2023 FIRST-HALF FINANCIAL REPORT

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01 MANAGEMENT REPORT

1 ENGIE 2023 FIRST-HALF RESULTS

ENGIE H1 2023 results

Significant operational progress across GBUs
Strong financial performance

Business Highlights

- Fundamental de-risking of nuclear exposure through agreement on all waste liabilities and extension of Doel 4 and Tihange 3
- Expected acceleration in Renewables with 6.6 GW under construction at the end of June
- Reinforcement of ENGIE's renewables platform in South Africa following the acquisition of BTE Renewables and full consolidation of Kathu
- Commissioning of ENGIE's largest battery energy storage system Hazelwood in Australia
- Awarded a 30-year concession of 1,000 km of power lines in Brazil
- 100% renewable power generation in Brazil after Pampa Sul plant disposal

Financial Performance

- EBIT of €6.7bn excluding Nuclear, up 53% organically, driven mainly by GEMS and Renewables
- Strong growth in CFFO (1) driven by EBITDA growth and improvement in Working Capital Requirements
- Impact of Belgian nuclear transaction integrated in financial results at 30 June
- Solid balance sheet and improving economic net debt to EBITDA ratio at 2.7x, including impact of the agreement on nuclear liabilities
- Net financial debt decreasing to €23.0bn, down €1.1 billion, economic net debt increasing to €41.4 billion
- FY 2023 guidance confirmed, with NRIgs (2) expected in the range of €4.7-5.3 billion

1.1 Key financial figures at 30 June 2023

In billions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
Revenues	47.0	43.2	+8.9%	+9.5%
EBITDA (excluding Nuclear)	8.8	6.4	+37.5%	+37.6%
EBITDA	9.4	7.5	+25.2%	+25.2%
EBIT (excluding Nuclear)	6.7	4.4	+52.7%	+52.8%
Net recurring income of continuing activities, Group share	4.0	3.2	+24.6%	+24.8%
Net income, Group share	(0.8)	5.0	-	-
CAPEX (1)	3.3	3.3	+1.3%	
Cash Flow From Operations (CFFO)	9.5	6.8	+40.2%	
Net financial debt	23.0	-€1,1 billion versus Dec.31, 2022		
Economic net debt	41.4	+€2.5 billion versus Dec.31, 2022		
Net financial debt	2.7x	-0.2X versus Dec.31, 2025		

(1) Net of sell down, US tax equity proceeds, including net debt acquired.

1.2 2023 Guidance

Guidance is confirmed in a context of decreasing energy prices. Net Recurring Income group share (NRIgs) is expected to be in the range of €4.7 to €5.3 billion based on indicative EBIT excluding Nuclear in the range of €8.5 to €9.5 billion.

(1) Cash Flow From Operations: Free Cash Flow before maintenance Capex and nuclear phase-out expenses.

(2) Net recurring income Group share.

ENGIE is 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 2023 to 2025 period.

Detailer guidance key assumptions are presented in section 6 of this management report.

1.3 Strong operational progress across GBUs

Renewables

ENGIE added 0.7 GW of renewable capacity in H1 2023, including 0.3 GW in Latin America (mainly Punta Lomitas in Peru) and 0.3 GW in Europe (mainly in France). The Group signed a total of 1.7 GW of PPAs in H1 2023, of which 1.2 GW with a duration longer than five years.

ENGIE is on track to add 4 GW on average per year of renewable capacity until 2025. This target is fuelled by a growing pipeline that totalled 85 GW at the end of June 2023, up 5 GW compared to 31 December 2022.

As at 30 June 2023, ENGIE reported 6.6 GW of capacity under construction from 65 projects, with 3.2 GW entered under construction in the first half of 2023, including the 0.5 GW Gulf of Suez wind farm in Egypt, the 0.9 GW Moray West offshore wind farm in Scotland, two French offshore wind projects Dieppe-Le Tréport and Yeu-Noirmoutier for a capacity of 0.5 GW each, and an onshore wind project Lomas del Taltal in Chile for a capacity of 0.3 GW.

In the first semester, ENGIE acquired BTE Renewables in South Africa, representing an addition of 340 MW renewable energy capacity and a portfolio of more than 3 GW of advanced development projects. This acquisition will capitalize on the Group’s industrial value in the country, where ENGIE already operates 1.3 GW of assets. ENGIE will also consolidate the Kathu project in South Africa, a 100 MW Concentrated Solar Panel (CSP) plant commissioned in January 2019 with a 20-year PPA, following the acquisition in July of a 9.2% participation of Lereko Metier REIPPP Fund Trust in the project, bringing ENGIE equity ownership post transaction to c. 58%. These transactions will reinforce ENGIE’s renewables platform in South Africa.

Networks

In Brazil, ENGIE strengthened its power transmission activity by winning a 30-year concession to construct and operate 1,000 km of power transmission lines in the states of Bahia, Minas Gerais and Espirito Santo. The Group operates a total of nearly 6,000 km of power transmission networks in Brazil and Chile. Since 2017, ENGIE has installed more than 2,700 km in Brazil, including Gralha Azul (~900 km) and Novo Estado (~1,800 km) that reached full commissioning in Q1 2023.

During the months of March and April 2023 in France, national strikes related to pension reforms had an adverse impact on ENGIE’s LNG terminals. Nonetheless, gas storage levels in France were filled at 64% as of 30 June 2023, compared to 61% on 30 June 2022, above the historical average.

Renewable gas

ENGIE continues to unlock the potential of biomethane with a yearly production capacity of up to 9.7 TWh connected to ENGIE’s networks in France, an increase of 2.5 TWh compared to H1 2022.

In June, a consortium led by ENGIE and POSCO was awarded a land block linked to a project in Duqm to mobilize Oman’s renewable energy resources through the development of green ammonia with a capacity of 1.2 million tons per year. The project will include up to 5 GW of new wind and solar capacity, battery energy storage systems and a renewable hydrogen plant.

Battery Energy Storage Systems (BESS)

ENGIE is deploying batteries as crucial assets in supporting the energy transition by providing flexibility to energy systems in a backdrop of intermittent renewables, contributing to future security of supply. ENGIE has 0.7 GW of BESS under construction, mainly in the US and Chile.

In June, ENGIE announced the commissioning in Australia of its largest battery energy storage system Hazelwood. In line with the Group's strategy to withdraw from coal-fired power generation and to provide flexibility to the grid, ENGIE has rehabilitated a former coal-fired asset with a utility-scale battery of 150 MW / 150 MWh, a concrete illustration of the country's energy transition and ENGIE's commitment to its decarbonisation pathway.

Retail

In the context of the end of regulated gas sales tariffs (TRVG), on July 1, 2023, ENGIE transferred c. 2 million clients to the switchover tariff ("offre passerelle") who had not opted out of the regulated tariff by June 30, 2023. The switchover tariff was discussed with the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) and is comparable to the TRVG.

Energy Solutions

Energy Solutions has achieved major wins in District Heating and Cooling (DHC), on-site generation and sustainable mobility.

In Cannes, ENGIE has been awarded a DHC contract based on thalassothermy, recovering the calorific energy of the sea to supply buildings with heat and cold and creating a network of 7 km connected to hotels, festival halls and residences. This 25-year contract is expected to reduce 6,800 tons of CO2 per year.

In line with ENGIE's purpose to accelerate the transition towards a carbon-neutral economy through environmentally-friendly solutions, the Group is decarbonising the chemical industry through several projects. In Barcelona, ENGIE has been awarded a 15-year contract to supply steam in KAO's chemical plant through a 10.5 MW biomass boiler, saving more than 15,000 tons of CO2 per year. In France, ENGIE has renegotiated a 9-year contract to provide Arkema with utilities such as steam and compressed air on their site in Villers-Saint-Paul.

ENGIE has launched the ENGIE Vianeo brand to develop the electric mobility system with 1,000 charge points already in operation throughout France with a target to reach 12,000 electric charge points by 2025.

In the United States, the Group has faced cost overruns in connection with the construction of cogeneration units in two separate contracts due to the failure of EPC contractors, leading to book a provision of €150 million in the first half of 2023. As an industrial company, ENGIE is monitoring these projects with a tighter management approach at the head of the GBU and has strengthened local teams with dedicated resources to finalize construction works with rigorous project management.

Disciplined capital allocation

In H1 2023, gross Capex amounted to €3.3 billion. Growth Capex amounted to €2.3 billion, of which 58% dedicated to Renewables, 14% to Networks and 14% to Energy Solutions, in line with ENGIE's strategic roadmap.

Performance plan delivery

Performance results were slightly positive during the first semester of the year, with operational excellence across GBUs partly offset by an increase in support function costs driven by an inflationary context. The Group is closely monitoring loss-making activities to accelerate their contribution to the performance plan.

1.4 Update on Belgian nuclear assets and liabilities

On July 21, 2023, ENGIE and the Belgian government signed a framework agreement [(1)] on the 10-year extension of Tihange 3 and Doel 4 nuclear reactors, and on all obligations related to nuclear waste. This agreement reflects the interest

(1) Full and definitive agreements are expected to be signed in the fourth quarter of 2023; these agreements will themselves be conditional, in particular, on the approval by the European Commission under state aid and the adoption of legislative amendments relating to the Belgian nuclear legal and regulatory framework.

of both parties to proceed with a flexible LTO and builds on the interim agreement signed on 29 June 2023, which defined the following terms:

- the commitment from both parties to use their best efforts to restart the nuclear units of Doel 4 and Tihange 3 as early as November 2025;
- the establishment of a legal structure dedicated to the two extended nuclear units, equally owned by the Belgian State and ENGIE;
- the business model of the extension with balanced risk allocation, notably through a contract for difference mechanism;
- an agreement on the fixed amount of future costs related to the treatment of nuclear waste, based on a new scenario defined by ONDRAF, covering all of ENGIE's nuclear reactors in Belgium, for a total amount of €15 billion. This amount is to be paid in two instalments, one at closing, expected in the first semester of 2024 for categories B and C and a second payment at the start of the LTO for category A.

The project of extension of the two units has no impact on ENGIE's guidance for the medium-term. The Group recognized the increase in its commitments under the transfer of nuclear waste liabilities as an expense impacting non-recurring income for the H1 2023 fiscal year, after nuclear provisions adjustment, for an amount of €4.4 billion before tax. The impact on the economic net debt stood at €4.1 billion at 30 June 2023.

In July, ENGIE was informed on the new parameters considered by the Commission for Nuclear Provisions (CPN) for the calculation of the nuclear provision for the dismantling and spent fuel management of Belgian nuclear power plants following the triennial revision. The CPN has revised downwards the provisions communicated in December 2022 with a decrease of €0.6bn related to dismantling provisions. This adjustment is included in the €4.4 billion mentioned above.

1.5 Progress on key ESG targets

During the first half of 2023, greenhouse gas emissions from energy production were reduced to 26 million tons vs. 30 million tons at end of June 2022, mainly due to a lower load factor on thermal generation facilities.

ENGIE also increased the share of renewables in its portfolio to 39% as at 30 June 2023 from 38% at the end of 2022, mainly by adding 0.7 GW of new renewable capacity.

Brazil has become 100% renewable power generation for ENGIE after the disposal of the Pampa Sul coal-fired power plant and is well on track to be one of our 4 Net zero countries in 2030.

1.6 H1 2023 financial review

1.6.1. Revenues

Revenue at at €47.0 billion was up 8.9% on a gross basis and 9.5% on an organic basis.

Contributive revenues, after elimination of intercompany transactions

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
Renewables	2,899	2,485	+16.6%	+15.8%
Networks	3,661	3,650	+0.3%	+1.7%
Energy Solutions	5,779	5,546	+4.2%	+6.5%
FlexGen	2,724	3,222	-15.5%	-15.2%
Retail	10,363	8,169	+26.9%	+27.2%
Others	21,540	20,118	+7.1%	+7.2%
of which GEMS	*21,492*	*20,063*	*+7.1%*	*+7.3%*
TOTAL REVENUES (excluding Nuclear)	**46,965**	**43,191**	**+8.7%**	**+9.3%**
Nuclear	63	(23)		
TOTAL REVENUES	**47,028**	**43,167**	**+8.9%**	**+9.5%**

Revenue for **Renewables** amounted to €2,899 million, +16.6% on a gross basis and +15.8% on an organic basis. The gross increase included positive foreign exchange effects in Brazil. Organically, activity increased in France mainly due to higher achieved prices and volumes for hydro.

Revenue for **Networks** amounted to €3,661 million, +0.3% on a gross basis and +1.7% on an organic basis. Gross increase included positive foreign exchange effects mainly in Latin America and scope out effects in Argentina. Organically, revenue increased driven by auctions of capacities for gas transport and favourable market for storage activities in Germany and in the UK partly offset by lower distributed volumes in French distribution. In Latin America, revenue decreased mainly in Brazil reflecting the decrease in construction revenue following progressive commissioning of transmission lines.

Revenue for **Energy Solutions** amounted to €5,779 million, +4.2% on a gross basis and +6.5% on an organic basis. The gross increase included positive foreign exchange effects notably in the United States. Organically, activity increased in Europe mainly driven by Germany. France also experienced positive organic growth driven by distributed energy infrastructure offsetting decrease in energy efficiency.

Revenue for **FlexGen** amounted to €2,724 million, -15,5% on a gross basis and -15,2% on an organic basis. Limited impact from foreign exchange due to offsetting effects in UK and Latin America. The organic performance is explained by Europe, mainly due to lower ancillaries partly offset by higher spreads captured in Latin America due to indexation of PPA contracts in Chile and higher generation and prices in Peru.

Revenue for **Retail** amounted to €10,363 million, +27.2% on an organic basis. Organically, the increase was mainly driven by higher commodity prices offset by lower gas and power volumes due to sobriety and decrease of regulated portfolio.

Revenue for **Others** amounted to €21,540 million. The increase compared to last year was mainly driven by GEMS, essentially impacted by increase in commodity prices more than offsetting lower delivered volumes.

Nuclear reported almost no external revenue post-elimination of intercompany operations.

1.6.2. EBITDA

EBITDA (excluding Nuclear) at €8.8 billion, was up 37.5% on a gross basis and up 37.6% 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, 2023
Renewables	496	213	635	162	20	(13)	**1,513**
Networks	1,804	81	414	(3)	-	(5)	**2,292**
Energy Solutions	328	159	(1)	(145)	36	(6)	**372**
FlexGen	-	559	177	26	220	(13)	**969**
Retail	400	172	-	-	57	(14)	**614**
Others	-	(3)	1	13	-	3,019	**3,029**
Of which GEMS	-	-	-	-	-	*3,260*	***3,260***
TOTAL EBITDA (excluding Nuclear)	**3,028**	**1,180**	**1,226**	**54**	**333**	**2,968**	**8,790**
Nuclear	-	574	-	-	-	-	**574**
TOTAL EBITDA	**3,028**	**1,754**	**1,226**	**54**	**333**	**2,968**	**9,364**

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2022
Renewables	277	191	521	124	12	(24)	**1,101**
Networks	1,910	92	387	(2)	-	(5)	**2,382**
Energy Solutions	305	92	1	11	30	6	**444**
FlexGen	-	543	115	22	223	(13)	**891**
Retail	510	34	3	-	14	(8)	**553**
Others	-	(3)	-	12	-	1,010	**1,020**
Of which GEMS	-	-	-	-	-	*1,161*	***1,161***
TOTAL EBITDA (excluding Nuclear)	**3,001**	**949**	**1,028**	**167**	**279**	**967**	**6,391**
Nuclear	-	1,089	-	-	-	-	**1,089**
TOTAL EBITDA	**3,001**	**2,038**	**1,028**	**167**	**279**	**967**	**7,480**

1.6.3. EBIT

EBIT (excluding Nuclear) at €6.7 billion was up 52.7% on a gross basis and up 52.8% on an organic basis.

