2021 FIRST-HALF FINANCIAL REPORT

CONTENTS

01 MANAGEMENT REPORT

02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

03 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

01 MANAGEMENT REPORT

1 ENGIE 2021 FIRST-HALF RESULTS

ENGIE H1 Financial Results for the period ending 30 June 2021

Strong improvement of financial performance

Significant progress on execution of strategic plan

FY 2021 guidance (1) upgraded

Business Highlights

- New organizational structure for a simpler ENGIE implemented on July 1
- Creation of EQUANS, new leader in multi-technical services
- Progress at pace on disposals: partial sale of GTT complete; sale of ENGIE EPS complete
- Agreement to sell 11.5% of GRTgaz
- 1.2 GW of Renewables capacity commissioned in H1 and progressing on delivering 3 GW in 2021, totaling 9 GW across 2019-2021

Financial Performance

- Strong organic growth in EBIT, up 44%
- Organic EBIT growth: Client Solutions up €321 million, Nuclear up €285 million and Networks up €264 million
- Client Solutions and Supply demonstrated strong Covid recovery
- Negative FX impact of €0.1 billion at EBIT level mainly due to BRL and USD depreciation
- Performance plan on track with net EBIT contribution of c. €50 million achieved
- Strong cash flow generation with CFFO (2) at €4.3 billion
- FY 2021 NRIgs guidance upgraded to €2.5-2.7 billion

Key H1 financial figures at June 30, 2021 (3)

In billions of euros	June 30, 2021	June 30, 2020	% change (reported basis)	% change (organic basis) (1)
Revenues	31.3	27.4	+13.9%	+16.7%
EBITDA	5.4	4.5	+21.1%	+23.1%
EBIT	3.1	2.2	+42.4%	+44.4%
Net recurring income Group share	1.4	0.7	+85.9%	+67.0%
Net income, Group share	2.3	0.0	-	-
Cash Flow From Operations (CFFO)	4.3	3.0	+43.9%	-
CAPEX (2)	3.7	3.0	+21.4%	-
Net financial debt	24.2	22.5	1.8 vs Dec. 31, 2020	

(1) *Organic variation: gross variation without scope and foreign exchange effect.*
(2) *Net of DBSO (Develop, Build, Share & Operate) and tax equity proceeds.*

(1) Some FY 2021 guidance assumptions have been updated in July 2021 reflecting H1 2021 performance (re-assessment of the extreme weather event impact in Texas in February, high levels of availability for Belgian nuclear assets, colder than average temperature in France) and with an updated view for the full year: market commodity prices as of June 30, 2021; average forex rates for FY 2021: €/$: 1.20; €/BRL: 6.28; up to €0.1 billion dilution effect at the EBIT level from c. €2.5 billion disposals; no major deterioration in the pattern of Covid restrictions experienced in H1 2021. The other initial guidance main assumptions remain unchanged: average temperature in France for H2 2021; full pass through of supply costs in French regulated gas tariffs; no major regulatory or macro-economic changes; no change in Group accounting policies; no 'discontinued operations' accounting.
(2) Cash flow from operations: Free Cash Flow before maintenance Capex.
(3) Variations vs. H1 2020.

1.1.1. 2021 Guidance upgraded

The basis used to determine the objectives and the underlying assumptions are presented in section 6 "Outlook" of this activity report.

Taking into account the strong performance in H1 together with an updated view for the full-year, ENGIE is upgrading its guidance for 2021.

Operational performance has been robust. ENGIE's integrated business model and local system play have enabled the Group to largely offset the impact of the Texas extreme weather event in February, and the Belgian nuclear assets have delivered high levels of availability. In addition, a combination of colder weather in France in the first half, and favorable evolution in power prices (in Belgium and France) are also expected to contribute to a stronger financial performance than previously anticipated.

As a result, ENGIE now expects net recurring income Group share in the range of €2.5 to 2.7 billion, based on indicative 2021 EBITDA range of €10.2 to 10.6 billion and EBIT range of €5.5 to 5.9 billion.

Driven by significant growth opportunities, particularly in Renewables, Energy Solutions, and international networks, as indicated in May, ENGIE expects growth investment of between €15 to 16 billion in the 2021 to 2023 period. The Group now expects this growth Capex to be more evenly phased across this period, with 2021 growth Capex expected to be around €5 billion.

Regarding disposals, ENGIE remains focused on executing €9 to €10 billion of disposals to simplify the Group at pace, across 2021 to 2023. ENGIE now expects FY 2021 disposals of around €2.5 billion with a related EBIT dilution of up to €0.1 billion.

ENGIE remains committed to a strong investment grade credit rating, and continues to target a ratio of below or equal to 4.0x economic net debt to EBITDA, over the long-term.

The Group reaffirms the dividend policy, with a 65% to 75% payout ratio based on NRIgs. As a reminder, the Group introduced a dividend floor at €0.65 per share for the 2021-2023 period.

1.2 Delivering on the strategic plan

New organisational structure for a simpler ENGIE launched

In line with the planned timetable, the new organisational structure came into effect on July 1, 2021, comprising four Global Business Units (GBUs): Renewables, Energy Solutions, Networks, Thermal & Supply. These four GBUs, which reflect the Group's core businesses, have accountability for their respective financial and operational performance.

Regional hubs have also been established for coordinating entities at the country level, managing the Group's local stakeholders, and leveraging synergies across activities through pooling support functions. This new structure will bring more efficiency in the management of the Group, with increased focus on core businesses.

Strong progress on Group simplification and disposal plan

On July 1, ENGIE announced the creation of EQUANS, a separate division within ENGIE, with its new management team already in place under the leadership of Jérôme Stubler.

ENGIE is now moving at pace on the next phase on the future shareholding structure. There is a strong interest in this business and the process is underway. The Group will continue to consider all options and select the best route that maximises the future growth potential and value of EQUANS. ENGIE expects to be in a position to provide an update in the second half with completion targeted in 2022.

Following the strategic review of the Group's shareholding in GTT, ENGIE completed the sale of 3.7 million GTT shares in May, representing 10% of its share capital. With this partial sale, GTT is consolidated under the equity method as from

June. Simultaneous to this, ENGIE issued €290 million zero coupon bonds exchangeable into GTT shares in 2024. In case of exchange in full of the bonds, ENGIE would retain a stake of c. 20%, down from 40% prior to this transaction.

On July 20, ENGIE closed the sale of its 60.5% stake in ENGIE EPS to Taiwanese company TCC. This transaction reduced the Group's financial net debt by c. €165 million.

In line with the strategic plan, ENGIE announced today that it has entered into an agreement to sell 11.5% of GRTgaz to Caisse des Dépôts and CNP Assurances. This agreement values the GRTgaz group's total equity at €9.8 billion for an enterprise value of €14.6 billion, implying a valuation to RAB of 148%, reflecting the long-term role of gas, which is increasingly becoming renewable, in enabling the energy transition.

Upon completion, ENGIE will hold c. 61% and continue to consolidate GRTgaz in its accounts. This transaction will reduce ENGIE's net financial debt by €1.1 billion and is expected to be completed before December 31, 2021, subject to usual approvals and authorizations.

Geographical rationalization

In line with the Group's target to rationalize its geographical footprint, ENGIE has completed exit or signed agreements to exit four countries in the first half. The Group now operates in just over 50 countries and targets to be in less than 30 countries by 2023.

Progress on carbon neutrality

ENGIE continues to progress on its coal-exit plan with exclusivity rights for the sale of the Jorge Lacerda thermoelectric complex signed with Fram Capital Energy. This complex, located in Brazil, comprises a 0.8 GW coal plant. The exclusivity agreement, originally signed February 25, 2021, has been extended to October 13, 2021.

Performance plan on track

ENGIE achieved c. €50 million net contribution at EBIT level in H1 2021 through procurement cost savings and operational actions, in particular portfolio management optimization, as well as structure optimizations in France, the UK and Spain. The Group is on track for €0.1 billion of net contribution for the full-year 2021. This is in line with the €0.6 billion net contribution target across 2021 to 2023 announced in May.

1.3 Operational and financial review

ENGIE's affiliate ENGIE Brazil Energia (EBE) reported the tragic news of an accident on July 16 involving employees of one of its subcontractors Sigdo Koppers Ingeniería y Construcción (SKIC) engaged in the execution of the 1,800 km Novo Estado power transmission line in Brazil. Seven workers tragically lost their lives in this accident and four were hospitalized. All work was immediately ceased and measures to provide support for the injured and the families of the victims were being taken by SKIC with support from EBE. A multi-disciplinary commission is analysing this tragic accident and is preparing a plan of action and updating procedures prior to the safe resumption of activities. All of ENGIE's teams thoughts are with those affected and their families.

1.3.2. Operational performance

ENGIE commissioned 1.2 GW of renewables capacity in the first half.
International networks are contributing to growth and French networks are delivering in line with expectations on gas smart meter deployment and the development of renewable gases.
Client Solutions activities benefited from a strong recovery from Covid in both Energy Solutions and EQUANS.
Thermal & Supply maintained operational excellence.
Belgian nuclear reactors delivered very high levels of availability (92% in H1 2021 vs. 66% in H1 2020).

1.3.3. Financial review

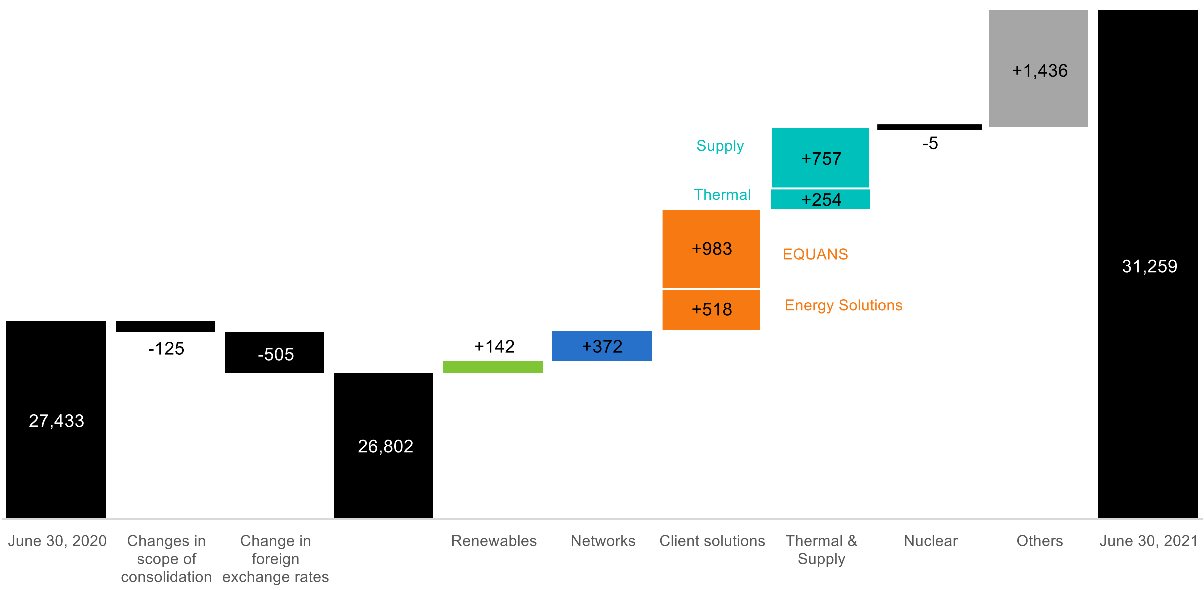
1.3.3.1. Revenues

Contributive revenues, after elimination of intercompany transactions

In millions of euros	June 30,2021	June 30,2020	% change (reported basis)	% change (organic basis)
Renewables	1,461	1,512	-3.4%	+10.8%
Networks	3,676	3,399	+8.2%	+11.2%
Client Solutions	10,908	9,474	+15.1%	+16.0%
Energy Solutions	*4,710*	*4,229*	+11.4%	+12.4%
EQUANS	*6,198*	*5,245*	+18.2%	+18.9%
Thermal	1,783	1,625	+9.7%	+16.8%
Supply	8,379	7,726	+8.5%	+9.9%
Nuclear	15	20	-24.1%	-24.1%
Others	5,036	3,676	+37.0%	+39.9%
TOTAL	**31,259**	**27,433**	**+13.9%**	**+16.7%**

Revenues trends

In millions of euros



Revenues at €31.3 billion was up 13.9% on a gross basis and up 16.7% on an organic basis.
The gross increase is slightly lower than organic growth due to negative foreign exchange effect linked to the depreciation of the US dollar and the Brazilian real against the euro.
The organic revenues increase was mainly driven by Covid recovery, primarily in Client Solutions, and the impact of colder temperature on Networks and Supply in Europe. GEM also benefited from higher commodity prices and volumes. In Renewables, revenues improved due to higher hydro prices in France and Brazil.

Renewables

Revenues for Renewables amounted to €1,461 million, down 3.4% on a reported basis and up 10.8% on an organic basis. The reported decrease includes negative foreign exchange effects mainly due to the Brazilian real. Organically, revenues increased mainly in France due to better achieved hydro prices more than compensating lower renewables volumes, in particular after an historically high Q1 2020 in wind and a dry month of April 2021 in hydro.

Networks

Revenues for Networks amounted to €3,676 million, up 8.2% on a reported basis and 11.2% on an organic basis. Reported increase included negative foreign exchange effects mainly due to the Brazilian real and the US dollar and scope out effect mainly in Turkey. Organically, French infrastructures revenues increased by €195 million mainly as a result of higher distributed volumes due to a more favorable climate compared to 2020. Outside France, revenues increased by €174 million driven by the Gralha Azul and Novo Estado power transmission line construction in Brazil.

Client Solutions

Client Solutions presented a strong growth in revenues with improvements across all core activities due to Covid recovery. Revenues amounted to €10,908 million on a reported basis. Further details on Energy Solutions and EQUANS are shown separately in the following sections.

Energy Solutions

Revenues for Energy Solutions amounted to €4,710 million, up 11.4% on a reported basis and 12.4% on an organic basis. The reported increase included negative foreign exchange effects notably due to the US dollar. Organically, activity increased significantly in France for both distributed energy infrastructure and energy efficiency services, showing a strong Covid recovery. Activities in Italy and in Asia-Pacific also experienced positive organic growth.

EQUANS

Revenues for EQUANS amounted to €6,198 million, up 18.2% on a reported basis and up 18.9% on an organic basis. The reported increase included negative foreign exchange effects notably due to the US dollar. Organically, activity increased significantly in installation activities in France, the UK and Benelux due to progressive Covid recovery.

Thermal

Revenues for Thermal amounted to €1,783 million, up 9.7% on a reported basis and up 16.8% on an organic basis. Reported increase included negative foreign exchange effects mainly due to the US dollar and Brazilan real. The organic performance was explained by increased ancillaries notably in France, the United Kingdom and Italy and positive timing effect on French capacity remuneration recognition, only partly offset by lower contribution in Chile.

Supply

Revenues for Supply amounted to €8,379 million, up 8.5% on an organic basis. The reported variation included negative foreign exchange effects notably due to the US dollar. Organically, the increase was driven by a positive volume effect on gas due to colder temperatures, positive price effects mainly in electricity, and Covid recovery.

Nuclear

Nuclear: almost no external revenues post-elimination of intercompany operations, as production is sold internally to other ENGIE businesses.

Others

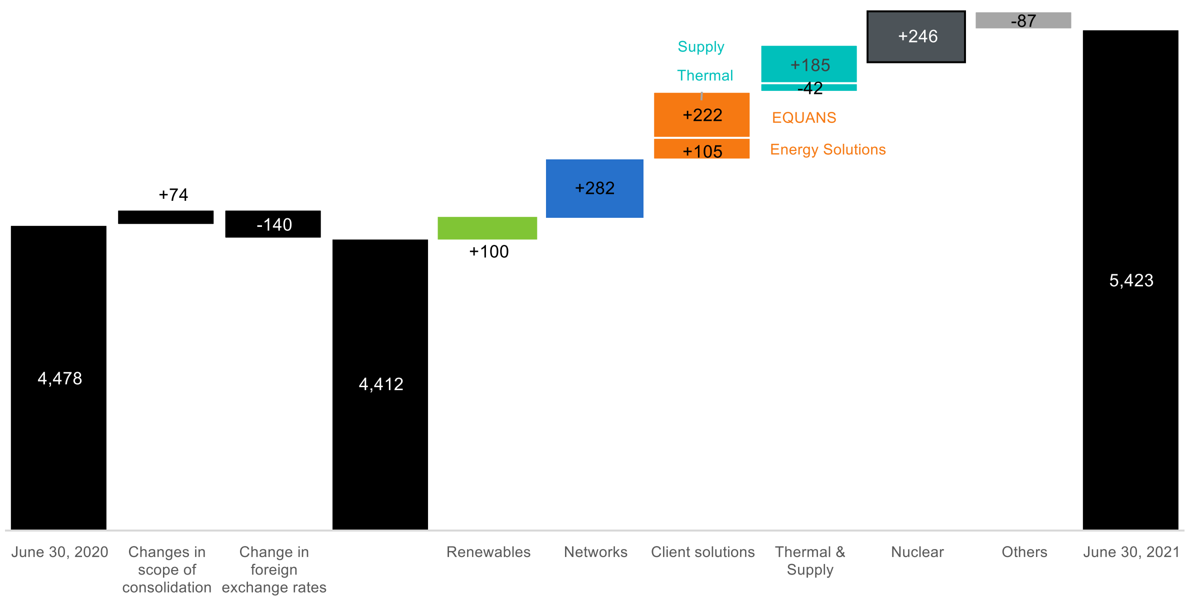
Others includes GEM, *Entreprises & Collectivités* (E&C, France BtoB Supply), GTT (equity method as from June), as well as the Group's holding and corporate activities which include the entities centralizing the Group's financing requirements.

