2022 FIRST-HALF FINANCIAL REPORT

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01 MANAGEMENT REPORT

1 ENGIE 2022 FIRST-HALF RESULTS

The previously published financial statements presented hereafter have been restated to take into account the presentation in the financial statements at June 30, 2021 (the income statement, statement of comprehensive income and statement of cash flows) of EQUANS activities held for sale (see Note 3 "Main changes in scope") as discontinued operations insofar as they represent a separate major line of business within the meaning of IFRS 5 - Non-current assets held for sale and discontinued operations. A reconciliation of the reported data with the restated comparative data is presented in Note 2 "Restatement of 2021 comparative data" to the consolidated financial statements

ENGIE H1 Financial Results for the period ending 30 June 2022

Continued performance in unprecedented market conditions

Business Highlights

- ENGIE playing an active role to ensure energy security of supply and support customers with energy affordability
- Exposure to Russian gas substantially reduced
- Continued momentum on execution of strategic plan towards simplification and growth
- Further growth in Renewables with 2.2 GW added reaching over 36 GW worldwide
- Sale of EQUANS on track for completion in H2 2022
- Discussions started with the Belgian State under clear risk-reward framework to assess the potential feasibility and terms for life extension of 2 nuclear reactors

Financial Performance

- EBIT up 73% organically, with growth across most activities
- Improved Cash Flow From Operations , supported by higher operating cash flow, positive margin calls effect, €0.7 billion monetization of French gas tariff shield
- Contribution to profit sharing mechanisms for Belgian Nuclear and French hydro of €467 million
- Strong balance sheet and liquidity framework maintained, net financial debt at €26.3 billion, up €1.0 billion
- Performance benefiting from strength of integrated business model, FY 2022 NRIgs guidance unchanged in the range of €3.8 - 4.4 billion

Key H1 financial figures at June 30, 2022

In billions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis) [1]
Revenues	43.2	25.0	+72.3%	+71.3%
EBITDA	7.5	5.2	+44.3%	+43.2%
EBIT	5.3	3.0	+75.3%	+73.1%
Net recurring income of continuing activities, Group share	3.2	1.3	-	-
Net income, Group share	5.0	2.3	-	-
CAPEX [1]	3.3	2.8	+16.4%	-
Cash Flow From Operations (CFFO) [2]	6.8	4.3	+59.3%	-
Net financial debt [3]	26.3	+€1 billion versus Dec.31, 2021		
Economic net debt	38.5	+€0.2 billion versus Dec.31, 2021		
Net financial debt	3.0x	-0.6X versus Dec.31, 2021		

(1) Net of DBSO (Develop, Build, Share & Operate) and tax equity proceeds.
(2) Cash Flow From Operations: Free Cash Flow before maintenance Capex and nuclear phase-out expenses.
(3) Net financial debt is pro forma EQUANS intercompany debt (€0.7 billion).

1.1.1. 2022 Guidance

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

Given the current environment that remains marked by uncertainty, the 2022 guidance is unchanged: 2022 Net recurring income Group share (NRIgs) is expected to be in the range of €3.8 to €4.4 billion, based on indicative EBITDA range of €11.7 to €12.7 billion and EBIT range of €7.0 to €8.0 billion.

Should the prevailing market conditions and price environment (as at 30 June 2022) continue into the second half, this would present an upside to this guidance of c. €0.7 billion at NRIgs level.

ENGIE remains committed to a strong investment grade credit rating and continues to target a ratio below or equal to 4.0x economic net debt to EBITDA over the long-term. The Group reaffirms its dividend policy, with a 65% to 75% payout ratio based on NRIgs, and a floor of €0.65 per share for the 2021 to 2023 period.

1.2 ENGIE actively supporting energy security of supply and affordability

As gas network owner, operator, and gas supplier, ENGIE has a critical role to play in its core markets.

In France, in order to enhance security of supply and gas storage levels, ENGIE has purchased 10 TWh additional gas volumes in the market and advanced its program of gas injections compared to the previous year. All these measures in H1, in a context of high market prices, led to higher working capital of c. €1.6billion, clearly demonstrating ENGIE’s efforts to support security of supply.

Alongside efforts to enhance security of supply, ENGIE also continues to pave the way for the future and unlock the potential of renewable gases: 425 biomethane production units, with a yearly production capacity of up to

7.2 TWh, are now connected to ENGIE’s networks in France.

In parallel, ENGIE is acting to support clients with energy affordability. In Europe, the Group engaged with local authorities to provide support through payment facilities of more than €1.1 billion to enable price protection mechanisms, as well as through profit sharing mechanisms such as in Belgium and in France. ENGIE is engaging on the recent purchasing power law in France, through which the Group is expected to provide further working capital to support gas storage levels.

In addition to the measures already implemented, ENGIE will proactively support the purchasing power of its customers in France in autumn, through two main measures:

- for 880,000 vulnerable individual customers (as of July 31, 2022), a top-up of the energy voucher of €100 per customer on average, totalling €90 million of support by ENGIE. This top-up will be provided to the households concerned in November 2022,
- for its industrial and tertiary customers (including small to medium enterprises), that are suffering the most from the rise in energy prices, among other things, the set-up of a fund to help them contract their energy.

Also in France, c.70% of ENGIE’s B2C gas and power contracts benefited from a protection against price increases through tariff shield or fixed prices over the lifetime of the contract. Clients are also supported in Belgium with social tariffs and in Romania with price cap mechanism.

ENGIE is more focused than ever on working collaboratively with clients on energy efficiency to reduce their energy bill and achieve their decarbonisation goals. This includes for example boiler maintenance and installation of high-performance equipment to reduce gas consumption, as well as individual solar-distributed generation. Gas smart meters also play a role in energy efficiency. ENGIE continues to deploy them, with 1.0 million installed over the first half, bringing the total number to almost 10.2 million.

1.3 Financial and physical exposure to Russian gas significantly reduced

Since March, ENGIE has undertaken several measures to significantly reduce direct exposures arising from the risk of interruptions to Russian gas supplies.

Limited financial exposure including in scenario of complete cut in gas flows from Russia

With respect to financial exposure, with the benefit of proactive hedging actions, of which the cost was fully expensed in H1, and management of the overall gas portfolio, even in the extreme event of a sudden complete halt in Russian gas deliveries, the Group would only be exposed to a one-off short position of c. 4 TWh.

Physical exposure substantially reduced

On physical exposure, for the winter of 2022-23, through a combination of intrinsic length in the portfolio; additional gas through new pipeline gas; and LNG contracts, ENGIE has substantially reduced the previous exposure to volumes procured from Gazprom. Residual volumes, at c. 4% of ENGIE's total European requirements to supply its BtoB, BtoC customers and for consumption for its own CCGT power plants, are now well within the normal range of volatility that the Group manages on an ongoing basis, e.g., for volume changes due to weather.

Similarly, for the winter of 2023-24, the Group is confident that additional volumes contracted through new supply sources including LNG, together with an expected decrease in demand will help replace the need for Russian volumes and reach required its storage levels in case of a full cut of Russian flows.

On Nord Stream 1, the Group has reviewed the valuation of its 9% stake, due to the heightened risk profile of its unique customer, Gazprom, reducing therefore its value to €305 million, down €259 million compared to December 31, 2021. This change in fair value does not affect the profit and loss account, as it is taken directly to ENGIE's equity.

As indicated previously, on Nord Stream 2, the Group, as a lender, was exposed to €987 million of credit risk as of December 31,2021, including the value of the loan provided plus the accrued interests. ENGIE has recognized, as of March 31, 2022, a €987 million credit loss for the loan and accrued interests. This non-operating credit loss did not impact the Group's recurring P&L.

1.4 Continued momentum on execution of strategic plan

Acceleration in Renewables and decentralized energy infrastructures

ENGIE added 2.2 GW of renewable capacity in the first half, including 1.3 GW commissioned. The Group is on track to meet its target to add 4 GW on average per year of renewable capacity until 2025. This target is fuelled by a growing pipeline that totalled 71 GW at end of June 2022, up 5 GW compared to December 2021.

The additional capacity comprised notably 952 MW for Moray East offshore wind park, commissioned by Ocean Winds, ENGIE's joint venture with EDPR dedicated to offshore wind which continues to grow strongly. On 7 July 2022, the Moray West offshore wind farm project was awarded a 15-year Contract for Difference for the delivery of 294 MW offshore wind generation at 37.35£/MWh (in 2012 prices). Ocean Winds also officially launched Ocean Winds Brazil in June, a market with a potential of 700 GW for offshore wind, and is currently applying to license five new offshore wind projects for a total capacity of 15 GW.

As previously announced, the adoption of the "Aménagement du Rhône" law in France in February 2022, allowed ENGIE, through its subsidiary CNR, to extend its role in hydro activities by 18 years to 2041. As part of this extension, ENGIE is making several commitments representing an investment of more than 1 billion euros (nominal value) over the period to 2041.

Energy Solutions experienced strong commercial momentum, especially in distributed energy infrastructures with various contracts won or renewed both in local energy networks and on-site energy production.

0.5 GW net installed capacity have been added in distributed energy Infrastructures in the first half 2022.

Awarded revenue in backlog for French concessions increased by €1.3 billion compared to December 31, 2021 to €18.1 billion.

Disposal plan – simplifying and refocusing

Regarding EQUANS, the SPA with Bouygues was signed on 12 May, after conclusion of the consultation period with relevant employee representative bodies. In July European Commission approved the acquisition of EQUANS by Bouygues, under the EU Merger Regulation. The approval is conditional on full compliance with commitments offered by Bouygues.

The Group is on track for completion of this transaction in the second half, which will represent a major step in the implementation of its strategy.

On geographic rationalization, the Group will be operating in 35 countries once closing of the signed deals is effective. ENGIE targets to be in less than 30 countries by 2023.

Disciplined capital allocation

Capex in the first half amounted to €3.3 billion, of which €2.2 billion growth Capex, dedicated to Renewables, Networks and Energy Solutions activities, thus fully aligned with ENGIE's strategic roadmap.

Performance plan delivering

In a context of high levels of inflation, ENGIE maintained the momentum on efficiency improvements through the implementation of its performance plan and net EBIT contribution in the first half reached €163 million. Efforts to improve performance of loss-making entities continues, with a particular focus on EVBox.

As a reminder, ENGIE expects 2022-2023 performance plan contribution to reach c. €0.5 billion net EBIT contribution.

1.5 Update on Belgian nuclear assets

On 18 March 2022, Belgian government announced its decision to revise its energy policy in light of the unprecedented geopolitical situation, and asked ENGIE to extend the operational lifetime of the Doel 4 and Tihange 3 reactors until 2035.

On 21 July 2022, ENGIE, through its subsidiary Electrabel SA, and the Belgian State have signed a non-binding Letter of Intent to assess the potential feasibility and terms of this extension.

The objective is to negotiate and agree a binding legal agreement by 31 December 2022, while ensuring a balanced distribution of risks and opportunities that offers each party stability and a fair transaction structure for the long term.

The Letter of Intent comprises a number of inseparable conditions, among which:

- the extension of the operating period of Doel 4 and Tihange 3 for 10 years, considering a period of 5 years from the signing of the heads of terms. The Parties are willing to discuss and agree the conditions that would allow for the restart of both units in November 2026. This agreement will also include all the economic conditions of the extension,
- the set up of a legal entity to manage the two units with the participation of the Belgian State and Electrabel on a 50:50 basis,
- a cap on future liabilities and costs for the management of nuclear waste and spent fuel of all units in the form of a fixed amount to be determined, including a premium to cover future uncertainties, to be fixed after review by the relevant authorities (CPN and ONDRAF).

ENGIE will continue to work constructively with the Belgian State towards supporting the security of supply for Belgium.

1.6 Progress on key ESG targets

During the first-half 2022, greenhouse gas emissions from energy production were reduced to 30 million tons.

ENGIE also increased the share of Renewables in its portfolio to 36% as at June 30, 2022 from 34% at the end of 2021 mainly by adding 2.2 GW of new Renewable capacity in H1.

On gender diversity, ENGIE had 30% women in management at the end of H1 2022 compared to 29% at the end of 2021. These figures have been restated to exclude EQUANS.

1.7 H1 review

1.7.2. Revenues

Revenue at €43.2 billion was up 72.3% on a gross basis and 71.3% on an organic basis.

Contributive revenues, after elimination of intercompany transactions

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
Renewables	2,485	1,549	+60.5%	+49.7%
Networks	3,650	3,680	-0,8%	-1,4%
Energy Solutions	5,587	4,713	18.5%	+21.9%
Thermal	3,222	1,696	90.0%	+77.5%
Supply	8,169	4,824	69.4%	+69.1%
Nuclear	(23)	15		
Others	20,077	8,571		
of which GEMS	*20,064*	*8,423*		
TOTAL	**43,167**	**25,048**	**+72.3%**	**+71.3%**

Revenue for **Renewables** amounted to €2,485 million, up 60.5% on a gross basis and 49.7% on an organic basis. Gross increase included positive foreign exchange effects, mainly linked to the appreciation of the Brazilian real against the euro. On an organic basis, revenue increased mainly in France thanks to better achieved hydro prices and in the United States, Brazil, and Chile with newly commissioned assets.

Revenue for **Networks** amounted to €3,650 million, down 0.8% on a gross basis and 1.4% on an organic basis. Gross decrease included positive foreign exchange effects, mainly in Brazil and negative scope effect with asset sale in Turkey. French infrastructures revenues decreased as a result of lower distributed volumes due to warmer temperature compared to H1 2021, partly offset by higher revenues in transportation, terminalling and storage activities. Outside France, revenues decreased organically reflecting the reduction in construction revenues following progressive commissioning of transmission lines in Brazil, partly offset by higher revenues in Mexico and Argentina.

Energy Solutions revenue amounted to €5,587 million, up 18.5% on a gross basis and 21.9% on an organic basis. Gross increase included negative scope effect mainly with Endel sale and positive foreign exchange effect notably in the United States and in Asia Pacific. Organically, French distributed energy infrastructures and energy efficiency services benefitted from increased levels of activity. Activities in Italy and in Germany also experienced positive organic growth

Revenue for **Thermal** stood at €3,222 million up 90.0% on a gross basis and 77.5% on an organic basis. The gross increase included positive foreign exchange effects mainly in Latin America and negative scope effect with the disposal of the Jorge Lacerda coal power plant in Brazil in October 2021. The organic variance was mainly driven by the strong performance of Thermal activities in Europe thanks to exceptional market conditions allowing to capture higher spreads and increased ancillaries, as well as, to a lesser extent, in Latin America with the indexation of PPA contracts in a context of rising commodity prices and inflation.

Revenue for **Supply** amounted to €8,169 million, up 69.4% on a gross basis and 69.1% on an organic basis. Increase was mainly driven by higher commodity prices, only partly offset by volume effect due to milder temperature compared to H1 2021.

Nuclear reported almost no external revenue post-elimination of intercompany operations, as its production was sold internally to other ENGIE businesses.

Revenue for the **Others** segment amounted to €20,077 million. The strong increase is mainly driven by increase in commodity prices combined with higher volumes.

1.7.3. EBITDA

EBITDA at €7.5 billion, was up 44.3% on a gross basis and up 43.2% on an organic basis.

Activity/geography matrix

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2022
Renewables	277	195	521	124	12	(27)	**1,101**
Networks	1,910	92	387	(2)	-	(5)	**2,382**
Client Solutions	305	92	1	11	28	(56)	**380**
Thermal	-	543	115	22	224	(13)	**891**
Supply	510	34	3	-	14	(6)	**555**
Nuclear	-	1,089	-	-	-	-	**1,089**
Others	-	(4)	1	12	-	1,073	**1,082**
Of which GEMS						*1,161*	***1,161***
TOTAL EBIT	**3,001**	**2,041**	**1,028**	**167**	**278**	**965**	**7,480**

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2021
Renewables	257	88	397	(1)	24	(13)	**750**
Networks	2,029	101	258	1	18	(4)	**2,402**
Client Solutions	293	102	-	(1)	23	(37)	**380**
Thermal	-	262	266	20	233	(13)	**769**
Supply	208	139	(1)	-	(3)	(10)	**334**
Nuclear	-	402	-	-	-	-	**402**
Others	-	-	1	(4)	-	149	**146**
Of which GEMS						*280*	***280***
TOTAL EBIT	**2,787**	**1,093**	**920**	**16**	**295**	**71**	**5,183**

1.7.4. EBIT

EBIT at €5.3 billion was up 75.3% on a gross basis and up 73.1% on an organic basis.

- Foreign exchange: a total positive effect of €129 million mainly driven by the appreciation of the Brazilian real and the US dollar.
- Scope: a net negative scope effect of €81 million mainly due to 2021 events including partial sale of GTT's shares that led to a change in consolidation method for the 30% remaining as from June 2021, asset sales to achieve the Group's geographical refocus and coal exit targets. These effects were only partly offset by the acquisition of Eolia in Spain in May 2022.
- French temperature: compared to average, the temperature effect stood at c. €(107) million, generating a negative variation of €177 million compared to H1 2021 across Networks, Supply and Others in France. Beside this normative negative volume effect and specifically for Q1 2022 in Supply and Others, the mild weather led to a positive price effect driven by a long gas position that could be monetized in exceptional market conditions.

Activity/geography matrix

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2022
Renewables	205	166	421	58	9	(30)	**828**
Networks	1,059	69	351	(2)	-	(5)	**1,471**
Client Solutions	170	47	(1)	5	22	(84)	**160**
Thermal	-	447	(2)	21	217	(16)	**667**
Supply	434	(8)	3	-	2	(8)	**424**
Nuclear	-	858	-	-	-	-	**858**
Others	-	(4)	-	8	-	842	**846**
Of which GEMS	-	-	-	-	-	*1,062*	***1,062***
TOTAL EBIT	**1,868**	**1,575**	**772**	**90**	**249**	**700**	**5,253**

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2021
Renewables	137	61	325	(42)	23	(14)	**490**
Networks	1,197	79	226	1	18	(4)	**1,516**
Client Solutions	152	63	(1)	(6)	16	(60)	**164**
Thermal	-	175	152	19	218	(13)	**552**
Supply	135	98	(1)	-	(15)	(11)	**207**
Nuclear	-	178	-	-	-	-	**178**
Others	-	-	1	(9)	-	(100)	**(110)**
Of which GEMS	-	-	-	-	-	*201*	***201***
TOTAL EBIT	**1,622**	**654**	**701**	**(38)**	**261**	**(202)**	**2,998**

H1 EBIT contribution by activity

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)	o/w temp. effect (France) vs. 2021
Renewables	828	490	+69.1%	+53.5%	-
Networks	1,471	1,516	3,0%	-3,9%	(113)
Energy Solutions	160	164	-2,6%	-8,8%	-
Thermal	667	552	20.8%	+16,6%	-
Supply	424	207			(50)
Nuclear	858	178			-
Others	846	(110)			(14)
of which GEMS	*1,062*	*201*			
TOTAL	**5,253**	**2,998**	**+75.3%**	**+73.1%**	**(177)**

1.7.4.1. Renewables: contribution of newly commissioned assets and leveraging price tailwind

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
EBIT	828	490	+69.1%	+53.5%
Total CAPEX	1,378	596		-
CNR achieved prices (€/MWh) (1)	72.0	49.0	+46.2%	-
DBSO (2) Margins (EBIT level)	43	12		-
Operational KPIs				
Commissioning (GW at 100%)	2.2	1.2		-
Hydro volumes France (TWh at 100%)	7.1	8.6	-1,6 TWh	-

(1) *Before hydro tax on CNR.*

(2) *Develop, Build, Share and Operate.*

Renewables reported a 53.5% organic EBIT growth, benefitting from contribution of new capacity commissioned (+€146 million) and price effects (+€86 million) with higher prices in Europe (mainly for French hydro) despite buybacks in Portugal and France due to poor hydro volumes.