- Foreign exchange: a net effect of €+2 million driven by the appreciation of the Brazilian real and the US dollar almost totally offset by the depreciation of the UK pound sterling.
- Scope: net effect of €-1 million.
- French temperature: compared to average, the temperature effect was a negative €70 million, generating a positive year-on-year variation of €36 million compared to H1 2022 across Networks, Retail and GEMS.

EBIT contribution by activity: growth mainly driven by GEMS and Renewables

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)	o/w temp. effect (France) vs. 2022
Renewables	1,192	828	+43.9%	+43.1%	
Networks	1,358	1,471	-7.7%	-7.8%	+21
Energy Solutions	132	228	-41.8%	-42.6%	
FlexGen	761	667	+14.2%	+15.5%	
Retail	489	422	+15.7%	+16.7%	+12
Others	2,781	779			+3
of which GEMS	*3,142*	*1,062*			+3
TOTAL EBIT (excluding Nuclear)	**6,713**	**4,396**	**+52.7%**	**+52.8%**	**+36**
Nuclear	239	858	-72.2%	-72.2%	
TOTAL EBIT	**6,952**	**5,253**	**+32.3%**	**+32.4%**	**+36**

Activity/geography matrix

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2023
Renewables	409	184	523	78	14	(16)	**1,192**
Networks	931	56	378	(3)	-	(5)	**1,358**
Energy Solutions	177	108	(2)	(150)	31	(32)	**132**
FlexGen	-	460	79	25	213	(16)	**761**
Retail	323	134	-	-	48	(16)	**489**
Others	-	(3)	-	8	-	2,776	**2,781**
Of which GEMS	-	-	-	-	-	*3,142*	***3,142***
TOTAL EBIT (excluding Nuclear)	**1,840**	**939**	**978**	**(41)**	**305**	**2,691**	**6,713**
Nuclear	-	239	-	-	-	-	**239**
TOTAL EBIT	**1,840**	**1,178**	**978**	**(41)**	**305**	**2,691**	**6,952**

In millions of euros	France	Rest of Europe	Latin America	USA & Canada	Middle East, Asia & Africa	Others	June 30, 2022
Renewables	205	162	421	58	9	(26)	**828**
Networks	1,059	69	351	(2)	-	(5)	**1,471**
Energy Solutions	170	47	(1)	5	23	(17)	**228**
FlexGen	-	447	(2)	21	216	(15)	**667**
Retail	434	(8)	3	-	2	(10)	**422**
Others	-	(3)	-	8	-	775	**779**
Of which GEMS	-	-	-	-	-	*1,062*	***1,062***
TOTAL EBIT (excluding Nuclear)	**1,868**	**714**	**772**	**90**	**250**	**702**	**4,396**
Nuclear	-	858	-	-	-	-	**858**
TOTAL EBIT	**1,868**	**1,572**	**772**	**90**	**250**	**702**	**5,253**

1.6.3.1. Renewables: strong growth mainly driven by higher volumes, contribution of new capacity commissioned and better captured prices in Europe

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
EBIT	1,192	828	+43.9%	+43.1%
Total CAPEX	1,378	1,881		
CNR achieved prices (€/MWh) (1)	121	72	+68.1%	
DBSO (2) Margins (EBIT level)	(1)	43		
Operational KPIs				
Commissioning (GW at 100%)	0.7	2.2 (3)		
Hydro volumes France (TWh at 100%)	7.9	7.1	+0.8	

(1) Before hydro tax on CNR.

(2) Develop, Build, Share and Operate.

(3) As of December 31, 2022.

Renewables reported a 43.1% organic EBIT growth, driven by a positive volume effect (€+156 million) mainly due to higher hydro volumes in France and Portugal, positive price effect (€+73 million) with higher captured prices mainly for French hydro, and the reversal of buybacks in the first half of 2022 due to low hydro volumes in Portugal and France. EBIT also benefited from the contribution of new capacity commissioned (€+90 million) mainly in the US, Europe and Latin America, as well as from a positive one-off in Brazil linked to the hydro concession extension of Estreito. These effects largely offset the absence of DBSO margins (in H1 2023 €-44 million).

1.6.3.2. Networks: lower distributed volumes in France partly offset by net positive price effects in Europe

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
EBITDA	2,292	2,382	-3.8%	-3.8%
EBIT	1,358	1,471	-7.7%	-7.8%
Total CAPEX	865	1,019	-15.1%	
Operational KPIs				
Temperature effect – France (EBIT in €m)	(48)	(69.0)	+21	
Smart meters (m)	11.1	10.9 (1)	+0.2	

(1) As of December 31, 2022.

Networks EBIT was down 7.8% on an organic basis. French Infrastructure EBIT decreased €118 million due to lower distributed volumes, higher energy costs and higher staff costs driven by inflation, as well as impact of strikes. These effects were partly offset by additional revenues from capacity subscribed for gas transit between France and Germany as well as a favourable environment in storage activities mainly in the UK and Germany. Outside Europe, EBIT was positive due to a better performance of gas transmission assets in Latin America.

1.6.3.3. Energy Solutions: impacted by provisions in the US, steady progress in other operations

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
Revenues	5,779	5,546	+4.2%	+6.5%
EBIT	*132*	*228*	-41.8%	-42.6%
Total CAPEX	*388*	*311*	+24.6%	
Operational KPIs				
Distrib. Infra installed cap. (GW)	*25.4*	*24.6 (1)*	+0.8	
EBIT margin (excluding US one-off)	*4.9%*	*4.1%*	+78 bps	
Backlog - French concessions (bn€)	21.2	19.8 (1)	+1.4	

(1) As of December 31, 2022.

Energy Solutions reported a negative €99 million organic EBIT decrease mainly due to contract provisions (€150 million) related to cost overruns in the construction of two cogeneration plants in the US. Excluding this one-off, Energy Solutions is progressing according to plan and EBIT was up 22% organically driven by operational performance of local energy networks despite negative impacts of strikes in France, positive results of cogeneration assets in France as well as margin improvement and developments in energy performance management activities.

1.6.3.4. FlexGen: strong performance driven by recovery in Chile and higher achieved energy margin partly offset by lower ancillaries

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
EBITDA	969	891	+8.8%	+9.9%
EBIT	761	667	+14.2%	+15.5%
Operational KPIs				
Average captured CSS Europe (€/MWh)	36.0	27.0	+33%	
Installed capacity (GW at 100%)	59.3	59.5 (1)	(0.2)	

(1) As of December 31, 2022.

Flex Gen EBIT reported a 15.5% organic growth. This increase was mainly driven by price effects (€+85 million), including improvement in Chile with reduction of short positions and lower sourcing prices, higher spreads for European gas assets partly offset by lower market opportunities captured. The EBIT also benefited from a favourable comparison effect as the Group recognised an extraordinary tax in Italy in the first half of 2022. These effects were partially offset by a negative volume effect (€-21 million) and, as expected, a lower contribution of ancillary services in Europe, which were at very high levels in H1 2022.

1.6.3.5. Retail: positive price effect partly offset by a mild winter

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
EBITDA	614	553	+11.1%	+12.0%
EBIT	489	422	+15.7%	+16.7%
French temperature effect (EBIT in m€)	(18)	(30)	+12	

Retail EBIT amounted to €489 million. Organically, the EBIT increase was mainly driven by price effects due to higher margins in France including timing effects as well as in Romania, net of a negative volume effect mainly due to a mild winter, with reversal of long positions sold at high prices in 2022. EBIT also benefited from the new profit sharing mechanism on portfolio optimization that was put in place between GEMS and Retail.

1.6.3.6. Others: significant contribution from GEMS

GEMS EBIT amounted to €3,142 million, up €2,080 million year-on-year, driven by:

- the negative impact related to Gazprom contracts considering the risk of physical gas disruption in H1 2022, which did not repeat in 2023;
- the strong performance of energy management activities in Europe, still benefiting from good market conditions, although less favorable than in 2022;
- the gradual normalization of market conditions, leading to continuous reversal of market reserves;
- the good performance of the B2B business, in a market environment that allows full valuation of the cost of risk;
- the continued effect of deals signed in 2022 at good conditions which materialize at delivery date.

GEMS' contribution for the next semester is expected to decrease significantly due to the combination of non-replicable impacts as well as the contribution from transactions locked in during 2022 which is expected to normalize in future.

1.6.3.7. Nuclear: higher taxes and net impact of decommissioning partly offset by higher captured prices

En millions d'+euros	June 30, 2023	June 30, 2022	% change (reported basis)	% change (organic basis)
EBITDA	574	1,089	*-47.3%*	*-47.3%*
EBIT	239	858	*-72.2%*	*-72.2%*
Total Capex	98	153	*-35.8%*	
Operational KPIs				
Output (BE + FR, @ share, TWh)	*16.3*	*22.2*	*-27%*	-
Availability (Belgium at 100%)	*88.7%*	*84.9%*	*+380 bps*	-

Nuclear reported €239 million of EBIT compared to €858 million in H1 2022. EBIT was negatively impacted by the phase-out of the reactors Doel 3 in September 2022 and Tihange 2 in February 2023 (€-621 million) and the nuclear inframarginal tax which amounted to €579 million. The increase, albeit slightly reduced, of the dismantling assets following the CPN triennial revision also leads to a higher depreciation expense. These negative effects were partly offset by higher captured prices (€+658 million) and a positive volume effect (€+129 million) mainly due to higher availability for Belgian assets at 88.7%.

1.6.4. Comparable basis organic growth analysis

In millions of euros	June 30, 2023	June 30, 2022	% change (reported/organic basis)
Revenues	**47,028**	**43,167**	**+8.9%**
Scope effect	(43)	(263)	-
Exchange rate effect	-	11	-
Comparable data	**46,985**	**42,915**	**+9.5%**

In millions of euros	June 30, 2023	June 30, 2022	% change (reported/organic basis)
EBITDA	**9,364**	**7,480**	**+25.2%**
Scope effect	(29)	(29)	-
Exchange rate effect	-	7	-
Comparable data	**9,335**	**7,458**	**+25.2%**

In millions of euros	June 30, 2023	June 30, 2022	% change (reported/organic basis)
EBIT	**6,952**	**5,253**	**+32.3%**
Scope effect	(15)	(16)	-
Exchange rate effect	-	2	-
Comparable data	**6,937**	**5,239**	**+32.4%**

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

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

2 OTHER INCOME STATEMENT ITEMS

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

In millions of euros	June 30, 2023	June 30, 2022	% change (reported basis)
EBIT	**6,952**	**5,253**	**+32.3%**
(+) Mark-to-Market on commodity contracts other than trading instruments	(435)	3,744	
(+) Non-recurring share in net income of equity method entities	(28)	(14)	
Current operating income including operating MtM and share in net income of equity method entities	**6,490**	**8,984**	**-27.8%**
Impairment losses	382	(8)	
Restructuring costs	(21)	(48)	
Changes in scope of consolidation	(83)	(192)	
Other non-recurring items	(4,787)	-	
Income/(loss) from operating activities	**1,981**	**8,736**	**-77.3%**
Net financial income/(loss)	(1,327)	(2,082)	
Income tax benefit/(expense)	(871)	(1,765)	
NET INCOME/(LOSS)	**(217)**	**5,064**	**-104.3%**
Net recurring income/(loss) relating to continuing operations, Group share	**4,045**	**3,248**	
Net recurring income/(loss) Group share per share	**1.65**	**1.39**	
Net income/(loss) Group share	**(847)**	**5,012**	
Non-controlling interests	**630**	**52**	

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

In millions of euros	June 30, 2023	June 30, 2022
Net recurring income/(loss) relating to continuing operations, Group share	**4,045**	**3,248**
Impairment & Others	(4,354)	(1,922)
Restructuring costs	(21)	(48)
Changes in scope of consolidation	(83)	(192)
Mark-to-Market on commodity contracts other than trading instruments	(435)	3,744
Net recurring income/(loss) relating to discontinued operations, Group share	-	181
Net income/(loss) Group share	**(847)**	**5,012**

Income from operating activities came to €1,981 million, down sharply compared to first-half 2022, mainly due to the impact of the revision of nuclear provisions and changes in unrealized gains and losses on commodity financial instruments not qualified as hedges, which was partially offset by EBIT growth and reversals of impairment losses.

Income from operating activities was affected by:

- net reversals of impairment losses of €382 million (compared with net additions of €8 million in first-half 2022), mainly relating to dismantling assets (*see Note 7.1*);
- restructuring costs of €21 million (compared with €48 million in first-half 2022) (*see Note 7.2*);
- negative scope effects of €83 million (compared with a negative €192 million in first-half 2022) (*see Note 7.3*);
- other non-recurring items amounting to a negative €4,787 million (no impact in first-half 2022), mainly comprising the effects of the revision of nuclear provisions to take account of the agreement signed with the Belgian government on June 29, 2023, which became binding following the signature of supplements to the initial agreement on July 21, 2023 (*see Note 7.4*).

The **net financial loss** amounted to €1,327 million in first-half 2023, compared with €2,082 million in first-half 2022 (*see Note 8*), mainly due to the impairment in 2022 of the loan granted to Nord Stream 2 for €987 million.

Adjusted for non-recurring items, the net financial loss amounted to €1,109 million in first-half 2023, compared with €972 million in first-half 2022. This €137 million deterioration is due to the €84 million increase in other financial expenses (notably the increase in the unwinding adjustment) and the €52 million rise in the cost of net debt.

The **income tax expense** for first-half 2023 amounted to €871 million (versus an income tax expense of €1,765 million in the first six months of 2022).

Adjusted for non-recurring items, the recurring effective tax rate was 25.1% at June 30, 2023 compared with 18.8% at June 30, 2022, mainly due to:

- the unfavorable change in the tax situation in certain countries that only partially recognize their deferred tax assets, notably Belgium, Italy, Luxembourg and the Netherlands - approximately +9.1 points;
- the unfavorable impact in 2022 of the non-deductibility of the one-off tax contribution voted in Italy, recognized as an operating expense – approximately -1.9 points;
- changes in the Group's tax rate mix by country – around -0.4 points.

Net recurring income, Group share relating to continuing operations amounted to €4,045 million compared with €3,248 million in first-half 2022. This increase was mainly due to EBIT growth, partly offset by higher recurring financial expenses and a higher recurring effective tax rate.

Net income/(loss), Group share was a loss of €847 million, down sharply on the first half of 2022, mainly due to the change in unrealized gains and losses on commodity financial instruments not qualified as hedges, and the revision of nuclear provisions.

Net income attributable to non-controlling interests amounted to €630 million, an improvement on the first-half 2022 figure (€578 million), notably in Renewables in the United States and FlexGen in Australia.