Revenues amounted to €5,036 million. The 37.0% reported increase was mainly driven by GEM essentially impacted by increase in commodity prices combined with a growth in volumes.

1.3.3.2. EBITDA

EBITDA trends

In millions of euros



Activity/geography matrix

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30,2021
Renewables	257	98	400	(7)	26	(15)	**759**
Networks	2,030	99	255	1	18	(4)	**2,400**
Client Solutions	419	171	11	35	24	(34)	**626**
Thermal	-	262	265	19	229	(12)	**764**
Supply	208	138	33	27	(11)	(21)	**375**
Nuclear	-	402	-	-	-	-	**402**
Others	-	11	-	-	1	87	**98**
TOTAL EBIT	**2,914**	**1,181**	**964**	**75**	**287**	**1**	**5,424**

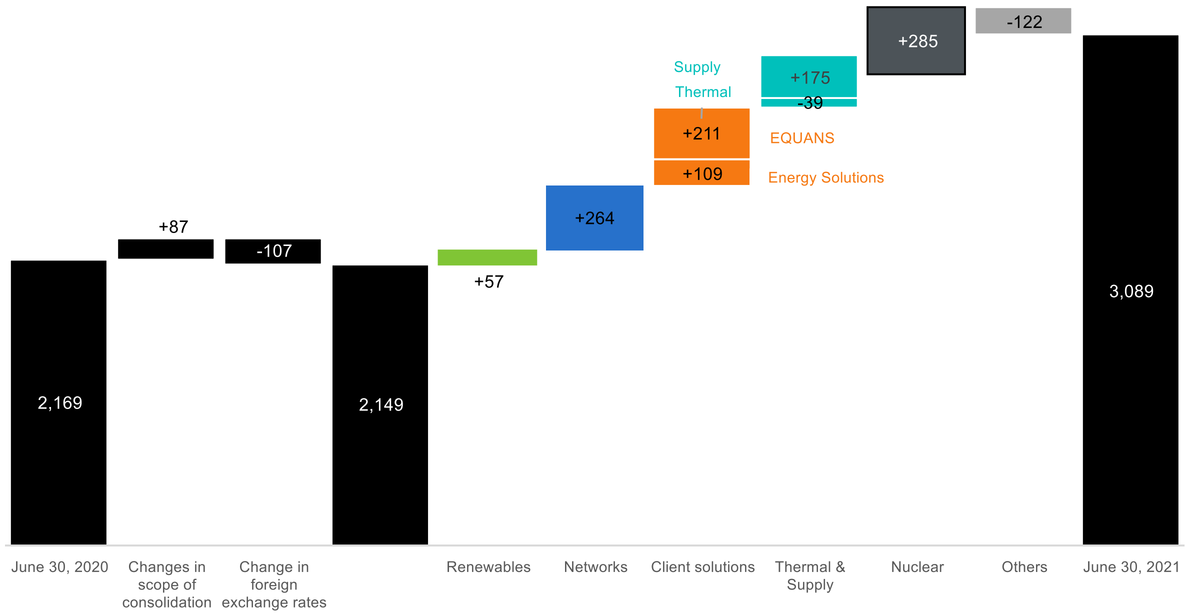
In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30,2020
Renewables	221	78	403	39	35	(29)	**747**
Networks	1,843	75	218	1	1	(3)	**2,133**
Client Solutions	227	47	4	15	18	(112)	**200**
Thermal	-	273	313	15	255	(12)	**844**
Supply	142	91	10	(12)	(35)	(8)	**190**
Nuclear	-	155	-	-	-	-	**155**
Others	-	-	-	2	14	193	**209**
TOTAL EBIT	**2,433**	**719**	**948**	**60**	**288**	**29**	**4,478**

EBITDA at €5.4 billion, up 21.1% on a gross basis and up 23.1% on an organic basis.

1.3.3.3. EBIT

EBIT trends

In millions of euros



Activity/geography matrix

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30,2021
Renewables	137	70	328	(53)	25	(16)	**492**
Networks	1,199	77	224	1	18	(4)	**1,514**
Client Solutions	223	59	1	20	15	(58)	**260**
Thermal	-	175	151	17	214	(12)	**546**
Supply	135	92	33	6	(23)	(22)	**220**
Nuclear	-	178	-	-	-	-	**178**
Others	-	11	-	-	1	(134)	**(122)**
TOTAL EBIT	**1,694**	**662**	**737**	**(9)**	**250**	**(246)**	**3,088**

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30,2020
Renewables	105	50	323	22	29	(29)	**501**
Networks	1,027	53	185	1	(1)	(3)	**1,262**
Client Solutions	36	(62)	(6)	(4)	8	(133)	**(161)**
Thermal	-	189	184	13	239	(12)	**614**
Supply	72	49	10	(33)	(46)	(8)	**44**
Nuclear	-	(107)	-	-	-	-	**(107)**
Others	-	-	-	2	14	1	**17**
TOTAL EBIT	**1,240**	**172**	**696**	**1**	**243**	**(184)**	**2,170**

EBIT at €3.1 billion was up 42.4% on a gross basis and up 44.4% on an organic basis.

- Scope: a net positive scope effect of €87 million mainly due to the sale of 29.9% of SUEZ which contributed negatively in H1 2020 and positive contributions from the hydro acquisition in Portugal in December 2020 as well as the remaining 10% of TAG. These effects were partly offset by the sale of 10% of GTT's shares, and the partial sale of solar assets in India.

- Foreign exchange: a total adverse impact of €107 million mainly driven by the depreciation of the Brazilian real and, to a lesser extent, of the US dollar.
- French temperature: compared to average, the temperature effect stood at c. €70 million, generating a positive variation of €284 million compared to a warmer than average H1 2020 across Networks, Supply and Others [1] in France.

H1 EBIT contribution by activity

In millions of euros	June 30, 2021	June 30, 2020	% change (reported basis)	% change (organic basis)	o/w temp. effect (France) vs. H1 2020
Renewables	492	501	-1.7%	+13.7%	-
Networks	1,514	1,262	+20.0%	+21.3%	176
Client Solutions	260	(161)	-	-	-
Energy Solutions	*172*	*(41)*	-	-	-
EQUANS	*89*	*(120)*	-	-	-
Thermal	546	614	-11.0%	-6.7%	-
Supply	220	44	-	-	86
Nuclear	178	(107)	-	-	-
Others	(122)	17	-	-	22
TOTAL	**3,089**	**2,169**	**+42.4%**	**+44.4%**	**284**

Renewables delivered strong operational and organic performance despite Texas extreme weather event

In millions of euros	June 30, 2021	June 30, 2020	% change (reported basis)	% change (organic basis)
EBIT	492	501	-1.7%	+13.7%
Total CAPEX	763	1,072	-28,8%	-
CNR achieved prices (€)	49	44	+13.0%	-
DBSO [(1)] Margins (EBIT level)	12	6	+6.0%	-
Operational KPIs				
Commissioning (GW at 100%)	1.2	0.9	+38.0%	-
Hydro volumes France (TWh at 100%)	8.6	8.9	-4.0%	-

(1) Develop, Build, Share and Operate.

Renewables reported a 13.7% organic EBIT increase, mainly driven by higher achieved prices in France and in Brazil for hydro production, contribution of capacity commissioned, notably in the US and progressive recovery from Covid. This positive performance helped to more than offset the impact of the Texas extreme weather event that occurred in February 2021 (c. €-90million), and lower wind and hydro volumes in France.

ENGIE commissioned 1.2 GW of renewables capacity in the first half, mainly in Western Europe, Brazil and the US and is progressing on delivering its 3 GW Renewables target for 2021, which would total 9 GW since 2019.

Additional 1.4 GW of green corporate PPAs were signed in H1, reaffirming the Group's leading position in this rapidly growing market.

In June, Ocean Winds, joint-venture with EDPR in fixed and floating offshore wind, secured a 25-year Contract for Difference for 369.5 MW awarded by the Polish Energy Regulatory Office for the B-Wind and C-Wind offshore projects in Poland. Ocean Winds, alongside with its partners, already has 4.2 GW under construction or secured.

([1]) First effects in the "Others" activities due to the transfer of Entreprises & Collectivités from "Supply" to "Others".

Networks experienced significant increase in EBIT driven by colder temperature and strong contribution from international networks

In millions of euros	June 30,2021	June 30,2020	% change (reported basis)	% change (organic basis)
EBIT	1,514	1,262	+20.0%	+21.3%
Total CAPEX	1,165	1,048	+11.2%	-
Operational KPIs				
Gas smart meters France (m)	8.1	5.6	+2.5%	-
Biomethane capacity connected in – GRDF/GRTgaz (TWh/y)	4.9	2.5	+92.0%	-
Temperature effect – France (EBIT in €m)	45	(131)	176	-

Networks reported a 21.3% organic EBIT increase.
French infrastructure EBIT was up €172 million driven by colder temperature and recovery from adverse Covid impacts in 2020. EBIT outside France was also up €92 million with higher performance in Brazil from the power transmission lines under construction and TAG, in addition to colder temperature in Romania and Germany.

French networks delivered a solid operational performance both on efficiency and on the development of renewable gases. 67 biomethane production sites have been connected to ENGIE's networks in H1 2021 leading to a total of 271 sites connected.
Over 1 million gas smart meters were installed over the first half.
International networks also performed well, in Brazil notably with good commercial developments at TAG and construction of transmission lines over 85% completed.

Client Solutions delivered major recovery from 2020 Covid impacts and good commercial progress

In millions of euros	June 30,2021	June 30,2020	% change (reported basis)	% change (organic basis)
Revenues	10,908	9,474	+15.1%	+16.0%
Energy Solutions	*4,710*	*4,229*	*+11.4%*	*+12.4%*
EQUANS	*6,198*	*5,245*	*+18.2%*	*+18.9%*
EBIT	260	(161)	-	-
Energy Solutions	*172*	*(41)*	-	-
EQUANS	*89*	*(120)*	-	-
Total CAPEX	402	513	-21.5%	-

Energy Solutions reported a €109 million organic EBIT increase, driven by improvements in District Heating and Cooling activities notably in France, with positive climate and price conditions. Installation and energy efficiency services activities benefitted from lower Covid impacts. These positive variances were partly offset by higher costs linked to the development of innovation businesses.
The EU "Fit for 55" roadmap and green recovery programmes such as France Relance are a clear signal of how decarbonisation is set to accelerate globally, and Energy Solutions is strongly positioned to benefit from it.
ENGIE secured 100 MW new contracts for on-site low carbon energy production with industrial customers in France in the past six months.
Energy Solutions is also establishing the foundation for performance improvement with geographic rationalization exiting India, Oman and Hungary in H1. Industrialization of processes, as well as strict contract management to improve margins and strong cash focus are also key elements of performance improvement.

EQUANS EBIT was up €211 million on an organic basis. Growth was largely driven by progressive Covid recovery, mainly in France, the UK and Belgium. In addition, EQUANS also benefited from good performance in installation activities in France.
EQUANS EBIT is typically H2-weighted and supported by strong increase of order intake and higher level of backlog, 2021 EBIT is expected to be similar to 2019 levels, in the €0.35-0.45 billion range.

Thermal down mainly due to Chile and normalized contribution of merchant assets in Europe

In millions of euros	June 30, 2021	June 30, 2020	% change (reported basis)	% change (organic basis)
EBIT	546	614	-11.0%	-6.7%
Total CAPEX	99	21	-	-
Operational KPIs				
Installed capacity	62.4	63.5	-2.0%	-
Average technical availability	+87.7%	+88.9%	120 bps	-
% contracted EBIT	+72.7%	+73.1%	40 bps	-

Thermal reported a 6.7% organic EBIT decrease. This was mainly driven by the impact of higher sourcing spot prices in Chile due to lower production. The contribution of European merchant plants benefited from higher ancillaries and captured spreads. Hence, overall contribution was broadly stable due to a very good H1 2020.

Supply up driven by Covid recovery and colder temperature

In millions of euros	June 30, 2021	June 30, 2020	% change (reported basis)	% change (organic basis)
EBIT	220	44	-	-
Total CAPEX	147	166	-11.4%	-
Operational KPIs				
Number of Supply contracts (m)	19.8	19.9	-1.0%	-
Temperature effect – France (EBIT in €m)	20	(65)	86	-

Supply EBIT increased €175 million on an organic basis, mainly due to progressive recovery from Covid and colder temperature, partially compensated by negative timing and one-off effects in France as well as negative prices effects in Belgium.

Nuclear benefitted from higher achieved prices and better availability

EBIT at €178 million, represented a €285 million increase compared to 2020. The strong increase was driven by higher achieved prices at 47€/MWh in the first six months of 2021 and from better availability of Belgian nuclear reactors at 92% (vs. 66% in H1 2020). These positive effects were partially compensated by higher operating expenditures.

Amortization was lower mainly following the 2020 impairment caused by the change in lifetime assumption for Belgian nuclear reactors as well as by changes in the commodity price scenario.

Others

Others includes GEM, *Entreprises & Collectivités* (E&C, France BtoB Supply), GTT (equity method as from June), as well as the Group's corporate activities.

EBIT decreased by €139 million compared to H1 2020. GEM's contribution normalized following a particularly strong performance in H1 2020, where GEM benefited from positive one-offs and better market conditions in a context of high volatility. These negative effects were partly offset by the Covid recovery. French B2B supply activities had a higher contribution driven by Covid recovery and colder temperature. GTT's contribution also normalized and was impacted by the change of consolidation method, following the partial sale at the end of May 2021. Starting June 2021, GTT is consolidated under the equity method.

1.3.4. Comparable basis organic growth analysis

In millions of euros	June 30, 2021	June 30, 2020	% change (reported/organic basis)
Revenues	**31,259**	**27,433**	**+13.9%**
Scope effect	(47)	(173)	-
Exchange rate effect	-	(505)	-
Comparable data	**31,212**	**26,755**	**+16.7%**

In millions of euros	June 30, 2021	June 30, 2020	% change (reported/organic basis)
EBITDA	**5,423**	**4,478**	**+21.1%**
Scope effect	(33)	41	-
Exchange rate effect	-	(140)	-
Comparable data	**5,390**	**4,379**	**+23.1%**

In millions of euros	June 30, 2021	June 30, 2020	% change (reported/organic basis)
EBIT	**3,089**	**2,169**	**+42.4%**
Scope effect	(32)	55	-
Exchange rate effect	-	(107)	-
Comparable data	**3,057**	**2,117**	**+44.4%**

The calculation of organic growth aims to present comparable data both in terms of the exchange rates used to convert the financial statements of foreign companies and in terms of contributing entities (consolidation method and contribution in terms of comparable number of months). Organic growth in percentage terms represents the ratio between the data for the current year (N) and the previous year (N-1) restated as follows:

- The N-1 data is corrected by removing the contributions of entities transferred during the N-1 period or prorata temporis for the number of months after the transfer in N;
- The N-1 data is converted at the exchange rate for the period N;
- The N data is corrected with the N acquisition data or prorata temporis for the number of months prior to the N-1 acquisition.

2 OTHER INCOME STATEMENT ITEMS

The reconciliation between EBIT and Net income/(loss) is presented below:

In millions of euros	June 30, 2021	June 30, 2020	% change (reported basis)
EBIT	**3,089**	**2,169**	**+42.4%**
(+) Mark-to-Market on commodity contracts other than trading instruments	574	(257)	
(+) Non-recurring share in net income of equity method entities	(16)	(112)	
Current operating income including operating MtM and share in net income of equity method entities	**3,647**	**1,800**	**+102.6%**
Impairment losses	(201)	(62)	
Restructuring costs	(90)	(64)	
Changes in scope of consolidation	694	39	
Other non-recurring items	(33)	(12)	
Income/(loss) from operating activities	**4,016**	**1,700**	**+136.2%**
Net financial income/(loss)	(632)	(913)	
Income tax benefit/(expense)	(967)	(431)	
NET INCOME/(LOSS)	**2,418**	**356**	**+579.2%**
Net recurring income/(loss) Group share	**1,386**	**746**	
Net income/(loss) Group share	**2,343**	**24**	
Non-controlling interests	**74**	**332**	

The reconciliation between Net recurring income/(loss) Group share and Net income/(loss) Group share is presented below:

In millions of euros	June 30, 2021	June 30, 2020
Net recurring income/(loss) Group share	**1,386**	**746**
Impairment & Others	(220)	(439)
Restructuring costs	(90)	(64)
Changes in scope of consolidation	694	39
Mark-to-Market on commodity contracts other than trading instruments	574	(257)
Net income/(loss) Group share	**2,343**	**24**

Income from operating activities amounted to €4,016 million, representing an increase compared with first-half 2020, mainly due to (i) EBIT growth, (ii) unrealized gains on commodity hedges driven by price increases, (iii) gains on asset disposals, (iv) partially offset by greater impairment losses than in first-half 2020.

