



FRANÇAISE DE l'Energie



HALF-YEARLY FINANCIAL REPORT
31 DECEMBER 2019

The Group: Facts and figures



Turnover (K euros)



H1 2019



H1 2020

Gas Electricity



€153K

EBITDA
H1 2019

€712K

EBITDA
H1 2020

(€237K)

Op. income
H1 2019

€112K

Operating
income
H1 2020

(€710K)

Net loss
H1 2019

€193K

Net profit
H1 2020

Finamur financial leasing (*)
+ €940K

ADEME aid (*)
+ €1,304K

ERDF-FSE aid (*)
+ €2,800K

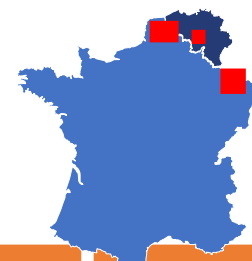
Bpifrance loan
+ €1,340K

Triodos Bank
loan
+ €4,240K

Funding
obtained
H1 2020



2P Certified reserves (millions of m³)



Belgium
(Anderlues)

277

Hauts-de-
France

9,191

Lorraine

2,144

Available
cash

€4,592K

Equity

€54,455K

Net
debt ratio

26.5%

Exploration assets

€44,924K

(*) As of 31 December 2019:
Debt outstanding of €301K in financial
leasing out of €940K
Uncollected ADEME and ERDF-FSE aids



HALF-YEARLY ACTIVITY REPORT

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ACTIVITIES FOR THE FIRST HALF OF FY19-2020

REVENUE

As of 31 December 2019, sales for the last six months increased by 27.3% compared to the first half of FY19, to €4,180K, a €896K increase.

This continued growth is due mainly to the good performance of the electricity-generation business, with an increase in the contribution of the Avion site and the new generation of revenues at the Belgian site of Anderlues, in production since late April 2019.

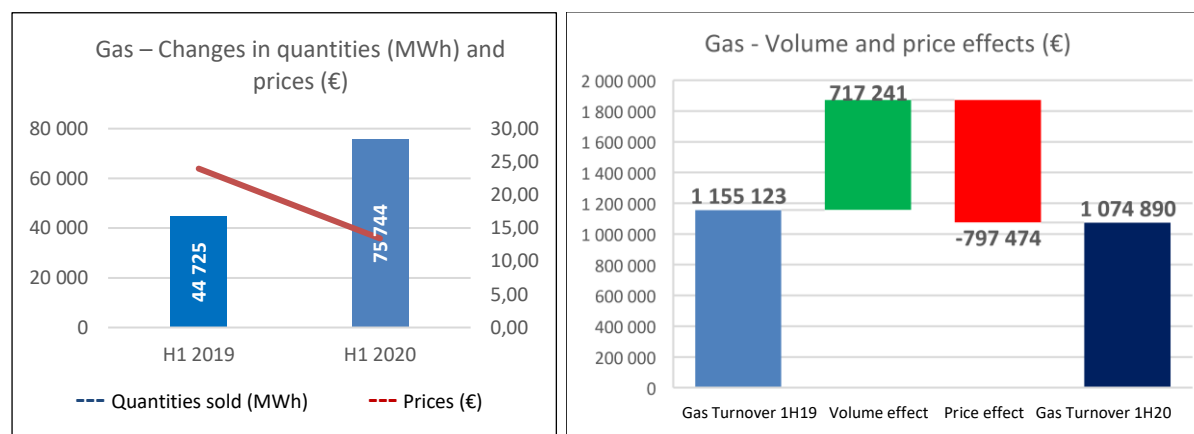
These positive trends helped limit the impact of the decline in sales related to the gas-production business, strongly affected by the decline in average selling prices over the period (-45%).

Sales trends between 1H19 and 1H20

€	H1 FY2020	H1 FY2019	Var.	Var. %
France - Gas	1,074,890	1,155,123	-80,233	-6.9%
France - Electricity	2,656,695	2,128,344	528,351	24.8%
Belgium - Electricity	448,120	0	448,120	
Total Turnover	4,179,704	3,283,467	896,237	27.3%

More specifically, in the gas sector, sales volumes increased significantly, by 31,019 MWh, from 44,725 to 75,744 MWh in the six months ended 31 December 2019, representing a €743K volume effect. This strong increase in volumes was achieved particularly in the second quarter of the 2019-2020 fiscal year, as the first quarter was impacted by work carried out on the transport and distribution networks.

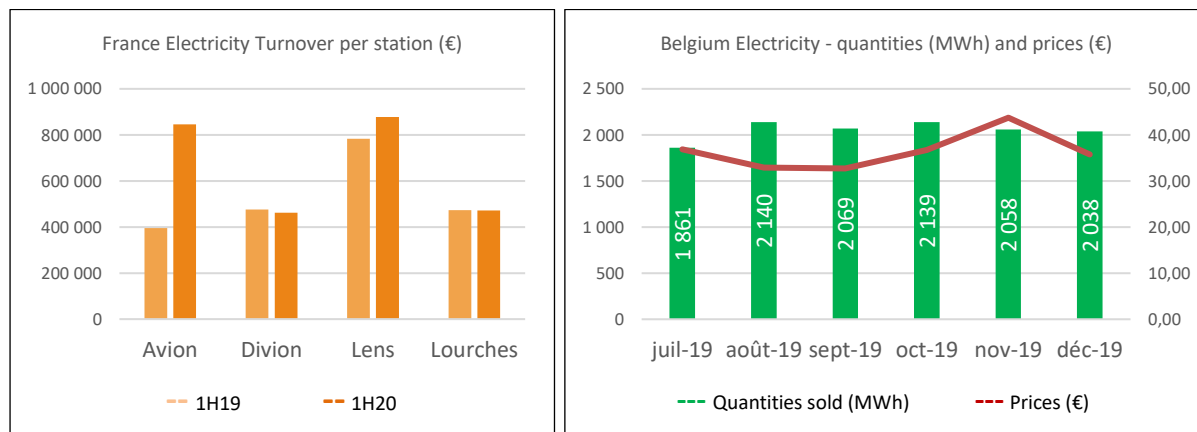
Still, this positive volume effect was fully absorbed by the unfavourable price effect of the period, with the average selling price dropping from 24 €/MWh to 13.4 €/MWh between 1H19 and 1H20, despite a customary price increase starting in October 2019.



Green electricity production continued to grow, reaching an overall turnover of €3,105K. Of the 6 cogenerations operating in France, performance rates now exceed 94% at the Group's 4 sites, with a sharp increase in volumes produced in Avion (up 108% in volumes produced compared to 1H19), as 1H19 was negatively impacted by the work intended to improve the site's reliability and by the installation of three new electric motors.

The price effect was minimal over the period, with only the price changes resulting from the tariff decree for this production being applicable, with an average price rising from 70.57 €/MWh to 71.79 €/MWh.

The activity in Belgium now accounts for 11% of the Group's total turnover, with the Anderlues site fully operational since its commissioning. Over this semester, the quantities sold reached 12,305 MWh, evenly distributed over the relevant 6 months. The average selling price, at the market rate in Belgium, stabilized at 36.4 €/MWh.



This good dynamic in the electricity-generation business is expected to continue throughout the second half of the year for the 8 installed cogenerations. As for the gas-production business, although it is not expected to see a significant price surge, the Group does expect an increase in gas volumes sold, driven especially by the simultaneous operation of the three electric motors in Avion starting in April.

EBITDA AND OPERATING RESULTS

In line with the trend noted at the previous year's close, on 30 June 2019, EBITDA increased sharply over this half-year compared to the first half of the previous year, reaching €712K, an increase of €559K. This performance is related to the growth of the business previously described, coupled with good control over operating costs. Indeed, while the cost of goods and services sold increased along with activities, *i.e.* a 26% increase due particularly to the costs of purchasing electricity, administrative and operational expenses stabilized, rising from €1,619K to €1,651K.

The cost of goods and services sold reached €2,044K in 1H19/20, consisting mainly of €799K in electricity purchases, a €438K increase compared to 1H18/19 due to the operation of two of the three Siemens electric motors installed in early 2019 at Avion. The other significant cost item consisted of maintenance costs, at €507K (up €90K).

Administrative and operational expenses, excluding personnel costs, include among others €308K in fees, as well as €196K in study and exploration costs. The increase observed in this item, amounting to €150K, relates mainly to new projects under development, notably the implementation of the power-supply project in the municipality of Bethune by 2021. Costs associated with this project were re-billed to the Group's partner, Dalkia, amounting to €133K over the half-year.

Excluding free shares, personnel costs are relatively stable, rising from €818K to €802K for an average workforce of 17.7 to 16.9 spread over the entities La Française de l'Énergie and Gazonor. The charge related to the allocation of free shares (€39K compared to €66K for the previous half-year) is calculated and spread out for each of the plans in progress over their total acquisition period, the 2019 plan having a grant date of 12 December 2019, *i.e.* little impact on 1H19/20.

This stability in operating expenses, excluding costs of goods sold, demonstrates the Group's now consistent ability to control its cost structure.

Net provision allowances show a revenue of €153K compared to a charge of €131K in 1H18/19. This revenue relates mainly to the reversals recorded on risk provisions, due particularly to end of the tax audit at *La Française de l'Énergie*, for a €162K decrease.

Finally, depreciation and amortization expenses rose sharply, from €390K to €600K, under three combined effects: the commissioning of two of the three electric motors at the Avion site in late 2018 and early 2019, for a cumulative investment of 0.8 million euros, the start of the amortization of the Anderlues site in April 2019 and of its start-up (investments over 1.9 million euros), and the first application of IFRS 16, resulting in the finding of €51K in depreciation and amortization allowances over this semester.

These cumulative effects allow the Group's operating profit to move out of the red zone, from (€237K) in 1H18/19 to a positive figure of €112K for this semester.

INVESTMENTS

For the La Française de l'Énergie Group, the first half of the fiscal year ending on 30 June 2020 was a period of transition in terms of investments, after a FY19 that saw the completion of two significant projects: the installation of three new Siemens electric motors at the Avion site, for approximately 1.3 million euros, and the start-up of the Anderlues site in Belgium, for over 1.9 million euros in equipment for two cogenerations.

Over the six-month period ended 31 December 2019, the major investments made broke down as follows:

- In Lorraine, exploration costs increased by €203K on the Bleue Lorraine permit, mainly routine maintenance work. Following the request for a concession of the same name made in November 2018, 2019 was devoted mainly to finalising the production test of the Lachambre well and to the preparation of the Group's comprehensive development plan for activities in this area, formally presented on 21 January 2020.
- Also in Lorraine, a financial leasing was set up to finance the construction of a series of offices and warehouses in the Faulquemont (Moselle) business area, which will allow the Group to avoid the current disbursement of rents for offices and warehouses. Out of an estimated budget of €940K, €301K had already been invested as of 31 December 2019 in a project that is expected to be completed before September 2020.
- In the Hauts-de-France region, the Gazonor entity has made €263K in investments, most of which are still ongoing, including a project to increase the performance of the dehydration unit at the Avion site, with over 0.1 million euros invested over the period.
- In Belgium, there were only a few residual investments at the Anderlues site this semester, for less than €30K.

On the Balance Sheet, exploration assets reach a net value of €44,924K (after taking depreciated elements into consideration), of which €41,121K are for the Bleue Lorraine permit.

Property and equipment, excluding mining rights, amounted to €9,001K compared to €9,166K, especially after nearly €500K in depreciations of the Group's industrial base over the period.

CASH FLOW AND FINANCING

The Group's net cash position as of 31 December 2019 stood at €4,592K, a very strong improvement of €3,427K compared to 30 June 2019. This favourable development was due to a sharp increase in financing flows, of €4,757K, which more than offset investment activities, which remained moderate in 1H19/20, with flows from operating activities being slightly positive.

Indeed, the Group's operating activities generated a positive effect of €86K on cash flow for the half-year, despite a (€821K) negative variation in operating WCR.

Over the next 12 months, up to 31 March 2021, the Group Management's cash-flow forecasts confirm the Group's ability to continue its operating activities, to meet its cash requirements and to pay its debts on its Balance Sheet.

The financing cash flow benefited from the conclusion of two new loans over this 6-month period, one for €1,340K concluded in October 2019 between Gazonor and Bpifrance Financement, and the other for €4,240K concluded in December 2019 between Gazonor Benelux and Triodos Bank, a total of €5,580K and €5,240K in net cash after taking into consideration the creation of the €340K guarantee linked to the Triodos loan. Other flows of this nature are mainly related to €800K in repayment of quarterly maturities on the BPI/Landesbank Saar loan.

Finally, as previously presented, while investments remained reduced over this half-year, investment cash flows were impacted mostly by the sharp decline of over €837K in accounts payable for fixed-asset suppliers.

In terms of debt, the Group still has a very conservative net debt-to-equity ratio after these transactions, at 26.5 % in late December 2019, compared to 22.7% in late June 2019.

At the date of preparation of these Financial Statements, the Group is still engaged in several discussions with potential banking partners to finance, particularly, past and future investments in the Hauts-de-France, Belgium and Grand-Est.