EBIT also benefitted from the performance plan implemented (€+35 million) and positive volume effects (+€25 million) with the reversal of 2021 Texas extreme weather event impact, only partly offset by lower hydro volumes in France and Portugal.

Profit sharing through higher taxes on CNR hydro production in France (up €65 million to €155 million), that resulted from the change in tax calculation scheme resulting from the adoption of the "Aménagement du Rhône" law last February, also partly offset these positive effects. The tax rate, which now varies according to captured power prices, increased to 35% for H1 2022 from 24% (fixed) in the previous scheme.

In some US power market areas, the Group is experiencing an increasing transmission congestion, leading to revenue losses. Although this so-called "basis risk" had no material financial impact so far, it is a risk that is being closely monitored and with a strive to reduce.

1.7.4.2. Networks: mild temperature in Europe, strong performance outside France

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
EBITDA	2,382	2,402	-0,8%	-1,5%
EBIT	1,471	1,516	3,0%	-3,9%
Total CAPEX	1,019	1,161	-12,2%	
Operational KPIs				
Temperature effect – France (EBIT in €m)	(69)	44.7	(113)	-
Smart meters (m)	10.2	8,1 (1)	+2,1	-

(1) As of December 31, 2021.

Networks reported a 3.9% organic EBIT decrease. French Infrastructures EBIT was down €139 million mainly driven by warmer temperature versus last year, impacting distribution activities, lower revenues from French assets reflecting regulatory reviews where effects are smoothed over the 4-year regulatory period, and higher energy costs. These effects, only partly offset by higher margins for Storengy in the UK in a volatile price environment.

Outside France, Networks were up €80 million, benefitting from higher contributions in Latin America mainly driven by power transmission lines higher contribution, performance in gas transmission in Mexico and Brazil and inflation indexation, partly offset by warmer temperatures across Europe.

Important to mention also that for most of ENGIE's activities in Latin America, revenues are indexed to inflation. It is the same for the Group's regulated gas networks in France, where the RAB is inflated yearly, translating to higher revenues through the RAB remuneration rate, while the impact of inflation on cost basis is covered over time.

1.7.4.3. Energy Solutions: impact from warm temperature but tailwind from energy prices and commercial performance - continuing focus on EVBox performance

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
Revenues	5,587	4,713	+18.5%	+21.9%
EBIT	*160*	*164*	-2,6%	-8,8%
Total CAPEX	*329*	*297*	+10.8%	-
Operational KPIs				
Distrib. Infra installed cap. (GW)	*25*	*22,6 (1,2)*	+0,5%	-
EBIT margin (excluding Evbox)	*4.1%*	*4.7%*	-60 bps	-
Backlog - French concessions (bn€)	18.1	16,8 (1)	+1.3%	-

(1) As of December 31, 2021.
(2) Restated data.

Energy Solutions reported a negative 8.8% organic EBIT variation.

Distributed energy infrastructures activities EBIT increased by €2 million to reach €232 million, driven by a good commercial dynamic, notably with new District Heating and Cooling customers partly offset by warmer temperature mainly impacting District Heating networks in Europe. Energy Efficiency services EBIT was down €6 million to €(6) million, driven by the reversal of positive 2021 one-offs and an increase in digital costs, only partly offset by higher energy prices and good performance on energy sales.

Lastly, EVBox contribution was down to a negative €66 million. This underperformance also reflects balance sheet adjustments, whose order of magnitude is similar to the €-11 million H1 organic decrease. Overall production is ramping up and process enhancements are ongoing and the second half will be important in driving revenue improvements.

1.7.4.4. Thermal: higher spreads and ancillaries captured by flexible assets in Europe, headwinds in Italy, Chile and Australia

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
EBITDA	891	769	+15.9%	+11,9%
EBIT	667	552	+20.8%	+16,6%
Operational KPIs				
Average captured CSS Europe (€/MWh)	27.0	13		
Installed capacity (GW at 100%)	59.7	59,9 (1)	-0,2	-

(1) As of December 31, 2021.

Thermal provides important flexibility in a backdrop of intermittent renewables and is contributing to future security of supply.

Thermal reported a 16.6% organic EBIT increase. This positive variance is mainly linked to price effects (+€213 million), with higher spreads for European gas plants and pumped storage assets, only partly offset by a reduction in PPA margins due to higher sourcing spot prices in Chile caused by poor hydrology and lower production, and an adverse gas merchant position in Australia. Contribution from ancillaries and Capacity Remuneration Mechanisms for European gas plants and pumped storage (+€85 million) also increased, as well as gains from the performance plan (+€43 million). Thermal EBIT was impacted by lower volumes compared to last year (€-88 million) due to higher cost of outages in Europe and lower demand in Peru and Chile as well as other drivers (€-158 million) including the implementation of an extraordinary tax in Italy (1), which ENGIE is contesting.

1.7.4.5. Supply: long gas positions due to warm temperature sold at high prices in Q1 and positive timing effects in France

In millions of euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
EBITDA	555	334	66.1%	+66,8%
EBIT	424	207	-	-
French temperature effect (EBIT in m€)	(30)	20	(50)	-

In France, ENGIE serves 2.5 million BtoC customers with regulated gas tariffs. To support affordability in the current commodity price environment, the French Government decided to implement a tariff freeze for regulated customers from November 1, 2021. The amended 2022 budget law enabled ENGIE and other suppliers to be compensated for loss in revenue due to this measure, therefore allowing ENGIE to book receivables and be kept economically neutral. This measure, initially proposed to end on 30 June 2022, has been extended until December 31, 2022.

(1) For a total amount (Thermal + “Others”) of €308 million.

Supply EBIT, at €424 million, more than doubled compared to H1 2021. This strong increase was mainly driven by price effects (+€139 million) with positive timing effect on power margin in France, partly offset by gas and power margin squeeze and price cap mechanism in Romania. Volume effects also contributed to this increase (+€132 million), with Q1 2022 mild temperature leading to a long gas position that could be monetized in exceptional market conditions, more than offsetting the normative sensitivity at EBIT level. Both positive effects were only partly offset by higher bad debt provisions.

1.7.4.6. Nuclear: Exceptional performance driven by higher prices, leading to higher profit sharing through specific Belgian nuclear tax

En millions d'+euros	June 30, 2022	June 30, 2021	% change (reported basis)	% change (organic basis)
EBITDA	1,089	402		
EBIT	858	178		
Total Capex	153	118	*+29.7%*	
Operational KPIs				
Output (BE + FR, @ share, TWh)	*22.2*	*23.5*	*-1,3 TWh*	-
Availability (Belgium at 100%)	*84,9%*	*91,9%*	*- 700 bps*	-

ENGIE's nuclear assets in Belgium achieved high level of availability of 85%. This level is below H1 2021 level (92%) due to higher outages, notably for Tihange 1, but still indicative of the operational excellence.

EBIT for Nuclear amounted to €858 million for H1 2022. This performance was driven by much higher average achieved prices (95.6€/MWh, up +48.5€/MWh versus H1 2021 before nuclear tax) leading to a positive variation of +€1,112 million, partly offset by increasing taxes specific to units in Belgium, increasing by €267 million to a total of €312 million. Lower volumes produced both in Belgium and France negatively impacted the Nuclear EBIT by €135 million.

1.7.4.7. Others: Unprecedented contribution from GEMS in a context of extreme market conditions

EBIT amounted to €846 million, representing an organic increase of €1,007 million compared to H1 2021.

H1 2022 saw consecutive new highs in commodity prices along with huge volatility, and rising geographic spreads, leading to an exceptional outperformance on all GEMS activities: gas optimization, customers risk management and trading activities. On the other hand, GEMS EBIT suffered from costs of hedging actions to reduce Gazprom exposure and the implementation of the Italian extraordinary tax (1), which ENGIE is contesting.

Other elements (+€151 million) as internal costs reclassification and lower net insurance costs also benefitted to the EBIT variation.

Results from GEMS activities have been assessed by applying consistent policies, factoring a fair valuation of physical risks. In this unprecedented market environment with risk of gas supply disruption, ENGIE reinforced its risk control processes, adapted or implemented new hedging strategies and improved its liquidity monitoring framework.

(1) For a total amount (Thermal + "Others") of €308 million.

1.7.5. Comparable basis organic growth analysis

In millions of euros	June 30, 2022	June 30, 2021	% change (reported/organic basis)
Revenues	**43,167**	**25,048**	**+72.3%**
Scope effect	(18)	(398)	-
Exchange rate effect	-	545	-
Comparable data	**43,149**	**25,195**	**+71.3%**

In millions of euros	June 30, 2022	June 30, 2021	% change (reported/organic basis)
EBITDA	**7,480**	**5,183**	**+44.3%**
Scope effect	(20)	(140)	-
Exchange rate effect	-	165	-
Comparable data	**7,460**	**5,208**	**+43.2%**

In millions of euros	June 30, 2022	June 30, 2021	% change (reported/organic basis)
EBIT	**5,253**	**2,998**	**+75.3%**
Scope effect	(20)	(101)	-
Exchange rate effect	-	129	-
Comparable data	**5,234**	**3,025**	**+73.1%**

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, 2022	June 30, 2021 (1)	% change (reported basis)
EBIT	**5,253**	**2,998**	**+75.3%**
(+) Mark-to-Market on commodity contracts other than trading instruments	3,744	571	
(+) Non-recurring share in net income of equity method entities	(14)	(16)	
Current operating income including operating MtM and share in net income of equity method entities	**8,984**	**3,552**	**+152.9%**
Impairment losses	(8)	(212)	
Restructuring costs	(48)	(77)	
Changes in scope of consolidation	(192)	688	
Other non-recurring items	-	(4)	
Income/(loss) from operating activities	**8,736**	**3,947**	**+121.4%**
Net financial income/(loss)	(2,082)	(608)	
Income tax benefit/(expense)	(1,765)	(941)	
NET INCOME/(LOSS)	**5,064**	**2,418**	**+109.5%**
Net recurring income/(loss) relating to continued operations, Group share	**3,248**	**1,338**	
Net recurring income/(loss) Group share per share	**1.39**	**0.55**	
Net income/(loss) Group share	**5,012**	**2,343**	
Non-controlling interests	**52**	**74**	

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of comparative data").

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

In millions of euros	June 30, 2022	June 30, 2021 (1)
Net recurring income/(loss) relating to continued operations, Group share	**3,248**	**1,338**
Impairment & Others	(1,922)	(195)
Restructuring costs	(48)	(77)
Changes in scope of consolidation	(192)	688
Mark-to-Market on commodity contracts other than trading instruments	3,744	571
Net recurring income/(loss) relating to discontinued operations, Group share	181	48
Net income/(loss) Group share	**5,012**	**2,324**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of comparative data").

Income from operating activities amounted to €8,736 million, representing an increase compared with first-half 2021, mainly due to (i) EBIT growth, (ii) unrealized gains on commodity hedges driven by price increases, in particular on certain economic hedges on electricity not designated as cash flow hedges, and (iii) lower impairment losses, (iv) partially offset by lower gains on asset disposals.

Income from operating activities was affected by:

- net impairment losses of €8 million (compared with €212 million in first-half 2021) (*see Note 8.1*);
- restructuring costs of €48 million (compared with €77 million in first-half 2021) (*see Note 8.2*);
- negative scope effects of €192 million (compared with a positive €688 million in first-half 2021). This amount included in particular the loss on the disposal of the Energy Solutions activities in Africa and France (a negative €111 million), the change in the value of the embedded derivative on coupon bonds exchangeable into GTT shares (a negative €107 million) and the disposal of 9% of ENGIE's interest in GTT's share capital (a positive €74 million) (*see Note 8.3*).

The **net financial loss** amounted to €2,082 million in first-half 2022, compared with €608 million in first-half 2021 (*see Note 9*). This change is mainly due to the impairment loss recognized on the Nord Stream 2 loan (€987 million) and the negative impact of the changes in the fair value of money market funds held by Synatom. Adjusted for non-recurring items, the net financial loss amounted to €972 million in first-half 2022, compared with €702 million in first-half 2021. This deterioration is due in particular to the increase in the average cost of gross debt, mainly as a result of higher interest rates in Brazil and the appreciation of the Brazilian real against the euro.

The **income tax expense** for first-half 2022, amounted to €1,765 million (versus €941 million in first-half 2021). Adjusted for these non-recurring items, the recurring effective tax rate was 18.8% at June 30, 2022 compared with 34.3% at June 30, 2021, mainly due to:

- the favorable change in the tax situation in certain countries that only partially recognize their deferred tax assets, notably in Europe, the United States and Australia – approximately -11.6 points;
- the effect on deferred tax liabilities of the increase in the future income tax rate voted in the United Kingdom in 2021 – approximately -4.5 points;
- and the unfavorable impact of the non-deductibility of the one-off tax contribution voted in 2022 in Italy and recognized as an operating expense by the Group – approximately +1.9 point.

The total **effective tax rate** amounted to 28.5% (compared with 31.7% in first-half 2021), mainly due to the non-taxation of non-recurring losses on financial instruments, mainly in Europe, and to the recognition in 2021 of provisions for tax contingencies, relating to the State aid litigation in Luxembourg (increase of approximately 4 points compared with 2021).

Net recurring income, Group share relating to continuing operations amounted to €3.2 billion compared to €1.3 billion in first-half 2021. This increase was mainly driven by the strong growth in EBIT and recurring effective tax rate decrease from 34.3% to 18.8%.

Net income, Group share amounted to €5.0 billion. The €2.7 billion increase compared to first-half 2021 is mainly linked to the higher net recurring income of continuing activities and the positive effect of the mark-to-market on commodity contracts other than trading instruments, despite credit loss recognition on the Nord Stream 2.

Net income attributable to non-controlling interests amounted to €52 million, compared with €74 million in first-half 2021.

3 CHANGES IN NET FINANCIAL DEBT

Net financial debt stood at €26.3 billion up €1.0 billion compared to December 31, 2021. This increase was mainly explained by:

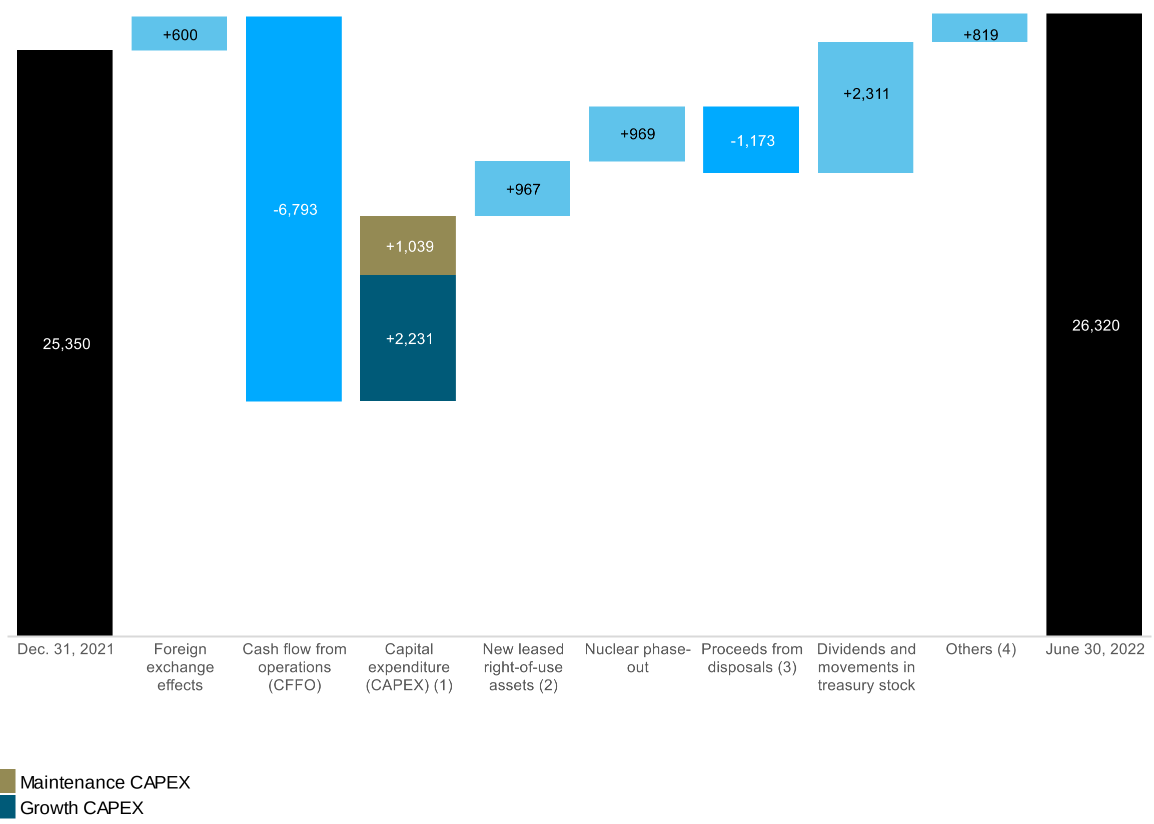
- capital expenditure over the period of €3.3 billion,
- dividends paid to ENGIE SA shareholders and to non-controlling interests of €2.3 billion,
- other items of €1.2 billion, mainly related to foreign exchange rates,
- new rights of use of €1.0 billion, mainly following the renewal of the CNR hydro concession,
- Belgian nuclear phase-out funding and dismantling expenses [(1)] of €1.0 billion

These negative elements were only partly offset by:

- Cash Flow From Operations of €6.8 billion,
- disposals of €0.9 billion, mainly related to the earn-out on the sale of 29.9% shares of SUEZ, the sale of the remaining 1.8% shareholding in SUEZ and the 9% partial sale of GTT.