Income from operating activities was affected by:

- unrealized gains on commodity hedges for an amount of €574 million (versus a €257 million loss in first-half 2020), relating to net long hedged positions in an environment of sharply increasing commodity prices (*see Note 6*);
- net impairment losses of €201 million in first-half 2021 (compared with €62 million in first-half 2020), mainly relating to assets in non-strategic geographical areas and business lines (*see Note 7.1*);
- restructuring costs of €90 million (compared with €64 million in first-half 2020) (*see Note 7.2*);
- positive scope effects of €694 million, mainly relating to the disposal of 10% of ENGIE's interest in GTT's share capital and the remeasurement of the remaining 30% interest (€628 million) and a positive €98 million from the change in fair value of the earn-out related to the sale of ENGIE's liquefied natural gas (LNG) activities in 2018 (compared to €39 million in first-half 2020, mainly relating to the disposal of ENGIE's interest in Astoria 1 and 2 in the United States for a positive €105 million and the change in fair value of the earn-out related to the sale of LNG activities for a negative €71 million) (*see Note 7.3*);
- other non-recurring items for a negative €33 million (versus a negative €12 million in first-half 2020).

The **net financial loss** amounted to €632 million in first-half 2021, compared with €913 million in first-half 2020. The cost of net debt remained stable compared with first-half 2020 (*see Note 8*) and the improvement is mainly due to the positive impact of changes in the fair value of money market funds held by Synatom, as well as other financial expenses.

The **income tax expense** for first-half 2021 amounted to €967 million (€431 million expense for first-half 2020), mainly relating to the increase in income before tax.

The **effective tax rate** was down (32.2% for first-half 2021 compared with 74.6% for first-half 2020):

- mainly due to the decrease in the 2021 statutory income tax rate in France (28.40%, compared with 32.02% in 2020), the favorable change in untaxed losses, particularly in the Netherlands, Italy and Germany, and the non-taxable capital gain on the sale of GTT shares which were only partially offset by unfavorable developments in certain tax disputes and the impact of the future income tax hike adopted in the United Kingdom on deferred tax positions;
- the effective tax rate in 2020 appeared high due to a very low earnings base.

Net recurring income, Group share amounted to €1.4 billion compared to €0.7 billion in first-half 2020. This increase was mainly linked to the growth in EBIT and the decrease in the recurring effective tax rate from 38% to 34%, despite higher recurring financial charges.

Net income Group share amounted to €2.3 billion versus €0.02 billion in first-half 2020. This increase is mainly due to the improvement in net recurring income, the positive impact of the mark-to-market on commodity contracts other than trading instruments and disposals compared to the first half of 2020.

Net income attributable to non-controlling interests amounted to €74 million, compared with €332 million in first-half 2020. This decrease was primarily the result of renewable generation partnerships in the United States, that recorded unrealized losses on economic commodity hedges on net short positions in an environment of sharply increasing commodity prices.

3 CHANGES IN NET FINANCIAL DEBT

Net financial debt stood at €24.2 billion up €1.8 billion compared to December 31, 2020.

(i) capital expenditure over the period of €3.7 billion;

(ii) dividends paid to ENGIE SA shareholders (€1.3 billion) and to non-controlling interests (€0.3 billion);

(iii) other items, €1.1 billion, mainly related to foreign exchange rates and new leases;

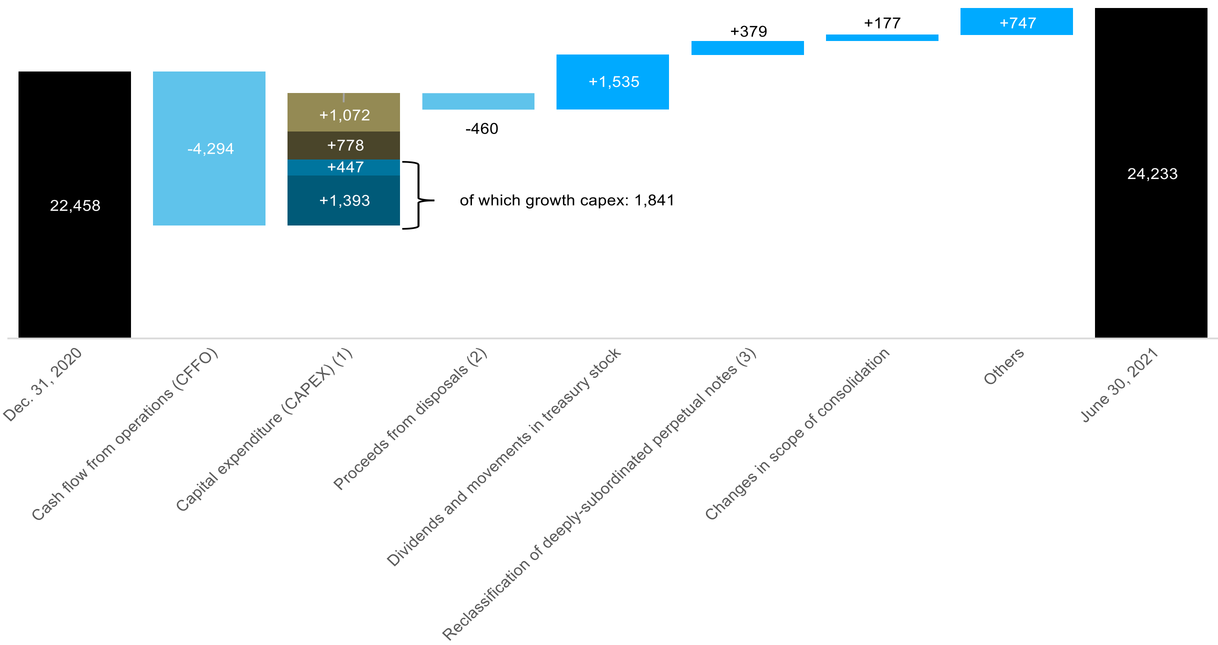
only partly offset by:

(i) Cash Flow From Operations of €4.3 billion; and

(ii) disposals of €0.3 billion.

Changes in net financial debt break down as follows:

In millions of euros



(1) *Capital expenditure net of DBSO proceeds.*
(2) *Excluding DBSO proceeds.*
(3) *See Note 11.5 "Deeply subordinated perpetual notes".*

Development CAPEX (net of DBSO)
Financial CAPEX
Change in Synatom investments
Maintenance CAPEX

The **net financial debt to EBITDA ratio** of 2.4x, was in line with the ratio at December 31, 2020. The average cost of gross debt was 2.58%, up 20bps compared with December 31, 2020.

In millions of euros	June 30, 2021	Dec. 31, 2020
Net financial debt	24,233	22,458
EBITDA (last twelve months)	10,222	9,276
NET DEBT/EBITDA RATIO	**2.37**	**2.42**

The **economic net debt to EBITDA ratio** stood at 3.7x, down 0.3x compared to December 31, 2020, and in line with the target ratio of equal to or below 4.0x.

In millions of euros	June 30, 2021	Dec. 31, 2020
Economic net debt	38,086	37,420
EBITDA (last twelve months)	10,222	9,276
ECONOMIC NET DEBT/EBITDA RATIO	**3.73**	**4.03**

3.1 Cash flow from operations (CFFO)

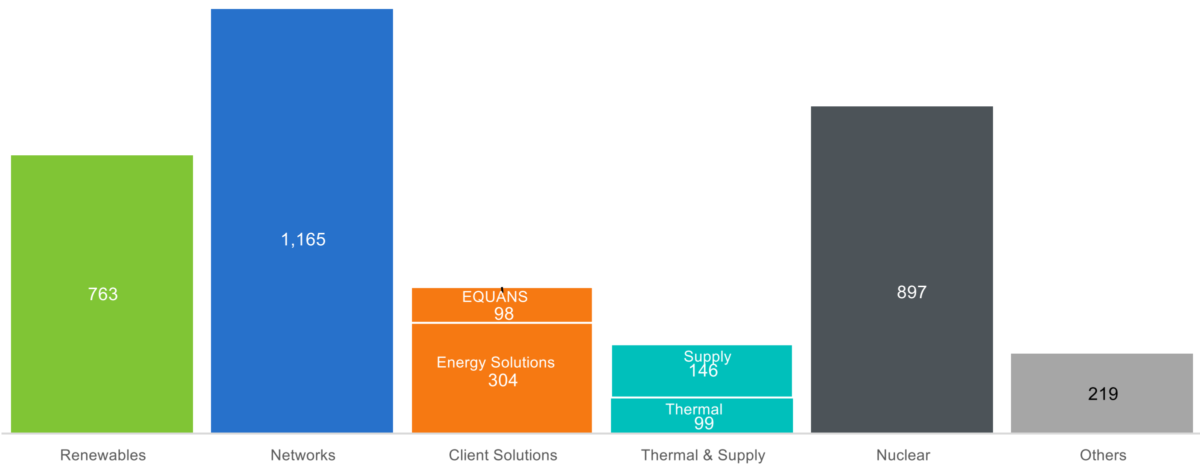
Cash flow from operations amounted to €4.3 billion, up €1.3 billion year on year. This strong increase is mainly due to EBITDA growth and the positive impact of margin calls resulting from higher commodity prices partially offset by the rise in gas prices increasing the need in working capital requirement for gas storage and client invoicing.

3.2 Net investments

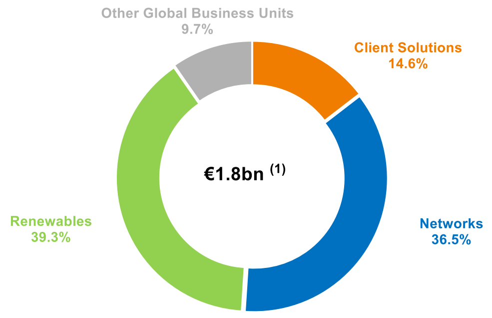
Total Capex amounted to €3.7 billion, including growth CAPEX of €1.8 billion. In line with its disciplined capital allocation, ENGIE has dedicated 90% of growth CAPEX to Renewables, Networks and Client Solutions.

Capital expenditure (CAPEX) by activity

In millions of euros



Growth capital expenditure amounted to €1,841 million, breaking down as follows by activity:



Main projects (€bn)		
Client Solutions	~	**0.3**
Networks	~	**0.7**
Brazil - Power transmission lines	~	0.3
GRDF - Smart meters + network development	~	0.3
Renewables	~	**0.7**
USA - Wind & Solar	~	0.3
Latin America - Wind & Solar	~	0.2

(1) *Net of disposals under DBSO operations, excluding Corporate, and Synatom reallocated to maintenance expenditure.*

The **geography/activity matrix** for capital expenditure is presented below:

In millions of euros	**France**	**Rest of Europe**	**Latin America**	**USA & Canada**	**Middle East, Asia & Africa**	**Others**	**June 30, 2021**
Renewables	137	129	227	220	5	6	**723**
Networks	357	36	278	-	-	-	**671**
Client Solutions	78	80	16	53	10	31	**268**
Thermal	-	(3)	9	-	(27)	4	**(17)**
Supply	34	22	-	-	12	-	**69**
Nuclear	-	-	-	-	-	-	**-**
Others	-	-	-	-	-	126	**126**
TOTAL GROWTH CAPEX	**607**	**264**	**530**	**273**	**(1)**	**167**	**1,841**

In millions of euros	**France**	**Rest of Europe**	**Latin America**	**USA & Canada**	**Middle East, Asia & Africa**	**Others**	**June 30, 2020**
Renewables	61	353	400	432	(255)	43	**1,033**
Networks	442	24	204	-	1	-	**671**
Client Solutions	51	55	-	245	8	29	**387**
Thermal	-	(2)	30	1	(71)	-	**(42)**
Supply	19	28	(1)	34	24	-	**104**
Nuclear	-	-	-	-	-	-	**-**
Others	-	-	-	-	-	74	**74**
TOTAL GROWTH CAPEX	**574**	**458**	**632**	**711**	**(294)**	**146**	**2,227**

Net investments for the period amounted to €3,707 million and include:

- growth capital expenditure for €1,841 million (see above);
- gross maintenance capital expenditure amounting to €1,072 million;
- the €778 million net increase in Synatom investments;
- new right-of-use assets recognized over the period (€299 million);
- changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries for €177 million; and
- proceeds from disposals representing an inflow of €460 million.

3.3 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €1,535 million (versus €264 million in first-half 2020), and include ENGIE's dividend payment in May for the 2020 fiscal year for €1.3 billion, dividends paid by various subsidiaries to their non-controlling interests in an amount of €0.3 billion, and the payment of interest on hybrid debt for €59 million.

3.4 Net financial debt at June 30, 2021

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2021 a total of 84% of net financial debt was denominated in euros, 10% in US dollars and 10% in Brazilian real.

Including the impact of financial instruments, 92% of net debt is at fixed rates.

The average maturity of the Group's net debt is 11.5 years.

At June 30, 2021, the Group had total undrawn confirmed credit lines of €13.1 billion.

3.5 Rating

On March 24, 2021, Fitch downgraded its long-term issuer rating to A- and maintained its short-term rating at F1, with a stable outlook.

On June 7, 2021, S&P affirmed its BBB+ long-term issuer rating and its short-term issuer rating at A-2, with a stable outlook.

On July 9, 2021, Moody’s updated its credit analysis and maintained its Baa1/P-2 senior unsecured rating, with a stable outlook.

4 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	June 30, 2021	Dec. 31, 2020	Net change
Non-current assets	**101,772**	**93,095**	**8,676**
Of which goodwill	*15,752*	*15,943*	*(191)*
Of which property, plant and equipment and intangible assets, net	*57,724*	*57,085*	*639*
Of which investments in equity method entities	*8,136*	*6,760*	*1,376*
Current assets	**85,003**	**60,087**	**24,916**
Of which assets classified as held for sale	*1,000*	*1,292*	*(292)*
Total equity	**37,391**	**33,856**	**3,535**
Provisions	26,048	27,073	(1,024)
Borrowings	38,403	37,939	465
Other liabilities	84,932	54,315	30,617
Of which liabilities directly associated with assets classified as held for sale	*236*	*488*	*(251)*

The carrying amount of **property, plant and equipment and intangible assets** was €57.7 billion, up €0.6 billion compared with December 31, 2020. This increase was primarily the result of acquisitions and development capital expenditure during the period (€3.1 billion positive impact) and foreign exchange effects (€0.6 billion positive impact relating to the appreciation of the US dollar, the Brazilian real and the pound sterling against the euro), and was partially offset by depreciation and amortization charges (€2.3 billion negative impact), changes in scope of consolidation (€0.5 billion negative impact) and impairment losses (€0.1 billion negative impact) *(see Note 10)*.

Goodwill decreased by €0.2 billion to €15.8 billion *(see Note 10)*.

Total equity amounted to €37.4 billion, up €3.5 billion on December 31, 2020. The increase stemmed mainly from other comprehensive income (€3.4 billion positive impact, including a positive €1.8 billion of cash flow hedges on commodities, a positive €1.2 billion of actuarial gains and losses, and a positive €0.7 billion of translation adjustments) and from net income for the period (€2.4 billion positive impact), partially offset by dividends paid (€1.6 billion negative impact) and operations on deeply-subordinated perpetual notes (€0.4 billion negative impact).

Provisions amounted to €26.0 billion, a decrease of €1.0 billion compared with December 31, 2020. This decrease stemmed mainly from the increase in discount rates over first-half 2021 resulting in a reduction in post-employment benefit obligations and other long-term benefits compared to December 31, 2020 (*see Note 13)*.

At June 30, 2021, assets and liabilities classified under **"Assets classified as held for sale"** and **"Liabilities directly associated with assets classified as held for sale"** comprised renewable energy assets in Mexico, the Group's interest in ENGIE EPS SA, as well as its interest in EV Charged BV (EVBox) (*see Note 2*).

5 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 22 to the consolidated financial statements for the year ended December 31, 2020 and did not change significantly in first-half 2021.

6 OUTLOOK

6.1 Guidance

6.1.1. Financial targets

The forecasts set forth below are based on data, assumptions and estimates considered to be reasonable by the Group at the date of issuance of this document.

These data and assumptions may evolve or be amended due to uncertainties related to the economic, financial, accounting, competitive, regulatory and tax environment or other factors that the Group may not be aware of at the date of registration of the management report. In addition, the fulfilment of forecasts requires the success of the Group's strategy. The Group therefore makes no commitment or warranty regarding the fulfilment of the forecasts set out in this section.

The forecasts presented below and the underlying assumptions, also been prepared in accordance with the provisions of Delegated Regulation (EU) No 2019/980 supplementing Regulation (EU) No 2017/1129 and the ESMA recommendations on forecasts.

The forecast presented below result from the budget and medium-term plan process as described in Note 13 to the consolidated financial statements for the year ended December 31, 2020; they have been prepared on a comparable basis with historical financial information and in accordance with the accounting methods applied to the Group's consolidated financial statements.

6.1.2. 2021 guidance

See section 1.1 of this management report.

6.1.3. 2023 guidance (reminder)

On May 18, 2021, as part of its Strategic Update, ENGIE communicated on its 2023 financial:

- net recurring income Group share growth until 2023, where it should stand between €2.7 and 2.9 billion, based on an indicative EBITDA range of €10.3 to 10.7 billion and EBIT of €5.7 to 6.1 billion;
- maintaining an economic net debt to EBITDA ratio of less or equal to 4 over the long term. Thus, ENGIE continues to aim for a "strong investment grade" credit rating.

6.1.4. Assumptions

6.1.4.1. Generic assumptions

- strategy: confirmation and deepening of the Group ambition to establish ENGIE as a leading force in the energy and climate transition with clear priorities, focused on operational excellence and delivery. The Group will focus on renewable energies, decentralized energy infrastructures and renewable gases, while continuing to rely on the performance of its centralized Infrastructures and Thermal generation;
- regulated tariffs in France Infrastructures:
  - distribution, transport and storage: tariffs as published by the CRE in January 2020,
  - regasification: tariffs as published by the CRE in January 2021;
- regulated gas and power tariffs in France: full pass through of supply costs;

- climate: normalized conditions in France (gas distribution and energy supply + normalized hydro, wind and solar production);
- no major accounting, regulatory and macro-economic changes compared to 2020.