Based on these discussions and on its past experiences, the Group remains optimistic about its ability to implement its development prospects, especially the installation of additional cogeneration in Belgium and the Hauts-de-France and the production of a certain volume of gas in Lorraine.

HIGHLIGHTS OF THE SEMESTER

FINANCING

Bpifrance Financement and Triodos Bank Loans

Gazonor took out a loan from Bpifrance Financement on 22 October 2019 for a nominal amount of €1,340K, intended to refinance costs incurred for the acquisition of the three Siemens electric motors installed at the Avion site. This loan has a 6-year maturity with monthly linear repayment at a fixed interest rate of 1.5% *per annum*.

This loan involves a pledge of tangible assets – the three electric motors involved – with non-possessory security rights to the benefit of Bpifrance Financement, a joint surety from La Française de l'Énergie for up to €1,340K for the duration of the financing, and a risk-participation agreement in the Bpifrance Financement guarantee for 40%, under the “Développement Cas/Cas 2019” national guarantee fund.

A second loan this semester was signed on 11 December 2019 between Gazonor Benelux and Triodos Bank NV, domiciled in Belgium. The loan, with a face value of €4,240K, was to refinance the construction of the two cogenerations of the Anderlues site, including a series of intangible costs incurred (sub-soil modelling, reservoir engineering, etc.). Maturity of this loan is 6 years from 15 December 2019, through semi-annual maturities, with a fixed interest rate of 1.65% *per annum*.

Among the securities granted in connection with this loan are the guarantee to Triodos Bank of 100% of Gazonor Benelux shares, the non-possessory pledge of all tangible equipment financed throughout the project, and the pledging of the credit balance of all bank accounts of the Anderlues project, excluding the distribution account.

Finally, a reserve account was set up for €340K, presented in non-current financial assets in the half-year consolidated Financial Statements, until the loan was fully repaid.

ERDF-ESF Grant

As of 24 October 2019, European aid from the ERDF-ESF (European Regional Development Fund – European Social Fund) programme, totalling 2.8 million euros, has been allocated to Gazonor under the operation called “Zero Gazonor Emissions 2022”. This operation, consisting of the installation of 20 new cogeneration units on the concessions currently held by the Group in the Hauts-de-France, aims to enhance the mine gas recovered in short channels and thus eliminate all firedamp emissions in this area's former mining basin.



This project is co-financed by the European Union with the European Regional Development Fund (ERDF)



In addition to confirming *La Française de l'Énergie's* strong commitment to this territory and its ecological and economic contribution to the region's activity, this grant will accompany the Group's development plan and its goal of installing an additional 30 MW in the Hauts-de-France by 2021.

This grant is not presented in the consolidated Financial Statements as of 31 December 2019, as no eligible investment has yet been initiated. Over the chosen period, *i.e.* up to 31 December 2022, the eligible expenses withheld for the calculation of this aid amount to €29,690K.

ADEME Grant (Heat Fund)

Being resolutely committed to ecological transition, *La Française de l'Énergie*, with its roots in the Mosellan territory, is leading a project to design and operate the largest thermal solar field in France, to supply a district heating network, in partnership with the ENES Creutzwald, the power production and distribution company for the municipalities of Creutzwald, Hombourg-Haut and Schoeneck (Moselle – Grand-Est).

Following the “Grand Champs solaire thermique” (Grand Thermal Solar Fields) call for projects initiated by the ADEME, *La Française de l'Énergie*, through its Cellcius subsidiary, newly created over the past six months, was selected with a 1.3 million euros subsidy package out of a total investment of 2.4 million euros, in order to produce 2,610 MWh *per annum* of green heat for customers connected to the heating network.

This grant was notified by ADEME on 29 November 2019, as no amount has yet been collected by the Group as of the closing date of these half-year consolidated Financial Statements.

Lease-purchase

As part of the Group's development, and in order to assert its local presence, particularly in one of the territories on which *La Française de l'Énergie* continues its project to produce coal gas in short channels, the Company initiated in 2019 the search for new premises to install offices and warehouses totalling 837 m². A site has been selected within the perimeter of the Pontpierre/Faulquemont ZAC (“Joint Development Zone”) (Moselle, Grand-Est), with construction of the premises to begin in the first half of the FY19/20.

In order to finance this investment, with an estimated budget of €940K, a lease-purchase agreement was signed in October 2019 between *La Française de l'Énergie* and Finamur covering a period of 12 years from the building's effective date, estimated for September 2020.

The purchase option's price at contract's end is €94K; the taker, *i.e.* *La Française de l'Énergie*, may exercise its option to buy earlier, after a 7-year rental period.

With construction underway, the investment presented in the half-year consolidated Financial Statements as of 31 December 2019 reached €301K, for a non-current financial debt of the same amount.

OPERATING PROJECTS

Partnership reached with Total Quadran

An exclusive partnership was signed in November 2019 between La Française de l'Énergie and Total Quadran to develop photovoltaic electricity production together in the Hauts-de-France and the Grand-Est. The aim is to deploy rapidly innovative solutions, adapted to the industrial specificities of the land, in order to meet the growing needs for renewable electricity generation.

The objective is to secure over 100 MW of solar projects by late 2020, through the redevelopment of brownfield sites and non-cultivable land. Each of the selected projects would be assumed by a project company in which La Française de l'Énergie Group would hold a stake of between 10% and 49%, with the rest belonging to Total Quadran.

This partnership has no impact on the half-year consolidated Financial Statements as of 31 December 2019, as no project company has yet been set up and no significant costs have been borne by La Française de l'Énergie for this item.

Solar thermal field – Creation of Cellcius S.A.S.

As described in the “ADEME Grant” note, the Group initiated a project to create a solar thermal field several months ago, covering an area of 5,300 m² with injection into the Creutzwald municipality's heating network.

A new entity has been created to implement this project, Cellcius S.A.S., a part of the Group's consolidation scope as of 31 December 2019. The company was founded on 13 November 2019 with an initial capital of €1K, for only marginal costs recorded in late December.

La Française de l'Énergie Company, which initially held 100% of the capital of Cellcius S.A.S., has sold 49% to ENES Creutzwald, the city's municipal power company, which will also be the sole customer once the solar thermal field is in operation. This 49% sale was recorded as of 05 February 2020 for the book value of each share, i.e. a price of €490.

TAXATION

Conclusion of the tax audit targeting La Française de l'Énergie

A tax audit of La Française de l'Énergie was still underway at the beginning of the first half of the 2019/2020 fiscal year; the audit's conclusions were notified to the Company on 18 December 2018. This notification identified several reasons for recovery, covering both tax-loss carryforwards totalling €3,430K and tax withholdings for €114K.

After several exchanges, and following a new interview as part of the interregional talks, the Tax Authorities finally granted – in a letter dated 11 December 2019 – La Française de l'Énergie's requests for €2,689K in tax-loss carryforwards, *i.e.* a recovery of €741K. The withholding tax amounted to €71K, including penalties.

La Française de l'Énergie Company accepted this adjustment, collection of the tax withholdings took place on 15 January 2020; the calculation of the Group's deferred tax assets as of 31 December 2019, took into consideration the questioning of the €741K in tax-loss carryforwards, against an estimated €1,727K in the consolidated Financial Statements at 30 June 2019, a favourable TLF impact of €247K on the basis of a 25% tax rate.

TRANSACTIONS WITH THIRD PARTIES

Except for the transaction described below, there was no new transaction with related parties during the first half of the year ending 30 June 2020.

As mentioned in the Group's financial report to 30 June 2019, an amendment of the shareholder loan with Deltec Bank and Trust had been signed as of 30 June 2019, with a postponement of the repayment maturities of the loan. A first payment of €500K was to take place on 31 December 2019, a second payment of €250K was to follow on 30 June 2020, and a third and final payment of €3,930K on 31 December 2020.

As of 31 December 2019, in agreement with Deltec Bank and Trust, the first payment was to be made in two instalments: a first payment of €250K, issued in late 2019 but received by Deltec in early 2020 due to interbank delays, and a second payment to be made by late March 2020. Other deadlines are not changed, nor are the amounts of the commissions or interests applied.

Note 4.4, "Related Parties" of the Annex to condensed half-year consolidated Financial Statements provides all necessary information regarding ongoing transactions with related parties, their nature, and the amounts to be considered for this half-year.

PROSPECTS, RISKS AND UNCERTAINTIES FOR FISCAL YEAR 2020

The Group's DNA remains more focused than ever on its core business, the development of clean energy in short channels, ensuring at the same time the reduction of the carbon footprint, the improvement of the purchasing power of the end consumer, and energy independence.

The fiscal year ended 30 June 2019 saw several important milestones: the installation of new electric motors at the Avion site, allowing the latter to benefit from an optimized gas production with a fully adapted industrial base, the commissioning of two new cogenerations at the Anderlues site in Belgium with an almost immediate achievement of desired performance, and in Lorraine, the filing of the concession application known as "Bleue Lorraine".

Most importantly, FY19 enabled the Group to obtain EBITDA, operating profits and positive net income for the first time, as well as positive operating cash flows.

The fiscal year ended 30 June 2020 should enable the Group, capitalising on these very good performances, to cross a milestone in its development, both in terms of its current operational projects and of its financial structuring.

In the Hauts-de-France region, in its existing concessions, the Group's leading objective is to deploy additional cogeneration units of the same model as the 9 MW installed in 2017. As the exploration of the necessary land and discussions with the project's suppliers are already well underway, the Group is still waiting for an agreement with the State to make existing works available on its concessions in order to start the production of new units quickly, with an additional potential of 30 MW by late December 2021.

On 01 January 2021, the supply of gas, green electricity and heat in the commune of Bethune, through the heating network owned and operated by Dalkia as part of a public-service delegation, will strengthen the positioning of La Française de l'Énergie as a benchmark player in the ecological transition of the territories.

In Belgium, the very good momentum triggered by the installation of the two cogenerations at the Anderlues site must be taken even further, whether with the short-term installation of new units at the same site (2021 objective) or with the obtaining of new mining gas concessions in a market still considered very promising for the Group. All these steps are underway, notably concerning the connection potential and the number of additional units at Anderlues, as well as the implementation of regulations.

In Lorraine, the Group reached an important milestone during the first half of the year with the conclusion of the independent expert review launched in late FY19 and conducted by 4 international experts in coal gas. This review validated technically the work undertaken so far by La Française de l'Énergie and, as a result, has enabled the structuring of a precise development plan aimed at exploiting the extremely important potential of the region's gas reserves. Indeed, if the November 2018 certification by MHA reveals 2P reserves of 2.144 million m³, for a net current value of 161 million euros for total reserves (1P, 2P, 3P reserves), this represents only 3.6% of all contingent resources in Bleue Lorraine and its adjacent areas.

This development plan, officially presented on 21 January 2020, seeks notably to initiate drilling of several wells on the same vein, starting at one of the four identified sites. At the same time, financing options are being discussed with a clear objective: to realize the value of the project without diluting existing shareholders. In scheduling terms, the prospects now call for initiating a drilling campaign by late 2020 for a first commercialization of gas by late 2021.

At the same time, La Française de l'Énergie applied for a concession in November 2018, with the services of the Ministry of Ecological and Solidarity Transition, for a term running until 01 January 2040. This application was deemed admissible and is currently being investigated by the competent authorities, which have until 28 February 2022 to decide.

Finally, and in a context marked by low gas prices, the impact of which was felt in the first half of the year, the Group continues to use its know-how to position itself in other promising projects, such as solar thermal and photovoltaic energy or biogas in order to optimize the use of its land assets, especially in the Grand-Est, in partnership with well-known players in these sectors. The agreement with Total Quadran and the launch of Cellcius are concrete examples.

Export development opportunities, through external growth, continue to be closely watched, with Poland and Germany currently presenting the most interesting prospects.

In terms of financing, the new loans taken out in late 2019 demonstrate the Group's ability to attract sources of financing at ever-more competitive rates. The challenge is clearly to accelerate this process in order to support all the projects described above and to maintain a low cost of capital while ensuring a generation of positive operating cash flows.

In relation to the risks presented in part 7 of its annual financial report, as published on 24 October 2019, the Group does not identify any additional risks that would be considered for its activities during the second half of the year ended 30 June 2020, other than uncertainties ahead of the development of the health crisis due to COVID-19 currently underway in Europe, which could have consequences on some of its European suppliers.

Among these risks, those considered the most important are:

- Changes and negative volatility in gas prices that may affect the Group's business and the valuation of its production assets adversely.
- Yields of its industrial equipment being lower than expected, particularly at its Avion site and on cogeneration sites, which would not allow it to achieve the expected levels of growth and profitability.
- Difficulty in obtaining new financing under the appropriate conditions and deadlines, which could hinder the Group's expansion plans and new projects.
- Unexpected developments or regulatory constraints that might result in delays or challenges to development projects.

Coronavirus Outbreak: Situation Update regarding the Group's Activities

In an uncertain macro-economic and health context marked by the spread of the coronavirus COVID-19, on the date of the decree of these half-year consolidated Financial Statements, the risk analyses carried out show that the Group's activities are not affected, to date, by the consequences of the spread of the virus.

Specifically, all facilities are remotely managed and controlled and the activity has no supply dependence on plant closures in the most affected third-party countries, including China and European countries. The organization of the Group's operational teams has been adapted to deal with new regulatory constraints with very regular contact with the foreign suppliers of La Française de l'Énergie to anticipate any development in the European countries where they operate.