3 CHANGES IN NET FINANCIAL DEBT

Net financial debt stood at €23.0 billion down €1.1 billion compared to December 3, 2022. This decrease was mainly driven by:

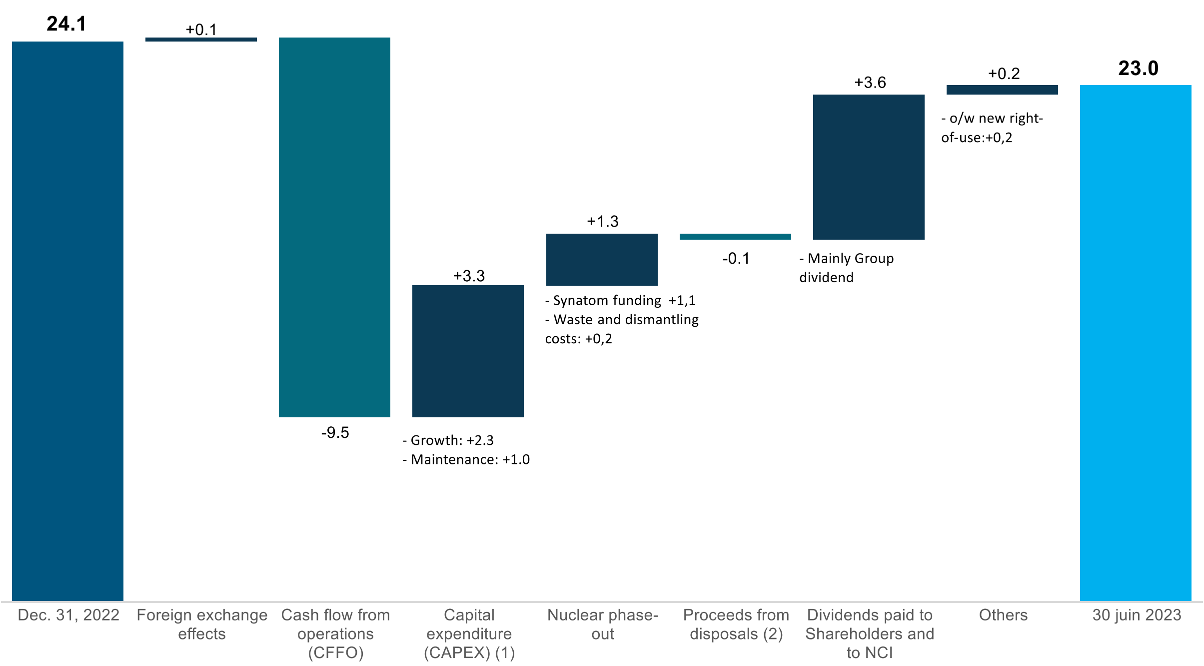
- Cash Flow From Operations of €9.5 billion;
- disposals of €0.1 billion.

These positive elements were partly offset by:

- dividends paid to ENGIE SA shareholders and to non-controlling interests of €3.6 billion;
- capital expenditure over the period of €3.3 billion;
- Belgian nuclear phase-out funding and expenses [(1)] of €1.3 billion;
- other elements of €0.4 billion.

Changes in net financial debt break down as follows:

In billions of euros



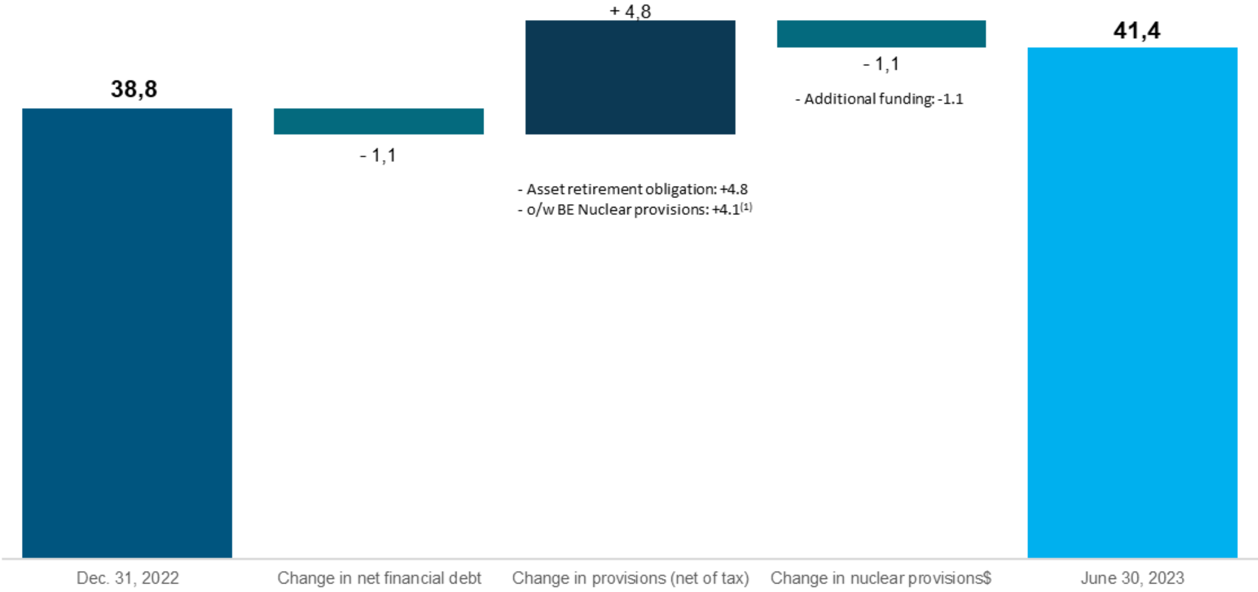
(1) Capital expenditure net of DBSO proceeds.
(2) Including scope effects relating to disposals and acquisitions.

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

Economic net debt stood at €41.4 billion, up €2.5 billion compared to 31 December 2022, mainly due to the increase in Asset Retirement Obligation provisions (€+4.8 billion, mainly the increase of nuclear provisions of €+4.1 billion following the agreement reached with the Belgian State) lower financial net debt (€-1.1 billion) and additional funding related to nuclear phase-out (€-1.1 billion).

Changes in economic net debt break down as follows:

In billions of euros



(1) Increase in Nuclear provisions following the agreement reached with the Belgian Government.

The **net financial debt to EBITDA ratio** stood at 1.5x, down 0.3x compared to December 31, 2022. The average cost of gross debt stood at 4.27%

In millions of euros	June 30, 2023	Dec 31, 2022
Net financial debt	22,956	24,054
EBITDA (last twelve months)	15,614	13,713
NET DEBT/EBITDA RATIO	**1.47**	**1.75**

The **economic net debt to EBITDA ratio** stood at 2.7x, down 0.2x compared to December 31, 2022, and in line with the target ratio below or equal to 4.0x.

In millions of euros	June 30, 2023	Dec 31, 2022
Economic net debt	41,357	38,808
EBITDA (last twelve months)	15,614	13,713
ECONOMIC NET DEBT/EBITDA RATIO	**2.65**	**2.83**

3.1 Cash flow from operations (CFFO)

Cash flow from operations amounted to €9.5 billion, up €2.7 billion compared to H1 2022. This increase was mainly supported by EBITDA growth (€+1.9 billion) and improvement in change in Working Capital Requirements (€+0.8 billion).

Change in **Working Capital Requirements** was positive at €1.4 billion, with a positive year-on-year variation of €0.8 billion mainly driven by price effects (€+3.4 billion) due to gas withdrawal at higher prices and the net positive timing effect on tariff shields (€+1.0 billion) mainly in France, partly offset by the negative impact on margin calls (€-3.1 billion).

3.2 Liquidity

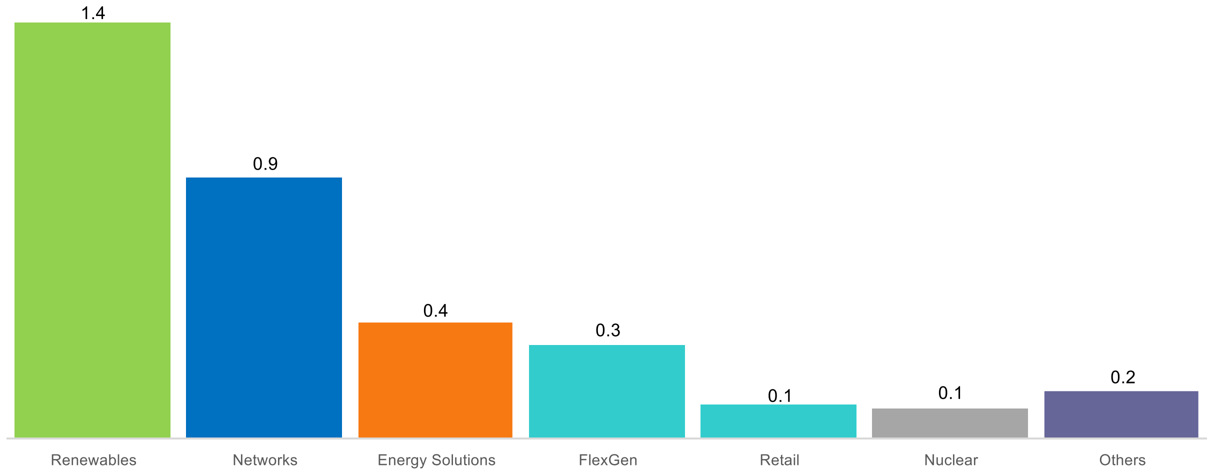
The Group maintained a strong level of **liquidity** at €23.0 billion at June 30, 2023, including €16.0 billion of cash [(1)].

3.3 Net investments

Total Capex amounted to €3.3 billion, including growth CAPEX of €2.3 billion.

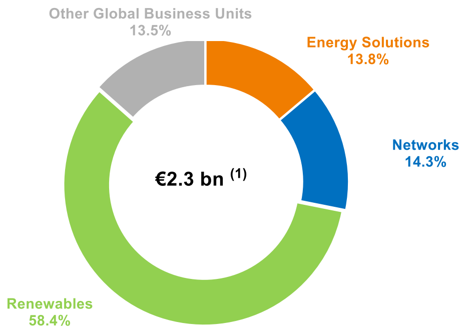
Capital expenditure (CAPEX) by activity

In billions of euros



(1) Cash and cash equivalents plus liquid debt instruments held for cash investment purposes minus bank overdrafts.

Growth capital expenditure amounted to €2.3 billion, breaking down as follows by activity:



Main projects (€bn)	
Renewables	1.3
USA Tacoma	0.3
Brazil: Wind & Solar (Santo Agostino, Assurua & Assu sol)	0.2
Chile & Peru: BESS Coya, Lomas de Taltal & Punta Lomitas wind projects	0.2
France Wind & Solar (mainly engie Green)	0.2
Spain Wind & Solar	0.1
Networks	0.3
Frecnh regulated infrastructures	0.2
Brazil Transmission Lines	0.1
Energy Solutions	0.3
France large infrstructures (mainly DHC)	0.1
NorthAm On-site PV & storage	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, 2023
Renewables	153	218	415	548	(3)	5	**1,336**
Networks	233	27	67	-	-	-	**327**
Energy Solutions	150	43	(4)	72	21	35	**317**
FlexGen	-	116	10	4	53	3	**186**
Retail	23	20	-	-	4	29	**76**
Nuclear	-	-	7	-	-	-	**7**
Others	-	8	-	-	-	31	**39**
Of which GEMS	-	-	-	-	-	*37*	***37***
TOTAL GROWTH CAPEX	**559**	**432**	**495**	**624**	**76**	**103**	**2,288**

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**
Energy Solutions	125	28	3	26	32	26	**240**
FlexGen	-	28	5	-	(11)	4	**27**
Retail	35	21	-	-	2	35	**93**
Nuclear	-	-	-	-	-	-	**-**
Others	-	-	-	-	-	26	**26**
Of which GEMS	-	-	-	-	-	*12*	***12***
TOTAL GROWTH CAPEX	**585**	**1,177**	**472**	**(129)**	**28**	**97**	**2,231**

Net investments for the period amounted to €3,4 billion and include:

- growth capital expenditure for €2.3 billion (see above);
- gross maintenance capital expenditure amounting to €1.0 billion;
- new right-of-use assets recognized over the period (€0.2 billion);
- proceeds from disposals representing an inflow of €0.1 billion.

3.4 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €3.6 billion and include ENGIE's dividend payment in April for the 2022 fiscal year for €3.4 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, 2023

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2023 a total of 60% of net financial debt was denominated in euros, 28% in US dollars and 13% in Brazilian real.

Including the impact of financial instruments, 97% of net debt is at fixed rates.

The average maturity of the Group's net debt is 14.7 years.

At June 30, 2023, the Group had total undrawn confirmed credit lines of €12.3 billion.

3.6 Rating

On 12 May 2023, S&P confirmed its BBB+ long-term issuer rating and short-term issuer rating at A-2, with a stable outlook.

On 13 July 2023, Moody’s confirmed its Baa1/P-2 senior unsecured rating, with a stable outlook.

On 18 July 2023, Fitch confirmed 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	Juen 30, 2023	Dec. 31, 2022	Net change
Non-current assets	**115,213**	**131,521**	**(16,308)**
Of which goodwill	*12,860*	*12,854*	*6*
Of which property, plant and equipment and intangible assets, net	*63,415*	*62,853*	*563*
Of which derivative instruments	*13,600*	*33,134*	*(19,533)*
Of which investments in equity method entities	*9,581*	*9,279*	*303*
Current assets	**76,527**	**103,969**	**(27,442)**
Of which trade and other payables	*19,207*	*31,310*	*(12,103)*
Of which derivative instruments	*13,937*	*15,252*	*(1,316)*
Of which assets classified as held for sale	-	*428*	*(428)*
Total equity	**34,738**	**39,285**	**(4,547)**
Provisions	31,728	27,027	4,700
Borrowings	40,041	40,591	(550)
Derivative instruments	31,648	51,276	(19,628)
Other liabilities	53,584	77,311	(23,726)
Of which liabilities directly associated with assets classified as held for sale	-	*371*	*(371)*

The carrying amount of **property, plant and equipment and intangible assets** was €63.4 billion, up €0.6 billion compared with December 31, 2022. This change is mainly due to capital expenditure over the period (up €3.0 billion), new rights of use (positive €0.2 billion), partially offset by depreciation (negative €2.4 billion) and a reduction in the book value of dismantling assets (negative €0.6 billion) (*see Note 10*).

Goodwill was stable compared with December 31, 2022 at €12.9 billion.

Investments in equity method entities increased by €0.3 billion.

Total equity amounted to €34.7 billion, a decrease of €4.5 billion compared with December 31, 2022. This fall was mainly due to dividends distributed (negative €3.8 billion) and other comprehensive income (negative €0.6 billion, including a negative €1.2 billion for cash flow hedges on commodities and a positive €0.2 billion for deferred taxes).

Provisions increased by €4.7 billion to €31.7 billion compared with December 31, 2022. This increase is mainly due to the effects of the revision of nuclear provisions to take account the interim agreement signed with the Belgian government on June 29, 2023, which became binding following the signature of the supplements to the initial agreements on July 21, 2023 (*see Note 13*) and the conclusions of the Commission for Nuclear Provisions (CPN) on July 7.

The decrease in **derivative instruments** is mainly due to the decline in commodity prices over the first six months of 2023.

5 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 20 to the consolidated financial statements for the year ended December 31, 2022 and did not change significantly in first-half 2023.

6 OUTLOOK

6.1 Guidance

6.1.1. Financial targets

The forecasts for the financial year ending December 31, 2023 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.

The forecasts presented below and the underlying assumptions, have 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.

Subject to the adjustments detailed in 6.1.3, the forecast presented below result from the budget and medium-term plan process as described in Note 13 to the consolidated financial statements for the year ended December 31, 2022; 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, 2022.

6.1.2. 2023 guidance - Upgrade

See section 1.2 of this management report.

6.1.3. Assumptions

Apart from taking into account the results for the first half of 2023, the assumptions used are those communicated in the Annual Financial Report at December 31, 2022 (*see Note 1.2.1*) with the exception of the following adjustments, communicated in May 2023 (financial information at March 31, 2023) and June 2023 (revision of the 2023 guidance):

- guidance and indications based on continuing operations;
- no change in accounting policies;
- no major regulatory or macro-economic changes;
- inframarginal rent caps based on current texts;
- full pass through of supply costs in French BtoC retail tariffs;
- average temperature in France;
- average hydro, wind and solar productions;
- average forex:
  - € / USD: 1.08,
  - € / BRL: 5.46;
- Belgian nuclear availability: c.90% in 2023, based on availabilities;
- contingencies on Belgian nuclear operations of €0.2 billion in 2023;
- market commodity prices at May 31, 2023;
- recurring net financial costs of €(2.2) and (2.4) billion;
- recurring effective tax rate: 24-27%.

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6.2 Main risks and uncertainties for the second half of 2023

The “Risk factors and control” section (Chapter 2) of the 2022 Universal Registration Document provides a detailed description of the risk factors to which the Group is exposed. The main risks and uncertainties and any changes thereto are described in the half-year management report and in Note 1 to the condensed consolidated financial statements for the six months ended June 30, 2023.