6.1.4.2. 2021 specific assumtions

In addition to taking into account the results of the first half of 2021, the assumptions communicated in the 2020 Annual Financial Report have been updated as follows:

- foreign exchange rates: average FY 2021 €/BRL rate at 6.28 and €/USD rate at 1.20;
- commodity prices: based on market conditions as of June 30, 2021;
- up to €0.1bn dilution effect at the EBIT level from c. €2.5bn disposals;
- no major deterioration in the pattern of Covid restrictions experienced in H1 2021;
- recurring effective tax rate: 26%.

The financial targets are given including the contribution of EQUANS, without accounting for it as "discontinued operations" within the meaning of IFRS 5.

6.1.4.3. 2022 and 2023 specific assumptions (reminder)

- CAPEX (over the 2021-23 period): €15 to 16 billion of growth CAPEX (overall, the contribution to EBIT of these growth CAPEX should amount to €1 billion over the period); optimized maintenance CAPEX should reach €7 to 8 billion; 4 billion euros will be dedicated to the financing of Belgian nuclear provisions;
- Disposals (over the 2021-23 period): €9 to 10 billion disposals, no contribution of EQUANS in 2023;
- Foreign exchange rates: 2021 average annual €/BRL at 6.27 for 2022 and 2023 and €/USD foreign exchange rates at 1.25 and 1.26 for 2022 and 2023 respectively;
- Belgium nuclear assets availability: 93% and 88% for 2022 and 2023 respectively (rates computed on the basis of the installed capacity, assuming Doel 3 closure in October 2022 and Tihange 2 in February 2023, each representing 0.9 GW ENGIE share); contingencies on Belgian operations representing €0.15 billion and €0.12 billion for 2022 and 2023 respectively;
- commodity prices: based on market conditions as of December, 2020 (90%, 57% and 38% of European outright power is hedged at the end of March for 2021, 2022 and 2023 respectively– captured prices: €46€/MWh for 2021 and 47€/MWh for 2023 and 2023);
- recurring effective tax rate: 25% for 2022 and 26% for 2023;
- recurring net financial costs: €1.5-1.6 million per year;
- employee benefit provisions discount rates: based on market conditions as of December 31, 2020, as disclosed in Note 20 to the consolidated financial statements for the year ended December 31, 2020.

6.2 Main risks and uncertainties for the second half of 2021

The "Risk factors and control" section (Section 2) of the 2020 Universal Registration Document provides a detailed description of the risk factors to which the Group is exposed.

The risks and uncertainties relating to financial instruments and legal and anti-trust proceedings are presented in Note 12 and Note15 to the interim condensed consolidated financial statements for the six months ended June 30, 2021.

The risks and uncertainties relating to the carrying amounts of goodwill, intangible assets and property, plant and equipment are presented in Note 10 to the interim condensed consolidated financial statements for the six months ended June 30, 2021 and in Notes 13, 14 and 15 to the consolidated financial statements for the year ended December 31, 2020.

02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

In millions of euros	Notes	June 30, 2021	June 30, 2020
REVENUES	**4.2 & 5.1**	**31,259**	**27,433**
Purchases and operating derivatives	6	(19,116)	(17,486)
Personnel costs		(6,176)	(5,858)
Depreciation, amortization and provisions		(2,384)	(2,281)
Taxes		(933)	(753)
Other operating income		612	536
Current operating income including operating MtM		**3,262**	**1,590**
Share in net income of equity method entities		385	209
Current operating income including operating MtM and share in net income of equity method entities		**3,647**	**1,800**
Impairment losses	7.1	(201)	(62)
Restructuring costs	7.2	(90)	(64)
Changes in scope of consolidation	7.3	694	39
Other non-recurring items		(33)	(12)
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**7**	**4,016**	**1,700**
Financial expenses		(1,072)	(1,225)
Financial income		441	312
NET FINANCIAL INCOME/(LOSS)	**8**	**(632)**	**(913)**
Income tax benefit/(expense)	9	(967)	(431)
NET INCOME/(LOSS)		**2,418**	**356**
Net income/(loss) Group share		**2,343**	**24**
Non-controlling interests		**74**	**332**
BASIC EARNINGS/(LOSS) PER SHARE (EUROS) (1)		**0.94**	**(0.03)**
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS) (1)		**0.94**	**(0.03)**

(1) In accordance with IAS 33 – Earnings per Share, earnings per share and diluted earnings per share are based on net income/(loss) Group share after deduction of payments to bearers of deeply-subordinated perpetual notes (see Note 11.5 "Deeply-subordinated perpetual notes").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	June 30, 2021	June 30, 2020
NET INCOME/(LOSS)		**2,418**	**356**
Debt instruments	11.1	(2)	(29)
Net investment hedges	12	(125)	34
Cash flow hedges (excl. commodity instruments)	12	300	(96)
Commodity cash flow hedges	12	1,794	(169)
Deferred tax on items above		(435)	49
Share of equity method entities in recyclable items, net of tax		252	(546)
Currency translation adjustments		656	(1,283)
TOTAL RECYCLABLE ITEMS		**2,440**	**(2,041)**
Equity instruments	11.1	64	(41)
Actuarial gains and losses		1,234	(583)
Deferred tax on items above		(331)	148
Share of equity method entities in actuarial gains and losses, net of tax		-	1
TOTAL NON-RECYCLABLE ITEMS		**967**	**(475)**
TOTAL RECYCLABLE ITEMS AND NON-RECYCLABLE ITEMS		**3,406**	**(2,516)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**5,824**	**(2,160)**
Of which Group share		*5,632*	*(2,235)*
Of which non-controlling interests		*192*	*75*

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Notes	June 30, 2021	Dec. 31, 2020
Non-current assets			
Goodwill	10	15,752	15,943
Intangible assets, net	10	6,916	7,196
Property, plant and equipment, net	10	50,808	49,889
Other financial assets	11.1	10,355	9,009
Derivative instruments	11.4	8,602	2,996
Assets from contracts with customers	5	34	26
Investments in equity method entities		8,136	6,760
Other non-current assets		357	396
Deferred tax assets		811	880
TOTAL NON-CURRENT ASSETS		**101,772**	**93,095**
Current assets			
Other financial assets	11.1	2,617	2,583
Derivative instruments	11.4	32,739	8,069
Trade and other receivables, net	5	16,699	14,295
Assets from contracts with customers	5	7,584	7,738
Inventories		4,245	4,140
Other current assets		8,006	8,990
Cash and cash equivalents	11.1	12,112	12,980
Assets classified as held for sale	2.2	1,000	1,292
TOTAL CURRENT ASSETS		**85,003**	**60,087**
TOTAL ASSETS		**186,774**	**153,182**

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

LIABILITIES

In millions of euros	Notes	June 30, 2021	Dec. 31, 2020
Shareholders' equity		32,715	28,945
Non-controlling interests		4,676	4,911
TOTAL EQUITY		**37,391**	**33,856**
Non-current liabilities			
Provisions	13	23,883	24,876
Long-term borrowings	11.2 & 11.3	29,864	30,092
Derivative instruments	11.4	9,194	3,789
Other financial liabilities	11.2	76	77
Liabilities from contracts with customers	5	55	39
Other non-current liabilities		2,225	2,004
Deferred tax liabilities		5,589	4,416
TOTAL NON-CURRENT LIABILITIES		**70,887**	**65,293**
Current liabilities			
Provisions	13	2,165	2,197
Short-term borrowings	11.2 & 11.3	8,540	7,846
Derivative instruments	11.4	33,411	9,336
Trade and other payables	11.2	17,856	17,307
Liabilities from contracts with customers	5	3,922	4,315
Other current liabilities		12,366	12,545
Liabilities directly associated with assets classified as held for sale	2.2	236	488
TOTAL CURRENT LIABILITIES		**78,496**	**54,034**
TOTAL EQUITY AND LIABILITIES		**186,774**	**153,182**

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Currency translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2019	**2,435**	**31,470**	**(1,369)**	**3,913**	**(1,961)**	**(1,098)**	**(303)**	**33,087**	**4,950**	**38,037**
Net income/(loss)			24					24	332	356
Other comprehensive income/(loss)			(448)		(682)	(1,130)		(2,259)	(257)	(2,516)
TOTAL COMPREHENSIVE INCOME/(LOSS)			**(423)**		**(682)**	**(1,130)**		**(2,235)**	**75**	**(2,160)**
Share-based payment	-	-	31					31	1	32
Dividends paid in cash (1)		-	-					-	(173)	(173)
Purchase/disposal of treasury stock			(47)				46	-	-	-
Operations on deeply-subordinated perpetual notes (2)			(88)	-				(88)		(88)
Transactions between owners (3)			(13)					(13)	(237)	(250)
Share capital increases and decreases (3)								-	178	178
Normative changes		(178)	178					-		-
Other changes			3		-			3	(4)	(1)
EQUITY AT JUNE 30, 2020	**2,435**	**31,291**	**(1,727)**	**3,913**	**(2,644)**	**(2,228)**	**(256)**	**30,785**	**4,790**	**35,574**

(1) On May 14, 2020, the Shareholders' Meeting approved the resolution relating to the cancellation of the dividend for the 2019 financial year proposed by the Group in the context of the COVID crisis (see Note 13.3 "Liquidity risk" to the interim condensed consolidated financial statements for the six months ended June 30, 2020).

(2) Transactions of the period are listed in Note 12.5 "Deeply-subordinated perpetual notes" to the interim condensed consolidated financial statements for the six months ended June 30, 2020.

(3) On February 5, 2020, Elengy acquired the stake (27.5%) of Total (via its subsidiary Total Gaz Electricité Holding France – TGEHF) in Fosmax LNG. The acquisition of the shares excluding costs (€207 million) was mainly financed by a capital increase of Elengy reserved for the Société d'Infrastructures Gazières (SIG) for €185 million.

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

In millions of euros	**Share capital**	**Additional paid-in capital**	**Consolidated reserves**	**Deeply-subordinated perpetual notes**	**Changes in fair value and other**	**Currency translation adjustments**	**Treasury stock**	**Shareholders' equity**	**Non-controlling interests**	**Total**
EQUITY AT DECEMBER 31, 2020	**2,435**	**31,291**	**(3,874)**	**3,913**	**(1,719)**	**(2,850)**	**(251)**	**28,945**	**4,911**	**33,856**
Net income/(loss)			2,343					2,343	74	2,418
Other comprehensive income/(loss)			916		1,829	544		3,289	118	3,406
TOTAL COMPREHENSIVE INCOME/(LOSS)			**3,260**	**-**	**1,829**	**544**	**-**	**5,632**	**192**	**5,824**
Share-based payment	-	-	24					24	-	24
Dividends paid in cash (1)		(1,296)	-					(1,296)	(282)	(1,578)
Purchase/disposal of treasury stock			(51)				50	(2)	-	(2)
Operations on deeply-subordinated perpetual notes (2)			(75)	(363)				(438)	-	(438)
Transactions between owners (3)			(157)					(157)	157	-
Transactions with impact on non-controlling interests			-					-	(301)	(301)
Share capital increases and decreases								-	-	-
Other changes		(3,937)	3,943	-	-			6	(1)	5
EQUITY AT JUNE 30, 2021	**2,435**	**26,058**	**3,070**	**3,550**	**110**	**(2,307)**	**(202)**	**32,715**	**4,676**	**37,391**

(1) On May 20, 2021, the Shareholder's Meeting resolved that a €0.53 dividend per share would be paid for 2020.
In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.05 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2020 and that remained registered in the name of the same shareholder until the payment date of the dividend. The loyalty dividend will be capped at 0.5% of the share capital for each eligible shareholder. On May 26, 2021, the Group settled in cash (total of €1,283 million) the dividend of €0.53 per share with rights to ordinary dividends, as well as the dividend (€13 million) for shares eligible to the loyalty bonus.

(2) See Note 11.5 "Deeply subordinated perpetual notes".

(3) Mainly relates to the disposal of part of the portfolio of renewable assets in the United States.

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

STATEMENT OF CASH FLOWS

In millions of euros	Notes	June 30, 2021	June 30, 2020
NET INCOME/(LOSS)		**2,418**	**356**
- Share in net income of equity method entities		(385)	(209)
+ Dividends received from equity method entities		302	352
- Net depreciation, amortization, impairment and provisions		2,408	2,154
- Impact of changes in scope of consolidation and other non-recurring items		(694)	(27)
- Mark-to-market on commodity contracts other than trading instruments		(574)	257
- Other items with no cash impact		(137)	(37)
- Income tax expense	9	967	431
- Net financial income/(loss)	8	632	913
Cash generated from operations before income tax and working capital requirements		**4,937**	**4,190**
+ Tax paid		(282)	(235)
Change in working capital requirements		**(42)**	**(733)**
CASH FLOW FROM OPERATING ACTIVITIES		**4,613**	**3,221**
Acquisitions of property, plant and equipment and intangible assets	10	(2,664)	(2,467)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	2 & 11	(70)	(303)
Acquisitions of investments in equity method entities and joint operations	2 & 11	(292)	(283)
Acquisitions of equity and debt instruments	11	(949)	111
Disposals of property, plant and equipment, and intangible assets	10	37	56
Loss of controlling interests in entities, net of cash and cash equivalents sold	2 & 11	312	135
Disposals of investments in equity method entities and joint operations	2 & 11	-	512
Disposals of equity and debt instruments	11	25	11
Interest received on financial assets		(13)	39
Dividends received on equity instruments		4	40
Change in loans and receivables originated by the Group and other	2 & 11	107	(227)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(3,503)**	**(2,376)**
Dividends paid (1)		(1,534)	(264)
Repayment of borrowings and debt		(2,642)	(4,458)
Change in financial assets held for investment and financing purposes		239	(278)
Interest paid		(327)	(349)
Interest received on cash and cash equivalents		16	33
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		(65)	(27)
Increase in borrowings		2,230	7,645
Increase/decrease in capital		7	179
Purchase and/or sale of treasury stock		(2)	-
Changes in ownership interests in controlled entities	10	(25)	(225)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(2,099)**	**2,257**
Effects of changes in exchange rates and other		121	(338)
TOTAL CASH FLOW FOR THE PERIOD		**(868)**	**2,763**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**12,980**	**10,519**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**12,112**	**13,282**

(1) *The line "Dividends paid" includes the coupons paid to owners of deeply-subordinated perpetual notes for an amount of €59 million at June 30, 2021 (€88 million at June 30, 2020).*

NB: *The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.*

03 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE ENGIE GROUP

ENGIE SA, the parent company of the Group, is a French société anonyme with a Board of Directors and is subject to the provisions of Book II of the French Commercial Code (Code de Commerce), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years. It is governed by current and future laws and by regulations applicable to sociétés anonymes and its bylaws.

The Group is headquartered at 1, place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels and Luxembourg Stock Exchanges.

On July 29, 2021, the Group's Board of Directors approved and authorized for issue the interim condensed consolidated financial statements of the Group and its subsidiaries for the six months ended June 30, 2021.

NOTE 1 ACCOUNTING STANDARDS AND METHODS

1.1 Accounting standards

In accordance with the European Regulation on international accounting standards dated July 19, 2002, the Group's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union [1]. The Group's interim condensed consolidated financial statements for the six months ended June 30, 2021 were prepared in accordance with the provisions of IAS 34 – *Interim Financial Reporting*, which allows entities to present selected explanatory notes. These do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2020, subject to specific provisions relating to the preparation of interim condensed consolidated financial statements as described hereafter (*see Note 1.3*).

The accounting principles used to prepare the Group's interim condensed consolidated financial statements are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2020, apart from the following developments in IFRS presented in section 1.1.1.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2021

- Amendments to IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: Recognition and Measurement; IFRS 7 – Financial Instruments: Disclosures; IFRS 4 – Insurance Contracts and IFRS 16 – Leases: Interest Rate Benchmark Reform (phase 2).
  The Group elected to early adopt these amendments, as indicated in Note 17.1.5.2 to the consolidated financial statements for the year ended December 31, 2020.

- Amendments to IFRS 16 – *Leases*: Covid-19-related rent concessions beyond June 30, 2021 [2].
  Due to their publication date and the European Commission's endorsement timetable, these amendments are not applicable in the Group's interim condensed consolidated financial statements.

(1) Available on the European Commission's website:
https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32002R1606&from=EN
(2) These standards and amendments have not yet been adopted by the European Union.

1.1.2 IFRS standards, amendments or IFRIC interpretations applicable after 2021 that the Group has elected not to early adopt

- IFRS 17 – Insurance Contracts (including amendments) (1);
- Amendments to IAS 1 – *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (1);
- Amendments to IAS 16 – *Property, Plant and Equipment*: Proceeds before Intended Use;
- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts: Cost of Fulfilling a Contract;
- Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 – *Making Materiality Judgments*: Disclosure of Accounting Policies (1);
- Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates (1);
- Amendments to IAS 12 – *Income taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1);
- Annual improvements to IFRSs – 2018-2020 cycle.

The impact of these standards and amendments is currently being assessed.