Changes in net financial debt break down as follows:

In millions of euros



(1) *Capital expenditure net of DBSO proceeds.*
(2) *Mainly related to the renewal of the CNR concession.*
(3) *Excluding DBSO proceeds.*
(4) *Mainly derivatives, Scope effect and MtM.*

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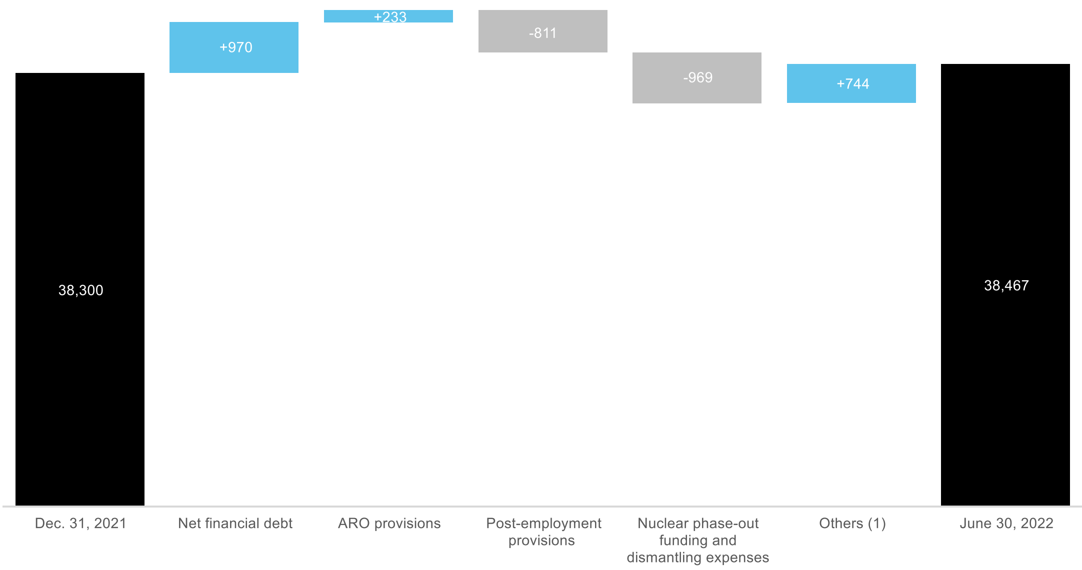
(1) Synatom funding previously reported in gross Capex and waste/dismantling expenses previously reported in CFFO

Economic net debt stood at €38.5 billion, up €0.2 billion compared to 31 December 2021.

Changes in economic net debt break down as follows:

In millions of euros



(1) *Fair value variation of dedicated assets relating to nuclear provisions and related derivative financial instruments.*

The **net financial debt to EBITDA ratio** of 2.0x, down 0.3x compared to December 31,2021. was in line with the ratio at December 31, 2020. The average cost of gross debt was 2.73%, up 10bps compared with 31 December 2021.

In millions of euros	**June 30, 2022**	**Dec. 31, 2021**
Net financial debt	26,320	25,350
EBITDA (last twelve months)	12,860	10,563
NET DEBT/EBITDA RATIO	**2.05**	**2.40**

The **economic net debt to EBITDA ratio** stood at 3.0x, down 0.6x compared to 31 December 2021, and in line with target ratio below or equal to 4.0x.

In millions of euros	**June 30, 2022**	**Dec. 31, 2021**
Economic net debt	38,467	38,300
EBITDA (last twelve months)	12,860	10,563
ECONOMIC NET DEBT/EBITDA RATIO	**2.99**	**3.63**

3.1 Cash flow from operations (CFFO)

Cash flow from operations amounted to €6.8 billion, up €2.5 billion compared to first-half 2021. This increase was mainly due to higher operating cash-flows (+€2.1 billion) and positive changes in working capital requirements (+€0.6 billion), primarily driven by positive margin calls effects (+€4.0 billion) more than offsetting aggregate negative price effects (-€3.8 billion, mainly due to higher valuation of gas stocks (-€2.3 billion), net receivables (-€1.7 billion) and unbilled BtoC volumes (+€0.2 billion) linked to energy in the meter).

The securitization of the gas tariff shield deficit cumulated between November 2021 and March 2022, representing €0.7 billion, enabled to reduce the impact of the latter on the change in working capital requirements.

3.2 Liquidity

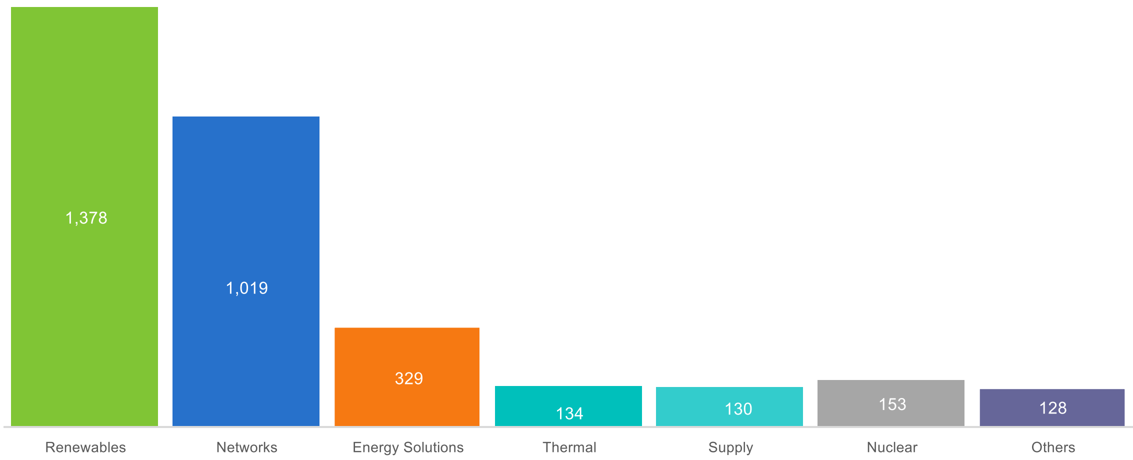
Liquidity stood at €23.1 billion, including €14.5 billion of cash [(1)]. The Group maintained a strong level of liquidity, by implementing dedicated management actions to address pressure on liquidity, mainly caused by unprecedented levels of commodity prices.

3.3 Net investments

Total Capex amounted to €3.3 billion, including growth CAPEX of €2.2 billion.

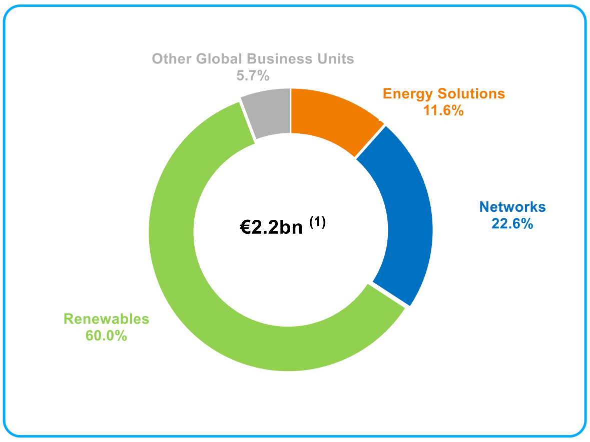
Capital expenditure (CAPEX) by activity

In millions of euros



(1) Cash and cash equivalents minus bank overdrafts.

Growth capital expenditure amounted to €2.2 billion, breaking down as follows by activity:



Main projects (€bn)	
Renewables	**1.3**
Spain EOLIA Renovables Acquisition	0.5
Ocean Winds cash injections	0.5
US Saturn projects	0.3
SouthAm W&S (Brazil, Chile, Peru & Mexico)	0.3
US Photosol & Libra BESS acquisitions	0.1
US Mercuty projects	-0.6
Networks	**0.5**
GRDF - Smart meters + network development	0.2
Brazil - Power transmission lines	0.1
GRTGaz	0.1
Energy Solutions	**0.3**
Various projectsin France (mainly distributed energy infrastructures)	0.1
Various international projects (mainly US distributed solar & AMEA energy performance)	0.1

(1) *Net of disposals under DBSO operations, excluding Corporate.*

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, 2022**
Renewables	101	1,072	312	(156)	5	6	**1,339**
Networks	325	28	152	-	-	-	**505**
Client Solutions	125	28	3	26	38	37	**258**
Thermal	-	28	5	-	(13)	6	**27**
Supply	35	21	-	-	2	28	**86**
Nuclear	-	-	-	-	-	-	**-**
Others	-	-	-	-	-	15	**15**
of which GEMS	-	-	-	-	-	*12*	***12***
TOTAL CAPEX	**585**	**1,177**	**472**	**(129)**	**33**	**92**	**2,231**

In millions of euros	**France**	**Rest of Europe**	**Latin America**	**USA & Canada**	**Middle East, Asia & Africa**	**Others**	**June 30, 2021 (1)**
Renewables	137	(41)	227	230	-	6	**558**
Networks	357	33	277	-	-	-	**667**
Client Solutions	76	54	6	53	11	25	**225**
Thermal	-	(3)	10	-	(25)	4	**(14)**
Supply	34	24	-	-	6	5	**70**
Nuclear	-	-	-	-	-	-	**-**
Others	-	4	-	(11)	-	298	**291**
of which GEMS	-	-	-	-	-	*(21)*	***(21)***
TOTAL CAPEX	**605**	**70**	**520**	**272**	**(8)**	**338**	**1,798**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of comparative data").

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

- growth capital expenditure for €2.2 billion (see above);
- gross maintenance capital expenditure amounting to €1.0 billion;
- new right-of-use assets recognized over the period (€1.0 billion);
- changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries for €0.2 billion; and
- proceeds from disposals representing an inflow of €1.2 billion.

3.4 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €2.3 billion and include ENGIE's dividend payment in May 2022 for the 2021 fiscal year for €2.1 billion, and dividends paid by various subsidiaries to their non-controlling interests in an amount of €0.1 billion.

3.5 Net financial debt at June 30, 2022

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2022 a total of 92% of net financial debt was denominated in euros, -2% in US dollars and 12% in Brazilian real.

Including the impact of financial instruments, 93% of net debt is at fixed rates.

The average maturity of the Group's net debt is 11.8 years.

At June 30, 2022, the Group had total undrawn confirmed credit lines of €12.0 billion.

3.6 Rating

On April 22, 2022, S&P reaffirmed its BBB+ long-term issuer rating and short-term issuer rating at A-2, with a stable outlook.

On January 17, 2022, Moody's reaffirmed its Baa1/P-2 senior unsecured rating, with a stable outlook.

On October 15, 2021, Fitch affirmed its long-term issuer rating to A-, and short-term rating at F1, with a stable outlook.

4 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

In millions of euros	June 30, 2022	Dec. 31, 2021	Net change
Non-current assets	**141,494**	**117,418**	**24,076**
Of which goodwill	*13,005*	*12,799*	*206*
Of which property, plant and equipment and intangible assets, net	*60,438*	*57,863*	*2,575*
Of which derivative instruments	*44,153*	*25,616*	*18,537*
Of which investments in equity method entities	*9,875*	*8,498*	*1,377*
Current assets	**129,260**	**107,915**	**21,345**
Of which trade and other payables	*28,136*	*32,556*	*(4,419)*
Of which derivative instruments	*42,887*	*19,373*	*23,514*
Of which assets classified as held for sale	*12,121*	*11,881*	*240*
Total equity	**49,827**	**41,980**	**7,847**
Provisions	23,571	25,459	(1,889)
Borrowings	42,044	41,048	996
Financial instruments derivatives	78,645	46,931	31,714
Other liabilities	76,668	69,916	6,752
Of which liabilities directly associated with assets classified as held for sale	*7,039*	*7,415*	*(376)*

The carrying amount of **property, plant and equipment and intangible assets** was €60.4 billion, up €2.6 billion compared with December 31, 2021. This increase was primarily the result of acquisitions and development capital expenditure during the period (€4.0 billion positive impact, including the right-of-use asset relating to the extension of the Rhône concession to CNR for €0.8 billion), foreign exchange effects (€1.5 billion positive impact mainly due to the appreciation of the US dollar and the Brazilian real), and was partially offset by depreciation and amortization charges (€2.2 billion negative impact).

Goodwill amounted to €13.0 billion, stable compared with December 31, 2021.

Investments in equity method entities increased by €1.4 billion, primarily due to the acquisition of Eolia Renovables (*see Note 3.3*).

Total equity amounted to €49.8 billion, up €7.8 billion on December 31, 2021. The increase stemmed mainly from other comprehensive income (€5.2 billion positive impact, including a positive €2.3 billion of actuarial gains and losses, a positive €2.3 billion of cash flow hedges on commodities, and a positive €1.4 billion of translation adjustments) and from net income for the period (€5.1 billion positive impact), partially offset by dividends paid (€2.5 billion negative impact).

Provisions amounted to €23.6 billion, a decrease of €1.9 billion compared with December 31, 2021. This decrease stemmed mainly from actuarial gains on provisions for post-employment benefits and other long-term benefits (which deducted €2 billion from the provision amount) owing to the sharp rise in discount rates over the period (*see Note 14*).

The increase in **derivative instruments** compared with December 31, 2021 is mainly due to the change in commodity prices over the period.

At June 30, 2022, "**Assets classified as held for sale**" and "**Liabilities directly associated with assets classified as held for sale**" mainly comprised the EQUANS activities.

5 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 23 to the consolidated financial statements for the year ended December 31, 2021 and did not change significantly in first-half 2022.

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 14 to the consolidated financial statements for the year ended December 31, 2021; 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 at December 31, 2021.

6.1.2. 2022 guidance

See section 1.1 of this management report.

6.1.3. Assumptions

In addition to taking into account the results of the first half of 2022, the assumptions communicated in the 2021 Annual Financial Report have been updated as follows:

- strategy: confirmation and deepening of the Group ambition to establish ENGIE as a leading force in the energy and climate transition. The Group will focus on the completion of the ongoing strategic reviews in order to create more value and efficiently allocate its capital for growth, in particular in Renewables, Infrastructure and Asset-based activities in Client Solutions;
- sanitary conditions: no stringent lockdowns due to Covid;
- 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 in French BtoC supply tariffs;
- average hydraulic, wind and solar production;
- 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 2021;
- foreign exchange rates: average FY 2022 €/BRL rate at 5.58 and €/USD rate at 1.07 ;
- Hedged volumes and prices for outright power production as of June 30, 2022:
  - 92% at 74€/MWh in 2022
  - 69% at 70€/MWh in 2023
  - 37% at 77€/MWh in 2024

  - 7% at 121€/MWh in 2025

- commodity prices: based on average Dec. 2021 – May 2022 market conditions

In €/MWh	2022
Power Base BE	**215**
Power Base FR	**276**
Gas TTF	**91**
CO_2	**83**

- nuclear in Belgium: nuclear availability as per REMIT and €0.3bn contingencies
- recurring net financial costs: €(1.8-2.0) billion in 2022
- recurring effective tax rate:~20% for 2022

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

6.2 Main risks and uncertainties for the second half of 2022

The “Risk factors and control” section (Section 2) of the 2021 Universal Registration Document provides a detailed description of the risk factors to which the Group is exposed. The war in Ukraine and the high volatility of the commodities markets have led to changes in the main risks and uncertainties in the first half of 2022. These evolutions are described in the half-year management report and Note 1 to the condensed consolidated financial statements for the six months ended June 30, 2022.

The risks and uncertainties relating to financial instruments and legal and anti-trust proceedings are presented in Note 13 and Note 17 to the interim condensed consolidated financial statements for the six months ended June 30, 2022.

The risks and uncertainties relating to the carrying amounts of goodwill, intangible assets and property, plant and equipment are presented in Note 11 to the interim condensed consolidated financial statements for the six months ended June 30, 2022 and in Notes 14, 15 and 16 to the consolidated financial statements for the year ended December 31, 2021.

02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

In millions of euros	Notes	June 30, 2022	June 30, 2021 (1)
REVENUES	**5.2 & 6**	**43,167**	**25,048**
Purchases and operating derivatives	7	(27,685)	(15,313)
Personnel costs		(3,903)	(3,943)
Depreciation, amortization and provisions		(2,174)	(2,236)
Taxes		(1,520)	(903)
Other operating income		632	513
Current operating income including operating MtM		**8,516**	**3,167**
Share in net income of equity method entities	5.2	468	386
Current operating income including operating MtM and share in net income of equity method entities		**8,984**	**3,552**
Impairment losses	8.1	(8)	(212)
Restructuring costs	8.2	(48)	(77)
Changes in scope of consolidation	8.3	(192)	688
Other non-recurring items		-	(4)
RESULT FROM OPERATING ACTIVITIES	**8**	**8,736**	**3,947**
Financial expenses		(2,341)	(1,041)
Financial income		259	433
NET FINANCIAL INCOME/(LOSS)	**9**	**(2,082)**	**(608)**
Income tax benefit/(expense)	10	(1,765)	(941)
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**4,889**	**2,397**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS		**176**	**20**
NET INCOME/(LOSS)		**5,064**	**2,418**
Net income/(loss) Group share		**5,012**	**2,343**
Of which Net income/(loss) relating to continuing operations, Group share		*4,837*	*2,324*
Of which Net income/(loss) relating to discontinued operations, Group share		*175*	*20*
Non-controlling interests		**52**	**74**
Of which Non-controlling interests relating to continuing operations		*52*	*73*
Of which Non-controlling interests relating to discontinued operations		*1*	*1*
BASIC EARNINGS/(LOSS) PER SHARE (EUROS) (2)	**0**	**2.05**	**0.94**
Of which Basic earnings/(loss) relating to continuing operations per share		*1.98*	*0.94*
Of which Basic earnings/(loss) relating to discontinued operations per share		*0.07*	*0.01*
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS) (2)	**0**	**2.04**	**0.94**
Of which Diluted earnings/(loss) relating to continuing operations per share		*1.97*	*0.93*
Of which Diluted earnings/(loss) relating to discontinued operations per share		*0.07*	*0.01*

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of comparative data").

