



ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
30 JUNE 2021



An energy producer with a negative carbon footprint...



ABANDONED MINE METHANE



COAL SEAM GAS



SOLAR
(PHOTOVOLTAIC AND THERMAL)

... and large local resources



Hauts-de-France and Lorraine



Wallonie

Group's key financials



17 MW
INSTALLED
CAPACITY
IN 2021



1 MILLION TONS
OF CO₂ EQ AVOIDED
PER YEAR⁽¹⁾



10.2 M€
REVENUES
1H 2021
(57% SECURED BY
FEED-IN TARIFF)

EBITDA

FY 2020 **1,056 K€**

FY 2021 **2,924 K€**

Operating income

FY 2020 **-143 K€**

FY 2021 **1,418 K€**

Net income⁽²⁾

FY 2020 **109 K€**

FY 2021 **274 K€**

INVESTMENTS

10.7 M€

EQUITY⁽²⁾

55.3 M€

CASH AVAILABLE

7.0 M€

NET DEBT TO EQUITY

36%

CONTENTS

1. DECLARATION OF THE PERSON IN CHARGE	4	5. OTHER ASPECTS OF CORPORATE GOVERNANCE	53
2. STATUTORY AUDITORS	5	5.1 GENERAL DIRECTION AND LIMITATIONS TO POWERS	53
2.1 LEAD STATUTORY AUDITORS	5	5.2 PARTICIPATION OF SHAREHOLDERS IN GENERAL ASSEMBLIES	53
3. GROUP FINANCIAL REPORT AND PRESENTATION	6	5.3 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING	55
3.1 BUSINESS ACTIVITY AND DEVELOPMENT OF THE COMPANY AND GROUP DURING THE PRECEDING FISCAL YEAR	6	6. OTHER PRESENTED INFORMATION	56
3.2 PRESENTATION OF THE COMPANY'S FINANCIAL STATEMENTS	21	6.1 RESEARCH AND DEVELOPMENT	56
3.3 PRESENTATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS	26	6.2 EMPLOYEE SHAREHOLDING	56
3.4 FUTURE OUTLOOKS	32	6.3 RECAPITULATIVE STATUS OF OPERATIONS CARRIED OUT BY EXECUTIVES AND THEIR RELATIVES	56
4. CORPORATE GOVERNMENT	33	6.4 APPROPRIATION OF RESULTS	56
4.1 MIDDLENEXT ENTREPRISE GOVERNMENT CODE	33	6.5 ABSENCE OF LOANS	56
4.2 LACK OF CONTROL OVER THE COMPANY ..	33	6.6 NON-DEDUCTIBLE EXPENSES	57
4.3 SEPARATION OF THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER	33	6.7 TABLE OF RESULTS FOR LAST FIVE FISCAL YEARS	57
4.4 PREPARATION AND ORGANISATION OF BOARD OF DIRECTORS	34	6.8 INFORMATION ON PAYMENT TERMS	58
4.5 COMPOSITION OF THE BOARD OF DIRECTORS	35	7. KEY RISKS AND UNCERTAINTIES FACING THE COMPANY	59
4.6 DIVERSITY POLICY AND REPRESENTATION IN THE BOARD OF DIRECTORS	37	7.1 GENERAL RISKS	59
4.7 DIRECTOR SELECTION CRITERIA	37	7.2 OPERATIONAL AND FINANCIAL RISKS ...	60
4.8 INDEPENDENCE OF DIRECTORS	37	7.3 ENVIRONMENTAL RISKS	65
4.9 MISSION OF THE BOARD OF DIRECTORS ..	38	7.4 LEGAL RISKS	66
4.10 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS	38	7.5 RISK PREVENTION AND MANAGEMENT ...	67
4.11 BOARD OF DIRECTORS' COMMITTEES	39	7.6 FINANCIAL RISKS LINKED TO THE EFFECTS OF CLIMATE CHANGE	68
4.12 COMPENSATION ALLOCATED TO BOARD OF DIRECTORS MEMBERS	42	8. CONSOLIDATED FINANCIAL STATEMENTS	69
4.13 INFORMATION CONCERNING THE COMPENSATION OF CORPORATE OFFICERS	43	8.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	69
4.14 OTHER BENEFITS	48	8.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	116
4.15 INFORMATION ON THE COMPOSITION OF THE COMPANY'S SHARE CAPITAL	49		



1. DECLARATION OF THE PERSON IN CHARGE

I hereby certify that, to the best of my knowledge, the Financial Statements for the past fiscal year were prepared in accordance with applicable accounting standards and provide a true image of the assets, financial position and results of the Company, and of all companies included in the Group's scope, and the Management Report included in this annual financial report presents a true picture of changes in the business, results and financial position of the Company and of all the companies included in the Group's scope, as well as a description of the main risks and uncertainties they face.

Made in Pontpierre on 30 October 2021

Julien MOULIN
Chairman

2. STATUTORY AUDITORS

2.1 LEAD STATUTORY AUDITORS

■ Mazars

Member of the *Compagnie Régionale des Commissaires aux Comptes de Colmar* (Colmar Regional Association of Statutory Auditors).

Represented by Ms Laurence Fournier

1, rue des Arquebusiers, 67000 Strasbourg

Appointed by decision of the Shareholders on 29 November 2019 for a six-year term, expiring at the close of the General Shareholders' Assembly called to approve the Financial Statements for the fiscal year ended 30 June 2025.

■ BDO

Member of the *Compagnie Régionale des Commissaires aux Comptes de Paris*. (Paris Regional Association of Statutory Auditors).

Represented by Mr Sébastien Haas

43/47 avenue de la Grande Armée, 75116 Paris

Appointment by decision of the shareholders on 3 December 2020 for a six-year term, expiring at the end of the General Assembly that will decide on the accounts for the fiscal year end on 30 June 2026.

3. GROUP FINANCIAL REPORT AND PRESENTATION

Ladies and Gentlemen,

Pursuant to Articles L. 225-100, L. 233-26, and L. 232-1 of the French Commerce Code, we hereby present the Management Report of La Française de l'Énergie S.A. (hereinafter referred to as the "Company" or "FDE") and the Group (hereinafter referred to as the "Group") for the fiscal year from 01 July 2020 to 30 June 2021.

3.1 BUSINESS ACTIVITY AND DEVELOPMENT OF THE COMPANY AND GROUP DURING THE PRECEDING FISCAL YEAR

3.1.1 Group perimeter

FDE is the Group's parent company and the most senior entity in terms of consolidation.

The subsidiaries held by the Company, whether directly or indirectly, are described below. As of 30 June 2021, none of the Company's subsidiaries were listed on any stock market, whether regulated or not.

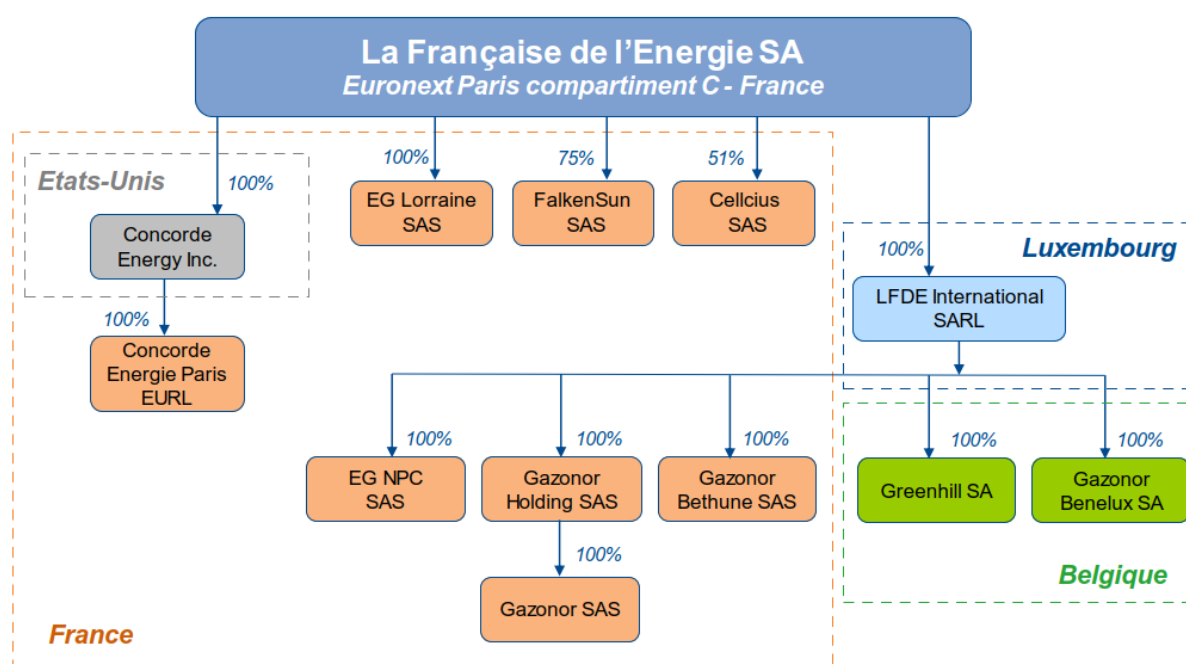
Information on the Group's main subsidiaries appears below:

Address and Trade and Companies Registration N°	Share Capital	% Equity Interest	Activity
FRENCH COMPANIES			
Cellcius SAS 1 avenue Saint-Remy 57600 Forbach	€1,000	51%	Operating company (Creutzwald solar-thermal project)
Concorde Energy Paris EURL 1 avenue Saint-Rémy 57600 Forbach RCS 529 069 825	€1,000	100%	Operating company (including PER La Folie de Paris)
EG Lorraine SAS 1 avenue Saint-Rémy 57600 Forbach RCS 790 110 639	€868,544	100 %	Operating company
EG NPC SAS ZAL Fosse 7 62210 Avion RCS 790 090 880	€624	100%	Operating company
FalkenSun SAS Avenue du District 57380 Pontpierre	€1,000	75%	Operating company (Tritteling photovoltaic project)
Gazonor SAS ZAL Fosse 7 62210 Avion RCS 381 972 439	€1,400,000	100%	Operating company (including ELP and Concessions, Désirée and Poissonnière, and ELP Valenciennois)
Gazonor Béthune SAS Rue du Siège Zal de la Fosse 7 62210 Avion	€10,000	100%	Operating company (Béthune project)

Address and Trade and Companies Registration N°	Share Capital	% Equity Interest	Activity
Gazonor Holding SAS Zal Fosse 7 62210 Avion RCS 451 506 612	€8,450,000	100%	Holding company
FOREIGN COMPANIES			
Concorde Energy Inc. 1537 Bull Lea Road Lexington, Kentucky 40511 (USA)	€6,391,199	100%	Holding company
Gazonor Benelux SA Voie de l'Air Pur 17-19 4052 Chaudfontaine (Belgium)	€300,000	100%	Operating company (including Anderlues, Wallonia, exploitation permit)
Greenhill SA Voie de l'Air Pur 17-19 4052 Chaudfontaine (Belgium)	€65,000	100%	Operating company
LFDE International SARL 76-78 rue de Merl 2146 Luxembourg (Luxembourg)	€1,000,000	100%	Holding company

The scope of consolidation changed over this fiscal year compared to 30 June 2020, with the creation of FalkenSun SAS, an operating company working on the Tritteling-Redlach solar project, 75% owned by FDE, and the acquisition of Greenhill SA in Belgium, fully consolidated into the Group. There were no other changes in scope during this fiscal year.

The following organisational chart illustrates the Group's legal structure and, in particular, the main subsidiaries held by the Company, whether directly or indirectly, as of 30 June 2021.



3.1.2 Business activity and development

(i) Status and evolution of the Company's and the Group's business

La Française de l'Énergie ("FDE") is one of France's few carbon-negative energy producers. Thus, FDE is the main producer of gas and green electricity from the capture of abandoned mine methane. The Group valorizes this fatal gas, found in the former mining basins of the North of France (Hauts-de-France) and the South of Belgium (Wallonia), in short circuits, to avoid the release to the atmosphere of gas consisting mainly of methane.

In France and Belgium, FDE currently operates 6 power-generation sites (with 10 1.5- MW cogeneration plants, *i.e.* an installed capacity of 15 MW), 2 gas-injection sites and 2 heat-production sites.

The flagship project of the year in this area is the **Béthune project**, which came into operation in January 2021. Thanks to the exemplary work of the FDE teams, the city of Béthune is now equipped with one of the largest urban heating networks in France, supplied with abandoned mine methane captured a few kilometres away from the network. FDE has installed two cogeneration plants with a **total capacity of 2.7 MW**, which supply unintermittent electricity to the local distribution network under a purchase obligation. The waste heat generated by this equipment is reinjected into the heating network operated by Dalkia to heat the equivalent of 6,500 homes.

To carry out this project, Gazonor used its status as a gas carrier to connect one of its existing sites and transport abandoned mine methane to Béthune, demonstrating its ability to deploy tailor-made local solutions to reduce consumers' overall carbon footprint.

Satisfied with the Group's technical and financial skills, the French State has granted **the extension of the concession known as Désirée**, in the eastern part of the Hauts-de-France mining basin. Thus, by decree dated 24 December 2020, the perimeter of the concession, owned by Gazonor – a subsidiary fully owned by FDE – was extended over an additional area of 198.87 square kilometres, reaching 266.88 square kilometres. The extension of the concession is granted for the period of validity of the concession, *i.e.* until 23 December 2042. FDE now holds **all the exclusive rights granted for the development of abandoned mine methane in the Hauts-de-France mining basin**.

Within the mine-gas development activity, the Group also strengthened its position in Wallonia with the **acquisition of Greenhill SA**, a subsidiary of Brederode SA group in Belgium, holder of the Monceau-Fontaine, Marcinelle and Nord de Charleroi concession, No. 038, which contains large volumes of gas present in the former mining galleries that tested positive in 2019.

There are already 6 mine shafts, connected to mining galleries running at depths of more than 1,000 metres, and the Group is launching a first development of **6 cogeneration plants**, *i.e.* 9 MW, which will be installed during calendar year 2022, to recover the associated gas escaping from these shafts.

The Group is also accelerating the **deployment of new activities in renewable energies**, most notably in solar thermal and photovoltaics energy.

For example, FDE has commissioned the first solar-thermal power plant in Creutzwald, in partnership with ENES Creutzwald, a municipal authority established in the region nearly a

century ago. This, the flagship project in the region, supported by the ADEME, is the **largest solar-thermal power plant in France** to inject produced heat into an urban heating network.

The powerplant, located 150 metres from the ENES urban heating network, supplies the municipality's residential areas, along with many companies and public infrastructures, in a short circuit. This environmental production site contributes to the reduction of greenhouse-gas emissions by avoiding the release of nearly 560 tonnes of CO₂ eq/year and will multiply the grid's rate of renewable energies sixfold.

At the same time, La Française de l'Énergie has started the construction of a **ground-based photovoltaic power plant project, with an installed capacity of 15 MW**, a project that was won through a solar call for tender by the *Commission de Régulation de l'Énergie* (CRE), the results of which were communicated in October 2020.

This first plant will be located on a former landfill in the Grand Est Region, in the Moselle department, within the Faulquemont Urban District (DUF) in Tritteling-Redlach. This site will produce 16 GWh per year, supplying the equivalent of over 7,000 people's electricity consumption, *i.e.* nearly 30% of the DUF's population. Construction of the plant has started; the plant is scheduled to be operational in the summer of 2022.

These projects seek to strengthen FDE's positioning in **"low-carbon" energies**, so as to provide the territories affected by its activities with ecologically and economically competitive energy.

In Lorraine, the Group completed the opportunity analysis regarding **CO₂ storage and development of gas in the form of carbon-free hydrogen**. The environmental, technical and economic aspects were dealt with by La Française de l'Énergie's teams, supported by experts from Schlumberger, CNRS, Enerka and the University of Lorraine. The **two core strategic aspects** selected by the company concern the production of hydrogen by methane pyrolysis and the development of a significant CO₂ storage capacity in deep coal deposits.

In this fashion, FDE validated its **participation in two major industrial consortia in France and Belgium** which will see the implementation of pilot projects for the production of carbon-free hydrogen by pyrolysis at several of its sites, in anticipation of a possible industrial development.

At the same time, FDE is finalizing pre-feasibility studies on **CO₂ injection and storage** before launching tests on coals to validate the models.

FDE and the University of Lorraine are pursuing the REGALOR project, selected in the State-Region of Lorraine Pact ("*Pacte Etat Région Lorraine*") for the development of an energy valley in Lorraine, in order to consolidate the potential of coal-gas production within the Moselle territory, and to implement best practices in terms of monitoring the impacts of coal-gas production. The Group also continues to make progress in the administrative aspects related to this coal-gas production in Lorraine, which seeks to replace imported gas with local gas with a significantly lower carbon footprint and produced under the best conditions regarding local stakeholders.

(ii) Status and development of ESG issues

FDE feels responsible for conducting its activities in an ecologically, economically and socially sustainable manner in all circumstances.

As part of its Corporate Social Responsibility policy, continuously reinforced, the Company, its employees and its partners are committed to adopt a business attitude characterized by integrity and respect for the law. In addition to protecting the environment, this commitment also includes respect and support for the Universal Declaration of Human Rights, as adopted by the United Nations, labour standards set out by the International Labour Organization (ILO), a zero-tolerance policy towards corruption, fraud or money laundering, data and intellectual-property protection, compliance with all relevant laws and regulations, and good corporate citizenship in general.

While supporting all 17 “**Sustainable Development Goals**” (SDGs), as defined in September 2015 by the United Nations for the period 2015-2030, FDE contributes mainly to those objectives related to its own areas of expertise, and more specifically to the following objectives:

- Goal 7: Clean, affordable energy
- Goal 9: Industry, innovation and infrastructure
- Goal 11: Sustainable cities and communities
- Goal 13: Measures to combat global warming
- Goal 17: Partnerships for the attainment of these objectives

FDE considers itself particularly well placed to contribute to its objectives, as the Group has already demonstrated the effectiveness of its approach to reduce sustainably the carbon footprint of the energy used, develop a better-distributed infrastructure, and provide affordable energy to local consumers in order to develop sustainable ecosystems.

The goal is to achieve this through investments in additional power-generation capacity and other low-carbon energy solutions without limiting the Group to specific technologies. Although FDE believes that its technical and operational capacities are adequate and well designed to capture methane from abandoned mines and produce green electricity and heat from this associated gas, they also make it possible to develop the production of photovoltaic and solar heat, as well as the production of hydrogen and biogas, for the benefit of local authorities, individuals or industrial consumers, but also energy and carbon storage through the implementation of new carbon sinks if necessary.

As regards quality, the Group’s commitment to all stakeholders within its activity (teams, customers, investors, subcontracting partners, elected officials, administrators and creditors) remains at the heart of its concerns with the renewal of **ISO 9001 certification** for all of its operating activities in the Hauts-de-France. This certification is the international standard for Quality Management Systems (QMS), in order to guarantee the quality of the product provided and the continuous improvement of the company’s processes. This international standard is considered as the basis of any company for the creation of a system that guarantees the quality of the product provided and the continuous improvement of its processes.

Furthermore, the Group remains one of the main contributors to the reduction of the carbon footprint of the former mining basins of the Hauts-de-France and Wallonia, avoiding nearly **1 million tonnes of CO₂ eq emissions per year** (Sources: Ineris 2019, FDE 2021).

Thanks to this direct impact on pollution, the Group is **one of the only energy producers with a negative carbon footprint**.

The commitment to sustainable development and the implementation of short supply chains has been enriched with a new dimension in fiscal year 2021, with the implementation of various **crowdfundings**.

In this fashion, **€5.5M** were raised in less than two months – a record time – for the **Gazonor Béthune project** through the Lendosphere platform. 1,708 French citizens participated in the fundraising for the development of this local, sustainable and virtuous project, part of the Rev3 initiative developed by the Hauts-de-France Region, which allows the city's heating network to be among the greenest and most competitive in France. Nearly 40% of the funds raised came from the inhabitants of the Hauts-de-France Region, demonstrating once again the relevance of the short-circuit model promoted by FDE. Its success has strengthened the Group's resolve to continue to involve citizens in the development of energy solutions with high environmental, economic and social impacts for the territories concerned.

A second crowdfunding, for **€3.3M**, was successfully carried out through the Lendosphere platform to finance the **construction of two cogeneration units located in Avion**. 489 citizens and La Nef, an ethical banking cooperative that offers credit solutions oriented exclusively towards projects with social, ecological and/or cultural utility, participated in this operation. By recovering and enhancing abandoned mine methane, which would inevitably escape into the atmosphere without these installations, over 150,000 tonnes of CO₂ eq per year will be avoided, thanks to Avion's new cogeneration units.

Finally, the Group's ESG policy has also been strengthened in terms of its **governance**. Indeed, on 12 October 2020, the Board of Directors accepted a new evolution in the Group's governance, on the proposal of its Chairman and Chief Executive Officer, Julien Moulin. The Group, which already has a Board of Directors composed mainly of independent and non-executive directors, has thus set up the permanent separation of the functions of Chairman on the one hand and Chief Executive Officer on the other hand with the appointment of Antoine Forcinal as Chief Executive Officer.

(iii) Turnover and production

FDE achieved a **consolidated turnover in fiscal year 2021 of €10.2M, up +30%**, with over 900,000 tonnes of CO₂ eq avoided over the year.

This strong increase in revenues was driven mainly by an improvement in the volumes of gas, electricity and heat sold, with the contribution of new low-carbon energy production sites, and by the rise in gas prices in France and electricity prices in Belgium.

Evolution of sales between fiscal years 2020 and 2021

€	FY2021	FY2020	Var.	Var. %
France - Gas	3,529,852	1,949,272	1,580,579	81.1%
France - Electricity	5,564,921	5,189,153	375,768	7.2%
France - Heat	178,281		178,281	n/a
Belgium - Electricity	963,019	716,949	246,070	34.3%
Total Turnover	10,236,073	7,855,374	2,380,699	30.3%

The electricity-production activity remained very dynamic during the year, thanks to optimal production at the Group's historic sites despite the preventive maintenance of 30,000 hours of production carried out on the French machinery. **The turnover for this activity, with over 85%¹ secured, reached nearly €6.5M by the end of June 2021** and posted an **increase of 11%** compared to the previous year. The Group's new site, commissioned in January 2021 in Béthune, also contributes €634K to this turnover.

The upward recovery in electricity prices in Belgium, with an average selling price of €42.7/MWh (+42%), also supports the revenues of the activity in Wallonia, which represents 9% of the Group's turnover. Furthermore, FDE continues its efforts to activate the contribution of its Green Certificates, obtained through its Belgian production since 2019, to the turnover.

Gas production activity posted a turnover of €3.5M by the end of June 2021, an **81% increase** compared to last year, thanks to a **significant increase in volumes sold (+33%)**, particularly during the winter, and to the rise in gas prices following the recovery of economic activity in Europe (**+36%**, with an **average selling price of €14.9/MWh** over the year).

New revenues from heat recovery related to the commissioning of the Béthune projects and the largest solar-thermal power plant in France connected to an urban heating network in Creutzwald now represent **€178K for fiscal year 2021** (nil in 2019/2020).

(iv) EBITDA and operating result

EBITDA is positive for the third year in a row, reaching **€2,924K** in 2021. This is up sharply (**+177%**) from the previous year, which posted an EBITDA of €1,057K, and permitted attaining an **EBITDA margin of 29%** (2020: 13%).

This good performance may be explained, particularly, by the continued drop in the cost of goods and services sold and other administrative and operating expenses (including personnel costs) per unit produced, which decreased from €25.6/MWh to **€22.€5/MWh (-12%)**, confirming the Group's ability to grow its business while controlling its cost structure.

¹ Thanks to the guaranteed rate in France under the purchase obligation – Ratio of 54% based on total turnover for fiscal year 2020/2021.

Depreciation and amortization increased from €1,200K to €1,506K following the commissioning of the electric motors at the Béthune site (+€803K) and the solar-thermal power plant at Creutzwald 'Avion (+€41K).

Thus, these items impact the **operating result, which stands at €1,418K**, against a loss of (€143K) last year.

(v) Investments

During fiscal year 2021, the Group continued its sustained investment policy with the construction of the largest solar-thermal power plant in France, injecting the heat produced into an urban heating network in Creutzwald (€2M investment at 30 June 2021, bringing the total invested to €2.7M on that date, before taking into account the ADEME subsidy) and the new production site dedicated to the supply of gas and green electricity and heat to the inhabitants of the city of Béthune (€6.6M in investments at the closing date). These investments made it possible to put these projects into operation during the month of January 2021.

In addition, the construction of an office complex and a warehouse in Faulquemont (Moselle), financed by leasing, has been completed (€929K in investments as of 30 June 2021) and is now hosting FDE's new headquarters since December 2020.

Finally, FDE is pursuing its business plan and strengthening its unique position through the deployment of new local low-carbon energy solutions in France and Belgium, including the start of investments related to the installation of 5 new 1.5 MW cogeneration plants at the Avion (3 MW) and Anderlues (4.5 MW) sites, and the construction project of its 15 MW ground-based photovoltaic power plant in Tritteling-Redlach in Moselle.

(vi) Cashflow and financing

The Group's net cash position on 30 June 2021 reached **€6,840K**, a very strong improvement of €3,072K compared to 30 June 2020. This favourable development can be explained by buoyant operating activities and financing flows, up sharply to €7,277K, which were used to finance sustained investment activity in 2021.

Flows related to the Group's operating activities were positive for the year, with a cash flow of **€5,290K** over the twelve months. This was positively impacted by increases in gas and electricity production volumes and prices in Belgium, as well as by the management of costs and payments, and rose by €4,493K compared to the previous period.

Investment-related flows, as explained above, were negative for the year for **€9,495K**, notably with the completion of the solar thermal project in Creutzwald (partially offset by the subsidy received from the ADEME heat fund) and the Béthune project, as well as the acquisition of Greenhill in Belgium. This item is up sharply compared to the previous year (+300%) and confirms the Group's growth, with the start of work for the extension of the cogeneration fleet in France (Avion 2) and Belgium (Anderlues 2) and the 15 MW ground-based photovoltaic project in Tritteling.

Financing cash flows were positive at **€7,277K** compared to €4,178K last year, as the Group benefited from the conclusion of three new loans over this period:

- €0.7M one-year advance and €1.3M in project financing, concluded between Cellcius and La Caisse d'Épargne in November and December 2020 respectively, in order to refinance the costs incurred for the construction of the solar-thermal field in Creutzwald;

- €5.5M crowdfunding obtained by Gazonor Béthune in February 2021, to cover part of the equity injected by the Group to develop for its gas, electricity and heat project in Béthune, and
- €3.3M equity bond loan raised by EG NPC in June 2021 to cover the equity capital mobilized by the Group for the construction and installation of two new cogeneration units.

The success of these crowdfunding initiatives proves the relevance of FDE's model, based on energy solutions with high environmental, economic and social impacts on its territories, while allowing the Group to **significantly reduce the cost of its capital** by having access to equity at attractive rates.

The Group's debt remains low, with a net debt-to-equity ratio of **36% by the end of June 2021**, compared to 29% by the end of June 2020, leaving considerable room for manoeuvre for the financing of its development.

For the 12 months to 30 June 2022, the Group's cash-flow forecasts confirm the Group's ability to continue its operating activity, meet its cash requirements and settle its Balance Sheet debts.