Risks that may arise at this stage and have an impact on the Group's activities are the decline in gas prices due to changes in economic conditions, and delays in supplies or services for certain subcontractors who might be affected by containment or activity-restriction measures.

MANAGEMENT AND CONTROL BODIES AS OF 31 DECEMBER 2019

BOARD OF DIRECTORS

Julien Moulin
Chairman and CEO

Antoine Forcinal
Deputy Managing Director

Jean Fontourcy

Christophe Charlier ^(a)

Cécile Maisonneuve ^(a)

Alain Liger ^(a)

ACCOUNTS AND AUDIT COMMITTEE

Christophe Charlier
Chairman

Julien Moulin

Jean Fontourcy

APPOINTMENTS AND REMUNERATIONS COMMITTEE

Jean Fontourcy
Chairman

Cécile Maisonneuve

Alain Liger

STATUTORY AUDITORS

MAZARS ^(b)
represented by Laurence Fournier

CBP Audit and Associates ^(c)
represented by Daniel Noël

(a) Independent director

(b) Term expiry: GA ruling on Financial Statements for the year ended 30 June 2025.

(c) Term expiry: GA ruling on Financial Statements for the year ended 30 June 2020.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

6-month period ended 31 December 2019	Notes	31 December 2019	31 December 2018
		€	€
Revenue	2.1	4,179,704	3,283,467
Other operating income	2.2	144,884	289,610
Costs of goods and services sold	2.3 / 2.4	(2,043,770)	(1,627,685)
Administrative and operational expenses	2.3 / 2.4	(1,651,166)	(1,618,859)
Other revenue/(charges)		(70,702)	(41,123)
Net appropriations to provisions		153,446	(131,978)
EBITDA		712,396	153,433
Depreciation and amortisation		(600,188)	(390,107)
Operating income		112,208	(236,674)
Financial revenues		-	-
Cost of gross long-term debt	2.5	(247,037)	(239,572)
Other financial expenses	2.5	(16,460)	(25,706)
Earnings before taxes		(151,289)	(501,952)
Current and deferred taxes	2.6	344,724	(208,186)
Net income		193,436	(710,137)
Net income, Group's share		193,436	(710,137)
Net income, share of non-controlling interests		-	-
<i>Earnings per share</i>			
- Basic earnings per share		0.04	-0.14
- Diluted earnings per share		0.04	-0.14

REPORT ON CONSOLIDATED OVERALL EARNINGS

6-month period ended 31 December 2019	Notes	31 December 2019	31 December 2018
		€	€
Net income		193,436	(710,137)
-			
Items to be reclassified to profit or loss in subsequent periods		0	0
Actuarial gains and losses on pension plans		-	(50)
Tax effect		-	12
Items not reclassified to profit or loss in subsequent periods		0	(38)
Comprehensive income		193,436	(710,175)
Comprehensive income, Group's share		193,436	(710,175)
Comprehensive income, share of non-controlling interests		-	-

CONSOLIDATED BALANCE SHEET

6-month period ended 31 December 2019	Notes	31 December 2019 €	30 June 2019 €
ASSETS			
Exploration assets	3.1	44,923,760	44,699,487
Other intangible assets		7,193	9,613
Proven mining rights	3.2	24,860,968	24,972,299
Other tangible assets	3.3	9,001,142	9,165,724
Non-current financial assets		1,252,068	912,069
Deferred tax assets	2.6	1,677,367	1,295,155
Non-current assets		81,722,497	81,054,347
Inventories		238,761	321,145
Trade and related receivables	3.4	1,581,842	1,134,882
Other current assets	3.4	2,128,400	2,526,357
Advances and prepayments on orders	3.4	54,556	191,114
Cash and cash equivalents	3.5	4,740,999	1,165,151
Current assets		8,744,559	5,338,651
Total Assets		90,467,056	86,392,998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	3.6	5,155,890	5,150,659
Share premium reserve	3.6	44,078,955	44,084,186
Other reserves		5,022,636	4,122,318
Net income, Group's share		193,436	841,304
Other equity items		4,011	4,011
Minority interests		-	-
Shareholders' Equity		54,454,928	54,202,479
Non-current financial debt	3.8	11,625,334	11,015,558
Non-current provisions		4,243,251	4,232,934
Provisions for pension commitments		27,362	18,182
Deferred tax liabilities	2.6	6,372,936	6,340,264
Other non-current liabilities		284,125	284,125
Non-current liabilities		22,553,008	21,891,064
Current financial debt	3.8	7,570,659	2,479,505
Current provisions		81,477	243,548
Trade and related payables		1,847,499	2,432,030
Fixed-asset suppliers		2,803,027	3,778,281
Other current liabilities		1,156,458	1,366,091
Current liabilities		13,459,121	10,299,456
Total Shareholders' Equity and Liabilities		90,467,056	86,392,998

CONSOLIDATED CASH-FLOW TABLE

6-month period ended 31 December 2019	Notes	31 December 2019	31 December 2018
		€	€
Operating activities			
Consolidated net income		193,436	(710,137)
Tax expense and deferred-tax changes	2.6	(344,724)	208,186
Net depreciation and impairment of intangible and tangible fixed assets		600,188	390,107
Net allocations on provisions		(153,446)	131,978
Capital gains/losses on asset disposals		0	-
Change in operating working capital requirement	4.1	(821,172)	(275,030)
Change in WCR – Other assets and liabilities	4.1	183,509	(232,163)
Expense related to free stock award plan		39,057	65,922
Cost of gross long-term debt	2.5	247,037	239,572
Taxes paid		0	-
Other non-monetary items		142,583	28,668
CASH FLOWS FROM OPERATING ACTIVITIES		86,468	(152,897)
Investment activities			
Capitalised exploration costs	3.1	(224,272)	(617,529)
Tangible and intangible investments	3.3	(303,291)	(1,248,461)
Proceeds from the disposal of tangible and intangible assets	3.3	100,054	-
Change in fixed-asset supplier debts		(837,095)	(440,805)
Subsidies received for investment activities	3.3	167,956	250,000
Acquisition of financial assets	3.8	0	(185,559)
Disposal of financial assets		20,560	850
CASH FLOWS FROM INVESTMENT ACTIVITIES		(1,076,088)	(2,241,504)
Financing activities			
Bond flows		0	-
Borrowings and financial debts (excluding fees)	3.8	5,240,000	-
Repayment of loans and financial debts	3.8	(861,910)	(800,001)
Other current financial debts	3.8	267,657	307,952
Cost of net debt: interests paid		(176,338)	(93,214)
Fees paid on loans		(52,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES		4,416,909	(585,263)
NET CHANGE IN CASH FLOWS		3,427,289	(2,979,664)
Net cash and cash equivalents at beginning of the period		1,164,684	3,776,231
NET CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		4,591,973	796,567

The net cash flow at closing presented in the Consolidated Cash Flow Table consists of the net bank accounts for current banking loans, of cash accounts, and of the cash portion of the liquidity contract implemented by the Group (€148K compared to €128K at 30 June 2019).

The creation of the guarantee account, standing at €340K, related to the €4,240K Triodos loan, is presented as a debt issuance in this table, *i.e.* a net impact presented in financing activities.

VARIATION IN CONSOLIDATED SHAREHOLDERS' EQUITY

6-month period ended 31 December 2019	Shares		Equity	Premiums	Other equity items	Income and other reserves	Total equity
	Number	Par value					
		€	€	€	€	€	
As of 30 June 2018	5,065,174	1	5,065 174	44,169,671	6,574	4,022,202	53,263,621
Consolidated net half-year income						(710,137)	(710,137)
Other elements of comprehensive income					(38)		(38)
Free stock award plan						65,922	65,922
Liquidity agreement – Treasury shares						(158,056)	(158,056)
Capital increase (free shares)	85,485	1	85,485	(85,485)			-
As of 31 December 2018	5,150,659	1	5,150,659	44,084,186	6,537	3,219,931	52,461,313
As of 30 June 2019	5,150,659	1	5,150,659	44,084,186	4,011	4,963,623	54,202,479
Net income						193,436	193,436
Other elements of comprehensive income							-
Free stock award plan						39,056	39,056
Other variations						19,957	19,957
Capital increase (free shares)	5,231	1	5,231	(5,231)			-
As of 31 December 2019	5,155,890	1	5,155,890	44 078,955	4,011	5,216,072	54,454,928

The capital increase for €5K over the six-month period ended 31 December 2019 is related to the Chairman's recognition on 27 December 2019 of the final award of free shares to beneficiaries of the second plan implemented in 2017 by the Board of Directors, as part of the delegation granted by the General Assembly of 23 March 2016.

Following the completion of all attendance conditions, and at the end the acquisition period stipulated by the Regulations of the plan, 5,231 shares were thus awarded, with a capital increase by incorporation of share premiums.

ANNEX TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING RULES, METHODS AND PRINCIPLES

1.1. General Principles and Consolidated Financial Statements Preparation Base

The condensed consolidated Financial Statements for the first half of the fiscal year ending 30 June 2020, which is to say the period from 01 July 2019 to 31 December 2019, were approved by the Board of Directors of the La Française de l'Énergie S.A Group on 20 March 2020.

These accounts were drawn up in accordance with IAS 34 for drawing up intermediate accounts as well as with the IFRS (International Financial Reporting Standards) standards and interpretations as published by IASB, adopted by the European Union, and applicable as of 31 December 2019.

The condensed half-year consolidated Financial Statements are prepared using the same rules and methods as those used to prepare the annual Financial Statements for the fiscal year ended 30 June 2019. In addition, the Group's activities are not considered to be subject to a particular seasonality on an annual basis and the comparability of the half-year and annual Financial Statements is consequently not affected.

The consolidation scope changed over this half-year compared to 30 June 2019, as Cellcius S.A.S. was included on 13 November 2019, the date of its creation. This company, incorporated under French law and wholly owned by La Française de l'Énergie as of 31 December 2019, has presented no operational activity since its inception, nor does it have any employee, resulting in an insignificant impact on these consolidated half-year Financial Statements.

There were no further changes in the percentage of interest in the consolidated entities during the six months ended 31 December 2019.

La Française de l'Énergie S.A. is the parent company, domiciled in France, for the Group, consolidated as a whole as of 31 December 2019, for which the Financial Statements on that date include its directly-owned subsidiaries, namely the French-registered companies EG Lorraine S.A.S., EG NPC S.A.S., Cellcius S.A.S., the US-registered company Concorde Energy Inc., and the Luxembourg-registered company LFDE International S.A. Also included in the consolidation sector are those companies which are indirectly owned, namely the French-registered companies Concorde Énergie Paris S.A.R.L., Gazonor Holding S.A.S., Gazonor S.A.S., and the Belgian-registered company Gazonor Benelux S.A. The direct and indirect subsidiaries are all 100% owned by La Française de l'Énergie S.A. and consolidated by the full-consolidation method. No minority interest exists as of 31 December 2019, which is similar to the situation as of 30 June 2019.

The Group's consolidated Financial Statements are presented in euros, which is the functional currency of the parent company and its subsidiaries, excluding Concorde Energy Inc. (US dollar) which does not have any activity during the six-month period and in previous comparable periods.

Since 01 July 2019, the La Française de l'Énergie Group has applied IFRS 16 for leases (applicable for years open as of 01 January 2019). At the conclusion of a lease agreement, this standard requires that a liability be recorded on the Balance Sheet corresponding to the discounted future payments of the fixed share of rents, in exchange for asset usage rights, amortized over the term of the contract (presented by simplification in the "Other Tangible Assets" item).

The Group applied the so-called "modified retrospective" transition method, which provides for the recording of a liability on the transition date equal only to the discounted residual rents, in exchange for an adjusted usage fee for the amount of rent paid in advance or recorded in expenses payable. As the standard provided for various simplification measures during the transition, the Group has decided to retain, among others, those allowing the exclusion of contracts with a residual term of less than twelve months and of contracts for low-value assets, to replicate where applicable those contracts deemed to be financing leases under qualified IAS 17, and to not capitalise costs directly related to the conclusion of contracts.

In addition, lease agreements on land and parcels located in the Lorraine region are excluded from the scope of IFRS 16, as they correspond to leases made in the context of the exploration of mineral, oil and natural-gas resources, which come under IFRS 6.

The determination of the duration of the contracts corresponds to the non-cancellable term, plus the intervals covered by any extension option that the taker is reasonably certain to exercise and any termination option that the underwriter is certain not to exercise. Finally, the discount rate retained by the Group is the marginal borrowing rate for contracts of the same nature.