1.2 Use of estimates and judgment

1.2.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

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

Accounting estimates are made in a context that remains sensitive to energy market developments, therefore making it difficult to apprehend medium-term economic prospects.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements for the six months ended June 30, 2021 relate mainly to:

- measurement of the recoverable amounts of goodwill, property, plant and equipment and intangible assets, and, in the context of COVID, factoring in the uncertainty in measuring these recoverable amounts and their sensitivity to potential changes in key assumptions (*see Note 7.1 "Impairment losses" and Note 10 "Goodwill, property, plant and equipment and intangible assets"*);

- measurement of the fair value of financial assets and liabilities, and, in the context of COVID, factoring in the uncertainty surrounding the key assumptions used, mainly as regards the estimation of future cash flows (*see Note 11 "Financial instruments"*);

(1) These standards and amendments have not yet been adopted by the European Union.

- measurement of provisions, particularly for back-end of nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits (see Note 13 “Provisions”);
- measurement of the fair value of assets acquired and liabilities assumed in a business combination (*see Note 2 “Main changes in Group structure”*);
- measurement of unmetered revenues (energy in the meter), for which the valuation techniques have been impacted by changes in certain customers' consumption habits (*see Note 5 “Revenues”*);
- measurement of recognized tax loss carry-forwards, taking into account, where applicable, in the context of COVID, taxable income revisions and projections (*see Note 9 “Income tax expense”*).

Additional information on the use of these estimates is provided in the relevant Notes to the consolidated financial statements for the year ended December 31, 2020.

1.2.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting treatment for certain activities and transactions, especially when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in:

- assessing the type of control;
- determining whether arrangements contain leases;
- determining how revenues are recognized for distribution or transmission services invoiced to customers;
- identifying the performance obligations of sales contracts;
- determining operating and reportable segments following the Group’s reorganization (*see Note 4 “Segment information”*);
- identifying “own use contracts” as defined by IFRS 9 within non-financial purchase and sale contracts (electricity, gas, etc.).

In the context of the COVID crisis, the Group also exercised judgment in assessing:

- the existence of a trigger event potentially leading to an impairment loss on goodwill, property, plant and equipment and/or intangible assets;
- expected credit losses, mainly in order to update probabilities of default and other inputs in an uncertain context;
- the impacts on risks related to financial instruments, mainly liquidity risk and trends in interest rate, commodities and exchange rate markets;
- the consequences on hedging, particularly with regard to maintaining the highly probable aspect of the hedged item;
- the application of enforceable rights and obligations associated with customer contracts, mainly with regard to future payment receipt probabilities and the recognition of revenue over time.

In accordance with IAS 1, the Group's current and non-current assets and liabilities are presented separately in the consolidated statement of financial position. In view of most of the Group's activities, it has been considered that the criterion to be retained for the breakdown into current and non-current items is the term in which assets are expected to be realized, or liabilities extinguished: current if the term is shorter than 12 months and non-current if the term exceeds 12 months.

1.3 Specificities of interim financial reporting

1.3.1 Seasonality of operations

The Group's operations are intrinsically subject to seasonal fluctuations, but key performance indicators and operating income are influenced even more by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2021 are not necessarily indicative of those that may be expected for full-year 2021.

1.3.2 Income tax expense

Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to the taxable income for the interim period, with the exception of significant exceptional items. Significant exceptional items, if any, are recognized using their specific applicable taxation.

1.3.3 Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events that have occurred during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (benchmark used to determine the discount rate) and the actual return on plan assets.

NOTE 2 MAIN CHANGES IN GROUP STRUCTURE

2.1 Disposals carried out in first-half 2021

2.1.1 Impact of the main disposals and sale agreements in the period

As part of the presentation of its new strategy, the Group confirmed on May 18, 2021 a significant increase to its asset portfolio rotation program which, in the medium term, could represent a budget of around €9 billion to €10 billion.

The table below shows the impact of the main disposals and sale agreements of first-half 2021 on the Group's net debt, excluding partial disposals with respect to DBSO [(1)] activities:

In millions of euros	**Disposal price**	**Reduction in net debt**
Disposal of a share of ENGIE's interest in GTT – France	247	52
Other disposals that are not material taken individually	213	231
TOTAL	**460**	**283**

Disposals in the process of completion at June 30, 2021 are described in Note 2.2 "Assets held for sale" and other significant strategic reviews underway are described in Note 2.3 "Other planned transactions".

2.1.2 Disposal of a portion of ENGIE's interest in French company Gaztransport & Technigaz SA ("GTT")

On November 13, 2020, ENGIE announced that it was beginning a strategic review of its interest in GTT, in which the Group held a 40.4% interest and which was fully consolidated.

On May 26, 2021, the Group announced that it had completed the sale of a portion of its interest in GTT representing 10% of GTT's share capital at a price of €67 per share and the simultaneous issue of a €290 million zero coupon bond exchangeable for GTT shares with a maturity of three years and an exchange price of €78.25, representing a 20% premium above the placing price of the concurrent sale of GTT shares.

Prior to this disposal of a portion of its interest, the Group exercised de facto control over GTT since it held the majority of seats on the Board of Directors and owing to the widely dispersed shareholding structure and the absence of evidence of shareholders acting in concert. As a result, it held the relative majority of the voting rights exercised at shareholders' meetings (*see Note 2.2 "Significant judgments exercised when assessing control"* to the consolidated financial statements for the year ended December 31, 2020).

The transaction, which was accompanied by the immediate resignation of two directors whose appointment had been proposed by ENGIE, has resulted in the loss of ENGIE's majority of seats on the Board of Directors and a dilution in the percentage of the voting rights of the Group, which no longer exercises de facto control. Consequently, following the disposal, ENGIE considers that it now exercises only significant influence and therefore accounts for its residual 30.4% interest in GTT using the equity method.

The effects of the transaction have reduced the Group's net financial debt by €52 million (after deduction of the net cash held by GTT). The disposal gain before tax, including the revaluation gain on the remaining interest, amounted to €628 million in first-half 2021.

(1) Develop, Build, Share and Operate, a model used in renewable energies based on continuous rotation of capital employed.

2.2 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €1,000 million and €236 million, respectively, at June 30, 2021.

In millions of euros	Jun. 30, 2021	Dec. 31, 2020
Property, plant and equipment, net and intangible assets	576	992
Other assets	423	299
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**1,000**	**1,292**
Borrowings and debt	38	297
Other liabilities	198	190
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**236**	**488**

"Assets classified as held for sale" at June 30, 2021 corresponds to renewable energy assets in Mexico (the sale of which is highly probable but remains subject to various approvals being obtained), the Group's interest in ENGIE EPS SA and the Group's interest in EV Charged BV (EVBox), for which the plan to sell the majority of the Group's shares was announced in December 2020. These transactions are expected to be completed in second-half 2021. Given the expected capital gains from the disposals, no significant value adjustment has been recorded.

The assets related to renewable energy in India recorded as "Assets classified as held for sale" at December 31, 2020 were sold in first-half 2021.

2.3 Other planned transactions

As part of its asset portfolio rotation program, the Group has begun a strategic review of its Client Solutions assets with a view to maximizing their value and strengthening their leadership positions to seize future growth opportunities thanks to a consistent scope and appropriate organization, taking into account three main criteria: business model, business type and potential for development in each geographical area. This strategic review will result in:

- the preservation of businesses focused on the production of low-carbon energy, energy infrastructure and related services providing sophisticated, integrated and large-scale solutions for cities, communities and industries;
- the creation of a new entity with a leadership position in asset-light businesses and related services, aimed at eventually becoming independent from ENGIE. This entity, named EQUANS, is focused on two business models: design and construction projects and recurring operating/maintenance services. It will operate in France, the United Kingdom, Benelux, certain countries in Central and Eastern Europe, the United States, Latin America and Australia;
- the disposal of other, smaller Client Solutions businesses that do not fall within these two scopes.

Given the status of these strategic reviews at June 30, 2021, the conditions for reclassifying the assets in question as "Assets classified as held for sale" have not been met.

2.4 Acquisitions carried out in first-half 2021

In total, acquisitions carried out in first-half 2021 had an impact of €0.4 billion on net financial debt.

NOTE 3 FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION

The purpose of this note is to present the main non-GAAP financial indicators used by the Group as well as their reconciliation with the indicators of the IFRS consolidated financial statements.

3.1 EBITDA

The reconciliation between EBITDA and current operating income including operating MtM and share in net income of equity method entities is as follows:

In millions of euros	June 30, 2021	June 30, 2020
Current operating income including operating MtM and share in net income of equity method entities	**3,647**	**1,800**
Mark-to-market on commodity contracts other than trading instruments	(574)	257
Net depreciation and amortization/Other	2,310	2,282
Share-based payments (IFRS 2)	25	28
Non-recurring share in net income of equity method entities	16	112
EBITDA	**5,423**	**4,478**

3.2 EBIT

The Group's main performance indicator, formerly "Current operating income (COI)", has been renamed "EBIT" to bring it in line with market practice. There is no change in its definition or calculation.

The reconciliation between EBIT and current operating income including operating MtM and share in net income of equity method entities is as follows:

In millions of euros	June 30, 2021	June 30, 2020
Current operating income including operating MtM and share in net income of equity method entities	**3,647**	**1,800**
Mark-to-market on commodity contracts other than trading instruments	(574)	257
Non-recurring share in net income of equity method entities	16	112
EBIT	**3,089**	**2,169**

3.3 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

The reconciliation of net income/(loss) with net recurring income Group share is as follows:

In millions of euros	Notes	June 30, 2021	June 30, 2020
NET INCOME/(LOSS) GROUP SHARE		**2,343**	**24**
Non-controlling interests		74	332
NET INCOME/(LOSS)		**2,418**	**356**
Reconciliation items between CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF EQUITY METHOD ENTITIES and INCOME/(LOSS) FROM OPERATING ACTIVITIES		**(369)**	**100**
Impairment losses	*7.1*	*201*	*62*
Restructuring costs	*7.2*	*90*	*64*
Changes in scope of consolidation	*7.3*	*(694)*	*(39)*
Other non-recurring items		*33*	*12*
Other adjusted items		**(353)**	**635**
Mark-to-market on commodity contracts other than trading instruments		*(574)*	*257*
Ineffective portion of derivatives qualified as fair value hedges	*8*	*1*	*(1)*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*8*	*-*	*16*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*8*	*31*	*149*
Non-recurring income/(loss) from debt instruments and equity instruments	*8*	*(125)*	*134*
Other adjusted tax impacts		*299*	*(32)*
Non-recurring income/(loss) included in share in net income of equity method entities		*16*	*112*
NET RECURRING INCOME		**1,695**	**1,091**
Net recurring income attributable to non-controlling interests		309	345
NET RECURRING INCOME GROUP SHARE		**1,386**	**746**

3.4 Industrial capital employed

The reconciliation of industrial capital employed with items in the statement of financial position is as follows:

In millions of euros			June 30, 2021	Dec. 31, 2020
(+)		Property, plant and equipment and intangible assets, net	57,724	57,085
(+)		Goodwill	15,752	15,943
	(-)	*Goodwill Gaz de France - SUEZ and International Power (1)*	*(7,504)*	*(7,472)*
(+)		IFRS 16 and IFRIC 12 receivables	2,340	1,827
(+)		Investments in equity method entities	8,136	6,760
	(-)	*Goodwill arising on the International Power combination (1)*	*(37)*	*(141)*
(+)		Trade and other receivables, net	16,699	14,295
	(-)	*Margin calls (1) (2)*	*(3,504)*	*(1,585)*
(+)		Inventories	4,245	4,140
(+)		Assets from contracts with customers	7,618	7,764
(+)		Other current and non-current assets	8,363	9,386
(+)		Deferred tax	(4,779)	(3,536)
	(+)	*Cancellation of deferred tax on other recyclable items (1)*	*(44)*	*(543)*
(-)		Provisions	(26,048)	(27,073)
	(+)	*Actuarial gains and losses in shareholders' equity (net of deferred tax) (1)*	*3,652*	*4,553*
(-)		Trade and other payables	(17,856)	(17,307)
	(+)	*Margin calls (1) (2)*	*2,156*	*982*
(-)		Liabilities from contracts with customers	(3,978)	(4,354)
(-)		Other current and non-current liabilities	(14,659)	(14,579)
INDUSTRIAL CAPITAL EMPLOYED			**48,279**	**46,146**

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(2) Margin calls included in "Trade and other receivables, net" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to manage counterparty risk on commodity transactions.

3.5 Cash flow from operations (CFFO)

The reconciliation of cash flow from operations (CFFO) with items in the statement of cash flows is as follows:

In millions of euros	June 30, 2021	June 30, 2020
Cash generated from operations before income tax and working capital requirements	4,937	4,190
Tax paid	(282)	(235)
Change in working capital requirements	(42)	(733)
Interest received on non-current financial assets	(13)	39
Dividends received on non-current financial assets	4	40
Interest paid	(327)	(349)
Interest received on cash and cash equivalents	16	33
CASH FLOW FROM OPERATIONS (CFFO)	**4,294**	**2,984**

3.6 Capital expenditure (CAPEX) and growth CAPEX

The reconciliation of capital expenditure (CAPEX) and growth CAPEX with items in the statement of cash flows is as follows:

In millions of euros	June 30, 2021	June 30, 2020
Acquisitions of property, plant and equipment and intangible assets	2,664	2,467
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	70	303
(+) Cash and cash equivalents acquired	*(4)*	*36*
Acquisitions of investments in equity method entities and joint operations	292	283
Acquisitions of equity and debt instruments	949	(111)
Change in loans and receivables originated by the Group and other	(107)	227
(+) Other	-	*(1)*
Change in ownership interests in controlled entities	25	225
(-) Disposal impacts relating to DBSO & DBOO (1) partnerships	(199)	(387)
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,691**	**3,041**
(-) Maintenance CAPEX	(1,072)	(980)
(-) Synatom investments	(778)	166
TOTAL GROWTH CAPEX	**1,841**	**2,227**

(1) Develop, Build, Share & Operate and Develop, Build, Own & Operate; including tax equity financing received.

3.7 Net financial debt

The reconciliation of net financial debt with items in the statement of financial position is as follows:

In millions of euros	Notes	June 30, 2021	Dec. 31, 2020
(+) Long-term borrowings	11.2 & 11.3	29,864	30,092
(+) Short-term borrowings	11.2 & 11.3	8,540	7,846
(+) Derivative instruments carried in liabilities	11.4	42,605	13,115
(-) Derivative instruments hedging commodities and other items		*(42,249)*	*(12,762)*
(-) Other financial assets	11.1	(12,972)	(11,599)
(+) Loans and receivables at amortized cost not included in net financial debt		*5,166*	*4,710*
(+) Equity instruments at fair value		*1,862*	*1,668*
(+) Debt instruments at fair value not included in net financial debt		*4,089*	*3,134*
(-) Cash and cash equivalents	11.1	(12,112)	(12,980)
(-) Derivative instruments - carried in assets	11.4	(41,341)	(11,065)
(+) Derivative instruments hedging commodities and other items		*40,782*	*10,299*
NET FINANCIAL DEBT	11.3	**24,233**	**22,458**

3.8 Economic net debt

Economic net debt is as follows:

In millions of euros	Notes	June 30, 2021	Dec. 31, 2020
NET FINANCIAL DEBT	11.3	**24,233**	**22,458**
Provisions for back-end of the nuclear fuel cycle		7,887	7,948
Provisions for dismantling of plant and equipment		7,886	7,604
Provisions for site rehabilitation		246	238
Post-employment benefit – Pension		2,438	3,174
(-) Infrastructures regulated companies		*(149)*	*(351)*
Post-employment benefit - Reimbursement rights		(187)	(187)
Post-employment benefit - Other benefits		5,269	5,732
(-) Infrastructures regulated companies		*(3,289)*	*(3,602)*
Deferred tax assets for pension and related obligations		(1,751)	(2,061)
(-) Infrastructures regulated companies		*814*	*947*
Plan assets relating to nuclear provisions, inventories of uranium and a receivable of Electrabel towards EDF Belgium		(5,311)	(4,479)
ECONOMIC NET DEBT		**38,086**	**37,420**

NOTE 4 SEGMENT INFORMATION

4.1 Reorganization of ENGIE and modification of segment information

A new Executive Committee was appointed on February 1, 2021, whose responsibilities are aligned with the strategic priorities presented by the Group in July 2020 and reflect ENGIE's decision to organize the Group around its four strategic activities: Renewables, Networks, Thermal & Supply and Client Solutions. Following discussions with the employee representative bodies in the first half of the year, the operational implementation of a reorganization into Global Business Units (GBUs) in line with these activities began. Within client solutions operations, asset-light activities, which are intended to become independent of ENGIE in the long term, are grouped together under the "EQUANS" sub-group (see *Note 2.3 "Other planned transactions"*), while the other retained activities make up the "Energy Solutions" GBU.

Since taking office, the Group Executive Committee, which is the chief operating decision maker within the meaning of IFRS 8 – *Operating Segment*, has steered operational and financial performance and allocated resources within the Group by activity underlying the GBUs. As a result, these activities now correspond to "operating segments" and "reportable segments" within the meaning of IFRS 8.

This change has led to a shift in the Group's segment reporting towards the activities' key focuses. However, as 2021 is considered to be a transitional year, the former operational organization by geographical Business Units will remain in place for the time being and will constitute a secondary focus of the Group's segment reporting.