At the time of preparation of these Financial Statements, the Group received funds during its issue of €40M in green bonds to finance its current and future investments.

Based on these discussions and its past experience, the Group remains optimistic about its ability to implement its development prospects.

EXTRA-FINANCIAL IMPACTS

In accordance with Articles L 225-102-1 and L 22-10-36 of the French Commercial Code, this section presents the social, environmental and societal consequences of the Group's activity.

To measure extra-financial impacts, FDE relies on its core values of excellence, trust, respect and responsibility. These apply to all of our operations and to each of the communities where we live and work.

Guided by our Code of Conduct and Professional Ethics, FDE meets or exceeds the requirements of all applicable laws and standards in the communities where we operate, across all our activities in each of the regions of France and Belgium. In doing so, we are committed to a transparent and respectful engagement with our stakeholders, including our investors, employees, partners, suppliers and communities.

As a reminder, extra-financial aspects are integrated into all facets of our Group and are reflected in the following key areas:

- **Governance and ethics:** FDE demonstrates solid corporate governance, in ongoing improvement with a leadership that sets the example of the highest standards in ethics and integrity and a strong commitment to the responsible development of our portfolio of energy-production assets that can be developed in short circuits, as close as possible to the needs of the relevant territories. Our leadership model effectively integrates ethical, fiscal, environmental and social considerations into all aspects of our Group, resulting in operational excellence and the protection of our human, natural, financial, operational,

intellectual and reputational capital.

- **Human capital:** FDE's commitment to men and women is rooted in our core values: we value and care for our employees, and we believe that every employee and partner deserves to be treated with dignity and respect. We recognize the principles of the Universal Declaration of Human Rights and have implemented policies to support these principles throughout our operations, including in the creation of a fair and equal workplace. We encourage our employees to give their best, and value teamwork, collaboration and innovation that lead to creating both a pleasant workplace and exceptional company performance.
- **Safety, Health and the Environment (SHE):** FDE is committed to conducting its business in a manner that protects the health and safety of our employees, contractors and the public, while reducing our impact on the environment. Our vision is for our SHE culture to be recognized as a model by our industry and stakeholders, resulting in a healthy and incident-free workplace. Every staff member, including management, is responsible for the proper application of SHE principles and is actively involved in the continuous improvement of SHE performance.
- **Communities:** FDE strives to support the communities in which we operate using a shared-value model. We work to develop economic and employment opportunities, build positive relationships, and contribute to meaningful and mutually beneficial partnerships that strengthen both the community and the capability of our business. Our short-circuit approach fosters local investment and contributes to the quality of life of our communities by supporting social, economic, environmental and cultural issues.

The illustration of the quality of the Group's extra-financial performance is reflected in particular in the ESG ranking attained. Thus, the Group has further improved its extra-financial performance, notably when it obtained the **Gaïa Rating for the 1st place in France in ESG (Environmental, Social and Governance) performance ranking among companies in the energy sector generating less than €150M in turnover.**

Gaïa Rating is the reference rating agency for French mid-sized listed companies. The rating of stocks considers over 150 extra-financial criteria that encompass the environment, social and governance. FDE obtains an overall score of 62/100, thus ranking #1 among companies in the energy sector with a turnover under €150M. FDE also exceeds the average performance of the "conventional and renewable energies" category, as well as that of the Gaïa panel comprising 230 companies.

La Française de l'Énergie stands out in particular for the significant improvement in its corporate governance, which obtains a score of 92/100, as well as the quality of its Social Policy (86/100), its Environmental Policy (82/100), its impact on Greenhouse Gas (63/100), and its Relations with its suppliers (83/100).

For the third year in a row, the Company recorded an improvement in its Gaïa rating. This increase compared to the score awarded in 2018 (57/100) confirms the fulfilment of FDE's commitments on subjects such as the safety of its teams, its operations or the fight against climate change.

The Group is also the **only energy producer with a negative carbon footprint**, due to the methane emissions FDE captures to avoid their release into the atmosphere.

To this date, the Group is the largest contributor to the effort to reduce the carbon footprint of the Hauts-de-France Region, with 602,000 tonnes of CO₂ eq avoided per year² at the first

2 Source: INERIS study – January 2019

4 sites put into production in 2018. The contribution of abandoned mine methane capture at the Anderlues site since April 2019 and its contribution in terms of reducing the carbon footprint of the Walloon Region has not yet been measured by an independent certifier, but is currently estimated at more than 200,000 tonnes of CO₂ Eq avoided per year. Furthermore, for the Béthune site, which become operational in January 2021, the Group estimates that more than 150,000 tonnes of CO₂ emissions will be avoided each year thanks to the recovery of abandoned mine methane that will be transported to Béthune, where two cogeneration units transform it into electricity and heat that is used in the City's heating network. This project reduces the energy bill of connected households by more than 30% and the carbon footprint of the energy used by this network by more than 35%.

The start of heat production from the Creutzwald solar-thermal-power plant also allows FDE to reduce the territory's carbon footprint by 560 tonnes per year.

To date, over 1 million tonnes of CO₂ eq are avoided per year with our portfolio currently in production, the goal being to reach 3 million tonnes of CO₂ eq avoided per year by the end of 2022.

3.1.3 Significant events during the year

OPERATIONAL PROJECTS

(i) Solar thermal field – Commissioning at the end of 2020

France's largest solar-thermal park connected to an urban heating network, built in partnership with the ENES Creutzwald authority and supported by ADEME, came into operation in December 2020. It produces 2,610 MWh annually, representing almost all of the summer needs of the heat system corresponding to the requirements for 190 homes.

The project is carried out by Cellcius S.A.S, a subsidiary of FDE, in which the ENES municipal authority owns 49% interest. The EnR rate of the heat network, initially at 1.7%, thus rose to more than 15% with the solar thermal-power plant.

Since 1996, ENES has been supplying heat to a significant number of customers, including: 2 sports complexes, 7 public education institutions, 3 industries, 1 municipal technical centre, 1 supermarket, 13 SMEs/SMIs, 1 multi-purpose hall, 1 nautical stadium, 1 logistics storage hall, 2 shopping centres, and 32 substations for the residential sector.

6,049 m² of panels were installed (379 tables) on an old pithead of the mine. They capture the sun's energy to warm a heat-carrying fluid, which connects to a 2000-m³ storage tank through a thermal exchanger, from which heat is injected into the urban network. The project represents a total pre-grant investment of €2.7M and was carried out without any delay or costs overrun in the midst of a pandemic.

(ii) Béthune project – Commissioning of cogeneration (2.7 MW) in early 2021

The new Béthune site, dedicated to the provision of green gas, electricity and heat to the inhabitants of the city of Béthune and its neighbouring municipalities, was commissioned in January 2021, following the installation of 2 cogeneration plants with a capacity of 2.7 MW.

As a reminder, the municipality of Béthune chose the solution proposed by Dalkia and built around FDE's supply of clean energy as part of the public-service concession ("Délégation de Service Public", or DSP) of its heat network serving the equivalent of 6,500 homes. This

innovative and eco-responsible solution responds to the Béthune municipality's desire to reduce its energy bill and strengthen the greening of its energy mix.

Thus, Gazonor Béthune began the production of electricity and heat with its 2 cogenerations (2.7 MW_{th}) benefiting from a feed-in tariff, similar to the 6 cogenerations currently operated by Gazonor in the Hauts-de-France, and a heat-supply contract with Dalkia at a fixed price up to the end of 2035. The direct delivery of abandoned mine methane to the Dalkia boiler room complements the energy-sales mix to maximize the greening of the heat network in the city of Béthune.

(iii) First ground-based photovoltaic project - Tritteling-Redlach (14.92 MW) and creation of FalkenSun S.A.S

On 20 October 2020, FDE won a solar tender from the *Commission de Régulation de l'Énergie* (CRE) for its ground-based photovoltaic power plant project, with a capacity of 14.92 MW, on a former municipal landfill in Tritteling-Redlach.

This site will produce 16 GWh per year and will supply electricity to the equivalent of more than 7,000 people, or nearly 30% of the population of the conurbation community (Faulquemont Urban District).

A new entity was created to implement this project, FalkenSun S.A.S. – part of the Group's consolidation scope as of 30 June 2021. The creation of this company dates from 02 December 2020, with €250K in initial investments recorded at year's end 2021.

(iv) Launch of extensions to the Avion 7 and Anderlues sites

In order to pursue its mine-gas development plan, which will see 49.5 MW of installed electricity capacity in the Hauts-de-France and Belgium by the end of 2022, FDE has launched extension projects at its existing sites in Anderlues in Belgium and Avion in the Hauts-de-France, and has ordered 5 additional units from 2G, its partner, to increase the installed capacity of Anderlues by an additional 4.5 MW and that of Avion by 3 MW. These cogenerations will be commissioned by the end of 2021 and will thus avoid 450,000 tonnes of additional CO₂ eq emissions each year.

(v) Geographical extension of the Désirée concession in the Hauts-de-France

By decree dated 24 December 2020, the perimeter of the concession, owned by Gazonor, has been extended by an additional 198.87 square kilometres, to 266.88 square kilometres. The extension of the concession is granted until 23 December 2042 and consolidates the exclusive perimeter held by FDE on the Hauts-de-France mining basin for the development of abandoned mine methane operations.

(vi) New concession in Wallonia following the acquisition of Greenhill SA

On 19 February 2021, the Group completed the purchase of 100% of Greenhill SA, a subsidiary of the Brederode SA group in Belgium and holder of the Monceau-Fontaine, Marcinelle and Nord de Charleroi Concession (No. 038) for a purchase price of €203,000, *i.e.* a net price of €95,000 taking into account Greenhill SA's available cash. This entity does not generate revenue at the date of acquisition and its various financial aggregates are not significant, except for nearly €2.3M in tax-loss carry-forwards that can be used by the Group at end of June 2021.

The Concession of Monceau-Fontaine, Marcinelle and Nord de Charleroi covers 74 km². This concession contains large volumes of gas present in old mining galleries which have been the subject of several positive tests requiring confirmation through longer tests. Pressures greater than 2 bars and methane contents in excess of 90% were measured during these tests at two sites. 6 mine shafts over 1,000 metres deep, connected to the old mining works, are available within this perimeter, and FDE has launched a first development of 6 cogeneration plants, or 9 MW that will be installed during calendar year 2022, to achieve a recovery of the associated gas that escapes from these wells (concession application in process).

(vii) Strengthened corporate governance

After a first step reached ahead of its IPO in 2016, with the establishment of a Board of Directors composed mainly of independent and non-executive directors, a new step has been launched with the permanent dissociation of the functions of President and CEO and the appointment of Antoine Forcinal as CEO. This new governance will meet the most demanding criteria and best market practices.

FINANCING

(i) Project Financing for the solar-thermal project

An advance was signed on 13 November 2020 between Cellcius SAS and La Caisse d'Epargne et de Prévoyance Grand Est Europe. This loan has a nominal amount of €700K and relates to the pre-financing of the ADEME subsidy for €1.3M obtained for this project. The maturity of this loan is 1 year, with a final settlement on 15 December 2021, and a fixed interest rate of 0.41% per annum. Among the guarantees granted under this loan is the pledge to the bank of the trade receivables held on ADEME.

A loan was also taken out by Cellcius SAS from La Caisse d'Epargne et de Prévoyance Grand Est Europe on 15 December 2020, for a nominal amount of €1,300K, intended to refinance the costs incurred for the construction of the solar-thermal field in Creutzwald. This loan has a 20-year maturity with quarterly instalments from April 2021, at an interest rate of *Livret A* + 1% per annum, *i.e.* 1.5% on 30 June 2021.

This loan includes a mortgage on the emphyteutic lease of the land on which the solar plant is built, a pledge on the plant's equipment and material, the transfer of trade receivables (heat-supply agreement, service contract, insurance contract), a pledge over the shareholders' financial securities accounts, a DSCRA pledge, as well as a freeze on the current accounts of partners granted for a sum of €700K until 31 December 2023.

(ii) Crowdfunding of €5,500K for the Béthune project

On 15 February 2021, within less than two months, Gazonor Béthune had raised a total of €5.5M in crowdfunding through the Lendosphere platform, at a rate of 4.75% per annum, to cover the equity used by the Group for this flagship project, which represents one of the largest crowdfunding collections carried out in France.

1,708 citizens participated in this fundraising for the development of a sustainable and virtuous local project, at the heart of the Rev3 ("Third Industrial Revolution") initiative developed by the Hauts-de-France Region, which enables the city's heat network to be among the greenest and most competitive in France.

Nearly 40% of the funds raised came from inhabitants of the Hauts-de-France Region,

demonstrating once again the relevance of the short-circuit model promoted by FDE.

(iii) Crowdfunding of €3,300K for the Avion 2 project

On 23 June 2021, EG NPC, a 100% indirect subsidiary of FDE, raised €3.3M on the Lendosphere platform for the construction and installation of two new cogeneration units, at a rate of 4.75% *p.a.*, thanks to 489 investors and the participation of La Nef, an ethical banking cooperative which only finances projects with a social, ecological and/or cultural utility thanks to the deposits of its savers.

By recovering and developing abandoned mine methane, which would inevitably escape into the atmosphere without these installations, more than 150,000 tonnes of CO₂ equivalent per year will be avoided. The commissioning of the new installations is expected by the end of 2021.

3.1.4 Significant events since the end of the fiscal year

Redemption of the Triodos loan and ING financing for Phase 1 and 2 of Anderlues

On 30 July, the Group decided to redeem the outstanding loan from Triodos Bank. A financing contract was signed on 26 July 2021 between ING Lease and Gazonor Benelux, covering the refinancing of the two cogeneration plants in Anderlues for €2.9M and the implementation of a new financial leasing of €6.3M with ING Lease to cover the investment needs of the three new cogeneration plants in Phase 2 of Anderlues.

Crowdfunding of €2.5M for the Tritteling PV project

On 25 August 2021, Falkensun raised €2.5M on the Lendosphere platform for the construction of the Tritteling-Redlach photovoltaic power plant, thanks to 889 investors and the participation of La Nef.

This plant will be located on a former technical landfill in Tritteling-Redlach, a municipality in the Urban District of Faulquemont (DUF) in the Moselle department. The site will produce more than 16 GWh per year over a period of 30 years and will cover the equivalent of the electricity consumption of over 7,000 people, *i.e.* nearly 30% of the population of the Urban District of Faulquemont.

Issue of a first €40M green bond

On 27 September 2021, the Group announced the issue of its first green bond for the development of its low-carbon energy portfolio in France and Belgium. This financing is provided by Edmond de Rothschild Asset Management (EDRAM), one of Europe's leading energy and infrastructure investment funds.

The financing amounts to €40M, consisting of a first tranche of €25M that has been made available, and an optional second tranche of €15M. The interest rate is 6% initially, with a maturity of 7 years.

This financing will make it possible to reach 49.5 MW of installed capacity by 31 December 2022, thus avoiding 3 million tonnes of CO₂ eq emissions annually thanks to the implementation of these projects.

New certification of the Group's gas reserves in Belgium

On 20 September 2021, the Group announced a 29% increase in certified 2P gas reserves at its Anderlues concession, which now amount to 358 million m³. This certification was carried out by DMT, the European certification body for mine-gas resources and reserves that has been supporting the Group for several years.

Initially certified at 277 million m³ in April 2019, the Group's Belgian reserves have increased 29%, while 12 million m³ have already been recovered via the 2 cogeneration plants of Anderlues since their commissioning in May 2019.

3.2 PRESENTATION OF THE COMPANY'S FINANCIAL STATEMENTS

The annual Financial Statements of FDE for the year ended 30 June 2021 were prepared in accordance with the rules of presentation and evaluation methods, in accordance with regulations of the Accounting Standards Authority No. 2014-03, dated 05 June 2014 relating to the General Chart of Accounts as well as by subsequent regulations amending certain articles. These rules and methods are identical to those of the previous fiscal year, ended 30 June 2020.

The Company's annual Financial Statements for the year ended 30 June 2021, including the Balance Sheet, income statement and ancillary notes, appear in Section 8.1 of this report.

3.2.1 Income Statement

Fiscal year ended 30 June 2021	30 June 2021	30 June 2020
	€	€
Revenues		
Inventoried products/Capitalised production	146,783	0
Operating subsidies	0	3,675
Reversals of provisions and depreciation, transfers of expenses	791,691	5,812
Other revenues	3,113,640	907,558
Total operating revenues	4,052,114	917,045
Purchases of goods and raw materials	0	0
Inventory changes	0	0
Other purchases and external expenses	(2,207,130)	(1,237,333)
Taxes and similar levies	(33,124)	(13,724)
Wages and salaries	(701,992)	(696,503)
Social contributions	(292,211)	(292,283)
Depreciation and amortization	(441,860)	(6,051)
Appropriations to provisions	(319,104)	0
Other expenses	(95,757)	(49,400)
Total operating expenses	(4,091,178)	(2,295,294)
Operating result	(39,064)	(1,378,249)
Provision writebacks and transfers of expenditures	14,577	
Other financial revenues	9,354	3,303
Financial allocations for depreciation and amortization	(730)	0
Other financial expenses	(210,082)	(207,581)
Financial result	(186,881)	(204,277)
Exceptional revenues	57,280	284,461
Exceptional expenses	(45,691)	(199,174)
Exceptional result	11,588	85,287
Employee profit sharing	0	0
Income taxes	802,001	593,057
Net result	587,644	(904,183)

(i) Operating revenues

The reversals on depreciation and amortization and provisions and transfers of expenses as of 30 June 2021 include an amount of €770K, which corresponds to the transfers of expenses relating to the activation to deferred expenses of the commission due following the renegotiation of the shareholder loan's repayment deadlines.

Other operating income increased sharply to €3,114K, compared to €907K last year, corresponding mainly to the re-invoicing of central and operational services to the Group's other operating entities, namely Gazonor, Gazonor Benelux and Gazonor Béthune, as well as the re-invoicing of development services borne by FDE for the design, construction and commissioning of projects, notably Anderlues 1 and Béthune, for €1,500K and €848K, respectively.

(ii) Operating expenses

Other purchases and external expenses went from €1,237K to €2,207K and include, notably, in particular the commission related to the conclusion of a new amendment to the Nextgen Energy Limited (NEL) shareholder loan providing for the postponement of maturities to 31 December 2021, said commission being spread over the duration of this loan (€436K in amortization charges for the period to deferred expenses). As for allocations to provisions, they relate to the depreciation of the costs activated under the Bleue Lorraine Sud permit.

The changes in depreciation and amortization expense for €436K is due to the period's allocation to deferred expenses.

(iii) Financial result

As of 30 June 2021, the financial result was stable and consisted largely of interest charges (mainly on shareholder loans and advances from the Gazonor entity) for €182K.

(iv) Exceptional result

The exceptional result consists mainly in capital gains on the sale of shares under the liquidity contract, *i.e.* €40K (€6K in capital losses last year).

(v) Income tax

Two elements constitute the Company's income tax as of 30 June 2021:

- The Exploration Tax Credit (CIR) for calendar year 2020, for €249K;
- As of 01 July 2018, a tax integration was implemented with FDE as the lead tax-integrating company, and Gazonor Holding, Gazonor, EG Lorraine and EG NPC coming within the scope of integration. Gazonor Béthune joined this scope on 01 July 2020. The corporate tax, excluding the tax credit recorded under this integration, is a net income of €553K.

As of 30 June 2021, unused carry-forward deficits prior to FDE's tax integration reached €3,993K, and the tax-loss carry-forwards of the integration group amount to €1,557K.

3.2.2 Balance sheet

As of 30 June 2021	Gross 30 June 2021	Depreciation, provisions	Net 30 June 2021	Net 30 June 2020
	€	€	€	€
Concessions, patents and similar rights	30,036	28,352	1,685	6,149
Other intangible assets	43,625,738	604,083	43,021,655	42,943,512
Plant and equipment	35,892	19,054	16,839	3,961
Other tangible assets	30,778	22,716	8,063	0
Construction work in progress	0	0	0	16,722
Other investments	1,019,805	868,544	151,261	150,512
Receivables from equity interests	17,951,038	0	17,951,038	17,951,038
Other long-term investments	173,211	730	172,482	130,170
Other financial assets	12,052	0	12,052	12,052
Fixed assets	62,878,552	1,543,478	61,335,074	61,214,117
Inventories	146,783		146,783	0
Advances and prepayments on orders	5,738		5,738	6,288
Trade and related receivables	1,581,852		1,581,852	1,648,394
Other receivables	3,081,679		3,081,679	2,047,324
Liquid assets	305,772		305,772	527,405
Current assets	5,121,824	0	5,121,824	4,229,411
Prepaid expenses	32,470		32,470	75,292
Amortisation of issue costs	380,682		380,682	45,875
Active conversion gap	1,870		1,870	0
Total Assets	68,415,398	1,543,478	66,871,920	65,564,695

(i) Fixed assets

Other intangible assets, consisting of all costs incurred under the prospecting and exploration-drilling phases, increased in gross value by €366K over 2021, as a result of the work carried out on the sites in the Lorraine basin.

Excluding restoration costs, fixed costs related to the Bleue Lorraine permit reached €41,642K on 30 June 2021, against €41,276K a year earlier.

(ii) Current assets

The customer line item consists entirely of trade receivables and accrued income from subsidiaries, particularly with respect to the 2021 service chargebacks and other chargebacks to previous years.

The other receivables are impacted mainly by deductible VAT items, an Exploration Tax Credit receivable for €290K, as well as current accounts with subsidiaries for €2,255K.

(iii) Cash

Cash on hand reached €306K on 30 June 2021, with cash flow from the Company's operating flows being slightly negative, offset mainly by advances from its operating entities, including the Gazonor entity.

As of 30 June 2021	30 June 2021	30 June 2020
	€	€
Social capital	5,163,970	5,155,890
Issue premiums	44,070,875	44,078,955
Legal reserve	105,762	105,762
Other reserves	72,142	72,142
Postpone again	(1,517,858)	(613,675)
Earnings for the year	587,644	(904,183)
Investment grants	250,000	250,000
Equity	48,732,536	48,144,891
Risk provisions	9,706	9,706
Expense provisions	1,419,179	1,393,337
Provisions for risks and expenses	1,428,885	1,403,043
Miscellaneous borrowings and financial debts	11,940,908	11,795,106
Supplier debts and related accounts	1,049,076	587,164
Tax and social debts	1,155,151	1,074,983
Capital debt and related accounts	2,549,901	2,522,896
Other debts	15,463	21,110
Debts	16,710,500	16,001,260
Passive conversion gap	0	15,501
Total Liabilities	66,871,920	65,564,695

(iv) Equity

The €8K capital increase comes from the definitive award of employee shares granted to the beneficiaries of the third plan implemented in 2018. This increase in capital was made by incorporation of issue premiums, following the Chairman's noting, on 09 July 2020, of the definitive award of employee shares to their beneficiaries.

Apart from the 2020 loss being carried over and the recognition of the profits for the period, no other change impacted shareholders' equity for the year ended 30 June 2021.

(v) Provisions

Provisions consist, on the one hand, of €1,419K in provisions for restoration, up €26K due to the annual accretion expense and changes in discount rate assumptions for fiscal year 2021. The sites affected remain Folschviller, Tritteling, Lachambre and Pontpierre.

(vi) Debts

Loans and miscellaneous financial debts rose from €11,795K to €11,941K and consist, as of 30 June 2021, of the following elements:

- Shareholder loans of €2,975K to NEL at closing, taking into consideration the amendments concluded for the fiscal year, and €329K to EGL.
- Gazonor current account with a credit balance of €7,577K.
- EG NPC current account with a credit balance of €700K.
- LFDE International current account with a credit balance of €360K.

Finally, trade payables, including fixed-asset suppliers, increased over the year, amounting to €3.6M on 30 June 2021 against €3.1M at year's end, 2020. This closing balance takes into consideration an amount of €2.5M still open with Entrepose Drilling, with which the Company is currently in dispute.

3.3 PRESENTATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated Financial Statements for the year ended 30 June 2021 were established in accordance with the International Financial Reporting Standards (IFRS), as published by the IASB and adopted by the European Union, and applicable to the closing date of 30 June 2021.

The Group's consolidated Financial Statements for the year ended 30 June 2021 appear in Section 9.1 of this report.

3.3.1 Consolidated Income Statement

Fiscal year ended 30 June 2021	30 June 2021	30 June 2020
	€	€
Turnover	10,236,073	7,855,374
Other operating revenues	710,974	282,451
Cost of goods and services sold	(4,230,624)	(3,934,285)
Other administrative and operational expenses	(3,559,550)	(3,205,103)
Other revenues /(expenses)	90,977	(76,935)
Net allocations on provisions	(323,753)	135,131
EBITDA	2,924,097	1,056,632
Amortization and depreciation charges	(1,506,029)	(1,199,886)
Operating income	1,418,068	(143,255)
Financial products	7,894	1,112
Cost of gross financial indebtedness	(1,123,109)	(529,479)
Other financial expenses	(81,171)	(33,070)
Earnings before taxes	221,682	(704,691)
Current and deferred taxes	70,963	752,640
Net income	292,645	47,949
Net income, Group's share	273,562	108,542
Net income, share of non-controlling interests	19,083	(60,594)
<i>Earnings per share, Group's share</i>		
- Basic earnings per share	0.05	0.02
- Diluted earnings per share	0.05	0.02

(i) Turnover/Other operating products

With a strong increase compared to the year ended 30 June 2020, turnover consisted of €3,530K in gas sales, €6,528K in electricity sales, including €963K in Belgium, and €178K in heat sales.

As recalled in part 3.1 of this report, this strong increase in revenues was driven mainly by an improvement in the volumes of gas, electricity and heat sold, with the contribution of new low-carbon energy-production sites, as well as by the rise in gas prices in France and electricity prices in Belgium.

The other operating income consists mainly of the Exploration Tax Credit and fixed and stored production.

(ii) Operating expenses

The majority of the Group's operating expenses come from energy, electricity and natural-gas expenses, for a total of €1,898K on 30 June 2021 (€1,698K over the previous year), as well as care and maintenance expenses for €1,117K (€1,025K over the previous year).

Operating expenses also include personnel expenses, which accounted for €2,157K in 2021 compared to €1,764K in the previous year. This increase is explained by the recognition of employee shares under IFRS 2, for an amount of €138K this year (€112K in 2020), notably related to the fourth and fifth plans, and by the increase in the average number of employees between 2020 and 2021.

Finally, depreciation and amortization for the year ended 30 June 2021 rose, reflecting mainly the expense related to investments made by Gazonor Béthune.

(iii) Financial result

The Group's debt cost amounted to €1,123K (2020: €529K) and consists mainly of interest charges on the financing pursued by the Group, namely the bond issue set up at the level of the Gazonor Holding subsidiary, the joint bank loan with Landesbank SAAR and Bpifrance Financement, the Triodos project financing, the shareholder loan and the new loans concluded during fiscal year 2021. The extension of the shareholder loan and the conclusion of new loans to support the Group's growth explain this €594K increase in the cost of gross financial debt.

(iv) Current and deferred taxes

The current tax expense stands at €92K on 30 June 2021, consisting of €87K in tax due as part of the tax integration for which FDE is the head of the Group, and for €5K in an annual contribution in Luxembourg. Only the latter was due in respect of the previous period.

Deferred tax expense amounted to €162K, this negative variation being linked in particular to recognized deferred-tax assets on tax-loss carry-forwards, a trend consistent with the use of deferred losses.