The following table shows the effects of the application of IFRS 16 over the entire 6-month period ended 31 December 2019:

Impact of the application of IFRS 16 6-month period ended 31 December 2019	01 July 2019	Amortisation	Withdrawal. Rents	31 December 2019
	€	€	€	€
Other tangible assets	123,680	(50,657)		73,023
Deferred tax assets		12,664	(6,424)	6,240
Non-current financial debts	70,213		(16,852)	53,361
Current financial debts	53,467		(8,844)	44,623
Impact on equity excluding profit/less	0	(37,993)	19,272	(18,721)
Administrative and operational expenses			27,500	27,500
Depreciation and amortisation		(50,657)		(50,657)
Cost of gross long-term debt			(1,804)	(1,804)
Current and deferred taxes		12,664	(6,424)	6,240
Impact on net profit/less	0	(37,993)	19,272	(18,721)

The following new interpretation, published in the Official Journal of the European Union, has applied, which are subject to mandatory application, but without any significant effect on the consolidated half-year Financial Statements as of 31 December 2019:

- *IFRIC 23 (01/01/19): Treatment of Uncertain Tax Positions*

Finally, the Group did not opt for the early application of any standards or amendments in its consolidated half-year Financial Statements as of 31 December 2019, particularly the amendment to standards IFRS 9, IAS 39 and IFRS 7 on financial instruments, published by the IASB in September 2019 as part of the reform of benchmark interest rates (mandatory application for fiscal years open

from 01 January 2020). The Group does not anticipate any significant impact on its consolidated Financial Statements as a result of its application.

Furthermore, the Group is not concerned by amendments to IFRS 9, IAS 19, and IAS 28 nor by the annual improvements (cycle 2015-2017) of mandatory application for the fiscal year opened on 01 July 2019.

The preparation of the Financial Statements according to IFRS standards requires the Group's Executive Management to use estimates, assumptions and judgments which affect the information presented in the condensed half-year consolidated Financial Statements and their ancillary notes, in particular the assets, liabilities and potential liabilities recognised or presented on the closing date as well as incomes and expenses recognised during the period.

These estimates, assumptions and judgments are based on past experience and other factors considered as being reasonable at the time when the Financial Statements were being prepared. They are regularly reviewed by the Group's Executive Management and can therefore be significantly revised in the event of a change in circumstances or as a result of new information. Some of these estimates, assumptions or judgments could have significant effects on the information presented and the final figures could also be different from the amounts included in the consolidated Financial Statements and their ancillary notes.

The implementation of these estimates, assumptions and judgments as part of the preparation of the consolidated half-year Financial Statements and their ancillary notes as of 31 December 2019 mainly concerns the implementation of the going-concern principle, the application of the so-called successful efforts method for oil exploration activities, asset impairment and determination of their recoverable value, provisions for restoration of the sites and provisions for major revisions, recognition of deferred tax assets and liabilities, and the valuation of stock-based payments.

1.2. Accounting rules and methods

Only those rules and methods considered to be significant in relation to the Group's activity or the events that occurred during the first half of the fiscal year ending on 30 June 2020 are presented below.

A/ Consolidation principles

In accordance with the provisions of IFRS 10, those companies in which the Group directly or indirectly holds the majority of voting rights at Shareholders' General Assemblies, on the Board of Directors, or within the equivalent governing body, granting it the power to define their operational and financial policies, are deemed to be controlled and consolidated under the full-integration method.

Reciprocal transactions, assets and liabilities between the consolidated companies, as well as realised internal profits, are eliminated.

B/ Going-concern principle

When the consolidated Financial Statements are drawn up, the Executive Management assesses the Group's ability to continue operating.

In particular, the Group's Executive Management regularly reviews its financing options to ensure that the continuity of operations is safeguarded, taking into account, in particular, the maturity of its various assets and liabilities and its forecast cash flows including those from its gas and electricity sales.

Operating cash flows generated by the Group for 1H19/20 amounted to €86K compared to (€153K) in the first half of the previous year, despite a strong negative impact of operating WCR elements.

As of 31 December 2019, following the two loans taken out late in the year, the Group's cash position was positive at 4.6 million euros. Trade payables dropped further, from 6.2 million euros to 4.7 million euros. The balance still takes into consideration a disputed amount totalling nearly 2.5 million euros to Entrepouse Drilling as this dispute will not be resolved before 31 December 2020.

Since 30 June 2019, for the cash belonging to the Gazonor entity, all or part of it may only be made available to the other entities of the Group, including *La Française de l'Énergie*, after authorisation from the lenders, BPI and SaarLB, and in compliance with the financial ratios in effect on that date. However, this restriction does not apply to cash flows between entities which originate from re-invoicing for services and other intragroup agreements. As of 31 December 2019, on the basis of these availability rules, no restrictions would apply to the net cash held by Gazonor, *i.e.* 1.5 million euros.

The two loans taken out by Gazonor, for 1.3 million euros, with Bpifrance Financement and by Gazonor Benelux, for 4.2 million euros, with Triodos Bank do not contain any restrictions of this nature, though the latter is subject to compliance with bank covenants (cf. Note 3.8 of this Annex).

The Group's management's forecasts and estimates of its ability to continue operating are based in particular on the following factors: stability of general and administrative expenses, continued gas production at Gazonor according to the plans and the planned assumptions (changes in gas prices, quantity and quality of volumes produced on site, ability to inject into the network) execution of maintenance operations and of the major revisions needed for the proper operation of its facilities, notably of the cogenerations installed in the Hauts-de-France and in Wallonia.

With regard to significant investment projects that can be initiated in the next twelve months (including the installation of new electric cogenerations in the Hauts-de-France and Wallonia, supplying the municipality of Bethune with energy starting on 01 January 2021 and the exploitation of gas reserves in Lorraine), the Group is looking into the acquisition of various sources of financing and may consider shifting them if necessary.

The Group's forecasts for the next twelve months, *i.e.* up to late March 2021, show that it will generate enough cash to ensure the continuation of its activities.

Based on these data and forecasts, the Group considers that it has the ability to continue its operating activity during fiscal year 2020 and more generally for the next 12 months, to meet its cash requirements and to settle the debts shown in its balance sheet.

The Group's consolidated Financial Statements as of 31 December 2019 were thus prepared on the basis of the going-concern principle.

C/ Recognition of revenue

In accordance with IFRS 15, applied on 01 July 2018, the revenue is recognised when a performance obligation is met by the transfer of a good or service to the customer, with this transfer being considered to have taken place when the Group is no longer involved in either the management or the effective control of the transferred goods and services.

The performance obligations are originally identified and determined on the basis of contractual terms and customary business practices after identification of contracts that fall within the scope of IFRS 15. The transaction prices are for their part allocated to each performance obligation in proportion to their separate selling price.

Gas and electricity sales are recorded in accordance with the contractual terms with the Group's main customers, Total, EDF-OA and EDF Luminus.

D/ Current and deferred taxes

The tax expense for the period includes current tax and the deferred tax change since the previous closing date. The Group calculates its taxes on profits in accordance with the tax laws which are in force in the countries where the profits are taxable, particularly in France and Belgium.

The temporary differences between the consolidation values of assets and liabilities, and those resulting from the application of tax regulations, give rise to the recognition of deferred taxes.

The tax rate used for the calculation of deferred taxes is the rate known on the closing date and applicable to the periods during which the assets will be liquidated or the liabilities paid off: the effects of the rate changes are recorded for the period during which the decision on this rate change is made, and this is as a result except when they concern transactions recognised directly in shareholders' equity. No rate changes were recorded for the first half of fiscal year 2020

Tax savings resulting from tax losses carried forward are recorded as deferred tax assets. All such deferred tax assets are depreciated if deemed unrecoverable, with only the amount likely to be used being posted in the assets of the balance sheet. As of 31 December 2019, the amount of unrecognized deferred tax assets stood at 13.3 million euros, of which 11.6 million euros for the LFDE International (Luxembourg) entity.

E/ Exploration expenses

Expenses recorded in exploration assets on the consolidated Balance Sheet consist of all costs incurred in the prospecting phases and exploration drilling. Study and analysis costs, as well as all costs incurred prior to obtaining mining titles, are charged to results immediately. Geological and geophysical expenditures, including seismic exploration campaigns, are also accounted for directly in expenses for the period.

The Group applies IFRS 6 when recording exploration expenses. Recording of the rights and assets for the exploitation of sub-soil resources is carried out in accordance with the “successful efforts” method.

Exploration drilling is accounted for and subject to impairment tests on an individual basis, as follows:

- The cost of exploration drilling that has uncovered proven reserves is carried and subsequently depreciated according to the production unit method, based on the proven reserves developed;
- While waiting to determine whether they have uncovered proven reserves, exploration costs are carried when the following two conditions are met:
 - The well has demonstrated a sufficient volume of gas to justify, if necessary, its production on the assumption that the investments necessary for production are made;
 - The Group is making sufficient progress in determining the reserves and the technical and economic viability of the project. Such progress is assessed on the basis of criteria such as additional exploration work (wells, seismic work or significant studies) being carried out or included in a firm schedule, carrying out development studies, and taking into consideration the fact that the Group may be awaiting the approval of a government or third party for a proposed project or the availability of transport or processing capacity at an existing facility.

Exploration costs which do not meet these conditions are recorded as expenses.

F/ Investment grants

In accordance with the two possible accounting treatments under IAS 20, investment grants are recorded as a deduction from the gross value of the assets to which they relate.

In the six months ended 31 December 2019, this was the case, notably, for the revenue resulting from Gazonor's sale of Energy Saving Certificates obtained as a result of its investments in energy-saving equipment. Two such sales were made in the first half of the year, for a total of €168K, of which €161K were sales to EDF in connection with the three Devos engines installed at Avion.

As a result, this amount of €168K decreased the gross value of other tangible assets in the half-year consolidated Financial Statements, with the recognition of deferred tax assets at the same time.

The €250K grant from the Grand Est Region for an exploration program focused on the development of Lorraine coal gas in short channels, in partnership with the University of Lorraine, has been recorded under “Other Non-Current Liabilities” since 2018, pending the fair distribution of the eligible expenses it covers between exploration investments and personnel charges.

Finally, two grants were not recorded as of 31 December 2019 in the half-year consolidated Financial Statements, as no eligible investments have yet been initiated nor any payment received by the Group:

- A European aid under the ERDF-ESF (European Regional Development Fund – European Social Fund) programme awarded to Gazonor for a sum of 2.8 million euros as of 24 October

2019 and accompanying the installation of 20 new cogeneration units at the concessions currently held by the Group in the Hauts-de-France, in order to enhance the mine gas recovered in short channels and thus eliminate all firedamp emissions in the former mining basin of this area. The eligible expenses for this project amount to €29,690K.

- A grant from ADEME, notified on 29 November 2019, for €1,304K from the company Cellcius, which will be released gradually on the basis of the expenditures made for the construction of a solar thermal field in the municipality of Creutzwald (Moselle). Eligible expenses for this project amount to €2,363K.

2. NOTES APPENDED TO THE HALF-YEAR INCOME STATEMENT

2.1. Turnover

In the first half of the year ended 30 June 2020, the Group achieved a turnover of €4,180K, *i.e.* €1,075K in sales related to gas production and €3,105K in sales related to the production of green electricity. Of the latter amount, €448K relate to the production of the two cogeneration units installed in Anderlues in April 2019, with the balance corresponding to the activity of the Group's four production sites located in the Hauts-de-France region.

Gas and electricity sales in France are still made to the same customers, Total Gas & Power and EDF OA, respectively, while electricity in Belgium is sold to EDF Luminus.

The slight decrease in gas sales compared to the first half of the previous year was due mainly to the sharp decline in the average price of gas, which dropped from 24 €/MWh to 13.4 €/MWh, even reaching less than 11 €/MWh in the first quarter of FY19/20. This price effect, of (€797K), was not fully offset by the increase in production volumes which, although favoured by the reliability of the Avion site at the beginning of 2019, have been subject to work on the transport and distribution networks managed by GRTgaz.

In addition to Belgium's new and growing contribution, electricity sales benefited from a sharp increase in production of the two units installed in Avion, as the first half of the previous year suffered from the installation of new engines on this site.

The breakdown of half-year sales is as follows:

Breakdown of sales	31 December 2019	31 December 2018
	€	€
Gas sales – France	1,074,890	1,155,123
Green electricity sales – France	2,656,694	2,128,344
Green electricity sales – Belgium	448,120	-
Annual sales (Turnover)	4,179,704	3,283,467

2.2. Other operating income

Other operational income recorded during this semester mainly concerned re-billings related to certain projects carried out in partnerships, including the project to supply energy to the municipality of Bethune starting on 01 January 2021, with certain studies and tasks being shared with Dalkia.

In the first half of the previous year, an amount of €277K had been recorded under an Exploration Tax Credit (*Crédit d'Impôt Recherche*) for the entity *La Française de l'Énergie*, deposited in December 2018 for the year 2015. Exploration Tax Credits for the years 2016 to 2018 were recorded in the second half of FY19 for a total of €885K.

The valuation of these Exploration Tax Credits for calendar year 2019 for La Française de l'Énergie and Gazonor is still being analysed, no reliable amount can yet be estimated as of the date of preparation of these condensed half-year consolidated Financial Statements.

2.3. Costs of goods and services, administrative and operational expenses

The cost of goods and services sold includes the following, corresponding to the production costs directly related to gas and electricity sales by Gazonor and Gazonor Benelux:

Costs of goods and services sold	31 December 2019	31 December 2018
	€	€
Stored purchases, small equipment and equipment	186,007	285,737
Electricity costs	799,437	361,353
Natural gas purchases – GRT services	240,290	254,750
Outsourcing and technical services	108,488	107,102
Maintenance and servicing	506,662	416,751
Rental of industrial equipment	18,517	32,236
Other costs – transport, external staff	18,263	35,957
Staffing expenses	166,106	133,799
Total costs of goods and services sold	2,043,770	1,627,685

The sharp increase in electricity-purchase costs is largely related to the operation of two of the three Siemens electric motors installed at the Avion in late 2018 and early 2019, as well as to the ramp-up of the two cogenerations at the same site.