(2) 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 12.5 "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, 2022	June 30, 2021 (1)
NET INCOME/(LOSS)		**5,064**	**2,418**
Debt instruments	12.1	(315)	(2)
Net investment hedges	13	(205)	(125)
Cash flow hedges (excl. commodity instruments)	13	1,042	300
Commodity cash flow hedges	13	2,280	1,794
Deferred tax on items above		(948)	(435)
Share of equity method entities in recyclable items, net of tax		576	252
Translation adjustments		1,358	620
Recyclable items relating to discontinued operations, net of tax		2	36
TOTAL RECYCLABLE ITEMS		**3,791**	**2,440**
Equity instruments	12.1	(445)	65
Actuarial gains and losses		2,340	1,232
Deferred tax on items above		(562)	(329)
Non-recyclable items relating to discontinued operations, net of tax		53	-
TOTAL NON-RECYCLABLE ITEMS		**1,386**	**967**
TOTAL RECYCLABLE ITEMS AND NON-RECYCLABLE ITEMS		**5,177**	**3,406**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**10,241**	**5,824**
Of which owners of the parent		*10,357*	*5,632*
Of which non-controlling interests		*(116)*	*192*

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

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, 2022	Dec. 31, 2021
Non-current assets			
Goodwill	11	13,005	12,799
Intangible assets, net	11	6,944	6,784
Property, plant and equipment, net	11	53,494	51,079
Other financial assets	12	10,635	10,949
Derivative instruments	12	44,153	25,616
Assets from contracts with customers	6	35	34
Investments in equity method entities		9,875	8,498
Other non-current assets	16	812	478
Deferred tax assets		2,542	1,181
TOTAL NON-CURRENT ASSETS		**141,494**	**117,418**
Current assets			
Other financial assets	12	1,766	2,495
Derivative instruments	12	42,887	19,373
Trade and other receivables, net	6	28,136	32,556
Assets from contracts with customers	6	8,915	8,344
Inventories	16	8,161	6,175
Other current assets	16	12,619	13,202
Cash and cash equivalents	12	14,655	13,890
Assets classified as held for sale	3.2	12,121	11,881
TOTAL CURRENT ASSETS		**129,260**	**107,915**
TOTAL ASSETS		**270,754**	**225,333**

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, 2022	Dec. 31, 2021
Shareholders' equity		45,250	36,994
Non-controlling interests		4,576	4,986
TOTAL EQUITY		**49,827**	**41,980**
Non-current liabilities			
Provisions	14	21,859	23,394
Long-term borrowings	12	28,714	30,458
Derivative instruments	12	34,641	24,228
Other financial liabilities	12	96	108
Liabilities from contracts with customers	6	68	68
Other non-current liabilities	16	3,073	2,341
Deferred tax liabilities		11,775	7,738
TOTAL NON-CURRENT LIABILITIES		**100,225**	**88,335**
Current liabilities			
Provisions	14	1,712	2,066
Short-term borrowings	12	13,331	10,590
Derivative instruments	12	44,004	22,702
Trade and other payables	12	33,658	32,822
Liabilities from contracts with customers	6	3,468	2,671
Other current liabilities	16	17,490	16,752
Liabilities directly associated with assets classified as held for sale	3.2	7,039	7,415
TOTAL CURRENT LIABILITIES		**120,702**	**95,019**
TOTAL EQUITY AND LIABILITIES		**270,754**	**225,333**

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	Additio-nal paid-in capital	Consoli-dated reserves	Deeply-subor-dinated perpetual notes	Changes in fair value and other	Transla-tion adjust-ments	Treasury stock	Sharehol-ders' 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								-	-	-
Other changes		(3,937)	3,943		-			6	(1)	6
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 Shareholders' Meeting decided to distribute a €0.53 dividend per share for the financial year 2020. In accordance with Article 26.2of 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) Transactions of the period are listed in Note 11.5 "Deeply-subordinated perpetual notes" to the interim condensed consolidated financial statements for the six months ended June 30, 2021.

(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.

In millions of euros	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2021	**2,435**	**26,058**	**5,238**	**3,767**	**1,711**	**(2,017)**	**(199)**	**36,994**	**4,986**	**41,979**
Net income/(loss)			5,012					5,012	52	5,064
Other comprehensive income/(loss)			1,232		2,958	1,155		5,345	(169)	5,177
TOTAL COMPREHENSIVE INCOME/(LOSS)			**6,245**	**-**	**2,958**	**1,155**	**-**	**10,357**	**(116)**	**10,241**
Share-based payment	-	-	25					25	-	25
Dividends paid in cash [1]		(394)	(1,689)					(2,082)	(381)	(2,464)
Purchase/disposal of treasury stock			(43)				8	(34)	-	(34)
Operations on deeply-subordinated perpetual notes [1]			(51)	-				(51)	-	(51)
Transactions between owners [3]			152					152	70	222
Transactions with impact on non-controlling interests			-					-	6	6
Share capital increases and decreases								-	15	15
Normative change [4]			(109)					(109)	(4)	(113)
Other changes		-	1	-	-			1	1	2
EQUITY AT JUNE 30, 2022	**2,435**	**25,665**	**9,768**	**3,767**	**4,669**	**(862)**	**(191)**	**45,251**	**4,576**	**49,827**

(1) On April 21, 2022, the Shareholder's Meeting decided to distribute a €0.85 dividend per share would be paid for 2021.
In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.09 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2021 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 April 27, 2022, the Group settled in cash (total of €2,060 million) the dividend of €0.85 per share with rights to ordinary dividends, as well as the dividend (€22 million) for shares eligible to the loyalty bonus.

(2) See Note 12.5 "Deeply subordinated perpetual notes".

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

(4) See Note 1.1.2 "Other text".

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, 2022	June 30, 2021 (1)
NET INCOME/(LOSS)		**5,064**	**2,418**
- Net income/(loss) relating to discontinued operations		**176**	**20**
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**4,889**	**2,397**
- Share in net income of equity method entities		(468)	(386)
+ Dividends received from equity method entities		304	301
- Net depreciation, amortization, impairment and provisions		1,941	2,278
- Impact of changes in scope of consolidation and other non-recurring items		193	(684)
- Mark-to-market on commodity contracts other than trading instruments		(3,744)	(571)
- Other items with no cash impact		(18)	(137)
- Income tax expense	10	1,765	941
- Net financial income/(loss)	9	2,082	608
Cash generated from operations before income tax and working capital requirements		**6,944**	**4,748**
+ Tax paid		(517)	(297)
Change in working capital requirements	**16**	**640**	**(4)**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO CONTINUING OPERATIONS		**7,067**	**4,448**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS		**12**	**165**
CASH FLOW FROM OPERATING ACTIVITIES		**7,079**	**4,613**
Acquisitions of property, plant and equipment and intangible assets	11	(2,341)	(2,566)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	3 & 12	(9)	(66)
Acquisitions of investments in equity method entities and joint operations	3 & 12	(335)	(292)
Acquisitions of equity and debt instruments	12	497	(947)
Disposals of property, plant and equipment, and intangible assets	11	94	31
Loss of controlling interests in entities, net of cash and cash equivalents sold	3 & 12	876	293
Disposals of investments in equity method entities and joint operations	3 & 12	347	-
Disposals of equity and debt instruments	12	268	25
Interest received on financial assets		(14)	(4)
Dividends received on equity instruments		(1)	4
Change in loans and receivables originated by the Group and other	3 & 12	(2,267)	97
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO CONTINUING		**(2,885)**	**(3,424)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS	**3.2.2**	**(3,614)**	**(78)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(6,499)**	**(3,503)**
Dividends paid (2)		(2,277)	(1,534)
Repayment of borrowings and debt		(5,700)	(2,547)
Change in financial assets held for investment and financing purposes		418	239
Interest paid		(396)	(318)
Interest received on cash and cash equivalents		59	17
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		(151)	(65)
Increase in borrowings		3,843	2,229
Increase/decrease in capital		27	7
Purchase and/or sale of treasury stock		(35)	(2)
Changes in ownership interests in controlled entities	11	300	(25)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO CONTINUING		**(3,911)**	**(1,998)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS	**3.2.2**	**3,748**	**(102)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(163)**	**(2,100)**
Effects of changes in exchange rates and other relating to continuing operations (2)		493	115
Effects of changes in exchange rates and other relating to discontinued operations		(21)	6
Effects of changes in exchange rates and other		472	121
TOTAL CASH FLOW FOR THE PERIOD		**889**	**(869)**
Reclassification of cash and cash equivalents relating to discontinued operations		(125)	(418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**13,890**	**12,980**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**14,655**	**11,694**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

(2) *The line "Dividends paid" includes the coupons paid to owners of deeply-subordinated perpetual notes for an amount of €51 million in first-half 2022 (€59 million in first-half 2021).*

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 28, 2022, 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, 2022.

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, 2022 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, 2021, 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, 2021, apart from the following developments in IFRS presented below.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2022

- Amendments to IAS 16 – *Property, Plant and Equipment*: Proceeds before Intended Use.
  The Group elected to early adopt these amendments, as indicated in the consolidated financial statements for the year ended December 31, 2021. They did not have a material impact on the Group's consolidated financial statements.

- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts: Cost of Fulfilling a Contract.

- Annual improvements to IFRSs – 2018 - 2020 cycle.

These amendments and annual improvements do not have a material impact on the Group's consolidated financial statements.

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(1) Available on the European Commission's website:
https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32002R1606&from=EN

1.1.2 Other text

In its March 2021 decision, the IFRS Interpretations Committee (IFRIC) clarified the method for recognizing configuration and customization costs for software used in SaaS (Software as a Service) arrangements. According to the IFRIC, some of these costs should be recognized as expenses (and not as an intangible asset). This decision do not have a material impact on the Group's consolidated financial statements.

1.1.3 IFRS standards, amendments or IFRIC interpretations applicable after 2022 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 1 – *Presentation of Financial Statements* and a practical guide to applying materiality: disclosures of Accounting Policies;
- 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);

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 highly volatile commodities markets and the war in Ukraine, have prompted the Group to step up its risk oversight procedures, mainly in measuring financial instruments, assessing the risk of cuts in the natural gas supply, as well as counterparty and liquidity risks. 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- and short-term economic prospects. Particular attention has been paid to the consequences of sharp fluctuations in the price of gas and electricity in the first half of 2022.

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, 2022 relate mainly to:

- measurement of the recoverable amounts of goodwill, property, plant and equipment and intangible assets (*see Note 8.1 "Impairment losses" and Note 11 "Goodwill, property, plant and equipment and intangible assets"*);

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

- measurement of the fair value of financial assets and liabilities, and, in the current context, factoring in the uncertainty surrounding the key assumptions used, in particular those relating to the risk of cuts of natural gas supply (*see Note 12 "Financial instruments"*);
- assessment of expected credit losses, mainly in order to update probabilities of default and other inputs in an uncertain context (*see Note 13 "Risks arising from financial instruments"*);
- measurement of provisions, particularly for back-end of nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits (*see Note 14 "Provisions"*);
- measurement of the fair value of assets acquired and liabilities assumed in a business combination (*see Note 3 "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, in a context of high volatility in commodities prices (*see Note 6 "Revenues"*);
- measurement of recognized tax loss carry-forwards, taking into account, where applicable, taxable income revisions and projections (*see Note 10 "Income tax expense"*).

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;
- identifying the performance obligations of sales contracts;
- determining how revenues are recognized for distribution or transmission services invoiced to customers;
- recognizing support measures granted by certain governments, particularly in France and Romania ("*bouclier tarifaire*"), the purpose of which is to protect both the consumer and the gas or electricity supplier against sharp fluctuations in commodity prices *(see Note 6*);
- identifying "own use contracts" as defined by IFRS 9 within non-financial purchase and sale contracts (electricity, gas, etc.);
- identifying the agreements which contain lease contracts (*see Note 11*);
- identifying offsetting arrangements that meet the criteria set out in IAS 32 – *Financial Instruments: Presentation (see Note 12*);
- the recognition, in current operating income or income tax, of new one-off contributions on excess profits in the energy sector, particularly in Italy (*see Note 7*).

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, 2022 are not necessarily indicative of those that may be expected for full-year 2022.

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 value and actual return on plan assets.

NOTE 2 RESTATEMENT OF 2021 COMPARATIVE DATA

The previously published financial statements presented hereafter have been restated to take into account the presentation in the financial statements at June 30, 2021 (the income statement, statement of comprehensive income and statement of cash flows) of EQUANS activities held for sale (*see Note 3 "Main changes in Group structure"*) as discontinued operations insofar as they represent a separate major line of business within the meaning of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

2.1 Statement of financial income at June 30, 2021

In millions of euros	June 30, 2021 published	IFRS 5	June 30, 2021 restated
REVENUES	**31,259**	**(6,211)**	**25,048**
Purchases and operating derivatives	(19,116)	3,803	(15,313)
Personnel costs	(6,176)	2,232	(3,943)
Depreciation, amortization and provisions	(2,384)	149	(2,236)
Taxes	(933)	30	(903)
Other operating income	612	(99)	513
Current operating income including operating MtM	**3,262**	**(95)**	**3,167**
Share in net income of equity method entities	385	1	386
Current operating income including operating MtM and share in net income of equity method entities	**3,647**	**(95)**	**3,552**
Impairment losses	(201)	(11)	(212)
Restructuring costs	(90)	13	(77)
Changes in scope of consolidation	694	(6)	688
Other non-recurring items	(33)	29	(4)
RESULT FROM OPERATING ACTIVITIES	**4,016**	**(70)**	**3,947**
Financial expenses	(1,072)	31	(1,041)
Financial income	441	(8)	433
NET FINANCIAL INCOME/(LOSS)	**(632)**	**23**	**(608)**
Income tax benefit/(expense)	(967)	26	(941)
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS	**2,418**	**(20)**	**2,397**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS	**-**	**20**	**20**
NET INCOME/(LOSS)	2,418	-	2,418
Net income/(loss) Group share	**2,343**	**-**	**2,343**
Of which Net income/(loss) relating to continuing operations, Group share	*2,343*	*(20)*	*2,324*
Of which Net income/(loss) relating to discontinued operations, Group share	*-*	*20*	*20*
Non-controlling interests	**74**	**-**	**74**
Of which Non-controlling interests relating to continuing operations	*74*	*(1)*	*73*
Of which Non-controlling interests relating to discontinued operations	*-*	*1*	*1*
BASIC EARNINGS/(LOSS) PER SHARE (EUROS)	**0.94**	**(0.39)**	**0.55**
Of which Basic earnings/(loss) relating to continuing operations per share	*0.94*	*(0.41)*	*0.53*
Of which Basic earnings/(loss) relating to discontinued operations per share	*0.00*	*0.02*	*0.02*
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS)	**0.94**	**(0.39)**	**0.55**
Of which Diluted earnings/(loss) relating to continuing operations per share	*0.94*	*(0.41)*	*0.53*
Of which Diluted earnings/(loss) relating to discontinued operations per share	*0.00*	*0.02*	*0.02*

2.2 Statement of comprehensive income at June 30, 2021

In millions of euros	June 30, 2021 published	IFRS 5	June 30, 2021 restated
NET INCOME/(LOSS)	2,418	-	2,418
Debt instruments	(2)	-	(2)
Net investment hedges	(125)	-	(125)
Cash flow hedges (excl. commodity instruments)	300	-	300
Commodity cash flow hedges	1,794	-	1,794
Deferred tax on items above	(435)	-	(435)
Share of equity method entities in recyclable items, net of tax	252	-	252
Translation adjustments	656	(35)	620
Recyclable items relating to discontinued operations, net of tax	-	36	36
TOTAL RECYCLABLE ITEMS	**2,440**	**-**	**2,440**
Equity instruments	64	1	65
Actuarial gains and losses	1,234	(2)	1,232
Deferred tax on items above	(331)	1	(329)
TOTAL NON-RECYCLABLE ITEMS	**967**	**-**	**967**
TOTAL RECYCLABLE ITEMS AND NON-RECYCLABLE ITEMS	**3,406**	**-**	**3,406**
TOTAL COMPREHENSIVE INCOME/(LOSS)	5,824	-	5,824
Of which owners of the parent	*5,632*	-	*5,632*
Of which non-controlling interests	*192*	-	*192*

2.3 Statement of cash flows at June 30, 2021

In millions of euros	June 30, 2021 published	IFRS 5	June 30, 2021 restated
NET INCOME/(LOSS)	2,418	-	2,418
- Net income/(loss) relating to discontinued operations	-	20	20
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS	**2,418**	**(20)**	**2,397**
- Share in net income of equity method entities	(385)	(1)	(386)
+ Dividends received from equity method entities	302	-	301
- Net depreciation, amortization, impairment and provisions	2,408	(130)	2,278
- Impact of changes in scope of consolidation and other non-recurring items	(694)	9	(684)
- Mark-to-market on commodity contracts other than trading instruments	(574)	3	(571)
- Other items with no cash impact	(137)	-	(137)
- Income tax expense	967	(26)	941
- Net financial income/(loss)	632	(23)	608
Cash generated from operations before income tax and working capital requirements	**4,937**	**(188)**	**4,748**
+ Tax paid	(282)	(15)	(297)
Change in working capital requirements	**(42)**	**38**	**(4)**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO CONTINUING OPERATIONS	**4,613**	**(165)**	**4,448**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS	**-**	**165**	**165**
CASH FLOW FROM OPERATING ACTIVITIES	4,613	-	4,613
Acquisitions of property, plant and equipment and intangible assets	(2,664)	98	(2,566)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	(70)	5	(66)
Acquisitions of investments in equity method entities and joint operations	(292)	-	(292)
Acquisitions of equity and debt instruments	(949)	3	(947)
Disposals of property, plant and equipment, and intangible assets	37	(7)	31
Loss of controlling interests in entities, net of cash and cash equivalents sold	312	(19)	293
Disposals of equity and debt instruments	25	-	25
Interest received on financial assets	(13)	8	(4)
Dividends received on equity instruments	4	-	4
Change in loans and receivables originated by the Group and other	107	(10)	97
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO CONTINUING OPERATIONS	**(3,503)**	**78**	**(3,424)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS	**-**	**(78)**	**(78)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(3,503)	-	(3,503)
Dividends paid [(1)] [(2)]	(1,534)	-	(1,534)
Repayment of borrowings and debt	(2,642)	94	(2,547)
Change in financial assets held for investment and financing purposes	239	-	239
Interest paid	(327)	8	(318)
Interest received on cash and cash equivalents	16	-	17
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings	(65)	-	(65)
Increase in borrowings	2,230	(1)	2,229
Increase/decrease in capital	7	-	7
Changes in ownership interests in controlled entities	(25)	-	(25)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO CONTINUING OPERATIONS	**(2,099)**	**102**	**(1,998)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS	**-**	**(102)**	**(102)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(2,099)	-	(2,100)
Effects of changes in exchange rates and other relating to continuing operations	121	(6)	115
Effects of changes in exchange rates and other relating to discontinued operations	-	6	6
Effects of changes in exchange rates and other	121	-	121
TOTAL CASH FLOW FOR THE PERIOD	(868)	-	(869)
Reclassification of cash and cash equivalents relating to discontinued operations	-	(418)	(418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,980	-	12,980
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,112	(418)	11,694

2.4 Impacts on key indicators

In millions of euros	June 30, 2021 published	IFRS 5	Definition change (1)	June 30, 2021 restated
EBITDA	**5,423**	**(240)**	**-**	**5,183**
EBIT	**3,089**	**(91)**	**-**	**2,998**
NET RECURRING INCOME/(LOSS)	**1,695**	**-**	**-**	**1,695**
Net recurring income/(loss) relating to continuing operations	1,695	(49)	-	1,646
Net recurring income/(loss) relating to discontinued operations	-	49	-	49
NET RECURRING INCOME/(LOSS), GROUP SHARE	**1,386**	**-**	**-**	**1,386**
Net recurring income/(loss) relating to continuing operations, Group share	1,386	(48)	-	1,338
Net recurring income/(loss) relating to discontinued operations, Group share	-	48	-	48
NET RECURRING INCOME/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**309**	**-**	**-**	**309**
Net recurring income/(loss) relating to continuing operations attributable to non-controlling interests	309	(1)	-	309
Net recurring income/(loss) relating to discontinued operations attributable to non-controlling interests	-	1	-	1
CASH FLOW FROM OPERATIONS (CFFO)	**4,294**	**(144)**	**113**	**4,263**

(1) In view of the start of work related to nuclear exit in Belgium, the definition of cash flow from operations (CFFO) has been adjusted to exclude expenditure on the dismantling of nuclear power plants and the management of radioactive materials and waste. These expenses are now presented together with investments to cover nuclear provisions, under a dedicated heading. The data at June 30 2021 have been restated accordingly.