3.3.2 Consolidated Balance Sheet

As of 30 June 2021	30 June 2021	30 June 2020
	€	€
ASSETS		
Goodwill	47,848	
Exploration assets	45,546,291	45,059,192
Other intangible assets	4,187	6,149
Proven mining rights	24,508,782	24,744,251
Other tangible assets	19,793,468	10,756,750
Non-current financial assets	1,832,976	1,253,562
Deferred tax assets	2,090,138	2,101,286
Non-current assets	93,823,691	83,921,190
Inventories	619,879	375,252
Trade and related receivables	1,391,136	948,367
Other current assets	4,148,165	3,260,671
Prepaid and deferred expenses	83,780	115,580
Cash and cash equivalents	6,981,209	3,768,677
Current assets	13,224,170	8,468,547
Total Assets	107,047,860	92,389,736

(i) Non-current assets

Excluding changes in exploration assets already commented on in FDE's Financial Statements, other tangible assets rose 84% following investments made in Béthune and Creutzwald and the recent launches of the Avion 2 and Anderlues 2 projects, which had a contribution of €3,249K on this fiscal year.

€24,318K in mining rights correspond to the net value of reserves at the Hauts-de-France sites (value linked to the allocation of the acquisition price of Gazonor by FDE) and €190K to the matching assets for provisions for restoration at the Anderlues site.

(ii) Current assets

Trade receivables consist almost entirely of the June 2021 invoices issued to Total Gas & Power, EDF Obligations d'Achats, EDF Luminus and Dalkia customers as of 30 June 2021.

Other receivables mainly involve deductible-VAT receivables, as well as social and tax receivables.

Explanations for changes in net cash are given in part 3.3.3 of this report.

As of 30 June 2021	30 June 2021	30 June 2020
	€	€
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	5,163,970	5,155,890
Share premium reserve	44,070,875	44,078,955
Other reserves	5,799,149	5,012,023
Net income, Group's share	273,562	108,542
Other equity items	7,889	3,854
Shareholders' Equity – Group's share	55,315,445	54,359,264
Interests not giving control	(40,770)	(60,594)
Consolidated Shareholders' Equity	55,274,675	54,298,670
Non-current financial debt	20,809,156	12,559,901
Non-current provisions	4,231,336	4,179,420
Provision for pension commitments	33,532	31,177
Deferred tax liabilities	6,379,871	6,388,855
Other non-current liabilities	509,401	986,692
Non-current liabilities	31,963,297	24,146,045
Current financial debt	6,303,162	6,836,549
Current provisions	109,571	106,249
Trade and related payables	2,848,929	1,299,163
Fixed-asset suppliers	4,856,008	3,893,229
Other current liabilities	5,692,220	1,809,832
Current liabilities	19,809,888	13,945,022
Total Shareholders' Equity and Liabilities	107,047,860	92,389,737

(iii) Equity

Excluding net income for the year, the change in consolidated equity is explained, notably, by the recognition of the charge related to the two employee shares plans in progress, for a total of €138K recognized for the year ended 30 June 2021, compared to an amount of €112K in the previous year. Consolidated reserves are also positively impacted for an amount of €510K, net of tax, by the impact of the period's activation of expenses incurred by the Group in previous years for the Gazonor Benelux and Gazonor Béthune projects.

(iv) Non-current liabilities

Non-current liabilities due in more than one year consist mainly of financial debts, for €20,809K, a €8,249K increase, following the conclusion of new long-term loans to finance the Group's developments.

Non-current provisions are explained by provisions for restoration in Lorraine for €1.419K, Hauts-de-France for €2,642K and Belgium for €201K.

(v) Current liabilities

The current financial debt largely concerns the under-one-year portion of the loans of the Group's subsidiaries, the EGL loan of €325K having been repaid in full in July 2021 and an amount of €3,000K having been repaid in October 2021 under the NEL shareholder loan (see also post-closing events).

Trade payables rose sharply at Group level, by nearly €2.5M, due in particular to larger investments during the year not yet disbursed at year's end.

3.3.3 Consolidated Cash Flows

Fiscal year ended 30 June 2021	30 June 2021	30 June 2020
	€	€
Operating activities		
Consolidated net income	292,645	47,949
Tax expense and deferred-tax charges	(70,963)	(752,640)
Net depreciation and impairment of intangible and tangible assets	1,506,029	1,199,886
Net allocations on provisions	323,753	(135,131)
Capital gains/losses on asset disposals		
Change in operating working capital requirement	911,026	(922,756)
Change in WCR – Other assets and liabilities	1,220,646	411,995
Expense related to free stock award plan	137,952	112,386
Cost of gross long-term debt	1,123,109	529,479
Taxes paid	(4,815)	(4,815)
Other non-monetary items	(148,952)	310,769
CASH FLOWS FROM OPERATING ACTIVITIES	5,290,429	797,122
Investment activities		
Capitalised exploration costs	(246,761)	(381,425)
Tangible and intangible investments	(10,406,805)	(2,568,932)
Proceeds from disposal of tangible and intangible assets	0	100,054
Change in fixed-asset supplier debts	962,779	114,948
Subsidies received from investment activities	652,188	428,831
Acquisition of financial assets	(360,515)	(65,666)
Acquisition of subsidiaries, net of cash acquired	(95,884)	
CASH FLOWS FROM INVESTMENT ACTIVITIES	(9,494,998)	(2,372,190)
Financing activities		
Bond flows		
Borrowings and financial debts (excluding fees)	11,125,000	6,840,000
Repayment of loans and financial debts	(3,802,334)	(2,528,050)
Other current financial debts	457,555	270,876
Cost of net debt: interests paid	(410,639)	(352,463)
Fees paid on loans	(92,543)	(52,500)
CASH FLOWS FROM FINANCING ACTIVITIES	7,277,039	4,177,863
NET CHANGE IN CASH FLOWS	3,072,470	2,602,795
Net cash at beginning of the period	3,767,479	1,164,684
NET CASH AT END OF THE PERIOD	6,839,950	3,767,479

Operating cash flow was positively impacted by the development of the Group's activities and an increase in volumes produced, as well as by the good dynamics of gas and electricity prices in Belgium. This revenue comes largely from the Gazonor entity, which generated 81% of the Group's turnover over 2021.

The Group's net cash position on 30 June 2021 reached €6,840K, a very strong improvement of €3,072K compared to 30 June 2020. This favourable development can be explained by a clear increase in funding flows, for €3,099K, compared to 2020 flows, the Group having set up new loans while continuing its investments during the year.

3.4 FUTURE OUTLOOKS

The Group confirms the objective of sustained growth with the continuation of its development in the capture and development of gas in short circuits, the strengthening of its solar activity, and the development of new energy-production projects, allowing the reduction of the carbon footprint of the territories affected by this activity, both in France and abroad.

FDE continues to develop its strategy, focused on the implementation of energy solutions to produce and enhance local energies in short circuits and contribute to the reduction of the carbon footprint of the territories affected by its activity. The COVID crisis and the recent IPCC report have once again demonstrated the value of our Group's positioning, which offers security of supply to consumers, lower carbon intensity for energy used, and greater visibility in selling prices.

The Group thus confirms its target of reaching €35M in annualized sales by the end of December 2022, and an EBITDA margin of 45%.

This objective corresponds to an installed capacity of nearly 50 MW of electricity generation from mine-gas captured in the former mining galleries of France and Belgium, therefore avoiding the release of this fatal gas into the atmosphere. As a reminder, 1 MW of installed capacity in electricity produced from abandoned mine methane is equivalent to 3.6 MW of wind energy and 6.5 MW of solar energy.³

FDE also pays special attention to measuring the extra-financial impacts of its activity and thus seeks to eliminate 3 million tonnes of CO₂ emissions per year by the end of 2025, thanks to its mine-gas recovery activity, which eliminates pollution that would, otherwise, be inevitable.

The Group hopes to concretize a new chapter in its international growth over the next 12 months. The ecological transition is quite different between France and its neighbouring countries, all of which have chosen to phase out nuclear power. International opportunities therefore lie in gas production and storage in order to support the move from nuclear power in these countries and to accelerate the move from coal. The gas market's current dynamics, with renewed tensions with Russia and the strong demand for liquefied natural gas (LNG) worldwide, are leading to very high gas prices in Europe, which should continue for the coming years, encouraging us to accelerate the development abroad of the gas know-how we have developed in France and Belgium.

FDE's ambition – to accelerate its growth and profitability by developing new ways of producing energy and providing local solutions to climate change – remains unchanged, and the goal for the next 18 months is to show the relevance of its unique model.

³ Source : <https://opendata.reseaux-energies.fr/>; LFDE - 2020 data load factor: wind – 26.35%; solar – 14.65%; abandoned mine methane – 95%.

4. CORPORATE GOVERNMENT

Preliminary notes

In accordance with Order No. 2017-1162 of 12 July 2017 and Decree No. 2017-1174 of 18 July 2017, applicable to the fiscal year underway as of 01 January 2017, a report on corporate governance, established by the Board of Directors, replaced the Chairman's report on internal control and risk management.

In limited companies with a Board of Directors, the information required for this report can be presented in a specific section of the management report. This section covers all the information required in the corporate governance report.

4.1 MIDDLENEXT ENTREPRISE GOVERNMENT CODE

Since the admission of its shares on Euronext Paris, the Company refers to the MiddleNext corporate governance code for average values, as amended in September 2016 (the "MiddleNext Code").

4.2 LACK OF CONTROL OVER THE COMPANY

To the Company's knowledge, as of 30 June 2021, none of the Company's shareholders had direct or indirect control of the Company, whether jointly or not, as understood by Articles L. 233.3 and following of the Commerce Code.

4.3 SEPARATION OF THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 12 October 2020, the Board of Directors accepted a new evolution of the Group's governance, on the proposal of its Chairman and Chief Executive Officer, Julien Moulin. Thus, the Group, which already has a Board of Directors composed mainly of independent, non-executive directors, has implemented the permanent separation of the functions of Chairman and Chief Executive Officer with the appointment of Antoine Forcinal as Chief Executive Officer.

This new governance makes it possible to meet the most demanding governance criteria and best market practices.

The Rules of Procedure of the Board of Directors specify the respective powers of the Board of Directors, the Chairman, and the Chief Executive Officer.

As governance is a key aspect of FDE's good management, the Board of Directors has identified an area for improvement in the governance, namely, gender parity at the board level. The objective is to implement this practice by the end of calendar year 2021 to strengthen the Company's governance.

4.4 PREPARATION AND ORGANISATION OF BOARD OF DIRECTORS

4.4.1 Information and Board Meetings

The Board of Directors met 5 times during the year, on the following dates: 4 September 2020, 12 October 2020, 29 October 2020, 19 March 2021 and 20 June 2021.

The average annual attendance rate for Directors at meetings held during the year is 100%.

For each Director, the attendance rate is shown in the following table:

ADMINISTRATORS	ATTENDANCE RATE
Mr Julien Moulin	100%
Mr Antoine Forcinal	100%
Mr Jean Fontourcy	100%
Mr Christophe Charlier	100%
Mr Alain Liger	100%
Ms Cécile Maisonneuve	100%

4.4.2 Appointment and duration of Directors' terms

The members of the Board are appointed by the Shareholders' Assembly, on the proposal of the Board, which itself receives the proposals of the Appointments and Compensation Committee. Board members may be removed at any time by decision of the General Assembly.

In accordance with the Middlednext Code and Article L. 225-18 of the Commerce Code, Section 12 of the Company's statutes provides that the term of directors is for a period of 6 years. This duration is adapted to the specifics of the Company's activity, which implies a high qualification in the energy sector and therefore a long-term cooperation.

4.5 COMPOSITION OF THE BOARD OF DIRECTORS

As of 30 June 2021, the composition of the Board of Directors is as follows:

Last and first names (Date of birth, nationality)	Appointment date and term of mandate	Positions in the Group	Other mandates and positions held outside the Group over the past five years
Directors			
Mr Julien Moulin* (Born 12 December 1977, French national)	<u>Appointed:</u> 23 March 2016 <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2021.	<ul style="list-style-type: none"> – Chairman of the Company; – Chairman of EG Lorraine SAS; – Chairman of EG NPC SAS; – Chairman of Gazonor SAS; – Director of Gazonor Benelux SA; – LFDE-I representative as Chairman of Gazonor Holding SAS; – Chairman of Gazonor Béthune SAS; – LFDE-I permanent representative as Director of Greenhill SA; 	<ul style="list-style-type: none"> – Director of Nextgen Energy Limited (NEL); – Director of European Gas Limited;
Mr Antoine Forcinal (Born 10 March 1982, French and Canadian national)	<u>Appointment as Director, General Assembly, 22 December 2017</u> <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2023.	<ul style="list-style-type: none"> – CEO, Director of the Company; – Managing Director of Gazonor SAS; – Director of Gazonor Benelux; – Managing Director of Gazonor Holding; – Sole Manager of LFDE International SARL; – Managing Director of Concorde Energie Paris EURL; – Managing Director of Gazonor Béthune SAS; – Chairman of Cellcius SAS; – Chairman of FalkenSun SAS; – Director of Greenhill SA; 	

Last and first names (Date of birth, nationality)	Appointment date and term of mandate	Positions in the Group	Other mandates and positions held outside the Group over the past five years
Mr Jean Fontourcy (Born 21 November 1938, French national)	<u>Appointed:</u> 23 March 2016 <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2021.	<ul style="list-style-type: none"> – Director of the Board of Directors and Chairman of the Compensation Committee 	<ul style="list-style-type: none"> – Chairman of the Board of Financière de Rosario SA; – Member of the supervisory board of EPEE SAS; – Member of the supervisory board of Naxicab SAS;
Independent administrators			
Mr Christophe Charlier (Born 24 April 1972, French national)	<u>Appointed:</u> 23 March 2016 <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2021.	<ul style="list-style-type: none"> – Director of the Board of Directors and Chairman of the Audit and Accounts Committee 	<ul style="list-style-type: none"> – Chairman of the Board of Directors of Pure Grass Films; – Director of Oxus Acquisition Copr; – Chairman of Renaissance Capital (until 2020) – Administrator of Barclays Center (until Sept. 2019); – Director of the Brooklyn Nets (until April 2018);
Mr Alain Liger (Born 12 February 1951, French national)	<u>Appointed:</u> 23 March 2016 <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2021.	<ul style="list-style-type: none"> – Administrator 	<ul style="list-style-type: none"> – Director-General of Tungstène du Narbonnais SAS (until 2020);
Ms Cécile Maisonneuve (Born 23 July 1971, French national)	<u>Appointed:</u> 23 March 2016 <u>Term:</u> Annual General Assembly ruling on the Financial Statements for the year ended 30 June 2021.	<ul style="list-style-type: none"> – Administrator 	<ul style="list-style-type: none"> – Member of the Board of Directors of the Le Corbusier Foundation; – Chairman of La Fabrique de la Cité; – Member of the supervisory board of The European TK/Blue Agency ETKBA SAS.
<i>* Mr Julien Moulin has also been Chairman of the Company since November 2013, in its former corporate form of simplified share company.</i>			

4.6 DIVERSITY POLICY AND REPRESENTATION IN THE BOARD OF DIRECTORS

Article L. 225-17, paragraph 2, of the French Commercial Code, and Law No. 2019-486 (“Action Plan for the Growth and Transformation of Companies”), promulgated on 22 May 2019, provide for a balanced representation of women and men on the Board of Directors (at least 40% of members of each sex) for any company with more than 250 employees for three fiscal years in a row and a net turnover or a total balance of at least €50M. Since only these cumulative conditions have yet to be met by FDE, it is under no obligation to apply these requirements of the Commercial Code.

Nevertheless, the Appointments and Compensation Committee works on the selection of candidates for the Company’s directorships and their appointments, and a balanced representation of women and men on the Board of Directors is to be included in the agenda at an upcoming General Assembly.

4.7 DIRECTOR SELECTION CRITERIA

The Appointments and Compensation Committee advises the Board on the selection of candidates in order to renew the mandate of directors on the basis of the following criteria: management skills acquired in French and foreign international companies, familiarity with the Company and its industry, expertise on environmental, energy, economic, financial, and accounting issues and sufficient availability.

4.8 INDEPENDENCE OF DIRECTORS

4.8.1 *Directors’ independence criteria*

Under the Board’s regulations that set out the criteria for directors’ independence in accordance with the recommendations of the MiddleNext Code, a director is considered independent if that person:

- Is not an employee or Corporate Agent of the Company or a Company of the Group and has not been over the last five years;
- Is not and has not been in the last two years in any significant business relationship with the Company or its Group (customer, supplier, competitor, creditor, banker, etc.);
- Is not a reference Shareholder of the Company and does not hold a significant percentage of its voting rights;
- Does not have a close family relationship with a Corporate Agent or a reference Shareholder of the Company;
- Has not been an auditor for the Company for the past six years.

These criteria are assessed and weighted by the Board, which may decide that a director, not meeting the criteria set out in the internal regulation, can still be classified as independent in light of his or her particular situation or that of the Company, in view of his shareholding, or for any other reason, and vice versa.

4.8.2 Assessing the independence of Directors

According to the MiddleNext Code, it is recommended that at least two board members be independent.

After hearing the opinion of the Appointments and Compensation Committee, in accordance with the MiddleNext Code's independence criteria, the Board conducted a review of the independence of Directors and considered that three of the five Board members were Mr Christophe Charlier, Mr Alain Liger and Ms Cécile Maisonneuve.

4.9 MISSION OF THE BOARD OF DIRECTORS

In accordance with the law, the Board determines the direction of the Company's activities and ensures their implementation. Subject to the powers expressly assigned to Shareholders' Assemblies and within the limits of the social purpose, the Board has the power to consider all matters relating to the proper functioning of the Company and, through its deliberations, regulate the affairs that concern it.

4.10 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board organises and directs the work of the Board, which he reports to the General Assembly of Shareholders. The Chairman is responsible for the report on the organisation of the Board's work, internal control and risk management. The Chairman of the Board presides over the General Assemblies of Shareholders.

In general, the Chairman ensures the proper functioning of corporate bodies and respects the principles and practices of corporate governance, particularly with regard to the committees created by the Board. He ensures that directors are able to carry out their mission and ensures their good information. He devotes the necessary time to issues of interest to the future of the Group, and in particular those relating to its strategy.

In accordance with the Board's internal regulations, directors are required to immediately report to the Chairman and the Board any conflict of interest, even potential ones, as well as any draft agreement that might be concluded by the Company and in which they are or might be directly or indirectly interested.

The Chairman of the Board presides over Board meetings and prepares and coordinates its work. As such, he:

- Convenes the Board to meetings, depending on the schedule of meetings agreed with the directors, and decides whether to convene the Board at any other time if necessary;
- Prepares the agenda, oversees the constitution of the Board's file and ensures the completeness of the information contained in it;
- Ensures that certain topics are discussed by committees in preparation for Board meetings, and ensures they are a source of proposals for the Board;
- Animates and leads the Board's debates;
- Ensures the Directors' compliance with the stipulations of the internal regulations of the Board and committees;
- Follows up on the Board's decisions;
- Prepares and organises, in conjunction with the Appointments and Compensation Committee, the Board's periodic evaluation work.

The Chairman may promote the Company, particularly with the public authorities, major clients, investors and partners, both in France and abroad. As the Board's main interlocutor with dominant Shareholders, the Chairman communicates Shareholders' views and concerns to the Board. The Chairman aspires to promote the values and image of the Company in all circumstances, and communicates with third parties on behalf of the Board unless a specific mandate is given to another director.

4.11 BOARD OF DIRECTORS' COMMITTEES

4.11.1 The Accounts and Audit Committee

(i) The Committee's operations and membership

The Accounts and Audit Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board to review the periodic and annual Financial Statements before they are submitted to the Board. The Committee met three times in FY21; on 12 October 2020, 29 January 2021 and 18 March 2021.

The Accounts and Audit Committee consists of three to five board-appointed members as directors on the recommendation of the Compensation and Appointments Committee. Its Chairman is appointed by the Board.

By decision of the Board of Directors of 23 March 2016, following the transformation of the Company into a limited company, Mr Christophe Charlier was appointed chairman of the Accounts and Audit Committee and Mr Julien Moulin and Mr Jean Fontourcy as members of the Committee.

In accordance with Article L. 823-19 of the Commerce Code and the Internal Regulations of the Accounts and Audit Committee, its members must be selected on the basis of their financial or accounting competence, and at least one member of the Committee must have specific accounting or financial expertise and be independent under the criteria detailed in the Board's internal regulations.

For each member of the Accounts and Audit Committee, the attendance rate is shown in the following table:

NAME	ATTENDANCE RATE
Mr Christophe Charlier	100%
Mr Julien Moulin	100%
Mr Jean Fontourcy	100%

As part of its mission, the Accounts and Audit Committee conducts a regular dialogue with the Company's auditors, who participate in meetings of the Accounts and Audit Committee during the review of the half-yearly and annual Financial Statements before they are issued by the Board of Directors.

(ii) Committee functions

In particular, the Committee's mission is to discuss with the auditors the relevance and permanence of the accounting methods adopted for the establishment of consolidated or corporate Financial Statements, and to give an opinion on the draft corporate and consolidated, half-yearly and annual Financial Statements prepared by General Management before their presentation to the Board.

The Committee reviews the auditors' response plan once a year, and, if requested by the Committee, the auditors and the finance, accounting and treasury officers will oversee the selection of auditors and provides an opinion on the amount of fees sought for the exercise of legal control missions.

With the exception of those provided for by law or other regulatory text, the Committee gives its prior approval for the carrying out by auditors of work other than the certification of accounts, such as acquisition audits, and ensures that these missions do not interfere with their independence and in particular that they do not fall within the scope of missions prohibited by the Commerce Code. The Committee is informed of the fees paid by the Company and its Group to the firm and the network of auditors and ensures that their amount or share in the turnover of the firm and the network and in relation to the fees collected for the auditing mission are not such as would impair the independence of the auditors.

(iii) Committee activities

The main work done by the Accounts and Audit Committee in the fiscal year ended 30 June 2021 was:

- Examination of the Group's financial situation and the 2021 audit plan;
- Examination of the annual and half-year accounts;
- Review of the various contracts and financing options for the activity under consideration.

4.11.2 The Appointments and Compensation Committee**(i) The Committee's operations and membership**

The Appointments and Compensation Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board. It held two meetings in the fiscal year, on 27 August 2020 and 24 September 2020.

It follows from its internal regulations that the Appointments and Compensation Committee is composed of three to five members, appointed by the Board, on the proposal of the Appointments and Compensation Committee. Members of the Appointments and Compensation Committee are selected from non-executive positions. The Chairman of the Committee is appointed by the Board on the recommendation of the Appointments and Compensation Committee.

By decision of the Board of Directors of 23 March 2016, following the transformation of the Company into a limited company, Mr Jean Fontourcy was appointed Chairman of the Committee and Mr Alain Liger and Ms Cécile Maisonneuve members of the Committee.

For each member of the Appointments and Compensation Committee, the attendance rate is shown in the following table:

NAME	ATTENDANCE RATE
Mr Jean Fontourcy	100%
Mr Alain Liger	100%
Ms Cécile Maisonneuve	100%

(ii) Committee functions

One of the Committee's missions is to study and make proposals on the compensation of Corporate Agents, Board members. It proposes to the Board a total amount for the compensation to be allocated to the Board members which will be proposed at the General Assembly of the Company. The Committee gives the Board an opinion on the general policy for granting employee shares established by the Group's management. It indicates to the Board its proposal by setting out the reasons for and consequences of its choice.

The Committee is informed of the compensation policy of the Company's principal non-corporate officers and other companies in the Group and considers any questions submitted to it by the Chairman and related to the above issues, as well as to plans for capital increases reserved for employees.

The Committee may call on the advice of a company that specialises in executive compensations.

(iii) Committee activities

The main work done by the Appointments and Compensation Committee in the fiscal year ended 30 June 2021 was:

- Compensation of management following the separation of the roles of Chairman and Chief Executive Officer;
- Remuneration of certain key service providers;
- Evolution of governance and search for directors to achieve parity.

4.12 COMPENSATION ALLOCATED TO BOARD OF DIRECTORS MEMBERS

In accordance with legal provisions, information is provided on the total amount of compensation paid to members of the Company's corporate bodies in the year ended 30 June 2021 (See annexes to the consolidated Financial Statements for further information).

Following the Nomination and Compensation Committee's opinion of 09 July 2018, following its previous opinion of 30 June 2017, the Board of Directors had decided to distribute the compensation to be allocated to directors (formerly known as "attendance fees") among the members of the Board other than officers, as follows:

- €5,000 for each participation in one of the Board's quarterly sessions;
- €10,000 for the Chairman of the Accounts and Audit Committee;
- €10,000 for the Chairman of the Appointments and Compensation Committee;
- €5,000 for each member of these two Committees.

The following tables show the distribution of the compensation of non-executive directors for the years ended 30 June 2021 and 30 June 2020.

YEAR ENDED		30 June 2021		30 June 2020	
Non-executive Administrators		Amounts owed	Amounts paid	Amounts owed	Amounts paid
Christophe Charlier <i>Administrator</i>	Attendance fees	€25,000	-	€25,000	-
	Other compensations				
Jean Fontourcy <i>Administrator</i>	Attendance fees	€30,000	-	€30,000	
	Other compensations				
Alain Liger <i>Administrator</i>	Attendance fees	€20,000	-	€25,000	
	Other compensations				
Cécile Maisonneuve <i>Administrator</i>	Attendance fees	€20,000	-	€15,000	-
	Other compensations				

4.13 INFORMATION CONCERNING THE COMPENSATION OF CORPORATE OFFICERS

This section is the report on the principles followed and criteria applied in determining, distributing and allocating fixed, variable and exceptional items that jointly comprise the total compensation and benefits of any kind attributable to officers because of their services under Article L. 225-37-2 of the Commerce Code. The General Assembly will be called upon to approve the compensation principles on the basis of this report.

It is specified that the payment of annual variable compensation items and long-term variable compensation items for executive Corporate Agents (Chairman and Managing Director) for FY21 is conditional on their approval by the General Assembly which will rule on the accounts for the year ended 30 June 2021.

4.13.1 *General Compensation Principles*

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, defined general principles of the compensation policy of the Chairman and major officers, and has evaluated the extent to which these policy criteria have been met.

The general principles of this compensation policy are to attract, retain, motivate high-level executives and align their interests with the creation of value for the Group, taking into account the Group's capital intensity, its high-tech environment, its long-term investment horizon, the challenges in terms of growth in a highly competitive environment and the very international nature of its sector of activity and the Group's vision.

The competitiveness of the compensation policy is assessed primarily in relation to French companies of comparable size (market capitalisation and turnover) and, when it is relevant, to comparable European companies.

4.13.2 Information about compensation due or allocated to Corporate Officers

(i) Compensation and benefits of any kind awarded to Corporate Officers

This table presents a summary of the compensation elements of Corporate Officers for the years ended 30 June 2020 and 30 June 2021.

YEAR ENDED	30 June 2021	30 June 2020
Mr Julien Moulin, as Chairman of the Company		
Compensation due for the year*	€278,043	€215,812
Valuation of multi-year variable compensations awarded during the year	-	-
Valuation of stock options granted during the year	-	-
Valuation of shares granted free of charge during the year**	-	-
Mr Antoine Forcinal, as Managing Director of the Company		
Compensation due for the year	€328,148	€247,750
Valuation of multi-year variable compensations awarded during the year	-	-
Valuation of stock options granted during the year	-	-
Valuation of shares granted free of charge during the year**	€45,533	€32,076
TOTAL	€651,724	€495,638

* Of these sums, €202,650 as of 30 June 2021 and €90,000 as of 30 June 2020 are owed under the service contracts described in paragraph 4.13.5 of this report.