Administrative and operational expenses break down as follows, mainly in connection with La Française de l'Énergie and Gazonor:

Administrative and operational expenses	31 December 2019	31 December 2018
	€	€
Rentals	18,712	53,384
Fees	308,108	332,519
Studies and exploration	196,414	46,440
Travel and business trips	45,564	44,340
Communication	68,211	53,345
Banking services	142,041	57,455
Insurance	60,460	63,484
Software and IT	32,656	11,728
Other costs	33,331	130,786
Taxes and levies excluding IS (Corporate tax)	71,177	74,820
Staffing expenses	635,435	684,636
Free shares	39,057	65,922
Total administrative and operational expenses	1,651,166	1,618,859

Fees correspond are mainly for legal counsel, accountants, and statutory auditors, with no major changes compared to the first half of FY19.

Of the other important items, two saw a strong upward trend:

- Study and exploration expenses are related to the development of new projects, in particular the Bethune project already mentioned above and carried by Gazonor, or solar thermal and photovoltaic field projects led mainly by La Française de l'Énergie.
- Banking services can be explained by the spread of the debt issuance fees related, notably, to the renegotiation of the Deltec Bank and Trust shareholder loan maturities concluded on 30 June 2019.

2.4. Staffing expenses

The Group's higher payroll taxes amounted to €802K in the July-December 2019 period (compared to €818K in 2018). While the decline in the share of gross wages is due to a decrease in the number of employees over the period, the increase in payroll taxes is linked to the update in 1H18/19 of the calculation of employer contributions on free shares on the basis of the share price at the actual date of allocation (impact of -€57K compared to a charge of €5K in 1H19/20).

Staffing expenses	31 December 2019	31 December 2018
	€	€
Gross wages	589,287	638,461
Payroll taxes	212,252	179,974
Cost for the free shares awarded	39,057	65,922
Total staffing expenses	840,596	884,357

Staff

Staff	31 December 2019	31 December 2018
Managers	7	8
Workers and employees	9	10
Total staff at closing	16	18

Per entity, there are 8 employees at La Française de l'Énergie and 8 at Gazonor, a decrease of one employee in each entity compared to the situation as of 31 December 2018.

2.5. Financial expenses

The items which make up the financial expenses are as follows:

Financial result	31 December 2019	31 December 2018
	€	€
Gross financial debt costs	247,037	239,572
Foreign-exchange gains and losses	-	-
Accretion of provisions for restoration	16,275	25,706
Other financial expenses	185	-
Total financial result	263,497	265,278

For the first half of the fiscal year ending 30 June 2020, the cost of the long-term financial debt consists of interest charges on the financing pursued by the Group, *i.e.* mainly the bond loan set up in January 2018 concerning the subsidiary Gazonor Holding, the joint bank loan taken out with Landesbank SAAR and Bpifrance Financement in May 2018, and the shareholders' loan obtained during 2017.

The two new loans, taken respectively with Bpifrance Financement for 1.3 million euros and Triodos Bank NV for 4.2 million euros, were taken out in October and December 2019 and therefore show little interest expense for this half-year.

An amount of €16K was recorded in the condensed half-year consolidated Financial Statements at late December 2019, resulting from the de-conditioning of the provisions for restoration recorded at La Française de l'Énergie, Gazonor and Gazonor Benelux, which are updated until 2038, 2040 and 2042 respectively.

Foreign-exchange gains and losses on purchasing transactions are recorded in operating profit, resulting in a nil amount in the financial results, as all loans are taken out in euros within the Group.

2.6. Current and deferred taxes

For the six-month period ended 31 December 2019, the current tax charge corresponds only to the minimum wealth tax owed by the Luxembourg-based subsidiary LFDE International, *i.e.* €5K.

No other current taxes are owed by the other companies of the Group for this period, after determination of a tax calculated on the basis of a projection for FY20.

On 01 July 2018, a tax integration was set up with La Française de l'Énergie as the primary integrating company, which also includes Gazonor Holding, Gazonor, EG Lorraine and EG NPC.

Finally, no changes in tax rates occurred in 1H20, as the 2020 Law on Finances enacted in France had renewed the legislation existing in 2019, including specifically the gradual reduction of tax rates to 25% to 01 January 2022.

The tax expense for this half-year and the previous comparable half-year breaks down as follows:

Tax expense	31 December 2019	31 December 2018
	€	€
Current tax for the year	(4,815)	(4,815)
Current tax	(4,815)	(4,815)
Change in deferred tax assets	382,212	(226,227)
Change in deferred tax liabilities	(32,673)	22,856
Deferred taxes	349,539	(203,371)
Total tax expense	344,724	(208,186)

Analysis of the deferred taxes

Sources of deferred taxes posted in the Balance Sheet consist mainly of existing tax-loss carryforwards and mining rights, not unlike in the previous period. A new source of deferred tax is for energy-saving certificates, restated as investment grants as of 31 December 2019.

Breakdown and source of deferred taxes on Balance Sheet	31 December 2019	30 June 2019
	€	€
Tax-loss carryforwards	1,600,358	1,264,367
Free shares	24,753	24,753
Energy Saving Certificates	39,175	-
IFRS 16 – Leases	6,240	-
Provision for pension commitments	6,841	6,035
Deferred tax assets	1,677,367	1,295,155
Mining reserves	(6,176,523)	(6,206,533)
Large revisions provisions	(196,413)	(133,731)
Deferred tax liabilities	(6,372,936)	(6,340,264)
Total net deferred taxes on Balance Sheet	(4,695,569)	(5,045,109)

Deferred taxes on tax-loss carryforwards were calculated for each company or each tax integration where appropriate, based on the prospects for individual recoverability. The sharp increase of this base is due to two cumulative effects:

- Taking into consideration a tax deduction specific to investments made in Anderlues by Gazonor Benelux (base of nearly €390K as of 31 December 2019),
- Increase in La Française de l'Énergie France's own tax-loss carryforwards following the conclusion of the tax audit and the exact level of deficits finally recovered (€741K).

As of 31 December 2019, losses that did not result in the recognition of deferred taxes assets represent amounts carried forward of €1,736K for companies located in France (including €895K in losses specific to EG Lorraine and €810K to Gazonor Holding) and €11,569K for the company located in Luxembourg.

The deferred tax liability initially recorded for the mining reserves following the allowance of the purchasing price by La Française de l'Énergie of the group LFDE International/Gazonor is itself continued annually at the same rate as the underlying depreciation and amortization.

Reconciliation of the effective tax rate and the theoretical rate

The reconciliation between the theoretical tax rate, which is the legal rate applicable to French companies, *i.e.* 28% for a taxable profit of less than €500K and 31% for amounts above this, and the effective tax rate recorded in the consolidated Financial Statements, is established as presented in the following table.

Unrecognized deferred tax assets correspond mainly to the tax integration group's losses at 31 December 2019, with La Française de l'Énergie expecting a better outcome in the second half of the fiscal year with an integration result that should return to being near 0.

Reconciliation of effective tax rates and theoretical rates	31 December 2019
	€
Consolidated Net Income	193,436
(Corporate tax)	(344,724)
Earnings before tax	(151,288)
French tax rate	28.00%
Theoretical tax expense	42,361
Unrecognized deferred tax assets	(23,932)
Revision of deferred tax assets on losses (25% rate)	335,991
Permanent differences on free shares	(10,936)
Other	1,241
Tax expense in Income Statement	344,724

3. NOTES APPENDED TO THE BALANCE SHEET

3.1. Exploration assets

As explained in the accounting rules and methods, the expenses recorded as exploration assets in the consolidated balance sheet consist of all the costs incurred for the exploration phases and exploration drilling.

During the six-month period ended 31 December 2019, the increase in these exploration assets is primarily related to the routine maintenance work carried out at the sites of the Lorraine Basin (Bleue Lorraine permit), in particular at the Lachambre site. More importantly, this first half-year saw the conclusion of the independent study by four leading international experts in the coal-gas sector. Except for a few analysis services regarding the La Folie de Paris permit, the other sites and exclusive exploration permits held by the Group were not concerned by any new work in this half-year.

As of 31 December 2019, the gross value of these exploration costs reached €45,218K, including restoration costs of €1,386K; the latter's calculation hypotheses were not modified.

The impairment of €294K recorded for the exclusive exploration permits relates to exploration costs associated with the Lons-le-Saulnier and Gardanne areas, with no change over this six-month period. A legal analysis was carried out in conjunction with the Group's lawyers on 31 December 2019, concerning the status of each permit for which exploration costs were recognised. The Group's Management also gave its judgment on the results of the drilling and the qualification of the reserves at the end of the period.

The changes in gross and net values between 30 June 2019 and 31 December 2019 are as follows:

Changes – Gross value	30 June 2019	Acquisitions	Sales	Other	31 December 2019
	€	€	€	€	€
Assets - Bleue Lorraine ELP	40,918,374	203,087			41,121,461
Assets - Other ELP	2,689,710	21,185			2,710,895
Provision for restoration	1,385,770				1,385,770
Total – Gross value	44,993,854	224,272	0	0	45,218,126
Variations - Amortisation and impairment	30 June 2019	Provision for amortisation	Provision for impairment	Draw-downs	31 December 2019
	€	€	€	€	€
Assets - Bleue Lorraine ELP	-				-
Assets - Other ELP	(294,367)				(294,367)
Provision for restoration	-				-
Total Amortisation and impairment	(294,367)	0	0	0	(294,367)
Total – Net value	44,699,487				44,923,760

Exploration assets by exclusive exploration permit or concession, excluding provisions for restorations, stand as follows:

Permits/concessions	Status	31 December 2019	30 June 2019
		€	€
Bleue Lorraine	<i>Application for concession in progress</i>	41,121,461	40,918,374
Bleue Lorraine Sud (1)	<i>Non-extension, contentious appeal</i>	303,573	303,573
Bleue Lorraine Nord	<i>Explicit rejection – contentious appeal</i>		
La Grande Garde	<i>Explicit rejection – contentious appeal</i>		
Lons-le-Saulnier	<i>Rejection decree – contentious appeal</i>	0	0
Gardanne	<i>Rejection decree – contentious appeal</i>	0	0
Ecole supérieure	<i>Explicit rejection</i>		
Chéroy	<i>Explicit rejection</i>		
Courgivaux	<i>Explicit rejection</i>		
Deux-Nanteuil	<i>Explicit rejection</i>		
Dormans	<i>Explicit rejection</i>		
La Folie de Paris	<i>Renewed until 07 August 2021</i>	2,112,955	2,091,770
La Sole	<i>Explicit rejection</i>		
Les Chollets	<i>Explicit rejection</i>		
L'Ourcq	<i>Explicit rejection</i>		
Marigny	<i>Explicit rejection</i>		
Ozoir	<i>Explicit rejection</i>		
Valenciennois (2)	<i>Extended until 24 October 2022</i>	0	0
Sud-Midi (3)	<i>Extended until 23 July 2020</i>	0	0
Poissonnière	<i>Concession until 23 August 2042</i>	0	0
Désirée	<i>Concession until 23 August 2042</i>	0	0
Anderlues	<i>Concession until 2038</i>	0	0
Total – Exploration assets (net value)		43,537,989	43,313,717

- (1) The Bleue Lorraine Sud permit was the subject of an extension application in July 2016, an application rejected by ministerial decree of 29 December 2017. Considering that the date of this rejection was after the legal deadline, La Française de l'Énergie initiated legal action on 10 September 2018 to obtain the extension of this permit; the suit is still pending with an indemnity application being prepared.
- (2) By decree of the Minister of Ecological and Solidarity Transition and the Minister of Economy and Finance, dated 05 August 2019, the exclusive exploration permit known as the *Valenciennois* (North), has been extended until 24 October 2022 for Gazonor, for its second period of validity, over an area of 216 km².
- (3) Regarding the so-called “Sud-Midi” permit, the administrative court in Lille, through a judgment dated 04 April 2019, quashed the order of 15 March 2017 in which the Minister of the Environment, Energy and the Sea had expressly rejected a request for its extension. The same court ordered the Ministry of Ecological and Solidarity Transition to issue the extension of this permit within two months of the judgment, subject to a penalty of €500 per day of delay.
- However, the State has referred the matter to the Administrative Court of Appeal in Douai, and the proceedings are still ongoing as of the closing date of these consolidated annual Financial Statements. At the same time, this permit was indeed extended until 23 July 2020 through an order of 12 June 2019, but solely in execution of the judgment mentioned above, which could be repealed in the event of a contrary judgment of the Court of Appeal.

3.2. Mining rights

The mining rights recorded since the Group's acquisition of the LFDE International/Gazonor complex are subject to annual amortization at the production unit, by comparing the quantities of gas produced by the various sites of Gazonor to the quantities of reserves held at the beginning of the fiscal year.