The relationship between the old and new segments is as follows:

	New organization							
	GBU and Segment	*GBU and Segment*	*GBU and Segment*	*Segment*	*GBU* *Segment*	*GBU* *Segment*	*Segment*	*Segment*
			Client Solutions					
Former organization	Renewables	Networks	Energy Solutions	EQUANS	Thermal	Supply	Nuclear	Others
France excluding Infrastructures	X		X	X		X		
France Infrastructures		X						
Rest of Europe	X	X	X	X	X	X	X	
Latin America	X	X		X	X	X		
USA & Canada	X		X	X	X	X		
Middle East, Asia & Africa	X		X	X	X	X		
Others			X					X

4.2 Information by reportable segment

4.2.1 Definition of reportable segments

The reportable segments are identical to the operating segments, and correspond to the activities underlying the organization into GBUs:

- **Renewables**: comprises all centralized renewable energy generation activities, including financing, construction, operation and maintenance of renewable energy facilities, using various energy sources such as hydroelectric, onshore wind, photovoltaic solar, biomass, offshore wind, and geothermal. The energy produced is fed into the grid and sold either on the open or regulated market or to third parties through electricity sale agreements.
- **Networks**: comprises the Group's electricity and gas infrastructure activities and projects. These activities include the management and development of (i) gas and electricity transportation networks and natural gas distribution networks in and outside of Europe, (ii) natural gas underground storage in Europe, and (iii) regasification infrastructure in France and Chile. Apart from the historical infrastructure management activities, its asset portfolio

also contributes to the challenges of energy decarbonization and network greening (gradual integration of green gas, hydrogen-based projects, etc.).

- **Client Solutions**:
  - **Energy Solutions**: encompasses the construction and management of decentralized energy networks to produce low-carbon energy (heating and cooling networks, distributed power generation plants, distributed solar power parks, low-carbon mobility, low-carbon cities and public lighting, etc.) and related services (energy efficiency, technical maintenance, sustainable development consulting).
  - **EQUANS**: multi-technical services for companies: design, engineering, works, operation, installation, maintenance, facility management, etc.
- **Thermal**: encompasses all the Group's centralized power generation activities using thermal assets, whether contracted or not. It includes the operation of power plants fueled mainly by gas or coal, as well as pump-operated storage plants. The energy produced is fed into the grid and sold either on the open or regulated market or to third parties through electricity sale agreements. It also includes the financing, construction and operation of desalination plants, whether or not connected to power plants.
- **Supply**: encompasses all the Group's activities relating to the sale of gas and electricity to end customers, whether professional or individual. It also includes all the Group's activities in services for residential clients.
- **Nuclear**: encompasses all of the Group's nuclear power generation activities, with seven reactors in Belgium (four in Doel and three in Tihange) and drawing rights in France.

Others encompasses energy management and optimization activities, the B2B supply activities in France of *Entreprises & Collectivités* (E&C), GTT, corporate and holding activities.

4.2.2 Key indicators by reportable segment

The data by activity according to the new segmentation correspond to the data by Business Line under the previous secondary segmentation. Some minor reallocations were made during the reorganization, marginally impacting 2020 data compared to previous publications.

Revenues

In millions of euros	June 30, 2021	June 30, 2020
Renewables	1,461	1,512
Networks	3,676	3,399
Client Solutions	10,908	9,474
Energy Solutions	*4,710*	*4,229*
EQUANS	*6,198*	*5,245*
Thermal	1,783	1,625
Supply	8,379	7,726
Nuclear	15	20
Others	5,036	3,676
TOTAL REVENUES	**31,259**	**27,433**

EBITDA

In millions of euros	June 30, 2021	June 30, 2020
Renewables	759	747
Networks	2,400	2,133
Client Solutions	626	200
Energy Solutions	*389*	*181*
EQUANS	*237*	*19*
Thermal	764	844
Supply	375	190
Nuclear	402	155
Others	98	209
TOTAL EBITDA	**5,423**	**4,478**

EBIT

In millions of euros	June 30, 2021	June 30, 2020
Renewables	492	501
Networks	1,514	1,262
Client Solutions	260	(161)
Energy Solutions	*172*	*(41)*
EQUANS	*89*	*(120)*
Thermal	546	614
Supply	220	44
Nuclear	178	(107)
Others	(122)	17
TOTAL EBIT	**3,089**	**2,169**

SHARE IN NET INCOME OF EQUITY METHOD ENTITIES

In millions of euros	June 30, 2021	June 30, 2020
Renewables	15	45
Networks	131	112
Client Solutions	55	(158)
Energy Solutions	*56*	*(158)*
EQUANS	*(1)*	-
Thermal	182	198
Supply	-	-
Nuclear	-	-
Others	3	13
TOTAL SHARE IN NET INCOME OF EQUITY METHOD ENTITIES	**385**	**209**

Associates and joint ventures accounted for €165 million and €220 million respectively of share in net income of equity method entities at June 30, 2021, compared to €10 million and €199 million at June 30, 2020.

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	June 30, 2021	Dec. 31, 2020
Renewables	10,943	10,126
Networks	23,015	23,171
Client Solutions	10,589	10,080
Energy Solutions	*6,759*	*6,332*
EQUANS	*3,830*	*3,748*
Thermal	8,682	8,587
Supply	2,193	1,148
Nuclear (1)	(12,376)	(11,829)
Others	5,233	4,863
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**48,279**	**46,146**

(1) Including €14,876 million of nuclear provisions. Capital employed does not include assets dedicated to covering provisions for €4,792 million.

CAPITAL EXPENDITURE

In millions of euros	June 30, 2021	June 30, 2020
Renewables	763	1,072
Networks	1,165	1,048
Client Solutions	402	513
Energy Solutions	*304*	*436*
EQUANS	*98*	*77*
Thermal	99	21
Supply	146	166
Nuclear	897	48
Others	219	174
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,691**	**3,042**

GROWTH CAPEX

In millions of euros	June 30,2021	June 30,2020
Renewables	723	1,033
Networks	671	671
Client Solutions	268	387
Energy Solutions	*231*	*359*
EQUANS	*38*	*28*
Thermal	(17)	(42)
Supply	69	104
Nuclear	-	-
Others	126	74
TOTAL GROWTH CAPEX	**1,841**	**2,227**

4.3 Key indicators by geographical segment

The geographic areas below come from the combination of the Group's Business Units, as described in Note 6 "Segment information" to the consolidated financial statements for the year ended December 31, 2020.

REVENUES

	June 30, 2021			June 30, 2020		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
France excluding Infrastructures	8,630	156	8,786	7,284	151	7,435
France Infrastructures	3,022	446	3,467	2,828	466	3,294
Total France	*11,651*	*602*	*12,253*	*10,112*	*617*	*10,729*
Rest of Europe	8,519	1,177	9,696	7,690	963	8,653
Latin America	2,410	-	2,410	2,294	-	2,294
USA & Canada	2,053	-	2,053	2,052	1	2,053
Middle East, Asia & Africa	1,125	1	1,126	1,127	-	1,127
Others	5,501	2,826	8,327	4,157	2,365	6,522
Elimination of internal transactions	-	(4,606)	(4,606)	-	(3,947)	(3,947)
TOTAL REVENUES	**31,259**	**-**	**31,259**	**27,433**	**-**	**27,433**

EBITDA

In millions of euros	June 30, 2021	June 30, 2020
France excluding Infrastructures	883	590
France Infrastructures	2,031	1,843
Total France	*2,914*	*2,433*
Rest of Europe	1,175	715
Latin America	965	948
USA & Canada	75	60
Middle East, Asia & Africa	292	307
Others	3	15
TOTAL EBITDA	**5,423**	**4,478**

DEPRECIATION AND AMORTIZATION

In millions of euros	June 30, 2021	June 30, 2020
France excluding Infrastructures	(392)	(373)
France Infrastructures	(832)	(816)
Total France	*(1,224)*	*(1,189)*
Rest of Europe	(515)	(541)
Latin America	(226)	(251)
USA & Canada	(85)	(58)
Middle East, Asia & Africa	(37)	(41)
Others	(222)	(201)
TOTAL DEPRECIATION AND AMORTIZATION	**(2,310)**	**(2,282)**

EBIT

In millions of euros	June 30, 2021	June 30, 2020
France excluding Infrastructures	494	212
France Infrastructures	1,200	1,027
Total France	*1,693*	*1,239*
Rest of Europe	656	168
Latin America	737	696
USA & Canada	(10)	1
Middle East, Asia & Africa	255	264
Others	(243)	(200)
TOTAL EBIT	**3,089**	**2,169**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	June 30, 2021	Dec. 31, 2020
France excluding Infrastructures	8,218	7,326
France Infrastructures	19,517	19,891
Total France	*27,735*	*27,218*
Rest of Europe	(2,033)	(1,530)
Latin America	10,317	9,494
USA & Canada	3,799	3,473
Middle East, Asia & Africa	3,055	2,690
Others	5,404	4,802
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**48,279**	**46,146**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	June 30, 2021	June 30, 2020
France excluding Infrastructures	389	253
France Infrastructures	820	787
Total France	*1,209*	*1,040*
Rest of Europe	1,231	427
Latin America	588	671
USA & Canada	297	724
Middle East, Asia & Africa	6	(297)
Others	360	477
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,691**	**3,041**

4.4 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	June 30, 2021	June 30, 2020	June 30, 2021	Dec. 31, 2020
France	13,375	10,931	30,792	30,569
Belgium	3,063	2,576	(9,731)	(9,638)
Other EU countries	5,618	4,943	6,314	5,867
Other European countries	2,608	2,092	2,754	2,848
North America	2,698	2,688	4,623	4,272
Asia, Middle East & Oceania	1,695	1,879	2,924	2,500
South America	2,027	2,064	9,763	8,918
Africa	175	259	841	810
TOTAL	**31,259**	**27,433**	**48,279**	**46,146**

Due to the variety of its businesses and their geographical location, the Group serves a very diverse range of situations and customer types (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

NOTE 5 REVENUES

5.1 Revenues

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15 (*see Note 7 "Revenues"* to the consolidated financial statements for the year ended December 31, 2020).

Revenues from other contracts, corresponding to revenues from operations that do not fall within the scope of IFRS 15, presented in the "Others" column include lease or concession income, as well as any financial component of operating services.

The table below by Global Business Unit shows a breakdown of revenues by type of accounting principles:

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Others	June 30, 2021
Renewables	-	1,285	66	64	46	**1,461**
Networks	200	21	3,065	323	67	**3,676**
Client Solutions	80	1,693	49	9,075	11	**10,908**
Energy Solutions	*76*	*1,613*	*49*	*2,949*	*23*	***4,710***
EQUANS	*4*	*81*	*-*	*6,126*	*(13)*	***6,198***
Thermal	7	1,406	155	206	9	**1,783**
Supply	3,549	4,295	52	458	25	**8,379**
Nuclear	-	2	7	12	(6)	**15**
Others	2,123	2,233	97	206	377	**5,036**
TOTAL REVENUES	**5,959**	**10,935**	**3,491**	**10,344**	**529**	**31,259**

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, O&M, FM and other services	Others	June 30, 2020
Renewables	-	1,366	29	93	24	**1,512**
Networks	157	157	2,853	200	32	**3,399**
Client Solutions	86	1,579	48	7,734	27	**9,474**
Energy Solutions	*81*	*1,499*	*48*	*2,575*	*26*	***4,229***
EQUANS	*5*	*80*	*-*	*5,160*	*-*	***5,245***
Thermal	7	1,212	138	204	64	**1,625**
Supply	2,901	4,437	46	328	14	**7,726**
Nuclear	-	3	5	10	2	**20**
Others	1,875	1,148	90	235	328	**3,676**
TOTAL REVENUES	**5,026**	**9,902**	**3,209**	**8,804**	**491**	**27,433**

5.2 Trade and other receivables, assets and liabilities from contracts with customers

5.2.1 Trade and other receivables and assets from contracts with customers

In millions of euros	June 30, 2021	Dec. 31, 2020
Trade and other receivables, net	16,699	14,295
Of which IFRS15	*7,384*	*6,897*
Of which non-IFRS15	*9,315*	*7,398*
Assets from contracts with customers	7,618	7,764
Accrued income and unbilled revenues	*6,878*	*6,754*
Energy in the meter (1)	*740*	*1,010*

(1) Net of advance payments.

Contract assets include accrued income and unbilled revenues, and delivered, un-metered and unbilled gas and electricity ("energy in the meter").

5.2.2 Liabilities from contracts with customers

	June 30, 2021			Dec. 31, 2020		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Liabilities from contracts with customers	55	3,922	3,978	39	4,315	4,354
Advances and downpayments received	*12*	*1,713*	*1,726*	*15*	*2,123*	*2,138*
Deferred revenues	*43*	*2,209*	*2,252*	*25*	*2,192*	*2,217*

NOTE 6 PURCHASES AND OPERATING DERIVATIVES

In millions of euros	June 30, 2021	June 30, 2020
Purchases and other income and expenses on operating derivatives other than trading (1)	(13,753)	(12,627)
Service and other purchases (2)	(5,362)	(4,859)
PURCHASES AND OPERATING DERIVATIVES	**(19,116)**	**(17,486)**

(1) *Of which a net income of €574 million at June 30, 2021 relating to MtM on commodity contracts other than trading (compared to a net expense of €257 million at June 30, 2020).*

(2) *Of which €89 million in lease expenses – relating to short-term leases contracts and leases with a low underlying asset value – at June 30, 2021 (compared to €87 million at June 30, 2020).*

NOTE 7 OTHER ITEMS OF INCOME/(LOSS) FROM OPERATING ACTIVITIES

7.1 Impairment losses

In millions of euros	Notes	June 30, 2021	June 30, 2020
Impairment losses:			
Goodwill	10	(83)	(2)
Property, plant and equipment and other intangible assets	10	(134)	(55)
Investments in equity method entities and related provisions		(16)	(7)
TOTAL IMPAIRMENT LOSSES		**(233)**	**(64)**
Reversal of impairment losses:			
Property, plant and equipment and other intangible assets		32	2
TOTAL REVERSALS OF IMPAIRMENT LOSSES		**32**	**2**
TOTAL		**(201)**	**(62)**

In addition to the annual impairment tests on goodwill and non-amortizable intangible assets carried out in the second half of the year, the Group also tests goodwill, property, plant and equipment, intangible assets, investments in entities accounted for using the equity method and financial assets for impairment whenever there is an indication that the asset may be impaired.

7.1.1 Impairment losses recognized during the first half of 2021

Net impairment losses recognized in first-half 2021 amounted to €201 million, primarily relating to non-strategic regions and businesses in Africa for €77 million, South America for €76 million, France for €40 million and the United States for €27 million.

Net impairment losses recognized in first-half 2020 amounted to €62 million and mainly concerned renewable assets in Chile for €35 million.

7.2 Restructuring costs

Restructuring costs totaled €90 million in first-half 2021 (€64 million in first-half 2020) and mainly included employee-related costs and other restructuring costs.

7.3 Changes in scope of consolidation

In first-half 2021, the impact of changes in the scope of consolidation amounted to a positive €694 million, and mainly comprised (i) the positive €628 million impact of the disposal of 10% of the capital of GTT and the remeasurement of the remaining 30.4%, (ii) the positive €98 million impact of the change in fair value of the earn-out related to the sale of ENGIE's liquefied natural gas (LNG) activities in 2018, and (iii) various disposals that were not material taken individually.

In first-half 2020, the impact of changes in the scope of consolidation amounted to a positive €39 million, and mainly comprised the positive impact of the sale of the Group's interests in Astoria 1 and Astoria 2 for €105 million and a negative impact of €71 million on the change in fair value of the earn-out related to the sale of ENGIE's liquefied natural gas (LNG) activities in 2018.

NOTE 8 NET FINANCIAL INCOME/(LOSS)

In millions of euros	Expense	Income	June 30, 2021	Expense	Income	June 30, 2020
Interest expense on gross debt and hedges	*(453)*	*-*	*(453)*	*(446)*	*-*	*(446)*
Cost of lease liabilities	*(20)*	*-*	*(20)*	*(24)*	*-*	*(24)*
Foreign exchange gains/losses on borrowings and hedges	*-*	*10*	*10*	*(8)*	*-*	*(8)*
Ineffective portion of derivatives qualified as fair value hedges	*(1)*	*-*	*(1)*	*-*	*1*	*1*
Gains and losses on cash and cash equivalents and liquid debt instruments held for cash investment purposes	*-*	*22*	*22*	*-*	*33*	*33*
Capitalized borrowing costs	*34*	*-*	*34*	*55*	*-*	*55*
Cost of net debt	**(440)**	**32**	**(407)**	**(422)**	**34**	**(389)**
Cash payments made on the unwinding of swaps	*(73)*	*-*	*(73)*	*-*	*-*	*-*
Reversal of the negative fair value of these early unwound derivative financial instruments	*-*	*73*	*73*	*-*	*-*	*-*
Expenses on debt restructuring transactions	*-*	*-*	*-*	*(16)*	*-*	*(16)*
Gains/(losses) on debt restructuring and early unwinding of derivative	**(73)**	**73**	**-**	**(16)**	**-**	**(16)**
Net interest expense on post-employment benefits and other long-term	*(33)*	*-*	*(33)*	*(43)*	*-*	*(43)*
Unwinding of discounting adjustments to other long-term provisions	*(343)*	*-*	*(343)*	*(268)*	*-*	*(268)*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*(34)*	*-*	*(34)*	*(148)*	*-*	*(148)*
Income/(loss) from debt instruments and equity instruments	*(4)*	*194*	*190*	*(162)*	*39*	*(123)*
Interest income on loans and receivables at amortized cost	*-*	*61*	*61*	*-*	*109*	*109*
Other	*(146)*	*81*	*(65)*	*(165)*	*130*	*(35)*
Other financial income and expenses	**(560)**	**336**	**(224)**	**(787)**	**278**	**(509)**
NET FINANCIAL INCOME/(LOSS)	**(1,072)**	**441**	**(632)**	**(1,225)**	**312**	**(913)**

The cost of net debt remained stable compared to June 30, 2020.