Changes in risks and uncertainties relating to financial instruments and legal and anti-trust proceedings are presented in Note 12 and Note 16 to the interim condensed consolidated financial statements for the six months ended June 30, 2023.

Risks and uncertainties relating to the carrying amounts of goodwill, intangible assets and property, plant and equipment are presented in Note 10 to the interim condensed consolidated financial statements for the six months ended June 30, 2023 and in Notes 13 to the consolidated financial statements for the year ended December 31, 2022.

02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

In millions of euros	Notes	June 30, 2023	June 30, 2022
REVENUES	**4.2 & 5**	**47,028**	**43,167**
Purchases and operating derivatives	6.1	(33,175)	(27,685)
Personnel costs		(4,140)	(3,903)
Depreciation, amortization and provisions		(2,437)	(2,174)
Taxes	6.2	(1,948)	(1,520)
Other operating income		622	632
Current operating income including operating MtM		**5,949**	**8,516**
Share in net income of equity method entities	4.2	540	468
Current operating income including operating MtM and share in net income of equity method entities		**6,490**	**8,984**
Impairment losses	7.1	382	(8)
Restructuring costs	7.2	(21)	(48)
Changes in scope of consolidation	7.3	(83)	(192)
Other non-recurring items	7.4	(4,787)	-
NET INCOME/(LOSS) FROM OPERATING ACTIVITIES	**7**	**1,981**	**8,736**
Financial expenses		(1,806)	(2,341)
Financial income		479	259
NET FINANCIAL INCOME/(LOSS)	**8**	**(1,327)**	**(2,082)**
Income tax benefit/(expense)	9	(871)	(1,765)
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**(217)**	**4,889**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS		**-**	**176**
NET INCOME/(LOSS)		**(217)**	**5,064**
Net income/(loss) Group share		**(847)**	**5,012**
Of which Net income/(loss) relating to continuing operations, Group share		*(847)*	*4,837*
Of which Net income/(loss) relating to discontinued operations, Group share		*-*	*175*
Non-controlling interests		**630**	**52**
Of which Non-controlling interests relating to continuing operations		*630*	*52*
Of which Non-controlling interests relating to discontinued operations		*-*	*1*
BASIC EARNINGS/(LOSS) PER SHARE (EUROS) (1)		**(0.37)**	**2.05**
Of which Basic earnings/(loss) relating to continuing operations per share		*(0.37)*	*1.98*
Of which Basic earnings/(loss) relating to discontinued operations per share		*-*	*0.07*
DILUTED EARNINGS/(LOSS) PER SHARE (EUROS) (1)		**(0.37)**	**2.04**
Of which Diluted earnings/(loss) relating to continuing operations per share		*(0.37)*	*1.97*
Of which Diluted earnings/(loss) relating to discontinued operations per share		*-*	*0.07*

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

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

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	June 30, 2023	June 30, 2022
NET INCOME/(LOSS)		(217)	5,064
Debt instruments	11.1	237	(315)
Net investment hedges	12	21	(205)
Cash flow hedges (excl. commodity instruments)	12	(225)	1,042
Commodity cash flow hedges (1)	12	(1,227)	2,280
Deferred tax on recyclable or recycled items		334	(948)
Share of equity method entities in recyclable items, net of tax		74	576
Translation adjustments		75	1,358
Recyclable items relating to discontinued operations, net of tax		-	2
TOTAL RECYCLABLE ITEMS		**(710)**	**3,791**
Equity instruments	11.1	53	(445)
Actuarial gains and losses		164	2,340
Deferred tax on non recyclable items		(120)	(562)
Share of equity method entities in actuarial gains and losses, net of tax		-	-
Non-recyclable items relating to discontinued operations, net of tax		-	53
TOTAL NON-RECYCLABLE ITEMS		**98**	**1,386**
TOTAL RECYCLABLE ITEMS AND NON-RECYCLABLE ITEMS		**(612)**	**5,177**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(829)**	**10,241**
Of which owners of the parent		*(1,678)*	*10,357*
Of which non-controlling interests		*849*	*(116)*

(1) The decrease in commodity prices during the first half of 2023 contributed to significant changes in the fair value of financial instruments, impacting Other comprehensive income. In 2023, the hedging of electricity supply activities in France, Belgium and the Netherlands and sales resulting from the production of some of our assets in these same areas qualified as cash flow hedging instruments in accordance with IFRS 9. Unrealized gains and losses on the effective portion of the hedges are now recorded in Other comprehensive income, as are hedges of our gas supply activities in Europe that already qualified, and are recycled to operating income at the same time as the hedged transactions to which they relate.

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, 2023	Dec. 31, 2022
Non-current assets			
Goodwill	10	12,860	12,854
Intangible assets, net	10	7,341	7,364
Property, plant and equipment, net	10	56,074	55,488
Other financial assets	11	12,229	10,599
Derivative instruments	11	13,600	33,134
Assets from contracts with customers	5	5	9
Investments in equity method entities		9,581	9,279
Other non-current assets	15	1,630	766
Deferred tax assets		1,892	2,029
TOTAL NON-CURRENT ASSETS		**115,213**	**131,521**
Current assets			
Other financial assets	11	2,461	2,394
Derivative instruments	11	13,937	15,252
Trade and other receivables, net	5	19,207	31,310
Assets from contracts with customers	5	9,329	12,575
Inventories	15	5,413	8,145
Other current assets	15	10,463	18,294
Cash and cash equivalents	11	15,716	15,570
Assets classified as held for sale		-	428
TOTAL CURRENT ASSETS		**76,527**	**103,969**
TOTAL ASSETS		**191,739**	**235,490**

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, 2023	Dec. 31, 2022
Shareholders' equity		29,101	34,253
Non-controlling interests		5,637	5,032
TOTAL EQUITY		**34,738**	**39,285**
Non-current liabilities			
Provisions	13	18,998	24,663
Long-term borrowings	11	31,464	28,083
Derivative instruments	11	15,486	39,417
Other financial liabilities	11	86	90
Liabilities from contracts with customers	5	86	121
Other non-current liabilities	15	3,567	3,646
Deferred tax liabilities		6,140	6,408
TOTAL NON-CURRENT LIABILITIES		**75,828**	**102,427**
Current liabilities			
Provisions	13	12,729	2,365
Short-term borrowings	11	8,577	12,508
Derivative instruments	11	16,162	11,859
Trade and other payables	11	20,827	39,801
Liabilities from contracts with customers	5	3,488	3,292
Other current liabilities	15	19,390	23,583
Liabilities directly associated with assets classified as held for sale		-	371
TOTAL CURRENT LIABILITIES		**81,173**	**93,778**
TOTAL EQUITY AND LIABILITIES		**191,739**	**235,490**

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

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	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 [(2)]			(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 changes [(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 Shareholders' Meeting decided to distribute a €0.85 dividend per share 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 for the loyalty bonus.

(2) See Note 12.5 "Deeply-subordinated perpetual notes" to the interim condensed consolidated financial statements for the six months ended June 30, 2022.

(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" to the interim condensed consolidated financial statements for the six months ended June 30, 2022.

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, 2022	**2,435**	**25,667**	**5,036**	**3,393**	**(668)**	**(1,422)**	**(189)**	**34,253**	**5,032**	**39,285**
Net income/(loss)			(847)					(847)	630	(217)
Other comprehensive income/(loss)			79		(1,002)	93		(831)	219	(612)
TOTAL COMPREHENSIVE INCOME/(LOSS)			**(768)**	**-**	**(1,002)**	**93**	**-**	**(1,678)**	**849**	**(829)**
Share-based payment	-	-	28					28	-	28
Dividends paid in cash (1)		(1,752)	(1,676)					(3,427)	(411)	(3,839)
Purchase/disposal of treasury stock			(61)				8	(53)	-	(53)
Operations on deeply-subordinated perpetual notes (2)			(46)	-				(46)	-	(46)
Transactions between owners			14					14	(20)	(6)
Transactions with impact on non-controlling interests			-					-	(10)	(10)
Share capital increases and decreases								-	198	198
Normative change			15					15	-	15
Other changes		-	(5)	-	-			(5)	-	(5)
EQUITY AT JUNE 30, 2023	**2,435**	**23,916**	**2,538**	**3,393**	**(1,670)**	**(1,330)**	**(181)**	**29,101**	**5,637**	**34,738**

(1) On April 26, 2023, the Shareholders' Meeting decided to distribute a €1.40 dividend per share for 2022. In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.14 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2022 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 3, 2023, the Group settled in cash (total of €3,391 million) the dividend of €1.40 per share with rights to ordinary dividends, as well as the dividend (€36 million) for shares eligible for the loyalty bonus.

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

(3) 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, 2023	June. 30, 2022
NET INCOME/(LOSS)		**(217)**	**5,064**
- Net income/(loss) relating to discontinued operations		-	176
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**(217)**	**4,889**
- Share in net income of equity method entities		(540)	(468)
+ Dividends received from equity method entities		321	304
- Net depreciation, amortization, impairment and provisions		6,900	1,941
- Impact of changes in scope of consolidation and other non-recurring items		97	193
- Mark-to-market on commodity contracts other than trading instruments		435	(3,744)
- Other items with no cash impact		(61)	(18)
- Income tax expense	8	871	1,765
- Net financial income/(loss)	9	1,327	2,082
Cash generated from operations before income tax and working capital requirements		**9,132**	**6,944**
+ Tax paid		(1,026)	(517)
Change in working capital requirements	**15**	**1,418**	**640**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO CONTINUING OPERATIONS		**9,524**	**7,067**
CASH FLOW FROM OPERATING ACTIVITIES RELATING TO DISCONTINUED OPERATIONS		**-**	**12**
CASH FLOW FROM OPERATING ACTIVITIES		**9,524**	**7,079**
Acquisitions of property, plant and equipment and intangible assets	10	(3,078)	(2,341)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	3 & 11	88	(9)
Acquisitions of investments in equity method entities and joint operations	3 & 11	(73)	(335)
Acquisitions of equity and debt instruments	11	(1,123)	497
Disposals of property, plant and equipment, and intangible assets	10	72	94
Loss of controlling interests in entities, net of cash and cash equivalents sold	3 & 11	(2)	876
Disposals of investments in equity method entities and joint operations	3 & 11	53	347
Disposals of equity and debt instruments	11	3	268
Interest received on financial assets		(27)	(14)
Dividends received on equity instruments		1	(1)
Change in loans and receivables originated by the Group and other	3 & 11	(78)	(2,267)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO CONTINUING		**(4,164)**	**(2,885)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES RELATING TO DISCONTINUED		**-**	**(3,614)**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(4,164)**	**(6,499)**
Dividends paid [(1)]		(3,573)	(2,277)
Repayment of borrowings and debt		(5,283)	(5,700)
Change in financial assets held for investment and financing purposes		(441)	418
Interest paid		(419)	(396)
Interest received on cash and cash equivalents		252	59
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		137	(151)
Increase in borrowings		3,989	3,843
Increase/decrease in capital		197	27
Purchase and/or sale of treasury stock		(57)	(35)
Changes in ownership interests in controlled entities	10	-	300
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO CONTINUING		**(5,199)**	**(3,911)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES RELATING TO DISCONTINUED		**-**	**3,748**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(5,199)**	**(163)**
Effects of changes in exchange rates and other relating to continuing operations		(16)	493
Effects of changes in exchange rates and other relating to discontinued operations		-	(21)
Effects of changes in exchange rates and other		(16)	472
TOTAL CASH FLOW FOR THE PERIOD		**146**	**889**
Reclassification of cash and cash equivalents relating to discontinued operations		-	(125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**15,570**	**13,890**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**15,716**	**14,655**

(1) The line "Dividends paid" includes the coupons paid to owners of deeply-subordinated perpetual notes for an amount of € 46 million in first-half 2023 (€51 million in first-half 2022).

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 27, 2023, 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, 2023.

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, 2023 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, 2022, 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, 2022, apart from the following developments in IFRS presented below.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2023

- IFRS 17 – *Insurance Contracts* (including amendments);
- 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;
- Amendments to IAS 12 – *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 12 – *Income Taxes*: International tax reform - Pillar II model [(2)].

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

This new standard and these amendments have no material impact on the Group's consolidated financial statements.

1.1.2 IFRS standards, amendments or IFRIC interpretations applicable after 2023 that the Group has elected not to early adopt

- Amendments to IAS 1 – *Presentation of Financial Statements*: Classification of Liabilities as Current or Non current [(1)];
- Amendments to IFRS 16 – *Leases*: Lease Liability in a Sale and Leaseback [(1)];
- Amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures* – Supplier financing agreements [(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 volatile commodities markets, and the war in Ukraine have prompted the Group to step up its risk oversight procedures, mainly in measuring financial instruments, and assessing counterparty and liquidity risk. The estimates used by the Group, among other things, to test for impairment and to measure provisions, also take into account this environment and the 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 fluctuations in the price of gas and electricity in the first half of 2023.

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, 2023 relate mainly to:

- measurement of the recoverable amounts of goodwill, property, plant and equipment and intangible assets (*see Note 7.1 “Impairment losses”* and *Note 10 “Goodwill, property, plant and equipment and intangible assets”*);
- measurement of the fair value of financial assets and liabilities, and, in the current context, factoring in the uncertainty surrounding the key assumptions used, in particular updating the main valuation inputs of commodity derivatives, in particular the “bid ask” reserve, to reflect the volatility of commodity prices;
- assessment of expected credit losses, particularly in order to update probabilities of default and other inputs, mainly for calculating the CVA (Credit Valuation Adjustment) in an uncertain and volatile market prices context (*see Note 12 “Risks arising from financial instruments”*);
- the measurement of provisions, in particular those relating to the treatment of nuclear waste under the agreement signed on June 29 with the Belgian government on the extension of the Tihange 3 and Doel 4 nuclear reactors and on all nuclear waste-related obligations, which became binding following the signature of supplements to the initial agreements on July 21, 2023; These estimates also concern provisions for dismantling obligations, disputes, pensions and other employee benefits (*see Note 13 “Provisions”*);

- 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 5 "Revenues"*);

- measurement of recognized tax loss carry-forwards, taking into account, where applicable, taxable income revisions and projections (*see Note 9 "Income tax expense"*).

1.2.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the IFRS Standards and IFRIC Interpretations in force 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 ("tariff shield"), aimed at protecting both consumers and suppliers of gas and electricity against sharp fluctuations in commodity prices (*see Note 5 "Revenues"*);

- identifying "own use contracts" as defined by IFRS 9 within non-financial purchase and sale contracts (electricity, gas, etc.);

- determining whether arrangements are or contain a lease (*see Note 10 "Goodwill, property, plant and equipment and intangible assets"*);

- identifying offsetting arrangements that meet the criteria set out in IAS 32 – *Financial Instruments*: Presentation (*see Note 11 "Hedging instruments"*);

- recognizing new contributions in the energy sector in Europe (see Note 6 "Operating expenses").

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, 2023 are not necessarily indicative of those that may be expected for full-year 2023.

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 MAIN CHANGES IN GROUP STRUCTURE

2.1 Disposals carried out in first-half 2023

The table below shows the impact of the main disposals and sale agreements of first-half 2023 on the Group's net debt, excluding partial disposals with respect to DBSO [(1)] activities:

In millions of euros	**Disposal price**	**Reduction in net debt**
Disposal of a thermal plant - Brazil	75	-
Other disposals that are not material taken individually	69	122
TOTAL	**144**	**122**

On May 31, 2023, ENGIE finalized the sale of its entire stake in the Pampa Sul thermal power plant to Grafito Fundo de Investimento em Participações Infraestrutura and Perfin Space X Fundo de Investimento em Participações em Infraestrutura.

Given the classification of this investment within "Assets held for sale" in 2022 and the deferral to 2024 of the payment of the contractual sale price, this transaction has no material impact on the Group's net financial debt at June 30, 2023. The disposal loss before tax amounted to €47 million in first-half 2023.

No Group assets are classified within "Assets held for sale" at June 30, 2023.