Mining rights	31 December 2019	30 June 2019
	€	€
Hauts-de-France – Gross value	25,366,331	25,366,331
Hauts-de-France – Amort. and cumulative impairments	(709,555)	(600,193)
Anderlues – Gross Value	206,822	206,822
Anderlues – Amort. and cumulative impairments	(2,630)	(661)
Mining rights – net worth at closing	24,860,968	24,972,299

During the semester ended 31 December 2019, a depreciation of €109K was thus recorded, based on a half-year production of 1.39 BCF (billion cubic feet) for a volume of type 2P reserves which stood at 315.48 BCF at the beginning of the period (for the fiscal year ended 30 June 2019, with the data being respectively €200K for the amortisation and depreciation charges and 2.55 BCF for production on an annual basis).

These reserve quantities are based on a report from DMT updated and issued in October 2017, taking into account the coefficient existing between the potential quantities of production of pure methane and those of mixed gas. The Group's management also made a judgment on the results of the drilling and the qualification of the reserves at the end of the fiscal year.

At the Anderlues site, which was commissioned in late April 2019, the gross value of €207K corresponds to the matching assets of the dismantling provision, as recorded as of 31 December 2019, which assets are amortized at the production unit.

3.3. Other tangible assets

Excluding mining rights recorded as tangible assets, the other tangible assets consist mainly of investments made in 2017 at the Gazonor sites in order to produce green electricity (Jenbacher engines in particular, located in Lens, Avion, Divion and Louches), as well as acquisitions in the FY18/19 at the Avion site for the three Siemens electric motors (nearly 1.4 million euros in gross value) and at the Anderlues site for the two cogenerations (nearly 2 million euros).

Changes – Gross value	30 June 2019	Acquisitions	Sale	Other	31 December 2019
	€	€	€	€	€
Land	24,113				24,113
Buildings	332,748				332,748
Plant and equipment	9,440,474	78,588		(167,956)	9,351,106
Other tangible assets	51,692				51,692
Construction work in progress	815,729	387,597	(100,054)		1,103,272
User fees – IFRS 16	-	123,680			123,680
Total - gross value	10,664,756	589,865	(100,054)	(167,956)	10,986,611

Changes – Amortisation and impairment	30 June 2019	Provision for amortisation	Provision for impairment	Draw-downs	31 December 2019
	€	€	€	€	€
Land	-				-
Buildings	(132,179)	(14,207)			(146,386)
Plant and equipment	(1,325,470)	(419,647)			(1,745,117)
Other tangible assets	(41,383)	(1,926)			(43,309)
Construction work in progress	-				-
User fees – IFRS 16	-	(50,657)			(50,657)
Total - Amortisation and impairment	(1,499,032)	(486,437)	0	0	(1,985,469)
Total - Net value	9,165,724				9,001,142

Acquisitions for the six-month period related mainly to:

- In the Hauts-de-France region, Gazonor has made investments amounting to €263K, most of them still outstanding, including a dehydration project at the Avion site for more than 0.1 million euros invested over the period.
- In Belgium, there are only a few residual investments on the Anderlues site, for less than €30K this half-year.
- The application of IFRS 16 starting on 01 July 2019 concerns the restatement of two lease contracts, for offices and warehouses in Lorraine, with a usage rights value of €124K at the opening of the period.

Assets in progress as of 31 December 2019 concern mainly Gazonor, with €399K related to the third Siemens engines, expected to be commissioned in April 2020, and La Française de l'Énergie, with €301K related to a leasing operation to finance the construction of offices and warehouses in Faulquemont (Moselle). The total budget is €940K, financed over 12 years, with a building scheduled to be operational in September 2020.

3.4. Customer receivables and other current assets

Customer receivables and other current assets	31 December 2019	30 June 2019
	€	€
Receivables and related accounts	1,581,842	1,134,882
Other current assets	2,128,400	2,526,357
Prepaid expenses phased over time	54,556	191,114
Total receivables and other current assets	3,764,798	3,852,353

The Customers balance as of 31 December 2019 consists of the December billing to customers Total Gas & Power, EDF Obligations d'Achats and EDF Luminus, as well as the re-billing of work to Dalkia. The increase from 30 June 2019 was due mainly to higher volumes and prices in December than in June, particularly in the gas business.

Other receivables mainly relate to deductible VAT receivables as well as social and tax receivables, including a debt of 1.1 million euros related to the Exploration Tax Credits calculated for the years 2015 to 2018.

In a letter dated 18 October 2019, the Tax Authorities rejected the request for the reimbursement of the 2015 Research Tax Credit (RTC), amounting to €277K, ruling that the work concerned did not constitute R&D operations. In through its counsels, the Group filed a petition with the Strasbourg Administrative Court on 19 December 2019 to challenge this rejection, a procedure still ongoing as of the date of the decree of these half-year consolidated Financial Statements. The Group considers, as of this date, that despite this procedure, its application for the 2015 RTC was duly justified and that no impairment should be found at this stage of progress.

Regarding the 2016 to 2018 TRC's declared by La Française de l'Énergie during 2019, the Group is still waiting to be reimbursed by the Tax Authorities, as no rejection has taken place.

3.5. Cash

Cash and cash equivalents – assets	31 December 2019	30 June 2019
	€	€
Bank accounts	4,592,568	1,037,280
"Liquidity" portion of liquidity contract	148,431	127,871
Total cash – assets	4,740,999	1,165,151

Since 30 June 2019, for the cash belonging to the Gazonor entity, all or part of it may only be made available to the other entities of the Group, including La Française de l'Énergie, after authorisation from the lenders, BPI and SaarLB, and in compliance with the financial ratios in effect on that date. However, this restriction does not apply to cash flows between entities which originate from invoicing for services and other intragroup agreements. As of 31 December 2019, on the basis of these availability rules, no restrictions would apply to the net cash held by Gazonor, *i.e.* 1.5 million euros.

The two loans taken out by Gazonor, for 1.3 million euros, with Bpifrance Financement and by Gazonor Benelux, for 4.2 million euros, with Triodos Bank do not contain any restrictions of this nature, though the latter is subject to compliance with bank covenants (cf. Note 3.8 of this Annex).

3.6. Share capital and share premium reserve

As of 31 December 2019, the share capital of La Française de l'Énergie stood at €5,155,890, and was divided into 5,155,890 ordinary shares with a par value of €1.00 each, fully paid up.

Over the six-month period, 5,231 new shares were issued following the final award of the free shares awarded to the beneficiaries of the second plan initiated in 2017 as part of the delegation granted by the General Shareholders' Assembly on 23 March 2016. This capital increase was made by incorporating share premiums following the Chairman having fully noted, on 27 December 2019, the final award of the free shares to their beneficiaries.

No other transactions have occurred with respect to the share capital since 01 July 2018.

Share premiums amounting to €44,079K represent the difference between the total of the share premiums relating to the Group's initial public offering and conversion of the previously issued bonds, for a total premium of €45,374K, and the amount, net of tax, of the costs incurred by the Group at the time of the initial public offering, which is to say €1,204K, minus the incorporations to the capital as a result of the first and second free-share allocation plans.

3.7. Payments based on shares/free shares

The Shareholders' General Assembly of La Française de l'Énergie dated 23 March 2016 had authorised the Board of Directors to proceed with the award of free shares for the benefit of the Group's employees and corporate officers, up to 5% of the share capital. This distribution of free shares must be carried out through a capital increase transaction by incorporating reserves or share premium reserves.

In its twentieth resolution, the Shareholders' General Assembly of 29 November 2019 renewed this authorisation for a term of 26 months on the basis of the same criteria.

In accordance in particular with the opinion of the Appointments and Remunerations Committee, a first plan had been decided on 30 June 2016 and had been the subject of a final allocation of 85,485 shares in November 2018 (out of 85,601 shares initially allocated to beneficiaries). The second plan, initiated on 30 June 2017, was the subject of a final allocation of 5,231 shares (out of 7,391 shares initially allocated to beneficiaries), as mentioned in the previous note.

Two other plans were initiated on 9 July 2018 and 12 December 2019, providing for the allocation of free shares distributed among the Group's employees and managers, summarized in the following table:

Free share plans	Number of shares initially awarded	Number of shares as of 31 December 2019	Fair value (price)
9 July 2018	8,420	8,080	16.5
12 December 2019	8,919	8,919	17.4

All of these cumulative awards represent a total of about 2.1% of the capital, which is consequently less than the ceiling set as part of the original authorisation.

These free shares will be awarded definitively to the beneficiaries within two years of their initial award date, provided that these beneficiaries retain their function within the Group for that period, and that the other conditions set out in this free-share award plan are met.

The estimate of the cost associated with these share plans and their method of recognition is similar as of 31 December 2019 to the rules followed for FY19. The recorded expense for this half-year stood at €39K compared to €66K for 1H18/19.

3.8. Borrowings and financial debts

The Group's financial loans and debts at 31 December 2019 are as follows, with the last three being underwritten in 1H18/19:

Bond Loan – CAP 3RI

A 3-million-euro bond loan taken out in January 2018 for the Gazonor subsidiary by CAP 3RI, an investment company to the Third Industrial Revolution in Hauts-de-France. This loan was obtained by Gazonor Holding with a maturity set at 31 December 2024.

6,383 convertible bonds were issued, with each holder having the option to exercise at any time, in whole or in part, a conversion right of 1 Gazonor Holding share for 1 bond.

A non-conversion premium is included in the bond contract, its amount being based on the consolidated Gross Operating Excess and the consolidated net debt according to an agreed formula, with a minimum capitalised rate of 3% *per annum*.

Bank Loan – Landesbank SAAR – Bpifrance Financement

A bank loan of 6.4 million euros obtained on 09 May 2018 jointly from Landesbank SAAR and Bpifrance Financement, and this in the case of Gazonor, with a maturity date of 02 April 2024 with a repayment plan by quarterly instalments. Repayments which have to be completed by 31 December 2020 are presented in the current financial debts.

The following specific special conditions concern this bank loan:

- A reserve account of €725K is formed and represents a cash account frozen in the books of Landesbank SAAR used for the reserve for servicing the debt and pledged in favour of the lenders, until the loan's maturity. This account bears interest at the remunerative rate for the equivalent deposits. As of 31 December 2019, it is listed in non-current financial assets.

- The Company Gazonor undertakes not to grant credits, advances or loans in any form or of any nature whatsoever to any natural person or legal entity, except for:

- Existing advances to Group members on the date when the loan contract was signed,
- From an additional advance of up to €3,600K to one or more members of the Group, by 31 December 2018,
- From current account or cash advances to other Members of the Group authorized by lenders. This cash upturn may only occur after 31 July 2019.
- Credits and payment periods granted to its co-contractors in the normal course of business and up to a maximum of €100K.

This loan comes with a financial ratio to be complied with, known as the DSCR ratio, for any 12-month period ending at the close of a fiscal year. This is a debt-service hedging ratio, corresponding to the "potential cash generated/total debt service" ratio, which must remain above 1.3. As of 30 June 2019, this ratio stood at 2.39.

Shareholder Loan – Deltec Bank and Trust

Set up in 2017, the shareholder loan from Deltec Bank and Trust had a face value of €3,977K for an interest rate, excluding commission, of 1.98% and a maturity on 27 December 2019.

In FY19, this loan was the object of an amendment providing for the extension of this maturity with the setting of different settlements, *i.e.* a nominal €500K as of 31 December 2019, nominal €250K on 30 June 2020, and nominal €3,930K + commissions and interest on 31 December 2020.

The amount of €4,607K appearing on the Balance Sheet as of 31 December 2019 corresponds to the funds obtained as well as to the accrued interest and commissions on financing which will only be paid at maturity.

Indeed, as of 31 December 2019, in agreement with Deltec Bank and Trust, the first repayment was initiated in two instalments: a first payment of €250K, issued in late 2019 but cashed by Deltec at the beginning of 2020 due to interbank delays, and a second payment of €250K to be issued by late March 2020. Other deadlines were not changed, nor were the amount of commissions or interest applied.

Bank Loan – Landesbank SAAR / Bpifrance Financement

Loan taken by from Gazonor from Bpifrance Financement, dated 22 October 2019, for a nominal amount of 1.34 million euros, intended to refinance costs incurred in the acquisition of the three Siemens-type electric motors installed at the Avion site. This loan has a maturity of 6 years, with monthly linear repayment, for a fixed interest rate of 1.5% *per annum*.

The guarantees attached to this loan are presented in Note 4.3 of this Annex to the half-year consolidated Financial Statements.

Bank Loan – Triodos Bank NV

Loan obtained by Gazonor Benelux from Triodos Bank NV, domiciled in Belgium, signed on 11 December 2019. The loan, with a face value of 4.24 million euros, was to refinance the construction of the two cogenerations of the Anderlues site, including a series of intangible costs incurred (sub-soil modelling, reservoir engineering, etc.). Maturity of this loan is 6 years from 15 December 2019, through semi-annual maturities, with a fixed interest rate of 1.65% *per annum*.

In addition to the guarantees given by the Group and presented in Note 4.3 of this Annex, the following special conditions are attached to this bank loan, a reserve account is set up at the time of the drawdown for €340K and represents a monetary account blocked in the books of Triodos Bank, used for the reserve of debt service until full repayment of the loan.

