | (1.722.975)        |
| <i>Non current financial liabilities</i>           | (20.254.905)        | (13.254.905)       | (4.704.560)        |
| <b>NET FINANCIAL POSITION</b>                      | <b>(17.752.379)</b> | <b>(8.100.803)</b> | <b>(2.003.603)</b> |

## 4.31 Related party disclosures

Transactions between the companies consolidated under the equity method do not represent a significant amount at 30 June 2020. Furthermore, during the first six months of 2020, there was no significant transaction concluded with a member of the senior management or with a shareholder having a material influence on the Group.

The ENGIE EPS Group associated parties to notably include the shareholders of the Company, its consolidated and unconsolidated subsidiaries, companies under joint control, associated companies and the entities over which the various directors of the Group exercise at least a notable influence.

The Group carries out transactions with related parties at arms' length.

The principal operations with associated parties are:

- **Agreement with ENGIE SOLAR S.a.S.** (a company belonging to the ENGIE Group, the majority shareholder of the Company):
  - ENGIE SOLAR S.a.S. has been selected to perform engineering, procurement, and installation services in relation to the delivery of a BESS (with stockage capacity of 5.4 MW/3.17 MWh) and of its associated facilities in the Municipality of Comadù (United State of Mexico) ("Sol de Insurgentes Project"). On 20 December 2019 ENGIE SOLAR S.a.S. entered into a Power Island Supply Agreement with ENGIE Eps Italia (ex EPS Elvi) in order to subcontract part of the works. The contract price is USD 17,303 k.
  - ENGIE Eps Italia (ex EPS Elvi) concluded an agreement with ENGIE SOLAR S.a.S. for the provision of advisory services in order to deploy the smart integration program of ENGIE Eps Italia (exEPS Elvi) within the ENGIE Group. The duration of the agreement is 12 (twelve) months, from 1 January 2019 to 31 December 2019. The scope of this service agreement is to support ENGIE SOLAR S.a.S. by using ENGIE Eps Italia (ex EPS Elvi) capabilities represented by Mrs. Michela Costa, who for the duration of the present agreement shall act as i) Legal Director for ENGIE SOLAR S.a.S.; ii) Head of PMO (including HSE, quality and contract management); iii) Ethics & Compliance Officer for ENGIE SOLAR S.a.S.; and iv) Risk Officer for ENGIE SOLAR S.a.S.. The Contract Price is equal to €290 k.
  - On 14 December 2018, ENGIE EPS (formerly known as Electro Power Systems S.A.) entered into an agreement with ENGIE SOLAR S.a.S. for the sublease of its registered office at 115, rue Réaumur, 75002 Paris. The sublease agreement has a duration of two years, starting from 1 January 2019 and expiring on 31 December 2021. The annual rent (excluding taxes) is equal to €2,400. The sublease agreement was terminated by ENGIE SOLAR S.a.S., on 1 October 2019.

