

**Notes to the Consolidated Financial Statements FY 2020 and Statutory
Auditors' Report**

1 AUDIT REPORT TO CONSOLIDATED FINANCIAL STATEMENTS

ENGIE EPS

Société Anonyme

28, rue de Londres

75009 PARIS

Rapport des commissaires aux comptes sur les comptes consolidés

Exercice clos le 31 décembre 2020

RBB Business Advisors
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Rapport des commissaires aux comptes sur les comptes consolidés

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À l'assemblée générale de la société ENGIE EPS,

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes consolidés de la société ENGIE EPS relatifs à l'exercice clos le 31 décembre 2020, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

Fondement de l'opinion

Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le code de commerce et par le code de déontologie de la profession de commissaire aux comptes sur la période du 1^{er} janvier 2020 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n° 537/2014.

Observation

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur le point suivant exposé dans la note 3.1.1 « Nouvelles méthodes » de l'annexe des comptes consolidés concernant les modifications des méthodes comptables des normes IFRS3 sur le regroupement d'entreprises, IFRS 9 sur les instruments financiers, IAS 39 pour la comptabilisation et l'évaluation des instruments financiers et IFRS 7 pour les informations à fournir sur l'indice de référence des taux d'intérêt pour les instruments financiers.

Justification des appréciations - Points clés de l'audit

La crise mondiale liée à la pandémie de COVID-19 crée des conditions particulières pour la préparation et l'audit des comptes de cet exercice. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre des audits.

C'est dans ce contexte complexe et évolutif que, en application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes consolidés de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

Comptabilisation du chiffre d'affaires sur les contrats de services à long terme au forfait

(Note 3.9.10 Comptabilisation du chiffre d'affaires et 4.1 Produits des activités ordinaires dans l'annexe sur les comptes consolidés 2020).

Risque identifié

Le chiffre d'affaires de la Société s'élève à 10,8 m€ dont 8,4 m€ correspondent à du chiffre d'affaires à l'avancement. Le chiffre d'affaires est reconnu à l'avancement dans la mesure où les critères sont respectés conformément à la norme IFRS 15. Le chiffre d'affaires sur ces contrats de prestations de services sont reconnus selon la méthode à l'avancement sur la base des coûts encourus par rapport au budget. Le chiffre d'affaires comptabilisé à l'avancement est principalement porté par la société ENGIE EPS Italia.

Nous avons considéré que la comptabilisation du chiffre à l'avancement constitue un point clé de l'audit dans la mesure où les coûts estimés sur ces contrats sont fondés sur des hypothèses opérationnelles et au suivi du budget réalisé par la direction, que leur estimation a une incidence directe sur le niveau du chiffre d'affaires reconnu dans les comptes consolidés.

Notre réponse

Nous avons pris connaissance des contrôles conçus et appliqués par la société ENGIE EPS Italia pour mesurer l'avancement des contrats.

Nous avons réalisé les diligences suivantes :

- Analyser les principaux contrats de la période et le traitement comptable retenue par la société ENGIE EPS Italia avec les dispositions contractuelles et notre compréhension des services fournis ;
- Prendre connaissance du processus d'estimation des coûts engagés des contrats revus par rapport aux coûts estimés ;
- Corroborer l'analyse des contrats revus avec les coûts estimés et la revue effectuée par le management de ENGIE EPS Italia ;

- Sur la base d'un échantillon de contrats sélectionnés, nous avons vérifié la correcte application du processus d'évaluation et de comptabilisation du chiffre d'affaires et nous nous sommes assurés de la réalité des coûts engagés à la clôture ;
- Contrôler arithmétiquement le pourcentage d'avancement retenu pour déterminer le chiffre d'affaires à reconnaître, obtenu en faisant le rapport entre les coûts engagés et les coûts totaux budgétés pour chaque projet sélectionné ;
- Analyser la marge pour chaque contrat testé, et vérifier les hypothèses du budget retenues par la direction pour s'assurer de la pertinence des coûts totaux budgétés et les pertes à terminaison identifiées sur les contrats déficitaires avec le reste à faire sur les projets ;
- Nous avons enfin apprécié le caractère approprié des informations fournies dans l'annexe aux comptes consolidés sur les modalités de reconnaissance du chiffre d'affaires.

Comptabilisation des immobilisations relatives aux développements

(Note 3.9.5 Immobilisations incorporelles Coûts de développement et autres immobilisations incorporelles et 4.16 Immobilisations incorporelles dans l'annexe sur les comptes consolidés 2020).

Risque identifié

Au 31 décembre 2020, les immobilisations incorporelles issues de développement représentent au bilan du groupe ENGIE EPS une valeur nette comptable de 5,9 millions d'euros.

Tel qu'indiqué dans la rubrique « Principaux principes comptables 3.9.5. Immobilisations incorporelles » de l'annexe aux comptes consolidés, le groupe ENGIE EPS immobilise ses frais de développement dès lors qu'ils répondent strictement aux critères d'immobilisation définis par la norme IAS 38 et qu'il est probable que le projet développé générera des avantages économiques futurs.

La comptabilisation des frais de développement en immobilisation est considérée comme un point clé de l'audit en raison des jugements exercés par la Direction pour apprécier :

- Le respect de toutes les conditions nécessaires à l'activation des coûts correspondants ;
- L'évaluation des coûts susceptibles d'être capitalisés au titre des phases de développement des projets une fois par an.

Notre réponse

Nos travaux ont consisté à :

- Prendre connaissance des contrôles conçus et appliqués par la société ENGIE EPS ITALIA pour mesurer les coûts de développement activables ;
- Prendre connaissance du processus d'identification des projets en cours de développement ;
- Vérifier que les conditions d'activation des projets conformément aux normes comptables sont bien remplies ;
- Examiner l'estimation des coûts de développement engagés au titre des projets éligibles ;
- Vérifier la faisabilité technique nécessaire à l'achèvement des projets par des entretiens avec les responsables de projet ;
- Vérifier l'intention de la société ENGIE EPS Italia d'achever et de vendre l'immobilisation incorporelle ;
- Vérifier la disponibilité de ressources (techniques, financières et autres) appropriées pour achever le développement et d'utiliser ou vendre l'immobilisation ;
- Examiner la méthode d'amortissement retenue et procéder à des contrôles arithmétiques.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations relatives au groupe, données dans le rapport de gestion du Conseil d'Administration.

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

Autres vérifications ou informations prévues par les textes légaux et réglementaires

Format de présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel

La société utilise la possibilité de report offerte par III de l'article 222-3 du règlement général de l'AMF.

Conformément au III de l'article 222-3 du règlement général de l'AMF, la direction de votre société nous a informés de sa décision de reporter l'application du format d'information électronique unique tel que défini par le règlement européen délégué n° 2019/815 du 17 décembre 2018 aux exercices ouverts à compter du 1er janvier 2021. En conséquence, le présent rapport ne comporte pas de conclusion sur le respect de ce format dans la présentation des

comptes consolidés destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L. 451-1-2 du code monétaire et financier.

Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société ENGIE EPS par l'assemblée générale des actionnaires du 6 mars 2015 pour le cabinet RBB Business Advisors et du 1^{er} juillet 2020 pour le cabinet Deloitte & Associés.

Au 31 décembre 2020, le cabinet Deloitte & Associés était dans la 1^{ère} année de sa mission sans interruption et le cabinet RBB Business Advisors dans la 6^{ème} année, dont respectivement 1 et 6 années depuis que les titres de la société ont été admis aux négociations sur un marché réglementé.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes consolidés

Il appartient à la direction d'établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu'adopté dans l'Union européenne ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes consolidés ont été arrêtés par le Conseil d'Administration.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés

Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative.

Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;

- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

Rapport au comité d'audit

Nous remettons au comité d'audit un rapport qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives, que nous jugeons avoir été les plus importants pour l'audit des comptes consolidés de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537-2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L.822-10 à L.822-14 du code de commerce et dans le code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

Paris et Paris-La Défense, le 2 avril 2021

Les commissaires aux comptes

RBB Business Advisors

A blue ink signature of Jean-Baptiste Bonnefoux, written over a small blue shield logo containing a white checkmark.

Jean-Baptiste BONNEFOUX

Deloitte & Associés

A black ink signature of Benjamin Haddad, written over a small blue shield logo containing a white checkmark.

Benjamin HADDAD

2 CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT (amounts in Euro)	NOTES	31/12/2020	31/12/2019
Revenues		10.798.205	19.684.041
Other Income		253.596	520.770
TOTAL REVENUES AND OTHER INCOME	4.1	11.051.801	20.204.810
Cost of goods sold	4.2	(7.221.152)	(14.857.163)
GROSS MARGIN FROM SALES		3.830.649	5.347.647
% on Revenues		34,7%	26,5%
Personnel costs	4.3	(7.774.565)	(6.667.126)
Other operating expenses	4.4	(2.937.171)	(2.316.539)
Other costs for R&D and industrial operations	4.5	(1.543.425)	(2.094.303)
EBITDA excluding Stock Option and Incentive Plans expenses ⁽¹⁾	4.6	(8.424.511)	(5.730.321)
Amortization and depreciation	4.7	(3.325.887)	(2.985.304)
Impairment and write down	4.8	(1.509.491)	(3.592.049)
Nonrecurring income and expenses and Integration costs	4.9	(569.535)	(1.573.472)
Stock options and Incentive plans	4.10	(824.790)	(1.206.490)
EBIT	4.11	(14.654.215)	(15.087.635)
Net financial income and expenses	4.12	(90.791)	(312.219)
Income Taxes	4.13	(69.540)	755.570
NET INCOME (LOSS)	4.14	(14.814.545)	(14.644.285)
Attributable to:			
Equity holders of the parent company		(14.814.545)	(14.644.285)
Non-controlling interests		0	0
Basic earnings per share		(1,16)	(1,15)
Weighted average number of ordinary shares outstanding		12.766.860	12.766.860
Diluted earnings per share		(1,16)	(1,15)

2.2 Consolidated Statement of Other Comprehensive Income

OTHER COMPREHENSIVE INCOME (amounts in Euro)	31/12/2020	31/12/2019
NET INCOME (LOSS)	(14.814.545)	(14.644.285)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>	0	0
Exchange differences on translation of foreign operations and other differences	0	(4.517)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)	(1.323)	0
Actuarial gain and (losses) on employee benefits	(193.087)	(123.021)
Other comprehensive income (loss) for the year, net of tax	(194.410)	(127.538)
Total comprehensive income for the year, net of tax	(15.008.955)	(14.771.823)
Attributable to Equity holders of the parent company	(15.008.955)	(14.771.823)