** The value of the allocation of employee shares was determined by multiplying the unit value (based on the share price at the date of the grant) by the number of employee shares granted to the executives

The Corporate Officers received a total gross compensation (in salaries, bonuses and employee shares awarded) of €651,724 during the year ended 30 June 2021, compared to €495,638 during the year ended 30 June 2020.

The following table shows the total gross compensation paid or due to executives for the years ended 30 June 2021 and 30 June 2020, including fixed and variable compensation paid or due by the Company for these years, in-kind benefits, and compensation to be allocated to the administrators.

YEAR ENDED	30 June 2021		30 June 2020	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Mr Julien Moulin, as Chairman of the Company				
Fixed pay	€54,900	€217,331	-	€210,000
Variable pay	-	-	-	-
Benefits in kind	-	€5,812	-	€5,812
Mr Antoine Forcinal, as Managing Director of the Company				
Fixed pay	-	€293,148	-	€247,750
Variable pay	-	-	-	-
Benefits in kind	-	€35,000	-	-
TOTAL	€54.900	€551,291		€463,562

The ratios between the level of compensation of each of the directors and:

- the average compensation, on the basis of a full-time equivalent of the Company's employees other than those of the Corporate Officers, is 3.83 × for the Company's Chairman and 4.52 × for the Company's Chief Executive Officer,
- the median compensation on a full-time equivalent basis of the Company's employees other than Corporate Officers is 5.70 × for the Company's Chairman and 6.73 × for the Company's Deputy Chief Executive Officer.

The annual change over the past five years in the Company's performance, executive compensation, and average compensation of Company employees other than the executives, is as follows:

Annual change in performance and compensation	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Company performance - Net Income	(106,174)	(659,858)	(476,430)	(904,183)	587,645
Company performance - Equity	49,935,363	49,525,504	49,049,074	48,144,891	48,732,536
Compensation of managers	657,750	553,558	508,562	463,562	606,191
Personnel costs, excluding managers	466,811	594,516	379,635	322,941	489,771
Average full-time workforce, excluding managers	10	10	8	5	7
Average compensation of employees, other than managers	46,681	62,036	47,454	64,588	72,559

Details on the compensation paid to Corporate Officers for related contracts are described in paragraph 4.13 of this report.

(ii) Compensation and benefits of any kind awarded to non-executive Corporate Officers

Information on these compensations and other benefits appears in section 4.12 of this report.

4.13.3 Specific compensation for executives and Corporate Officers

(i) Mr Julien Moulin

As a reminder, following Appointments and Compensation Committee's opinion of 30 June 2017, Mr Moulin benefits from a termination indemnity of a gross amount equal to two (2) years' gross annual fixed compensation. This would be payable should Mr Julien Moulin's mandate as Chairman be revoked, except in the event of dismissal for serious or egregious breach or the case of his resignation from this mandate.

Under Article L. 225-42-1 of the Commerce Code, payment of this severance pay would be subject to the following performance conditions:

- the payment of half of the compensation would depend on the stock market performance of the Company's securities, and would only be due in the event that the average share price of the Company on Euronext Paris in the last three months prior to the dismissal of Mr Julien Moulin is more than 50% of the average price since the completion of the Company's IPO;
- the payment of half of the compensation would depend on the Company's progress in its exploration and production activities, as these progress is measured and considered satisfactory if, in the six months prior to the revocation of Mr Julien Moulin, at least one of the following events occurred: (i) granting at least one new exclusive exploration permit or concession; (ii) start of gas production at one, at least, of the Group's drilling sites; (iii) development of electricity generation from the production of Gazonor.

The compensation related to Mr Julien Moulin's mandate was modified by amendment on 23 October 2020 to reflect the separation of the roles of Group Chairman and Chief Executive Officer, following the Appointments and Compensation Committee's decision of 28 September 2020. Mr Julien Moulin's compensation was then set at €52,775 *per annum*.

As a reminder, from 01 July 2016 to 28 September 2020, Mr Julien Moulin received a gross annual compensation of €120,000. Mr Julien Moulin also received benefits in kind with a value of €5,812.

(ii) Mr Antoine Forcinal

On 01 November 2015, the Company and Mr Forcinal entered into an employment contract for the position of Director of Operations of the Company. In accordance with this contract and with an amendment applicable as of 01 July 2018, Mr Forcinal receives (i) a fixed gross annual compensation of €150,000, and (ii) an impatriation bonus of €97,750 to compensate for the costs incurred by Mr Forcinal, who previously worked abroad because of his posting in France.

Following Mr Antoine Forcinal's appointment as Chief Executive Officer, his employment contract was suspended and the Company and Mr Antoine Forcinal reached a corporate mandate agreement, effective from 01 September 2020, through which he receives a gross annual compensation of €90,000, reviewable annually. In the event of termination or non-renewal of the mandate by the Company, Mr Forcinal will receive a lump-sum compensation equivalent to one year's compensation.

As part of the development of the Group's activities and the structuring of the subsidiary LFDE International, Mr Forcinal receives a fixed gross annual compensation of €228,000, all compensations included, as of 01 September 2020.

4.13.4 Employee shares awarded

The joint General Shareholders' Assembly of 23 March 2016 approved the implementation of a plan for the award of employee shares for the benefit of all or part of the Group's employees and executives. This decision was renewed by the Ordinary and Extraordinary Assembly of Shareholders held on 29 November 2019. The total number of shares granted free of charge may not represent more than 5% of the Company's capital, with a face value of one euro per share, and the final grant of the employee shares to the beneficiaries will be realised at the end of an acquisition period of at least two (2) years from the initial grant of employee shares and under other conditions to be set out in the Plan Regulations.

Following the end of the delegation granted by this 2016 Assembly, the implementation of a similar plan was approved by the shareholders at the Ordinary and Extraordinary Assembly of Shareholders held on 29 November 2019, with a 26-month delegation to the Board of Directors.

The first and second plans have resulted in definitive awards in previous years.

The third plan resulted in the definitive award of 8,080 shares during the past fiscal year, following the Chairman's conclusion on 09 July 2020 that the conditions set out in the plan set up in 2018 had been met.

A fourth plan was implemented following the Board of Directors' decision of 12 December 2019 and resulted in the award of 8,919 employee shares to 14 beneficiaries.

On 04 September 2020, the Board of Directors proceeded to the implementation of the fifth plan in accordance with the plan's regulations and to the award of 9,791 employee shares to 14 beneficiaries.

The distribution of the employee shares awarded under the two plans still in progress as of 30 June 2021, together with their details by beneficiary, is as follows:

Employee-Shares Plans	Number of shares initially allocated	Number of shares as of 30 June 2021	Fair value
12 December 2019	8,919	8,919	17.4
4 September 2020	9,791	9,791	15.3

As a reminder, the number of shares initially granted, as indicated above, does not necessarily correspond to the number of shares that will definitively be granted to the beneficiaries, as the final award of shares is subject to the presence and delivery of documents described in the Plan Regulations.

4.13.5 Service contracts with Corporate Officers

(i) Mr Julien Moulin – Service contract between NEL and LFDE International

Following the opinion of the Appointments and Compensation Committee dated 28 September 2020, the Board of Directors, at its meeting on 12 October 2020, decided to authorise and approve that LFDE International, the Luxembourg subsidiary of the Company in charge of the Group's international development, should sign an amendment to the specific contract with the English law firm NEL, Mr Moulin's personal holding company, for the provision of these specific public-relations services, particularly at the European level, and for seeking financing within the community of international investors, particularly those based in London, but also in Germany and Scandinavia. This contract is for an indeterminate period from 01 October 2020.

The terms of this agreement are:

- The services provided by NEL are twofold:
 - public-relations services;
 - services rendered in the search for targeted acquisition projects and financing operations.
- In return for these services, LFDE International pays NEL an annual fee of €190,000, against €120,000 provided for in the initial agreement.

For the year ended 30 June 2021, the Group recorded a charge related to services invoiced by NEL for €202,650.

As NEL grants exclusivity to the Company on these matters, it has been agreed in return to pay NEL an amount equal to two years' consulting fees in the event of termination of the contract.

4.14 OTHER BENEFITS

No Company has granted loans or guarantees to the Company's directors and officers.

4.15 INFORMATION ON THE COMPOSITION OF THE COMPANY'S SHARE CAPITAL

4.15.1 Distribution of the Company's capital as of 30 June 2021

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, the following indicates the distribution of the Company's shareholding as of 30 June 2021, with the percentage of ownership of the capital:

Major shareholders > 3%	Number of shares	% of capital
		%
DURR FAMILY	515,638	10.0%
JULIEN MOULIN	406,178	7.9%
EUROPEAN GAS LIMITED (historical Shareholder – Great Britain)	366,572	7.1%
FINANCIERE ARBEVEL	365,338	7.1%
AXXION	291,288	5.6%
Total, Major shareholders	1,945,014	37.7%
Others (holdings < 3% of capital)	3,218,956	62.3%
Total number of shares	5,163,970	100%

4.15.2 Crossing of legal thresholds

On 06 October 2020, Frédéric Durr stated he had exceeded the holding threshold of 5% of the Company's shares after registering his shares.

Also on 06 October 2020, Ginkgo Holdings declared that it had dropped below the 5% holding threshold for the Company's shares and would no longer be a Shareholder in the Company.

Deltec Bank & Trust has also declared, on 28 October 2020, that it had dropped below the 5% holding threshold for the Company's shares and would no longer be a Shareholder of the Company.

On 28 October 2020, Jean Chalopin stated he had exceeded the holding threshold of 5% of the Company's shares after registering his shares.

Jean Chalopin declared on 05 January 2021 that he was no longer a Shareholder of the Group.

On 30 April 2021, the Axxion Public Limited Company declared that it had crossed the threshold of 5% of the company's capital.

4.15.3 Employee-share plans

As was recalled in section 4.13.4 of this report, the Ordinary and Extraordinary Assembly of Shareholders held on 23 March 2016 and 29 November 2019 approved the implementation of plans for the award of employee shares for the benefit of all or part of the Group's employees and managers, delegation to the Board of Directors which was renewed at the Ordinary and Extraordinary Assembly of Shareholders held on 29 November 2019 under the same terms. The Board of Directors has adopted each free-share award plan and determined its initial beneficiaries as detailed in the aforementioned section.

4.15.4 Capital Increase Delegations

The following table shows the delegations and financial authorizations in effect as of 30 June 2021:

Nature of the authorisation	Date of GA (Resolution No.)	Duration and expiration	Amount allowed (nominal or %)	Use
Delegation of jurisdiction to the Board of Directors to decide on the issuance, maintaining the preferential subscription rights of shareholders, of common shares or securities that are equity securities giving access to other equity securities or entitling to the allocation of debt securities, or securities that provide access to equity securities to be issued.	29 November 2019 (Resolution No. 13)	26 months	<ul style="list-style-type: none"> – Nominal amount of capital increases limited to 2.5 million euros; – Nominal amount debt securities limited to 15 million euros. 	
Delegation of jurisdiction to the Board of Directors to decide on the issuance, suppressing the preferential subscription rights of shareholders, by way of public offering, of common shares or securities that are equity securities giving access to other equity securities or entitling to the allocation of debt securities, or securities that provide access to equity securities to be issued.	29 November 2019 (Resolution No. 14)	26 months	<ul style="list-style-type: none"> – Nominal amount of capital increases limited to 2.5 million euros; – Nominal amount debt securities limited to 15 million euros. 	
Delegation of jurisdiction to the Board of Directors to decide on the issuance, suppressing the preferential subscription rights of shareholders, by way of an offering, as covered by Article L. 411-2 II of the Monetary and Financial Code, of common shares or securities that are equity securities giving access to other equity securities or entitling to the allocation of debt securities, or securities that provide access to equity securities to be issued.	29 November 2019 (Resolution No. 15)	26 months	<ul style="list-style-type: none"> – Nominal amount of capital increases limited to 2.5 million euros; – Nominal amount debt securities limited to 15 million euros. 	
Delegation of jurisdiction to the Board of Directors to increase the amount of issuances, maintaining or suppressing the preferential subscription rights of shareholders.	29 November 2019 (Resolution No. 16)	26 months	15% of the original issue amount.	

Nature of the authorisation	Date of GA (Resolution No.)	Duration and expiration	Amount allowed (nominal or %)	Use
<p>Authorisation for the Board of Directors to set the price of issues of common shares or securities that are equity securities giving access to other equity securities or entitling to the allocation of debt securities, or securities giving access to equity securities to be issued, made by public offering or by way of an offering, as covered by Article L. 411-2 II of the Monetary and Financial Code, suppressing the preferential subscription rights of shareholders, within a limit of 10% of equity per year.</p>	<p>29 November 2019 (Resolution No. 17)</p>	<p>26 months</p>	<p>10% of the share capital (on the day the issuance price is set by the Board of Directors), per 12-month period.</p>	
<p>Delegation of powers to the Board of Directors to decide whether to issue common shares or securities giving access to the Company's equity within a limit of 10% of share capital, suppressing the preferential subscription rights of shareholders, in compensation for in-kind contributions to the Company.</p>	<p>29 November 2019 (Resolution No. 18)</p>	<p>26 months</p>	<p>10% of the share capital (on the day of the Board of Directors' decision regarding the issue).</p>	
<p>Authorisation on the Board of Directors to increase the share capital by issuing equity securities or securities that are equity securities giving access to other equity securities of the Company or entitling to the allocation of securities, or of debt securities, or securities giving access to securities to be issued, suppressing the preferential subscription rights of shareholders in favour of members of a savings plan.</p>	<p>29 November 2019 (Resolution No. 19)</p>	<p>26 months</p>	<p>2% of the share capital (on the day of the Board of Directors' decision)</p>	
<p>Delegation of jurisdiction to the Board of Directors to decide on an increase in share capital by incorporating bonuses, reserves, profits or others the capitalisation of which would be accepted</p>	<p>29 November 2019 (Resolution No. 21)</p>	<p>26 months</p>	<p>Limited to 2.5 million euros</p>	

Nature of the authorisation	Date of GA (Resolution No.)	Duration and expiration	Amount allowed (nominal or %)	Use
Permission for the Board of Directors to proceed with the award of employee shares.	29 November 2019 (Resolution No. 20)	26 months	<ul style="list-style-type: none"> – The number of shares may not exceed 250,000 shares, <i>i.e.</i> less than 5% of the share capital; – Must not exceed 10% of total allocations made for those awarded to the executive directors. 	Decision by the Board of Directors on 4 September 2020 on the adoption of the 2020 employee-share allocation plan and delegation of powers to the Chairman for the implementation of said plan

4.15.5 Evolution of the LFDE title

As of 30 June 2021, the Company's shares were traded at a value of €21.8, compared to €15 on 30 June 2020 on Euronext Paris' C compartment.

4.15.6 The Company's intervention on its securities

During the year ended 30 June 2021, the Company conducted transactions on its own shares as part of the liquidity agreement with Louis Capital Markets UK LLP / Midcap Partners as an investment service provider. A new liquidity contract was set up on 15 March 2019 with the same service provider, under the same terms and conditions as the previous one.

As of 30 June 2021, the Company held 7,912 of its own shares, compared to 8,678 equity shares in 2020, *i.e.* less than approximately 0.15% of the share capital, acquired at an average cost price of €21.89 (2020: €16.68).

4.15.7 Terms of Shareholder participation at the General Shareholders' Assembly

These terms and conditions are provided for in Article 23 of the Company's statutes.

4.15.8 How to evaluate agreements on day-to-day operations

Work to define the modalities for the regular evaluation of these agreements is underway and will be finalized in FY22.

5. OTHER ASPECTS OF CORPORATE GOVERNANCE

5.1 GENERAL DIRECTION AND LIMITATIONS TO POWERS

(i) General Management operating mode

It is recalled that the Company adopted the form of a limited company with a Board of Directors by decision of the joint General Assembly of 23 March 2016, prior to the admission of the Company's shares to the Euronext's regulated market in Paris.

In this corporate form, the Board of Directors may opt for the dissociation of the functions of Chairman and General Manager or for the uniqueness of these functions. As the MiddleNext Code of Corporate Governance reminds us, the law does not favour any formula and it is up to the Board of the Company to choose between the two terms of practice of the General Management according to its particular requirements.

The Board of Directors changed the Group's governance at its Assembly held on 12 October 2020, to separate permanently the functions of the Chairman from those of the Chief Executive Officer. Mr Antoine Forcinal has been appointed the Company's Chief Executive Officer; Mr Julien Moulin remains as its Chairman of the Board.

(ii) Limitation of the powers of the Chief Executive Officer

The CEO, who assumes the fullest executive authority, is given the broadest powers to act in all circumstances on behalf of the Company. It exercises its powers within the limits of the social purpose and subject to those which the law expressly assigns to Shareholders' Assemblies and the Board. He represents, with the Chairman, the Company in its dealings with third parties.

The CEO exercises powers within the limits of the Internal Regulations of the Board of Directors as internal rules.

5.2 PARTICIPATION OF SHAREHOLDERS IN GENERAL ASSEMBLIES

(i) Notices

Shareholders' collective decisions are made in ordinary, extraordinary, special or mixed General Assemblies, depending on the nature of the decisions to be made.

General assemblies are convened and discuss issues under the conditions set out by law. They are held at the Head Offices or at any other place specified in the convocation notice.

(ii) Conditions for participating in assemblies

The right to participate in assemblies is subject to the accounting registration of the securities on behalf of the shareholder or intermediary registered on his behalf by 00:00, Paris time, on the second business day before the assembly, either in the records of registered securities held by the Company, or in bearer securities accounts held by the authorised intermediary.

The recording or accounting registration of securities in the bearer securities accounts held by the authorised intermediary is determined by a certificate of participation issued by the

latter, attached to the remote-voting or proxy form, or to the request for an admission card established in the shareholder's name or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to the shareholder wishing to participate physically in the assembly and who did not receive his admission card by 00:00, Paris time, on the second business day before the assembly.

(iii) *Videoconferences*

Upon the Board of Directors' decision, shareholders may participate in a General Assembly via videoconference or by means of telecommunications and remote transmission, including the Internet, under the conditions provided by the regulations applicable at the time of its use. This decision is communicated in the assembly and/or convocation notice. In such a case, these shareholders are deemed to be present when calculating the quorum and the majority for this assembly.

(iv) *Remote voting*

Shareholders may vote by mail or grant powers of attorney, in accordance with the law and regulations. Shareholders may, under the conditions set out in applicable regulations, submit their voting form by mail for any General Assembly, either in hard copy or – upon the Board of Directors' decision, published in the meeting and/or convocation notice – by remote transmission under the conditions set by that notice. Notifications of the appointment of the voting agent, as well as of the revocation of the voting mandate, may be made in hard copy or electronic form.

Upon the Board of Directors' prior decision, the capture and signature of electronic forms may be made using any reliable identification process that meets the conditions set out in the first sentence of the second paragraph of Article 1316-4 of the Civil Code, which may consist of an identifier and password, or any other means provided for by existing regulations. Powers of attorney or votes thus expressed by this electronic means before the assembly, as well as acknowledgements thereto, will be deemed non-revocable writs, enforceable against all, it being specified that in the event of the transfer of securities before the third working day prior to the assembly at 00:00, Paris time, the Company will invalidate or modify accordingly, depending on the case, the powers of attorney or votes expressed before that date and time.

(v) *Attendance sheet*

An attendance sheet is certified as accurate by the Bureau of the assembly, in accordance with applicable regulations.

(vi) *Bureau and Chair*

Assemblies are presided over by the Chairman of the Board of Directors or, in his absence, by any other person they elect.

The Bureau of the assembly includes the Chairman, appointed as stated above, and two scrutineers. It appoints a secretary, who may be chosen from outside the Shareholders.

(vii) *Proceedings*

Assembly deliberations are recorded in minutes signed by the members of the Bureau and written in a special register, in accordance with the law. Copies and excerpts of these

minutes are validly certified under the conditions set by law.

5.3 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

The elements that may have an impact in the event of a public offering are listed below:

- The Company's capital: see paragraph 4.15.1 of the annual financial report outlining the composition of the shareholding as of 30 June 2021;
- Statutory restrictions on the exercise of voting rights and transfers of shares or clauses brought to the Company's knowledge: no such restrictions or clauses;
- Direct or indirect participations in the capital of the Company, of which it is aware: the Company was not aware of this type of take Participation during the year;
- List of holders of all securities with special control rights and the description thereof: the Company is not aware of the existence of any such special control rights;
- Control mechanisms provided for in a possible system of employee ownership, when control rights are not exercised by the latter: nothing;
- Agreements between Shareholders of which the Company is aware and which may result in restrictions on share transfers and the exercise of voting rights: the Company is not aware of any such agreements;
- Rules applicable to the appointment and replacement of board members and amendments to the statutes: the applicable rules in this area are statutory and are in accordance with the law;
- Powers of the Board of Directors, in particular regarding the issuance or repurchase of shares: delegations made by the Company's Shareholders' General Assembly to the Board of Directors are listed in paragraph 4.15.3 of the annual financial report;
- Agreements providing compensation for members of the Board of Directors (Chairman and CEO) or employees, if they resign or are dismissed without just cause or if their employment ends due to a public offering. (See section 4.13.3 of this report.)

6. OTHER PRESENTED INFORMATION

6.1 RESEARCH AND DEVELOPMENT

In calendar year 2020, FDE registered a €249K Exploration Tax Credit (CIR) and Innovation Tax Credit, related mainly to the personnel expenses incurred in the “Bleue Lorraine” project, named after the exclusive research permit used to recover subsoil coal seam gas.

Some of this research is being developed as part of the REGALOR (for “REsources GAZières de LORraine”) project, which was selected as one of the leading projects by the Grand-Est Region under the “State-Lorraine Pact (Action N° 8)” regional scheme and of the Valley of Materials and Energy priority area, “Regional Competitiveness and Employment”, of the 2014-2020 ERDF-ESF Lorraine and Massif des Vosges Programme. This research work, which was carried out with the support of the UMR UL-CNRS Georessources Laboratory, under the co-tutelage of the CNRS and the University of Lorraine, seeks to accelerate the establishment of an industrial-scale demonstrator for the production of coal seam gas and its recovery in short circuits. This project’s goal is to offer specific conclusions by late 2022.

In accordance with the accounting rules applicable in the current IFRS and French standards, the Group’s exploration activities are not recognised as expenses but are capitalised.

6.2 EMPLOYEE SHAREHOLDING

No company savings plan has been set up for the benefit of the Company's employees. Employee ownership is set up through employee-share award plans.

As of 30 June 2021, employees’ participation in the social capital calculated in accordance with the provisions of Article L. 225-102 of the Commerce Code is 1%.

6.3 RECAPITULATIVE STATUS OF OPERATIONS CARRIED OUT BY EXECUTIVES AND THEIR RELATIVES

During the fiscal year ended 30 June 2021, neither the officers nor their relatives carried out any purchases or sales of securities.

6.4 APPROPRIATION OF RESULTS

In accordance with the provisions of Article 243a of the General Tax Code, it is specified that no dividends have been distributed for the last three fiscal years.

It will be proposed to affect the full result of the year as reflected in the Company’s Financial Statements as of 30 June 2021, *i.e.* €587,644 – in full to tax-loss carry-forwards, shifting these from a debit balance of €1,517,858 to a debit balance of €930,214

6.5 ABSENCE OF LOANS

During the year ended 30 June 2021, the Company did not grant, as an incidental to its core business, any loans to companies with which it maintains economic ties justifying it (Article L. 511-6, 3a-al 2 of the Monetary and Financial Code).

6.6 NON-DEDUCTIBLE EXPENSES

In accordance with the provisions of Articles 223c and 223d of the General Tax Code, we specify that the amount of the Company's expenses covered by Article 39-4 of the Code stood at €2,878 for the year ended 30 June 2021. The Company recorded no tax charge in this regard, due to the period's tax loss.

6.7 TABLE OF RESULTS FOR LAST FIVE FISCAL YEARS

Appended to this report, in accordance with the provisions of Article R. 225-102 of the Commerce Code, is a table showing our Company's results in each of the last five years.

Date of arrest	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
<i>Duration of the year (months)</i>	12	12	12	12	12
AT YEAR'S END					
Social capital	5,163,970	5,155,890	5,150,659	5,065,174	5,065,174
Number of common shares	5,163,970	5,155,890	5,150,659	5,065,174	5,065,174
Number of bonds convertible into shares					
OPERATIONS AND RESULTS					
Tax-free sales					
Earnings before taxes, equity, depreciation and amortisation and provisions	546,608	(1,491,189)	(2,366,911)	(330,593)	(90,458)
Income taxes	802,001	593,057	1,898,243	-	-
Employee participation					
Depreciation and amortisation and provisions	(760,964)	(6,051)	(7,762)	(329,265)	(15,716)
Net income	587,644	(904,183)	(476,430)	(659,858)	(106,174)
RESULT PER SHARE					
Earnings after taxes, participation, before depreciation and amortisation and provisions	0.26	(0.17)	(0.09)	(0.06)	(0.02)
Earnings after taxes, equity, depreciation and amortisation and provisions	0.11	(0.17)	(0.09)	(0.13)	(0.02)
Dividend paid on each share	-	-	-	-	-
PERSONAL					
Average employee workforce	7	7	10	12	13
Payroll	701,992	696,503	768,197	1,009,328	954,561
Social charges	292,211	292,283	269,870	422,714	587,422

6.8 INFORMATION ON PAYMENT TERMS

In accordance with the provisions of Articles L. 441-6-1 al 1 of the Commerce Code and D. 441-1 amended by Decree 2017-350 of 20 March 2017, information on payment times for the Company's suppliers and customers is shown in the following table (amounts in €K).

	Article D. 441-4 I.-1: Invoices <i>received</i> unpaid on the closing date of the year due						Article D. 441-4 I.-2: Unsettled <i>issued</i> invoices on the closing date of the year due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and up)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and up)
(A) Late payment tranches												
Number of relevant invoices	35					74	5					0
Total amount of relevant invoices (incl. all taxes)	107	66	41	49	189	345	15		68			68
Percentage of year's total purchases (incl. all taxes)	3%	2%	1%	2%	6%	11%						
Percentage of year's revenue (excl. taxes)							3%					
(B) Bills excluded from (A) relating to disputed or unaccounted-for debts and receivables												
Number of invoices excluded	9						0					
Total invoices excluded	2,571						0					
(C) Reference payment periods used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the Commerce Code)												
Payment times used to calculate late payments	x Contractual deadlines: variable deadlines depending on the supplier, in accordance with the legal provisions and regulations						x Contractual deadlines: not applicable as of 30 June 2019 ☐ Legal deadlines: (specify)					

Invoices from Entrepouse Drilling (€2,465K), with which the Company is in dispute as of 30 June 2021, are included in Part (B) to this table.

This table does not include invoices that were not received by the closing date.

7. KEY RISKS AND UNCERTAINTIES FACING THE COMPANY

The Group operates in a constantly changing economic, ecological and regulatory environment. Therefore, like any company, FDE is exposed, notably, to operational and financial risks which, should they materialize, could have an adverse effect on its activities, its financial situation and its prospects.