2.2 Acquisitions carried out in first-half 2023

Acquisitions made during the first half of the year had a limited impact on net financial debt (€0.2 billion).

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

NOTE 3 FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION

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

3.1 EBITDA

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

In millions of euros	June 30, 2023	June 30, 2022
Current operating income including operating MtM and share in net income of equity method entities	**6,490**	**8,984**
Mark-to-market on commodity contracts other than trading instruments	435	(3,744)
Net depreciation and amortization/Other	2,388	2,206
Share-based payments (IFRS 2)	23	21
Non-recurring share in net income of equity method entities	28	14
EBITDA	**9,365**	**7,480**
Nuclear	574	1,089
EBITDA excluding Nuclear	**8,791**	**6,391**

3.2 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, 2023	June 30, 2022
Current operating income including operating MtM and share in net income of equity method entities	**6,490**	**8,984**
Mark-to-market on commodity contracts other than trading instruments	435	(3,744)
Non-recurring share in net income of equity method entities	28	14
EBIT	**6,952**	**5,253**
Nuclear	239	858
EBIT excluding Nuclear	**6,713**	**4,396**

3.3 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, 2023	June 30, 2022
NET INCOME/(LOSS) GROUP SHARE		**(847)**	**5,012**
NET INCOME/(LOSS) RELATING TO DISCONTINUED OPERATIONS, GROUP SHARE		**-**	**175**
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS, GROUP SHARE		**(847)**	**4,837**
Net income attributable to non-controlling interests relating to continuing operations		630	52
NET INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**(217)**	**4,889**
Reconciliation items between “Current operating income including operating MtM and share in net income of equity method entities” and “Net income/(loss) from operating activities”		**4,509**	**248**
Impairment losses	*7.1*	*(382)*	*8*
Restructuring costs	*7.2*	*21*	*48*
Changes in scope of consolidation	*7.3*	*83*	*192*
Other non-recurring items	*7.4*	*4,787*	*-*
Other adjusted items		**225**	**(1,570)**
Mark-to-market on commodity contracts other than trading instruments	*6*	*435*	*(3,744)*
Ineffective portion of derivatives qualified as fair value hedges	*8*	*-*	*(7)*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*8*	*(8)*	*-*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*8*	*11*	*(29)*
Non-recurring income/(loss) from debt instruments and equity instruments	*8*	*215*	*1,146*
Other adjusted tax impacts		*(455)*	*1,050*
Non-recurring income/(loss) included in share in net income of equity method entities		*28*	*14*
NET RECURRING INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS		**4,517**	**3,566**
Net recurring income/(loss) attributable to non-controlling interests		471	319
NET RECURRING INCOME/(LOSS) RELATING TO CONTINUING OPERATIONS, GROUP SHARE		**4,045**	**3,248**
Net recurring income/(loss) relating to discontinued operations, Group share		-	181
NET RECURRING INCOME/(LOSS) GROUP SHARE		**4,045**	**3,429**

3.4 Industrial capital employed

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

In millions of euros			June 30, 2023	Dec. 31, 2022
(+)		Property, plant and equipment and intangible assets, net	63,415	62,853
(+)		Goodwill	12,860	12,854
	(-)	*Goodwill Gaz de France - SUEZ and International Power (1)*	*(7,245)*	*(7,241)*
(+)		IFRS 16 and IFRIC 12 receivables	2,638	2,521
(+)		Investments in equity method entities	9,581	9,279
	(-)	*Goodwill arising on the International Power combination (1)*	*(39)*	*(40)*
(+)		Financial assets covering nuclear provisions (3)	7,834	6,626
(+)		Initials Margins (3)	*1,590*	*1,741*
(+)		Trade and other receivables, net	19,207	31,310
	(-)	*Margin calls (1) (2)*	*(4,096)*	*(5,405)*
(+)		Inventories	5,413	8,145
(+)		Assets from contracts with customers	9,334	12,584
(+)		Other current and non-current assets	12,093	19,060
(+)		Deferred tax	(4,248)	(4,379)
	(+)	*Cancellation of deferred tax on other recyclable items (1) (2)*	*(295)*	*(14)*
(-)		Provisions	(31,728)	(27,027)
	(+)	*Actuarial gains and losses in shareholders' equity (net of deferred tax) (1)*	*1,012*	*1,058*
(-)		Trade and other payables	(20,827)	(39,801)
	(+)	*Margin calls (1) (2)*	*3,545*	*6,351*
(-)		Liabilities from contracts with customers	(3,573)	(3,412)
(-)		Other current and non-current liabilities	(23,029)	(27,279)
INDUSTRIAL CAPITAL EMPLOYED			**53,441**	**59,782**

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

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

(3) The Group has changed the definition of industrial capital employed from 1 January 2023 to include financial assets covering nuclear provisions and Initials Margins required by certain market activities.

3.5 Cash flow from operations (CFFO)

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

In millions of euros	June 30, 2023	June 30, 2022
Cash generated from operations before income tax and working capital requirements	9,132	6,944
Tax paid	(1,026)	(517)
Change in working capital requirements	1,418	640
Interest received on financial assets	(27)	(14)
Dividends received on equity investments	1	(1)
Interest paid	(419)	(396)
Interest received on cash and cash equivalents	252	59
Nuclear - expenditure on power plant dismantling and reprocessing, fuel storage	192	66
Change in financial assets held for investment or financing purposes	(441)	418
(+) Change in financial assets held for investment or financing purposes recorded in the statement of financial position and other	*441*	*(407)*
CASH FLOW FROM OPERATIONS (CFFO)	**9,523**	**6,793**

3.6 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, 2023	June 30, 2022
Acquisitions of property, plant and equipment and intangible assets	3,078	2,341
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	(88)	2
(+) Cash and cash equivalents acquired	*12*	*1*
Acquisitions of investments in equity method entities and joint operations	73	342
Acquisitions of equity and debt instruments	1,123	(497)
Change in loans and receivables originated by the Group and other	78	2,267
(+) Other	*(3)*	*(27)*
(-) Disposal impacts relating to DBSO [(2)] activities	-	(256)
(-) Financial investments Synatom / Disposal of financial assets Synatom	(1,102)	(904)
(+) Change in scope - Acquisitions [(1)]	139	-
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,311**	**3,270**
(-) Maintenance CAPEX	(1,023)	(1,039)
TOTAL GROWTH CAPEX	**2,288**	**2,231**

(1) Capital expenditure (CAPEX) now include changes in the scope of net financial debt of acquired entities. The impact at June 30, 2022 is not material.

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

3.7 Net financial debt

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

In millions of euros	Notes	June 30, 2023	Dec. 31, 2022
(+) Long-term borrowings	11.2 & 11.3	31,464	28,083
(+) Short-term borrowings	11.2 & 11.3	8,577	12,508
(+) Derivative instruments - carried in liabilities	11.4	31,648	51,276
(-) Derivative instruments hedging commodities and other items		*(30,936)*	*(50,542)*
(-) Other financial assets	11.1	(14,690)	(12,992)
(+) Loans and receivables at amortized cost not included in net financial debt		*6,794*	*6,720*
(+) Equity instruments at fair value		*2,014*	*1,495*
(+) Debt instruments at fair value not included in net financial debt		*4,050*	*3,394*
(-) Cash and cash equivalents	11.1	(15,716)	(15,570)
(-) Derivative instruments - carried in assets	11.4	(27,537)	(48,386)
(+) Derivative instruments hedging commodities and other items		*27,287*	*48,067*
NET FINANCIAL DEBT		**22,956**	**24,054**

3.8 Economic net debt

Economic net debt is as follows:

In millions of euros	Notes	June 30, 2023	Dec. 31, 2022
NET FINANCIAL DEBT	11.3	**22,956**	**24,054**
Provisions for back-end of the nuclear fuel cycle and dismantling of nuclear facilities	13	23,558	19,017
Other nuclear liabilities (1)	13	813	-
Provisions for dismantling of non-nuclear facilities	13	1,303	1,330
Post-employment benefits - Pensions		469	452
(-) Infrastructures regulated companies		*346*	*272*
Post-employment benefits - Reimbursement rights		(208)	(208)
Post-employment benefits - Other benefits		3,573	3,704
(-) Infrastructures regulated companies		*(2,316)*	*(2,392)*
Deferred tax assets for pensions and related obligations		(783)	(812)
(-) Infrastructures regulated companies		*451*	*490*
Plan assets relating to nuclear provisions, inventories of uranium and receivables of Electrabel towards EDF (1)	13	(8,804)	(7,098)
ECONOMIC NET DEBT		**41,357**	**38,808**

(1) Following the agreements with the Belgian government on the extension of the Tihange 3 and Doel 4 nuclear reactors and all obligations related to nuclear waste, economic net debt now includes all existing nuclear liabilities, including payables and receivables previously recognized under working capital. The impact on the indicator at December 31, 2022 would have been an increase in economic net debt of around € 556 million.

NOTE 4 SEGMENT INFORMATION

4.1 Operating segments and reportable segments

ENGIE is organized around:

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

The organization is described in Note 6 "Segment information" to the consolidated financial statements at December 31,2022.

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

4.2 Key indicators by reportable segment

REVENUES

	June 30, 2023			June 30, 2022 (1)		
In millions of euros	External revenues	Intra-Group Revenues	Total	External revenues	Intra-Group Revenues	Total
Renewables	2,899	91	2,990	2,485	67	2,552
Networks	3,661	503	4,164	3,650	465	4,115
Energy Solutions	5,779	195	5,974	5,546	141	5,687
FlexGen	2,724	1,332	4,056	3,222	565	3,787
Retail	10,363	358	10,721	8,169	795	8,964
Nuclear	63	1,519	1,582	(23)	1,200	1,177
Others	21,540	(3,783)	17,757	20,118	(346)	19,772
Of which GEMS	*21,492*	*(3,801)*	*17,691*	*20,063*	*(360)*	*19,704*
Elimination of internal transactions	-	(216)	(216)	-	(2,887)	(2,887)
TOTAL REVENUES	**47,028**	**-**	**47,028**	**43,167**	**-**	**43,167**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1, 2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

EBITDA

In millions of euros	June 30, 2023	June 30, 2022 (1)
Renewables	1,513	1,101
Networks	2,292	2,382
Energy Solutions	372	444
FlexGen	969	891
Retail	614	553
Others	3,029	1,020
Of which GEMS	*3,260*	*1,161*
TOTAL EBITDA excluding Nuclear	**8,790**	**6,391**
Nuclear	574	1,089
TOTAL EBITDA	**9,364**	**7,480**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1, 2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

EBIT

In millions of euros	June 30, 2023	June 30, 2022 (1)
Renewables	1,192	828
Networks	1,358	1,471
Energy Solutions	132	228
FlexGen	761	667
Retail	489	422
Others	2,781	779
Of which GEMS	*3,142*	*1,062*
TOTAL EBIT excluding Nuclear	**6,713**	**4,396**
Nuclear	239	858
TOTAL EBIT	**6,952**	**5,253**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1, 2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

SHARE IN NET INCOME/LOSS) OF EQUITY METHOD ENTITIES

In millions of euros	June 30, 2023	June 30, 2022 (1)
Renewables	135	92
Networks	212	149
Energy Solutions	16	44
FlexGen	157	175
Retail	-	-
Nuclear	-	-
Others	20	7
Of which GEMS	*15*	*1*
TOTAL SHARE IN NET INCOME/(LOSS) OF EQUITY METHOD ENTITIES	**540**	**468**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1,2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

Associates and joint ventures accounted for €232 million and €308 million respectively of share in net income of equity method entities at June 30, 2023 (compared to €170 million and €298 million at June 30, 2022).

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	June 30, 2023	Dec. 31, 2022
Renewables	17,690	16,588
Networks	24,919	25,221
Energy Solutions	7,539	7,575
FlexGen	8,193	8,091
Retail	1,770	1,023
Nuclear	(13,991)	(9,855)
Others	7,321	11,139
Of which GEMS	*5,100*	*9,060*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**53,441**	**59,782**

CAPITAL EXPENDITURE

In millions of euros	June 30, 2023	June 30, 2022 (1)(2)
Renewables	1,378	1,378
Networks	865	1,019
Energy Solutions	388	311
FlexGen	309	134
Retail	112	137
Nuclear	98	153
Others	160	139
Of which GEMS	*81*	*65*
TOTAL CAPITAL EXPENDITURE (CAPEX)	**3,311**	**3,270**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1, 2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

(2) Capital expenditure (CAPEX) now include changes in the scope of net financial debt of acquired entities. The impact at June 30, 2022 is not material.

GROWTH CAPEX

In millions of euros	June 30, 2023	June 30, 2022 (1)(2)
Renewables	1,336	1,339
Networks	327	505
Energy Solutions	317	240
FlexGen	186	27
Retail	76	93
Nuclear	7	-
Others	39	26
Of which GEMS	*37*	*12*
TOTAL GROWTH CAPEX	**2,288**	**2,231**

(1) Certain internal reclassifications, which have no impact on the total, have been made between the business lines at January 1, 2023. The main internal reclassifications concern the transfer of EV Box from Energy Solutions to Others.

(2) Capital expenditure (CAPEX) now include changes in the scope of net financial debt of acquired entities. The impact at June 30, 2022 is not material.

4.3 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, 2023	June 30, 2022	June 30, 2023	Dec. 31, 2022
France	20,632	14,327	30,827	33,912
Belgium	5,903	5,277	(11,473)	(7,575)
Other EU countries	10,151	10,979	8,853	9,261
Other European countries	2,543	2,045	1,650	1,610
North America	2,513	2,733	7,667	7,264
Asia, Middle East & Oceania	2,797	5,442	3,669	3,667
South America	2,368	2,251	11,718	11,095
Africa	121	114	529	548
TOTAL	**47,028**	**43,167**	**53,441**	**59,782**

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

NOTE 5 REVENUES

5.1 Revenues

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15 (*see Note 7 "Revenues" to the consolidated financial statements for the year ended December 31, 2022*).

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 trading, lease or concession income, as well as any financial component of operating services.

The table below shows a breakdown of revenues:

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, and O&M	Others	June 30, 2023
Renewables	-	2,676	53	121	49	**2,899**
Networks	67	3	3,272	210	109	**3,661**
Energy Solutions	140	2,573	45	2,982	39	**5,779**
FlexGen	55	2,281	135	196	57	**2,724**
Retail	4,880	3,627	230	483	1,143	**10,363**
Nuclear	-	3	3	12	45	**63**
Others	8,160	10,549	191	72	2,568	**21,540**
Of which GEMS	*8,160*	*10,549*	*191*	*24*	*2,568*	***21,492***
TOTAL REVENUES	**13,302**	**21,711**	**3,930**	**4,075**	**4,010**	**47,028**

The significant change in natural gas and electricity prices has led some governments, notably in France and Romania to introduce a "tariff shield" system for natural gas and electricity. Retail revenue in the "Others" column ("Revenue excluding IFRS 15") still includes the effect of these measures, including the tariff shield introduced by the French government for natural gas, which expired on June 30, 2023.

In millions of euros	Sales of gas	Sales of electricity and other energies	Sales of services linked to infrastructures	Constructions, installations, and O&M	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	2,857	29	**5,546**
FlexGen	182	2,434	215	235	156	**3,222**
Retail	4,442	2,418	37	493	779	**8,169**
Nuclear	-	3	4	14	(45)	**(23)**
Others	9,437	9,420	95	77	1,089	**20,118**
Of which GEMS	*9,437*	*9,420*	95	*22*	*1,089*	**20,063**
TOTAL REVENUES	**14,250**	**19,083**	**3,617**	**4,011**	**2,205**	**43,167**

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

5.2.1 Trade and other receivables and assets from contracts with customers

In millions of euros	June 30, 2023	Dec. 31, 2022
Trade and other receivables, net	19,207	31,310
Of which IFRS 15	*7,503*	*7,587*
Of which non-IFRS15	*11,705*	*23,723*
Assets from contracts with customers	9,334	12,584
Accrued income and unbilled revenues	*6,696*	*9,513*
Energy in the meter (1)	*2,638*	*3,071*

(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"). The significant drop in receivables and contract assets is due to lower energy prices compared to December 31, 2022.