- **Agreement with SOLAIREDIRECT GLOBAL OPERATIONS S.A.** (a company belonging to the ENGIE Group, the majority shareholder of the Company) In relation to the Sol De Insurgentes Projects described above, on 27 November 2019, ENGIE Eps Italia (exEPS Elvi) entered into a procurement contract with Solairedirect Global Operations S.A. for the purchase of some critical equipment and materials instrumental to the delivery of a battery energy storage system (with stockage capacity of 5.4 MW/3.17 MWh) and its associated facilities to be installed in the Municipality of Comadù (United State of Mexico). The contract price is equal to USD \$13,547 k.
- **Agreement with Cautha S.r.l.** (a company for which Giuseppe Artizzu, Executive Director of the ENGIE EPS Group as of 7 March 2018, is a director): on 10 July 2015, EPS Manufacturing, in order to sublease its registered office in Piazza del Tricolore 4, Milan (Italy), concluded a one-year sublease agreement with Cautha S.r.l. The agreement was renewed for an additional year and expired on 1 July 2018. The annual rent (excluding taxes) was equal to €18 k.
- **Agreement with ENGIE PRODUZIONE** (a company belonging to the ENGIE Group, the majority shareholder of the Company): on 31 December 2019, ENGIE Eps Italia (ex EPS Elvi), acting as contractor for the engineering, supply and installation of an energy storage system with stockage capacity of 7.2 MW/5.08 MWh and related services entered into an agreement with ENGIE PRODUZIONE S.p.A. The contract price is €2,643 k.
- **Agreement with ENGIE Lab Singapore** (a company belonging to the ENGIE group, the majority shareholder of the Company): on 21 September 2017, ENGIE Eps Italia (ex EPS Elvi) entered into an agreement with ENGIE Lab Singapore for the supply of a P2P hydrogen system (its articles, materials, equipment, design and drawings, data and other materials) on the island of Semakau (Singapore). The value of the agreement is €663 k.
- **Agreement with Comores Energies Nouvelles S.A.R.L.** (a company where 49% of its shares are owned by ENGIE EPS): on 16 November 2018, ENGIE Eps Italia (ex EPS Elvi) entered as contractor into an EPC Agreement with Comores Energies Nouvelles S.A.R.L., for the development of a solar power plant and its BESS located on the island of njouan, in the municipality of Lingoni. ENGIE Eps Italia (ex EPS Elvi) scope of work consisted, among others, in the performance of engineering and design services as well as the procurement of material and equipment.
- **Agreement with ENGIE EEC** (a company belonging to the ENGIE group, the majority shareholder of the Company): Engie EEC, as electricity grid operator on Lifou island (New Caledonia), entered into agreements with local government to install and operate an Energy Storage System (ESS) in the framework of the Renewable Energy strategy "Lifou 100% in 2020". On 5 December 2018, ENGIE Eps Italia (ex EPS Elvi) entered into an agreement as a contractor for the engineering, procurement and construction of 4.8 MW / 5.06 MWh BESS. The contract price is €2,478 k.
- **Agreement with ENGIE Storage** (a company belonging to the ENGIE group, the majority shareholder of the Company): ENGIE EPS (formerly known as Electro Power Systems S.A.) concluded on 17 December 2018 a sales agreement for the supply of 144 Samsung Mega E2 Battery modules, 16 Mega E2 Switchgear, Associated Accessories for usage of the assets. The contract price is \$330 k.
- **Agreement with ENGIE Electrabel** (a company belonging to the ENGIE group, the majority shareholder of the Company): ENGIE Eps Italia (ex EPS Elvi) concluded on 9 October 2018 an engineering contract for ENGIE Electrabel. The contract price is €25 k.
- **Agreement with ENGIE ENERGIE SERVICES** (a company belonging to the ENGIE group, the majority shareholder of the Company): ENGIE EPS (formerly known as Electro Power Systems S.A.) concluded on 1 January 2019 an engineering contract for ENGIE ENERGIE SERVICES. The contract price is approximately €200 k.
- **Agreement with ENGIE** (a company belonging to the ENGIE group, the majority shareholder of the Company):



- ENGIE EPS concluded an agreement with ENGIE for the provision of advisory services in order to deploy the smart integration program of ENGIE EPS in the ENGIE group. The scope of this agreement is the provision of consultancy services which are to be rendered by Mr. Giorgio Crugnola (as senior engineer at ENGIE EPS). The duration of the agreement is of 7 (seven) months, starting from 1 June 2019 until 31 December 2019 with the possibility to extent such agreement to 18 (eighteen) months maximum. The annual cost of the agreement corresponds to a monthly fee of €11.436,25 calculated on an average of 15 working days per month of Mr. Giorgio Crugnola working on the assignment;
- ENGIE EPS concluded an agreement with ENGIE for the provision of advisory services in order to deploy the smart integration program of ENGIE EPS in the ENGIE group. The scope of this service agreement is the provision of consultancy services which are to be rendered by Mr. Juan Ceballos (a Business Developer Manager and engineers at ENGIE EPS). The duration of the agreement is of 7 (seven) months, starting from 1 June 2019 until 31 December 2019 with the possibility to extent such agreement to 18 (eight-teen) months maximum. The annual cost of the agreement corresponds to a monthly fee of Euro €7 k calculated on an average of 15 working days per month of Mr. Ceballos working on the assignment.
- ENGIE EPS will enter into a contract with ENGIE Research, the technology department of ENGIE SA that will provide a financial support for 1.000 k€ with reference to the V2G project that ENGIE EPS is realising in FCA Premises. As at 30 June 2020 the first half of 2020, an invoice of 500 k€ related to this agreement was issued. The amount is accounted as a receivable and a financial debt. The agreement will be signed during the second half of the year. For more details on this project, please also refer to paragraphs 1.4 and 1.5.

## 4.32 Loan commitments and guarantees and off-balance sheet commitments

The amount of off-balance sheet commitment concerning the Group is equal to 3,088 k€ and refers to guarantees emitted on behalf of customers.

In the agreement with Enel / Endesa related to the project "Litoral" there are 3 options related to dismantling and spare parts for which EPS could incur future costs, although it is believed that the benefits deriving from the reuse of such goods (second-life batteries) may be higher than potential costs.