NOTE 3 MAIN CHANGES IN GROUP STRUCTURE

3.1 Disposals carried out in first-half 2022

3.1.1 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 in its asset portfolio rotation program which, in the medium term, could represent a budget of at least €11 billion.

The table below shows the impact of the main disposals and sale agreements of first-half 2022 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**
Earn out related to the disposal of a share of ENGIE's interest in SUEZ – France	347	347
Disposal of ENGIE's residual interest in SUEZ – France	227	227
Disposal of a share of ENGIE's interest in GTT – France	298	298
Other disposals that are not material taken individually	301	156
TOTAL	**1,173**	**1,028**

The €1,028 million reduction in net financial debt at June 30, 2022 is in addition to the €2,320 million decrease previously recognized at December 31, 2021 as part of the asset disposal program, representing a total of €3,348 million to date. Disposals in the process of completion at June 30, 2022 are described in Note 3.2 "Assets held for sale".

3.1.2 Earn-out from the disposal of a portion of ENGIE's interest in French company SUEZ SA in 2021 and the disposal of its remaining stake in 2022

On October 6, 2020, the Group sold 29.9% of its stake in SUEZ SA to the VEOLIA Group. This sale was subject to an earn-out mechanism if the VEOLIA Group carried out other capital transactions on SUEZ at a price higher than that of the 29.9% block sold by ENGIE.

In 2021, the VEOLIA Group launched a takeover bid for SUEZ at a price of €20.50 per share (cum dividend) which closed successfully on January 7, 2022. At the end of 2021, the ENGIE Group considered that all the conditions had been met to recognize the €347 million in income related to the earn-out mechanism negotiated with the VEOLIA Group.

ENGIE cashed in this earn-out on January 19, 2022, once the takeover bid had been closed

On January 18, 2022, the Group also contributed its remaining 1.8% stake in SUEZ as part of the public offer initiated by the VEOLIA Group. This transaction has no impact on the Group's 2022 results, as the interest was measured at fair value at December 31, 2021. The effects of the transaction have reduced the Group's net financial debt by €227 million.

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

On March 24, 2022, ENGIE announced the sale of a stake in GTT representing approximately 9% of the share capital at a price of €90 per share.

The transaction did not change ENGIE's representation on GTT's Board of Directors. Consequently, following the disposal, ENGIE has maintained its significant influence and therefore continues to account for its residual 21.4% interest in GTT

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

using the equity method. This interest could be reduced to 11.4% if the Group were to exchange the exchangeable bonds issued in 2021 by 2024.

The effects of the transaction have reduced the Group's net financial debt by €298 million. The disposal gain before tax amounted to €74 million in first-half 2022.

3.2 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 €12,121 million and €7,039 million, respectively, at June 30, 2022.

In millions of euros	June 30, 2022	Dec. 31, 2021
Property, plant and equipment and intangible assets, net	3,868	4,235
Other assets	8,252	7,645
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**12,121**	**11,881**
of which Assets relating to discontinued operations	*11,818*	*11,186*
Borrowings and debt	47	368
Other liabilities	6,992	7,047
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**7,039**	**7,415**
of which Liabilities directly associated with assets relating to discontinued operations	*7,025*	*6,952*

The assets related to Endel and its main subsidiaries recorded as "Assets classified as held for sale" at December 31, 2021 were sold in first-half 2022.

"Assets classified as held for sale" at June 30, 2022 corresponds to the EQUANS entities and certain renewable energy assets in Mexico (the sale of which is highly probable but remains subject to various approvals being obtained). These transactions are expected to be completed in second-half 2022.

The activities of the EQUANS entities continue to be classified in the Group's consolidated financial statements as discontinued operations as they represent a separate major line of business pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Consequently, the net income or loss generated by these activities is presented on a separate line after income from continuing operations. The comparative income statement data for the previous period have been restated on the same basis.

3.2.1 Planned sale of the EQUANS operations

On November 5, 2021, the Group entered into exclusive negotiations with Bouygues for the sale of 100% of EQUANS, based on a unilateral firm and binding offer.

EQUANS encompasses the Group's activities in multi-technical services for companies worldwide, mainly in France and Europe: design, engineering, works, operation, installation, maintenance, facility management, etc. The scope of these activities constituted a reportable segment (*see Note 4 "Segment information" to the condensed consolidated interim financial statements at June 30, 2021*).

EQUANS was classified under "Assets held for sale" and "Discontinued operations" on November 5, 2021. This assumption was based on the firm and binding sale option signed on November 5, 2021, and on the nature of the conditions precedent to be met at the date of receipt of the offer. The impact of this classification on the Group's consolidated financial statements was as follows:

- assets held for sale and the associated liabilities are identified separately from other assets and liabilities in the statement of financial position at June 30, 2022, and at December 31, 2021;
- from the date of classification as "Assets held for sale", these assets are no longer depreciated;
- net income generated in first-half 2022 is presented on a single line of the income statement entitled "Net income/(loss) from discontinued operations". The comparative income statement data for first-half 2021 have been restated in accordance with IFRS 5 (*see Note 2 "Restatement of 2021 comparative data"*);

- recyclable and non-recyclable items relating to discontinued operations are identified separately in the statement of comprehensive income for first-half 2022 and first-half 2021;
- net cash flows from operating, investing and financial activities attributable to discontinued operations are presented on separate lines of the Group's statement of cash flows for first-half 2022. The comparative cash flow data for first-half 2021 have been restated in accordance with IFRS 5 (*see Note 2 "Restatement of 2021 comparative data"*).

Given the expected capital gain from the disposal, no value adjustment has been recorded.

The disposal should be completed in the second half of 2022. The combined effects of the transaction and of the cash generated from these activities since the closing of the transaction should reduce the Group's net financial debt by around €6.8 billion.

3.2.2 Financial information on discontinued operations

Net income/(loss) from discontinued operations

In millions of euros	June 30, 2022	June 30, 2021
REVENUES	**6,543**	**6,211**
Purchases and operating derivatives	(4,014)	(3,803)
Personnel costs	(2,359)	(2,232)
Depreciation, amortization and provisions	26	(149)
Taxes	(37)	(30)
Other operating income	106	99
Current operating income including operating MtM	**266**	**95**
Share in net income of equity method entities	3	(1)
Current operating income including operating MtM and share in net income of equity method entities	**268**	**95**
Impairment losses	-	11
Restructuring costs	(13)	(13)
Changes in scope of consolidation	(12)	6
Other non-recurring items	-	(29)
RESULT FROM OPERATING ACTIVITIES	**245**	**70**
Financial expenses	(34)	(31)
Financial income	10	8
NET FINANCIAL INCOME/(LOSS)	**(24)**	**(23)**
Income tax benefit/(expense)	(45)	(26)
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS	**176**	**20**
Of which Net income/(loss) relating to discontinued operations, Group share	**175**	**20**
Of which Non-controlling interests relating to discontinued operations	**1**	**1**
FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION		
EBITDA	272	240
EBIT [(1)]	268	91
Net recurring income/(loss) Group Share [(1)]	181	48

(1) Includes the impact of no longer depreciating the assets as of the date of classification as held for sale, of a positive €150 million on EBIT and a positive €130 million on recurring net income, Group share, in first-half 2022.

Statement of financial position of discontinued operations

In millions of euros	June 30, 2022	Dec. 31, 2021
Non-current assets		
Goodwill	3,107	3,056
Intangible assets, net	414	409
Property, plant and equipment, net	1,321	1,150
Other financial assets	130	124
Assets from contracts with customers	6	7
Investments in equity method entities	9	3
Other non-current assets	174	165
Deferred tax assets	235	267
TOTAL NON-CURRENT ASSETS	**5,396**	**5,181**
Current assets		
Other financial assets	20	21
Trade and other receivables, net	2,321	2,246
Assets from contracts with customers	2,550	2,302
Inventories	186	190
Other current assets	792	817
Cash and cash equivalents	553	429
TOTAL CURRENT ASSETS	**6,422**	**6,004**
TOTAL ASSETS RELATING TO DISCONTINUED OPERATIONS	**11,817**	**11,185**

In millions of euros	June 30, 2022	Dec. 31, 2021
Non-current liabilities		
Provisions	268	355
Long-term borrowings	427	390
Derivative instruments	1	1
Other financial liabilities	3	1
Liabilities from contracts with customers	14	12
Other non-current liabilities	2	3
Deferred tax liabilities	233	218
TOTAL NON-CURRENT LIABILITIES	**947**	**979**
Current liabilities		
Provisions	291	311
Short-term borrowings	174	198
Derivative instruments	-	-
Trade and other payables	2,085	1,977
Liabilities from contracts with customers	1,898	1,910
Other current liabilities	1,630	1,577
TOTAL CURRENT LIABILITIES	**6,078**	**5,973**
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH DISCONTINUED OPERATIONS	**7,025**	**6,952**

Cash flows from discontinued operations

In millions of euros	June 30, 2022	June 30, 2021
NET INCOME/(LOSS)	176	20
Cash generated from operations before income tax and working capital requirements	**223**	**188**
+ Tax paid	(2)	15
Change in working capital requirements	**(209)**	**(38)**
CASH FLOW FROM OPERATING ACTIVITIES	**12**	**165**
Acquisitions of property, plant and equipment and intangible assets	(90)	(98)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	(2)	(5)
Loss of controlling interests in entities, net of cash and cash equivalent sold	3	7
Interest received on financial assets	(5)	(8)
Change in loans and receivables originated by the Group and other (1)	(3,521)	10
Other	2	17
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(3,613)**	**(78)**
Dividends paid	-	-
Repayment of borrowings and debt	(76)	(95)
Interest paid	(17)	(8)
Interest received on cash and cash equivalents	-	-
Increase in borrowings	12	(5)
Cash flow from (used in) financing activities excluding intercompany transactions	**(81)**	**(108)**
Intercompany transactions with ENGIE (2)	3,829	6
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**3,748**	**(102)**
Effects of changes in exchange rates and other	(22)	(4)
TOTAL CASH FLOW FOR THE PERIOD	125	(19)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	429	428
CASH AND CASH EQUIVALENTS AT END OF PERIOD	553	419

(1) The line "Change in loans and receivables originated by the Group and other" includes the acquisition by EQUANS of shares in the "Asset-Light Client Solutions business" held by ENGIE for a negative amount of €3,520 million and disposals, by EQUANS, of shares not constituting "Asset-Light Client Solutions business" to ENGIE for an amount of €7 million.

(2) The line "Transactions with ENGIE" includes the capital increases of EQUANS, for an amount of €2,774 million, and the increase in EQUANS' financial debt, for an amount of €1,071 million, subscribed by ENGIE to finance the above-mentioned acquisitions.

3.3 Acquisitions carried out in first-half 2022

In total, acquisitions carried out in first-half 2022 had an impact of €1.2 billion on net financial debt. These acquisitions relate mainly to the agreement entered into in November 2021 by ENGIE and Crédit Agricole Assurances to acquire 97.33% of Eolia Renovables, one of Spain's largest renewable energy producers, from Canadian institutional investment manager Alberta Investment Management Corporation. The transaction covers the ownership and operation of 899 MW of operating assets (821 MW of onshore wind and 78 MW photovoltaic) and a 1.2 GW pipeline of renewable projects.

The operating assets will be 40% owned by ENGIE and 60% by Crédit Agricole Assurances while ENGIE will develop and build the pipeline of projects. ENGIE will provide a complete range of services (O&M, Asset Management, Energy Management and Development services) for the full asset scope.

The acquired assets benefit from a regulated scheme ensuring predictability of returns for the next ten years. The completion of this transaction has an impact of €0.5 billion on the Group's net financial debt. The interest in the company holding the operating assets is accounted for using the equity method. The company responsible for developing and building the pipeline of projects will be fully consolidated by ENGIE. The Group will carry out the purchase price allocation during the second half of the year.

Other acquisitions during the first half of the year relate mainly to the financing of the Group's offshore wind energy activities for €0.5 billion.

NOTE 4 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.

4.1 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, 2022	June 30, 2021 (1)
Current operating income including operating MtM and share in net income of equity method entities	**8,984**	**3,552**
Mark-to-market on commodity contracts other than trading instruments	(3,744)	(571)
Net depreciation and amortization/Other	2,206	2,161
Share-based payments (IFRS 2)	21	25
Non-recurring share in net income of equity method entities	14	16
EBITDA	**7,480**	**5,183**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

4.2 EBIT

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, 2022	June 30, 2021 (1)
Current operating income including operating MtM and share in net income of equity method entities	**8,984**	**3,552**
Mark-to-market on commodity contracts other than trading instruments	(3,744)	(571)
Non-recurring share in net income of equity method entities	14	16
EBIT	**5,253**	**2,998**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

4.3 Net recurring income Group share (NriGs)

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, abnormal 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, 2022	June 30, 2021 (1)
NET INCOME/(LOSS) GROUP SHARE		**5,012**	**2,343**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS, GROUP SHARE		**175**	**20**
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS, GROUP SHARE		**4,837**	**2,324**
Net income attributable to non-controlling interests relating to discontinued operation		52	73
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**4,889**	**2,397**
Reconciliation items between "Current operating income including operating MtM and share in net income of equity method entities" and "Result from operating activities"		**248**	**(395)**
Impairment losses	*8.1*	*8*	*212*
Restructuring costs	*8.2*	*48*	*77*
Changes in scope of consolidation	*8.3*	*192*	*(688)*
Other non-recurring items		*-*	*4*
Other adjusted items		**(1,570)**	**(356)**
Mark-to-market on commodity contracts other than trading instruments	*7*	*(3,744)*	*(571)*
Ineffective portion of derivatives qualified as fair value hedges	*9*	*(7)*	*1*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*9*	*(29)*	*30*
Non-recurring income/(loss) from debt instruments and equity instruments	*9*	*1,146*	*(125)*
Other adjusted tax impacts		*1,050*	*292*
Non-recurring income/(loss) included in share in net income of equity method entities		*14*	*16*
NET RECURRING INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**3,566**	**1,646**
Net recurring income/(loss) attributable to non-controlling interests		319	309
NET RECURRING INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS, GROUP		**3,248**	**1,338**
Net recurring income/(loss) relating to discontinued operations, Group share		181	48
NET RECURRING INCOME/(LOSS) GROUP SHARE		**3,429**	**1,386**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

4.4 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, 2022	Dec. 31, 2021
(+)	Property, plant and equipment and intangible assets, net	60,438	57,863
(+)	Goodwill	13,005	12,799
(-)	*Goodwill Gaz de France - SUEZ and International Power* (1)	*(7,285)*	*(7,213)*
(+)	IFRIC 4, IFRS 16 and IFRIC 12 receivables	2,394	2,456
(+)	Investments in equity method entities	9,875	8,498
(-)	*Goodwill arising on the International Power combination* (1)	*(41)*	*(38)*
(+)	Trade and other receivables, net	28,136	32,556
(-)	*Margin calls* (1) (2)	*(11,471)*	*(13,856)*
(+)	Inventories	8,161	6,175
(+)	Assets from contracts with customers	8,950	8,377
(+)	Other current and non-current assets	13,431	13,681
(+)	Deferred tax	(9,233)	(6,557)
(+)	*Cancellation of deferred tax on other recyclable items* (1) (2)	*1,881*	*841*
(-)	Provisions	(23,571)	(25,459)
(+)	*Actuarial gains and losses in shareholders' equity (net of deferred tax)* (1)	*1,395*	*3,162*
(-)	Trade and other payables	(33,658)	(32,822)
(+)	*Margin calls* (1) (2)	*13,695*	*7,835*
(-)	Liabilities from contracts with customers	(3,536)	(2,739)
(-)	Other current and non-current liabilities	(20,696)	(19,175)
INDUSTRIAL CAPITAL EMPLOYED		**51,869**	**46,382**

(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.

4.5 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, 2022	June 30, 2021 (1) (2)
Cash generated from operations before income tax and working capital requirements	6,944	4,748
Tax paid	(517)	(297)
Change in working capital requirements	640	(4)
Interest received on financial assets	(14)	(4)
Dividends received on equity investments	(1)	4
Interest paid	(396)	(318)
Interest received on cash and cash equivalents	59	113
Nuclear - expenditure on dismantling power plant and reprocessing, fuel storage	66	239
Change in financial assets at fair value through income	418	239
(+) Change in financial assets at fair value through income recorded in the statement of financial position	*(407)*	*(235)*
CASH FLOW FROM OPERATIONS (CFFO)	**6,793**	**4,263**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5 (see Note 2 “Restatement of 2021 comparative data”).

(2) In view of the start of work related to the nuclear exit in Belgium, the definition of the cash flow from operations (CFFO) has been adjusted to exclude expenditure on the dismantling of nuclear power plants and the management of radioactive materials and waste. These expenses are now presented together with investments to cover nuclear provisions, under a dedicated heading. The data at 30 June 2021 have been restated accordingly.

4.6 Capital expenditure (CAPEX) and growth CAPEX

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

In millions of euros	June 30, 2022	June 30, 2021 (1) (2)
Acquisitions of property, plant and equipment and intangible assets	2,341	2,566
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	2	66
(+) Cash and cash equivalents acquired	*1*	*(4)*
Acquisitions of investments in equity method entities and joint operations	342	292
Acquisitions of equity and debt instruments	(497)	947
Change in loans and receivables originated by the Group and other	2,267	(97)
(+) Other	*(27)*	*(7)*
Change in ownership interests in controlled entities	-	25
(-) Disposal impacts relating to DBSO (3) activities	(256)	(199)
(-) Financial investments Synatom / Disposal of financial assets Synatom	(904)	(778)
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,270**	**2,809**
(-) Maintenance CAPEX	(1,039)	(1,011)
TOTAL GROWTH CAPEX	**2,231**	**1,798**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5 (see Note 2 “Restatement of 2021 comparative data”).

(2) In view of the start of work related to the nuclear exit in Belgium, the definition of the cash flow from operations (CFFO) has been adjusted to exclude expenditure on the dismantling of nuclear power plants and the management of radioactive materials and waste. These expenses are now presented together with investments to cover nuclear provisions, under a dedicated heading. The data at 30 June 2021 have been restated accordingly.

(3) Develop, Build, Share & Operate; including Tax equity financing received.