5.2.2 Liabilities from contracts with customers

	June 30, 2023			Dec. 31, 2022		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Liabilities from contracts with customers	86	3,488	3,573	121	3,292	3,412
Advances and downpayments received	*13*	*2,441*	*2,454*	*53*	*2,201*	*2,253*
Deferred revenues	*73*	*1,046*	*1,119*	*68*	*1,091*	*1,159*

NOTE 6 OPERATING EXPENSES

6.1 Purchases and operating derivatives

In millions of euros	June 30, 2023	June 30, 2022
Purchases and other income and expenses on operating derivatives other than trading [(1)]	(29,976)	(24,623)
Services and other purchases [(2)]	(3,199)	(3,062)
PURCHASES AND OPERATING DERIVATIVES	**(33,175)**	**(27,685)**

(1) Of which a net expense of €435 million in first-half 2023 relating to MtM on commodity contracts other than trading instruments (compared to a net income of €3,744 million in first-half 2022) notably on some economic gas and electricity hedging positions not documented as cash flow hedges).

(2) Of which €40 million in lease expenses in first-half 2023, relating to lease expenses not included in the IFRS 16 lease liability (compared to €27 million in first-half 2022).

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

6.2 Taxes

In millions of euros	June 30, 2023	June 30, 2022
TAXES	**(1,948)**	**(1,520)**

Operating expenses for the first half of 2023 include the Belgian nuclear tax and the inframarginal rent caps from electricity generation for a total of €746 million (around €300 million for the nuclear tax only at June 30, 2022, given that the rent caps mechanism only came into effect in the second half of 2022). In addition, in 2022, the Group recognized an expense corresponding to the exceptional tax expense on the energy sector introduced by the Italian authorities (€308 million).

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

7.1 Impairment losses

In millions of euros	Notes	June 30, 2023	June 30, 2022
Impairment losses:			
Goodwill	10	-	-
Property, plant and equipment and other intangible assets	10	-	(14)
Investments in equity method entities and related provisions		(5)	(9)
TOTAL IMPAIRMENT LOSSES		**(5)**	**(23)**
Reversal of impairment losses:			
Property, plant and equipment and other intangible assets		386	15
TOTAL REVERSALS OF IMPAIRMENT LOSSES		**386**	**15**
TOTAL		**382**	**(8)**

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 10 "Goodwill, property, plant and equipment and intangible assets"*).

7.1.1 Impairment losses recognized during the first half of 2023

Net reversals of impairment losses recognized for first-half 2023 amounted to €382 million.

Following the review procedure initiated by the Commission for Nuclear Provisions (CPN) in September 2022, the industrial scenario and all the technical and financial assumptions were approved on July 7, 2023. This resulted in a €646 million decrease in the plant dismantling provision (*see Note 13 "Provisions"*), against a reduction in dismantling assets. Given the impairment losses recognized on some of these assets at the end of the previous year, an impairment reversal of €400 million was recorded.

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

7.2 Restructuring costs

Restructuring costs totaled €21 million in first-half 2023 (€48 million in first-half 2022) and mainly included employee-related costs and other restructuring costs.

7.3 Changes in scope of consolidation

In first-half 2023, the impact of changes in the scope of consolidation amounted to a negative €83 million and mainly relate to the negative €47 million impact of the disposal of a thermal power plant in Brazil.

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; and

- miscellaneous disposals not material taken individually.

7.4 Other non-recurring items

Other non-recurring items amounted to a negative €4,787 million at June 30, 2023 (no impact at June 30, 2022), and include the €4,750 million impact of the revision of nuclear provisions to take account the agreement reached with the Belgian government on June 29, 2023, which became binding following the signature of supplements to the initial agreements on July 21, 2023 (*see Note 13 "Provisions"*). This amount includes the additional provisions set aside under the agreement (€5.1 billion), as well as the effects of recognizing the receivable relating to Electrabel's partners' share in certain power plants (€0.4 billion).

NOTE 8 NET FINANCIAL INCOME/(LOSS)

In millions of euros	Expense	Income	June 30, 2023	Expense	Income	June 30, 2022
Interest expense on gross debt and hedges	*(840)*	*-*	*(840)*	*(549)*	*-*	*(549)*
Cost of lease liabilities	*(45)*	*-*	*(45)*	*(27)*	*-*	*(27)*
Foreign exchange gains/losses on borrowings and hedges	*(29)*	*-*	*(29)*	*(18)*	*-*	*(18)*
Ineffective portion of derivatives qualified as fair value hedges	*-*	*-*	*-*	*-*	*7*	*7*
Gains and losses on cash and cash equivalents and liquid debt instruments held for cash investment purposes	*-*	*236*	*236*	*-*	*55*	*55*
Capitalized borrowing costs	*121*	*-*	*121*	*34*	*-*	*34*
Cost of net debt	**(793)**	**236**	**(558)**	**(560)**	**61**	**(499)**
Expenses on debt restructuring transactions	*-*	*8*	*8*	*-*	*-*	*-*
Gains/(losses) on debt restructuring and early unwinding of derivative	**-**	**8**	**8**	**-**	**-**	**-**
Net interest expense on post-employment benefits and other long-term	*(80)*	*-*	*(80)*	*(44)*	*-*	*(44)*
Unwinding of discounting adjustments to other long-term provisions	*(329)*	*-*	*(329)*	*(322)*	*-*	*(322)*
Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges	*(14)*	*-*	*(14)*	*14*	*-*	*14*
Income/(loss) from debt instruments and equity instruments	*(227)*	*-*	*(227)*	*(1,149)*	*-*	*(1,149)*
Interest income on loans and receivables at amortized cost	*-*	*31*	*31*	*-*	*15*	*15*
Other	*(362)*	*204*	*(158)*	*(281)*	*183*	*(98)*
Other financial income and expenses	**(1,012)**	**235**	**(778)**	**(1,781)**	**198**	**(1,584)**
NET FINANCIAL INCOME/(LOSS)	**(1,806)**	**479**	**(1,327)**	**(2,341)**	**259**	**(2,082)**

The cost of net debt is higher than in first-half 2022, mainly due to the increase in interest rates.

Losses from debt and equity instruments amounted to €227 million in first-half 2023. This amount mainly includes the negative change in fair value of bonds and money market funds held by Synatom for €216 million (negative €1,149 million at June 30, 2022, of which €987 million related to the impairment of the loan granted to Nord Stream 2).

NOTE 9 INCOME TAX EXPENSE

In millions of euros	June 30, 2023	June 30, 2022
Net income/(loss) (A)	(217)	5,064
Total income tax expense recognized in income for the period (B)	(871)	(1,765)
Share in net income of equity method entities and impairment loss on equity method entities (C)	536	459
Net income from discontinued operations (D)	-	176
INCOME BEFORE INCOME TAX EXPENSE AND SHARE IN NET INCOME OF EQUITY METHOD ENTITIES (A)-(B)-(C)=(D)	**118**	**6,194**
EFFECTIVE TAX RATE (B)/(D)	**737.1%**	**28.5%**

The effective tax rate of 737.1% at June 30, 2023 is mainly affected by non-deductible losses in Belgium, mainly due to nuclear provisions.

The effective tax rate of 28.5% at June 30, 2022 was due to:

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

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

With regard to the future implementation of the OECD Pillar 2 rules, the Group does not have significant operations in countries where a minimum tax may be due, and therefore expects this reform to have little impact on its tax expense.

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

In millions of euros	Goodwill	Intangible assets	Property, plant and equipment
GROSS AMOUNT			
At December 31, 2022	**23,605**	**20,410**	**117,831**
Acquisitions and construction of property, plant and equipment and intangible assets	-	551	2,703
Disposals and scrapping of property, plant and equipment and intangible assets	-	(144)	(785)
Changes in scope of consolidation	21	4	(10)
Transfer to “Assets classified as held for sale”	-	-	(3)
Other changes	(20)	(8)	(674)
Translation adjustments	4	23	20
AT JUNE 30, 2023	**23,611**	**20,836**	**119,082**
ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT			
At December 31, 2022	**(10,751)**	**(13,046)**	**(62,343)**
Depreciation and amortization	-	(534)	(1,855)
Impairment losses	-	(1)	378
Disposals and scrapping of property, plant and equipment and intangible assets	-	80	767
Changes in scope of consolidation	-	1	10
Transfer to “Assets classified as held for sale”	-	-	-
Other changes	-	1	23
Translation adjustments	-	4	12
AT JUNE 30, 2023	**(10,751)**	**(13,495)**	**(63,008)**
CARRYING AMOUNT			
At December 31, 2022	12,854	7,364	55,488
AT JUNE 30, 2023	**12,860**	**7,341**	**56,074**

In first-half 2023, the net increase in “Goodwill”, “Intangible assets” and “Property, plant and equipment” resulted primarily from:

- maintenance and development investments for a total amount of € 3,009 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 and maintenance 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;
- new right-of-use contracts for a total amount of € 246 million;
- positive foreign exchange effects of € 63 million, mainly resulting from the appreciation of the Brazilian real (positive impact of € 227 million), the Mexican peso (positive impact of € 59 million) and the pound sterling (positive impact of € 57 million), partially offset by the depreciation of the US dollar (negative impact of € 242 million);

partly offset by:

- depreciation and amortization expenses for a total negative amount of € 2,388 million;
- a € 646 million decrease in dismantling assets following the adoption of the industrial scenario and of all the technical and financial assumptions which were approved by the Commission for Nuclear Provisions (CPN) on July 7, 2023 at the end of the review procedure initiated in September 2022. This decrease was partially offset by a € 400 million reversal impairment (*see Note 7.1 “Impairment losses”*);
- a € 82 million decrease in the dismantling provision related to the drawing rights of two nuclear installations in France.

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

During the first half of the year, the Group did not identify any risk of impairment of goodwill.

On June 29, 2023, ENGIE and the Belgian government signed an intermediate agreement defining the terms of the extension of the Doel 4 and Tihange 3 nuclear units. This agreement also provides for the establishment of a legal structure dedicated to the two extended nuclear units, equally owned by the Belgian State and ENGIE, aligning the interests of the two parties and ensuring the sustainability of their commitments. The business model of the extension is based on a balanced allocation of risks, notably through a Contract for Difference mechanism guaranteeing the value of extension investments, with a limited incentive for the industrial operator to achieve a favorable technical and economic performance at the plants. The agreement became binding following the signature of the supplements to the initial agreements on July 21, 2023 (*see Note 13 "Provisions"*). These agreements have no material impact on the recoverable amount of the Group's prolonged assets.

NOTE 11 FINANCIAL INSTRUMENTS

11.1 Financial assets

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

In millions of euros	Notes	June 30, 2023 Non-current	June 30, 2023 Current	June 30, 2023 Total	Dec. 31, 2022 Non-current	Dec. 31, 2022 Current	Dec. 31, 2022 Total
Other financial assets	11.1	12,229	2,461	14,690	10,599	2,394	12,992
Equity instruments at fair value through other comprehensive income		*1,747*	*-*	*1,747*	*1,217*	*-*	*1,217*
Equity instruments at fair value through income		*267*	*-*	*267*	*278*	*-*	*278*
Debt instruments at fair value through other comprehensive income		*1,579*	*49*	*1,629*	*2,128*	*290*	*2,418*
Debt instruments at fair value through income		*2,668*	*728*	*3,396*	*1,178*	*568*	*1,745*
Loans and receivables at amortized cost		*5,968*	*1,684*	*7,652*	*5,798*	*1,537*	*7,334*
Trade and other receivables	5.2	-	19,207	19,207	-	31,310	31,310
Assets from contracts with customers	5.2	5	9,329	9,334	9	12,575	12,584
Cash and cash equivalents		-	15,716	15,716	-	15,570	15,570
Derivative instruments	11.4	13,600	13,937	27,537	33,134	15,252	48,386
TOTAL		**25,834**	**60,650**	**86,484**	**43,741**	**77,102**	**120,843**

11.1.1 Other financial assets

Changes in equity instruments and debt instruments at fair value between December 31, 2022, and June 30, 2023 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, 2022	**1,217**	**278**	**1,495**
Increase	548	13	561
Decrease	(75)	(3)	(77)
Changes in fair value	62	(14)	48
Changes in scope of consolidation, translation adjustments and other	(5)	(9)	(14)
AT JUNE 30, 2023	**1,747**	**267**	**2,014**
Dividends	-	1	**1**

Equity instruments break down as €1,491 million of listed equity instruments (€875 million at December 31, 2022) and €523 million of unlisted equity instruments (€620 million at December 31, 2022). The change in fair value notably includes the impact of the impairment on the Group's minority interest in Nord Stream AG, whose value was reduced to zero at June 30, 2023 (90 million at December 31, 2022).

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, 2022	**2,418**	**-**	**977**	**769**	**4,163**
Increase	1,800	-	2,543	301	4,644
Decrease	(2,558)	(5)	(1,151)	(100)	(3,814)
Changes in fair value	(31)	-	52	5	26
Changes in scope of consolidation, translation adjustments and other	-	5	-	-	5
AT JUNE 30, 2023	**1,629**	**-**	**2,421**	**975**	**5,025**

Debt instruments at fair value at June 30, 2023 primarily include bonds and money market funds held by Synatom for €4,003 million (*see Note 13.2.3 "Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material*"), and liquid instruments deducted from net financial debt for €975 million (€3,350 million and €769 million respectively at December 31, 2022).

Loans and receivables at amortized cost

Loans granted to affiliated companies and other debt instruments at amortized cost include the cash of the debt instruments held by Synatom to be invested for €2,274 million (€2,270 million at December 31, 2022) (*see Note 13.2.3 "Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material*").

11.1.2 Cash and cash equivalents

"Cash and cash equivalents" totaled €15,716 million at June 30, 2023 (€15,570 million at December 31, 2022). This item comprises standard money market funds with daily liquidity (43%), term deposits with a maturity of less than one month (42%) and deposits with a maturity of less than three months and other products (15%).

This amount notably includs funds related to the "green bond" issuances that have not yet been allocated to the funding of eligible projects (*see Chapter 5 of the 2022 Universal Registration Document*).

Gains recognized in respect of "Cash and cash equivalents" amounted to €221 million at June 30, 2023 compared to €58 million at June 30, 2022.

11.2 Financial liabilities

The following table presents the Group's different financial liabilities at June 30, 2023, broken down into current and non-current items:

		June 30, 2023			Dec. 31, 2022		
In millions of euros	**Notes**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Borrowings and debt	11.3	31,464	8,577	40,041	28,083	12,508	40,591
Trade and other payables		-	20,827	20,827	-	39,801	39,801
Liabilities from contracts with customers	5.2	86	3,488	3,573	121	3,292	3,412
Derivative instruments	11.4	15,486	16,162	31,648	39,417	11,859	51,276
Other financial liabilities		86	-	86	90	-	90
TOTAL		**47,122**	**49,054**	**96,176**	**67,711**	**67,460**	**135,171**

11.3 Net financial debt

11.3.1 Net financial debt by type

		June 30, 2023			Dec. 31, 2022		
In millions of euros		Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	Bond issues	24,103	966	25,069	21,007	2,550	23,557
	Bank borrowings	4,901	598	5,498	4,679	797	5,476
	Negotiable commercial paper	-	5,271	5,271	-	7,386	7,386
	Lease liabilities	2,533	378	2,911	2,482	393	2,875
	Other borrowings (1)	(72)	669	597	(85)	768	682
	Bank overdrafts and current account	-	696	696	-	615	615
	BORROWINGS AND DEBT	**31,464**	**8,577**	**40,041**	**28,083**	**12,508**	**40,591**
Other financial assets	Other financial assets deducted from net financial debt (2)	**(318)**	**(1,515)**	**(1,833)**	**(249)**	**(1,133)**	**(1,383)**
Cash and cash equivalents	Cash and cash equivalents	**-**	**(15,716)**	**(15,716)**	**-**	**(15,570)**	**(15,570)**
Derivative instruments	Derivatives hedging borrowings (3)	**365**	**98**	**463**	**394**	**22**	**416**
NET FINANCIAL DEBT		**31,511**	**(8,555)**	**22,956**	**28,228**	**(4,174)**	**24,054**

(1) *This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship for a negative €200 million, margin calls on debt hedging derivatives carried in liabilities for a positive €296 million, and the impact of amortized cost for a positive €176 million (compared to a negative €200, and a positive €364 and €144 million respectively at December 31, 2022).*

(2) *This item notably corresponds to assets related to financing for €96 million, liquid debt instruments held for cash investment purposes for €975 million and margin calls on derivatives hedging borrowings carried in assets for €762 million (compared to €67, €769 and €547 million respectively at December 31, 2022).*

(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 €34,977 million at June 30, 2023, compared with a carrying amount of €37,092 million.