Income from debt and equity instruments amounted to a positive €190 million at June 30, 2021. This amount mainly includes the positive change in fair value of money market funds held by Synatom during the first half of 2021 for €118 million (negative €147 million at June 30, 2020) and the positive change in fair value of the Group's remaining interest in SUEZ for €44 million.

NOTE 9 INCOME TAX EXPENSE

In millions of euros	June 30, 2021	June 30, 2020
Net income/(loss) (A)	2,418	356
Total income tax expense recognized in income for the period (B)	(967)	(431)
Share in net income of equity method entities (C)	385	209
INCOME BEFORE INCOME TAX EXPENSE AND SHARE IN NET INCOME OF EQUITY METHOD ENTITIES (A)-(B)-(C)=(D)	**3,000**	**577**
EFFECTIVE TAX RATE (B)/(D)	**32.2%**	**74.6%**

The effective tax rate of 32.2% at June 30, 2021 was notably affected by:

- the non-taxable capital gain on the sale of GTT shares;
- unfavorable developments in certain tax litigations;
- the effect on deferred tax positions of the increase in the future income tax rate voted in the United Kingdom;
- untaxed losses, notably in Belgium.

The effective tax rate of 74.6% at June 30, 2020 was mainly due to a low earnings base in relation to:

- untaxed losses (notably in Belgium);
- the impact of the depreciation of certain tax currencies against the functional currency of entities based in Latin America and in the UK which reduced tax allowances compared to the recorded expenses;
- the impact of the repeal of the decrease in the UK standard rate on deferred tax bases; and
- various unfavorable one-offs.

The Group has not recorded any material impacts in respect of the update of medium-and long-term forecasts regarding the recoverable value of deferred tax assets.

NOTE 10 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	Goodwill	Intangible assets	Property, plant and equipment
GROSS AMOUNT			
At December 31, 2020	**27,229**	**19,701**	**102,327**
Acquisitions and construction of property, plant and equipment and intangible assets	-	543	2,508
Disposals and scrap of property, plant and equipment and intangible assets	-	(59)	(444)
Changes in scope of consolidation	(413)	(889)	(628)
Transfer to "Assets classified as held for sale"	(57)	(26)	(52)
Other changes	37	42	(105)
Translation adjustments	110	90	853
AT JUNE 30, 2021	**26,906**	**19,402**	**104,458**
ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT			
At December 31, 2020	**(11,286)**	**(12,505)**	**(52,439)**
Depreciation and amortization	-	(512)	(1,798)
Impairment losses	(83)	(9)	(126)
Disposals and scrap of property, plant and equipment and intangible assets	-	66	432
Changes in scope of consolidation	220	487	507
Transfer to "Assets classified as held for sale"	-	9	8
Other changes	(4)	13	48
Translation adjustments	1	(34)	(281)
AT JUNE 30, 2021	**(11,153)**	**(12,486)**	**(53,650)**
CARRYING AMOUNT			
At December 31, 2020	15,943	7,196	49,889
AT JUNE 30, 2021	**15,752**	**6,916**	**50,808**

In first-half 2021, the net increase in “Goodwill”, “Intangible assets” and “Property, plant and equipment” resulted primarily from:

- maintenance and development investments for a total amount of €2,752 million mainly relating to the construction and development of wind and solar farms in the United States, France and Latin America, as well as to the extension of transportation and distribution networks in the France Infrastructures segment;
- the impact of the appreciation of the US dollar, the Brazilian real and the pound sterling for a positive €337 million, €235 million and €140 million respectively;

partly offset by:

- depreciation and amortization for a total negative amount of €2,310 million;
- changes in the scope of consolidation for a negative €717 million, mainly resulting from the partial disposal and loss of control of GTT for a negative €562 million, the disposal of the Group’s interests in infrastructures and thermal energy production in Turkey for a negative €70 million and the partial disposals in renewables in France for a negative €55 million;
- impairment losses amounting to €218 million *(see Note 7.1 “Impairment losses”)*;
- the transfer of the carrying amount of property, plant and equipment to “Assets held for sale” for a negative €119 million primarily relating to assets in electric mobility in France and the Netherlands *(see Note 2 “Main changes in Group structure”)*.

10.1 Goodwill

As of February 1, 2021, the Group is structured around four major strategic activities, or Global Business Units (GBUs): Renewables, Networks, Thermal & Supply and Energy Solutions (*see Note 4.1 “Reorganization of ENGIE and modification of segment information”*).

As part of this reorganization, the Group has modified its segment information within the meaning of IFRS 8 – *Operating segments* and consequently reallocated the goodwill from the previous geographical Business Units (BUs) to the new operating segments in accordance with IAS 36 – *Impairment of Assets*.

Of the 25 BUs that made up the operating segments under the previous organization:

- 13 BUs had a single activity: their goodwill, which totaled €9.2 billion at January 1, 2021 (approximately 60% of the Group's goodwill), was allocated directly to the new segments corresponding to the businesses in question;
- 12 BUs had multiple activities: their goodwill, representing €6.7 billion, was reallocated to the relevant segments.

The reallocation of goodwill at segment level as of January 1, 2021 is as follows. It may be marginally adjusted according to the operational implementation of the Group's target organization model in the second half of the year.

In billions of euros	**Renewables**	**Networks**	**Clients Solutions**		**Thermal**	**Supply**	**Nuclear**	**Other**	**Goodwill January 1, 2021**
			Energy Solutions	*EQUANS*					
France excluding Networks									
France Renewables									**1.2**
ENGIE Solutions France									**1.5**
France BtoC									**1.0**
Networks France									
GRDF									**4.0**
GRTgaz									**0.6**
Other									**0.4**
Rest of Europe									
Benelux									**1.3**
Generation Europe									**0.5**
Nuclear									**0.8**
United Kingdom									**1.0**
North/South/East Europe									**0.9**
Latin America									**0.7**
United States & Canada									**0.7**
Middle East, Asia & Africa									**0.7**
Other									**0.7**
of which GTT									*0.2*
Goodwill January 1, 2021	**1.9**	**5.3**	**1.3**	**2.9**	**1.3**	**1.8**	**0.8**	**0.5**	**15.9**

Total single business	**9.2**
Total multi business	**6.7**

Given the existing value headroom, this reallocation of goodwill does not entail any day-one impairment. At June 30, 2021, no impairment indicators were observed, including for the assets most exposed to commodity market prices (nuclear and hydroelectric plants in France) given the forward prices observed over the period. The annual goodwill impairment tests will be performed in second-half 2021.

NOTE 11 FINANCIAL INSTRUMENTS

11.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

		June 30, 2021			Dec. 31, 2020		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	11.1	10,355	2,617	12,972	9,009	2,583	11,592
Equity instruments at fair value through other comprehensive income		*1,333*	*-*	*1,333*	*1,197*	*-*	*1,197*
Equity instruments at fair value through income		*530*	*-*	*530*	*471*	*-*	*471*
Debt instruments at fair value through other comprehensive income		*2,182*	*117*	*2,298*	*1,795*	*111*	*1,906*
Debt instruments at fair value through income		*1,996*	*464*	*2,459*	*1,404*	*432*	*1,836*
Loans and receivables at amortized cost (1)		*4,315*	*2,037*	*6,352*	*4,141*	*2,041*	*6,182*
Trade and other receivables	5.2	-	16,699	16,699	-	14,295	14,295
Assets from contracts with customers	5.2	34	7,584	7,618	26	7,738	7,764
Cash and cash equivalents		-	12,112	12,112	-	12,980	12,980
Derivative instruments	11.4	8,602	32,739	41,341	2,996	8,069	11,065
TOTAL		**18,991**	**71,752**	**90,743**	**12,031**	**45,665**	**57,696**

(1) Loans and receivables at amortized cost include the financing of the Nord Stream 2 gas pipeline project for a total amount of €970 million (including capitalized interest).

11.1.1 Other financial assets

Changes in equity instruments and debt instruments at fair value between December 31, 2020, and June 30, 2021 are set out below:

Equity instruments at fair value

In millions of euros	Equity instruments at fair value through other comprehensive income	Equity instruments at fair value through income	Total
AT DECEMBER 31, 2020	**1,197**	**471**	**1,668**
Increase	217	30	248
Decrease	(134)	(21)	(155)
Changes in fair value	51	49	100
Changes in scope of consolidation, translation adjustments and other	2	-	2
AT JUNE 30, 2021	**1,333**	**530**	**1,862**
Dividends	1	12	**13**

The Group's equity instruments amounted to €1,862 million at June 30, 2021 of which €761 million in listed securities.

This amount includes the minority interest held by the Group in Nord Stream AG for an amount of €552 million, as well as the Group's remaining interest in SUEZ for €229 million.

Debt instruments at fair value

In millions of euros	Debt instruments at fair value through other comprehensive income	Liquid debt instruments held for cash investment purposes at fair value through other comprehensive income	Debt instruments at fair value through income	Liquid debt instruments held for cash investment purposes at fair value through income	Total
AT DECEMBER 31, 2020	**1,895**	**11**	**1,238**	**598**	**3,742**
Increase	852	-	1,001	55	1,909
Decrease	(472)	2	(559)	-	(1,029)
Changes in fair value	11	-	120	5	136
Changes in scope of consolidation, translation adjustments and other	-	(2)	2	-	(1)
AT JUNE 30, 2021	**2,287**	**12**	**1,802**	**658**	**4,758**

Debt instruments at fair value at June 30, 2021 include bonds and money market funds held by Synatom for €4,036 million, and liquid instruments deducted from net financial debt for €669 million (respectively €3,086 million and €608 million at December 31, 2020).

11.1.2 Cash and cash equivalents

Cash and cash equivalents totaled €12,112 million at June 30, 2021 (€12,980 million at December 31, 2020).

This amount included funds related to the green bond issues, that have not yet been allocated to the funding of eligible projects (see section 5 of the 2020 Universal Registration Document).

At June 30, 2021, this amount also included €76 million in cash and cash equivalents subject to restrictions (€68 million at December 31, 2020), including €60 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of “Cash and cash equivalents” amounted to €15 million at June 30, 2021 compared to €36 million at June 30, 2020.

11.2 Financial liabilities

The following table presents the Group's different financial liabilities at June 30, 2021, broken down into current and non-current items:

		June 30, 2021			Dec. 31, 2020		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt		29,864	8,540	38,403	30,092	7,846	37,939
Trade and other payables	11.2	-	17,856	17,856	-	17,307	17,307
Liabilities from contracts with customers	5.2	55	3,922	3,978	39	4,315	4,354
Derivative instruments	11.4	9,194	33,411	42,605	3,789	9,336	13,125
Other financial liabilities		76	-	76	77	-	77
TOTAL		**39,189**	**63,728**	**102,918**	**33,997**	**38,805**	**72,802**

11.3 Net financial debt

11.3.1 Net financial debt by type

		June 30, 2021			Dec. 31, 2020		
In millions of euros		Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	Bond issues	24,221	1,733	25,954	24,724	1,446	26,170
	Bank borrowings	3,427	1,148	4,575	3,136	986	4,123
	Negotiable commercial paper	-	4,299	4,299	-	4,024	4,024
	Lease liabilities	1,949	458	2,408	1,892	494	2,386
	Other borrowings (1)	266	535	801	340	594	935
	Bank overdrafts and current account	-	366	366	-	301	301
	BORROWINGS AND DEBT	**29,864**	**8,540**	**38,403**	**30,092**	**7,846**	**37,939**
Other financial assets	Other financial assets deducted from net financial debt (2)	**(266)**	**(1,589)**	**(1,855)**	**(210)**	**(1,878)**	**(2,088)**
Cash and cash equivalents	Cash and cash equivalents	**-**	**(12,112)**	**(12,112)**	**-**	**(12,980)**	**(12,980)**
Derivative instruments	Derivatives hedging borrowings (3)	**(216)**	**14**	**(202)**	**(306)**	**(107)**	**(413)**
NET FINANCIAL DEBT		**29,381**	**(5,148)**	**24,233**	**29,577**	**(7,119)**	**22,458**

(1) *This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship for €304 million, margin calls on debt hedging derivatives carried in liabilities for €266 million, and the impact of amortized cost for €66 million (compared to €396, €262 and €117 million respectively at December 31, 2020).*

(2) *This item notably corresponds to assets related to financing for €59 million, liquid debt instruments held for cash investment purposes for €669 million, and margin calls on derivatives hedging borrowings carried in assets for €1,127 million (compared to €55, €609 and €1,424 million respectively at December 31, 2020).*

(3) *This item represents the interest rate component of the fair value of derivatives hedging borrowings in a designated fair value hedging relationship. It also represents the exchange rate and outstanding accrued interest rate components of the fair value of all debt-related derivatives irrespective of whether or not they qualify as hedges.*

The fair value of gross borrowings and debt (excluding lease liabilities) amounted to €38,498 million at June 30, 2021, compared with a carrying amount of €35,994 million.

Financial income and expenses related to borrowings and debt are presented in Note 8 "Net financial income/(loss)".

11.3.2 Main events of the period

11.3.2.1 Impact of changes in the scope of consolidation and in exchange rates on net financial debt

In the first-half of 2021, changes in exchange rates resulted in a €289 million increase in net financial debt, including a €157 million increase in relation to the Brazilian real, and a €108 million increase in relation to the US dollar.

Changes in the scope of consolidation (including the cash impacts of acquisitions and disposals) did not lead to any significant change in net financial debt. This change mainly reflects:

- asset disposals during the period resulting in a €252 million reduction in net financial debt, including notably the disposal of a 10% interest in GTT (*see Note 2.1 "Disposals carried out in first-half 2021"*);
- the classification of the Group's interest in ENGIE EPS under "Assets held for sale" which reduced net financial debt by €31 million (*see Note 2.2 "Assets held for sale");*
- acquisitions carried out in the first-half of 2021 which increased net financial debt by €447 million (*see Note 2.4 "Acquisitions carried out in first-half 2021").*

11.3.2.2 Financing and refinancing transactions

The Group carried out the following main transactions in first-half 2021:

ENGIE SA:

- on January 18, 2021, ENGIE SA redeemed at maturity €900 million worth of bonds with a 6.38% coupon;
- on February 11, 2021, ENGIE SA redeemed at maturity GBP 226 million (€252 million) worth of bonds with a 6.13% coupon;
- on June 10, 2021, ENGIE SA notified the exercise of the annual redemption option and recognized as financial debt the €363 million tranche of deeply-subordinated perpetual notes (i.e. a total amount of €379 million including accrued interest), previously recorded in equity, bearing a coupon of 4.75%. The debt was redeemed on July 10, 2021 (*see Note 11.5 "Deeply-subordinated perpetual notes"*);
- on June 2, 2021, ENGIE SA issued a €290 million zero coupon bond exchangeable for GTT shares, maturing on June 2, 2024;

Other entities of the Group:

- on May 1 and June 24, 2021, ENGIE Brasil Energia drew down two bank loans for a total amount of BRL 800 million (€123 million) maturing in March 2044;
- on February 5, March 30, May 28 and June 30, 2021, ENGIE Brasil Energia drew down three bank loans for a total amount of BRL 1,136 million (€175 million) maturing in May 2044;
- on June 1, 2021, ENGIE Energia Perù SA took out three bank loans for a total amount of USD 150 million (€124 million) maturing on June 1, 2022.

11.4 Derivative instruments

Derivative instruments recognized in assets and liabilities are measured at fair value and broken down as follows:

	June 30, 2021						Dec. 31, 2020					
	Assets			Liabilities			Assets			Liabilities		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	503	56	559	287	69	356	619	147	766	313	39	353
Derivatives hedging commodities	7,232	32,671	39,904	6,963	33,287	40,249	1,163	7,879	9,042	945	9,252	10,197
Derivatives hedging other items (1)	866	12	879	1,944	55	1,999	1,214	43	1,257	2,530	45	2,575
TOTAL	**8,602**	**32,739**	**41,341**	**9,194**	**33,411**	**42,605**	**2,996**	**8,069**	**11,065**	**3,789**	**9,336**	**13,125**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net financial debt, as well as net investment hedge derivatives.

11.4.1 Classification of financial instruments by level in the fair value hierarchy

During the first-half of 2021, the Group did not make any material changes to the classification of financial instruments and did not recognize any material transfers between levels in the fair value hierarchy.

11.5 Deeply-subordinated perpetual notes

The Group paid out interest coupons for an amount of €59 million.

In accordance with the provisions of IAS 32 – *Financial Instruments – Presentation*, and given their characteristics, these instruments were accounted for in equity in the Group's consolidated financial statements (*see "Statement of changes in equity"*).

On June 10, 2021, ENGIE SA announced the exercise of the annual redemption option for the €363 million tranche (i.e. a total amount of €379 million including accrued interest), previously recorded in equity and reclassified as debt, until its payment on July 10, 2021.

NOTE 12 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in Section 2 “Risk factors and control” of the 2020 Universal Registration Document.