Finally, the loan comes with financial ratios that must be met by the production of a certificate of compliance with the annual Financial Statements:

- DSCR Ratio: debt service coverage ratio, corresponding to the ratio of “net cash flow / total debt service”, the latter to remain above 1.05.
- LLCR ratio: coverage ratio over the duration of the credit, corresponding to the ratio “(current value of net cash flows up to maturity of the loan + reserve account) / total amount of the balance of the outstanding loan due”, the latter to remain above 1.15.

The first calculation of these ratios will be based on Gazonor Benelux's annual Financial Statements as of 30 June 2020.

Lease-Purchase – Finamur

Lease-purchase agreement concluded on 21 October 2019 between La Française de l'Énergie and Finamur by notarial deed, covering a total investment of €940K to build a series of offices and warehouses, expected to be completed in September 2020, in the Pontpierre/Faulquemont business area.

This lease provides for a maturity of 12 years, with the possibility for La Française de l'Énergie to exercise its option earlier, after a 7-year rental period; the purchase option's price at contract's end is €94K.

As of 31 December 2019, the lease has not yet taken effect, as construction is still underway as of this date. An amount of €301K is recorded in non-current financial debts in these half-year consolidated Financial Statements, offsetting the capital assets in progress recorded on the basis of the percentage of progress at the site.

Taking these financing operations into account, the Group's current and non-current financial debt as of 31 December 2019 can be broken down as follows:

Current and non-current financial debts	31 December 2019	30 June 2019
	€	€
Bond loan	3,224,432	3,166,517
Bank loans	8,133,483	4,266,664
Shareholder loan (including commissions)	-	3,817,740
BPI Export Advances	14,625	14,625
Lease-purchase debt and IFRS 16	353,902	-
Emission costs	(101,108)	(249,988)
Non-current financial debts	11,625,334	11,015,558
Bond loan	37,397	37,397
Bank loans	1,947,085	1,098,698
Shareholder loan (including commissions)	4,607,437	750,000
Debts on RTC factoring and pre-financing	923,681	656,024
Lease-purchase debt and IFRS 16	44,624	-
Emission costs	(138,591)	(63,081)
Current bank financing	149,026	467
Current financial debts	7,570,659	2,479,505
Total financial debt	19,195,993	13,495,063

RTC factoring and pre-financing debts correspond to receivables assigned with recourse under the customer factoring contract at 31 December 2019 for €393K and pre-financing of the 2015 and 2016 RTC's for which La Française de l'Énergie retains the risk until the reimbursement of this tax credit by the State (€245K and €286K respectively), the 2016 RTC having been pre-financed in July 2019.

4. OTHER BRIEFING NOTES

4.1. Cash flow

The change in working capital requirements in 1H19 and 1H20 presented in the cash flow requirement table breaks down as follows:

Change in WCR	31 December 2019	31 December 2018
	€	€
Inventories	73,760	22,674
Customer receivables	(446,960)	(174,064)
Supplier payables	(584,531)	(412,605)
Other operating assets (CCA, spread costs)	136,559	288,965
Change in operating WCR	(821,172)	(275,030)
Other assets	397,957	(122,941)
Other liabilities	(214,448)	140,778
RegaLor grant reclassification	-	(250,000)
Change in WCR – other assets and liabilities	183,509	(232,163)
Change in global WCR	(637,663)	(507,193)

4.2. Lease contract commitments

Real estate leases

The La Française de l'Énergie Group leases offices located in the municipality of Forbach (Moselle) on the basis of a 9-year lease due to expire on 30 June 2022, with the possibility of termination at the end of each three-year period.

The Group also leases a 430 m² warehouse in Faulquemont under a tenancy-at-will agreement with a maturity of 31 July 2020.

Both contracts were restated in the half-year consolidated Financial Statements in accordance with the application of IFRS 16 as of 01 July 2019, as described in Note 1.1 “General principles and basis for the preparation of the consolidated Financial Statements” of this Annex.

The Group is also engaged in lease agreements concerning land and plots located in the Lorraine region, signed with private owners and this for very long terms, with nevertheless a termination option on the part of the Group; said have not been restated according to IFRS 16, also as described in this note.

Over this first half-year, rents paid under these land-lease contracts, which fall without the scope of IFRS 16, amounted to €33K for a full year, with undiscounted corresponding commitments amounting to €2,612K over the total possible lease term.

4.3. Other commitments

Commitments on financial debts

The current and non-current financial debts granted to the Group as of 31 December 2019 represent the following commitments and guarantees:

Joint Bank Loan – Landesbank SAAR – Bpifrance Financement (6.4 million euros)

- Pledge of tangible assets granted by Gazonor to guarantee the obligations of payment and repayment of any sum owed as part of the relevant financing. This pledge concerns the facilities and equipment mentioned in the financing contract, *i.e.* 6 Jenbacher JGC 420 GS heat and energy production units and 2 Aerzen (RKR) gas compression units.
- Personal and joint bond given by Gazonor Holding as security for any sum owed and payable by Gazonor.
- Pledge on the reserve account amounting to €725K in favour of the lenders as a guarantee for the obligations of payment and repayment of any amount due.
- First-ranking and uncontested mortgage deed in favour of the lenders for €50K in principal and €10K in fees and incidental costs on the land of Gazonor (land on which the four operating and gas-production sites and mine-gas processing and compression facilities are located).

Bank loan – Bpifrance Financement (1.34 million euros)

- First-ranking non-possessory pledge of tangible assets by Gazonor, in favour of Bpifrance, of the financed equipment, *i.e.* three electric motors, Siemens 1LA 690V 1500 TR/MIN, and electronic speed-variation system, Siemens G150 12pulses 690V, installed at the Avion site.
- Joint bond by La Française de l'Énergie for 1.34 million euros for the term of the financing.
- Risk-participation agreement in the Bpifrance Financement guarantee for 40%, under the “Développement Cas/Cas 2019” national guarantee fund

Bank Loan – Triodos Bank NV (4.24 million euros)

- Pledge in favour of Triodos Bank of 100% of Gazonor Benelux shares.
- The credit balance of all bank accounts (excluding the distribution account) of the relevant project, *i.e.* the activity of the Anderlues site, is pledged.
- Pledge in Triodos Bank's favour of all receivables resulting from the operation of this same project, *i.e.* but not limited to it: the contract for the sale of green electricity and certificates, the service and maintenance contract, any construction contract, insurance policies...
- Direct agreement with the municipality of Anderlues allowing access to the Anderlues site, direct agreement under the service and maintenance contract and the contract for the sale of electricity.
- Non-possessory pledge of all the tangible elements of the Anderlues project, including the two units of cogeneration and all electrical equipment.
- Delegation of the benefit of all insurance policies underwritten by Gazonor Benelux to Triodos Bank.

- La Française de l'Énergie's commitment to cover any possible cost overruns in the construction budget (including, among other construction claims, costs induced by tax changes... questioning compliance with coverage ratios).

Leasing - Finamur (debt of 0.30 million euros as of 31 December 2019)

- Pledge in favour of the lessor, Finamur, of the intangible elements resulting for its benefit from the lease agreement and the benefit of the promise of sale as stipulated in the notarized contract. Through this collateral, Finamur will have and exercise all the rights, actions and privileges on the various elements of the lease as are conferred by law on the creditors benefitting from this pledge.

Financial commitments regarding permits

The following table describes the Group's financial commitments to three major permits currently held by the Group, with investments and exploration expenses recorded as of 31 December 2019:

Exclusive Exploration Permit Commitments	Initial financial commitments	Investments made*	Residual commitments
	€	€	€
Bleue Lorraine	7,700,000	41,121,461	Nil
Bleue Lorraine Sud	7,250,000	303,573	6,946,427
La Folie de Paris	5,400,000	2,112,955	3,287,045

** Excluding personnel and other expenses recorded in expenses, which are not recorded on the Balance Sheet as exploration assets.*

Each exploration permit granted to the Group includes financial commitments in terms of exploration expenses to be incurred during the term of the permit, which will serve as key elements in any possible renewal by the State. Furthermore, it bears stressing that the expenses recognised in the Bleue Lorraine ELP also concern the studies on well architectures, the quality and strength of drilling equipment and tools, and the characteristics of Lorraine coals which may be appropriate for the Bleue Lorraine Sud ELP.

The Bleue Lorraine permit was the subject of request for concession in November 2018, while the La Folie de Paris permit has been renewed until 7 August 2021.

4.4. Related Parties

As part of its activities for 1H20, the La Française de l'Énergie Group was engaged in a number of transactions with persons or entities deemed to be related parties. The amounts resulting from these transactions and recognised in the consolidated Financial Statements are presented below, as well as the various significant relations which were formed during this six-month period.

Transactions with related parties	31 December 2019
	€
NextGen NRJ Limited, Trade payable	390,000
Deltec Bank and Trust Loan	4,607,437
Debts	4,997,437
NextGen NRJ Limited, Services rendered	60,000
Services – annual charge	60,000
Interest on Deltec loan	39,697
Interest expense	39,697

Relationships with related parties

- (i) Conclusion on 30 June 2019 of Amendment N° 2 to the shareholder loan signed on 27 October 2017 between La Française de l'Énergie and Deltec Bank and Trust, current shareholder of the Group, in which Deltec Bank and Trust makes a maximum amount of €4,300K, paid at an annual interest rate of 1.98%, available. A 2.50% commission is also owed by La Française de l'Énergie, payable when the last instalment of the loan is paid. An initial amendment had been reached on 28 September 2018, extending the maturity of the loan to 27 December 2019 and providing for an additional commission of €100K to be paid at maturity.

Amendment N° 2 extended and specified the repayment terms of this shareholder loan under the following terms, including nominal, accrued interest and commissions: first repayment of €500K on 31 December 2019, second repayment of €250K on 30 June 2020, third repayment of €3,930K on 31 December 2020. The interest rate applied remained similar to the original shareholder loan. The amount recorded in debt as of 31 December 2019 stood at €4,607K, corresponding to the main increase in the fees and interest accrued to that date, the first repayment, of €500K, being paid in the end in two instalments, €250K in January 2020 and €250K before late March 2020 (see Note 3.8 of this Annex).

- (ii) Since 01 July 2016, a service contract has existed between LFDE International and NextGen NRJ Limited, the personal holding company of the Chairman and CEO of La Française de l'Énergie, covering the promotion of the Company's activities, particularly to European Union authorities, and the search for external growth and financing. In return for these services, LFDE International pays a monthly fee of €10K, excluding taxes, to NextGen NRJ Limited, comprising an overall charge of €60K recorded during the six months ended 31 December 2019. An amount of €390K was recorded in trade payables Trade payables on the closing date.
- (iii) At its meeting on 23 March 2016, the Board of Directors of La Française de l'Énergie decided to award its Chairman and CEO an exceptional pre-tax remuneration of €250K in the event of the Company's IPO being successful, and an additional amount of €250K before taxes in the event of a financing round exceeding 20 million euros, plus related costs of €100K. As of 31 December 2019, after a payment of €45K made for this six-month period, the Group's remaining debt payable is nil.

The overall remuneration of the members of the Executive Committee and the Board of Directors of the Group is presented below, including also the €60K paid to NextGen NRJ Limited.

Compensation for senior executives	31 December 2019	31 December 2018
Fixed and variable compensation	261,780	246,780
Presence tokens	-	-
Total compensation	261,780	246,780

Attendance fees recorded for the participation of the members of the Remuneration and Audit Committees and the Board of Directors amounted to €55K in the six months ended 31 December 2019, with a total debt reaching €325K, excluding corporate contributions, on the same date.

4.5. Liquidity risk, asset and liability maturities

The exposure of the La Française de l'Énergie Group to the liquidity risk can be assessed on the one hand by the ratio of its current assets to its current liabilities and on the other hand in relation to its financial debt of less than one year, net of cash and cash equivalents.

The Executive Management of the La Française de l'Énergie Group regularly reviews its financing options in order to ensure that it is protected as a going concern, especially in view of its asset and liability maturities.

Paragraph B, "Going-concern principle", of Note 1.2 of this Annex to the consolidated Financial Statements indicates the various items which demonstrate this going-concern principle on the date of preparation of the Group's Financial Statements for this half-year of 2019.

The table below shows the Group's financial asset and liability maturities as of 31 December 2019 and 30 June 2019:

Asset and liability maturities – 31 December 2019	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets		725,000	527,068	1,252,068
Trade receivables	1,581,842			1,581,842
Other receivables, including prepayments	2,182,956			2,182,956
Cash and cash equivalents	4,740,999			4,740,999
Financial debts (excluding amortised expenses)	(7,709,250)	(10,796,782)	(929,660)	(19,435,692)
Trade payables	(4,650,526)			(4,650,526)
Other liabilities	(1,156,458)	(284,125)		(1,440,583)
Net amounts by maturity - 31 December 2019	(5,010,437)	(10,355,907)	(402,592)	(15,768,936)

Asset and liability maturities – 30 June 2019	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets		725,000	187,069	912,069
Trade receivables	1,134,882			1,134,882
Other receivables, including prepayments	2,475,318			2,475,318
Cash and cash equivalents	1,165,151			1,165,151
Financial debts (excluding amortised expenses)	(2,297,391)	(8,099,029)	(3,166,517)	(13,562,937)
Trade payables	(6,210,311)			(6,210,311)
Other liabilities	(1,361,755)	(291,502)		(1,653,257)
Net amounts by maturity - 30 June 2019	(5,094,106)	(7,665,531)	(2,979,448)	(15,739,085)

The amount of Trade payables as of 31 December 2019 includes, as it does as of 30 June 2019, a disputed amount of €2,465K against Entrepose Drilling, which the Group does not expect to settle in the year ended 30 June 2020 or within the next twelve months.