## 4.33 Subsequent events

- **easyWallbox:** in July 2020 ENGIE EPS kicked off delivery of the easyWallbox, setting the production capacity up to 50,000 units in the next 18 months, to cover 19 countries in Europe.
- **Terna UPI Pilot Project in Italy:** in July 2020 the ENGIE EPS Group successfully performed the Factory Acceptance Test (FAT) for the Engineering Procurement and Construction of 7.2 MW/5.08 MWh BESS in collaboration with ENGIE Produzione S.p.A. to support the existing power plant of Leinì in the provision of primary frequency regulation services to the grid in accordance with UPI requirements.
- **Microgrid in Greece:** in July 2020, within the framework of REMOTE EU project, the ENGIE EPS Group completed the commissioning of Power-to-Power integrated system (P2G 25kW, G2P 50 kW) to be incorporated in Agkistro Microgrid.
- **Microgrid in California:** in August 2020 the ENGIE EPS Group successfully performed the Factory Acceptance Test (FAT) for the Engineering Procurement supply and commissioning of the 2.0 MVA/4.0 MWh Battery Energy Storage System to be integrated into Anza Microgrid (California), consisting of existing 2.0 MWp PV plant and 1.35 MWp further extension.
- **Capacity firming solar plus storage in Mexico:** in Q3 2020 the ENGIE EPS Group successfully performed the Mechanical Completion and afterwards the pre-commissioning for the Engineering, Procurement supply and commissioning of 23 MWAC/31.055 MWp PV plant with ENGIE Solar SA, located in Baja California Sur

(Mexico) to be coupled with a 5.4 MW/3.17 MWh Battery Energy Storage System (“BESS”) powered with ENGIE EPS Group cutting-edge technology.

- **The Vehicle-to-grid pilot project** has been inaugurated at Mirafiori: on 14 September 2020 FCA, ENGIE EPS and Terna have presented, in the evocative location of the Heritage Hub within the Mirafiori FCA’s premises in Turin, the pilot project Vehicle-to-Grid (V2G) of electric mobility, which once totally completed, will become worldwide the biggest of its kind.
- ENGIE Eps acknowledges the decision of the ENGIE Group to assess strategic options for Engie EPS, as communicated by ENGIE on 23 September 2020, including the possible divestment of its stake in the Company. The three major energy storage projects in the USA: Guam (300MWh), Hawaii (240MWh) and New England (50MWh) will continue to be developed jointly by both companies. Should ENGIE decide to divest its stake following its strategic review, ENGIE has reaffirmed its continuous financial support until a potential transaction is closed. For the future, both companies will continue jointly developing projects which are deemed mutually beneficial.

ENGIE Eps’ Half Year Financial Results 2020 are not impacted by ENGIE’s decision.

No other subsequent events were recorded at the time of publication of this document.

## 4.34 Concordance table

| AMF requirements on the half yearly financial report (art. 222-4 and 222-6 AMF General Regulation)   | Chapter |
|--|---------|
| Complete or condensed accounts for the past Half Year, in consolidated form where necessary, prepared either under IAS 34 or in accordance with Article 222-5  | 2       |
| <p>An interim management report which:</p> <ul style="list-style-type: none"> <li>- shall describe the material events that occurred in the first six months of the financial year and their impact on the interim accounts</li> <li>- shall describe the principal risks and uncertainties for the remaining six months of the year</li> <li>- shall disclose, as major related parties’ transactions (i) Related parties’ transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the issuer during that period; (ii) Any changes in the related parties’ transactions described in the last annual report that could have a material effect on the financial position or performance of the issuer in the first six months of the current financial year.</li> </ul> <p>A statement made by the natural persons taking responsibility for the half-yearly financial report, whose names and functions are clearly indicated, to the effect that, to the best of their knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities financial position and profit or loss of the issuer and the undertakings in the consolidation taken as a whole, and that the interim management report includes a fair review of the information referred to in Article 222-6</p> | 1-3     |
| The statutory auditors’ report on the limited review of the aforementioned accounts. Where the legal provisions applicable to the issuer do not require a report from the statutory or regulatory auditors on the interim accounts, the issuer shall mention this in its report  |         |

## **ENGIE EPS**

Période du 1<sup>er</sup> janvier au 30 juin 2020

**Rapport des commissaires aux comptes sur l'information  
financière semestrielle**

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Commissaire aux Comptes  
Membre de la compagnie  
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## ENGIE EPS

Période du 1<sup>er</sup> janvier au 30 juin 2020

### Rapport des commissaires aux comptes sur l'information financière semestrielle

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par vos assemblées générales et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes consolidés semestriels résumés de la société ENGIE EPS, relatifs à la période du 1<sup>er</sup> janvier au 30 juin 2020, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes consolidés semestriels résumés ont été établis sous la responsabilité de votre conseil d'administration le 24 septembre 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise liée au Covid-19 et de difficultés à appréhender ses incidences et les perspectives d'avenir. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

#### 1. Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés résumés avec la norme IAS 34 – norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

#### 2. Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité établi le 24 Septembre 2020 commentant les comptes consolidés semestriels résumés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés semestriels résumés.

Paris-La-Défense, le 28 septembre 2020

Les Commissaires aux Comptes

DELOITTE & ASSOCIES

RBB Business advisors

A handwritten signature in blue ink, appearing to read 'Benjamin Haddad', is written over a horizontal line. The signature is stylized and somewhat abstract.

Benjamin HADDAD

Jean-Baptiste BONNEFOUX