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

11.3.2 Main events of the period

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

In the first half of 2023, changes in exchange rates resulted in a €96 million increase in net financial debt, including a €159 million increase in relation to the Brazilian real and a €63 million decrease in relation to the US dollar.

Changes in the scope of consolidation in the first half of 2023 did not lead to a significant change in net financial debt.

11.3.2.2 Financing and refinancing transactions

The Group carried out the following main transactions in first-half 2023:

ENGIE SA:

- on January 11, 2023 ENGIE SA issued a green bond for a total amount of €2,750 million, as follows:
  - a €1,000 million tranche, with a 3.625% coupon, maturing on January 11, 2030,

  - a €1,000 million tranche, with a 4% coupon, maturing on January 11, 2035, plus an additional €75 million on June 2, 2023 and €100 million on June 6, 2023,
  - a €750 million tranche, with a 4.25% coupon, maturing on January 11, 2043;

- on February 1, 2023 ENGIE SA redeemed at maturity €742 million worth of bonds, with a 3% coupon;
- on February 28, 2023 ENGIE SA redeemed at maturity €500 million worth of green bonds, with a 0.375% coupon;
- on April 3, 2023 ENGIE SA issued a £650 million worth of green bond (€757 million), maturing in April 3, 2053, with a 5.625% coupon;

Other Group entities:

- on June 24, 2023 ENGIE Alliance redeemed at maturity €1,000 million worth of bonds, with a 5.75% coupon.

11.4 Derivative instruments

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

	June 30, 2023						Dec. 31, 2022					
	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	212	38	249	576	136	712	226	92	319	620	114	735
Derivatives hedging commodities	11,691	13,870	25,561	13,208	15,930	29,138	30,932	15,076	46,008	37,210	11,698	48,907
Derivatives hedging other items [(1)]	1,698	29	1,727	1,701	96	1,797	1,975	84	2,059	1,587	47	1,634
TOTAL	**13,600**	**13,937**	**27,537**	**15,486**	**16,162**	**31,648**	**33,134**	**15,252**	**48,386**	**39,417**	**11,859**	**51,276**

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

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. This offsetting generates significant balance sheet effects in 2023 of approximately €11.8 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 balance of derivative hedging commodities is down compared with December 31, 2022 due to the decrease in commodity prices in the first half of 2023. Most of these derivatives mature in 2023 and 2024. This fair value incorporates market inputs at June 30, 2023, in particular the “bid ask” reserve, which have been updated to reflect the volatility of commodity prices and reduced liquidity in the European natural gas and electricity markets. In the main markets where the Group operates (Europe, United States, Singapore) a 10% increase or decrease in these market inputs (including the “bid ask” spread) would impact the fair value of the derivatives concerned by a negative €105 million (increase) and a positive €105 million (decrease).

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

During the first half of 2023, the Group did not make any material changes to the classification of financial instruments and did not recognize any material transfers between levels in the fair value hierarchy.

11.5 Deeply-subordinated perpetual notes

The Group paid out interest coupons for an amount of €46 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 12 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in Chapter 2 “Risk factors and control” of the 2022 Universal Registration Document.

12.1 Market risks

12.1.1 Commodity risk

12.1.1.1 Portfolio management activities

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities at June 30, 2023 are detailed in the table below. Due to the significant volatility in commodity prices on the markets since 2022, particularly impacting the European zone, the price assumptions for natural gas and electricity in Europe were revised upwards last year. These sensitivities have continued to be established in a context of uncertainty.

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 underlying hedged items (commodity purchase and sale contracts) which are not recognized at fair value.

Sensitivity analysis (1)

		June 30, 2023		Dec. 31, 2022	
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	-	56	-	81
Natural gas - Europe (2)	-€10/MWh	(519)	(1,132)	(700)	(1,237)
Natural gas - Europe (2)	+€10/MWh	520	1,132	700	1,237
Natural gas - Rest of the world	+€3/MWh	71	178	29	206
Electricity - Europe (2)	-€20/MWh	(270)	417	(51)	245
Electricity - Europe (2)	+€20/MWh	270	(417)	51	(245)
Electricity - Rest of the world	+€5/MWh	(192)	-	(122)	-
Greenhouse gas emission rights	+€2/ton	19	13	24	1
EUR/USD	+10%	54	(184)	36	(186)
EUR/GBP	+10%	47	(21)	(17)	(34)

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

(2) For June 2023 and in relation to the sensitivities shown, more drastic upward price changes, although difficult to quantify, could be introduced, depending on how the economic or political situation evolves. For example, an increase of €50/MWh for natural gas and €100/MWh for electricity would impact sensitivities by a positive €8.2 billion and a negative €0.8 billion, respectively for natural gas and electricity.

The decrease in commodity prices in 2023 contributed to substantial changes in the fair value of financial instruments, impacting the income statement (*see Note 6 “Operating expenses”*) as well as other comprehensive income for the Group (*see “Statement of comprehensive income”*).

The sensitivity of equity to European electricity price changes is due to the application, since 2023, of cash flow hedge accounting to certain supply activities in France, Belgium and the Netherlands, as well as the sales resulting from the production of some of our assets in the same areas. The expected extension of this practice to other hedging strategies should contribute to reducing the sensitivity in the future of the pre-tax profit.

12.1.1.2 Trading activities

The entities carrying out the Group's trading activities operate on organized or OTC markets in derivative instruments such as futures, forwards, swaps, or options. Exposure to trading activities is strictly governed by daily monitoring of compliance with Value at Risk (VaR) limits.

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

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

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

Value at Risk

In millions of euros	June 30, 2023	2023 average (1)	2023 maximum (2)	2023 minimum (2)	2022 average (1)
Trading activities	12	21	42	6	33

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in 2023.

VaR limits are set within the framework of Group governance, which was strengthened since the beginning of the crisis to take account the extremely volatile market environment. The 2023 minimum and maximum, are to be compared with €6 million and €143 million respectively, for 2022.

The continuous monitoring of market risks and the strict application of these measures have enabled the Group to perform its trading activities in a supervised environment during the year.

12.1.2 Currency and interest rate risk

12.1.2.1 Currency risk

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

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

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

	June 30, 2023			
	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)	20	(20)	NA	NA
Financial instruments (debt and derivatives) qualified as net investment hedges (3)	NA	NA	411	(411)

(1) +(-)10%: depreciation (appreciation) of 10% on all foreign currencies against the euro.
(2) Excluding derivatives qualifying as net investment hedges.
(3) This impact is countered by the offsetting change in the net investment hedged.

12.1.2.2 Interest rate risk

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

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

	June 30, 2023			
	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	(5)	5	NA	NA
Change in fair value of derivatives not qualifying as hedges	(18)	19	NA	NA
Change in fair value of derivatives qualifying as cash flow hedges	NA	NA	256	(331)

As part of the interest rate benchmark reform, in 2022 the Group referenced all new USD denominated financing contracts to the SOFR index; and also aligned its existing financing and derivative contracts to the same index in first-half 2023, following the end of the publication of the US Libor at June 30, 2023.

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

12.2 Counterparty risk

12.2.1 Commodity derivatives

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

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

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

Against the backdrop of a deteriorating global economic environment, historically high energy prices and the ongoing war in Ukraine, the Group continued to monitor cash receipts and strengthened its monitoring of default risk in its BtoB, BtoC and Energy Management activities.

Trade and other receivables, contract assets

	June 30, 2023			Dec. 31, 2022		
In millions of euros	Gross [(1)]	Expected credit losses	Net	Gross [(1)]	Expected credit losses	Net
Trade and other receivables, net	17,188	(2,043)	15,146	27,979	(1,975)	26,004
Assets from contracts with customers	9,391	(57)	9,334	12,632	(48)	12,584
TOTAL	**26,580**	**(2,100)**	**24,480**	**40,610**	**(2,023)**	**38,588**

(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, 2023, 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, 2023	Dec. 31, 2022
Gross (1)	7,780	7,591
Expected credit losses	(1,305)	(1,291)
TOTAL	**6,475**	**6,300**

(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.

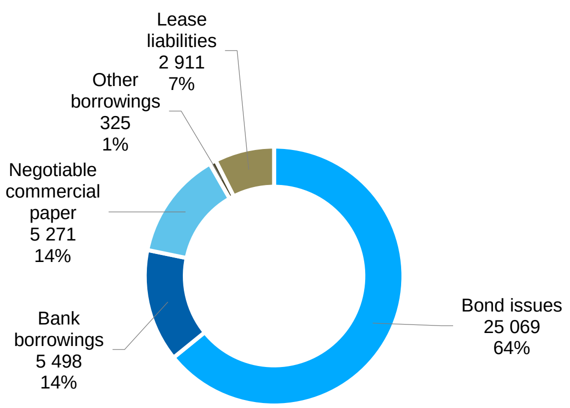
As a reminder, the loan related to the financing of the Nord Stream 2 pipeline project was written down by €987 million in 2022 (including capitalized interest).

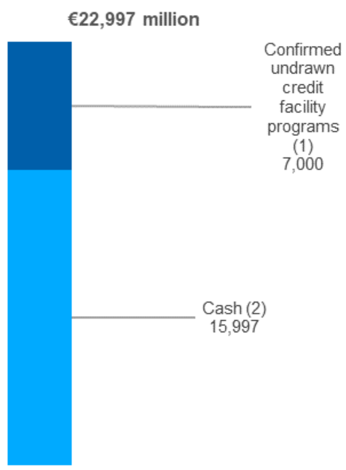
12.3 Liquidity risk

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 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 €15,716 million, other financial assets reducing net financial debt for €975 million, net of bank overdrafts and cash current accounts for €694 million, 76% of which is invested in the eurozone.

12.3.1 Undiscounted contractual payments relating to financial activities

Undiscounted contractual payments on outstanding borrowings and debt by maturity

In millions of euros	2023	2024	2025	2026	2027	Beyond 5 years	Total at June 30, 2023	Total at Dec. 31, 2022
Bond issues	227	928	1,532	2,354	2,506	17,522	**25,069**	23,557
Bank borrowings	223	577	473	247	549	3,429	**5,498**	5,476
Negotiable commercial paper	5,205	65	-	-	-	-	**5,271**	7,386
Lease liabilities	258	114	439	300	262	1,785	**2,911**	2,875
Other borrowings	8	14	11	9	4	279	**325**	374
Bank overdrafts and current accounts	696	-	-	-	-	-	**696**	615

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, 2023, as lessee, the Group is potentially exposed to future cash outflows not considered in the valuation of lease liabilities of €1,198 million (of which approximately 79% relates to potential commitments beyond 2027). 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	2023	2024	2025	2026	2027	Beyond 5 years	Total at June 30, 2023	Total at Dec. 31, 2022
Confirmed undrawn credit facility programs	986	695	5,625	446	3,996	523	**12,271**	12,511

Of these undrawn programs, an amount of €5,271 million is allocated to covering commercial paper issues.

At June 30, 2023, no single counterparty represented more than 10% of the Group's confirmed undrawn credit lines.

NOTE 13 PROVISIONS

In millions of euros	Post-employment and other long-term benefits	Back-end of the nuclear fuel cycle and dismantling of nuclear facilities	Dismantling of non-nuclear facilities	Other contingencies	Total
AT DECEMBER 31, 2022	**4,471**	**19,017**	**1,330**	**2,209**	**27,027**
Additions	134	5,186	4	223	5,547
Utilizations	(179)	(192)	(31)	(201)	(602)
Reversals	-	-	-	(40)	(40)
Changes in scope of consolidation	2	-	-	1	3
Impact of unwinding discount adjustments	83	248	20	8	359
Translation adjustments	3	-	(14)	1	(11)
Other	119	(702)	(6)	32	(557)
AT JUNE 30, 2023	**4,634**	**23,558**	**1,303**	**2,232**	**31,727**
Non-current	4,561	12,786	1,302	349	**18,998**
Current	73	10,772	1	1,883	**12,729**

The different types of provisions and the calculation principles applied are described in the consolidated financial statements for the year ended December 31, 2022.

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 2023, which are recorded in “Other comprehensive income” as well as changes in provisions recorded against a dismantling or site rehabilitation asset.

Additions, utilizations, reversals and the impact of unwinding discount adjustments are presented as follows in the consolidated income statement:

In millions of euros	June 30, 2023
Income/(loss) from operating activities	(4,904)
Other financial income and expenses	(360)
TOTAL	**(5,264)**

13.1 Post-employment benefits and other long-term benefits

Discount rates show a slight upward trend of between 10 and 25 basis points depending on the geographic area, with no significant impact on the amount of commitments compared with December 31, 2022.

13.2 Obligations relating to nuclear power generation activities

13.2.1 Additional provisions set aside to take account the agreement reached with the Belgian government on June 29, 2023, which became binding following the signature of supplements to the initial agreements on July 21, 2023.

On June 29, 2023, ENGIE and the Belgian government signed an intermediate agreement defining the terms of the extension of the Doel 4 and Tihange 3 nuclear units. This agreement aims to ensure a balanced distribution of risks between the two parties and to eliminate uncertainties concerning future changes in provisions related to the treatment of all nuclear waste. This agreement became binding on July 21, 2023, following the signature of the supplements to the initial agreements. It will be supplemented by the complete transaction documents to be signed by October 30. The closing of these agreements will be subject to a number of conditions precedent, the main ones being the entry into force of the necessary legislative amendments and the authorization of the economic model for the extension and nuclear waste processing cost caps by the European Commission.

This agreement provides for the payment of a lump sum to cover future costs of nuclear waste processing, totaling €15 $billion_{2022}$, in return for which Electrabel benefits from volumetric credits guaranteeing the removal of conditioned waste by ONDRAF without additional costs. This amount is payable in two installments: the first due at the closing of the agreement, expected in the first half of 2024, for category B waste – i.e., low- or medium-activity long-lived waste from dismantling – and category C waste – i.e., high-activity and/or long-lived waste – and the other at the restart of the two extended units for category A waste – i.e., low or medium activity and short-lived.

As a result, the Group has increased its provisions by an amount corresponding to the balance between the liabilities already set aside for future nuclear waste treatment costs and the lump-sum amount of €15 $billion_{2022}$, i.e., an amount of €5.1 billion (including Electrabel's partners' share in certain power plants for €0.4 billion). As a result, the Group recognized a net expense of €4.8 billion in "Other items of income/(loss) from operating activities" (*see Note 7*).

Following the assumption by the Belgian State of all obligations relating to nuclear waste after its transfer to ONDRAF, the ENGIE Group will no longer be exposed to changes in future costs and discounting parameters relating to the treatment of this waste after this transfer. The sensitivity of provisions to these risks was presented in Note 17.2 "Obligations relating to nuclear power generation activities" to the consolidated financial statements for the year ended December 31, 2022. At the end of the agreements, the Group will remain mainly exposed to changes in other decommissioning and dismantling costs, as well as to changes in the cost of bringing nuclear waste into compliance with the contractual criteria for transfer to ONDRAF.