2.3 Consolidated Balance Sheet

ASSETS (amounts in Euro)	NOTES	31/12/2020	31/12/2019
Property, plant and equipment	4.15	2.521.277	3.097.589
Intangible assets	4.16	9.272.391	6.979.216
Investments in entities accounted using the equity method	4.17	9.445	996
Other noncurrent financial assets	4.18	190.346	143.346
Other non current assets		0	0
TOTAL NON CURRENT ASSETS		11.993.458	10.221.147
Trade and other receivables	4.19	11.639.388	9.928.244
Contract assets	4.20	1.068.083	9.148.945
Inventories	4.21	1.988.444	2.985.948
Other current assets	4.22	2.502.356	4.680.548
Current financial assets	4.22	467.500	428.201
Cash and cash equivalent	4.23	3.930.868	6.431.376
TOTAL CURRENT ASSETS		21.596.638	33.603.262
TOTAL ASSETS		33.590.096	43.824.409
EQUITY AND LIABILITIES			
(amounts in Euro)	NOTES	31/12/2020	31/12/2019
Issued capital	4.24	2.553.372	2.553.372
Share premium	4.24	48.147.696	48.147.696
Other Reserves	4.24	4.399.167	4.586.787
Retained Earnings	4.24	(52.139.663)	(38.306.765)
Profit (Loss) for the period before Revaluation of European Investment Bank warrants liabilities (IFRS 2)	4.24	(14.814.546)	(14.644.285)
Total Equity before European Investment Bank variation (IFRS 2)	4.24	(11.853.975)	2.336.804
Revaluation of European Investment Bank warrants liabilities (IFRS 2) - Impact on Net Profit	4.24	0	0
TOTAL EQUITY	4.24	(11.853.975)	2.336.804
Severance indemnity reserve and Employees' benefits	4.25	4.925.948	4.825.619
Non current financial liabilities	4.29	24.237.071	13.254.905
Other non current liabilities	4.28	1.903.628	1.631.591
Non current deferred tax liabilities	4.26	16.494	16.494
TOTAL NON CURRENT LIABILITIES		31.083.141	19.728.609
Trade payables	4.27	6.887.267	15.962.964
Other current liabilities	4.28	6.505.062	4.518.758
Current financial liabilities	4.29	968.600	1.277.274
Income tax payable		0	0
TOTAL CURRENT LIABILITIES		14.360.929	21.758.996
TOTAL EQUITY AND LIABILITIES		33.590.095	43.824.409

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
Net Equity as of 31 December 2018	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				(27.704)	(8.706.934)	12.511.771	3.777.134	(3.777.134)	-
Stock option and warrants			(181.831)				(181.831)		(181.831)
Shareholder's capital increase							-		-
Other movements		(696.054)		(12.841)	700.882		(8.013)		(8.013)
Loss for the period						(14.644.285)	(14.644.285)		(14.644.285)
Total comprehensive income	-	-	-	(123.021)	(4.517)	-	(127.538)	-	(127.538)
Net Equity as of 31 December 2019	2.553.372	48.147.696	4.969.291	(382.504)	(38.306.765)	(14.644.285)	2.336.804	-	2.336.804
Previous year result allocation					(14.644.285)	14.644.285	-		-
Opening reclassification 01/01/2020				6.790	(6.790)				-
Stock option and warrants							-		-
Shareholder's capital increase							-		-
Other movements					818.178		818.178		818.178
Loss for the period						(14.814.545)	(14.814.545)		(14.814.545)
Total comprehensive income	-	-	-	(194.410)	-	-	(194.410)	-	(194.410)
Net Equity as of 31 December 2020	2.553.372	48.147.696	4.969.291	(570.125)	(52.139.663)	(14.814.546)	(11.853.975)	-	(11.853.975)

Net equity as of 31 December 2019 was adjusted by € 79 in order to be comparable with net equity presented in note 2.3 of 2019 Consolidated Financial Statements.

2.5 Consolidated Statement of Cash Flows

CASH FLOW STATEMENT (amounts in Euro)	NOTES	31/12/2020	31/12/2019
Net Income or Loss	4.14	(14.814.545)	(14.644.285)
Amortisation and depreciation	4.7	3.325.887	2.985.304
Impairment and write down	4.8	1.509.491	3.592.049
Stock option and incentive plans impact	4.10	824.790	1.206.489
Defined Benefit Plan	4.25	100.328	599.379
Non-cash variation in equity opening		0	0
Non-cash variation in bank debts	4.29	0	528.048
Working capital adjustments		0	
Decrease (increase) in tax assets	4.13	(296.234)	221
Decrease (increase) in trade and other receivables and prepayments	4.19	8.461.612	(13.689.123)
Decrease (increase) in inventories	4.21	997.504	66.905
Increase (decrease) in trade and other payables	4.27	(8.598.884)	6.925.288
Increase (decrease) in SARs Liability	4.25	0	0
Increase (decrease) in non current assets and liabilities	4.18, 4.26	(459.378)	107.590
Net cash flows from operating activities		(8.949.428)	(12.322.135)
Investments			
Net Decrease (Increase) in intangible assets	4.16	(4.528.996)	433.625
Net Decrease (Increase) in tangible assets	4.15	(208.837)	(276.528)
Net Decrease (Increase) due to IFRS 16 FTA	4.15	(53.207)	(2.175.922)
Reversal of IFRS 15 FTA		818.178	0
Net cash flows from investments activities		(3.972.862)	(2.018.826)
Financing			
Increase (decrease) in bank debts	4.29, 4.30	10.673.494	9.953.268
IFRS 16 Impact		(251.711)	(41.460)
Net cash flows from financing activities		10.421.783	9.911.808
Net cash and cash equivalent at the beginning of the period		6.431.375	10.860.527
NET CASH FLOW FOR THE PERIOD		(2.500.507)	(4.429.153)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3.930.868	6.431.375

3 ACCOUNTING STANDARDS AND METHODS

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

On 30 March 2021, the Board of Directors established and authorized the publication of the 2020 Consolidated Financial Statements that will be definitive after their approval at the General Meeting.

3.1 Accounting Principles and method evolution

The Group presented financial information concerning the assets, liabilities, financial position, and profit and loss for the last two reporting periods (ended December 31, 2019 and 2020). This information was prepared in accordance with European Regulation (EC) 1606/2002 “on the application of international accounting standards” dated July 19, 2002. The Group’s consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with IFRS Standards as published by the International Accounting Standards Board and endorsed by the European Union. The accounting standards applied in the consolidated financial statements for the year ended December 31, 2020 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2019, except for those described in paragraph 3.1.1.

3.1.1 New methods

Amendments to IFRS 3 – Business Combinations: Definition of a Business

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Amendments to IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: recognition and measurement; IFRS 7 – Financial Instruments: Disclosures – Interest Rate Benchmark Reform

In September 2019, the International Accounting Standards Board (Board) issued an amendment to IFRS 9, IAS 39 and IFRS 7 insofar as they affect Interest Rate Benchmark Reform that provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

These amendments have no significant impact on the Group’s consolidated financial statements.

3.2 Format of the financial statements

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 Key Performance Indicators

ENGIE 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”;
- EBIT adjusted, calculated by restating “Stock Option and Incentive Plans expenses”, “Non-recurring Items” from the EBIT (and total negative impact of shut-down in FY 2019), as they have been classed as extraordinary costs and won't be repeated in the following years as reported in the new ENGIE EPS Business Model;
- 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 of the 2020 Consolidated Financial Statements.

3.4 Functional and presentation currency

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

3.5 Use of estimates

The 2020 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.

Developments in the economic and financial environment, particularly relating to COVID-19, have prompted the Group to step up its risk oversight procedures, mainly in performing impairment tests. The estimates used by the Group, among other things, to test for impairment and to measure provisions, take into account this environment and the market volatility.

During the preparation of 2020 Consolidated Financial Statements, 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. 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 Group also monitored changes to legislation, revisions to income tax rates and other tax measures taken in response to the crisis;
- 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)

3.6 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 in paragraph 4.1 of the 2020 Consolidated Financial Statements.

3.7 Evolution of the consolidation area

In December 2019, MCM Energy Lab S.r.l. liquidation was approved by the Board of Directors and the Shareholders meeting. The process has been closed in January 2020. In December 2020, also EPS USA shut down process was completed. Please also refer to paragraph 0 of the Universal Registration Document 2020..

As at 31 Decemebr 2020 the consolidation area is represented as follows:

COMPANY	PERCENTAGE OF CONSOLIDATION	31/12/2020
ENGIE EPS	100%	Parent Company
EPS Manufacturing	100%	Line by Line
ENGIE EPS ITALIA	100%	Line by Line
EPS e-MOBILITY	100%	Line by Line
EPS USA	100%	Line by Line
COMORES ÉNERGIES NOUVELLES SARL	49%	Equity method

3.8 Key Performance Indicators

KEY PERFORMANCE INDICATORS (amounts in Euro)	2020			2019		
	Stated	Adjustments	Adjusted Indicator	Stated	Adjustments	Adjusted Indicator
Total revenues and other income	11.051.801	0	11.051.801	20.204.810	0	20.204.810
Cost of goods sold	(7.221.152)	0	(7.221.152)	(14.857.163)	394.032	(14.463.131)
Gross margin from sales	3.830.649	0	3.830.649	5.347.647	394.032	5.741.679
Personnel costs	(7.774.565)	0	(7.774.565)	(6.667.126)	0	(6.667.126)
Other operating expenses	(2.937.171)	0	(2.937.171)	(2.316.539)	0	(2.316.539)
Other costs for R&D and industrial operations	(1.543.425)	0	(1.543.425)	(2.094.303)	18.705	(2.075.598)
EBITDA excluding Stock Option and Incentive Plans expenses (1)	(8.424.511)	0	(8.424.511)	(5.730.321)	18.705	(5.711.616)
EBITDA excluding Shut-down	(8.424.511)	0	(8.424.511)	(5.730.321)	412.737	(5.317.583)
Amortization and depreciation	(3.325.887)	368.418	(2.957.469)	(2.985.304)	311.397	(2.673.907)
Impairment and write down	(1.509.491)	1.127.020	(382.471)	(3.592.049)	2.805.081	(786.969)
Non recurring income and expenses	(569.535)	569.535	0	(1.573.472)	1.573.472	0
Stock options and Incentive plans	(824.790)	824.790	0	(1.206.490)	1.206.490	0
EBIT Adjusted	(14.654.215)	2.889.763	(11.764.451)	(15.087.636)	2.779.962	(12.307.674)
Net financial income and expenses	(90.791)	0	(90.791)	(312.219)	0	(312.219)
Income Taxes	(69.540)	0	(69.540)	755.570	0	755.570
NET INCOME (LOSS) excluding Shut-down	(14.814.545)	2.889.763	(11.924.782)	(14.644.285)	6.309.176	(8.335.109)
Capitalized R&D costs	3.322.374	0	3.322.374	3.081.375	0	3.081.375
Not capitalized R&D costs	0	0	0	18.705	0	18.705
Total R&D costs of the period	3.322.374	0	3.322.374	3.100.080	0	3.100.080
R&D investments % on Revenues	30%		30%	15%		15%

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

3.9 Significant accounting policies

3.9.1 Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3. The identifiable assets acquired, the liabilities and contingent liabilities assumed are recognized at their fair value at that date of the acquisition if they meet IFRS 3 accounting criteria. The goodwill represents the future cash flows deriving from the post-acquisition synergies exceeding the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recognized in profit or loss as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The

measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error.

3.9.2 Financial instruments

Non-derivative financial assets

The ENGIE EPS Group initially recognized loans and receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit and loss) are recognized initially on the trade date at which the ENGIE EPS becomes a party to the contractual provisions of the instrument.

The ENGIE EPS Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the ENGIE EPS is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position, when, and only when, the ENGIE EPS has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The ENGIE EPS Group has the following non-derivative financial assets:

- loans and receivables; and
- cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. These financial assets are subject to a provision for expected losses as of their initial recognition, according to the so-called simplified method prescribed by IFRS 9 for trade receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

In accordance with IAS 1, the Group presents current and non-current assets and current and non-current liabilities separately in the statement of financial position. In view of the majority of the Group's activities, it was considered that

the criterion to be used to classify assets is the expected time to realize the asset or settle the liability: the asset classified as current if this period is less than 12 months and as non-current if it is more than 12 months after the reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less, without risk of changes in value.

Non-derivative financial liabilities

ENGIE EPS Group initially recognizes debt securities issued and subordinated liabilities on their date of origination. All other financial liabilities are recognized initially on the trade date, which is the date that ENGIE EPS becomes a party to the contractual provisions of the instrument.