4.6. Disputes and legal proceedings in progress

As of the date of preparation of the consolidated Financial Statements for the fiscal year ended 31 December 2019, the Group is involved in various disputes and court cases.

- (i) A dispute between La Française de l'Énergie and the Company Entrepose Drilling S.A.S. concerns drilling and other services invoiced by the latter for the Lachambre drilling campaign. The Company considers that the deficiencies in the drilling equipment used by Entrepose Drilling failed to meet the objectives set for this drilling and that these deficiencies delayed the Company's drilling campaign, causing it a major prejudice which justifies the suspension of the payment of the last invoices for this drilling. Entrepose Drilling disputes the Company's position and has initiated summary proceedings to obtain payment of these invoices as well as compensation for termination of the contract signed with La Française de l'Énergie. The total amount demanded was €3,041K, excluding taxes. The Company disputed this fact, blaming the contract's termination on Entrepose Drilling itself. On 08 September 2017, the Commercial Court of Paris, ruling in summary proceedings, ordered La Française de l'Énergie to pay Entrepose Drilling the sum of €984K, excluding taxes; decision carried out.

Entrepose Drilling has initiated a dispute on the merits before the Commercial Court of Paris for the invoices the payment of which was rejected by the Tribunal's summary ruling, concerning a balance of invoices of €2,067K, excluding taxes. The Company, for its part, filed a counterclaim for compensation for damages due to deficiencies in the drilling services provided by Entrepose Drilling and the abusive termination by the latter of the contract binding it to La Française de l'Énergie. In this context, the summary conclusions were filed with the Commercial Court of Paris on 21 February 2019 by La Française de l'Énergie, based on a report by Mr Pierre Gié, produced on 07 February 2019, with the Company requesting an amount of €6,337K as well as the return of the amounts already paid under the original contract (*i.e.* €1,184K paid in execution of the summary ruling of 08 September 2017 and €1,381K paid in settlement invoices as part of the resolved contract).

The proceedings are still ongoing before the Commercial Court of Paris as of this date.

- (ii) There is a dispute between La Française de l'Énergie and the Compagnie Financière de Saint Roch, which in 2017 claimed an extra payment of €300K for services provided in connection with the Company's IPO in June 2016, which La Française de l'Énergie contests. This demand was rejected by the Company to the extent that the entire amount provided for in the contract binding it to Compagnie Financière de Saint Roch had already been settled in accordance with the terms of said contract.

However, on 05 October 2017, the Compagnie Financière de Saint Roch launched a legal action before the Commercial Court of Paris, now claiming €620K in principal for the services it alleges, as well as €600K for the loss of sundry investment opportunities and €50K for tarnishing of their image and for moral damage. The Company rejects all of these claims as completely unfounded contractually and has filed a €50K claim for compensation for wrongful proceedings

Following a judgment handed down by the Commercial Court of Paris on 22 February 2019, all applications by the Compagnie Financière de Saint Roch were rejected, as were *La Française de l'Énergie's* regarding wrongful proceedings. The Compagnie Financière de Saint Roch filed an appeal with the Paris Court of Appeal on 04 April 2019. As of 07 October 2019, the findings were filed on behalf of La Française de l'Énergie, plus 12 exhibits in support of these findings.

- (iii) A dispute between La Française de l'Énergie and Société Générale, following the latter's non-performance of tasks during the Company's IPO in June 2016. As such, the Company is seeking reimbursement of a portion of the 1 million euros in fees levied by Société Générale on the total amount raised. Specifically, La Française de l'Énergie is seeking a reimbursement of €531K on the Société Générale's remuneration, and €634K in reimbursement of expenses incurred solely because of the Société Générale's breaches of its obligations. The opposing party is seeking €50K in damages for wrongful proceedings.

This suit was rejected in the ruling of the Commercial Court of Paris on 27 September 2018, which also ordered La Française de l'Énergie to pay €25K to Société Générale under Article 700 of the Code of Civil Procedure, a payment that took place during the year 2018.

An appeal was lodged by La Française de l'Énergie on 30 October 2018, and its findings were filed in the Paris Court of Appeal on 31 January 2019; a decision is expected in 1H20.

- (iv) A labour-related dispute is currently pending at Gazonor, and all risks to the Group have been properly assessed and recorded in the Financial Statements for the year ended 30 June 2019. By judgment of 18 September 2018, Lens's Labour Court considered that the dismissal was founded, but not on a serious fault, reclassified as dismissal for real and serious cause. The complainant appealed this decision, and no hearings have yet been held before the Court of Appeal, and to date only the conclusions and replies have been exchanged by the parties, the last ones having been produced in July 2019.

- (v) On 16 August 2019, Gazonor filed an appeal with the Administrative Court of Lille against an implicit decision to reject made by the State on 19 June 2019, following an application dated 16 April 2019. This request was for the reimbursement of the costs incurred by Gazonor for the relocation of part of the pipeline owned by the company for the completion of a development project by the State for a dual, two-lane highway between the municipalities of Vimy and Avion. Arguing that rerouting costs incurred by Gazonor should be borne by the State, because it was not in the interest of the public property occupied by the pipeline, the company seeks a total compensation of €232K, corresponding to the costs it was forced to incur to move the pipeline, including €164K in direct work.

In a communication dated 07 November 2019, the DREAL (Regional directorate for the environment) of the Hauts-de-France indicated that the State was prepared to pay Gazonor only the amount of costs incurred by the rerouting work, not the other costs incurred, amounting to €164K. Discussions were still ongoing on the date of the half-year Financial Statements.

- (vi) On 13 December 2017, one of the subsidiaries of La Française de l'Énergie, Concorde Énergie Paris EURL, was ordered by a judgment of the Paris Court of Appeal to pay RER Renouveau Énergie Ressources a sum of €150K under a contract for the sale of mining rights signed between these two companies and in connection with the renewal of the "La Folie de Paris" permit on 22 October 2014. As Concorde Énergie Paris did not appeal in cassation, this sentence became final.

A single payment has been made to date, relating to the sum of €5K to which Concorde Énergie Paris was condemned by the same judgment, under Article 700 of the Code of Civil Procedure.

On 17 January 2020, Concorde Énergie Paris was served a subpoena to appear before the Judicial Court of Sarreguemines for a hearing on 14 February 2020, which was later postponed to 10 March 2020, at the request of RER Renouveau Énergie Ressources. The subpoena sought to open legal redress proceedings against Concorde Énergie Paris because of Concorde Énergie Paris' alleged inability to pay the sum to which it was sentenced in 2017 and the lack of assets to meet the required liabilities.

- (vii) A tax audit of La Française de l'Énergie was still underway at the beginning of 1H19/20, the conclusions of which were notified to the Company on 18 December 2018. This notification identified several reasons for readjustments, covering both tax-loss carryforwards totalling €3,430K and tax withholdings for €114K. After several exchanges, the Tax Authorities, in a letter dated 11 December 2019, finally granted La Française de l'Énergie's requests for €2,689K in tax-loss carryforwards, *i.e.* a readjustment of €741K. The tax withholdings amounted to €71K, including penalties. As La Française de l'Énergie Company accepted this adjustment, the readjustment took place on 15 January 2020 for the tax withholdings, and the calculation of the Group's deferred tax assets as of 31 December 2019 was updated accordingly (see Note 2.6 of this Annex).

4.7. Sectoral information

The sectoral financial information is presented according to principles which are identical to those of internal reporting, based on the indicators concerning exploration costs, production and EBITDA by operational sector. On this basis, the Group's business activity is grouped into two operational sectors, each of which is characterised by a different model in terms of gas extraction and refining. These operating segments are as follows, as of 31 December 2019, and as of said date, they overlap in the geographic areas in which the Group operates today:

- Extraction and refining of coal gas (Moselle – Grand-Est): exploration, certification of coal gas reserves and recovery of this gas for short-channel refining.
- Extraction and refining of mine gas (Pas-de-Calais – Hauts-de-France/Anderlues – Belgium): capture of gas from mines and refining into gas, electricity or heat.

The following tables present, by sector, information on revenue and information on the main exploration assets and production concessions owned by the Group as of 30 June 2019 and 31 December 2019. The operating income and EBITDA indicators were not subjected to a sectoral analysis by the Group's General Management.

As of 31 December 2019	Coal gas	Mine gas
	€	€
Turnover (6 months)	-	4,179,704
Mining rights	-	24,860,968
Tangible and intangible assets, including restoration	43,128,420	8,690,720
Investment flows	298,162	124,284

As of 30 June 2019	Coal gas	Mine gas
	€	€
Turnover (12 months)	-	7,913,715
Mining rights	-	24,972,299
Tangible and intangible assets, including restoration	42,855,185	8,927,870
Investment flows	1,050,479	3,361,408

Investment flows take into consideration La Française de l'Énergie's leasing operations (coal gas) as well as energy-saving certificates processed in decreased investment flows by Gazonor (mining gas).

By geographical area, the sector outside France concerns only Belgium as of 31 December 2019. For the six-month period, this area had a turnover of €448K and tangible investments of €30K, compared to €126K and €1,922K, respectively, for the year ended 30 June 2019.

4.8. Post-closing events

In the Compagnie Financière de Saint Roch dispute, the appeal hearing was held on 24 February 2020, with oral arguments similar to those presented at the trial. The Paris Court of Appeal's decision is expected by 20 April 2020.

Following the subpoena received by Concorde Énergie Paris for the opening of legal redress proceedings against it, as part of the RER Renouveau Énergie Ressources dispute, the hearing before the Judicial Court of Sarreguemines took place on 10 March 2020 and ended with a referral to 28 April 2020 in order to reach a negotiation on the basis of a payment schedule of the sum of €150K described in Note 4.6 of this Annex.

4.9. Scope of Consolidation

Consolidated Companies – 31 December 2019	Country	% control	% interest
La Française de l'Énergie S.A.	France	Parent company	Parent company
EG Lorraine S.A.S.	France	100%	100%
EG NPC S.A.S.	France	100%	100%
Cellcius S.A.S.	France	100%	100%
LFDE International S.A.	Luxembourg	100%	100%
Gazonor Holding S.A.S.	France	100%	100%
Gazonor S.A.S.	France	100%	100%
Gazonor Benelux S.A.	Belgium	100%	100%
Concorde Energy Inc.	United states	100%	100%
Concorde Énergie Paris S.A.R.L.	France	100%	100%

As noted in Note 1.1 of this Annex, this half-year's consolidation scope changed compared to 30 June 2019, with Cellcius S.A.S. being included on 13 November 2019, when it was founded.

AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

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**LA FRANÇAISE
DE L'ÉNERGIE**

*Information financière
semestrielle*

*Période du 1^{er} juillet
2019 au
31 décembre 2019*

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

Aux Actionnaires,

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

- l'examen limité des comptes semestriels consolidés condensés de la société LA FRANÇAISE DE L'ÉNERGIE, relatifs à la période du 1^{er} juillet 2019 au 31 décembre 2019, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés condensés ont été établis sous la responsabilité du conseil d'administration le 20 mars 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise sanitaire liée au Covid-19. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I - Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France.

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

**LA FRANÇAISE
DE L'ÉNERGIE**

Information financière
semestrielle

Période du 1^{er} juillet
2019 au
31 décembre 2019

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

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention :

- sur la note 1.1 intitulée « *Principes généraux et base de préparation des comptes consolidés* » de l'annexe aux comptes semestriels consolidés condensés qui expose l'incidence de la première application au 1^{er} juillet 2019 de la norme IFRS 16 « *Contrats de location* » ;
- sur la note B intitulée « *Continuité d'exploitation* » de la section 1.2 « *Règles et méthodes comptables* » de l'annexe aux comptes semestriels consolidés condensés qui décrit les hypothèses sous-tendant l'application du principe de continuité d'exploitation.

II - Vérification spécifique

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

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

Fait à Strasbourg, le 26 mars 2020

Les commissaires aux comptes

**CBP AUDIT ET
ASSOCIES**

Daniel NOEL

MAZARS

Laurence FOURNIER

STATEMENT FROM THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to my knowledge, the consolidated Financial Statements condensed for the past six months have been drawn up in accordance with the applicable accounting standards and give a true picture of the Company's assets, of the financial position and results of the Company and of all the companies included in the consolidation, and that the attached half-year business report provides an accurate picture of the major events which occurred during the first six months of the fiscal year, of their impact on the accounts, of the main transactions between related parties, and that it details the main risks and main uncertainties for the remaining six months of the fiscal year.

Forbach, 25 March 2020,



Julien MOULIN
Chairman and CEO



LA FRANCAISE DE L'ENERGIE

Limited company with a share capital of €5,155,890
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