4.7 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, 2022	Dec. 31, 2021
(+) Long-term borrowings	12.2 & 12.3	28,714	30,458
(+) Short-term borrowings	12.2 & 12.3	13,331	10,590
(+) Derivative instruments - carried in liabilities	12.4	78,645	46,931
(-) Derivative instruments hedging commodities and other items		*(78,036)*	*(46,617)*
(-) Other financial assets	12.1	(12,401)	(13,444)
(+) Loans and receivables at amortized cost not included in net financial debt		*6,214*	*5,143*
(+) Equity instruments at fair value		*1,716*	*2,827*
(+) Debt instruments at fair value not included in net financial debt		*3,284*	*3,853*
(-) Cash and cash equivalents	12.1	(14,655)	(13,890)
(-) Derivative instruments - carried in assets	12.4	(87,040)	(44,989)
(+) Derivative instruments hedging commodities and other items		*86,549*	*44,489*
NET FINANCIAL DEBT		**26,320**	**25,350**

4.8 Economic net debt

Economic net debt is as follows:

In millions of euros	Notes	June 30, 2022	Dec. 31, 2021
NET FINANCIAL DEBT	12.3	**26,320**	**25,350**
Provisions for back-end of the nuclear fuel cycle		8,212	8,030
Provisions for dismantling of plant and equipment		8,064	8,015
Provisions for site rehabilitation		248	246
Post-employment benefits - Pensions		769	1,779
(-) Infrastructures regulated companies		*349*	*(16)*
Post-employment benefits - Reimbursement rights		(228)	(228)
Post-employment benefits - Other benefits		3,777	5,149
(-) Infrastructures regulated companies		*(2,393)*	*(3,289)*
Deferred tax assets for pensions and related obligations		(933)	(1,501)
(-) Infrastructures regulated companies		*522*	*780*
Plan assets relating to nuclear provisions, inventories of uranium, related derivative financial instruments and a receivable of Electrabel towards EDF Belgium		(6,240)	(6,014)
ECONOMIC NET DEBT		**38,467**	**38,300**

NOTE 5 SEGMENT INFORMATION

5.1 Operating segment and reportable segment

ENGIE is organized around:

- four Global Business Units (GBUs) representing the Group's four strategic activities: Renewables, Energy Solutions, Networks and Thermal & Supply;
- two operating entities: Nuclear and Gobal Energy Management & Sales ("GEMS");
- an Other group mainly comprising the Corporate functions and certain Holdings.

The organization is described in Note 7 “Segment information” to the consolidated financial statements at December 31,2021.

From 2022 onwards and given the significant volatility of the commodity markets, the Group Executive Committee, which represents the chief operating decision maker as defined by IFRS 8 – *Operating Segments*, monitors the activities of GEMS as such, which has become an operating segment.

The reportable segments are identical to the operating segments and correspond to the activities underlying the GBUs organization.

5.2 Key indicators by reportable segment

REVENUES

	June 30, 2022			June 30, 2021 (1)		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
Renewables	2,485	67	2,552	1,549	19	1,568
Networks	3,650	465	4,115	3,680	445	4,126
Energy Solutions	5,587	141	5,728	4,713	97	4,811
Thermal	3,222	565	3,787	1,696	271	1,966
Supply	8,169	795	8,964	4,824	28	4,851
Nuclear	(23)	1,200	1,177	15	695	710
Others	20,077	(346)	19,731	8,571	2,990	11,562
Of which GEMS (2)	*20,064*	*(360)*	*19,704*	*8,423*	*2,977*	*11,400*
Elimination of internal transactions	-	(2,887)	(2,887)	-	(4,545)	(4,545)
TOTAL REVENUES	**43,167**	**-**	**43,167**	**25,048**	**-**	**25,048**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5 (see Note 2 “Restatement of 2021 comparative data”).*

(2) *Of which a €17 billion of price effect compared to 2021.*

EBITDA

In millions of euros	June 30, 2022	June 30, 2021 (1)
Renewables	1,101	750
Networks	2,382	2,402
Energy Solutions	380	380
Thermal	891	769
Supply	555	334
Nuclear	1,089	402
Others	1,082	146
Of which GEMS	*1,161*	*280*
TOTAL EBITDA	**7,480**	**5,183**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5 (see Note 2 “Restatement of 2021 comparative data”).*

EBIT

In millions of euros	June 30, 2022[1]	June 30, 2021 [2]
Renewables	828	490
Networks	1,471	1,516
Energy Solutions	160	164
Thermal	667	552
Supply	424	207
Nuclear	858	178
Others	846	(110)
Of which GEMS	*1,062*	*201*
TOTAL EBIT	**5,253**	**2,998**

(1) *Including €308 million of exceptional contribution on the excess energy margin in Italy (mainly GEMS) at June 30, 2022.*
(2) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

SHARE IN NET INCOME/'LOSS) OF EQUITY METHOD ENTITIES

In millions of euros	June 30, 2022	June 30, 2021 [1]
Renewables	92	14
Networks	149	133
Energy Solutions	45	56
Thermal	175	182
Supply	-	-
Nuclear	-	-
Others	7	-
Of which GEMS	*1*	*(3)*
TOTAL SHARE IN NET INCOME/(LOSS) OF EQUITY METHOD ENTITIES	**468**	**386**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

Associates and joint ventures accounted for €170 million and €298 million respectively of share in net income of equity method entities at June 30, 2022 (compared to €165 million and €221 million at June 30, 2021).

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	June 30, 2022	Dec. 31, 2021
Renewables	14,966	12,511
Networks	24,486	24,167
Energy Solutions	7,564	6,674
Thermal	8,117	7,846
Supply	2,753	1,316
Nuclear [1]	(13,720)	(12,666)
Others	7,703	6,534
Of which GEMS	*4,663*	*2,937*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**51,869**	**46,382**

(1) Including €15,365 million of nuclear provisions. Capital employed does not include assets dedicated to covering provisions for €5,764 million.

CAPITAL EXPENDITURE

In millions of euros	June 30, 2022	June 30, 2021 [1]
Renewables	1,378	596
Networks	1,019	1,161
Energy Solutions	329	297
Thermal	134	102
Supply	130	130
Nuclear (1)	153	118
Others	128	404
Of which GEMS	*63*	*376*
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,270**	**2,809**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

GROWTH CAPEX

In millions of euros	June 30, 2022	June 30, 2021 [(1)]
Renewables	1,339	558
Networks	505	667
Energy Solutions	258	225
Thermal	27	(14)
Supply	86	70
Nuclear	-	-
Others	15	291
Of which GEMS	*12*	*(21)*
TOTAL GROWTH CAPEX	**2,231**	**1,798**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

5.3 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, 2022	June 30, 2021 [(1)]	June 30, 2022	Dec. 31, 2021
France	14,327	11,274	30,792	30,241
Belgium	5,277	2,273	(10,354)	(10,775)
Other EU countries	10,979	4,618	8,264	6,938
Other European countries	2,045	1,089	1,309	1,447
North America	2,733	2,141	6,140	5,342
Asia, Middle East & Oceania	5,442	1,586	3,141	2,709
South America	2,251	1,926	11,461	9,521
Africa	114	140	1,116	960
TOTAL	**43,167**	**25,048**	**51,869**	**46,382**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

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 6 REVENUES

6.1 Revenues

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15 (*see Note 8 "Revenues"* to the consolidated financial statements for the year ended December 31, 2021).

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 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, 2022
Renewables	-	2,265	43	121	56	**2,485**
Networks	115	1	3,179	214	141	**3,650**
Energy Solutions	74	2,542	43	2,899	29	**5,587**
Thermal	182	2,434	215	235	156	**3,222**
Supply	4,442	2,418	37	493	779	**8,169**
Nuclear	-	3	4	14	(45)	**(23)**
Others	9,437	9,420	95	35	1,089	**20,077**
Of which GEMS	*9,437*	*9,420*	*95*	*22*	*1,089*	***20,064***
TOTAL REVENUES	**14,250**	**19,083**	**3,617**	**4,011**	**2,205**	**43,167**

The significant change in natural gas and electricity prices has led some governments to introduce a "tariff shield" system for natural gas and electricity, notably in France and Romania.

The measure with the most significant impact on the Group's consolidated financial statements is the measure introduced by the French government for natural gas, as part of the Finance Act for 2022 (Act no. 2021-1900 of December 30, 2021). The regulated rates have been capped at the October 1, 2021 levels, from November 1, 2021 until December 31, 2022 (the decree of June 25, 2022 extended the mechanism initially in place until June 30, 2022). The loss of revenue incurred by ENGIE qualifies as expenses attributable to public service obligations and is subject to guaranteed compensation by the State. The subsidy recognized in profit or loss in first-half 2022 amounted to approximately €623 million (€248 million in 2021) and is recorded in the "Supply" category of the "Others" column ("Revenues excluding IFRS 15"). On June 27, 2022, the Group signed a non-recourse assignment agreement with Natixis, under the so-called "Dailly" law, to assign a portion of this receivable, amounting to approximately €741 million.

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 31, 2021 (1)
Renewables	-	1,375	66	67	40	**1,549**
Networks	105	-	3,173	326	76	**3,680**
Energy Solutions	76	1,613	47	2,953	24	**4,713**
Thermal	8	1,314	156	219	-	**1,696**
Supply	2,664	1,658	42	448	11	**4,824**
Nuclear	-	2	7	12	(5)	**15**
Others	3,007	4,894	93	194	383	**8,571**
Of which GEMS	*3,007*	*4,884*	107	*41*	*383*	**8,423**
TOTAL REVENUES	**5,860**	**10,856**	**3,584**	**4,218**	**529**	**25,048**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

The €18.1 billion increase in revenues compared to June 30, 2021 is mainly due to higher commodity prices in a context of high volatility, particularly in GEMS and Supply activities.

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

6.2.1 Trade and other receivables and assets from contracts with customers

In millions of euros	June 30, 2022	Dec. 31, 2021
Trade and other receivables, net	28,136	32,555
Of which IFRS 15	*7,464*	*6,453*
Of which non-IFRS15	*20,672*	*26,102*
Assets from contracts with customers	8,950	8,377
Accrued income and unbilled revenues	*7,201*	*6,817*
Energy in the meter (1)	*1,749*	*1,560*

(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”).

6.2.2 Liabilities from contracts with customers

	June 30, 2022			Dec. 31, 2021		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Liabilities from contracts with customers	68	3,468	3,536	68	2,671	2,739
Advances and downpayments received	*-*	*2,743*	*2,743*	*-*	*1,955*	*1,955*
Deferred revenues	*68*	*726*	*793*	*68*	*716*	*784*

NOTE 7 OPERATING EXPENSES

7.1 Purchases and operating derivatives

In millions of euros	June 30, 2022	June 30, 2021 (1)
Purchases and other income and expenses on operating derivatives other than trading (2)	(24,623)	(12,282)
Service and other purchases (3)	(3,062)	(3,030)
PURCHASES AND OPERATING DERIVATIVES	**(27,685)**	**(15,313)**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

(2) Of which net income of €3,744 million at first-half 2022 relating to MtM on commodity contracts other than trading (compared to net income of €571 million at first-half 2021) notably on some economic electricity hedging positions not documented as cash flow hedges).

(3) Of which €27 million in lease expenses at June 30, 2022 – relating to lease expenses not included in the IFRS 16 lease liability, mainly relating to variable fees incurred in connection with the extension of the Rhone concession to CNR (compared to €24 million at June 30, 2021).

The increase in purchases and operating derivatives is mainly due to changes in commodity prices over the period.

7.2 Taxes

In millions of euros	June 30, 2022	June 30, 2021 (1)
TAXES	**(1,520)**	**(903)**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

Operating expenses for the first half of 2022 include a tax on "excess profits" of €308 million introduced by the Italian authorities.

NOTE 8 OTHER ITEMS OF INCOME/(LOSS) FROM OPERATING ACTIVITIES

8.1 Impairment losses

In millions of euros	Notes	June 30, 2022	June 30, 2021 (1)
Impairment losses:			
Goodwill	11	-	(83)
Property, plant and equipment and other intangible assets	11	(14)	(135)
Investments in equity method entities and related provisions		(9)	(16)
TOTAL IMPAIRMENT LOSSES		**(23)**	**(234)**
Reversal of impairment losses:			
Property, plant and equipment and other intangible assets		15	21
TOTAL REVERSALS OF IMPAIRMENT LOSSES		**15**	**21**
TOTAL		**(8)**	**(212)**

(1) *Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").*

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 (*see Note 11 "Goodwill, property, plant and equipment and intangible assets"*).

8.1.1 Impairment losses recognized during the first half of 2022

Net impairment losses recognized in first-half 2022 amounted to €8 million related to miscellaneous assets not material taken individually.

Net impairment losses recognized in first-half 2021 amounted to €212 million, primarily relating to non-strategic regions and businesses in South America for €76 million, Africa for €65 million, France for €40 million and the United States for €27 million.

8.2 Restructuring costs

Restructuring costs totaled €48 million in first-half 2022 (€77 million in first-half 2021) and mainly included employee-related costs and other restructuring costs.

8.3 Changes in scope of consolidation

In first-half 2022, the impact of changes in the scope of consolidation amounted to a negative €192 million, and mainly comprised:

- a negative impact of €111 million related to the disposal of the activities of *Energy Solutions* in Africa and France;
- a negative impact of €107 million related to the change in the fair value of the embedded derivative of the bond exchangeable for GTT shares;
- a positive impact of €74 million related to the disposal of 9% of the shares held in GTT (*see Note 3.1.3 "Disposal of a portion of ENGIE's interest in French company Gaztransport & Technigaz SA ("GTT"))*";
- miscellaneous disposals not material taken individually.

In first-half 2021, the impact of changes in the scope of consolidation amounted to a positive €688 million, and mainly comprised:

- a positive impact of €628 million related to the disposal of 10% of the shares held in GTT and the revaluation of the remaining 30.4%;
- a positive €98 million change in the fair value of the earn-out from the disposal of LNG activities in 2018;
- miscellaneous disposals not material taken individually.

NOTE 9 NET FINANCIAL INCOME/(LOSS)

In millions of euros	Expense	Income	June 30, 2022	Expense	Income	June 30, 2021 (1)
Interest expense on gross debt and hedges	*(549)*	*-*	*(549)*	*(443)*	*-*	*(443)*
Cost of lease liabilities	*(27)*	*-*	*(27)*	*(17)*	*-*	*(17)*
Foreign exchange gains/losses on borrowings and hedges	*(18)*	*-*	*(18)*	*-*	*11*	*11*
Ineffective portion of derivatives qualified as fair value hedges	*-*	*7*	*7*	*(1)*	*-*	*(1)*
Gains and losses on cash and cash equivalents and liquid debt instruments held for cash investment purposes	*-*	*55*	*55*	*-*	*22*	*22*
Capitalized borrowing costs	*34*	*-*	*34*	*34*	*-*	*34*
Cost of net debt	**(560)**	**61**	**(499)**	**(426)**	**33**	**(393)**
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*
Gains/(losses) on debt restructuring and early unwinding of derivative	**-**	**-**	**-**	**(73)**	**73**	**-**
Net interest expense on post-employment benefits and other long-term	*(44)*	*-*	*(44)*	*(32)*	*-*	*(32)*
Unwinding of discounting adjustments to other long-term provisions	*(322)*	*-*	*(322)*	*(343)*	*-*	*(343)*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*14*	*-*	*14*	*(34)*	*-*	*(34)*
Income/(loss) from debt instruments and equity instruments	*(1,149)*	*-*	*(1,149)*	*(4)*	*194*	*190*
Interest income on loans and receivables at amortized cost	*-*	*15*	*15*	*-*	*61*	*61*
Other	*(281)*	*183*	*(98)*	*(130)*	*73*	*(57)*
Other financial income and expenses	**(1,781)**	**198**	**(1,584)**	**(542)**	**328**	**(215)**
NET FINANCIAL INCOME/(LOSS)	**(2,341)**	**259**	**(2,082)**	**(1,041)**	**433**	**(608)**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

The cost of net debt is higher than first-half 2021 mainly due to the increase in interest rates in Brazil and the depreciation of the euro against the Brazilian real.

Losses from debt and equity instruments amounted to €1,149 million in first-half 2022. This amount mainly includes the impairment of the loan granted to Nord Stream 2 for €987million and the negative change in fair value of money market funds held by Synatom for €245 million (positive €118 million in first-half 2021).

NOTE 10 INCOME TAX EXPENSE

In millions of euros	June 30, 2022	June 30, 2021 (1)
Net income/(loss) (A)	5,064	2,418
Total income tax expense recognized in income for the period (B)	(1,765)	(941)
Share in net income of equity method entities and impairment loss on equity method entities (C)	459	370
Net income from discontinued operations (D)	176	20
INCOME BEFORE INCOME TAX EXPENSE AND SHARE IN NET INCOME OF EQUITY METHOD ENTITIES (A)-(B)-(C)=(D)	**6,194**	**2,969**
EFFECTIVE TAX RATE (B)/(D)	**28.5%**	**31.7%**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

The effective tax rate of 28.5% at June 30, 2022 was notably affected by:

- the non-taxable capital gain on the sale of GTT shares generated in 2022;
- the effect of tax rate differentials between countries;
- the effect of the non-deductible extraordinary tax contribution voted in Italy in 2022;
- untaxed losses on financial instruments, notably in Belgium, partly offset by non-taxable gains in other geographies.

The effective tax rate of 31.7% at June 30, 2021 was mainly due to:

- the non-taxable capital gain on the sale of GTT shares generated in 2021;
- unfavorable developments in certain tax disputes;
- 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 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 11 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	Goodwill	Intangible assets	Property, plant and equipment
GROSS AMOUNT			
At December 31, 2021	**23,628**	**19,697**	**108,355**
Acquisitions and construction of property, plant and equipment and intangible assets	2	667	3,326
Disposals and scrapping of property, plant and equipment and intangible assets	(1)	(217)	(394)
Changes in scope of consolidation	(90)	(26)	(45)
Transfer to "Assets classified as held for sale"	(50)	(6)	(128)
Other changes	47	(202)	(231)
Translation adjustments	215	248	2,094
AT JUNE 30, 2022	**23,750**	**20,161**	**112,976**
ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT			
At December 31, 2021	**(10,829)**	**(12,913)**	**(57,277)**
Depreciation and amortization	-	(487)	(1,719)
Impairment losses	-	(5)	(10)
Disposals and scrapping of property, plant and equipment and intangible assets	-	199	331
Changes in scope of consolidation	86	24	(88)
Transfer to "Assets classified as held for sale"	(1)	(3)	(59)
Other changes	-	53	96
Translation adjustments	(1)	(85)	(758)
AT JUNE 30, 2022	**(10,745)**	**(13,217)**	**(59,482)**
CARRYING AMOUNT			
At December 31, 2021	12,799	6,784	51,079
AT JUNE 30, 2022	**13,005**	**6,944**	**53,494**

In first-half 2022, the net increase in “Goodwill”, “Intangible assets” and “Property, plant and equipment” resulted primarily from:

- maintenance and development investments for a total amount of €2,924 million mainly relating to the construction and development of wind and solar farms in the United States, France, Chile and Brazil, as well as to the extension of transportation and distribution networks mainly in the France Infrastructures segment and to investments in the Energy Solutions segment in France and the United States;
- the accounting of a right of use related to the extension of the concession of CNR in France for €775 million;
- positive foreign exchange effects of €1,713 million, mainly resulting from the appreciation of the US dollar (positive impact of €1,103million) and the Brazilian real (positive impact of €530 million);

partly offset by:

- depreciation and amortization for a total negative amount of €2,206 million;
- changes in the scope of consolidation amounting to a negative €134 million, mainly resulting from partial DBSO [(1)] disposals in the renewable energies segment in France for a negative €127 million;
- impairment losses amounting to €14 million *(see Note 8.1 “Impairment losses”*);
- the impact of the first application of the IFRS IC decision of March 2021 relating to the accounting treatment of configuration and customization costs for software used in SaaS (Software as a Service) arrangements for a negative €134 million in intangible assets (*see Note 1.1. “Accounting standards”*).