ENGIE EPS Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial asset and liabilities are offset and the net amount presented in the statement of financial position when, and only when, ENGIE EPS has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The ENGIE EPS classifies non-derivate financial liabilities into the other financial liability's category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities are comprised of loans and borrowings, other short-term financial liabilities, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the ENGIE EPS Group's cash management are included as a component of cash and cash equivalents.

3.9.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.9.4 Property, plant and equipment

Costs

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses.

Gain and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in the profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the ENGIE EPS and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-by-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in the profit and loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- Equipment and machinery – 6, 7 years
- Electronic hardware – 5 years
- Furniture – 6, 7 years
- Vehicles – 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate for the future.

3.9.5 Intangible assets

Development costs and other intangible assets

Other intangible assets consist of internally generated items in the development phase which are recognized if, and only if, the ENGIE EPS Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits – among other things, the ENGIE EPS Group can demonstrate the existence of a market for the output of the intangible assets or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated brands, customer lists and items similar in substance are not recognized as intangible assets.

The cost of the internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria and comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit and loss as incurred.

Amortization

Amortization is based on the cost of an asset less its residual value. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangibles asset, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- development costs – from 3 to 5 years, depending on the specific project. During 2019 most of capitalized development costs amortization were accelerated from 5 to 3 years in order to be in line with R&D Plan timeline;

- improvements to third party assets – 6 years
- trademarks, patents and licenses with definite useful life – 10 years (anyway not longer than the patent or the license life).

Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Following a careful review of the useful life of the assets, the Group has decided to proceed with an accelerated amortisation base for some development costs in 2020.

Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) held for sale are not depreciated, are measured at the lower of carrying amount and fair value less costs to sell and specifically disclosed.

3.9.6 Impairment of assets

At the end of each reporting period, ENGIE EPS Group assesses if there is any indication that its intangible assets (including development costs) and its property, plant and equipment may need to be impaired.

An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (“CGU”) exceed its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest ENGIE EPS Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Impairment losses are recognized in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized. On the contrary, impairment loss on goodwill cannot be reversed. The reversal of an impairment loss is recognized in the income statement immediately.

Determination of cash generating units

ENGIE EPS Group has one unique business activity, i.e. the sale of a Balance of System and related components for Grid Support Solutions Off-Grid Power Generation Solutions and Mobility Solutions. The tangibles assets of the ENGIE EPS do not generate largely independent cash flows and therefore the impairment tests are performed on the ENGIE EPS as a whole.

All the tangible assets (i.e. the manufacturing plants and laboratory) are located in Italy and are dedicated to the activities pertaining to the Balance of System. Such Balance of System are manufactured or vertically integrated by EPS thanks to its vertically integrated technology platform and related know-how (patents, development and know-how). All intangible assets are dedicated to the sale of hybrid storage solutions. In particular, development costs, patents, EPS Italiagoodwill (mainly related to hybrid storage solutions know-how) and trademarks accounted in the consolidated Financial Statements are connected to the sale of hybrid storage solutions. As a consequence, it is not possible to

identify any ENGIE EPS assets smaller than the whole ENGIE EPS Group's assets, because these assets generate cash flows linked with the sale of hybrid storage solutions to clients worldwide.

3.9.7 Inventories

Inventories are measured at the lower between the cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Transfer from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchase of inventories may also be included as costs.

Provisions are made for obsolete and slow-moving raw material, finished goods, spare parts and other supplies based on their expected recoverable amount and realizable value. Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit and loss in the periods during which services are rendered by employees.

In Italy, EPS Italia and ENGIE EPS Italian permanent establishment the most relevant operating entities, almost every employee benefits of a defined contribution plan is provided by law (so called "Trattamento di fine Rapporto" - TFR). Companies have to pay, on a monthly basis, a certain percentage of the employees' payroll. These amounts are collected by INPS (Istituto Nazionale della Previdenza Sociale – National Social Insurance Agency) that will ensure a pension to the employee on retirement. Employees can also choose to address their TFR to pension funds different from INPS.

The accumulated TFR fund is then paid when a job separation occurs, regardless of its reason, or at retirement. Under specific circumstances, the employee working more than eight consecutive years with the same employer can obtain a partial withdrawal on the accumulate TFR. This benefit is unfunded.

The ENGIE EPS Group determines the net defined benefit liability for the period on the basis of an actuarial calculation. Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Stock-option plans

According to IFRS 2, services paid through the issuance of shares, or rights to shares should be accounted for in personnel costs. These services are evaluated at fair value of the instruments granted and are recognized as costs in

the period in which the rights are acquired. Since these plans are settled through ENGIE EPS Group's shares, the entry corresponding to these costs is recognized directly in Equity.

3.9.9 Provisions

A provision is recognized if, as a result of a past event, the ENGIE EPS Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognized when ENGIE EPS has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.9.10 Revenues recognition

Revenues are recognized to the extent that it is probable that the economic benefits will flow to the ENGIE EPS Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. ENGIE EPS has concluded that it is the Principal entity in all of its revenue arrangements since it is the primary obligor in all arrangements generating revenues, it has pricing latitude and it is also exposed to inventory.

Revenue from the sale of goods is recognized in accordance with IFRS 15 when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. The ENGIE EPS Group provides normal warranty provisions for general repairs for two years on all its products sold, in line with the industry practice. Based on the historical warranty costs sustained and on the warranty obligations still pending, no provision has been considered necessary.

Rendering of services and construction contracts

Revenues deriving from rendering of services (installation and maintenance of installed machineries) are accounted according to IFRS 15, when transferring control to the customer, which in practice generates continuous recognition over the service period.

Revenues from construction contracts: Income on these contracts is recognized for completion only to the extent that the criteria set out in IFRS 15 are fulfilled. This includes demonstrating that an asset is built without alternative use and that the contract provides for securing payments up to the incurred costs incremented by a reasonable margin. For these contracts, the income is then recognized at the stage of progress according to the cost method incurred. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

If the conditions for a continuous income recognition are not met, the turnover is then recognized only at the end of the project, when the control is transferred to the customer.

Finally, each contract is broken down into several performance bonds, with a turnover allocated and recognized according to the criteria specific to each of them.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied by the ENGIE EPS Group. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are

expensed. When the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized in profit and loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

3.9.11 Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the ENGIE EPS Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statements of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred taxes

Deferred taxes are accounted for by using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit and loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable rights exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit and loss.

3.9.12 Treasury stock and earnings per share

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific shareholder resolutions are recognized as a deduction from equity. The proceeds from any subsequent sale are recognized in equity.

Basic earnings per share are calculated by dividing the profit (loss) attributable to owners of the parent entity by the weighted average number of shares outstanding during the year. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all shares having a potential dilutive effect.

3.9.13 Other information

The ENGIE EPS Group did not enter into any derivative financial instruments nor into any contractual agreements to transfer financial assets.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Revenues and Other Income

Revenues and Other Income amount to €11,052 k decreasing by 45% compared to financial year 2019. The Revenues and Other Income detail is as follow:

REVENUES AND OTHER INCOME (amounts in Euro)	31/12/2020	31/12/2019
Construction contracts	7.545.287	18.484.496
Rendering of services	883.219	1.199.545
Sales of goods	2.369.700	0
REVENUES	10.798.206	19.684.041
Other Income	253.596	520.770
TOTAL REVENUES AND OTHER INCOME	11.051.802	20.204.811

Revenues and Other Income for 2020 amount to €11,052 k and are composed of construction contracts for €7,545 k, services rendered to the customers for €883 k, sales of goods €2,370 k and Other Income of €254 k.

The following table shows the breakdown of revenues by Product Line:

REVENUES BY PRODUCT LINES (amounts in Euro)	31/12/2020	31/12/2019
Giga Storage	3.126.957	12.770.249
Industrial Solutions	4.097.787	5.489.848
eMobility and Others	3.573.462	479.892
Other non-core activities	0	944.052
TOTAL REVENUES BY PRODUCT LINES	10.798.206	19.684.041
Other Income	253.596	520.770
TOTAL REVENUES AND OTHER INCOME	11.051.802	20.204.811

In 2020, Covid 19 heavily impacted ENGIE EPS revenues recognition because all main projects expected to recognize revenues in 2020 were delayed to 2021 and 2022. Despite that, Backlog and Contracts Secured reached €32,999 k and €112,100 k respectively summing up to €145,099 k, revenues decreased by 45% from €20,205 k as of 31 December 2019 to €11,052 k on 31 December 2020. However, the eMobility product line was very successful and generated significantly increased revenues in 2020.

Around 40% of the Revenues related to construction contracts refers to the project Sol De Insurgentes in Mexico, a Solar-plus-Storage project in collaboration with ENGIE, as specified above. The project is located in Comondú, Baja California Sur, México with an installed capacity of 23 MWAC/31.2MWp PV plant coupled with 5.4 MW/3.17 MWh of BESS aimed to perform ramp smoothing and primary frequency control. Nearly, 48% of the Revenues

related to construction contracts refers to the projects Anza, Leinì and Comores which are related to Industrial solutions product line. While 9% of construction contracts revenues are related to project Remote.

As a reminder, revenues for 2019 amounted to €20,205 k and were composed of construction contracts for €18,484 k and services rendered to the customers for €1,200 k. Main construction contracts in 2019 were related to Grid Support Solutions, Microgrids in Africa and Asia Pacific and Mobility Solutions in Europe.

Rendering of services were mainly related to maintenance and supply of services to telecom operators for which ENGIE EPS Group installed its solutions in the previous years.

Sales of Goods were represented by sales of products, where ENGIE EPS Group is not involved in the system integration or the construction phase.

During 2019 and 2020 allocation of Revenues and Other Income by single legal entity of the ENGIE EPS Group is:

REVENUES AND OTHER INCOME (amounts in Euro)	31/12/2020	31/12/2019
ENGIE EPS ITALIA	8.332.348	19.306.661
ENGIE EPS	2.684.454	412.125
EPS Manufacturing	34.999	486.025
TOTAL REVENUES AND OTHER INCOME	11.051.802	20.204.811

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

REVENUES AND OTHER INCOME BY CLIENT GEOGRAPHICAL AREAS (amounts in Euro)	31/12/2020	31/12/2019
EUROPE	8.197.056	3.571.036
USA	1.803.097	0
AFRICA	942.174	3.052.673
ASIA PACIFIC	79.017	911.452
LATIN AMERICA	30.458	12.669.649
TOTAL REVENUES AND OTHER INCOME	11.051.802	20.204.811

REVENUES AND OTHER INCOME BY INSTALLATIONS GEOGRAPHICAL AREAS (amounts in Euro)	31/12/2020	31/12/2019
EUROPE	5.350.912	3.547.571
LATIN AMERICA	3.114.317	12.676.844
USA	1.803.097	0
AFRICA	704.459	3.052.673
ASIA PACIFIC	79.017	927.722
TOTAL REVENUES AND OTHER INCOME	11.051.802	20.204.811

The amount of revenues realized by the Group in foreign currency is around 5,361 k USD (corresponding to about €4,887 k) and is related to mainly Sol De Insurgentes project developed in Mexico and Anza project already realized in USA, California.

4.2 Cost of Goods Sold

In 2020, cost of goods and services sold (COGS), which consists of purchases of raw materials and semi-finished and finished products, such as switchboards and electric materials, amounts to €7,221 k (€14,857 k in 2019), and significantly decreased because of the shrinkage in the operations of ENGIE EPS Group mainly due to Covid-19.