12.1 Market risks

12.1.1 Commodity risk

12.1.1.1 Portfolio management activities

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities at June 30, 2021 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

Sensitivity analysis [(1)]

		June 30, 2021		Dec. 31, 2020	
In millions of euros	Price changes	Pre-tax impact on income	Pre-tax impact on other comprehensive income	Pre-tax impact on income	Pre-tax impact on other comprehensive income
Oil-based products	+USD 10/bbl	34	199	119	266
Natural gas	+€3/MWh	330	523	379	537
Electricity	+€5/MWh	(112)	(43)	(90)	(39)
Coal	+USD 10/ton	-	-	-	1
Greenhouse gas emission rights	+€2/ton	(148)	1	(116)	1
EUR/USD	+10%	(95)	203	37	-
EUR/GBP	+10%	(10)	-	(6)	7

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

12.1.1.2 Trading activities

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group’s trading entities.

Value at Risk

In millions of euros	June 30, 2021	2021 average [(1)]	2021 maximum [(2)]	2021 minimum [(2)]	2020 average [(1)]
Trading activities	7	6	10	4	10

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in 2021.

12.1.2 Currency and interest rate risk

12.1.2.1 Currency risk

A sensitivity analysis to currency risk on financial income/(loss) – excluding the income statement translation impact of foreign subsidiaries – was performed based on all financial instruments managed by the treasury department and representing a currency risk (including derivative financial instruments).

A sensitivity analysis to currency risk on equity was performed based on all financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

	June 30, 2021			
	Impact on income		Impact on equity	
In millions of euros	+10% (1)	-10% (1)	+10% (1)	-10% (1)
Exposures denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position (2)	(5)	5	NA	NA
Financial instruments (debt and derivatives) qualified as net investment hedges (3)	NA	NA	336	(336)

(1) +(-)10%: depreciation (appreciation) of 10% on all foreign currencies against the euro.

(2) Excluding derivatives qualifying as net investment hedges.

(3) This impact is countered by the offsetting change in the net investment hedged.

12.1.2.2 Interest rate risk

A sensitivity analysis was performed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared to year-end interest rates.

	June 30, 2021			
	Impact on income		Impact on equity	
In millions of euros	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Net interest expense on the floating-rate net debt (nominal amount) and on the floating-rate leg of derivatives	(18)	17	NA	NA
Change in fair value of derivatives not qualifying as hedges	64	(80)	NA	NA
Change in fair value of derivatives qualifying as cash flow hedges	NA	NA	363	(442)

As part of the interest rate benchmark reform, the Group has defined an organization dedicated to managing the transition by setting up an ad hoc working group bringing together the finance department, the legal department and the information systems administration team. This working group has mapped and prioritized the impacts of the reform on financial documentation, operational management and management systems. In particular, it has set a timetable for the implementation of the necessary changes.

The approach adopted by the Group makes it possible to address the issue both at the level of central financing vehicles and external financing issued directly by the Business Units.

At the central level, the Group also plans to switch its margin call contracts to a €STR flat remuneration with payment of financial compensation in the second half of 2021.

As part of this transition, the Group has chosen to replace the IBOR benchmark rates with a capitalized overnight risk-free rate plus an adjustment spread.

The Group does not expect the transition to have any impact on its interest rate and exchange rate risk management policy.

12.2 Counterparty risk

12.2.1 Expected credit losses on trade and other receivables, contract assets and loans and receivables at amortized cost

As part of the management of the COVID crisis, the Group has strengthened the monitoring of cash inflows and default risk in its BtoB, BtoC and Energy Management activities. At June 30, 2021, the monitoring of counterparties and aging balances has not led the Group to adjust the provisioning rate.

Trade and other receivables, contract assets

	June 30, 2021			Dec. 31, 2020		
In millions of euros	Gross [1]	Expected credit losses	Net	Gross [1]	Expected credit losses	Net
Trade and other receivables, net	14,598	(1,355)	13,243	14,021	(1,276)	12,745
Assets from contracts with customers	7,647	(29)	7,618	7,784	(20)	7,764
TOTAL	**22,245**	**(1,384)**	**20,861**	**21,805**	**(1,295)**	**20,509**

(1) The gross amount (excluding margin calls) includes the impact relating to VAT or to any other item not subject to credit risk.

At June 30, 2021, the Group did not recognize any significant expected credit losses in the income statement.

Loans and receivables at amortized cost

In millions of euros	June 30, 2021	Dec. 31, 2020
Gross [1]	5,050	4,626
Expected credit losses	(213)	(201)
TOTAL	**4,837**	**4,425**

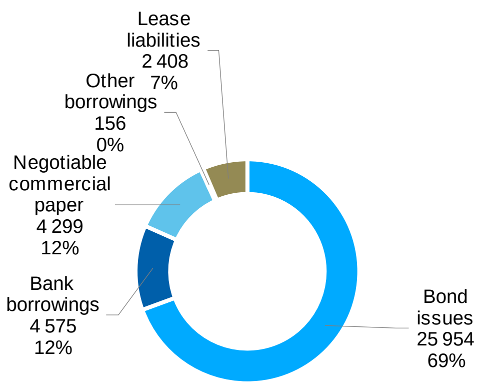
(1) The gross amount (excluding margin calls and the impact of amortized cost) includes the impact relating to VAT or to any other item not subject to credit risk.

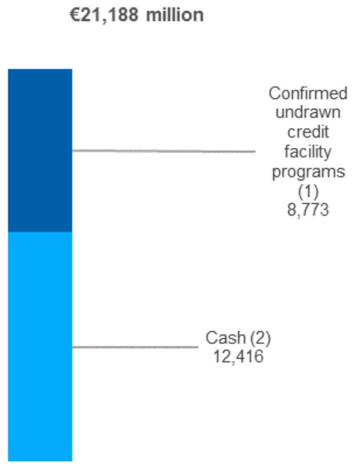
At June 30, 2021, the Group did not recognize any significant expected credit losses in the income statement.

12.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital requirements (WCR), margin calls are required in certain market activities.

Diversifying sources of financing and liquidity
In millions of euros





(1) Net of negotiable commercial papers.
(2) Including cash and cash equivalents, other financial assets reducing net financial debt, net of bank overdrafts and cash current accounts, 71% of which is invested in the euro zone.

12.3.1 Undiscounted contractual payments relating to financial activities

Undiscounted contractual payments on outstanding borrowings and debt by maturity

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at June 30, 2021	Total at Dec. 31, 2020
Bond issues	936	2,609	2,514	1,148	2,028	16,718	**25,954**	26,170
Bank borrowings	640	786	429	335	469	1,917	**4,575**	4,123
Negotiable commercial paper	3,334	966	-	-	-	-	**4,299**	4,024
Lease liabilities	201	283	408	308	246	1,231	**2,408**	2,386
Other borrowings	9	41	19	15	7	64	**156**	150
Bank overdrafts and current accounts	366	-	-	-	-	-	**366**	301

Other financial assets and cash and cash equivalents deducted from net financial debt have a liquidity of less than one year.

Undiscounted contractual flows relating to leases

At June 30, 2021, the Group, as lessee, is potentially exposed to future cash outflows not considered in the valuation of lease liabilities of €1,678 million (of which approximately 80% relates to potential commitments beyond 2026). This amount relates to leases that have not yet come into effect and is mainly related to real estate leases and future lease liabilities relating to the possible extension of a hydroelectric concession contract.

Undrawn credit facility programs

In millions of euros	2021	2022	2023	2024	2025	Beyond 5 years	Total at June 30, 2021	Total at Dec. 31, 2020
Confirmed undrawn credit facility programs	622	6,568	549	-	4,998	334	**13,072**	13,695

Of these undrawn programs, an amount of €4,299 million is allocated to covering commercial paper issues.

At June 30, 2021, no single counterparty represented more than 5% of the Group's confirmed undrawn credit lines.

NOTE 13 PROVISIONS

In millions of euros	Post-employment and other long-term benefits	Back-end of the nuclear fuel cycle (1)	Dismantling of plant and equipment (1) and Site rehabilitation	Other contingencies	Total
AT DECEMBER 31, 2020	**8,941**	**7,948**	**7,841**	**2,342**	**27,073**
Additions	217	99	11	246	572
Utilizations	(200)	(88)	(57)	(304)	(649)
Reversals	-	-	-	(4)	(4)
Changes in scope of consolidation	(5)	-	-	(13)	(18)
Impact of unwinding discount adjustments	34	126	97	8	264
Translation adjustments	6	-	11	7	23
Other	(1,243)	(197)	230	(2)	(1,213)
AT JUNE 30, 2021	**7,750**	**7,887**	**8,132**	**2,279**	**26,048**
Non-current	7,611	7,789	8,107	376	**23,883**
Current	138	99	25	1,904	**2,165**

(1) *Nuclear provisions amounted to €14,876 million at June 30, 2021, compared to €14,677 million at December 31, 2020, including 14,160 million euros of provision managed by Synatom for the back-end of the nuclear fuel cycle (€7,887 million) and the dismantling of plant and equipment (€6,273 million).*

The different types of provisions and the calculation principles applied are described in the 2020 consolidated financial statements.

The impact of unwinding discount adjustments in respect of post-employment and other long-term benefits relates to the interest expense on the benefit obligation, net of interest income on plan assets.

The “Other” line mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2021, which are recorded in “Other comprehensive income” as well as provisions recorded against a dismantling or site rehabilitation asset.

13.1 Post-employment benefits and other long-term benefits

The increase in discount rates observed in the first half of 2021 resulted in a decrease of €1,026 million in these commitments compared to December 31, 2020. The value of plan assets remained stable overall compared to end of 2020.

13.2 Obligations relating to nuclear power generation activities

As part of its nuclear power generation activities, the Group assumes obligations related to the management of the back-end of nuclear fuel cycle and the dismantling of nuclear facilities.

These provisions, their legal framework and the main sensitivities to the various assumptions are presented in Note 19.2 “Obligations relating to nuclear power generation activities” to the consolidated financial statements for the year ended December 31, 2020.

The financial assets dedicated to covering future expenses for the dismantling of nuclear installations and the management of irradiated fissile materials and their legal framework are presented in Note 16.1.4 to the consolidated financial statements for the year ended December 31, 2020. Loans to non-Group legal entities and other cash investments evolved over the first half of 2021 as follows:

In millions of euros	June 30, 2021	Dec. 31, 2020
Loans to third parties	**9**	**11**
Loan to Sibelga	9	11
Other loans and receivables at amortized cost	**221**	**332**
Debt instruments - restricted cash	221	332
Equity and debt instruments at fair value	**4,562**	**3,492**
Equity instruments at fair value through other comprehensive income	517	406
Equity instruments at fair value through income	9	-
Debt instruments at fair value through other comprehensive income	2,284	1,895
Debt instruments at fair value through income	1,752	1,191
TOTAL	**4,792**	**3,835**

13.3 Other contingencies

This caption essentially includes provisions for commercial litigation, tax claims and disputes (except income tax, pursuant to IFRIC 23) as well as provisions for onerous contracts relating to storage and transport capacity reservation contracts.

NOTE 14 RELATED PARTY TRANSACTIONS

The related party transactions described in Note 22 to the consolidated financial statements for the year ended December 31, 2020 did not change significantly in first-half 2021.

NOTE 15 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Disputes and investigations are described in Note 25 to the consolidated financial statements for the year ended December 31, 2020. The developments in disputes and investigations during the first half of 2021 are presented below.

15.1 Networks

15.1.1 Investigation into the regulation mechanism for natural gas storage in France

On February 29, 2020, the European Commission announced that it had launched an in-depth investigation into the regulation mechanism for the storage of natural gas introduced on January 1, 2018 to secure France's natural gas supply. Storengy and Géométhane provided the Commission with all the necessary information to substantiate their analyses. The European Commission closed its investigation and published a press release on June 28, 2021 announcing that it had concluded that the regulation mechanism for the storage of natural gas complies with EU rules on State aid. This decision will be published at a later date.

15.2 Client Solutions

15.2.1 Sale of 29.9% of the capital of SUEZ to Veolia

In the context of the sale by ENGIE of 29.9% of the capital of SUEZ to Veolia on October 6, 2020, ENGIE was summonsed to various proceedings, both in summary hearings or hearings on the merits, and both in labor law and commercial law matters. The main proceedings involved Veolia and SUEZ and were initiated by SUEZ, acting alone or jointly with its staff representation bodies. All these proceedings were closed following the agreement between Veolia and SUEZ on May 14, 2021. ENGIE has acted within its rights in all circumstances, has not violated any of its obligations and there is no irregularity in the form or substance of the sale to Veolia, which is now final, that is likely to affect the validity thereof.

15.3 Supply

15.3.1 Canvassing in France

EDF brought an action against ENGIE before the Nanterre Commercial Court on July 20, 2017, seeking €13.5 million in damages for alleged losses due to unfair competitive practices pursued by ENGIE mainly in its door-to-door canvassing campaigns. In its judgment of December 14, 2017, the court ordered ENGIE to pay EDF the sum of €150,000, concluding that ENGIE was guilty of unfair competition but acknowledging that there had been no disparagement of EDF and that ENGIE had set up training and control arrangements for its partners.

ENGIE appealed the judgment and EDF brought a cross-appeal seeking €94.7 million in damages for its alleged loss. The Versailles Court of Appeal delivered its judgment on March 12, 2019, ordering ENGIE to pay EDF €1 million. It also ordered ENGIE to cease and desist from all parasitic business practices and disparagement to the detriment of EDF, subject to a penalty of €10,000 per infringement for a period of one year.

On July 6, 2020, EDF asked the enforcement judge at the Nanterre Court to assess the penalty ordered by the Versailles Court of Appeal, seeking payment from ENGIE of the sum of €106.89 million and a final penalty of €50,000 per infringement for a period of one year. On December 11, 2020, the enforcement judge ordered ENGIE to pay EDF the sum of €230,000 and ordered a new provisional penalty of €15,000 per new infringement for a period of one year as of notification of the judgment by EDF.

On December 22, 2020, EDF appealed the enforcement judge's decision before the Versailles Court of Appeal. The Versailles Court of Appeal handed down its decision on July 1, 2021. It reduced ENGIE's fine to €190,000 and, considering that ENGIE had demonstrably implemented measures that were likely to be efficient and that the difficulties encountered stemmed for the most part from the behavior of service providers/partners and door-to-door salespeople, annulled the new provisional penalty and rejected EDF's request to impose a definitive penalty.

15.4 Other

15.4.1 Luxembourg – State aid investigation

On September 19, 2016, the European Commission announced its decision to open an investigation into whether or not two private rulings granted by the Luxembourg State in 2008 and 2010 covering two similar transactions between several of the Group's Luxembourg subsidiaries constituted State aid. On June 20, 2018, the European Commission adopted a final, unfavorable decision deeming that Luxembourg had provided ENGIE with State aid. On September 4, 2018, ENGIE requested the annulment of the decision before the European Courts, thereby challenging the existence of a selective advantage. As these proceedings do not have a suspensive effect, ENGIE paid a sum of €123 million into an escrow account on October 22, 2018 in respect of one of the two transactions in question, since no aid was actually received for the other. Following the proceedings before the European Courts, this sum will be returned to ENGIE or paid to the Luxembourg State depending on whether or not the Commission's decision is annulled. On May 12, 2021, the Court rejected the appeals of the Luxembourg State and of ENGIE, thereby confirming the European Commission's position on the existence of State aid granted to the Group's Luxembourg subsidiaries. On July 22, 2021, ENGIE referred the matter to the Court of Justice of the European Union seeking the annulment of the Court's decision.

NOTE 16 SUBSEQUENT EVENTS

Disposal of the Group's stake in ENGIE EPS SA

On July 20, 2021, the Group finalized the sale of its stake in ENGIE EPS SA to Taiwan Cement Corporation.The Group expects the transaction to have a positive impact of approximately €150 million on net debt in the second half of 2021 with a capital gain amounting to approximatively €80 million.

Disposal of a share of the Group's stake in GRTgaz SA

On July 29, 2021, ENGIE and Société d'Infrastructures Gazières ("SIG", owned by CNP Assurances and Caisse des Dépôts et des Consignations) signed a binding agreement for the sale by ENGIE of an 11.5% stake in GRTgaz SA ("GRTgaz") to SIG. GRTgaz is currently 75%-owned by ENGIE and 25%-owned by SIG. This partial reduction in ENGIE's stake will be accompanied by a simplification of the structure of the GRTgaz group, which will result in GRTgaz owning 100% of Elengy, compared to approximately 82% currently (the remainder being held by SIG itself). As a result, after the transaction, ENGIE and SIG will hold 61% and 39% of the GRTgaz group, respectively.

ENGIE will continue to control GRTgaz and the impacts of the transaction will be accounted for in equity as it is a transaction between shareholders. The sale will reduce ENGIE's net financial debt by approximately €1.1 billion.

The transaction is expected to be completed before December 31, 2021, subject to the usual regulatory approvals and clearances.

04 STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT

Party responsible for the First-half Financial Report

Catherine MacGregor, Chief Executive Officer.

Declaration by the party responsible for First-half Financial Report

«I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements for six months ended June 30, 2021 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and net income or loss of the Company and all the entities included in the consolidation, and that the interim management report presents a fair view of the significant events of first-half 2021, their impact on the interim financial statements, the main related party transactions and describes the main risks and uncertainties to which the Group is exposed for the second half of 2021.»

Courbevoie, July 30, 2021

The Chief Executive Officer

Catherine MacGregor

05 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST-HALF FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of ENGIE, for the period from January 1st, 2021 to June 30, 2021;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 30, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		**ERNST & YOUNG et Autres**	
Patrick E. Suissa	Nadia Laadouli	Charles-Emmanuel Chosson	Guillaume Rouger

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