The total absence of risk cannot be guaranteed. Thus, the Group may, potentially, be exposed to other risks that are not specific, or of which it is not aware, or the potential consequences of which might be underestimated, or the concretization of which is not considered, to this date, to have a significant adverse impact on the Group. Faced with these risks, the Company develops its internal-control tools to prevent and control them.

Therefore, this section presents the significant Group-specific risk factors to which it believes it is exposed at the date of this report, detailed by main general, operational and financial, environmental, and legal risks.

7.1 GENERAL RISKS

Pandemic risk:

The Group is exposed to the risk of a pandemic and a large-scale health crisis. Such events could impact the ability of its partners, subcontractors and, to a lesser extent, team members to visit its production sites and might lead to delays that could be significant in the completion of its construction and/or maintenance work.

Example of management:

The Group has set up plans for the continuation of its activity which can be implemented quickly in order to ensure the continuity of its electricity, gas and heat production. These plans focus mainly on the organization of the operating teams and subcontractors who must work at the Group's sites.

Cybersecurity risks:

The Group is exposed to malicious actions that can permanently paralyze its information systems or result in the loss of sensitive data. Cyberattacks, the techniques of which are evolving constantly, are becoming ever more sophisticated. Many factors are intensifying the exposure and vulnerability of the Group's information systems: digital transformation, the adoption of new technologies such as the Internet of Things, the migration of data to the Cloud or the evolution of information-system architectures that permit the interconnectivity of systems and the development of remote work. The Group's activities depend on the reliability and security of its information systems. FDE is exposed to the risk of malicious actions, of internal or external origin, committed individually or in more or less organized or structured groups, against its infrastructures, information systems and data. The Group's information systems, some of which are managed by third parties, are likely to be compromised, damaged, disrupted or shut down due to cyberattacks (viruses, computer hacking, etc.). Should the Group and its service providers be unable to preserve the integrity of its critical information systems and sensitive data, the Group's activities and assets could be affected, services offered by the Group could be discontinued, protected intellectual property rights could be usurped or stolen and, in some cases, bodily injury, property damage or damage to the environment, as well as regulatory violations, could occur, which could have an adverse impact on the Group's financial situation and reputation and could expose the Group to legal action.

Example of management:

The Group has implemented a personalized double security on access to the Office 365 environment of its employees, in order to reduce the risk of hacking of online storage spaces, emails and documents. In addition, it separated the system which manages production data from the system grouping administrative data, limiting access to each network.

7.2 OPERATIONAL AND FINANCIAL RISKS**Risk of non-compliance:**

The Group operates its industrial installations within a highly regulated framework, particularly in environmental terms. The Group's activities in France are governed by all the legislative and regulatory provisions resulting from the transposition into French law of European environmental-protection directives and regulations. The installations are under the control of the Prefects and the Directorates of the Environment, Development and Housing (DEAL), who are responsible for inspecting these installations. In the event of non-compliance with the regulations, notwithstanding possible criminal proceedings, the Prefects may impose administrative sanctions up to and including the suspension of the operation of the installations concerned; they may even propose their closure by decree in the Council of State.

Example of management:

Compliance of the installations' operation with applicable legislative and regulatory provisions is the subject of constant attention by the Group, which continuously monitors the applicable regulations and carries out a precise and nonstop monitoring of the operation of its installations. Despite its vigilance, the Group cannot completely exclude the risk of being occasionally confronted with a situation of non-compliance, which it then endeavours to correct as soon as possible.

Price risk:

FDE's results are sensitive to various environmental parameters, the most significant of which are gas prices in France and electricity prices in Belgium. The prices of these energies can fluctuate significantly due to factors over which FDE has no control, such as:

- international and regional economic and political developments in resource-producing regions, global economic conditions and financial market conditions;
- government regulations and actions;
- changes in energy supply and demand, both global and regional, due to changes in consumer preferences or due to pandemics such as the COVID-19 pandemic.

In general, lower gas and electricity prices have a negative effect on the Group's results due to the decline in revenue generated by production. Conversely, higher prices have a positive effect on the Group's results. In addition to the negative effect on the Group's revenue, margins and profitability, an extended period with low natural-gas prices may lead the Group to review its development plans, make downward adjustments to the reserves published by the Group, as well as revise the price assumptions on the basis of which asset impairment tests are carried out that may have a negative impact on the Group's results for the period during which they are recorded.

Example of management:

In 2020, impacted by the collapse in demand related to the COVID-19 pandemic, gas prices depreciated sharply from an average of around €20/MWh in November 2019 to around €3.5/MWh temporarily in early summer 2020 due to a drop in demand, linked to health-containment measures. Prices have strengthened steadily since, rising above €75/MWh at

the date of this report. The Company has sales contracts at guaranteed fixed prices for most of its electricity, gas and heat production and has introduced gas and electricity price hedges for part of its production which is subject to market prices.

Reserve risk:

The Group's activity, which is based on the identification, assessment and production of gas, depends on the analysis of geological data and assessments describing potential or identified reserves and resources; these are and carried out by the Group or by third-party experts and may prove to be inaccurate.

Numerous uncertainties exist in estimating quantities of gas reserves and resources as well as net cash flows of the Group's proved reserves. The estimates set forth herein are based on various assumptions, which may ultimately prove to be inaccurate. The determination of such data is a subjective process of estimating underground accumulations of gas that cannot be measured in an exact manner.

Reserve and resource estimates come from expert reports (such as *Competent Person Reports*) and seismic-data interpretations, well-test results, and in some cases, production histories. These estimates are subject to various uncertainties. Reserves and future production could therefore differ from estimates and these variations could be significant. In addition, estimates of gas resources and reserves may require revisions or modifications based on a changing technical and gas-price-fluctuation environment.

The Group's actual production, revenues and expenditures with respect to its gas reserves and resources will likely be different from estimates, and the differences may be material. Any inaccuracy in the Group's proven and probable reserves estimates could result in decreased profitability from lower than expected revenue and/or higher than expected costs and may affect the value of its shares.

Example of management:

With regard to the identification of reserves and resources, the Group relies, notably, on the data extracted from the reports, particularly the RPCs, which have been prepared in accordance with the standards set up by the petroleum resources management system in 2007, approved by the Society of Petroleum Engineers, as well as on historical data collected by *Charbonnages de France*. The history of reserve certifications demonstrates the conservative nature of the reserve volumes certified by FDE, since each new certification has indicated an increase in gas reserves, despite the volumes produced.

Competition risk:

The Group operates in a demanding international business environment where there is competition among Recovered and Renewable Energy producers. The Group is a young company engaged in energy production and may be exposed to strong competition from larger, well-established energy companies.

Key areas in which the Group faces competition include:

- acquisition of exploration and production permits through competitive or bidding processes run by governmental authorities;
- acquisition of other companies that may already own licenses or existing assets;
- engagement of third-party service providers whose capacity to provide key services may be limited;
- entering into commercial arrangements with customers;
- the sale of gas, electricity and heat; and
- employment of highly-skilled personnel.

The Group's competitors include larger and more established companies with superior financial resources, more staff and larger facilities. Competition and other acquisition opportunities may intensify in the future. Although the Group has an operating monopoly on its concessions in France and in Belgium, the Group's competitors would be, among others, Infynis in the United Kingdom, Steag and RWE in Germany for mine and coal seam gas, and other French producers of renewable or recovery energy (RRE) such as Akuo, Albioma, and Innovent.

Furthermore, if alternative energy sources, such as hydro, wind or solar power, become more cost-competitive, the demand for traditional energy sources, such as natural gas, which now accounts for 34% of its turnover, could decline.

The Group's competitors may also convert into the production phase more quickly, or at lower costs or more generally at better financial condition. This may lead to reduced growth opportunities. Therefore, any failure on the Group part to compete effectively could adversely affect its business, financial condition, results of operations, prospects, and future operations.

Example of management:

The Group's entire activity is protected by exclusive long-term permits or licences which have already been subjected to competitive bidding. In order to meet the long-term commitments the Group makes to its customers, it secures long-term emphyteutic leases in order to guarantee the viability of the deployment of its installations.

Acquisition integration risk:

The integration of an asset or company of strategic interest into the Group may not produce the effects initially expected. The Group has carried out and could be required to carry out acquisition operations in Europe, in various energy activities and with companies of various sizes. In 2021, the Group acquired Greenhill SA, which holds assets in Belgium.

The challenges related to acquisitions are multiple (synergies, governance, mode of operation, key employees, sufficient availability of FDE teams, etc.) and require a specific adaptation on a case-by-case basis.

If the Group fails to integrate the assets acquired under anticipated conditions, to achieve the expected synergies, to retain the key employees of the newly acquired company, or if the

Group should be required to bear liabilities that had not been identified or properly valued at the time the transaction was completed, the Group's financial situation and reputation could be adversely affected.

Example of management:

In 2016, the Group integrated the assets and staff of Gazonor, in order to redevelop the entire portfolio in integration into the Group, following the Group's strategy.

Counterparty risk:

Generally speaking, the Group, given the strength of its clients in France and Belgium, is little exposed to counterparty risk regarding its client accounts.

As part of the mine-gas business in France, the Group sells the electricity it produces under long-term contracts concluded with EDF OA in France under a purchase obligation; such sales accounted for 54% of its turnover in 2021. For the rest of its business, the Group has concluded contracts for the sale of its electricity, gas and heat with major commercial companies and leading local authorities. Nevertheless, the questioning of the Group's relations with these customers could have a significant adverse impact on its results.

In addition, despite the care taken in their selection, the inability of a supplier or subcontractor to deliver an agreed service as a result of a failure, during the construction phase of an installation or during the operating phase, could result in a delay in the industrial commissioning or in the unavailability of the installations that would negatively impact the Group's results.

Example of management:

The Group's selection of strong partners, both operationally and financially, is likely to reduce the likelihood of this risk occurring, but not eliminate it. The performance of each partner is evaluated annually on the basis of a multi-criteria grid, partners deemed critical are subject to the implementation of dedicated action plans to ensure there is no deviation from the Group's performance criteria.

Risk of financial volatility:

The Company's share price is likely to be affected by significant volatility.

The market price of the Company's shares could experience significant volatility and may vary depending on a significant number of factors that the Company does not control. These factors include, among other things, the market's response to:

- changes in the Group's financial results, forecasts or outlook or those of its competitors from one period to the next;
- adverse developments in the political, economic or regulatory situation applicable in the countries and markets in which the Group operates; or legal or administrative proceedings concerning the Group;
- unfavourable developments in gas and electricity prices in Belgium;
- announcements of changes to the Company's shareholding;
- announcements about changes to the Group's management team or key employees; and
- announcements on the scope of the Company's assets (acquisitions, divestitures).

In addition, equity markets experience significant fluctuations that are not always related to the results and prospects of companies whose shares are traded there. Significant market fluctuations and economic conditions could significantly affect the market price of the Company's shares and lead to a decline in the value of investor investments.

Example of management:

While volatility remains inherent, the increase in volumes and the steady growth in turnover reduce this risk.

Human Resources Risk:

The Group depends on its management team and senior managers with relevant experience in the energy sector. The Group's success depends to a large extent on the efforts and capabilities of its senior management and key operating staff who have established the Group's activities and contribute to its development.

The departure of one or more of these key employees could have a significant adverse effect on the Group. The Group depends, in particular, on the expertise and experience of its directors and executives, who play a central role in its day-to-day activities. Should the Group fail to retain these key people or find appropriate replacements quickly, its activities could be significantly and adversely impacted.

The Group's activities also depend on its ability to attract and retain qualified staff. The Group needs competent staff to ensure the provision of technical and engineering services in the production, development and exploration of gas resources. For example, the Group's objectives for the development of its coal-bed methane assets in Lorraine require the identification and retention of personnel with specialized experience in drilling and developing natural resources in France. Difficulties in retaining this type of staff could force the Group into incurring higher costs or slowing down its development.

Example of management:

The implementation of a profit-sharing plan for all Group employees contributes to the stability of qualified staff. Management also dedicates a significant part of its time to looking for talent and to the individual development of each employee, to support the Group's growth sustainably.

7.3 ENVIRONMENTAL RISKS

Industrial and environmental-damage risk:

The operation of energy production plants, especially combustion plants, involves a risk of industrial accident which may result in a more or less lengthy interruption of the production equipment's operation, or even in the partial or total destruction of the installation. The Group is particularly confronted with:

- a fire hazard, and;
- a risk of explosion at its installations.

Beyond the applicable deductibles, damage suffered by the Group may be covered by the implementation of its insurance program, provided that such damage is part of a guaranteed event. Such incidents could also cause harm to people, or damage to property or the environment, as a result of which the Group could face claims for compensation and/or criminal prosecution.

Example of management:

The Group has set up procedures to minimize the risk of such incidents occurring and to reduce their potential impacts on people, property and the environment. These procedures may result from both the application of the legislative and regulatory provisions specifically applicable to the Group's activity and a permanent Group-specific progress initiative or a concerted risk-management approach implemented with its insurers. The operational subsidiaries regularly carry out internal audits of these processes, as part of the Quality Management System put in place (ISO 9001-2015).

Climate Risk:

Given the nature of some of its activities, the Group is exposed to risks related to climatic conditions. The Group's solar business is particularly vulnerable to the risk of a prolonged decrease in sunshine, which could affect its results. This uncertainty is considered starting at the preliminary design studies.

Example of management:

In-depth impact studies are carried out as part of applications for authorisations to operate, in order to anticipate and take into consideration such risks. With regard to climate change, the strategy implemented by the Group makes it possible to reduce the carbon footprint of the energy used in the territories where FDE operates. As a reminder, FDE is currently one of the few energy producers with a negative carbon footprint in Europe.

7.4 LEGAL RISKS

Risk related to the changing regulatory and public-policy environment:

All of the Group's activities are carried out in a highly regulated context, particularly in environmental, social and fiscal terms. The evolution of the regulatory context applicable to the Group's activities might force it to make significant investments to bring its installations into compliance; this could well degrade the profitability of its installations. More specifically, an unfavourable development, possibly discretionary and/or retroactive, or the inadequacy of the regulations applicable to the tariffs for the sale of electricity from abandoned mine methane or photovoltaics, or again, the tax environment of these activities (increase in existing taxes and duties) would likely affect the Group's results in the context of its current or developing activities. Adverse developments in certain public policies, in particular public policies related to climate change, could similarly have adverse impacts on the Group's ability to implement its strategy.

Example of management:

The Group's main activity avoids pollution and in this context benefits from a support mechanism in an environment where carbon-footprint reduction remains key. The evolution of electricity prices in France and Belgium is, nevertheless, favourable and indicates that assets producing low-carbon energy are increasingly competitive and ever less dependent on regulatory or price-support mechanisms.

Litigation Risks:

Like any company, Group companies could be involved in administrative, tax, judicial or arbitral proceedings in the course of their activities. The main hypotheses in which such procedures could be initiated are:

- possible non-compliance with contractual commitments;
- possible non-compliance with legislative or regulatory requirements;
- the filing of possible appeals by third parties against permits and authorizations obtained;
- the possible occurrence at the Group's installations of incidents or accidents resulting in bodily injury or property damage that could give rise to claims for compensation.

Example of management:

Management of this risk is based on the application of ISO 9001 standards applied in the Hauts-de-France and Wallonia entities, the implementation by each of the Group's subsidiaries of a rigorous policy of compliance with applicable legislative and regulatory provisions and the constant monitoring of their evolutions, and the security of the contractual documentation involving the Group. Where appropriate, the Group will recognise provisions related to ongoing litigation, reflecting its best estimates of the potential adverse financial consequences of such litigation.

7.5 RISK PREVENTION AND MANAGEMENT

Insurances taken out by the Company

The Company has implemented a policy of covering the main insurable risks with guarantee amounts it deems compatible with the nature of its activities at the Group level.

The main insurance policies in effect within the Group concern damage to property and operating loss and machinery breakdown with Albingia, pollution liability with Axa, general and corporate officers' liability with Liberty, and cybersecurity insurance with Marsh.

General Internal-Control Principles

The Company has implemented the legal and regulatory provisions applicable to listed companies as regards internal-control procedures and its approach is in accordance with corporate-governance principles.

Regarding financial issues, the Company has set up a comprehensive risk-management and internal-control system for the Group, the main elements of which will be:

- Identifying and controlling operational risks;
- The Group's overall risk management (at the subsidiary level);
- Monitoring the reliability of the processing of accounting and financial information;
- Controlling the cash position and rules of engagement and significant risks;
- Reporting on and the global monitoring of compliance with internal-control standards and the internal-control mechanism.

In the energy sector, governments and public authorities are key contacts. The Group is present in 3 European Union countries, all with a low level of corruption according to the index prepared by Transparency International in 2020. The Group advocates zero tolerance for fraud in all its forms, particularly corruption or influence peddling.

Internal-control procedures for financial and accounting reporting

The internal control over the processing of financial and accounting information seeks to ensure that the accounting and financial information within the Group complies with the relevant laws and regulations. Internal control is also intended to ensure the implementation of the instructions and guidelines set by General Management.

The Group's General and Financial Management activities are centralized at the Company's level. The operating subsidiaries have administrative and financial services and an accounting support.

Only the Company can commit itself through pledges and guarantees or take on market instruments.

The Group's Financial Management has implemented an accounting plan and procedures applicable to all the Group's entities. These procedures relate to budgetary control and information reporting.

The Group's consolidated Financial Statements are prepared by the Company's teams. Each consolidated subsidiary prepares a set of accounts, restated to comply with the Group's accounting standards and based on accounting data from local information systems.

The Group continues to strengthen its internal-control system regularly, with a strong focus on team and management awareness, systematic risk reviews, and the development of effective and tools tailored to meet the teams' needs, particularly an increased reliance on automated controls.

7.6 FINANCIAL RISKS LINKED TO THE EFFECTS OF CLIMATE CHANGE

The Group considers that there are no significant financial risks related to the effects of climate change in relation to its activity to reduce the carbon footprint of consumers and the territories in which it operates.

8. CONSOLIDATED FINANCIAL STATEMENTS

8.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT

Fiscal year ended 30 June 2021	Notes	30 June 2021	30 June 2020
		€	€
Turnover	2.1	10,236,073	7,855,374
Other operating revenues	2.2	710,974	282,451
Cost of goods and services sold	2.3 / 2.4	(4,230,624)	(3,934,285)
Other administrative and operational expenses	2.3 / 2.4	(3,559,550)	(3,205,103)
Other revenues /(expenses)		90,977	(76,935)
Net allocations on provisions	2.5	<u>(323,753)</u>	<u>135,131</u>
EBITDA		2,924,097	1,056,632
Amortization and depreciation charges	2.5	<u>(1,506,029)</u>	<u>(1,199,886)</u>
Operating income		1,418,068	(143,255)
Financial products		7,894	1,112
Cost of gross financial indebtedness	2.6	(1,123,109)	(529,479)
Other financial expenses	2.6	<u>(81,171)</u>	<u>(33,070)</u>
Earnings before taxes		221,682	(704,691)
Current and deferred taxes	2.7	70,963	752,640
Net income		292,645	47,949
Net income, Group's share		273,562	108,542
Net income, share of non-controlling interests		19,083	(60,594)
<i>Earnings per share, Group's share</i>			
- Basic earnings per share		0.05	0.02
- Diluted earnings per share		0.05	0.02

OVERALL INCOME STATEMENT

Fiscal year ended 30 June 2021	Notes	30 June 2021	30 June 2020
		€	€
Net income		292,645	47,949
-		<u>0</u>	<u>0</u>
Items to be reclassified to profit or loss in subsequent periods		0	0
Actuarial gains and losses on pension plans		5,380	(343)
Tax effect		<u>(1,345)</u>	<u>86</u>
Items not reclassified to profit or loss in subsequent periods		4,035	(257)
Comprehensive income		296,680	47,691
Comprehensive income, Group's share		277,597	108,285
Comprehensive income, share of non-controlling interests		19,083	(60,594)
Comprehensive <i>income per share, Group's share</i>			
- <i>Basic earnings per share</i>		0.05	0.02
- <i>Diluted earnings per share</i>		0.05	0.02

CONSOLIDATED BALANCE SHEET

As of 30 June 2021		30 June 2021	30 June 2020
		€	€
ACTIFS			
Goodwill		47,848	
Exploration assets	3.1	45,546,291	45,059,192
Other intangible assets	3.2	4,187	6,149
Proven mining rights	3.3	24,508,782	24,744,251
Other tangible assets	3.4	19,793,468	10,756,750
Non-current financial assets	3.5	1,832,976	1,253,562
Deferred tax assets	2.7	2,090,138	2,101,286
Non-current assets		93,823,691	83,921,190
Inventories	3.6	619,879	375,252
Trade and related receivables	3.7	1,391,136	948,367
Other current assets	3.7	4,148,165	3,260,671
Prepaid and deferred expenses	3.7	83,780	115,580
Cash and cash equivalents	3.8	6,981,209	3,768,677
Current assets		13,224,170	8,468,547
Total Assets		107,047,860	92,389,736
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	3.9	5,163,970	5,155,890
Share premium reserve	3.9	44,070,875	44,078,955
Other reserves		5,799,149	5,012,023
Net income, Group's share		273,562	108,542
Other equity items		7,889	3,854
Shareholders' Equity – Group's share		55,315,445	54,359,264
Interests not giving control		(40,770)	(60,594)
Consolidated Shareholders' Equity		55,274,675	54,298,670
Non-current financial debt	3.11	20,809,156	12,559,901
Non-current provisions	3.13	4,231,336	4,179,420
Provision for pension commitments	2.7	33,532	31,177
Deferred tax liabilities		6,379,871	6,388,855
Other non-current liabilities		509,401	986,692
Non-current liabilities		31,963,297	24,146,045
Current financial debt	3.11	6,303,162	6,836,549
Current provisions	3.13	109,571	106,249
Trade and related payables	3.12	2,848,929	1,299,163
Fixed-asset suppliers	3.12	4,856,008	3,893,229
Other current liabilities	3.12	5,692,220	1,809,832
Current liabilities		19,809,888	13,945,022
Total Shareholders' Equity and Liabilities		107,047,860	92,389,737

CONSOLIDATED CASH FLOW STATEMENT

Fiscal year ended 30 June 2021	30 June 2021	30 June 2020
	€	€
Operating activities		
Consolidated net income	292,645	47,949
Tax expense and deferred-tax charges 2.7	(70,963)	(752,640)
Net depreciation and impairment of intangible and tangible assets 2.5	1,506,029	1,199,886
Net allocations on provisions 2.5	323,753	(135,131)
Capital gains/losses on asset disposals		
Change in operating working capital requirement 4.1	911,026	(922,756)
Change in WCR – Other assets and liabilities 4.1	1,220,646	411,995
Expense related to free stock award plan 3.10	137,952	112,386
Cost of gross long-term debt	1,123,109	529,479
Taxes paid	(4,815)	(4,815)
Other non-monetary items	(148,952)	310,769
CASH FLOWS FROM OPERATING ACTIVITIES	5,290,429	797,122
Investment activities		
Capitalised exploration costs 3.1	(246,761)	(381,425)
Tangible and intangible investments 3.4	(10,406,805)	(2,568,932)
Proceeds from disposal of tangible and intangible assets	0	100,054
Change in fixed-asset supplier debts	962,779	114,948
Subsidies received from investment activities	652,188	428,831
Acquisition of financial assets 3.5	(360,515)	(65,666)
Acquisition of subsidiaries, net of cash acquired	(95,884)	
CASH FLOWS FROM INVESTMENT ACTIVITIES	(9,494,998)	(2,372,190)
Financing activities		
Bond flows		
Borrowings and financial debts (excluding fees)	11,125,000	6,840,000
Repayment of loans and financial debts 3.11	(3,802,334)	(2,528,050)
Other current financial debts 3.11	457,555	270,876
Cost of net debt: interests paid	(410,639)	(352,463)
Fees paid on loans	(92,543)	(52,500)
CASH FLOWS FROM FINANCING ACTIVITIES	7,277,039	4,177,863
NET CHANGE IN CASH FLOWS	3,072,470	2,602,795
Net cash at beginning of the period	3,767,479	1,164,684
NET CASH AT END OF THE PERIOD	6,839,950	3,767,479

Net cash at the date of closing in the Consolidated Cashflow Statement consists of bank accounts net of outstanding banking loans, cash accounts, and the cash portion of the Liquidity Contract implemented by the Group.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Fiscal year ended 30 June 2021	Shares			Other equity items	Net income and other reserves - Group's share	Total Shareholders' Equity - Group's share	Non-controlling interests	Total consolidated Shareholders' Equity
	Number	Par Value	Equity					
		€	€	€	€	€		
As of 30 June 2019	5,150,659	1	5,150,659	44,084,186	4,011	4,963,623	54,202,479	54,202,479
Net income						108,542		47,948
Other elements of comprehensive income					(157)	(157)	(60,594)	(157)
Free stock award plan						112,386		112,386
Other variations						(63,987)		(63,987)
Capital increase (employee shares)	5,231	1	5,231	(5,231)			0	0
As of 30 June 2020	5,155,890	1	5,155,890	44,078,955	3,854	5,120,564	54,359,263	54,298,669
Net income						273,562		292,645
Other elements of comprehensive income					4,035	4,035	19,083	4,035
Free stock award plan						137,952		137,952
Other variations						540,663		541,374
Capital increase (employee shares)	8,080	1	8,080	(8,080)			741	0
As of 30 June 2021	5,163,970	1	5,163,970	44,070,875	7,889	6,072,711	55,315,445	55,274,675

The €8K increase in capital for FY21 is due to the Chairman's attestation on 09 July 2020 of the final award of employees shares to beneficiaries of the third plan implemented in 2018 by the Board of Directors, in the context of the delegation given by the General Assembly of 23 March 2016.

Following the completion of all the conditions of attendance and the end of the acquisition period provided for by the Regulations of the plan, 8,080 shares were awarded, with capital increase by incorporation of share premiums.

Other variations relate to €680K before tax effect to development costs activated by the Group during the period for the Gazonor Benelux and Gazonor Béthune projects, recognised as expenses in previous years and identified during the year ended 30 June 2021. The corresponding tax effect observed in the other variations amounts to -(€170K).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING RULES, METHODS AND PRINCIPLES

1.1. General Principles and Consolidated Financial Statements Preparation Base

On 19 October 2021, the Board of Directors approved the consolidated Financial Statements of the FDE S.A. Group for the year ended 30 June 2021. They will be submitted to the shareholders for approval at the Annual General Assembly to be held on 30 November 2021.

FDE S.A., domiciled in France, is the parent company of the Group's consolidated group as of 30 June 2021, the scope of which is presented in note 4.11 of this appendix to the consolidated Financial Statements.

The scope of consolidation has changed over the year compared to 30 June 2020, as FalkenSun was integrated into the scope of consolidation on 02 December 2020, the date of its creation. This company, under French law, 100% owned by FDE initially (75% at the closing date), has presented no operating activity since its creation and has no employees.

In addition, the Belgian company Greenhill SA, acquired by LFDE International on 19 February 2021, is 100% owned, and was incorporated into the scope of the Group's consolidation on that date.

Greenhill's contribution to the consolidated Financial Statements is not material, and this entity has not been active in the past fiscal year.

The acquisition of Greenhill should enable the Group to strengthen its position in Belgium, as this company holds the Monceau-Fontaine, Marcinelle and Nord de Charleroi Concession (N° 038). This concession contains large volumes of gas, found in the former mining galleries which were the subject of several positive tests in 2019.

The transaction was carried out for €203K through a cash disbursement.