COGS decreased more than proportionally than Revenues. As a result, the Gross Margin reached 34,7% for the year ended 31 December 2020 while it was 26,5% for the year ended 31 December 2019.

The following table presents the details of the purchases of raw materials, consumables and finished products:

COST OF GOODS SOLD (amounts in Euro)	31/12/2020	31/12/2019
Costs of goods/ Rendering of services	(7.221.151)	(14.857.163)
Cost of technology partnership agreements	0	0
Change in inventories	0	0
TOTAL COST OF GOODS SOLD	(7.221.151)	(14.857.163)

4.3 Personnel costs

Personnel costs correspond to the set of fixed and variable items of remuneration paid to employees (including executives), as well as travel and expenses costs, social security contributions and charges linked to pension and related commitments. This item also includes few redundancies and early retirement incentives. Since 2015, the ENGIE EPS Group has undertaken a significant hiring process which was still in progress in 2020, aimed to achieve a top-level and functionally adequate organizational structure, and to make sustainable targeted growth programs, given the Pipeline and company strategic objectives.

Total Personnel Costs increased by €1,108 k, from €6,667 k in financial year 2019 to €7,775 k in financial year 2020.

The overall increase is explained by the increase in the number of highly specialized employees where, the total employees as of 31 December 2020 were 135 compared to 110 as at 31 December 2019). This is partially offset by:

- the decrease in the weight of social contributions as a result of resorting to the State funded social programs and in particular the Redundancy Ordinary Fund (Cassa Integrazione Guadagni Ordinaria, "CIGO").
- the decrease in overtime paid and travel hours paid as a consequence of Covid-19 outbreak..

Since the beginning of the pandemic emergency a social shock absorber (i.e., CIGO COVID-19) requests have been submitted for EPS Italia.

From 1 April 2020 until 30 April 2020, the CIGO Covid-19 was applied to all EPS Italia's employees hired before 23 February 2020 for a working time between 20% and 100%. The weekly plan of the working time reduction was shared by each Line Manager to his/her resources once a week. In the following months, the CIGO Covid-19 was

applied only to the EPS Italia's employees involved in activities impacted by Covid-19 for a working time between 20% and 100%. In August 2020, the CIGO Covid-19 was not applied for any employee.

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

PERSONNEL COSTS (amounts in Euro)	31/12/2020	31/12/2019
Salaries and wages	(5.273.799)	(3.918.439)
Social contributions	(1.027.327)	(979.946)
Employee benefits service costs	(646.621)	(626.973)
Other Costs	(826.817)	(1.141.768)
TOTAL PERSONNEL COSTS	(7.774.563)	(6.667.126)

The total workforce of the ENGIE EPS Group is described in the following table:

Number of FTE at period end	31/12/2020	31/12/2019
ENGIE EPS (France)	1	7
EPS Manufacturing Srl (Italy)	2	2
<i>consultant/ partner</i>	0	0
Engie EPS Italia Srl (Italy)	98	92
EPS e-Mobility Srl	21	0
Eps Inc. (USA)	0	0
TOTAL FTE AT PERIOD END	122	101

The number of employees highlighted in the above-mentioned table is calculated on a "Full Time Equivalent" basis, and for 2020, differ from the total workforce at the end of the year of 135 persons mentioned in section 15.1 of URD that also includes employee with a different employment status.

4.4 Other operating expenses

The item Other operating expenses has been focused only on recurring costs and expenses that will most probably occur in coming years. A specific line in the P&L has been added to properly allocate all costs and expenses related to non-recurring events occurred during the relevant periods.

The compensation of the CEO is not included in Other Operating Expenses, but it has been reclassified in the item Personnel costs, because of the business development and operative role he played and still plays.

The Other operating expenses amount to €2,937 k as of 31 December 2020.

The following table details the operating expenses over the relevant financial years:

OTHER OPERATING EXPENSES (amounts in Euro)	31/12/2020	31/12/2019
Legal and other consultancy costs	(713.114)	(500.723)
Communication	(570.538)	(345.344)
Maintenance	(405.825)	(297.767)
Audit services	(226.348)	(134.107)
Safety	(204.626)	(114.144)
Software licenses	(162.637)	(55.509)
Rents	(117.293)	(155.950)
Board compensation	(119.819)	(83.425)
Tax and administrative services	(132.395)	(171.635)
Bank commissions	(49.961)	(31.933)
Insurance	(26.688)	(14.612)
Travel	(25.092)	(163.455)
Indirect taxes	(10.552)	(24.637)
Miscellaneous	(172.281)	(223.300)
TOTAL OTHER OPERATING EXPENSES	(2.937.170)	(2.316.539)

The increase in “Other Operating Expenses” is mainly due to the development of the ENGIE EPS structure necessary to support the growth of the business. Main increases are related to Legal and other consultancy costs, Maintenance costs, Audit services costs, Board compensation, Communication expenses due to both, business opportunities and institutional events. As an additional note, Legal and other consultancy costs include approximately €457 k of legal consultancy costs and approximately €256 k of various consultancies, which mainly include payroll and recruitment services, and secondment of employees.

4.5 Other costs for R&D and industrial operations

The ENGIE EPS Group uses a reclassification of operating costs that cannot be considered as structure costs, as they are related to installation activities, selling cost and research and development of new products that will be sold in future years.

The chart below shows “Other costs for R&D and industrial operations” as of 31 December 2020 compared with the previous period.

OTHER COSTS FOR R&D AND INDUSTRIAL OPERATIONS (amounts in Euro)	31/12/2020	31/12/2019
Industrial operations costs	(1.296.205)	(2.075.598)
Selling costs	(247.219)	0
Not capitalized R&D costs	0	(18.705)
TOTAL OTHER COSTS FOR R&D AND INDUSTRIAL OPERATIONS	(1.543.425)	(2.094.303)

Industrial operations costs as at 31 December 2020 amount to €1,543 k while were €2,094 k as at 31 December 2019. The decrease in Industrial operations is mainly due to the New Business Model in which the EPC (Engineering, Procurement and Construction) activities have been deeply reviewed and refocused.

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

FY 2020 Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) is a non-IFRS defined metric which excludes non-recurring income-expenses and the accounting impact of stock options and incentive plans. The EBITDA (excluding Stock Option and Incentive Plans) amounts to €-8,425 k for the FY 2020 compared with €-5,730 k of the FY 2019.

This result, mainly driven by the major commitment in R&D, perfectly in line with the planned growth of the internal organizational structure and the execution of ENGIE EPS’ Long-Term Strategic Plan, is justified by the increase in Personnel costs and Other Operating Expenses is a natural effect of the investments that the ENGIE EPS made in terms of people and industrial footprint.

EBITDA as at 31 December 2020 decreased by 47%.

4.7 Amortization and depreciation

Amortisations correspond principally to the amortisation of technical installations, equipment and electronic materials and to items of Intellectual Property of ENGIE EPS Group. In 2019 the item amounted to €2,985, while it increased up to €3,326 k in 2020.

AMORTIZATION AND DEPRECIATION (amounts in Euro)	31/12/2020	31/12/2019
Amortization	(2.496.564)	(2.343.892)
Depreciation	(829.323)	(641.412)
TOTAL AMORTIZATION AND DEPRECIATION	(3.325.887)	(2.985.304)

Compared to financial year 2019, this item increased by €341 k, from €2,985 k to €3,326 k.

The useful life of Intangible assets was recalculated to reflect the termination date of the related business project in Backlog which resulted in a need to accelerate the amortization process. Total impact of acceleration in

amortization amounts to €368 k. As these projects don't play a part in the core-activities of the business, their absence will not affect the forecasted revenues over the next years.

Furthermore, the increase in "Amortization" costs reported at 31 December 2020 was mainly due to the R&D projects that were completed and started the amortization phase. Please also refer to paragraph 4.16.

4.8 Impairment and write up / down

The depreciation (or appreciation) of assets corresponds principally to the loss/gain of value which may result from the value tests carried out on assets constituted by the equipment, inventories, intangible assets or debts held by ENGIE EPS.

In 2020 the items amount to €1,509 k while it was €3,592 k in 2019. The chart below shows Impairment and write down as of 31 December 2020 compared with previous period.

IMPAIRMENT AND WRITE DOWN (amounts in Euro)	31/12/2020	31/12/2019
Provision for risks on R&D projects completion	(260.447)	(334.000)
Impairment of Hydrogen assets	0	(1.386.700)
Business shut-down	0	(1.084.380)
Bad debt provision	(382.471)	(739.969)
Future completion cost on project	0	(47.000)
Impairment on inventory and non current assets	(866.572)	0
TOTAL IMPAIRMENT AND WRITE DOWN	(1.509.490)	(3.592.049)

No impairment loss was identified by the Group as of 31 December 2020 on the goodwill (amounting to €1.569 k) emerging from the acquisitions of EPS Italia and MCM Energy Lab S.r.l. in 2016.

4.9 Non-recurring income and expenses

This item includes expenses considered as non-recurring as those mainly related to specific phases of company growth and setting up of the accounting, administration and business development departments. These operating income and expenses cannot be qualified as exceptional or extraordinary, but still they are linked to unusual and infrequent elements, for significant amounts, presented by ENGIE EPS Group on a separate line, in order to facilitate the understanding of the current operating activity.

In 2020 the items amount to €570 k while it was €1,573 k in 2019.

NON RECURRING INCOME AND EXPENSES (amounts in Euro)	31/12/2020	31/12/2019
Non recurring integration expenses	(199.124)	(220.202)
M&A costs	(148.723)	(312.216)
Non recurring Legal Accounting & Certification	(100.492)	(603.956)
Covid-19	(99.981)	0
Other	(12.935)	(29.238)
Origination and Development Costs	(8.280)	(297.576)
Non recurring Distribution & Business dev. Expenses	0	(75.284)
Non recurring expenses for R&D activities	0	(35.000)
Non recurring Travel, Communication and Roadshow expenses	0	0
Non recurring settlement / redundancy	0	0
TOTAL NON RECURRING INCOME AND EXPENSES	(569.534)	(1.573.472)

Compared to financial year 2019, this item decreased by €1,003 k, from €1,573 k to €570 k in financial year 2020.

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.

"Non-recurring expenses" decrease is connected to unusual and infrequent nature of the items here classified.

4.10 Incentive Plans

The line refers to the accrual of Incentive Plans for employees and management. In 2017 the amount was related to stock option and warrants plans described in paragraph 4.10 of 2017 Consolidated Financial Statements and was made against equity, in accordance with IFRS 2. In accordance with the new Profit Sharing Plan adopted on 6 March 2018, stock options and warrants plans have been replaced with Stock Appreciation Rights ("SARs"), and, where applicable, Additional Stock Appreciation Rights ("additional SARs"). Following this new plan:

- Vested stock options and warrants have been exercised during the simplified tender by ENGIE (through its subsidiary GDF International) except for 200,000 vested stock options granted to the CEO which were replaced by SARs. The vested stock options and warrants not exercised have been waived by their beneficiaries;
- 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 new vesting period and benefit from a floor price of €9.50. 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 does not explicitly addresses 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.

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 ENGIE 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), ENGIE EPS Group 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, ENGIE

EPS Group 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 31 December 2020, the fair value of the debt amounts to €3,273 k while it was €3,647 k, as at 31 December 2019. The movements booked are the following:

- €825 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;
- €1,199 k paid during the period, corresponding to SARs exercised and paid during the FY 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.