Goodwill is tested for impairment at least once a year and also where an indication of impairment is identified.

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

During the first half of the year, the Group did not identify any risk of impairment of goodwill. The current price environment remains favorable for merchant outright generation assets such as nuclear, thermal and hydroelectric power plants.

In addition, with regard to the Belgian government's announcements in March 2022 concerning the envisaged extension of part of the nuclear units beyond 2025, the Group signed a non-binding letter of intent on July 21, 2022 to assess the potential feasibility and terms of an extension of the two most recent nuclear units Doel 4 and Tihange 3. At this stage of the discussions, it is not possible to draw any conclusions from an accounting perspective, in particular on the value of the assets and the Cash Generating Units concerned.

NOTE 12 FINANCIAL INSTRUMENTS

12.1 Financial assets

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

		June 30, 2022			Dec. 31, 2021		
In millions of euros	Notes	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	11.1	10,635	1,766	12,401	10,949	2,495	13,444
Equity instruments at fair value through other comprehensive income		*1,460*	*-*	*1,460*	*2,344*	*-*	*2,344*
Equity instruments at fair value through income		*256*	*-*	*256*	*483*	*-*	*483*
Debt instruments at fair value through other comprehensive income		*2,001*	*206*	*2,207*	*2,157*	*104*	*2,261*
Debt instruments at fair value through income		*1,279*	*387*	*1,666*	*1,794*	*395*	*2,189*
Loans and receivables at amortized cost (1)		*5,639*	*1,174*	*6,813*	*4,171*	*1,996*	*6,167*
Trade and other receivables	5.2	-	28,136	28,136	-	32,556	32,556
Assets from contracts with customers	5.2	35	8,915	8,950	34	8,344	8,377
Cash and cash equivalents		-	14,655	14,655	-	13,890	13,890
Derivative instruments	11.4	44,153	42,887	87,040	25,616	19,373	44,989
TOTAL		**54,823**	**96,359**	**151,183**	**36,599**	**76,657**	**113,256**

(1) At June 30, 2022 Loans and receivables at amortized cost were impacted by the impairment of the loan related to the financing of the Nord Stream 2 gas pipeline project for €987 million (see Note 13.2.2 "Expected credit losses on trade and other receivables, contract assets and loans and receivables at amortized cost" and Note 9 "Net financial income/(loss)").

12.1.1 Other financial assets

Changes in equity instruments and debt instruments at fair value between December 31, 2021, and June 30, 2022 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, 2021	**2,344**	**483**	**2,827**
Increase	170	44	214
Decrease	(598)	(263)	(860)
Changes in fair value	(444)	(5)	(449)
Changes in scope of consolidation, translation adjustments and other	(11)	(4)	(15)
AT JUNE 30, 2022	**1,460**	**256**	**1,716**
Dividends	-	2	**2**

The Group's equity instruments amounted to €1,716 million at June 30, 2022 of which €908 million in listed securities.

This amount includes the minority interest held by the Group in Nord Stream AG now valued at €305 million, down €259 million compared to December 31,2021 due to the heightened risk profile of Nord Stream's single customer, Gazprom. This change in fair value does not affect the income statement, as it is recorded as a reduction in other items of the statement of comprehensive income.

The decrease notably includes the disposal of the remaining 1.8% interest in SUEZ for €227 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, 2021	**2,260**	**1**	**1,593**	**595**	**4,450**
Increase	971	16	1,206	-	2,193
Decrease	(725)	-	(1,477)	-	(2,201)
Changes in fair value	(301)	-	(244)	(8)	(553)
Changes in scope of consolidation, translation adjustments and other	-	(16)	-	-	(16)
AT JUNE 30, 2022	**2,206**	**1**	**1,078**	**588**	**3,872**

Debt instruments at fair value at June 30, 2022 include bonds and money market funds held by Synatom for €3,238 million, and liquid instruments deducted from net financial debt for €589 million (€3,806 million and €596 million respectively at December 31, 2021).

12.1.2 Cash and cash equivalents

Cash and cash equivalents totaled €14,655 million at June 30, 2022 (€13,890 million at December 31, 2021).

This amount notably included funds related to the green bond issues, that have not yet been allocated to the funding of eligible projects (*see Chapter 5 of the 2021 Universal Registration Document*).

At June 30, 2022, this amount also included €76 million in cash and cash equivalents subject to restrictions (€172 million at December 31, 2021), including €52 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 €58 million at June 30, 2022 compared to €15 million at June 30, 2021.

12.2 Financial liabilities

The following table presents the Group's different financial liabilities at June 30, 2022, broken down into current and non-current items:

		June 30, 2022			Dec. 31, 2021		
In millions of euros	**Notes**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Borrowings and debt	12.3	28,714	13,331	42,044	30,458	10,590	41,048
Trade and other payables		-	33,658	33,658	-	32,822	32,822
Liabilities from contracts with customers	6.2	68	3,468	3,536	68	2,671	2,739
Derivative instruments	12.4	34,641	44,004	78,645	24,228	22,702	46,931
Other financial liabilities		96	-	96	108	-	108
TOTAL		**63,518**	**94,462**	**157,979**	**54,863**	**68,785**	**123,648**

12.3 Net financial debt

12.3.1 Net financial debt by type

In millions of euros		June 30, 2022 Non-current	June 30, 2022 Current	June 30, 2022 Total	Dec. 31, 2021 Non-current	Dec. 31, 2021 Current	Dec. 31, 2021 Total
Borrowings and debt	Bond issues	22,065	4,516	26,581	24,035	2,205	26,240
	Bank borrowings	4,001	1,393	5,394	3,829	1,977	5,806
	Negotiable commercial paper	-	5,531	5,531	-	4,962	4,962
	Lease liabilities	2,565	312	2,877	1,709	334	2,043
	Other borrowings (1)	83	789	872	885	613	1,498
	Bank overdrafts and current account	-	790	790	-	499	499
	BORROWINGS AND DEBT	**28,714**	**13,331**	**42,044**	**30,458**	**10,590**	**41,048**
Other financial assets	Other financial assets deducted from net financial debt (2)	**(264)**	**(924)**	**(1,187)**	**(251)**	**(1,369)**	**(1,621)**
Cash and cash equivalents	Cash and cash equivalents	**-**	**(14,655)**	**(14,655)**	**-**	**(13,890)**	**(13,890)**
Derivative instruments	Derivatives hedging borrowings (3)	**207**	**(89)**	**118**	**(147)**	**(41)**	**(187)**
NET FINANCIAL DEBT		**28,656**	**(2,336)**	**26,320**	**30,060**	**(4,710)**	**25,350**

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship for a negative-€60 million, margin calls on debt hedging derivatives carried in liabilities for €557 million, and the impact of amortized cost for €75 million (compared to €227, €269 and €99 million respectively at December 31, 2021).

(2) This item notably corresponds to assets related to financing for €140 million, liquid debt instruments held for cash investment purposes for €589 million, and margin calls on derivatives hedging borrowings carried in assets for €459 million (compared to €47, €596 and €977 million respectively at December 31, 2021).

(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 €37,522 million at June 30, 2022, compared with a carrying amount of €39,154 million.

Financial income and expenses related to borrowings and debt are presented in Note 9 "Net financial income/(loss)".

12.3.2 Main events of the period

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

In the first-half of 2022, changes in exchange rates resulted in a €600 million increase in net financial debt, including a €382 million increase in relation to the Brazilian real, and a €209 million increase in relation to the US dollar.

The extension of the Compagnie Nationale du Rhône's concession for a period of 20 years resulted in an increase in lease liabilities of €775 million in the first half of 2022.

Changes in the scope of consolidation (including the cash impacts of acquisitions and disposals) led to a €153 million increase in net financial debt. This change mainly reflects:

- asset disposals during the period resulting in a €1,028 million reduction in net financial debt, notably including the additional price related to the sale of part of the stake in SUEZ, the disposal of the remaining interest in SUEZ, and the disposal of part of the Group's interest in Gaztransport & Technigaz SA (GTT) (*see Note 3.1 "Disposals carried out in first-half 2022"*);
- acquisitions carried out in the first-half of 2022 which increased net financial debt by €1,2 billion, relating primarily to the acquisition of Eolia Renovables and the financing of the Group's offshore wind activities (*see Note 3.3 "Acquisitions carried out in first-half 2022").*

12.3.2.2 Financing and refinancing transactions

The Group carried out the following main transactions in first-half 2022:

ENGIE SA:

- on March 9, 10 and 11, 2022 ENGIE SA drew on bilateral lines for a total amount of €1,485 million, for a one-month period. The redemption took place on April 11, 2022.

Other entities of the Group:

- in January, March and April 2022, Compagnie Nationale du Rhône redeemed bilateral lines net of drawings for a total amount of €575 million;
- in June 2022, Compagnie Nationale du Rhône redeemed a bank loan of €300 million at maturity;
- in May 2022, ENGIE Brasil Energia redeemed three bank loans at maturity for a total amount of €233 million.

12.4 Derivative instruments

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

	June 30, 2022						Dec. 31, 2021					
	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	211	280	491	417	191	609	370	130	501	224	89	313
Derivatives hedging commodities	42,657	42,539	85,196	33,098	43,545	76,643	24,474	19,190	43,664	22,335	22,507	44,842
Derivatives hedging other items (1)	1,285	68	1,353	1,125	268	1,393	772	52	824	1,670	106	1,775
TOTAL	**44,153**	**42,887**	**87,040**	**34,641**	**44,004**	**78,645**	**25,616**	**19,373**	**44,989**	**24,228**	**22,702**	**46,931**

(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.

At June 30, 2022, derivatives hedging other items carried in liabilities include the fair value of the option embedded in the bond redeemable for GTT shares for €163 million.

The net amount of derivatives hedging commodities recognized in the statement of financial position is measured after taking into account offsetting agreements that meet the criteria set out in paragraph 42 of IAS 32. Due to the significant increase in commodity prices, this offsetting generates significant balance sheet effects in 2022 to the order of €68.7 billion and mainly concerns OTC derivatives concluded with counterparties for which the contractual terms provide for a net settlement of the transactions as well as a collateralization agreement (margin calls).

The increase in the balance of derivatives hedging commodities is due to the extreme volatility of commodity prices in the first half of 2022. Most of these derivatives mature in 2022 and 2023.

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

Derivative financial instruments relating to commodities classified in level 3 amounted to around €7.0 billion on assets and €5.4 billion on liabilities, and mainly include long-term gas supply contracts and electricity contracts measured at fair value through profit and loss. Due to geopolitical uncertainties, the fair value of contracts with Russian suppliers takes into account a risk of supply CUTS.

During the first-half of 2022, 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.

12.5 Deeply-subordinated perpetual notes

The Group paid out interest coupons for an amount of €51 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"*).

NOTE 13 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 Chapter 2 “Risk factors and control” of the 2021 Universal Registration Document.

13.1 Market risks

13.1.1 Commodity risk

13.1.1.1 Portfolio management activities

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities at June 30, 2022 are detailed in the table below. Due to the significant increase and volatility of commodity prices on the markets, particularly over the past several months in the European zone, the price assumptions for natural gas and electricity in Europe have been revised upwards for 2022. These sensitivities have been established in the current uncertain context.

These new assumptions do not constitute an estimate of future market prices and 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, 2022		Dec. 31, 2021	
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	-	109	19	159
Natural gas - Europe (2)	-€10/MWh	(457)	(1,208)	N/A	N/A
Natural gas - Europe (2)	+€10/MWh	457	1,208	246	588
Natural gas - Rest of the world (2)	+€3/MWh	101	164	52	35
Electricity - Europe (2)	-€20/MWh	58	226	N/A	N/A
Electricity - Europe (2)	+€20/MWh	(58)	(226)	(73)	(49)
Electricity - Rest of the world (2)	+€5/MWh	(95)	-	(37)	-
Greenhouse gas emission rights	+€2/ton	(159)	1	(134)	-
EUR/USD	+10%	(151)	(117)	16	83
EUR/GBP	+10%	(73)	8	(49)	(6)

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

(2) In 2021, the impact corresponds to a sensitivity of +€3/MWh for gas and +€5/MWh for electricity. For June 2022 and in relation to the sensitivities shown, more drastic upward and downward price changes, although difficult to quantify, could occur in the context of a cut in Russian gas supplies or in the event of an end to the war in Ukraine. For example, an increase (decrease) of 50€/MWh for natural gas and €/100MWh for electricity would impact sensitivities by a positive €8.3 billion (a negative €8.3 billion) and a negative €1.3 billion (a positive €1.3 billion), respectively for natural gas and electricity.

The significant increase in commodity prices in 2022 contributed to substantial changes in the fair value of financial instruments, impacting the income statement (*see Note 7 “Operating expenses”*) as well as the other comprehensive income for the Group (*see “Statement of comprehensive income”*).

13.1.1.2 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. The increase in VaR reflects the exceptional increase and significant volatility in commodity market prices in 2022.

Value at Risk

In millions of euros	June 30, 2022	2022 average (1)	2022 maximum (2)	2022 minimum (2)	2021 average (1)
Trading activities	36	28	149	8	10

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in 2022.

13.1.2 Currency and interest rate risk

13.1.2.1 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, 2022			
	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)	(3)	3	NA	NA
Financial instruments (debt and derivatives) qualified as net investment hedges (3)	NA	NA	353	(353)

(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.

13.1.2.2 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, 2022			
	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	(17)	14	NA	NA
Change in fair value of derivatives not qualifying as hedges	29	(43)	NA	NA
Change in fair value of derivatives qualifying as cash flow hedges	NA	NA	402	(479)

As part of the interest rate benchmark reform, in first-half 2022, the Group benchmarked all USD denominated new financing contracts to the SOFR index. ENGIE also plans to align its derivative contracts to the same index. However, the transition of existing financing and derivative contracts indexed to US Libor will be completed by June 2023, when the publication of US Libor is expected to end.

The Group does not expect the transition to have any impact.

13.2 Counterparty risk

13.2.1 Commodity derivatives

In the case of commodity derivative financial instruments, the counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

The extreme volatility of commodity prices has not significantly changed the Group's exposure thanks to the credit quality of its counterparties.

The percentage of credit exposure to “Investment Grade” counterparties was 80% at June 30, 2022.

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

The Group has maintained its monitoring of cash inflows and default risk in its BtoB, BtoC and Energy Management activities. The provisioning rate of these entities takes into account the uncertainty created by the significant increase in commodity prices.

Trade and other receivables, contract assets

	June 30, 2022			Dec. 31, 2021		
In millions of euros	Gross (1)	Expected credit losses	Net	Gross (1)	Expected credit losses	Net
Trade and other receivables, net	18,068	(1,344)	16,724	20,128	(1,367)	18,760
Assets from contracts with customers	8,995	(45)	8,950	8,393	(16)	8,377
TOTAL	**27,063**	**(1,389)**	**25,674**	**28,521**	**(1,384)**	**27,137**

(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, 2022, 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, 2022	Dec. 31, 2021
Gross (1)	7,143	4,971
Expected credit losses	(1,231)	(226)
TOTAL	**5,912**	**4,745**

(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.

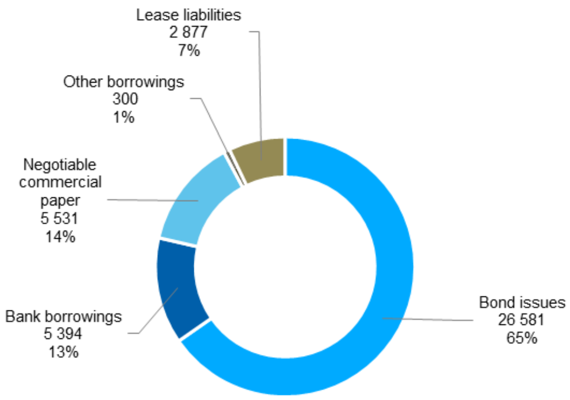
At June 30, 2022, the Group impaired the loan related to the financing of the Nord Stream 2 pipeline project for a total amount of €987 million (including capitalized interest).

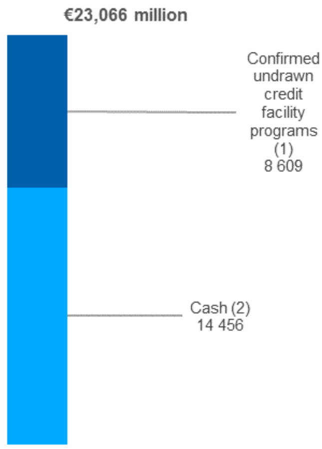
13.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity. In addition to the risks inherent in managing working capital requirements (WCR), margin calls are required in certain market activities, which are a way of mitigating counterparty risk on hedging instruments through the use of collateral. Given the current high volatility of the markets, these margin calls may have a significant timing impact on the Group's cash position. As part of its liquidity risk management and monitoring system, the Group has issued more letters of credit and has also used liquidity swaps to manage the impact on its cash position.

Diversifying sources of financing and liquidity

In millions of euros





(1) Net of negotiable commercial paper.

(2) Including cash and cash equivalents for €14,655 million, other financial assets reducing net financial debt for €589 million, net of bank overdrafts and cash current accounts for €787 million, 63% of which is invested in the euro zone.

13.3.1 Undiscounted contractual payments relating to financial activities

Undiscounted contractual payments on outstanding borrowings and debt by maturity

In millions of euros	2022	2023	2024	2025	2026	Beyond 5 years	Total at June 30, 2022	Total at Dec. 31, 2021
Bond issues	2,227	2,522	1,161	2,097	2,375	16,199	**26,581**	26,240
Bank borrowings	761	666	355	435	226	2,951	**5,394**	5,806
Negotiable commercial paper	5,432	99	-	-	-	-	**5,531**	4,962
Lease liabilities	173	142	371	278	235	1,999	**2,877**	2,043
Other borrowings	12	117	34	38	30	70	**300**	903
Bank overdrafts and current accounts	790	-	-	-	-	-	**790**	499

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, 2022, , as lessee, the Group is potentially exposed to future cash outflows not considered in the valuation of lease liabilities of €869 million (of which approximately 88% relates to potential commitments beyond 2026). This amount relates to leases that have not yet come into force and is mainly related to real estate leases and LNG vessels.

In addition, the Group is also exposed to future cash outflows in the form of variable lease payments in connection with the extension of the Rhône concession. These variable lease payments are dependent on revenues from electricity sales.

Undrawn credit facility programs

In millions of euros	2022	2023	2024	2025	2026	Beyond 5 years	Total at June 30, 2022	Total at Dec. 31, 2021
Confirmed undrawn credit facility programs	2,061	1,535	715	5,369	3,966	494	**14,140**	13,072

Of these undrawn programs, an amount of €5,531 million is allocated to covering commercial paper issues.

At June 30, 2022, a single counterparty temporarily represented more than 5% of the Group's confirmed undrawn credit lines.