Apart from the case of Falkensun and Greenhill, there was no other change in the percentage of stakes held in the consolidated entities during the fiscal year.

Except for Cellcius and FalkenSun, all direct and indirect subsidiaries are 100% owned by FDE S.A.

All the entities of the perimeter are consolidated by global integration. All the companies of the Group closed their accounts on 30 June 2021, with the exception of Greenhill, the last annual accounts of which were established on 31 December 2020, but which was the subject of interim accounts for the purposes of the preparation of the consolidated Financial Statements.

The consolidated Financial Statements for fiscal year 2021 were prepared in accordance with International Financial Reporting Standards (IFRS), as published by the IASB and adopted by the European Union, and applicable on the Balance Sheet date of 30 June 2021.

The consolidated Financial Statements of the Group are presented in Euros, which is the functional currency of the parent company and its subsidiaries, excluding Concorde Energy Inc. (US dollar), which had no activity during the year ended 30 June 2021 and the previous year.

The new amendments published in the Official Journal of the European Council, which are mandatory, were considered, but they had no impact on the Group's annual Consolidated Financial Statements as of 30 June 2021:

- amendments to the conceptual framework in IFRS standards;
- amendments to IAS 1 and IAS 8 on the definition of “significant”;
- amendments to IFRS 9, IAS 39 and IFRS 7 in connection with the reform of benchmark interbank rates (“benchmark rates”);
- amendments to IFRS 3 on the definition of an “activity”;
- amendments to IFRS 16 on rent relief related to COVID-19.

Finally, the Group did not opt for the early application of any standards or amendments in its consolidated Financial Statements as of 30 June 2021.

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 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 Financial Statements and their ancillary notes as of 30 June 2021 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, recognition of deferred tax assets and liabilities, and the valuation of stock-based payments.

1.2. Accounting rules and methods

A/ Consolidation Principles

As per the provisions of IFRS 10, the Group retains the full-consolidation method as long as the following three conditions are cumulatively met to demonstrate control:

- holding of power over the entity;
- exposure or rights to variable returns of the entity;
- the ability to use its power to impact yields.

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 cashflows, including those from its gas, electricity and heat sales.

Operating cash flows generated by the Group for fiscal year 2020/2021 amounted to €5,290K, compared to €797K for the previous year, impacted by higher volumes and the prices of gas in France and of electricity in Belgium. On 30 June 2021, the Group's cash position was positive, at €6.8M.

Regarding the cash belonging to the Gazonor entity, since 30 June 2019, all or part of it may only be made available to the Group's entities, including FDE, upon authorization from the lenders, BPI and SaarLB, and if in compliance with the financial ratios in effect on that date. However, this rule does not apply to chargebacks for the provision of services or resulting from other intra-group agreements, amounting to €949K, which may be made available to FDE by Gazonor without the lenders' authorisation. As of 30 June 2021, on the basis of credit agreements, no restriction would apply to the net cash held by Gazonor *i.e.* €1.1M.

The loans subscribed by Gazonor with Bpifrance Financement for €1.3M and by Gazonor Benelux with Triodos Bank for €4.2M, as well as the State-guaranteed loan (PGE) of €0.8M subscribed by Gazonor, contain no such restrictions. Nevertheless, the Triodos loan is subject to compliance with banking covenants (see note 3.11 to this appendix).

Finally, the shareholder loan initially concluded with Deltec Bank & Trust for a nominal amount of €3,977K, maturing on 27 December 2019, had been the subject of amendments providing for the extension of this loan; notably, an amendment was concluded on 20 June 2021 with the payment of €1,750K before 30 June 2021 and a final maturity of €3,000K for the balance of any account and without additional commission before 31 December 2021. During the past fiscal year, this loan was sold by Deltec Bank & Trust to NEL.

Group Management's forecasts and estimates of its ability to continue operating are based in particular on the following factors: continued electricity, gas and heat production in the Hauts-de-France and Grand-Est, and electricity production in Belgium, according to the plans and assumptions (changes in gas prices in France and electricity in Belgium, quantity and quality of volumes produced on site, ability to inject into the network), stability of general and administrative expenses, execution of maintenance operations and of 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 the significant investment projects that can be initiated in the next twelve months, the Group has already obtained the necessary financing, in particular through an issue of green bonds dated 15 September 2021 by LFDE International for an amount of €25M, fully subscribed.

The Group's forecasts up to the end of June 2022 show that it will generate enough cash to ensure the continuation of its activities.

Based on these data and forecasts, the Group considers it has the ability to continue its operating activity during FY22 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 30 June 2021 were thus prepared on the basis of the going-concern principle.

C/ Sectoral information

The sectoral information presented in the Group's consolidated Financial Statements is based on the internal reporting used by General Management to evaluate performances and allocate resources to the various sectors.

For the purposes of General Management's analysis and decision-making, the Group's activity is grouped into three operational sectors which are characterized by a different model in terms of gas exploitation and development on the one hand, and solar exploitation on the other hand. As of 30 June 2021, these operating sectors are as follows, overlapping at that date the geographical areas in which the Group is currently active:

- Exploitation and development of coal seam gas (Moselle-Grand Est): prospecting, certification of CSG reserves, and recovery of this gas for gas and/or hydrogen development in short circuits.
- Exploitation and development of abandoned mine methane (Pas-de-Calais, Hauts-de-France/Anderlues, Wallonia): capture of gas found in mines and development in the form of gas, electricity or heat.
- Solar exploitation (Moselle-Grand Est): development in the form of heat and electricity

D/ Recognition of revenue

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

E/ Business combinations and goodwill

Business combinations are accounted for using the acquisition method. This method requires the recognition of assets and liabilities identifiable by the Group at their fair value.

Allocation of the purchase price is finalised within a maximum period of one year from the date of acquisition.

The acquirer must recognise the positive goodwill on the assets side of the Balance Sheet at the date of acquisition, measured as the excess between:

- the consideration transferred, the amount of interest not conferring control and, in a phased business combination, the fair value at the date of acquisition of the purchaser's

- previous holding in the acquired business;
- compared to the fair value, at the date of acquisition, of the identifiable assets acquired and liabilities taken over.

If the consideration transferred is less than the fair value of the identifiable assets acquired and liabilities taken over, the identification and valuation of identifiable assets and liabilities shall be subject to a further analysis. At the end of this additional analysis, negative goodwill is recognised directly in the Income Statement.

The positive goodwill recorded as of 30 June 2021 relates exclusively to Greenhill.

F/ Conversion methods

Transactions in foreign currencies other than the entity's operating currency are converted at the exchange rate in effect on the date of the transaction. At the end of the fiscal year, monetary assets and liabilities are translated at the closing rate, and the resulting exchange-rate difference is recorded as profit or loss.

G/ Liquidity contract

As part of FDE's listing on the Paris market Euronext, compartment C, a liquidity contract is implemented to limit the intra-day volatility of its shares. This liquidity contract, in accordance with the AFEI (French Association of Investment Firms) Code of Ethics, was initially signed on 15 June 2016 with Aurel BCG for the provision of liquidity for an amount of €350K, to be divided between a liquidity account and a security account.

On 22 June 2017, this liquidity contract was transferred from Aurel BGC to Midcap Partners (Louis Capital Markets), a new investment-services provider, renewed on 15 March 2019 under the same operating conditions. On 30 June 2021, the cash share of this contract represented €72K, compared to €64K over the previous year.

H/ Share-based payment

A personnel expense, corresponding to services remunerated by employee benefits in the form of share-based payments, is recognised. The cost of purchasing shares and similar is measured by reference to the fair value at the date on which the equity instruments are allocated.

For options to subscribe for and/or purchase shares reserved for employees, or free shares that may be granted to employees, this fair value is recorded in personnel costs, with a direct counterpart in shareholders' equity, as soon as the rights are awarded to the employee, spread over the entire period of acquisition of these shares for all the employee-share award plans in force within the Group at year's end 2021.

The assessment of the fair value of subscription options, employee-share awards and similar shall be carried out in particular on the basis of the stock market price of the share, the exercise price and the life of the option, the current price of the underlying shares, the expected volatility of the share price, and the risk-free interest rate for the life of the option, taking into account the absence of dividends over the period of acquisition of the rights.

I/ 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 FY 2021.

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 30 June 2021, the amount of unrecognized losses stood at €15.5M, including €11.6M for LFDE International (Luxembourg) and €2.3M for Greenhill (Belgium).

J/ 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.

K/ Tangible assets

Tangible assets include proven acquired mining reserves.

Other tangible assets are recognised in the Balance Sheet at their acquisition cost, less depreciation and impairment, if any, recognised in accordance with IAS 16. For significant assets, in particular liability assets related to engines and compressors used by the subsidiaries Gazonor and Gazonor Benelux for the production of green electricity, the components were identified and amortized over their useful lives.

Proven mining rights are amortized according to the production-unit method based on proven and probable reserves.

Other tangible assets are depreciated on a straight-line basis over their estimated useful lives and possible residual value. The durations chosen are as follows:

Buildings	10 to 20 years
Fixtures and fittings	5 years
Technical installations	10 to 15 years
Site development	25 years
Industrial machinery and equipment	5 to 10 years
Transport equipment	4 to 5 years
Office equipment and furniture	3 to 5 years

L/ Fixed-asset depreciation and impairment

The recoverable value of tangible and intangible assets shall be tested as soon as there is any indication of a loss of value of these assets; this test will be carried out at least once a year for goodwill and intangible assets with an indefinite life.

Specifically, mining rights and exploration assets, recognised as intangible assets, are subject to impairment tests at the limits of cash-generating units defined for the Group as hydrocarbon fields or groups of fields with homogeneity and consistency in the production, processing and disposal of these hydrocarbons. For the Group, these CGUs overlap as of 30 June 2021 with the various exclusive exploration permits currently held.

The utility value of a CGU is determined by reference to the value of the discounted future cash flows expected from these assets under the economic assumptions and operating conditions foreseen by the Group's General Management. The discount rate of the projected cash flows reflects the rate of return expected by investors in the relevant business area and the risk premium specific to that business.

M/ Leases

The Group recognises all of its leases *i.e.* when they confer on the lessee the right to control the use of a specific asset, according to a model in which an asset under the right to use the leased assets will be recognised on the Balance Sheet in return for a liability for the associated rental obligations.

The accounting measure of these items on the Balance Sheet depends on the following:

- An estimate of the term considered for each contract. The determination of that term corresponds to the non-cancellable term, to which shall be added the intervals covered by any extension option that the lessee is reasonably certain to exercise and any termination option that the lessee is certain not to exercise;
- The combination of the fixed and variable components of contractual payments;
- The determination of the marginal borrowing rate where the implicit rate of the contract is not easily determinable.

The Group has chosen to use the two exemptions proposed by the standard on leases, namely, contracts with a duration of less than 12 months and contracts with a renewal value of the underlying property of less than €5K.

Furthermore, lease agreements for land and parcels located in the Lorraine Region are excluded from the scope of IFRS 16, as they correspond to leases concluded in the context of the exploration of mining, oil and natural-gas resources.

N/ Inventories

Inventories on 30 June 2021 consisted mainly of replacement and spare parts and of lubricants used by the Gazonor sites. The latter are valued at their production or acquisition cost, plus ancillary purchase costs, and may not exceed their realisation value. Inventory movements are valued on a first-in-first-out basis.

Depreciation is recognized when the net realisation value of these inventories is less than their production or acquisition cost.

A depreciation is recorded for an amount of €49K on 30 June 2021 (€32K in 2020).

O/ Financial assets and liabilities

For assets, fair value (or market value) is the selling price that would be obtained in the event of a disposal. And for liabilities, it is the amount that would be paid to transfer them, these hypothetical transactions being concluded under normal trading conditions.

(i) Loans and financial debts

Loans and receivables are financial assets, the payments of which are determined or determinable, which are not listed on an active market, and which are neither held for trading nor available for sale. These assets are initially recognised at fair value and then at amortised cost using the effective-interest-rate method. For short-term receivables without a declared interest rate, fair value is treated as the amount of the original invoice. These assets are subject to impairment tests in the event of an indication of impairment loss. An impairment is recognized if the carrying amount is greater than the estimated recoverable amount. Equity receivables, other loans and receivables, and trade receivables are included in this category. They are included in other financial assets and trade receivables.

(ii) Assets held to maturity

Assets held to maturity are financial assets, other than loans and receivables, with a fixed maturity, the payments of which are determined or determinable, and which the Group intends and is able to hold until that maturity. These assets are initially recognised at fair value and then at amortized cost using the effective-interest-rate method. They are subject to

impairment tests in the event of an indication of loss of value. An impairment is recognized if the carrying amount is greater than the estimated recoverable amount. Assets held to maturity are presented as other financial assets.

(iii) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value, adjusted for transaction costs and premiums directly attributable to their issuance. After initial recognition, these financial liabilities are measured at amortized cost using the effective-interest-rate method.

Major non-derivative financial liabilities include:

- bond issues;
- accrued interests not due;
- loans and bank borrowings;
- financial debts relating to securitised receivables for which the Group bears the credit risk;
- trade payables.

The fair value of the debt component of a convertible bond is determined using a market interest rate applied to an equivalent non-convertible bond. This amount is recognised as a liability on the basis of its amortised cost until the debt is extinguished when the bonds are converted or when they mature. The remainder of the proceeds of the issue is allocated to the conversion option and recognised in shareholders' equity or in debts, depending on whether or not the conversion option constitutes an equity instrument, net of tax.

(iv) Factoring contract

A factoring contract was set up in January 2018 by the Gazonor entity. The latter is analysed as a contract with recourse, with retention of almost all the risks and benefits related to the receivables.

At year's end 2021, receivables assigned but not yet resolved by the final customer are presented as trade receivables with a counterpart recognised as current financial debt.

(v) Debt-issue costs and non-conversion premium

Issue costs directly attributable to the issue of a financial liability are deducted from the initial fair value of the debt and mechanically spread over the life of the debt using the effective-interest-rate method. An amount of €1,057K was thus deducted from the financial debts as of 30 June 2021.

The non-conversion premium related to the bond issue is also spread over the duration of the loan and recognised as a liability using the effective-interest-rate method. This premium was calculated on the basis of the contractual data of the loan and according to the most likely calculation assumption as of 30 June 2021.

P/ Current and non-current provisions

A provision is recognised when there is a current legal or implied obligation for the Group resulting from a past event, and it is likely that this obligation will result in an outflow of resources that can be reliably estimated. The provisioned amount corresponds to the best possible estimate of the obligation.

Provisions include liabilities of uncertain maturity or amount arising from environmental risks, regulatory and tax risks, litigation and other risks or charges.

(i) Site restoration and dismantling costs

Future site-restoration expenses resulting from a legal, regulatory, contractual or implied obligation are provisioned on the basis of a reasonable estimate, during the fiscal year in which the obligation arises.

In return for this provision, site-restoration costs are capitalized and integrated into the value of the underlying asset and amortized over the useful life of that asset.

Restoration and dismantling provisions recorded in the Group's accounts as of 30 June 2021 concern exploration sites that have been the subject of past or current drilling in the Lorraine Region, as well as sites used by Gazonor in the Hauts-de-France and Gazonor Benelux in Wallonia in the context of gas and green electricity production.

Considering the date of implementation of these restoration obligations, the amounts recorded have been updated. The inflation rate retained on 30 June 2021 is the inflation rate according to INSEE index, smoothed over the last ten years (0.88% compared to 0.77% for the previous year) while the discount rate is the Ibbotson Corp AA 10+ reference market rate (0.79% compared to 0.74% as of 30 June 2020).

(ii) Retirement commitment

According to laws and customs, the Group participates in employee-benefit plans offering retirement, death and disability, healthcare and special termination benefits; these benefits depend on various factors, such as seniority, salaries and payments to compulsory general schemes.

For defined-contribution schemes, the charges correspond to contributions paid to external agencies, which manage them administratively and financially. These schemes release the employer from any subsequent obligation, the agency being responsible for paying employees the amounts due to them (basic old-age social-security scheme, supplementary pension schemes, defined-contribution pension funds).

These contributions are recognised as expenses when due, with no liabilities recognised in the Balance Sheet.

For defined-benefit plans and retirement-payment liabilities, liabilities are valued using the actuarial projected-units-credit method, taking into consideration actuarial assumptions such as salary increases, retirement ages, mortality, staff turnover and discount rate.

The cost of the services rendered is recognized in operating items while the financial cost is recorded in financial items for the year. In accordance with IAS 19, actuarial differences resulting, notably, from changes in discount rates and demographic changes are recognized as other shareholders' equity items.

As of 30 June 2021, the Group has not built up any hedging asset to meet these pension commitments.

(iii) Other provisions

Other current and non-current provisions correspond mainly to disputes in which the Group is involved at the Balance Sheet date. A provision is then established only in the case of the existence of an event generating, on 30 June 2021, a probable outflow of resources embodying economic benefits and of a reliable estimate of the obligation.

The estimate of the provision is made on the basis of the most likely value, *i.e.* an assessment based on the value of the last judgment rendered or the estimate made by lawyers or legal counsel in the case of ongoing disputes.

Q/ 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.

The €250K grant from the Grand Est Region for an exploration program focused on the development of Lorraine coal seam 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.

A €1,304K grant to Cellcius from the ADEME was notified on 29 November 2019; it will be released gradually on the basis of the expenses incurred in the construction of a solar-thermal field in the municipality of Creutzwald (Moselle). Eligible expenses retained for this project amount to €2,363K, while an amount of €1,044K was recognized by the Group under this subsidy at the closing date of these annual consolidated Financial Statements. This subsidy was set off against costs activated at year's end.

The European aid under the ERDF-ESF (European Regional Development Fund – European Social Fund) programme awarded to Gazonor for a sum of €2.8M as of 24 October 2019 for the installation of 20 new cogeneration units on the concessions currently held by the Group in the Hauts-de-France, in order to enhance the abandoned mine methane 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 €9,190K.

As of 30 June 2021, €187k were recorded in the Consolidated Financial Statements, as a portion of the eligible investments on the Béthune project were submitted on that date.

2. NOTES TO THE INCOME STATEMENT

2.1. Turnover

For the year ended 30 June 2021, the Group achieved a turnover of €10,236K, compared to €7,855K for the previous year. 90% of the Group's sales were made through its subsidiaries, Gazonor and Gazonor Béthune, and its production sites located in the Hauts-de-France, corresponding to the production and sale of gas, green electricity and heat to their customers, Total Gas and Power, EDF Obligations d'Achats, and Dalkia. The rest comes from the electricity-sales activity in Belgium (Wallonia, Anderlues site), where production by two cogeneration plants installed on site began in late April 2019 for sales to EDF Luminus, and to a lesser extent from the solar-thermal activity.

This strong increase in revenues was driven mainly by an improvement in the volumes of gas, electricity and heat sold, with the contribution of new low-carbon energy production sites, as well as by the rise in gas prices in France and electricity prices in Belgium.

The breakdown of turnover for fiscal years 2020 and 2021 is as follows:

Breakdown of Turnover	30 June 2021	30 June 2020
	€	€
Gas sales - France	3,529,852	1,949,272
Electricity sales - France	5,564,921	5,189,153
Electricity sales - Belgium	963,019	716,949
Heat sales - France	178,281	
Annual Turnover	10,236,073	7,855,374

2.2. Other operating income

Other operating income rose from €282K to €711K from 30 June 2020 to 30 June 2021. This evolution is explained mainly by the increase in fixed production for €156K and in stored production for €147K.

2.3. Costs of goods and services sold, administrative and operating expenses

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

Costs of goods and services sold	30 June 2021	30 June 2020
	€	€
Electricity	1,847,472	1,640,782
Natural gas	50,874	57,394
Purchase of equipment and consumables	192,866	300,577
Maintenance and servicing	1,116,674	1,025,074
Technical services including gas injection	555,058	546,594
Staffing expenses	467,680	363,863
Total costs of goods and services sold	4,230,624	3,934,285

Administrative and operational expenses break down as follows, mainly in connection with the FDE and Gazonor entities:

Other administrative and operational expenses	30 June 2021	30 June 2020
	€	€
Fees, consultants	824,990	837,294
Travel and business trips	54,635	81,982
Studies and exploration	100,586	74,804
Banking services	121,882	249,276
Insurance	185,934	145,478
Communication	129,584	121,629
Rentals	82,758	36,796
Other costs	331,644	126,956
Taxes and levies, excluding Corporate Tax	181,012	130,777
Staffing expenses	1,408,573	1,287,723
Employee shares	137,952	112,386
Total other administrative and operational expenses	3,559,550	3,205,103

Fees consist mainly of fees for legal counsel, accountants, and auditors; they decreased slightly in fiscal year 2021, as did banking services, with the Group's cost controls in place.

Study and exploration expenses rose slightly compared to the previous year and are related to the development of new projects, notably the expansion of Anderlues and Avion in the Hauts-de-France.

2.4. Personnel costs

Excluding expenses related to employee shares, salaries and social security contributions amounted to €2,014K in fiscal year 2021, compared to €1,652K in 2020. This increase is due mainly to the arrival of new employees during the year.

Staffing expenses	30 June 2021	30 June 2020
	€	€
Gross wages	1,334,067	1,168,987
Social-security contributions	542,186	482,599
Cost for the employee shares awarded	137,952	112,386
Total Staffing expenses	2,014,205	1,763,972

Personnel

Staff	30 June 2021	30 June 2020
Executives and managers	11	9
Workers and employees	10	11
Total staff at closing	21	20

The average FTE workforce stands at 16.88 employees for the full year ended 30 June 2021, down from fiscal 2020 with 15.74 employees.

Compensation of key executives

Key executives are those persons with authority and responsibility for the planning, direction and control of the entity's activities, directly or indirectly, including the directors of that entity.

As of 30 June 2021, two people may be put into this category, namely Mr Julien Moulin, Chairman of FDE, and Mr Antoine Forcinal, Chief Executive Officer.

The amount of compensation awarded to key executives breaks down as follows:

Compensation for senior executives	30 June 2021	30 June 2020
Fixed and variable compensation	606,192	463,562
Attendance fees	0	0
Total compensation	606,192	463,562

The amount of the gross compensation includes a charge of €203K recorded in fiscal year 2021 to NEL, the personal holding company of the Group's Chairman (€90K in 2020).

In fiscal year 2021, a total of 2,467 employee shares were definitively awarded to the directors, related to the plan implemented in 2018. As of 30 June 2021, 6.999 shares are awarded under the two current plans, *i.e.* plans 2019 and 2020 (see also share-based payments in note 3.10).

2.5. Depreciation and net allowances on provisions

Depreciation and impairment losses recognised for the year ended 30 June 2021 rose to €1,506K, against €1,200K for the previous year.

In fiscal year 2021, the increase in the depreciation expense of industrial installations is related mainly to the investments made in Gazonor Béthune. The impact of the application of IFRS 16 on the fiscal year is €41K.

Amortization and impairment losses	30 June 2021	30 June 2020
	€	€
Amortization of industrial facilities	1,114,582	884,706
Amortization of HdF mining reserves	233,352	214,017
Amortization of other tangible/intangible assets	116,868	18,710
IFRS 16	41,227	82,453
Total amortization and impairment losses	1,506,029	1,199,886

The net reversals of provisions break down as follows:

Net allocations to provisions	30 June 2021	30 June 2020
Provisions for refurbishment work	12,259	0
Provisions for site restoration	(8,938)	16,920
Provisions for litigations		(162,072)
Depreciation of inventories	16,858	10,021
Depreciation of exploration expenses - Bleue Lorraine Sud	303,574	0
Total net allocations to provisions	323,753	(135,131)

2.6. Financial result

Components of the financial result are as follows:

Financial result	30 June 2021	30 June 2020
	€	€
Financial products	7,894	1,112
Costs of gross financial debt	(1,123,109)	(529,479)
Unrealized foreign-exchange gains and losses	0	0
Other elements	(81,171)	(33,070)
Total financial result	(1,196,386)	(561,437)

For the year ended 30 June 2021, the cost of financial debt consists mainly of interest charges on the financing pursued by the Group, namely the bond issue set up at the level of the subsidiary, Gazonor Holding, the joint bank loan with Landesbank SAAR and Bpifrance Financement, the shareholder loan and the new loans concluded during the FY2021, and the impact of IFRS 16. The extension of the shareholder loan and the reaching of new loans to support the Group's growth explain the increase in the cost of gross financial debt of €594K.

Other elements contain, notably, the accretion charge related to the provisions for site dismantlement and restoration.

2.7. Current and deferred taxes

In 2021, current tax expense corresponds to the tax paid by the tax integration group and the minimum wealth tax payable by the subsidiary, LFDE International, located in Luxembourg, its amount being identical to that of the previous year.

No other current tax is due by the Group's other companies for the year ended 30 June 2021. A tax integration was set up on 01 July 2018 with FDE as the leading tax integration company, and including Gazonor, Gazonor Holding, EG Lorraine, EG NPC, and Gazonor Béthune (as of 01 July 2020); the tax result of this integration was €1,619K for the year ended 30 June 2021.

Finally, no change in tax rates occurred during fiscal year 2020, as the 2020 Finance Law promulgated in France renewed the existing 2019 legislation, including the gradual reduction of tax rates up to 25% on 01 January 2022.

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

Tax expense	30 June 2021	30 June 2020
	€	€
Current tax for the year	91,410	4,815
Current tax	91,410	4,815
Change in deferred taxes	(162,373)	(757,455)
Effect of rate changes on deferred-tax liabilities	0	0
Effect of rate changes on deferred-tax assets recognized on losses carried forward	0	0
Deferred taxes	(162,373)	(757,455)
Total Tax expense	(70,963)	(752,640)

Analysis of deferred taxes

Deferred taxes recognized on the Balance Sheet consist mainly of existing tax-loss carry-forwards and mining rights, similar to the previous period. A new deferred tax source concerns unrealized profits on internal operations.

Breakdown and source of deferred taxes on Balance Sheet	30 June 2021	30 June 2020
	€	€
Tax-loss carryforwards	1,643,205	2,010,365
Employee shares	35,746	35,746
Provision for pension commitments	8,383	7,794
IFRS 16 – Lease contracts	8,917	9,919
Unrealized profit on internal operations	360,624	0
Energy Saving Certificates	33,263	37,462
Deferred tax assets	2,090,138	2,101,286
Mining reserves	(6,081,269)	(6,146,608)
Large revisions provisions	(296,337)	(241,269)
Dismantling Belgium	(2,265)	(978)
Deferred tax liabilities	(6,379,871)	(6,388,855)
Total net deferred taxes on Balance Sheet	(4,289,733)	(4,287,569)

Deferred taxes on tax-loss carry-forwards were calculated at the level of each company or tax integration where applicable, based on the prospects of their individual recoverability.

The reduction in this base comes from profits generated by Group companies and the use of these tax-loss carry-forwards.

As of 30 June 2021, deficits that did not give rise to the recognition of deferred tax assets represent €1,722K in carryforwards for companies located in France, €11,565K for the company located in Luxembourg, and €2,256K for Greenhill in Belgium.

The deferred tax liability initially recorded on mining reserves following the allocation of the purchase price by FDE of the LFDE International /Gazonor group is recognized annually at the same rate as the underlying amortization.

The change in the net deferred-tax position is analysed as follows, with items going directly into shareholders' equity concerning the tax effect relating to the activation, during the year, of costs incurred by the Group in previous fiscal years and the tax effect relating to actuarial differences on pension commitments.