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

SARs VALUE (amounts in Euro)	Additional SAR	Transformed SAR	TOTAL
Closing 31.12.2019	1.645.207	2.001.309	3.646.516
Increase / (Decrease) (P&L)	(273.435)	1.098.226	824.791
Increase (Equity)	0	0	0
Exercised and paid	(249.564)	(949.181)	(1.198.745)
Closing 31.12.2020	1.122.207	2.150.355	3.272.562

SARs NUMBER	Additional / New SARs	Transformed SAR	TOTAL
Closing 31.12.2019	751.576	368.922	1.120.498
Exercised and paid	(166.268)	(196.233)	(362.501)
Closing 31.12.2020	585.308	172.689	757.997

Summary of dilutive instruments and dilution risk

As at 31 December 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 Registration Document.

4.11 EBIT

In FY 2020 Earnings Before Interest and Taxes ("EBIT") is a loss of €14,654 k while was a loss of €15,088 k in 2019.

This result is mainly due to a negative impact of:

- Fair value of Incentive Plans of €825 k
- Inventory write-off of €692 k
- Non-recurring expenses of €570 k
- Accelerated amortization of €368 k

- Provision for risks on R&D projects completion of €260 k
- Impairment on Intangibles assets of €174 k

4.12 Net Financial Income and expenses

Total Net Financial Income and Expenses amount to €91 k, an improvement with respect the FY 2019. This improvement is observed in financial interest and mainly in gain on exchange rates on extra EU trades.

NET FINANCIAL INCOME AND EXPENSES (amounts in Euro)	31/12/2020	31/12/2019
Financial interest	(206.157)	(236.481)
Financial interest related to IFRS 16	(22.867)	(45.512)
Net exchange differences	147.334	(40.126)
Financial income	9.286	9.900
Financial expenses	(18.386)	0
TOTAL NET FINANCIAL INCOME AND EXPENSES	(90.790)	(312.219)

4.13 Income taxes

In 2020 the item includes income and deferred taxes for an amount of €-70 k (€756 k for the FY 2019).

TAXES (amounts in Euro)	31/12/2020	31/12/2019
Current taxes		
IRES	0	(1.586)
IRAP	(95.218)	0
Other income taxes	25.678	753.183
Deferred taxes		
IRES	0	3.973
IRAP	0	0
TOTAL INCOME TAXES	(69.540)	755.569

4.14 Net income or loss

The net loss amounted to €-14,815 k at the end of 2020 while was €-14,644 k at the end of 2019. Net loss as at 31 December 2020 decreased by 1%.

4.15 Property, plant and equipment

Property, plant and equipment in FY 2020 is equal to €2,521 k, with a decrease of €576 k from €3,098 k as of 31 December 2019. The decrease is mainly due to depreciation accounted during the financial year.

All tangible assets are related to EPS Italia.

The evolution of Property, plant and equipment between FY 2019 and FY 2020 by asset category is described in the next table:

PROPERTY, PLANT AND EQUIPMENT (amounts in Euro)	Buildings	Plant, machinery and technical equipment	Office and IT equipment	Assets leased (IFRS 16)	Tangible assets in progress	Total
Book Value						
At 31 December 2019	1.391.802	891.061	512.453	2.175.922	0	4.971.237
IFRS 16 effect	0	0	0	53.207	0	53.207
Additions	39.902	40.455	128.480	0	0	208.837
Adjustments and Disposals	0	0	0	0	0	0
At 31 December 2020	1.431.704	931.516	640.933	2.229.129	0	5.233.281
Depreciation and Impairment						
At 31 December 2019	(620.088)	(641.745)	(309.576)	(302.240)	0	(1.873.648)
IFRS 16 effect	0	0	0	(306.608)	0	(306.608)
Depreciation and Impairment	(176.806)	(74.978)	(295.745)	0	0	(547.528)
Disposal	0	0	0	0	0	0
At 31 December 2020	(796.893)	(716.722)	(605.321)	(608.848)	0	(2.727.784)
Net Book Value						
At 31 December 2019	771.714	249.316	202.877	1.873.682	0	3.097.589
Opening Reclass as at 01/01/2020	(179.430)	(29.589)	224.797	0	0	15.777
At 31 December 2020	455.381	185.205	260.409	1.620.281	0	2.521.277

4.16 Intangible Assets

Intangible assets as at 31 December 2020 amount to €9.272 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:

INTANGIBLE ASSETS (amounts in Euro)	31/12/2020	31/12/2019
ENGIE EPS ITALIA	3.068.092	5.072.588
EPS e-Mobility	3.288.596	0
Purchase Price Allocation (PPA)	1.572.926	1.572.926
ENGIE EPS	1.335.277	193.654
EPS Manufacturing	7.500	140.048
TOTAL INTANGIBLE ASSETS	9.272.391	6.979.216

The evolution of Intangible Assets between FY 2019 and FY 2020 by asset category is described in the table below:

INTANGIBLE ASSETS	Patent and Licenses with definite useful life	Software and website	Development costs	Other intangible assets (to be amortised)	Goodwill	Total
Book Value						
At 31 December 2019	2.394.618	495.260	10.718.437	633.362	1.568.783	15.810.460
Additions	104.170	404.281	3.322.374	1.176.165	0	5.006.991
Adjustments and Disposals	(49.293)	0	0	0	0	(49.293)
At 31 December 2020	2.449.495	899.541	14.040.811	1.809.527	1.568.783	20.768.158
Depreciation and Impairment						
At 31 December 2019	(2.240.984)	(341.971)	(6.095.742)	(152.546)	0	(8.831.243)
Amortisation and Impairment	(185.079)	(366.067)	(1.918.979)	(178.620)	0	(2.648.745)
Adjustments and Disposals	0	0	0	0	0	0
At 31 December 2020	(2.426.063)	(708.038)	(8.014.721)	(331.166)	0	(11.479.988)
Net Book Value						
At 31 December 2019	153.633	153.290	4.622.695	480.815	1.568.783	6.979.216
Opening Reclass as at 01/01/2020	86.040	411.206	(34.663)	(478.361)	0	(15.778)
At 31 December 2020	109.472	602.709	5.991.427	1.000.000	1.568.783	9.272.391

The increase in development costs for €3,322 k is mainly due to:

- €1,224 k to the development and further improvement of easyWallbox
- €523 k within the framework of PROPHET roll-out the new Energy Management System (EMS) platform, making possible to optimally combine the energy mix of electrical, thermal and hydrogen-based assets. Predictive functionalities will boost the system performances, tackling renewable and load variations in advance. The EMS algorithm computes the optimal parameters useful for the execution of the Power Management System (PMS), maximising BESS efficiency and minimising auxiliary consumption. Moreover, in case the system is enabled to take advantage of energy arbitrage, it estimates the best power profile that maximises system revenues;
- €430 k for the C-BESSHD, the new bi-directional Power Conversion System with full four quadrant operation, specifically designed for large-scale energy storage systems. Its modular design enables an excellent container integration therefore increasing the system reliability and reducing the footprint and overall costs. Due to the wide DC voltage operating range different types of batteries can be incorporated.
- €395 k investment for the energy storage products development: the project includes standardization, optimization and development of energy storage solutions that will guarantee ENGIE EPS to be more competitive in terms of performance and cost;
- €208 k investment for advanced technology applied to centralized charging stations transforming the batteries of parked car fleets into strategic, revenue-generating flexibility hubs for the grid. Combined with battery-as-a-service business models, they turn car fleets into a microgrid communicating with the electrical grid (Vehicle-to-Grid), transforming each parking lot – where cars are recharged – into huge sustainable power plants, able to stabilize the national electrical grid at lower costs than conventional thermal generation;

- €112 k to develop a Remote Supervision Dashboard, a web-based software platform which will serve as a first interface to offering an overview of the plant functioning and its assets, an out-of-the-box dashboard with prepacked analysis and indicators that will best represent the plant KPIs;
- €42 k to develop a prototype of HyESSFast, a DC charger that will unlock fast charge capabilities for EV ensuring an autonomy to a battery electric vehicle (BEV) of about 100 km in 30 minutes without expensive grid interconnection upgrades;
- €31 k for the development of Active EVPost that will be a fundamental component of Engie EPS EVHouse update, the centralized charging solution designed for large EV Parking.

The internal development costs are €1,710 k.

The increase in Other intangible assets is due for €1,174 k to the Vehicle-to-Grid (V2G) electric mobility project inaugurated in September 2020 in the Heritage Hub within the Mirafiori FCA's premises in Turin, the pilot project Vehicle-to-Grid (V2G). The project, 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 (please also refer to 7.2). ENGIE SA, through ENGIE Research department, granted a contribution of €1M in order to allow the implementation of the testing project, by providing a research and development capex contribution. As the asset is operated and managed by ENGIE EPS at its own costs and risks while the ownership is of ENGIE Research, the asset has been accounted as an Indefeasible Right of Use. ENGIE EPS shall purchase the asset at fair market value should ENGIE EPS and FCA decide to use the asset in the definitive commercial deployment. Furthermore, ENGIE EPS shall be always granted by ENGIE to purchase back the asset at the dismantling of the asset from the Site, in case ENGIE EPS and FCA decide not to proceed with the definitive commercial deployment at any time or in case of contractual breach.

The Disposals in Book Value of both the Intangible assets and Depreciation and Impairment are due to the elimination of assets with 0 net book value.

Goodwill of €1,569 k recognized in intangible assets is related to the acquisitions of ENGIE EPS Italia and MCM Energy Lab S.r.l. in 2016.

4.17 Investments in entities accounted using the equity method

Investments in entities accounted using the equity method which amounts to €9 k consists of Comores Énergies Nouvelles.

4.18 Other non-current financial assets

The amount of €190 k mainly consists of:

- €115 k of refundable deposits as a guarantee to the lease contract signed for the plant in Rivoli (Turin, Italy) and Cosio Valtellino (Sondrio, Italy);
- €75 k of deposits for utilities supplies.

4.19 Trade receivables

Total trade receivables increased by €1,711 k from 31 December 2019 to 31 December 2020. The increase is mainly due to the deferred liquidity granted to the trade receivables of Comores Énergies Nouvelles Sarl offset by cash in from trade receivables for works performed during the last quarter of 2019.

TRADE AND OTHER RECEIVABLES (amounts in Euro)	31/12/2020	31/12/2019
Trade and other receivables	12.660.474	10.748.160
Bad debt provision	(1.021.086)	(819.916)
TOTAL TRADE AND OTHER RECEIVABLES	11.639.388	9.928.244

A specific line in the BS has been added for a better representation of the contract assets, the total amount of €19.1 million relating to trade and other receivables published in note 4.19 of 2019 Consolidated Financial Statements has been partially reclassified under the item Contract Assets (please refer to paragraph 4.20).

Bad debt provision in FY2020 amounts to €1,021 k, compared to €820 k as at 31 December 2019.

The table below provides the analysis of Trade and other receivables aging as at 31 December 2020.

AGING ANALYSIS OF TRADE AND OTHER RECEIVABLES (amounts in Euro)	TOTAL	NEITHER PAST DUE NOR IMPAIRED	<30 DAYS	30-60 DAYS	61-90 DAYS	91-120 DAYS	>120 DAYS
2020	11.639.388	6.828.637	1.006.974	8.000	0	0	3.795.776
2019	9.928.243	7.180.061	1.032.662	21.887	0	(36)	1.693.669

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

4.20 Contract assets

Total contract assets decreased by €8,081 k from 31 December 2019 to 31 December 2020. The decrease is mainly due to the completion of the Agkistro hydrogen power-to-power system in Greece, of the storage solution for the Leini power plant and of the microgrids in California and Comoros. As of 31 December 2020, the contract assets amount to €1,068 k relating to the construction of the Sol De Insurgentes solar-plus-storage project in Mexico in close collaboration with ENGIE Solar, commissioning expected in the first half of 2021.