NOTE 14 PROVISIONS

In millions of euros	Post-employment and other long-term benefits	Back-end of the nuclear fuel cycle and dismantling of nuclear facilities	Dismantling of non-nuclear facilities	Other contingencies	Total
AT DECEMBER 31, 2021	**7,000**	**15,119**	**1,172**	**2,169**	**25,459**
Additions (1)	208	95	(9)	206	499
Utilizations (1)	(282)	(66)	(33)	(252)	(632)
Reversals (1)	-	-	-	(69)	(69)
Changes in scope of consolidation	2	-	15	(9)	8
Impact of unwinding discount adjustments	41	218	13	1	272
Translation adjustments	16	-	35	9	60
Other	(2,032)	-	(35)	39	(2,028)
AT JUNE 30, 2022	**4,951**	**15,365**	**1,159**	**2,094**	**23,569**
Non-current	5,170	15,156	1,158	375	**21,859**
Current	(219)	210	-	1,720	**1,712**

(1) Net additions to provisions relating to EQUANS' activities are recognized in "Net income/(loss) relating to discontinued operations" in the income statement for a negative €33 million in first-half 2022.

The different types of provisions and the calculation principles applied are described in the consolidated financial statements for the year ended December 31, 2021.

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 2022, which are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site rehabilitation asset.

14.1 Post-employment benefits and other long-term benefits

The increase in discount rates and inflation rates observed in the first half of 2022, up by 200 and 50 points respectively, resulted in a decrease of €2,028 million in these commitments compared to December 31, 2021. In addition, net assets stood at €406 million at June 30, 2022, up €334 million compared with December 31, 2021.

14.2 Obligations relating to nuclear power generation activities

14.2.1 Provisions for the back-end of the nuclear fuel cycle and dismantling nuclear facilities

At June 30, 2022, the measurement of provisions for the back-end of the nuclear fuel cycle and dismantling nuclear facilities was based, as previously, on an industrial scenario and all the technical and financial assumptions approved by the Commission for Nuclear Provisions (CPN) on December 12, 2019.

Pursuant to the law of April 11, 2003, in the second half of 2022 the CPN will perform the three-yearly review of nuclear provisions, based on the report, which will be submitted to it by Group subsidiary Synatom in September 2022.

The effects of the new technical and financial assumptions used in preparing the report are still being examined by the Group, and include in particular:

- new fees for the management and storage of high-level and/or long-lived waste and low-level and short-lived waste were approved by the Board of Directors of the Belgian Agency for Radioactive Waste and Enriched Fissile Material (ONDRAF) on May 28, 2022, based on technical scenarios adjusted to the latest safety studies.

They result in an increase in fees, in particular for low-level and short-lived waste, the impact of which on liabilities relating to operational waste or waste from dismantling is still being assessed in light of the other assumptions required, in particular volumes, transfer dates, margins for contingencies and discount rates;

- as regards the costs of the back-end of the nuclear fuel cycle, the industrial scenarios for storage, transportation and packaging are being updated and re-optimized. The same applies to the procedures for handling fuel elements resulting from reprocessing, their unit cost and a new schedule for the related operations;
- as regards decommissioning costs, the nuclear safety requirements defined with the Federal Nuclear Control Agency for the first units to be shut down in 2022-2023, current inflation, feedback from past experience, as well as decommissioning and physical inventory procedures have yet to be determined;
- the discount rates, differentiated between decommissioning and back-end of nuclear fuel cycle commitments, will be adapted to take into account the specific characteristics of each of the provisions, particularly in terms of duration.

Pending the finalization of the technical and financial aspects by Synatom and their transmission for approval by the CPN, the Group considers that the information available, which is mostly incomplete or not yet final and still under analysis, is not currently sufficient to appropriately assess the effects they would have on the amount of the provisions for the back-end of the nuclear fuel cycle and dismantling of the nuclear production sites.

Consequently, at June 30,2022, these provisions are still based on the assumptions presented in Note 20.2 “Obligations relating to nuclear power generation activities” to the consolidated financial statements for the year ended December 31, 2021.

Nuclear provisions are sensitive to assumptions regarding costs, timing of operations and expenditure, as well as to discount rates. Accordingly, changes in these inputs, as may result from the three-yearly review process at the end of 2022, may lead to a significant change in the provisions recorded.

The main sensitivities relating to provisions for the back-end of the nuclear fuel cycle are as follows:

- a doubling of the cost of reprocessing, assuming that the mixed scenario of reprocessing and direct disposal is maintained, would result in an increase in provisions of approximately €900 million. On the other hand, a scenario based on direct disposal of 100% of the waste, without reprocessing, would lead, all other things being equal and in particular without any modification to contingency margins, to a reduction in provisions of approximately €600 million;
- a 10 basis point change in the discount rate used could lead to an adjustment of approximately €260 million in provisions for the back-end of the nuclear fuel cycle. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provisions amount.

With regard to provisions for dismantling and operational waste, the main sensitivities concern:

- a total increase of approximately €500 million in provisions for decommissioning and in accrued liabilities for operational waste would result, all other things being equal and in particular without any change in discount rates, in a 70% increase in the fees for the disposal of low-level and short-lived waste decided by ONDRAF;
- a 10% increase in other decommissioning and dismantling costs could lead to a change in the balance of the dismantling provisions of around €600 million;
- based on currently applied inputs for estimating costs and the timing of payments, a change of 10 basis points in the discount rate used could lead to an adjustment of approximately €60 million in dismantling provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

These sensitivities are calculated on a purely financial basis and should therefore be interpreted with appropriate caution in view of the variety of other inputs - some of which may be interdependent - included in the evaluation.

14.2.2 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

The financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material and their legal framework are presented in Note 20.2.4 to the consolidated financial statements for the year ended December 31, 2021. Loans to non-Group legal entities and other cash investments evolved over the first half of 2022 as follows:

In millions of euros	June 30, 2022	Dec. 31, 2021
Loans to third parties	**7**	**8**
Loan to Sibelga	7	8
Other loans and receivables at amortized cost	**1,603**	**167**
Debt instruments - restricted cash	1,603	167
Total loans and receivables at amortized cost	**1,610**	**174**
Equity and debt instruments at fair value	894	1,509
Equity instruments at fair value through other comprehensive income	23	11
Equity instruments at fair value through income	**916**	**1,520**
Debt instruments at fair value through other comprehensive income	2,203	2,254
Debt instruments at fair value through income	1,035	1,552
Debt instruments at fair value	**3,238**	**3,806**
Total equity and debt instruments at fair value	**4,154**	**5,326**
Derivative instruments	**(6)**	**4**
TOTAL (1)	**5,758**	**5,505**

(1) Does not include uranium inventories, which amounted to €380 million at June 30, 2022, compared with €414 million at December 31, 2021.

14.3 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 15 RELATED PARTY TRANSACTIONS

The related party transactions described in Note 23 to the consolidated financial statements for the year ended December 31, 2021 did not change significantly in first-half 2022.

NOTE 16 WORKING CAPITAL REQUIREMENTS, INVENTORIES, OTHER ASSETS AND OTHER LIABILITIES

16.1 Composition of change in working capital requirements

In millions of euros	Change in working capital requirements at June 30, 2022	Change in working capital requirements at June 30, 2021 (1)
Inventories	(1,710)	38
Trade and other receivables, net	2,542	(523)
Trade and other payables, net	(5,055)	(249)
Tax and employee-related receivables/payables	397	14
Margin calls and derivative instruments hedging commodities relating to trading activities (2)	4,284	686
Other	183	30
TOTAL	**640**	**(4)**

(1) Comparative data at June 30, 2021 have been restated due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5 (see Note 2 "Restatement of 2021 comparative data").

(2) Including, at June 30, 2022 a positive €4.7 billion in favorable effects of net margin calls: a positive €3.6 billion change in margin calls and a positive €1.0 billion in Initial Margins (net of a €1.4 billion of Substitution by Bank Letter of Credit).

16.2 Inventories

In millions of euros	June 30, 2022	Dec. 31, 2021
Inventories of natural gas, net	4,994	3,079
Inventories of uranium	380	408
CO_2 emissions allowances, green certificates and energy saving certificates, net	1,593	1,526
Inventories of commodities other than gas and other inventories, net	1,194	1,161
TOTAL	**8,161**	**6,175**

16.3 Other assets and other liabilities

	June 30, 2022				Dec. 31, 2021			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Other assets and liabilities	812	12,619	(3,073)	(17,490)	478	13,202	(2,341)	(16,752)
Tax receivables/payables	*-*	*9,677*	*-*	*(11,016)*	*-*	*10,628*	*-*	*(11,316)*
Employee receivables/payables	*634*	*26*	*-*	*(1,982)*	*300*	*18*	*(2)*	*(2,033)*
Dividend receivables/payables	*-*	*31*	*-*	*(263)*	*-*	*15*	*-*	*(9)*
Other	*178*	*2,885*	*(3,073)*	*(4,228)*	*178*	*2,542*	*(2,339)*	*(3,395)*

NOTE 17 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 26 to the consolidated financial statements for the year ended December 31, 2021. The developments in disputes and investigations during the first half of 2022 are presented below.

17.1 Renewables

17.1.1 Mexico - Renewable energy

In the past few months, the Mexican government and public authorities have taken positions and legislative and regulatory measures that directly affect private players in the energy sector (in particular renewable energy producers) and go against the letter and spirit of the latest energy sector reforms introduced in 2013 and 2014. The constitutionality and legality of some of these measures have been contested in legal proceedings launched by non-government bodies and private investors, in particular by ENGIE subsidiaries that develop or implement renewable energy projects in the country. These proceedings are currently ongoing. The Mexican President has also submitted a draft revision of the Constitution that would substantially change the regulatory framework applicable to the electricity sector. This will be discussed by parliament in the coming weeks. The draft revision has been put on hold for the first half of 2022.

17.1.2 SHEM - BARYCENTRE Decree

The decree of March 20, 2019, known as BARYCENTRE, by which the French State set the end of the Coindre-Marèges and Saint Pierre-Marèges hydroelectricity concessions at 2048, was annulled by the *Conseil d'État* on April 12, 2022.

This annulment has no direct impact on the Saint Pierre-Marèges concession, whose initial term, before the aforementioned decree came into force, was set at December 31, 2062. Due to the retroactive effect of the annulment judgment, this concession will benefit from its former expiration date.

However, the annulment has significant consequences for the Coindre-Marèges concession, whose initial term expired on December 31, 2012 and which was therefore in a situation of implicit extension ("*délais glissants*"). Under a decree adopted in 2018, holders of concessions with implicit extension are subject to the payment of a fee to the State.

17.2 Energy Solutions

17.2.1 Spain - Púnica

In the Púnica case (investigation into the awarding of contracts), a certain number of Cofely España employees, as well as the company itself, were placed under investigation by the examining judge in charge of the case. The criminal investigation was closed on July 19, 2021 with the referral of Cofely España and eight (former) employees to the criminal court. Cofely España lodged an appeal against this decision on September 30, 2021. On March 9, 2022, the appeal was dismissed and the referral decision upheld.

17.2.2 Italy - Competition procedure

On May 9, 2019, a fine of €38 million was jointly and severally imposed on ENGIE Servizi SpA and ENGIE Energy Services International S.A. ("ENGIE ESI") by the Italian Competition Authority (the "Authority") for certain alleged anti-competitive practices relating to the award of the Consip FM4 2014 contract. An appeal was lodged with the Lazio Regional Administrative Court (Lazio RAC). On July 18, 2019, the Lazio RAC suspended the payment of the fine, and on July 27, 2020, it overturned the Authority's decision as regards both ENGIE Servizi SpA and ENGIE ESI. On

November 17, 2020, the Authority appealed the Lazio RAC's decision before Italy's highest administrative court. On May 9, 2022, the Italian administrative court rejected the Authority's appeal and upheld the Lazio RAC's reversal of the Authority's decision. On June 13, 2022, two companies filed, respectively, an application for extraordinary revocation against the administrative court’s decision before the administrative court’s itself, and an appeal to challenge the administrative court rejection decision before the Supreme Court. These appeals are not suspensive.

17.3 Energy supply

17.3.1 Canvassing

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 collect 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 reported by EDF for a period of one year as of notification of the judgment.

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. EDF appealed this decision before the French Court of Cassation on July 29, 2021. ENGIE filed its statement of defense in January 2022, and the hearing has been scheduled for August 30, 2022.

17.3.2 Commissioning

Regarding the customer management services carried out on behalf of the grid manager in the electricity sector (in this case ERDF, now ENEDIS), following proceedings brought by ENGIE, in a decision of July 13, 2016, the *Conseil d'État* ruled that the principle whereby the grid manager pays compensation to the supplier should apply. In the same decision, the *Conseil d'État* denied the CRE the right to set a customer threshold beyond which the compensation would not be payable, which hitherto prevented ENGIE from receiving any compensation. In light of this decision, ENGIE brought an action against ENEDIS with the purpose of obtaining payment for these customer management services. The legislature has adopted a decision that retroactively validates the agreements entered into with ENEDIS and precludes any request for compensation for unpaid customer management services. In a decision handed down on April 19, 2019, the Constitutional Court ruled that this provision was constitutional. On April 11, 2022, the Paris Commercial Court, ruling on the merits of the case, declared the proceedings time-barred and, consequently, terminated the proceedings. The case against ENEDIS has therefore been closed.

17.4 Thermal

17.4.1 Claim against sales tax adjustments in Brazil

On December 14, 2018, the Brazilian tax authorities sent ENGIE Brasil Energia S.A. tax deficiency notices for the 2014, 2015 and 2016 fiscal years considering that the company was liable for the PIS and COFINS taxes (federal value added taxes) on the reimbursement of certain fuels used in the production of energy by thermoelectric plants. The adjustments amounted to a total of 528 million Brazilian real, consisting of 229 million Brazilian real in taxes plus fines and interest.

ENGIE Brasil Energia disputes these tax deficiency notices and introduced tax claims in 2019, which the tax authorities have rejected, however. In January 2020, a request for clarification of the rulings rejecting the aforementioned claims was filed by ENGIE Brasil Energia before the tax authorities. The latter canceled the session scheduled for May 2022 and has not yet indicated a new date. ENGIE Brasil Energia will then have the possibility to lodge a final administrative appeal. If this is unsuccessful, the case will have to be brought before the ordinary courts and tribunals.

17.5 Other

17.5.1 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million (receivable relating to the *précompte* paid in respect of the 1999-2003 fiscal years). The Montreuil Administrative Court handed down a judgment in ENGIE's favor in April 2019, which led the French tax authorities to appeal the decision before the Versailles Court of Appeal, which overturned the prior Court's decision on December 22, 2021. While recognizing the fiscal nature of the receivable sold, the Court did not validate the exemption of the sale price because there was no text or principle to that effect, and because the sale was not authorized by the State.

Regarding the dispute over the *précompte* itself, on February 1, 2016, the *Conseil d'État* dismissed the appeal before the Court of Cassation seeking the repayment of the *précompte* in respect of the 1999, 2000 and 2001 fiscal years. On June 23, 2020, the Versailles Administrative Court of Appeal found in favor of ENGIE as regards the cases seeking repayment of the *précompte* in respect of the 2002 and 2003 fiscal years but rejected the case in respect of the 2004 fiscal year. As the *précompte* receivables for 2002/2003 have been assigned, the relevant amounts have been repaid to the assignee banks. The case has been referred to the *Conseil d'État* by the two parties. In parallel, following the decision of the Court of Justice of the European Union of May 12, 2022, interpreting the deduction of the *précompte* on the redistribution by a parent company of dividends received from subsidiaries established in the European Union as incompatible with Directive 90/435/EC of 1990, a second request for a priority ruling on an issue of constitutionality was submitted to the *Conseil d'État* in June 2022, in order for the Constitutional Court to rule on the unconstitutionality of the *précompte* legislation.

Furthermore, after ENGIE and several French groups lodged a complaint, on April 28, 2016, the European Commission issued a reasoned opinion to the French State as part of infringement proceedings, setting out its view that the *Conseil d'État* did not comply with European Union law when handing down decisions in disputes regarding the *précompte*, such as those involving ENGIE. On July 10, 2017, the European Commission referred the matter to the Court of Justice of the European Union on the grounds of France's failure to comply. On October 4, 2018, the Court of Justice of the European Union ruled partially in favor of the European Commission. Following this decision, France must revisit its methodology in order to determine the *précompte* repayment amounts in closed and pending court cases. No action has been initiated to date due to parallel litigation proceedings on the basis of Directive 90/435/EC.

17.5.2 Claim by the Dutch tax authorities related to interest deductibility

Based on a disputable interpretation of a statutory modification that came into force in 2007, the Dutch tax authorities refuse the deductibility of a portion (€1.1 billion) of the interest paid on financing contracted for the acquisition of investments made in the Netherlands since 2000. Following the Dutch tax authorities' rejection of the administrative claim against the 2007 tax assessment, action was brought before the Arnhem Court of First Instance in June 2016. On October 4, 2018, the court ruled in favor of the tax authorities. On October 26, 2020, the ruling was confirmed by the Arnhem Court of Appeal. ENGIE Energie Nederland Holding BV ("ENGIE") considers that the Court committed errors in law and that its decision was not well-founded, either under Dutch or European law. It has therefore appealed the decision before the Court of Cassation. In July 2022, the Court of Cassation decided to refer questions on the compatibility of the Dutch legislation on interest with three of the European fundamental freedoms to the Court of Justice of the European Union for a preliminary ruling.

17.5.3 Italy - Tax dispute relating to excise duties and ENGIE Italia VAT (formerly GDF SUEZ Energie)

In 2017, the Italian tax authorities challenged the excise duty waiver for gas transfers carried out by ENGIE Italia SpA (ENGIE Italia) for industrial customers in Italy on the grounds that it did not have a certificate for these customers. The authorities plan to issue a tax reassessment for a total amount of €126 million (excise duties, VAT, late payment penalties and interest). ENGIE Italia has challenged the legality of this procedure both in light of Italian and European law and in any event deems the sanction to be disproportionate compared to a formal requirement.

In 2018, ENGIE Italia launched an appeal with the Perugia Court of First Instance requesting the cancellation of the tax reassessment notice.

In October 2018, the Court of First Instance dismissed the cancellation request, simply applying an outdated ministerial decree and ignoring ENGIE Italia's legal arguments.

ENGIE Italia appealed the ruling in November 2018 and the Court of Appeal ruled in its favor in November 2019 on the grounds that the documents requested by the Italian tax authorities were not legal and that the authorities needed to take into account the factual situation of the taxpayer to determine its requirement to pay excise duties. In 2020, the tax authorities referred the case to the Court of Cassation. In August 2021, an agreement was formalized with the Italian tax authorities leading to the payment of an amount of €3.2 million relating to excise duties. In May 2022, a final agreement was reached on the VAT portion of the dispute leading to a payment of less than €1 million.

NOTE 18 SUBSEQUENT EVENTS

No significant subsequent events have occurred since the closing of the accounts at June 30, 2022.

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, 2022 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 2022, 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 2022.»

Courbevoie, July 28, 2022

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, 2022 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

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.

Without qualifying our conclusion, we draw your attention to the note1.2 "Use of estimates and judgment" of the interim condensed consolidated financial statements regarding the main estimates used by the Group management, mainly related to the developments in the economic and financial environment, particularly relating to highly volatile commodities markets and the war in Ukraine.

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 29, 2022

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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