Variation – Net deferred taxes	30 June 2021	30 June 2020
	€	€
Net deferred taxes appearing in the opening balance	(4,287,569)	(5,045,109)
Deferred taxes recognized in the income statement	162,373	757,455
Deferred taxes recognized in shareholder's equity	(164,537)	85
Net deferred taxes appearing in the closing balance	(4,289,733)	(4,287,569)

Reconciliation of the effective tax rate to the theoretical rate

The reconciliation between the theoretical tax rate (average rate in France of 28%) and the effective tax rate recorded in the consolidated Financial Statements is as follows:

Reconciliation of effective tax rate and theoretical rate	30 June 2021	30 June 2020
	€	€
Consolidated Net Income	292,645	47,949
Corporate tax	(70,963)	(752,640)
Earnings before tax	221,682	(704,691)
French tax rate	28.00%	30.29%
Theoretical tax expense	(62,071)	213,451
Re-valuation of deferred-tax assets recognized on losses carried forward		246,551
Effect of rate changes	(72,682)	0
Permanent differences	15,211	94,789
Adjustment of deferred-tax assets on employee shares		(10,993)
Gazonor Benelux deferred-tax assets not previously recognized	129,652	132,209
Deferred-tax assets not recognized for the year	(13,717)	0
Exploration Tax Credit	74,569	76,634
Tax expense in Income Statement	70,963	752,640

3. NOTES APPENDED TO THE BALANCE SHEET

3.1. Exploration assets

As explained in the accounting rules and methods, expenses recorded as exploration assets in the consolidated Balance Sheet consist of all costs incurred in the prospecting and exploration drilling phases.

The increase in these exploration assets over the year is related mainly to the ongoing maintenance work carried out on the Sites of the Lorraine Basin (Bleue Lorraine permit), notably at the Lachambre site, including the completion of the independent study conducted by four international experts in the coal-gas sector.

As of 30 June 2021, the gross value of these exploration costs reached €46,150K, including €1,386K in site restoration costs.

A legal analysis was conducted in conjunction with the Company's lawyers on the status as of 30 June 2021 of each permit for which exploration costs were recorded. The Company's management also evaluated the drilling results and the qualification of the reserves at the end of the year. Only a new depreciation on Bleue Lorraine Sud was recorded at the end of fiscal year 2021.

Changes in gross and net values between 30 June 2020 and 30 June 2021 are as follows:

Changes – Gross value	30 June 2020	Acquisitions	Sale	Other	30 June 2021
	€	€	€	€	€
Assets - Bleue Lorraine ELP	41,275,889	366,186			41,642,075
Assets - Other ELP	2,713,620	30,575	(150,000)	0	2,594,195
Assets - Anderlues ELP				528,381	528,381
Provision for restoration	1,385,770	0	0		1,385,770
Total – Gross value	45,375,279	396,761	(150,000)	528,381	46,150,421
Variations - Amortisation and impairment	30 June 2020	Provision for amortisation	Provision for impairment	Draw-downs	30 June 2021
	€	€	€	€	€
Assets - Bleue Lorraine ELP					0
Assets - Other ELP	(294,367)	0	(303,573)		(597,940)
Provision for restoration	(21,720)		0	15,531	(6,189)
Total – Amortisation and impairment	(316,087)	0	(303,573)	15,531	(604,130)
Total – Net value	45,059,192				45,546,291

By exclusive exploration permit or concession, excluding provision for restoration, exploration assets break down as follows:

Permits/concessions	Status	30 June 2021	30 June 2020
		€	€
Bleue Lorraine (i)	<i>Application for concession in progress</i>	41,642,075	41,275,889
Bleue Lorraine Sud (ii)	<i>Non-extension, contentious appeal</i>	0	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
Gardanne	<i>Rejection decree</i>		0
La Folie de Paris (iii)	<i>Renewed until 07 August 2021</i>	1,996,255	2,115,680
Valenciennois	<i>Extended until 24 October 2022</i>		
Sud-Midi (iv)	<i>Extended until 24 October 2023</i>		
Poissonnière	<i>Concession until 23 December 2042</i>		
Désirée	<i>Concession until 23 December 2043</i>		
Anderlues	<i>Concession until 2038</i>	551,316	
Total – Exploration assets (net value)		44,189,646	43,695,142

- (i) The third period of the exclusive exploration permit known as “Bleue Lorraine” expired on 30 November 2018, the date prior to which an application for a concession had to be made, under penalty of no longer being able to be deemed admissible. It is in this context that FDE filed a concession application on 26 November 2018, registered by the departments of the Ministry of Ecological and Solidarity Transition on 28 November 2018, in accordance with the provisions of the Decree of 28 July 1995, for a period of validity of 21 years, until 01 January, 2040.

The file is currently still under investigation as of this date, it being understood that should the authorities fail to respond to this request for over three years, this will be deemed a decision to reject, *i.e.* on 10 June 2022.

- (ii) The Bleue Lorraine Sud permit was the subject of an extension request in July 2016, which was rejected by ministerial decree on 29 December 2017. Considering that the date of this rejection was later than the legal deadline, FDE filed a contentious appeal on 10 September 2018 to obtain the extension of this permit. The contentious appeal was rejected by the Strasbourg Administrative Court on 22 July 2020; the Company did not appeal. A claim for compensation is still being finalized.
- (iii) The exclusive exploration permit known as “La Folie de Paris” was the subject of a ministerial decree on 31 January 2018, extending it until 07 August 2021, for the benefit of Concorde Energie Paris (by decree of the Minister of Ecological and Solidarity Transition and the Minister of Economy and Finance). A request for an exceptional extension of the third period was deemed received by the authorities on 06 April 2021. Discussions are ongoing on complements with a view to obtaining the application’s admissibility.

This permit relates in part to the departments of Aube, Marne and Seine-et-Marne, over an area of 199 km², for a minimum financial commitment of €5.4M.

- (iv) Concerning the so-called “Sud-Midi” permit, the Lille Administrative Court, in a judgment dated 04 April 2019, cancelled the order of 15 March 2017 in which the Minister of the Environment, Energy and the Sea had expressly rejected its request for an extension. The same court ordered the Ministry of Ecological and Solidarity Transition to issue, within two months of the judgment, the extension of this permit, subject to a penalty of 500 euros per day of delay. The State has nevertheless referred the matter to the Administrative Court of Appeal of Douai, and the procedure is still ongoing at the closing date of these consolidated annual accounts.

At the same time, this permit was, indeed, extended until 23 July 2020 through a decree of 12 June 2019, but solely for the execution of the aforementioned judgment, which can be repealed in the event of an adverse judgment by the Court of Appeal. The judgment delivered by the Administrative Court of Appeal of Douai on 23 June 2020 cancelled the judgment rendered by the Administrative Court of Lille on 04 April 2019. The appeal filed with the Council of State was denied. Consequently, the decree of 12 June 2019 extending the Sud Midi permit will be repealed. A claim for compensation is under consideration.

3.2. Other intangible assets

Variations – Gross value	30 June 2020	Acquisitions	Transfers	Other	30 June 2021
	€	€	€	€	€
Sage X3 Software	24,000	0	0	0	24,000
Other intangible assets	6,036	3,759	0	0	9,795
Total – Value Gross	30,036	3,759	0	0	33,795
Variations – Depreciation and amortisation	30 June 2020	Prov. Amort.	Prov. Deprec.	Reversal:	30 June 2021
	€	€	€	€	€
Sage X3 Software	(14,387)	(4,800)	0	0	(19,187)
Other intangible assets	(9,500)	(921)	0	0	(10,421)
Total - Depreciation and amortisation	(23,887)	(5,721)	0	0	(29,608)
Total - Net worth	6,149				4,187

Other intangible assets consist mainly of software and fully amortized exploration and development costs of the Gazonor subsidiary.

3.3. Mining rights

For the year ended 30 June 2017, the Group allocated the acquisition price of the Transcor Astra Luxembourg group (now LFDE International) in full to the mining reserves held by the entity acquired through its subsidiary Gazonor. Thus, this €18,264K allocation led to the recognition of mining reserves in tangible assets for a gross value of €25,366K, and of €7,103K in deferred tax liabilities.

The mining rights thus recognized are subject to an annual depreciation per production unit, by relating the volumes of gas produced by the various Gazonor sites to the volumes of reserves held at the beginning of the fiscal year.

Mining rights	30 June 2021	30 June 2020
	€	€
Hauts-de-France - Gross value	25,366,331	25,366,331
Hauts-de-France - Amort. and cumulative impairments	(1,047,562)	(814,211)
Anderlues - Gross Value	206,822	206,822
Anderlues - Amort. and cumulative impairments	(16,809)	(14,691)
Mining rights – Net worth at closing	24,508,782	24,744,251

During the fiscal year ended 30 June 2021, a depreciation of €233K was recorded, based on an annual production of 2.97 BCF (billion cubic feet) for a volume of 2P reserves of 312.76 BCF at the beginning of the year.

These reserve quantities are based on a report from DMT (German organization) 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. At the time of closing 2021, the Group's Management also confirmed its ability to produce the reserves within the concessions duration.

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 30 June 2019, which assets are amortized at the production unit.

3.4. Other tangible assets

Excluding mining rights recorded as tangible assets, other tangible assets consist mainly of investments made in 2017 at the Gazonor sites to be able to produce electricity and in 2018 at the Anderlues site in Wallonia to set up its first two cogeneration plants.

Changes – Gross value	30 June 2020	Acquisitions	Sale	Other	30 June 2021
	€	€	€	€	€
Land	24,113	69,336		47,496	140,945
Buildings	332,748	1,506,975			1,839,723
Plant and equipment	10,110,454	7,318,921			17,429,375
Other tangible assets	51,692	25,094	(4,038)		72,748
Construction work in progress	2,638,773	1,340,837			3,979,610
Utilisation rights - IFRS 16	123,680				123,680
Total – Gross value	13,281,460	10,261,163	(4,038)	47,496	23,586,080
Changes – Amortisation and impairment	30 June 2020	Provision for amortisation	Provision for impairment	Draw-downs	30 June 2021
	€	€	€	€	€
Land	0				0
Buildings	(160,753)	(109,427)			(270,180)
Plant and equipment	(2,186,133)	(1,114,522)			(3,300,655)
Other tangible assets	(95,371)	(6,775)		4,038	(98,108)
Construction work in progress	0				0
Utilisation rights - IFRS 16	(82,453)	(41,227)			(123,680)
Total – Amortisation and impairment	(2,524,710)	(1,271,951)	0	4,038	(3,792,623)
Total – Net value	10,756,750				19,793,458

Acquisitions for the year relate mainly to investments for the gas, heat and electricity development project in Béthune (€5,695K) and the solar thermal project in Creutzwald (€1,219K).

Fixed assets in progress on 30 June 2021 concern investments in the Anderlues 2 project for €2.501K and Avion 2 for €748K.

3.5. Non-current financial assets

Non-current financial assets consist mainly of a security deposit under the joint bank loan with Landesbank SAAR and Bpifrance Financement, for an amount of €725K, which is to be maintained until the maturity of the loan, as well as the constitution of a €175K security covering the automatic execution of the dismantling operations of the Anderlues site, for which security the beneficiary is the Walloon government, following the obtainment of the associated permit.

The increase in the item over the previous year corresponds to the reserve account of €340K set up as part of the Triodos loan to Gazonor Benelux in December 2019.

3.6. Inventories

Inventories consist mainly of maintenance and spare parts for the maintenance of the gas and electricity production stations at the Gazonor sites, and are valued at the lower of their purchase cost or net realisation value.

An impairment charge is recorded when the probable realisation value is lower than the cost price. An impairment charge is also recorded on the basis of an analysis between

quantities held in stock at closing and reference emergency stocks. Thus, an impairment of €49K was recorded on 30 June 2021, relating to maintenance/spare parts and other parts held in stock.

The change in inventories is analysed as follows:

Inventories	30 June 2021	30 June 2020
	€	€
Maintenance and spare parts	472,630	367,071
Fluids	49,560	40,416
Inventories - Services in progress	146,783	0
Gross value	668,972	407,488
Depreciation	(49,093)	(32,235)
Inventories – net worth at closing	619,879	375,252

3.7. Trade receivables and other current assets

Trade receivables and other current assets	30 June 2021	30 June 2020
	€	€
Trade receivables and related accounts	1,391,136	948,367
Other current assets	4,148,165	3,260,671
Prepaid, staggered expenses	83,780	115,580
Total trade receivables and other current assets	5,623,082	4,324,617

On 30 June 2021, the customer balance consists almost entirely of the invoices for the month of June 2021 issued to customers Total Gas & Power, EDF Obligations d'Achats, EDF Luminus and Dalkia.

Other current assets concern mainly deductible VAT receivables, and social and tax receivables.

3.8. Cash

Cash and cash equivalents - net	30 June 2021	30 June 2020
	€	€
Bank accounts	6,767,867	3,704,979
"Liquidity" portion of the liquidity agreement	72,083	63,698
Total net cash	6,839,950	3,768,677

Regarding the cash belonging to the Gazonor entity, since 30 June 2021, all or part of it may only be made available to the Group's entities, including FDE, upon authorization from the lenders, BPI and SaarLB, and if in compliance with the financial ratios in effect on that date (see note 3.11 of the notes to the consolidated Financial Statements). However, this rule does not apply to chargebacks for the provision of services or resulting from other intra-group agreements.

As of 30 June 2021, on the basis of all the services and indemnities due by Gazonor to FDE and of the sums related to the tax integration of which FDE is the lead company, minus the advances already granted by Gazonor before that date, €949K can still be made available to FDE by Gazonor, excluding amounts subject to the authorization of the lenders and the conditions of which, on 30 June 2021, have been met.

3.9. Share capital and premiums

As of 30 June 2021, the share capital of FDE stood at €5,163,970, and was divided into 5,163,970 ordinary shares with a par value of €1.00 each, fully paid up.

Over the fiscal year, 8,080 new shares were issued following the final award of employee shares awarded to beneficiaries of the third plan implemented in 2018 by the Board of Directors as part of the delegation granted by the General Assembly on 23 March 2016. This capital increase was made by incorporating share premiums, after the Chairman has noted on 09 July 2020 the definitive award of employee shares to their beneficiaries.

No other transactions have taken place with respect to the share capital since 01 July 2020.

Share premiums amounting to €44,071K 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, *i.e.* €1,204K, as well as the successive impacts of the award of employee shares plans, amounting to €99K.

3.10. Payments based on shares/employee shares

FDE's Annual General Assembly of 23 March 2016 authorized the Board of Directors to award employee shares to the Group's employees and executive officers, up to a limit of 5% of the share capital. This distribution of employee shares must be done through a capital increase operation by incorporation of reserves or premiums.

Following, notably, the opinion of the Nomination and Compensation Committee, a first plan had been decided on 30 June 2016 and was the subject of a final award of 85,485 shares in November 2018 (out of 85,601 shares initially awarded to beneficiaries).

On 30 June 2017, the Board of Directors adopted the Regulations of the Plan implemented in 2016 and determined the initial beneficiaries of the second plan, for 5,231 shares, definitively awarded in December 2019.

The third plan, initiated on 09 July 2018, resulted in the definitive award of 8,080 shares over the year.

Two other plans were initiated on 12 December 2019 and 04 September 2020, providing for the award of employee shares divided between the Group's employees and managers, summarised in the table below:

Employee share plans	Number of shares initially awarded	Number of shares as of 30 June 2021	Fair value
12 December 2019	8,919	8,919	17.4
4 September 2020	9,791	9,791	15.3

All of these cumulative awards represent a total of about 2.3% of the capital, less than the cap set as part of the original authorisation.

These employee 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 employee-share award plan are met.

Under IFRS 2, benefits under this plan are accounted as staff costs.

As part of this shares plan for all employees and officers, the unit value of the shares is based on the share price on the award date, taking into account the evolution of the beneficiary workforce. The accounting of the corresponding charge is spread over the entire duration of the acquisition of the rights attached to these shares, from the date of the award, *i.e.* the date on which the beneficiaries are considered to have been fully informed.

The expense recorded for FY2021 amounts to €138K, corresponding to a full year for the 2019 plan and *prorata temporis* for the 2018 and 2020 plans, valued on the basis of share prices at the date of award.

3.11. Borrowings and financial debts

The Group's borrowings and financial debts as of 30 June 2021 consist mainly of the following financing:

Shareholder Loan – FDE and NEL

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

This agreement was amended five times, extending the deadline, including three amendments this fiscal year:

- an amendment was concluded on 30 September 2020 that postponed the December 2020 maturity as follows: €2,330K of the nominal on 30 December 2020, €1,000K of the nominal on 30 June 2021, and €1,300K of the nominal + commissions and interest on 31 December 2021. This amendment did not change the original interest rate;
- an amendment was reached on 29 October 2020 which extended the maturities to 30 June 2021 for €3,450K of the nominal and on 31 December 2021 for €1,300K of the nominal + commissions and interest. In addition, following its withdrawal from the Company's capital, Deltec Bank & Trust transferred this shareholder loan to another shareholder of FDE, NEL, and notified the Company of the transfer on 12 November 2020.
- An amendment was concluded on 20 June 2021; it provides for the payment of €1,750K before 30 June 2021 and for a final maturity of €3,000K for the balance of any account, without any additional commission, before 31 December 2021. The reimbursement of €1,750K was made on 30 June 2021.

These amendments were motivated by the Company's desire to have short-term cash in order to accelerate the development of its activities in the Hauts-de-France and Belgium.

Bond Loan – Gazonor Holding and CAP3 RI

A €3M bond loan taken out in January 2018 for the Gazonor subsidiary by CAP 3RI, an investment company dedicated to the Third Industrial Revolution in Hauts-de-France. This loan was obtained at Gazonor Holding's level 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 Surplus and the consolidated net debt according to an agreed formula, with a minimum capitalised rate of 3% *per annum*.

Prêt Loan - Gazonor SAS and Landesbank SAAR / Bpifrance Financement

A bank loan of €6.4M obtained for Gazonor on 09 May 2018 jointly from Landesbank SAAR and Bpifrance Financement, with a maturity date of 02 April 2024 and a repayment schedule by quarterly instalments. Repayments which have to be made during the fiscal year ended 30 June 2022 are presented in the current financial debts.

The following specific terms are related to this bank loan:

- A reserve account of €725K represents a cash account blocked in the books of Landesbank SAAR and could be used for servicing the debt and is pledged in favour of the lenders until the loan's maturity. This account bears interest at the remunerative rate for the equivalent depots. As of 30 June 2021, this reserve account is listed in non-current financial assets.
- The Company Gazonor undertakes not to grant any 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 current account or cash advances to other Members of the Group authorized by lenders. This cash flow increase can only take place at the end of the fiscal year ended 30 June 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 ratio, corresponding to the " cashflows generated/total debt service" ratio, which must remain above 1.3. As of 30 June 2021, the test for this ratio was satisfactory.

Bank Loan - Gazonor SAS and Bpifrance Financement

Loan taken by from Gazonor from Bpifrance Financement, dated 22 October 2019, for a nominal amount of €1.34M, intended to refinance costs incurred for 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 consolidated Financial Statements.

State-Guaranteed Loan – Gazonor SAS and LCL and Société Générale

In June 2020, as a result of the COVID-19 health crisis and the fall in gas and electricity prices

in Belgium, Gazonor obtained a State-Guaranteed Loan for €1.6M to strengthen its cashflow, especially to assist in its future developments. This loan from LCL and Société Générale bears interest at a rate of 0.25% and has a lifespan of 12 months, with a depreciation option of up to 5 years.

On 20 May 2021 and 15 April 2021, amendments to the loans were signed with LCL and Société Générale, respectively, to extend the maturity of the loan to 5 years, with repayment starting in one year.

Project Funding – Gazonor Benelux and 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 €4.24M, 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 terms are attached to this bank loan: a reserve account is set up for €340K and represents an account blocked in the books of Triodos Bank, that could be used for the debt service until full repayment of the loan.

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

- DSCR Ratio: debt service coverage ratio (including arrangement fee), corresponding to the ratio of “net cash flow / total debt service”, 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”, to remain above 1.15.

Lease-Purchase Agreement - FDE and Finamur (LCL)

Lease-purchase agreement concluded on 21 October 2019 between FDE and Finamur by notarial deed, covering a total investment of €940K to build offices and warehouses in the Pontpierre/Faulquemont business area. Work was completed over the first semester of the fiscal year, and the Company took possession of the premises on 03 December 2020.

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

Project Funding – Cellcius SAS and Caisse d'Épargne

An advance was signed on 13 November 2020 between Cellcius SAS and La Caisse d'Épargne et de Prévoyance Grand Est Europe. This loan amounts to a nominal amount of €700K and relates to the pre-financing of the ADEME subsidy. The maturity of this loan is 1 year, with a final settlement on 15 December 2020, and a fixed interest rate of 0.41% *per annum*.

A long-term loan was also taken out by Cellcius from La Caisse d'Épargne et de Prévoyance Grand Est Europe on 15 December 2020, for a nominal amount of €1,300K, to refinance the costs incurred for the construction of the solar-thermal field in Creutzwald. This loan has a 20-year maturity with quarterly instalments from April 2021, at an interest rate of *Livret A + 1%* per annum, *i.e.* 1.5% as of 31 December 2020.

Finally, the loan comes with a financial ratio that must be met, with the delivery of a compliance certificate to be delivered with the annual Financial Statements: Debt Service Coverage Ratio, corresponding to the "cashflow available / debt service" ratio, to remain above 1.15.

Shareholder Loan – FDE and EGL

Another shareholder of FDE agreed to a shareholder loan of €325K as of 13 November 2020. The maturity is 1 year, with final repayment on 01 January 2022 and a fixed interest rate of 2% per annum.

Crowdfunded loan – Gazonor Béthune SAS

Crowdfunded loan of €5.5M subscribed by Gazonor Béthune SAS from 1,708 lenders, to finance part of the shareholders' equity mobilized by the Group for its production project in Béthune. Nearly 40% of the funds raised come from the inhabitants of the Hauts-de-France Region, demonstrating once again the relevance of the short-circuit model promoted by FDE. Invested unitary tickets range from €100 to €500,000.

This fundraising, divided into two separate €2.25M campaigns, exceeded its initial target within 2 months. 55,000 bonds, with a nominal value of €100 each, were subscribed in February 2021.

This financing has a maturity of 4 years and a fixed interest rate of 4.75% per year. This loan is guaranteed by FDE for the duration of the financing.

Crowdfunded loan – EG NPC SAS

Crowdfunded loan of €3.3M subscribed by EG NPC SAS from 489 lenders and La Nef, an ethical banking cooperative that offers credit solutions oriented exclusively towards projects with social, ecological and/or cultural utility, for €1M, to finance its project to build two cogeneration units on the historic site of Avion.

33,000 bonds, with a nominal value of €100 each, were subscribed in June 2021.

This financing has a maturity of 5 years and a fixed interest rate of 4.75% per year. This loan is guaranteed by FDE for the duration of the financing.

Taking these financings into account, the Group's current and non-current financial debt as of 30 June 2021 breaks down as follows:

Current and non-current financial debts	30 June 2021	30 June 2020
	€	€
Bond loan	3,798,393	3,281,404
Bank credits	16,788,993	8,728,202
Shareholder loan (including commissions)		
BPI Export advances	14,625	14,625
IFRS Lease-Purchase debt (simple and leasing)	830,189	623,500
Issuance commission	(623,043)	(87,831)
Non-current financial debts	20,809,156	12,559,900
Bond loan	0	37,397
Bank credits	3,286,376	2,005,440
Shareholder loan (including commissions)	2,975,442	3,891,767
Debt on factoring and pre-financing of the CIR (<i>Exploration Tax Credit</i>)	384,455	926,900
IFRS Lease-Purchase debt (simple and leasing)	90,523	46,105
Issuance commission	(433,635)	(72,240)
Current bank financing	0	1,180
Current financial debts	6,303,162	6,836,549
Total financial debt	27,112,318	19,396,449

The debt on factoring corresponds to the receivables assigned with recourse under the 384K customer-factoring contract on 30 June 2021.

3.12. Trade payables and other current liabilities

All trade payables and other liabilities presented below have a maturity under one year as of 30 June 2021, excluding €12K in employer contribution on employee shares. An amount of €2,465K is in dispute in relation to Entrepouse Drilling (see note 4. 8).

Trade payables and other current liabilities	30 June 2021	30 June 2020
	€	€
Goods and services suppliers	2,593,512	1,299,163
Fixed-asset suppliers	4,856,008	3,893,229
Other payables	5,574,036	1,809,832
Total supplier liabilities and other current liabilities	13,023,555	7,002,224

3.13. Provisions

The main provisions recorded by the Group on 30 June 2021 correspond to provisions for site restoration and dismantlement in Lorraine and Hauts-de-France.

In Lorraine, the provision for restoration concerns the four sites at which drilling operations have taken place, determined on the basis of technical expertise and external estimates. In the Hauts-de-France, the provision for restoration relates mainly to the cost of stopping work, closing boreholes and dismantling pipes.

The underlying amount of these provisions increased slightly from 2020 to 2021, resulting from the update of the discount assumptions used, *i.e.* 0.88% inflation rate and 0.79% discount rate against 0.77% and 0.74%, respectively, over the previous year. The provision recorded for the Lorraine zone has thus increased from €1,393K to €1,419K, while the provision related to the Hauts-de-France zone went from €2,587K to €2,642K.

Finally, in Belgium, a provision of €201K was recorded for the costs of dismantling the Anderlues site after updating the first accounting for fiscal year 2019.

Non-current and current provisions	30 June 2021	30 June 2020
	€	€
Provision for restoration	4,231,336	4,179,420
Provisions for pension commitments	33,532	31,177
Other provisions		
Non-current provisions / pension	4,264,868	4,210,597
Provisions for litigation	109,571	106,249
Current provisions	109,571	106,249
Total – Non-current and current provisions / pensions	4,374,439	4,316,846

See note 4.8 for more details on these disputes.

Provisions for pension commitments

Pension commitments – Balance on balance sheet	30 June 2021
Provision for pension commitments, 30 June 2021	33,533
Provision for pension commitments, 30 June 2020	31,177
Variation in provision for fiscal year 2021	2,356
Pension commitments - change over the year	30 June 2021
Cost of services rendered	7,505
Financial cost	231
Actuarial differences (equity)	(5,380)
Variation in provision for fiscal year 2021	2,356

Actuarial assumptions used for the estimation of the provision for pension commitments as of 30 June 2021 are as follows, all Group employees, excluding Corporate Officers, being subject to the social legislation in force in France:

- Starting age: 65 years
- Wage growth: 2%
- Discount rate: 0.79%
- Turnover rate: 5%
- Mortality table: TGH05/TGF05

The only change in assumptions for the year concerns the discount rate, which rose from 0.74% to 0.79% between 30 June 2020 and 30 June 2021.

No hedging assets have been set up by the Group at the Balance Sheet date.

4. OTHER INFORMATION

4.1. Cash flow and WCR

The change in working capital requirements in fiscal years 2021 and 2020 presented in the cash flow section is analysed as follows:

Change in WCR	30 June 2021	30 June 2020
	€	€
Inventories	(244,627)	(51,939)
Customer receivables	(442,769)	186,516
Supplier payables	1,549,765	(1,132,867)
Other operating assets (prepaid charges, spread costs)	48,658	75,534
Change in operating WCR	911,026	(922,756)
Other assets	(1,097,856)	(734,313)
Other liabilities	2,318,502	1,146,308
Change in WCR – other assets and liabilities	1,220,646	411,995
Change in global WCR	2,131,672	(510,761)

4.2. Lease commitments

Property lease agreements outside the scope of IFRS 16

FDE is engaged in lease contracts for land and plots located in the Lorraine Region, concluded with private owners for very long periods (maximum maturity is 2091) but with the possibility of revocation.