CONTRACT ASSETS (amounts in Euro)	31/12/2020	31/12/2019
Contract assets	1.068.083	9.148.945
TOTAL CONTRACT ASSETS	1.068.083	9.148.945

4.21 Inventories

As of 31 December 2020, the inventory amounts to €1,988 k compared to €2,986 k at the end of 2019. During the FY 2020 a provision amounting to €692 k was booked and the provision fund for impairment of inventory was used for an amount of €392 k, so for the year 2020 cumulative obsolescence reserve added up by €300 k.

INVENTORIES (amounts in Euro)	31/12/2020	31/12/2019
Raw materials		
Gross value	1.600.485	1.837.636
Obsolescence provision	(693.203)	(417.852)
Raw materials net book value	907.283	1.419.784
Work in progress		
WIP for construction contracts whose respective revenues aren't recognized during the current period	0	755.539
Gross value	712.239	382.178
Obsolescence provision	0	0
Work in progress net book value	712.239	1.137.717
Finished goods		
Gross value	393.795	428.446
Obsolescence provision	(24.873)	0
Finished goods net book value	368.922	428.446
Total inventories		
Gross value	2.706.519	3.403.800
Obsolescence provision	(718.076)	(417.852)
Total inventories net book value	1.988.444	2.985.948
Obsolescence reserve		
Beginning Value	(417.852)	(23.820)
Charge for the year	(692.095)	(394.032)
Utilizations of the year	391.872	0
Cumulated obsolescence reserve	(718.076)	(417.852)

4.22 Other current assets and other current financial assets

Other current assets and other current financial assets decrease from €5,109 k as of 31 December 2019 to €2,970 k as of 31 December 2020.

OTHER CURRENT ASSETS AND OTHER CURRENT FINANCIAL ASSETS (amounts in Euro)	31/12/2020	31/12/2019
VAT receivables	1.806.642	1.495.389
Current financial assets	467.500	428.201
Tax asset "Industria 4.0"	296.455	0
Advances to suppliers	172.433	1.064.082
Prepaid expenses	83.022	1.590.669
Other tax assets	69.000	94.509
Other receivables	46.665	383.841
Deferred tax asset	28.136	28.136
Social contributions receivables	0	23.922
TOTAL OTHER CURRENT ASSETS AND OTHER CURRENT FINANCIAL ASSETS	2.969.853	5.108.749

The decrease in "Other current assets" as at 31 December 2020 compared to 31 December 2019, amounting to €2,178 k can be explained mainly by the dramatic decrease in Prepaid expenses (€1,507 k) and in advances to suppliers (€892 k).

Other receivables also decreased significantly in 2020, while VAT receivables, Current financial assets and Tax asset "Industria 4.0" increased.

VAT receivables reported in FY 2020, amounting to €1,807 k, have been formally reported to Italian tax authorities within an official sworn declaration from an independent advisor and have been requested as a refund for a total amount of €717 k related to the reimbursement on VAT 2019 and €400 k related to the reimbursement of VAT 2020. The remaining amount (referred to VAT credit generated during 2020) will be used as a tax credit to offset cash-taxes due on a monthly basis during 2021.

Other current financial assets are related to a loan granted by ENGIE EPS to Comores Énergies Nouvelles Sarl and to Eps US for a total amount of €467 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 as at 31 December 2020 is €3,931 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 €1,280 k serve as cash collateral to guarantee financings received by the Group that are included in net debt. The Group considers this cash collaterals liquid to the extent that the release of the guarantee is under its control.

4.24 Net Equity

NET EQUITY (amounts in Euro)	31/12/2020	31/12/2019
Issued capital	2.553.372	2.553.372
Share premium	48.147.696	48.147.696
Other reserves	(570.124)	(382.504)
Stock Option and Warrants plan reserve	4.969.291	4.969.291
Retained earnings	(52.139.663)	(38.306.765)
Profit (Loss) for the period	(14.814.546)	(14.644.285)
TOTAL EQUITY	(11.853.975)	2.336.804

The total number of shares at the end of period is 12,766,860, as illustrated in the table below. The nominal value of each share is € 0.20 and the number of treasury shares at 31 December 2020 is nil.

NUMBER OF SHARES	31/12/2020	31/12/2019
Beginning of the period	12.766.860	12.766.860
Net Rights Issue	0	0
End of period	12.766.860	12.766.860

4.25 Severance indemnity reserve and Employees' incentive plan

The Italian Severance indemnity (TFR) as at 31 December 2020 amounts to €1,653 k, while it was €1,179 k at the end of 2019. The remaining amounts of €3,273 k are related to the non-current portion of SAR benefits. For a detailed description of this item please refer to paragraph 4.10.

As detailed in paragraph 4.10, post-employment benefit at the end of 2020 amounts to €4,926 k.

POST EMPLOYMENT BENEFIT (amounts in Euro)	31/12/2020	31/12/2019
Past Service Liability (at the end of the year)	1.653.386	1.179.104
Non-current liability related to SARs plan	3.272.562	3.646.516
Total Share Premium	4.925.948	4.825.620

The Italian Severance indemnity (TFR) in 2020 amounts to €1,653 k, while it was €1,179 k at the end of 2019.

POST EMPLOYMENT BENEFIT - TFR (amounts in Euro)	31/12/2020	31/12/2019
Past Service Liability (at the beginning of the year)	1.179.104	856.283
Opening Adjustment as at 01/01/2020	(97.325)	0
Current Service Cost	347.564	285.148
Interest Expense	16.846	16.588
Actuarial (Gains)/Losses recognised	193.087	107.801
Payments	14.109	(86.716)
Total	1.653.386	1.179.104

DETAILS OF ACTUARIAL GAIN AND LOSSES IN OTHER COMPREHENSIVE INCOME (amounts in Euro)	31/12/2020	31/12/2019
Liability (gains) / losses of the period	73.709	47.540
Liability (gains) / losses due to change in financial assumptions	119.682	59.945
Liability (gains) / losses due to experience	(303)	316
Total	193.087	107.801

Key assumptions

The following assumptions have been considered in performing the actuarial calculation:

- the probability of death has been estimated according to the table RG48 of the "Ragioneria Generale dello Stato";
- the retirement age has been estimated considering the minimum requirements set by Italian laws;
- the percentage of leave for reasons different from death and retirement has been estimated on an average annual basis equal to 2.86%;
- the probability of advance payments has been fixed to 3% per year.

FINANCIAL ASSUMPTIONS	31/12/2020	31/12/2019
Annual technical discount rate	0,68%	1,56%
Annual inflation rate	1,40%	1,50%
Total annual growth in salaries and wayer	2,00%	2,00%
Maximum % of TFR anticipation	70,00%	70,00%

Sensitivity analysis

A sensitivity analysis has been performed based on the annual technical discount rate:

TFR - SENSITIVITY ANALYSIS (amounts in Euro)	Annual technical discount rate	Annual technical discount rate
	0,50%	-0,50%
Past Service Liabilities	1.514.260	1.795.914

Expected cash flows

The following table reports the expected future yearly cash flows to settle the obligation as at December 31, 2020:

TFR - EXPECTED CASH FLOWS (amounts in Euro)	Distribution
Years	
0 - 1	47.975
1 - 2	57.544
2 - 3	68.268
3 - 4	79.166
4 - 5	92.820
5 -10	662.684
Total	1.008.458

The Table below reports the number of total ENGIE EPS Group employees at year-end:

Headcount by function	31/12/2020	31/12/2019
Management	10	10
Staff: Administrative & Finance, IR, Legal & Communication	30	24
Business Development and International Projects	15	8
Technology and R&D	23	23
Innovation	4	2
Engineering	35	17
Production	5	19
Project Management	10	4
Customer Value Management	3	3
Total	135	110

Distribution of employees by gender Percentage calculated based on active permanent Employees	31/12/2020	31/12/2019
Men	73%	75%
Women	27%	25%

Employees by age group	Distribution
Less than age 21	0%
21 to 30 years	43%
31 to 40 years	36%
41 to 50 years	13%
51 to 60 years	7%
More than age 60	1%

4.26 Non-current deferred tax liabilities

Non-current deferred tax liabilities for €16 k in FY 2020 (€16 k for 31 December 2019) includes deferred tax liabilities on assets recorded for EPS Italia 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 €6,887 k with a decrease of €9,076 k with respect to €15,963 k in 2019.

TRADE PAYABLES (amounts in Euro)	31/12/2020	31/12/2019
Trade payables	3.883.482	15.258.926
Invoices to be received	3.003.786	704.038
TOTAL TRADE PAYABLES	6.887.269	15.962.964

The table below provides the analysis of Trade payables aging as at 31 December 2020.

AGING ANALYSIS OF TRADE PAYABLES (amounts in Euro)	TOTAL	NEITHER PAST DUE NOR IMPAIRED	<30 DAYS	30-60 DAYS	61-90 DAYS	91-120 DAYS	>120 DAYS
2020	6.887.268	5.300.154	731.782	106.431	(26.479)	406.604	368.775
2019	15.962.964	14.923.757	453.143	212.620	26.450	200.979	146.017

4.28 Other Current and Non Current Liabilities

“Other non-current liabilities” amount to €1,904 k and was €1,632 k in 2019. The amount is mainly related to the long-term portion of the lease liability booked under the new IFRS 16 and risk provisions.

Other current liabilities at the end of FY 2020 are €6,505 k (€4,518 k for 31 December 2019).

OTHER LIABILITIES (amounts in Euro)	31/12/2020	31/12/2019
Lease liabilities	1.405.989	1.603.866
Provision for onerous contract - non current	497.639	27.725
Total other non-current liabilities	1.903.628	1.631.591
Deferred income	3.557.278	103.230
Employee wages and salaries	1.812.756	1.156.213
Withholding taxes and social contributions	1.098.310	1.080.223
Provision for onerous contract - current	0	1.304.379
Board compensations	15.000	15.000
Advances on government grants	0	859.712
Other liabilities	21.718	0
Total other current liabilities	6.505.062	4.518.758
TOTAL OTHER LIABILITIES	8.408.690	6.150.349

Deferred income amounts to €3,557 k against €103 k as at 31 December 2019. The amount includes advance payments that will produce economic benefits in future periods, mainly referred to R&D tax credit (€1,087 k) and deferred income vs ENGIE Research on the V2G project on FCA Mirafiori parking lot (€1,000 k, please also refer to paragraph 4.16) and other R&D projects (€697 k) that will be accounted as revenues as long as the corresponding depreciation cost will be booked.

Advances on government grants amount to zero as at 31 December 2020 while were €860 k as at 31 December 2019.

The item for Provision for onerous contracts decreased from €1,332 k in 2019 to €497 k in 2020.

Employees' wages and salaries amount to €1,813 k against €1,156 k as at 31 December 2019. That amount includes vacation provisions.

The item Withholding taxes and social contributions refers to the amounts which will be settled in the first quarter 2021 and to the accruals for deferred social charges to be paid for deferred employee benefits which has increased because of a higher headcount.

4.29 Financial liabilities

Financial liabilities at the end of 2020 are €25,206 k, with an increase of €10,674 k compared with the year-end 2019. The amount is detailed as follows.

Financial liabilities as of 31/12/2020 (amounts in Euro)	Interest rate	Current liability	Non-current liability	Total
MLT credit line – SOGEN to ENGIE EPS	Floating rate (euribor 3m + spread 0.85%) Fixed rate (0.35%) on the unused and uncanceled amount	0	23.421.962	23.421.962
MLT credit line – Mediocredito Italiano to EPS Manufacturing	Floating rate (euribor 3m + spread 3.75%)	795.571	581.861	1.377.432
MLT credit line – Banca Sella to ENGIE EPS ITALIA	Floating rate (euribor 3m + spread 3.5%)	173.029	233.249	406.277
TOTAL FINANCIAL LIABILITIES		968.600	24.237.072	25.205.671

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

Financial liabilities as of 31/12/2020 (amounts in Euro)	Short Term 2019	Long Term 2019	Cash in	Cash out	Fair Value adjustment	Accrued interests	Reclass form Long term to Short term	Short Term 2020	Long Term 2020	TOTAL
MLT credit line – SOGEN to ENGIE EPS	0	12.441.211	11.000.000	0	(19.248)		0	0	23.421.962	23.421.962
MLT credit line – Mediocredito Italiano to EPS Manufacturing	794.381	582.216	0	0	(22.296)	23.131	0	795.571	581.861	1.377.432
MLT credit line – Banca Sella to ENGIE EPS ITALIA	227.412	231.479	0	(56.176)	1.771	1.791	54.383	173.029	233.249	406.277
ST working capital financing - Unicredit to ENGIE EPS ITALIA	175.000	0	0	(175.000)	0		0	0	0	0
ST working capital financing - Intesa Sanpaolo to ENGIE EPS ITALIA	80.480	0	0	(80.480)	0		0	0	0	0
TOTAL	1.277.273	13.254.905	11.000.000	(311.656)	(39.773)	24.922	54.383	968.600	24.237.072	25.205.671

ENGIE EPS obtained additional €10M from Société Générale in December 2020 in the form of credit lines (to be paid back over a 17 months revolving credit facility) in order to fund its working capital needs, R&D and capex investments. The 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 2020 ENGIE EPS drawdown €1m 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
Mediocredito	<ul style="list-style-type: none"> Negative pledge <i>Pari passu</i> 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) 	<ul style="list-style-type: none"> insolvency proceeding about any Group's entity; dissolutions, mergers, acquisitions or founding one or more assets allocated to a particular business; resolution or event that could create a shareholder's right to withdraw; shareholders' exercising, if any, of their right to withdraw; decrease of the share capital; transfer of activity or significant modification, or transfer of the company or branch property / use; defining act which by a third party acquires, in any way, the debt deriving from the Mediocredito loan; changes of the end use of the goods referred to the project; changes of the shareholders' framework have to be transmitted within 10 days. <p>Before July 31st of each year:</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>
Banca Sella	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> substantial changes of the activity scope changes of the shareholders' framework
Intesa Sanpaolo	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> There isn't a specific obligation on working capital credit line facilities.
Société Générale	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> There isn't a specific obligation on working capital credit line facilities.

4.30 Net financial position

Net Financial Position amounts to € -21,275 k and 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, in particular Société Générale and Intesa Sanpaolo.

The cash position at 31 December 2020, represented by liquid assets, amounted to € 3.9 million compared to € 6.4 million at the end of 2019.

NET FINANCIAL POSITION (amounts in Euro)	31/12/2020	31/12/2019
Cash and cash equivalent	3.930.868	6.431.376
<i>Cash at banks and petty cash</i>	3.930.868	6.431.376
Net financial debts	(25.205.671)	(14.532.179)
<i>Current financial liabilities</i>	(968.600)	(1.277.274)
<i>Non current financial liabilities</i>	(24.237.071)	(13.254.905)
NET FINANCIAL POSITION	(21.274.803)	(8.100.803)

4.31 Related party disclosures

4.31.1 Intra-group Operations

ENGIE EPS, as parent company of the ENGIE EPS Group, may, as appropriate, enter into financial transaction with ENGIE EPS Group Companies.

On 10 December 2015, the Company granted a €1,000 k interest free line of credit facility to EPS Inc. in order to fund the start-up activities of the ENGIE EPS Group in the United States. Total draw down in 2020 has been €5 k in addition to €5 in 2019, €5 k in 2018 and €115 k in the previous years.

On 4 January 2016, the Company granted a debt revolving loan facility to EPS Italia. The revolving facility bore interest at Euribor 3 months plus 215 bps. Total draw down as at 31 December 2020 was €13,410 k.

On 17 June 2019 and 27 December 2019, the Company granted a debt revolving loan facility to EPS Italia respectively for €7,500 k and 15,000 k. The revolving facility bore interest at Euribor 3 months plus respectively 101.5 bps and 99 bps. If Euribor is less than zero, that rate shall be deemed to be zero. As at 31 December 2020, the €7,500 k was completely drawn. Total draw down for the second line in 2020 has been €8,490 k.

In 2016, the ENGIE EPS Group companies entered into a cost sharing agreement based on a direct splitting of costs related to support functions. The reallocation of costs resulting from the transfer pricing policy was made in compliance with market conditions and French and Italian regulations. The corporate functions assigned to the benefit of the various ENGIE EPS Group companies (Business Development, Business Intelligence, Administration & Finance, Communication, Legal, Compliance and HR) are assigned to specific cost centres and can be supported by ENGIE EPS or by its subsidiaries. In the latter case, the share of the support functions supported by the subsidiaries is first billed back to ENGIE EPS without any margin and allocated to the specific cost centres to be included in the total cost of the common functions.

The total cost of the shared functions is then distributed among ENGIE EPS Group companies according to consistent and homogeneous criteria, at market conditions. The allocation criteria chosen are objective and measurable. Allocation keys are applied consistently to all entities and allow correlation of allocated costs and revenues. In compliance with the French and Italian tax regulations, as well as the arm's length principle, ENGIE EPS re-invoices the expenses of the common functions to ENGIE EPS Group companies by applying a margin of 5%.

On 16 April 2020, in the context of the research project studying the V2G technology within the parking lot area named "Drosso" located at FCA's plant in Turin ("Drosso Project"), the Company and EPS Italia entered into a framework agreement with EPS Italia providing engineering and project management services for the realization of the V2G System at the rates agreed under such framework agreement. The contract price is € 1,034 k.

4.31.2 Significant agreements concluded with related parties

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 ENGIE EPS Group exercise at least a notable influence.

The principal operations with associated parties are:

Agreement with ENGIE

- On 21 October 2020, ENGIE EPS and ENGIE S.A. entered into the so-called V2G Drosso Agreement. In the context of the Drosso Project, ENGIE formalised its intention to support ENGIE EPS with a research and development capex contribution of €1,000 k and, on the other hand, ENGIE EPS agreed to share with ENGIE any results and know-how generated in the framework of the Drosso Project tests.
- On 5 November 2020, ENGIE EPS, FCA and ENGIE entered into the so-called Letter Agreement regulating, inter alia, the transfer of proprietary rights of the main asset (i.e. V2G charging system for vehicles and batteries with a capability of 2MW/2MWh) of the Drosso Project.
- 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. This agreement expired on 31 December 2019.

- 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. This agreement expired on 31 December 2019.

Agreement with ENGIE Italia S.p.A. (a company belonging to the ENGIE Group)

- On 31 March 2020, EPS Italia and ENGIE Italia S.p.A. entered into a secondment agreement concerning the temporary assignment of ENGIE Italia S.p.A.'s employee, Mr. Christian Crepaldi to EPS Italia where he is to provide support to the e-mobility business. The parties agreed on a 75% partial secondment with effect from 1 January 2020 to 31 December 2021. On 1 August 2020, Mr. Crepaldi was formally employed by EPS Italia.
- On 24 April 2020, EPS Italia and ENGIE Italia S.p.A. entered into a secondment agreement concerning the temporary assignment of ENGIE Italia S.p.A.'s employee, Mr. Davide Conti to EPS Italia where he is to provide support to the development of DERMS projects (Distributed Energy Resources Management Systems). The parties agreed on a 40% partial secondment with effect from 1 January 2020 to 31 December 2020. On 1 January 2021, Mr. Conti was formally employed by EPS e-Mobility.
- On 31 March 2020, EPS Italia and ENGIE Italia S.p.A. entered into a secondment agreement concerning the temporary assignment of ENGIE Italia S.p.A.'s employee, Ms. Valentina Leva to EPS Italia where she was to provide support to the e-mobility business. The parties agreed on a 50% partial secondment with effect from 1 January 2020 to 31 December 2021. On 26 October 2020, the secondment agreement was early terminated by the parties.
- On 25 February 2021 EPS Italia and ENGIE Italia S.p.A retroactively entered a contract for the provision of transfer pricing for the period 1 January 2020 – 31 December 2020, for an amount of € 22.7 k.

Agreement with ENGIE Servicios Energéticos S.A. (a company belonging to the ENGIE Group)

- On 18 December 2020, EPS e-Mobility and ENGIE Servicios Energéticos S.A. entered into the so-called easyWallbox Call Center Service Agreement for the provision of certain call center services to be provided for the support of FCA's final customers purchasing e-mobility products in Spain.
- On 23 December 2020, EPS e-Mobility and ENGIE Servicios Energéticos S.A. entered into a partnership agreement aimed at regulating the provision of certain installation services to be provided by ENGIE Servicios Energéticos S.A. for the support of FCA.'s final customers purchasing e-mobility products in Spain.

Agreement with Fabricom Electrical-PVV Ltd (a company belonging to the ENGIE Group)

- On 22 December 2020, EPS e-Mobility and Fabricom Electrical-PVV Ltd entered into the so-called easyWallbox Call Center Service Agreement for the provision of certain call center services to be provided for the support of FCA's final customers purchasing e-mobility products in Hungary.
- On 17 December 2020, EPS e-Mobility and Fabricom Electrical-PVV Ltd entered into a partnership agreement aimed at regulating the provision of certain installation services to be provided by Fabricom Electrical-PVV Ltd for the support of FCA's final customers purchasing e-mobility products in Hungary.

Agreement with ENGIE Hellas S.A. (a company belonging to the ENGIE Group)

- On 9 December 2020, EPS e-Mobility and ENGIE Hellas S.A. entered into the so-called easyWallbox Call Center Service Agreement for the provision of certain call center services to be provided for the support of FCA's final customers purchasing e-mobility products in Greece.

Agreement with Engie Rinnovabili S.p.A. (a company belonging to the ENGIE Group)

- On 31 March 2021 EPS Italia signed a contract with Engie Rinnovabili S.p.A. for the engineering, procurement, installation and 15-year maintenance of an energy storage system to be located at Salemi (Trapani), Italy, for an amount of €4,240k. The amount of the annual maintenance fee is € 28,9K.

Agreement with Engie Servizi S.p.A. (a company belonging to the ENGIE Group)

- On 31 March 2021 EPS Italia signed a contract with Engie Servizi S.p.A. for the engineering, procurement, installation and 15-year maintenance of an energy storage system to be located at Nera Montoro, Italy, for an amount of € 7,701k. The amount of the annual maintenance fee is € 39,2k

Agreement with ENGIE SOLAR S.a.S. (a company belonging to the ENGIE Group)

- 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 EPS Italia in order to subcontract part of the works. The contract price is equal to USD \$17,303 k.
- EPS Italia concluded an agreement with ENGIE SOLAR S.a.S. for the provision of advisory services in order to deploy the smart integration program of EPS Italia within the ENGIE Group. The agreement is effective from 1 January 2019 and until the date of effective termination of the employment contract between Mrs Michela Costa and EPS Italia in compliance with the Italia labour law. The scope of this service agreement is to support ENGIE SOLAR S.a.S. by using EPS Italia 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 “Services”). The annual cost of this agreement corresponds to the monthly price of the Services which is calculated basing on the full corporate cost of the employee Mrs. Michela Costa on a monthly basis with an agreed margin equal to 5%.
- On 14 December 2018, ENGIE EPS 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)

In relation to the Sol De Insurgentes Projects described above, on 27 November 2019, EPS Italia 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 fixed 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)

On 31 December 2019, EPS Italia, 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 (“Leini Project”). The contract price is equal to €2,643 k.