The annual rents under these contracts are €57K over FY2021, the corresponding commitments amounting to €4,006K over the entire possible rental period, without significant change compared to last year.

4.3. Other commitments

Commitments on financial debts

The current and non-current financial debts granted to the Group as of 30 June 2021 include the following commitments and guarantees:

Bank Credit – Landesbank SAAR and Bpifrance Financement (€6.4M):

- 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 guarantee given by Gazonor Holding as security for any sum owed and due 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 mortgage deed in favour of the lenders for €50K in principal and €10K in fees and incidental costs on the lands of Gazonor (lands on which the four operating and gas-production sites and mine-gas processing and compression facilities are located).

Bank credit - Bpifrance Financement (1.34 M€):

- Non-possessory first-ranking pledge of tangible assets 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, by Gazonor in favour of Bpifrance.
- Joint guarantee by FDE for €1.34M 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 credit - Triodos Bank NV (4.24 M€):

- Pledge of 100% of Gazonor Benelux shares in favour of Triodos Bank.
- The credit balance of all bank accounts (excluding the distribution account) of the relevant Anderlues project is pledged.
- Pledge in Triodos Bank’s favour of all receivables from the operation of the project, *i.e.* but not limited to: the sale contract of electricity and green 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 sale of electricity.
- Pledge of all the tangible elements of the Anderlues project, including the two units of cogeneration and electrical equipment.
- Delegation of the benefit of all insurance policies underwritten by Gazonor Benelux to Triodos Bank.
- FDE’s commitment to cover any possible cost overruns in the construction budget (including, among other construction claims, costs induced by tax changes... that may impair the coverage ratios).

Leasing – Finamur:

- Pledge in favour of the lessor, Finamur, of the intangible elements resulting from the lease agreement and the benefit of the sale option as stipulated in the notarized contract. Through this collateral, Finamur will have 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.

Bank credit La Caisse d’Epargne et de Prévoyance Grand Est Europe (0.7 M€):

- Pledge in the bank’s favour of the trade receivables held by ADEME

Bank credit La Caisse d’Epargne et de Prévoyance Grand Est Europe (1.3 M

- Mortgage from the emphyteutic lease of the land on which the project is built
- Non-possessory pledge on the plant’s equipment and material
- Transfer of trade receivables (heat-supply agreement, service contract, insurance contract)
- Pledge of shareholders’ financial securities accounts
- DSCRA pledge (3 months of debt service)
- Blocked shareholders current accounts for a sum of €700K

Financial commitments regarding permits

The following table describes the Group's financial commitments related to three major permits currently held by the Group, with the relevant investments and exploration expenses recorded as of 30 June 2021 (excluding personnel costs and other disbursements recognized as expenses, *i.e.* not recognised in the Balance Sheet as exploration assets):

Exclusive Exploration Permit Commitments	Initial financial commitments	Investments made	Residual commitments
	€	€	€
Bleue Lorraine	7,700,000	41,642,075	<i>nought</i>
Bleue Lorraine Sud	7,250,000	303,573	6,946,427
La Folie de Paris	5,400,000	2,146,255	3,273,745

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 be amongst the key elements in any possible renewal by the State. Furthermore, 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 concession request in November 2018, while La Folie de Paris permit has been renewed until 7 August 2021.

4.4. Commitments to purchase tangible assets

The amount of commitments on 30 June 2021 on firm orders (in particular for future Group developments) is €2,681K, excluding taxes.

4.5. Related parties

As part of its activities, the FDE Group was engaged in a number of transactions with persons or entities considered to be related parties for the year ended 30 June 2021. The amounts arising from these transactions and recognised in the consolidated Financial Statements are presented below, as well as the various significant relationships that occurred in FY 2021.

Transactions with related parties	30 June 2021	30 June 2020
	€	€
Trade payable, NextGen NRL Limited	54,900	
NextGen Energy Limited loan		3,891,767
Deltec Bank & Trust loan	2,975,442	
EGL loan	328,989	
Debts	3,359,331	3,891,767
Services - NextGen NRJ Limited	202,650	90,000
Provision of services - annual charge	202,650	90,000
Annual interest on NextGen Energy Limited loan	63,328	74,027
Annual interest on EGL loan	3,989	
Interest expenses	67,317	74,027

Relationships with related parties

- (i) An amendment of the shareholder loan originally held by Deltec Bank & Trust were concluded on 30 September 2020 and 29 October 2020 in order to extend the maturities on 30 June 2021 to 31 December 2021. In addition, following its withdrawal from the Company's capital, Deltec Bank & Trust transferred this shareholder loan to another shareholder of FDE, NEL, and notified the Company of the transfer on 12 November 2020.
- (ii) Since 01 July 2016, a service-providing contract has been in place between LFDE International and NEL, the personal holding company of the Chairman of FDE, to cover the promotion of the Company's activities, particularly with European Union authorities, and the search for external growth and financing transactions. In return for these services, LFDE International pays NEL a monthly fee of €15.9K excl. taxes and a charge of €202.7K was recorded during the fiscal year.
- (iii) Another shareholder of FDE granted a shareholder loan of €325K for one year on 13 November 2020.

The total compensation for the members of the Group's Management Committee and Board of Directors is presented in note 2.4 of this appendix.

Compensation-related expenses to be allocated to members of the Compensation and Audit Committees and of the Board of Directors amount to €95K for the year ended 30 June 2021.

4.6. Financial instruments and risk management

The Group's main financial assets and liabilities include cash, non-current financial assets, receivables and other current assets, current and non-current financial debt, as well as trade payables and other current liabilities.

Fair value of financial assets and liabilities

Financial assets and liabilities can be prioritized according to the following three levels of fair value:

- Level 1: (unadjusted) prices quoted on active markets for identical assets and liabilities, for which the Group can obtain the market value on a given date;
- Level 2: data other than the quoted prices referred to in Level 1, which are observable directly or indirectly on the market;
- Level 3: data relating to assets or liabilities that are not observable in the market.

The fair value of financial assets and liabilities is determined essentially as follows:

- The fair value of trade receivables, trade payables and other current receivables and miscellaneous debts is assimilated to the Balance Sheet value, taking into consideration their very short payment deadlines;
- The fair value of the current and non-current financial debt consisting of the bond issue, the Landesbank SAAR – Bpi bank loan and the shareholder loan, was estimated on the basis of the nominal values plus the commissions and interests due, minus amortized costs on 30 June 2021. The remuneration of this financial debt corresponds to the market value.
- The fair value of employee shares is estimated by applying the principles of IFRS 2, including the use of the market price on the date of award to beneficiaries.

Market risk

The FDE Group's exposure to market risk, and specially to changes in gas prices for Gazonor and electricity prices for Gazonor Benelux, is deemed limited. These activities represented 43% of this year's revenue, the rest of the green electricity activity in France being secured with fixed-price purchase obligations, and growing. At the date of preparation of the consolidated Financial Statements of 30 June 2021, gas and electricity price in Belgium have been set until 2023.

Interest-rate risk

The objective of the management policy is to adapt the debt profile to the asset profile, to contain financial costs, and to cushion any impact of any significant change in interest rates on the results.

The Group is currently engaged in fixed-rate financing operations, and FDE does not foresee any interest-rate change that would have a significant impact on its cash balances. Financial assets or liabilities at fixed rates shall not be the subject of operations designed to transform them into variable rates.

Liquidity risk

The exposure of the FDE 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 FDE regularly reviews its financing options in order to ensure that the Group is protected as a going concern, especially in view of its asset and liability maturities.

Paragraph "Going-concern principle", of Note 1.1 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 fiscal year 2021.

The table below shows the Group's financial asset and liability maturities as of 30 June 2021 and 2020:

Asset and liability maturities - 30 June 2021	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets	0	1,625,361	207,615	1,832,976
Trade receivables	1,391,136			1,391,136
Other receivables, including prepayments	4,231,946			4,231,946
Cash and cash equivalents	6,981,209			6,981,209
Financial debts	(6,303,162)	(19,264,934)	(1,544,222)	(27,112,318)
Trade payables	(7,704,936)			(7,704,936)
Other liabilities	(5,692,220)	(509,401)		(6,201,621)
Net amounts by maturity - 30 June 2021	(7,096,027)	(18,148,974)	(1,336,607)	(26,581,608)

Asset and liability maturities - 30 June 2020	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets		725,000	528,562	1,253,562
Trade receivables	948,367			948,367
Other receivables, including prepayments	3,376,251			3,376,251
Cash and cash equivalents	3,768,677			3,768,677
Financial debts (excluding amortised expenses)	(6,764,309)	(11,400,246)	(1,071,805)	(19,236,360)
Trade payables	(5,192,393)			(5,192,393)
Other liabilities	(1,804,334)	(992,190)		(2,796,524)
Net amounts by maturity - 30 June 2020	(5,667,741)	(11,667,436)	(543,243)	(17,878,421)

The amount of trade payables as of 30 June 2021 includes, notably, an amount of €2,465K under litigation with Entrepouse Drilling.

4.7. Statutory Auditors' fees

The fees of FDE's statutory auditors, borne by the Group, include the following elements:

Fees for statutory auditors	30 June 2021	30 June 2020
	€	€
Certification of Financial Statements - Française de l'Energie Mazars	56,000	56,000
Certification of Financial Statements - Française de l'Energie BDO	50,000	
Certification of Financial Statements - Française de l'Energie CBP		56,000
Certification of Financial Statements - subsidiaries (Mazars Belgium, PKF, Deloitte)	44,563	37,350
Total Fees for statutory auditors	150,563	149,350

BDO Paris Audit & Advisory was appointed co-auditor of FDE by the General Assembly of 03

December 2020, to replace CBP Audit, whose mandate had expired.

4.8. Ongoing Litigation and Legal Proceedings

As of the date of preparation of the consolidated Financial Statements for the fiscal year ended 30 June 2021, the Group is involved in various disputes and court cases.

- (i) A dispute between FDE 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 FDE. 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 FDE. In this context, the summary conclusions were filed with the Commercial Court of Paris on 21 February 2019 by FDE, 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).

Entrepose Drilling's liability insurer, HDI Global SE, challenged FDE's conclusions through an expert report by Erget. In December 2019, FDE sued Entrepose Group, the parent company of Entrepose Drilling. Entrepose Drilling's summary conclusions were filed at the procedural hearing on 20 February 2020. Entrepose Drilling sent FDE its findings in response on 05 January 2021; FDE sent its own reply findings on 09 April 2021. Entrepose Drilling proposed an amicable settlement, FDE made a counterproposal, but these discussions did not result in a settlement. The case was argued on 03 June 2021. The Commercial Court of Paris is due to render its decision in October 2021.

- (ii) A dispute between FDE 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 €1M in fees levied by Société Générale on the total amount raised. Specifically, FDE 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 FDE 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 FDE on 30 October 2018, with its findings being filed in the Paris Court of Appeal on 31 January 2019. Oral arguments were heard on 30 November 2020.

In a judgment delivered on 07 January 2021, the Paris Court of Appeal upheld the judgment of first instance dismissing FDE's claims against Société Générale. On 27 January 2021, the Paris Court of Appeal upheld the judgment and ordered FDE to pay €5K to Société Générale.

- (iii) 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 plaintiff appealed this decision; the parties exchanged findings and replies, the plaintiff's last ones having been filed in July 2019 and the Company's sent on 19 October 2020. The trial hearing was set for 08 September 2021; the deliberation is set for 26 November 2021.

- (iv) One of the subsidiaries of FDE, Concorde Énergie Paris EURL, was ordered by a judgment of the Paris Court of Appeal on 13 Décembre 2017 to pay RER (Renouveau Énergie Ressources) a sum of €157K 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 summoning 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 summoning 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.

In response to this summoning, Concorde Energie Paris proposed a staggered payment schedule and obtained a referral of the case to a later hearing.

A settlement agreement was signed on 29 March 2021 in order to resolve this dispute amicably, and a global, lump-sum settlement payment of €20K was paid by Concorde Energie to RER.

- (v) Since mid-2019, Gazonor has been subject to restrictions on its injections of abandoned mine methane into GRTgaz's gas-conveyance network. Despite discussions on these difficulties with GRTgaz and a letter of formal notice dated 16 September 2019, these injection limitations have continued.

Gazonor initiated dispute-settlement proceedings before the CoRDIS against GRTgaz

through a referral dated 15 March 2021. Gazonor considers that GRTgaz's conduct, consisting in restricting the injection of abandoned mine methane into the gas-conveyance network, constitutes a serious obstacle to its right to access effectively said conveyance network, as provided for by law. Therefore, it asked the CoRDIS to order GRTgaz to propose an amendment to the contract concluded with GAZONOR, in order to guarantee the permanent opening of the mine-gas mixer with a minimum setpoint, with penalties in the event of breach of this obligation, and to provide information on the monthly injectable volumes of abandoned mine methane into the network, to permit anticipating injection fluctuations.

GRTgaz essentially disputes that those injection limitations, which it justifies by its operating constraints and by a gas-conversion plan imposed by the public authorities, constitute an infringement of GAZONOR's right of effective access to the network. CoRDIS will reach a decision in the following weeks.

Gazonor also sued GRTgaz before the Nanterre Commercial Court, through a deed dated 22 March 2021. Gazonor considers that GRTgaz's conduct in restricting injections of abandoned mine methane into the gas-conveyance network and refusing to transmit certain information qualifies as breaches of the obligations of the injection contract concluded between the parties. The exchanges of writs are in progress between the parties, the procedure before the Commercial Court of Nanterre generally lasts between 12 and 18 months.

4.9. Sectoral information

The sectoral financial information is presented according to principles which are identical to internal reporting, based on the indicators related to exploration costs, production and EBITDA by operational sector. On this basis, the Group's business activity is grouped into three operational sectors, each of which is characterised by a different model in terms of gas exploitation and development. As of 30 June 2020, the sectoral breakdown only included the coal-gas and mine-gas sectors. Following the launch of the solar-exploitation business in fiscal 2021, the Group identifies this activity in a specific sector, and the comparative segment information has therefore been restated. Operational sectors as of 30 June 2021 are as follows:

- Extraction and exploitation of coal seam gas (CSG) (Moselle – Grand-Est): exploration, certification of coal seam gas reserves and recovery of this gas for local consumption.
- Extraction and exploitation of abandoned mine methane (AMM) (Pas-de-Calais – Hauts-de-France/Anderlues – Belgium): capture of gas from mines and selling into gas, electricity or heat.
- Exploitation and development of solar energy (Grand Est): installation and operation of a solar-thermal power plant (Cellcius) and a photovoltaic field (Falkensun).

The following tables present, by sector, information on revenue and on the main exploration assets and production concessions owned by the Group as of 30 June 2021 and 2020. The operating income and EBITDA indicators are not subjected to a sectoral analysis by the Group's General Management.

As of 30 June 2021	CSG	AMM	Solar	Other sectors	Consolidated Total
	€	€	€	€	€
Revenues		10,159,860	76,213		10,236,073
Goodwill		47,848			47,848
Mining rights		24,508,782			24,508,782
Tangible and intangible assets, but excluding abandonment	42,581,287	17,211,667	1,895,996	1,996,255	63,685,205
Investment flows	490,429	8,314,556	1,603,820		10,408,805

As of 30 June 2020	CSG	AMM	Solar	Other sectors	Consolidated Total
	€	€	€	€	€
Revenues	0	7,855,374	0	0	7,855,374
Goodwill	0	0	0	0	0
Mining rights	0	24,744,251	0	0	24,744,251
Tangible and intangible assets, but excluding abandonment	42,236,223	9,773,268	332,871	2,115,679	54,458,041
Investment flows	363,071	1,787,045	332,871	38,539	2,521,526

By geographical area, the sector outside France involves only Belgium as of 30 June 2021. This area has a turnover of €963K and tangible and intangible investments worth €3,014K for the year ended 30 June 2021.

4.10. Post-closing events

The €325K shareholder loan signed on 13 November 2020 was repaid in full in July 2021, and the NEL shareholder loan of €3,000K in October 2021.

On 30 July, the Group decided to buy back the outstanding loan from Triodos Bank. A financing contract was signed on 26 July 2021 between ING Lease and Gazonor Benelux, covering the refinancing of the two cogeneration plants in Anderlues for €2.9M and the implementation of a new financial leasing of €6.3M to cover the investment needs of the three new cogeneration plants in Phase 2 of Anderlues.

On 25 August 2021, Falkensun raised €2.5M on the Lendosphere platform for the construction of the Tritteling-Redlach photovoltaic power plant, thanks to 889 investors and the participation of La Nef, the banking cooperative.

On 27 September 2021, the Group, via LFDE International, announced the launching of its first green bond issue for the development of its low-carbon energy portfolio in France and Belgium. This financing is provided by Edmond de Rothschild Asset Management (EDRAM), one of Europe's leading energy and infrastructure investment funds.

The financing amounts to €40M, consisting of a first tranche of €25M that has been made available, and an optional second tranche of €15M. The interest rate is 6% initially with a maturity of 7 years.

4.11. Scope of consolidation

Consolidated companies - 30 June 2021	Country	Control %	Interest %
La Française de l'Energie S.A.	<i>France</i>	Parent company	Parent company
EG Lorraine S.A.S.	<i>France</i>	100%	100%
EG NPC S.A.S.	<i>France</i>	100%	100%
LFDE International S.A.R.L.	<i>Luxembourg</i>	100%	100%
Gazonor Holding S.A.S.	<i>France</i>	100%	100%
Gazonor S.A.S.	<i>France</i>	100%	100%
Gazonor Benelux S.A.	<i>Belgium</i>	100%	100%
Greenhill S.A.	<i>Belgium</i>	100%	100%
Concorde Energy Inc.	<i>United-States</i>	100%	100%
Concorde Energie Paris S.A.R.L.	<i>France</i>	100%	100%
Gazonor Béthune S.A.S	<i>France</i>	100%	100%
Cellcius S.A.S	<i>France</i>	51%	51%
FalkenSun S.A.S	<i>France</i>	75%	75%

8.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS



LA FRANCAISE DE L'ENERGIE

Avenue du district
57380 PONTPIERRE

RAPPORT DES COMMISSAIRES AUX COMPTES SUR LES COMPTES CONSOLIDES

Exercice clos le 30 juin 2021

Le 30 octobre 2021

BDO Paris Audit & Advisory

Société d'Expertise Comptable inscrite au Tableau de l'Ordre de la région Paris-Ile-de-France

Société de Commissariat aux comptes inscrite sur la liste nationale des Commissaires aux comptes, rattachée à la CRCC de Paris

RCS Paris B 480 307 131 00056

SARL au capital de 60 000 euros

MAZARS

Société anonyme d'expertise comptable et de commissariat aux comptes

Société inscrite sur la liste nationale des commissaires aux comptes, rattachée à la CRCC de Colmar

RCS Strasbourg 348 600 990

Capital de 400 000 euros



LA FRANÇAISE DE L'ENERGIE

Exercice clos le 30 juin 2021

Rapport des commissaires aux comptes sur les comptes consolidés

A l'assemblée générale de la société La Française de l'Energie,

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes consolidés de la société La Française de l'Energie relatifs à l'exercice clos le 30 juin 2021, tels qu'ils sont joints au présent rapport.

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

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

Fondement de l'opinion

Référentiel d'audit

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

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

Indépendance

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

Par ailleurs, les services autres que la certification des comptes que nous avons fournis au cours de l'exercice à votre société et aux entités qu'elle contrôle et qui ne sont pas mentionnés dans le rapport de gestion ou l'annexe des comptes consolidés sont les suivants :

- Le cabinet MAZARS a réalisé une mission de commissariat aux comptes visant à établir le certificat du dépositaire dans le cadre d'une opération sur le capital réalisée par une filiale contrôlée. Les honoraires afférents à cette intervention se sont élevés à 600 € hors taxes.
- Le cabinet BDO Paris Audit & Advisory n'a quant à lui pas réalisé de services de ce type.

Justification des appréciations - Points clés de l'audit

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

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

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

- **Continuité d'exploitation**

Description du risque

Au 30 juin 2021, le groupe dégage un bénéfice de 293 K€. Il affiche par ailleurs des dettes avec une échéance à moins d'un an de 19.700 K€, incluant des dettes fournisseurs de 7.705 K€, y compris 2.465 K€ de dettes faisant l'objet d'un litige (voir à ce sujet les notes 3.12 et 4.8 de l'annexe des comptes consolidés). A cette même date, l'actif courant hors trésorerie disponible, s'élève à 6.243 K€ et la trésorerie de la société s'établit à 6.981 K€. Par ailleurs, la trésorerie disponible dans la principale filiale du groupe ne peut être mise à la disposition de la société qu'en partie et sous conditions.

Tel qu'exposé dans la note 1.2 -B/ de l'annexe aux comptes consolidés, le principe de continuité d'exploitation a été retenu entre autres en raison (1) de la capacité d'autres sociétés du groupe à financer les cash flows négatifs de votre société (2) de nouveaux financements en cours de négociation par la société et ses filiales (3) du fait que le prêt d'actionnaire accordé par NextGen Energy Ltd d'un montant de 2.975 K€ a vu son échéance repoussée et (4) de l'émission d'obligations vertes pour un montant de 25 M€.

Compte tenu de cette situation, et du fait que la principale activité de la société demeure en phase exploratoire, nous avons considéré la continuité d'exploitation comme un point clé de l'audit.

Procédures d'audit mises en œuvre en réponse à ce risque

Nos travaux ont consisté à analyser les prévisions de flux de trésorerie à un horizon de douze mois à compter de la date de clôture préparées par la direction.

Nous avons ainsi :

- mené plusieurs entretiens avec la direction de la société ;
- comparé les prévisions avec les données réelles au 30 juin 2021 ;
- effectué une analyse critique des hypothèses retenues par la direction, y compris sur les perspectives en cas de retard dans l'obtention des nouveaux financements ;
- examiné la documentation disponible au titre des contrats de financement en cours de négociation par la société et ses filiales, pris en compte dans les prévisions ;
- examiné les dispositions conventionnelles relatives aux nouvelles modalités de remboursement du prêt d'actionnaire accordé par NextGen Energy Ltd ;
- analysé les conditions de réalisation de l'actif à moins d'un an ;
- considéré les conditions contractuelles de circulation de la trésorerie entre les sociétés du groupe et notamment avec la société Gazonor ;
- apprécié les informations fournies en annexe à ce sujet, notamment dans le paragraphe B/ Continuité d'exploitation de la note 1.2.

- **Evaluation des actifs d'exploration**

Description du risque

Comme indiqué dans la note « 1.2.J Dépenses d'exploration » de l'annexe aux comptes consolidés, le groupe applique la norme IFRS 6 relative à la comptabilisation des dépenses de prospection. La comptabilisation des droits et actifs de production des ressources du sous-sol est réalisée conformément à la méthode des « successful efforts ».

En particulier, les coûts d'exploration comptabilisés en immobilisations incorporelles s'élèvent au 30 juin 2021 à une valeur nette de 45.546 K€ et font l'objet de tests de dépréciation sur une base individuelle, permis par permis.

Nous avons considéré l'évaluation des actifs d'exploration comme un point clé de l'audit en raison de leur importance significative dans les comptes, et des estimations et jugements nécessaires (notamment le volume de gaz et la viabilité technique et économique de chaque projet) pour conduire les tests de dépréciation.

Procédures d'audit mises en œuvre en réponse à ce risque

Nos travaux ont consisté à examiner les indicateurs de perte de valeur des actifs d'exploration comptabilisés à l'actif du bilan.

Nous avons ainsi :

- mené plusieurs entretiens au cours de l'exercice avec la direction de la société et obtenu son appréciation sur la qualification des réserves sur la base du rapport de certification qui avait été établi par MHA Petroleum Consultants portant sur les réserves de gaz ;
- pris connaissance de l'analyse juridique effectuée par les avocats de la société portant sur le statut de chaque permis pour lesquels des coûts d'exploration ont été comptabilisés ;
- analysé avec la direction de la société les conséquences des différentes décisions judiciaires rendues au cours de la période, leur impact sur la valeur des actifs et les arguments permettant de justifier le maintien de la valeur des actifs.

- **Evaluation des droits miniers**

Description du risque

Comme indiqué dans la note «1.2.K Immobilisations corporelles » de l'annexe aux comptes consolidés, les immobilisations corporelles comprennent les réserves minières acquises prouvées et probables, comptabilisées comme « droits miniers ». Elles sont amorties selon la méthode de l'unité de production basée sur ces réserves.

Les droits miniers comptabilisés en immobilisations corporelles s'élèvent au 30 juin 2021 à K€ 24.509 et font l'objet de tests de dépréciation sur une base individuelle, permis par permis.

Nous avons considéré l'évaluation des droits miniers comme un point clé de l'audit en raison de leur importance significative dans les comptes, et des estimations et jugements nécessaires pour conduire les tests de dépréciation.

Procédures d'audit mises en œuvre en réponse à ce risque

Nos travaux ont consisté à examiner les indicateurs de perte de valeur des droits miniers à l'actif du bilan.

Nous avons ainsi :

- analysé les hypothèses clés retenues pour la détermination de la valeur recouvrable des actifs ;
- les scénarii de prix des hydrocarbures ont été confrontés aux données issues des contrats de ventes ;
- nous avons recalculé les taux d'actualisation des flux de trésorerie futurs de façon indépendante, et les avons confrontés aux taux habituellement retenus par les analystes financiers ;
- mené des entretiens avec la direction du groupe afin de comprendre les principales hypothèses opérationnelles retenues (coûts opérationnels futurs, plan d'investissement).

Vérifications spécifiques

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

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

Autres vérifications ou informations prévues par les textes légaux et réglementaires

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

Conformément au III de l'article 222-3 du règlement général de l'AMF, la direction de votre société nous a informés de sa décision de reporter l'application du format d'information électronique unique tel que défini par le règlement européen délégué n° 2019/815 du 17 décembre 2018 aux exercices ouverts à compter du 1er janvier 2021. En conséquence, le présent rapport ne comporte pas de conclusion sur le respect de ce format dans la présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L. 451-1-2 du code monétaire et financier.

Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société La Française de l'Énergie par décision des actionnaires du 29 novembre 2019 pour le cabinet Mazars et du 3 décembre 2020 pour le cabinet BDO Paris Audit & Advisory.

Au 30 juin 2021, le cabinet Mazars était dans la 2^{ème} année de sa mission sans interruption et le cabinet BDO Paris Audit & Advisory dans la première année.

LA FRANÇAISE DE L'ÉNERGIE
Rapport des commissaires aux comptes sur les comptes consolidés
Exercice clos le 30 juin 2021

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

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

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

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

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

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

Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

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

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

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une

erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;

- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;
- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

Rapport au comité d'audit

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

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

LA FRANCAISE DE L'ENERGIE
Rapport des commissaires aux comptes sur les comptes consolidés
Exercice clos le 30 juin 2021

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

Fait à Paris et Strasbourg, le 30 octobre 2021



BDO Paris Audit & Advisory
Représenté par Sébastien HAAS
Associé



MAZARS
Représenté par Laurence Fournier
Associée



Limited company with a share capital of €5,163,970
Headquarters: Avenue du District, 57380 Pontpierre
501 152 193 RCS Metz