Agreement with ENGIE Lab Singapore (a company belonging to the ENGIE Group)

On 21 September 2017, EPS Italia 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 contract fixed price is €663 k.

Agreement with Comores Energies Nouvelles S.A.R.L. (a company belonging to the ENGIE EPS Group at 49%)

On 16 November 2018, EPS Italia 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 (Comoros). EPS Italia scope of work consisted, among others, in the performance of

engineering and design services as well as the procurement of material and equipment. The contract fixed price is € 5,572 k.

Agreement with ENGIE EEC (a company belonging to the ENGIE Group)

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, EPS Italia entered into an agreement as a contractor for the engineering, procurement and construction of 4.8 MW / 5.06 MWh BESS. The contract fixed price is €2,478 k.

Agreement with ENGIE Storage (a company belonging to the ENGIE Group)

ENGIE EPS 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 equal to \$330 k.

Agreement with ENGIE Electrabel (a company belonging to the ENGIE Group)

EPS Italia concluded on 9 October 2018 an engineering contract for ENGIE Electrabel. The contract fixed price is €25 k. The contract was terminated on 5 August 2019.

Agreement with ENGIE ENERGIE SERVICES (a company belonging to the ENGIE Group):

- ENGIE EPS concluded on 1 January 2019 an engineering contract for ENGIE ENERGIE SERVICES. The contract price is approximately €200 k.
- On 1 January 2019, EPS Italia and ENGIE ENERGIE SERVICES entered into a Service Agreement for the supply by the former to the latter of certain services related to hydrogen production. ENGIE ENERGIE SERVICES agreed to pay EPS Italia a service fee in order to hire a number of EPS Italia authorized employees. The service fee is calculated based on hourly rates.

4.32 Board compensation

The board compensation is determined by the Annual General Shareholdings' Meeting. It is paid on a current basis and no indemnity leave or share based compensations were agreed on the past.

As in previous years the Chief Executive Officer and the Executive Directors compensation is not included in Other Operating Expenses, but it has been reclassified in the item Personnel costs, because both Directors played a full operative role in the business and corporate strategy of the ENGIE EPS Group.

However, for sake of clarity, the board compensation outlined in this section includes the cost for the Board and the salary of the Chief Executive Officer and the Executive Directors.

The table below presents a summary of the remuneration paid by ENGIE EPS to the Board of Directors in charge on 2019 and the compensation paid by ENGIE EPS to the Executive Directors.

BoD AND EXECUTIVE DIRECTORS REMUNERATION AND BENEFITS (amounts in Euro)	31/12/2020	31/12/2019
Fixed compensation	195.000	185.000
Variable compensation	132.500	49.875
Compensation as board member	259.819	223.425
Benefits in kind	47.005	37.859
TOTAL BoD AND EXECUTIVE DIRECTORS REMUNERATION AND BENEFITS	634.324	496.159

4.33 Statutory auditors' compensation

Pursuant to Article 222-8 of the General Regulations of the French Financial Markets Authority (AMF), the following table presents information on the fees paid by ENGIE EPS Group and its subsidiaries to each of the auditors in charge of auditing the annual and consolidated financial statements:

Deloitte	Amount (in €) taxes excluded		%	
	2020	2019	2020	2019
Audit				
Audit of the accounts, certification, review of the annual financial statements and annual consolidated financial statements				
EPS SA	110.000	0	73%	0%
Integrated subsidiaries	40.000	0	27%	0%
Other services directly related to the audit mission				
EPS SA	0	0	0%	0%
Integrated subsidiaries	0	0	0%	0%
Sub-total	150.000	-	100%	0%
Other services provided by the networks to the integrated subsidiaries				
Legal, tax, employment matters	0	0	0%	0%
Others (1)	0	0	0%	0%
Sub-total	-	-	0%	0%
TOTAL	150.000	-	100%	0%

(1) Audit fees related to the IPO and Right Issue process

RBB Business Advisors	Amount (in €) taxes excluded		%	
	2020	2019	2020	2019
Audit				
Audit of the accounts, certification, review of the annual financial statements and annual consolidated financial statements				
EPS SA	52.250	52.250	100%	100%
Integrated subsidiaries		0	0%	0%
Other services directly related to the audit mission				
EPS SA		0	0%	0%
Integrated subsidiaries		0	0%	0%
Sub-total	52.250	52.250	100%	100%
Other services provided by the networks to the integrated subsidiaries				
Legal, tax, employment matters	0	0	0%	0%
Others	0	0	0%	0%
Sub-total	-	-	0%	0%
TOTAL	52.250	52.250	100%	100%

BDO Paris Audit & Advisory	Amount (in €) taxes excluded		%	
	2020	2019	2020	2019
Audit				
Audit of the accounts, certification, review of the annual financial statements and annual consolidated financial statements				
EPS SA	0	123.500	0%	75%
Integrated subsidiaries	0	0	0%	0%
Other services directly related to the audit mission				
EPS SA	0	0	0%	0%
Integrated subsidiaries	0	0	0%	0%
Sub-total	-	123.500	0%	75%
Other services provided by the networks to the integrated subsidiaries				
Legal, tax, employment matters	0	0	0%	0%
Audit	0	42.000	0%	25%
Others (1)	0	0	0%	0%
Sub-total	-	42.000	0%	25%
TOTAL	-	165.500	0%	100%

4.34 Loan commitments and guarantees and off-balance sheet commitments

The amount of off-balance sheet commitment concerning the Group is equal to €2,654 k and refers for €1,194 € to guarantees emitted on behalf of customers and for the remaining amount to guarantees emitted as requested by Italia tax authorities on the reimbursement of VAT credit.

In addition to that, it is worth noting that in the agreement with Enel / Endesa related to the project "Litoral" commissioned in 2018, 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.

4.35 Financial Risk Management Objectives and Policies

The ENGIE EPS Group's business depends in particular on the success of a limited number of tenders and RFPs in which ENGIE EPS is competing either directly (i.e. to be selected as Battery-Energy-Storage-System (BESS) supplier by the final customer) or indirectly (as BESS supplier to a developer bidding to secure a project which includes BESS). This risk extends to the currently outstanding tenders and RFPs. Certain of these tenders or RFPs can individually represent a multiple of the revenue compared to the historical sales of the ENGIE EPS Group.

A specific feature of these tenders or RFPs is that the underlying processes are normally lengthy and can be protracted or delayed by the necessity for several approval layers and by the ability of bidders to contest or appeal the results (such as for the Guam project in late 2019).

Therefore, sales and the ENGIE EPS Group operating results may vary significantly and unexpectedly from one period to another.

4.35.1 Risks associated with the euro-US dollar exchange rate

The ENGIE EPS Group expects to be increasingly exposed to the euro-US dollar exchange rate risk. The Consolidated Financial Statements of ENGIE EPS are prepared in Euros and, historically, the ENGIE EPS Group has conducted its business in Euros. However, a significant part of the ENGIE EPS Group's business in 2020 was conducted in US dollar (around 44% of total revenues). In the future, the ENGIE EPS Group is likely to sign contracts whose main currency is the US dollar, and which might represent a significant part of its business. Also, a significant part of the ENGIE EPS Group's purchases (61% on 2020) are made in US dollar (e.g. batteries). ENGIE EPS Group considers that this risk will increase as it expands internationally.

Therefore, the ENGIE EPS Group is exposed to the euro-US dollar exchange rate, conversion and transaction cost risks. The risk associated with currency fluctuations may materialise during the conversion into Euros of the value of assets and liabilities not denominated in Euros. To the extent that the exchange rates of these currencies are exposed to fluctuations, they are likely to affect the Consolidated Financial Statements of ENGIE EPS Group, which could also have a significant effect on ENGIE EPS Group's financial position and its results, as represented in the ENGIE EPS Group's accounts. The risk related to foreign exchange rate variations may occur due to the difference in exchange rates between the closing date of the commercial transaction and the date of settlement.

Currently, ENGIE EPS Group's exposure to foreign currency risk is not financially hedged and the finance department monitors the foreign currency risk and manages it mainly through commercial and contractual arrangements.

In 2020, the ENGIE EPS Group registered costs of sales for a total amount of \$5,131 k corresponding to a total amount of €4,393 k and revenues for a total amount of \$5,361 k corresponding to a total amount of €4,887 k. As specified in the previous paragraph, those amounts are significant compared to the total costs and revenues of the ENGIE EPS Group in 2020 (61% and 44% respectively).

4.35.2 Liquidity risk

ENGIE EPS Group's capacity to obtain additional financings depends on a certain number of factors, in particular its operational performance and financial situation, the market conditions and other factors that are not with the control of the ENGIE EPS Group. Such factors can also make the financing's terms and conditions uninteresting

for ENGIE EPS Group. It might not be able to raise additional funds when needed and, consequently, its capacity to run its business as planned, to develop it and to progress may be affected.

The revenue stream of the past three years did not allow the ENGIE EPS Group to finance its own cash needs and shareholders' support has been material to finance its activities. Furthermore, the ENGIE EPS Group recorded a negative EBITDA of €8.4 million and a net loss of €14.8 million in 2020 and is not expected to be earning-positive in the short term. Further, and as indicated in the table below, as at 31 December 2020, ENGIE EPS Group had €25.2 million of net financial debt, of which €969 k was current and €24.2 million was non-current. This debt is also subject to certain covenants (see note 2704.29).

This means that ENGIE EPS will be very limited in its capacity to obtain debt financing, including to refinance its existing debt, even with the support of the ENGIE group, which itself will not necessarily be always forthcoming. Furthermore, such capacity will be affected by the degree of support that a potential new controlling shareholder will offer to the ENGIE EPS Group, should the announcement by the ENGIE Group on 23 September 2020 of its decision to assess strategic options for ENGIE EPS result in the divestment of its stake.

Furthermore, particular attention has to be paid to liquidity risk related to the impact of COVID-19 on ENGIE EPS Group cash generation and preservation, should the pandemic not abate in the short term. For a detailed description of this risk please refer to paragraph 3.2.2 of this Universal Registration Document.

The materialization of risks described in this section could materially affect the ability of ENGIE EPS Group to successfully implement its Long Term Strategic Plan, including financial targets therein and is likely to determine the inability to sustain the working capital needs.

4.35.3 Credit and/or counterparty risks

ENGIE EPS is normally exposed to customer credit risk which can be at times concentrated on few customers given the large size of purchase orders or contracts. The maximum exposure to credit risk is represented by the carrying amounts of trade receivable in the Consolidated Financial Statements of the ENGIE EPS Group (approximately €10.1 million as at 31 December 2020). For certain contracts ENGIE EPS Group has extended "supplier credit" to the customer, thus increasing the credit or counterparty risks. The total amount of supplier credit as at 31 December 2020 was €5.7 million including work in progress. The credit risk is monitored and managed by the finance department, including through the inclusion of safeguards in the major contracts (mainly advanced payments).

Out of the total trade receivables as at 31 December 2020, €2.2 million were due by customers within the ENGIE Group.

The ENGIE EPS Group does not hold counterparty insurance.

The materialization of risks described in this section could materially affect the ability of ENGIE EPS Group to successfully generate positive cash flows from operative activities.