In addition, the extension of the Doel 4 and Tihange 3 nuclear units could have an impact on dismantling provisions. Extending the total duration of site decommissioning and the operation of certain related facilities could result in higher dismantling costs. Conversely, spreading out certain costs over time and sharing them with units still in operation could result in a reduction in the provisions. It is difficult, at this stage, to determine this net impact, as a complete re planning exercise is due to be carried out before the end of the year. However, the agreement stipulates that the Belgian State will pay ENGIE, at the closing of the agreement, for any increase in dismantling liabilities resulting from the extension of the two nuclear units that is not offset by synergies.

13.2.2 Decision of the Commission for nuclear provisions concerning provisions for the decommissioning and dismantling of nuclear production sites

At June 30, 2023, the measurement of provisions for decommissioning and dismantling nuclear facilities was based on an industrial scenario and all the technical assumptions, which were approved by the Commission for Nuclear Provisions (CPN) on July 7, 2023, following the review procedure initiated in September 2022, in accordance with the law. As this decision has taken into account some of Electrabel's comments, it is no longer contested. The main impact of the CPN's decision was a reduction in the provision for dismantling (€0.6 billion), offset by an adjustment in the book value of dismantling assets, part of which was the subject of a reversal of an impairment loss (€0.4 billion).

13.2.3 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 17.2.4 to the consolidated financial statements for the year ended December 31, 2022. Loans to non-Group legal entities and other cash investments evolved over the first half of 2023 as follows:

In millions of euros	June 30, 2023	Dec. 31, 2022
Loans to third parties	**4**	**5**
Loan to Sibelga	4	5
Other loans and receivables at amortized cost	**2,274**	**2,270**
Debt instruments - restricted cash	2,274	2,270
Total loans and receivables at amortized cost	**2,278**	**2,276**
Equity and debt instruments at fair value	1,478	863
Equity instruments at fair value through other comprehensive income	25	24
Equity instruments at fair value through income	**1,503**	**887**
Debt instruments at fair value through other comprehensive income	1,629	2,418
Debt instruments at fair value through income	2,375	933
Debt instruments at fair value	**4,003**	**3,350**
Total equity and debt instruments at fair value	**5,506**	**4,237**
Derivative instruments	**49**	**113**
TOTAL (1)	**7,834**	**6,626**

(1) Does not include uranium inventories, which amounted to €235 million at June 30, 2023, compared with €308 million at December 31, 2022.

13.3 Other contingencies

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

NOTE 14 RELATED PARTY TRANSACTIONS

The related party transactions described in Note 20 to the consolidated financial statements for the year ended December 31, 2022 did not change significantly in the first half of 2023.

NOTE 15 WORKING CAPITAL REQUIREMENTS, INVENTORIES, OTHER ASSETS AND OTHER LIABILITIES

15.1 Composition of change in working capital requirements

In millions of euros	Change in working capital requirements at June 30, 2023	Change in working capital requirements at June 30, 2022
Inventories	3,124	(1,710)
Trade and other receivables, net	13,739	2,542
Trade and other payables, net	(15,824)	(5,055)
Tax and employee-related receivables/payables	978	397
Margin calls and derivative instruments hedging commodities relating to trading activities (1)	(2,396)	4,284
Other	1,797	183
TOTAL	**1,418**	**640**

(1) *Including, at June 30, 2023 a positive €1.7 billion in favorable effects of net margin calls: a positive €1.6 billion change in margin calls and a positive €0.1 billion in Initial Margins (net of a €2.1 billion of Substitution by Bank Letter of Credit).*

15.2 Inventories

In millions of euros	June 30, 2023	Dec 31, 2022
Inventories of natural gas, net	2,195	4,628
Inventories of uranium	235	308
CO_2 emissions allowances, green certificates and energy saving certificates, net	1,658	1,788
Inventories of commodities other than gas and other inventories, net	1,325	1,420
TOTAL	**5,413**	**8,145**

15.3 Other assets and other liabilities

	June 30, 2023				Dec 31, 2022			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Other assets and liabilities	1,630	10,463	(3,567)	(19,390)	766	18,294	(3,646)	(23,583)
Tax receivables/payables	*-*	*7,282*	*-*	*(10,369)*	*-*	*14,647*	*-*	*(16,863)*
Employee receivables/payables	*800*	*19*	*1*	*(2,264)*	*523*	*22*	*(2)*	*(2,479)*
Dividend receivables/payables	*-*	*35*	*-*	*(355)*	*-*	*12*	*-*	*(23)*
Other	*830*	*3,127*	*(3,568)*	*(6,402)*	*243*	*3,614*	*(3,644)*	*(4,218)*

NOTE 16 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 23 to the consolidated financial statements for the year ended December 31, 2022. The developments in disputes and investigations during the first half of 2023 are presented below.

16.1 Energy Solutions

16.1.1 Spain - Púnica

In the Púnica case (procedure concerning the awarding of contracts), 15 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 before 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. The hearings are expected to begin in 2024.

16.1.2 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. Two companies (including Consorzio Innova whose appeals concern ENGIE Servizi SpA and ENGIE ESI). filed a special appeal against the administrative court’s decision before the administrative court itself on June 13, 2022. This appeal does not have a suspensive effect. The same companies filed an appeal challenging the administrative court’s rejection of the appeal before the Supreme Court on July 11, 2022. Following Consorzio Innova’s withdrawal of its appeal to the Supreme Court, it closed the proceedings on April 4, 2023. On July 21, 2023, the Italian administrative court rejected Consorzio Innova's appeal. The Italian administrative court thus confirms the previous decision of the Italian administrative court itself, upholding the Lazio RAC’s reversal of the Authority’s decision concerning ENGIE Servizi and ENGIE ESI.

16.2 Retail

16.2.1 Peru – Antamina

In 2012, following a tender for the annual purchase of 170 MW until 2032, ENGIE Energía Perú S.A. entered into a long term gas purchase agreement with Peruvian mining company Antamina (the “Agreement”).

In 2021, however, Antamina launched another tender for the same annual volume and entered into three purchase agreements with three new suppliers for a six-month period renewable twice. This called into question the exclusivity and “take or pay” clause that ENGIE Energía Perú S.A. believed it had been granted until 2032 under the Agreement. Following the signing of these new agreements, Antamina refused, as of January 2022, to accept delivery of the agreed upon quantity of gas under the Agreement and, consequently, to pay the corresponding penalty.

On April 26, 2022, ENGIE Energía Perú S.A. filed an arbitration procedure against Antamina, seeking recognition of the exclusive nature of the Agreement and Antamina’s obligation to only procure gas supplies from ENGIE. The suit also seeks the payment of invoices that have been outstanding since January 2022. The arbitration procedure is governed by the rules of the Arbitration Center of the Lima Chamber of Commerce. On January 4, 2023, ENGIE Energía Perú S.A. filed its statement of claim. Antamina filed its statement of defense on March 29, 2023. ENGIE Energía Perú S.A. responded in early June, and Antamina is due to respond by August 11.

16.2.2 GEM – GPE

At the beginning of the fourth quarter of 2022, ENGIE initiated an arbitration procedure against Gazprom Export LLC seeking, in particular to obtain (i) recognition of Gazprom Export LLC's non-performance of its gas delivery obligations towards ENGIE under long-term gas delivery agreements and (ii) payment of contractual penalties as well as compensation for damages resulting from this non-performance from Gazprom Export LLC.

This arbitration procedure is due to the significant delivery shortages by Gazprom Export LLC to ENGIE as of mid-June 2022, followed by Gazprom Export LLC's unilateral decision at the end of summer 2022 to reduce its deliveries to ENGIE due to a disagreement between the parties on the application of the agreements.

ENGIE filed its statement of claim on May 26, 2023, and Gazprom export LLC's response is expected at the end of September.

16.3 FlexGen

16.3.1 Italy - Vado Ligure

On March 11, 2014, the Court of Savona seized and closed down the VL3 and VL4 coal-fired production units at the Vado Ligure thermal power plant belonging to Tirreno Power S.p.A. (TP), a company which is 50%-owned by the ENGIE Group. This decision was taken as part of a criminal investigation against the present and former executive managers of TP into environmental infringements and public health risks. The investigation was closed on July 20, 2016. The case was referred to the Savona Court to be tried on the merits. The proceedings before the Court of First Instance began on December 11, 2018 and will continue through 2023. The former members of the Board of Directors and management may be held liable. Third parties, including the Italian Ministry of the Environment and Ministry of Health, joined the proceedings to claim damages. The trial is underway and hearings will run until October 2023.

16.3.2 Brazil – Claim against sales tax adjustments

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 606.5 million Brazilian reals ("real"), consisting of 229 million real in principal 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.

On November 22, 2022, ENGIE Brasil Energia filed a special administrative appeal, which was not recognized by the Administrative Court. On January 9, 2023, the company filed another administrative appeal seeking recognition of the special administrative appeal and an analysis of the merits of the case. If these proceedings are unsuccessful, the case will have to be brought before the ordinary courts and tribunals.

On February 5, 2023, the Brazilian tax authorities issued tax notices relating to fiscal year 2018, covering the same matter (PIS and COFINS taxes on fuel reimbursement), totaling 63.7 million reals, including 29.9 million reals in fines and interest.

On March 28, 2023, ENGIE Brasil Energia submitted its defense to launch the debate from on an administrative level and is awaiting a first-level decision.

In June 2023, Diamante Geração de Energia (controlled at the time by ENGIE Brasil Energia and owner of the thermoelectric power plants) received additional tax notices concerning PIS and COFINS taxes relating to fiscal years

2019 and 2020 and corporate income tax relating to fiscal year 2018 on the same subject (fuel reimbursement). The amount at issue is 528.5 million reals, consisting of 260.5 million reals in principal, plus fines and interest. On July 4, 2023, Diamante Geração de Energia submitted a statement of defense to initiate the debate on an administrative level and is awaiting a first-level decision.

In 2021, ENGIE Brasil Energia sold Diamante, but ENGIE Brasil Energia remains responsible for the above claims, as they refer to the period prior to the closing of the transaction.

16.4 Nuclear

16.4.1 Shutdown of the Doel 3 and Tihange 2 power plants

Various associations have lodged appeals before the Brussels Court of First Instance against Electrabel, the Belgian State, the Nuclear Safety Authority and/or the Elia electricity transmission network to contest the decisions and actions to shut down the Doel 3 (on September 23, 2022) and/or Tihange 2 (on January 31, 2023) power plants. In a first judgment dated November 16, 2022, the Brussels Court of First Instance, ruling in summary proceedings in one of the cases, confirmed the decisions and actions taken in relation to the shutdown. The plaintiffs in this case withdrew their action on the merits. In the second case on the merits, a judgment was handed down on June 30, 2023, rejecting the interim measures requested, including the request to prohibit Electrabel from taking any irreversible action in connection with the shutdown of Doel 3 and Tihange 2. The case is continuing on the merits, with no precise timetable at this stage.

16.4.2 Appeal against the Belgian energy regulator’s decision implementing the law of December 16, 2022 introducing a cap on electricity producers’ market revenues

Electrabel lodged an appeal with the Belgian Market Court (Cour des Marchés) on March 29, 2023 against the decision of the Belgian energy regulator (CREG) to implement the December 16, 2022 law introducing a cap on electricity producers’ market revenues.

Electrabel contests the validity of this revenue cap, arguing that it is contrary to the European Regulation that introduced it, notably because it falsely determines market revenues using presumptions and not on the basis of revenues actually received, as provided for by the Regulation, and because it is implemented retroactively from August 1, 2022, outside the period covered by the Regulation. A decision is expected in the last quarter of 2023.

An appeal was also lodged with the Constitutional Court in June 2023. The contested provisions of the European Regulation and the manner in which it was irregularly implemented by the law of December 16, 2022 result in increasing the estimated amount of the levy that will be claimed from Electrabel to €384 million for 2022 and to more than €700 million for 2023.

16.5 Other

16.5.1 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse Dailly sale by SUEZ (now ENGIE) of a disputed 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 2019, which led the French tax authorities to appeal the decision before the Versailles Court of Appeal, which overturned the prior Court's decision in 2021. On April 14, 2023, the Conseil d’État overturned the Court’s ruling on the grounds that the assigned claim should be classified as an advance repayment of non-deductible tax, irrespective of the fact that the State had not authorized its repayment by the bank assigning the claim, and that the repayment was only partial. The Conseil d’État referred the case back to the Versailles Administrative Court of Appeal to decide on the basis of a procedure that made the tax treatment of the disputed assignment of receivables in 2005 dependent on the outcome of the withholding tax dispute itself.

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 was referred to the Conseil d'État by the two parties. On March 27, 2023, the Conseil d'Etat dismissed ENGIE's appeal in light of the Conseil Constitutionnel's decision of October 2022. On June 30, 2023, the Conseil d'État dismissed the Minister's appeal in respect of the 2002 claim, validating the Court's ruling, and referred back to the Versailles Administrative Court of Appeal the task of quantifying the amount of the 2003 withholding tax claim to be refunded in the light of the rules it had laid down, taking into account the prior decisions of the Court of Justice of the European Union and the Conseil Constitutionnel.

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.

16.5.2 Luxembourg - State aid investigation

On September 19, 2016, the European Commission announced its decision to open an investigation into whether or not two private rulings granted by the Luxembourg State in 2008 and 2010 covering two similar transactions between several of the Group's Luxembourg subsidiaries constituted State aid. On June 20, 2018, the European Commission adopted a final, unfavorable decision deeming that Luxembourg had provided ENGIE with State aid. On September 4, 2018, ENGIE requested the annulment of the decision before the European Courts, thereby challenging the existence of a selective advantage. As these proceedings do not have a suspensive effect, ENGIE paid a sum of €123 million into an escrow account on October 22, 2018 in respect of one of the two transactions in question, since no aid was actually received for the other. Following the proceedings before the European Courts, this sum will be returned to ENGIE or paid to the Luxembourg State depending on whether or not the Commission's decision is annulled. On May 12, 2021, the Court rejected the appeals of the Luxembourg State and of ENGIE, thereby confirming the European Commission's position on the existence of State aid granted to the Group's Luxembourg subsidiaries. On July 22, 2021, ENGIE referred the matter to the Court of Justice of the European Union seeking the annulment of the Court's decision. The proceedings are currently ongoing. The hearing was held in January 2023, and the attorney general's conclusions in favor of Luxembourg and ENGIE were filed in May 2023.

16.5.3 Italy - exceptional tax on the energy sector

In December 2022, ENGIE filed an action against the tax authorities to obtain the reimbursement of the tax it paid in July and November 2022 for a total amount of more than €308 million, pursuant to two legislative decrees (no. 21 and 50/2022) that introduced an exceptional solidarity contribution to be paid by operators in the energy sector. ENGIE contests the validity of the basis of the tax in relation to the decree's objective, its compatibility with the Italian Constitution as well as its compatibility with Italy's European commitments (European law). In June 2023, the Italian Constitutional Court was asked to rule on the constitutionality of the tax by the Rome Court of First Instance, in proceedings involving other market players.

16.5.4 Transfer price of gas

The Belgian tax authorities' Special Tax Inspectorate has issued two tax deficiency notices in respect of taxable income for fiscal years 2012 and 2013 for an aggregate amount of €706 million, considering that the price applied for the supply of gas by ENGIE (then GDF SUEZ) to Electrabel S.A. was excessive. ENGIE and Electrabel S.A. are challenging this adjustment and have submitted a request for conciliation proceedings, which was accepted by France and Belgium in

May 2018. The procedure is currently underway between the two States, whose respective positions advanced at the end of 2022/beginning of 2023, raise hopes of a resolution in 2023.

NOTE 17 SUBSEQUENT EVENTS

On July 7, the Commission for Nuclear Provisions (CPN) issued its final conclusions concerning the adoption of the industrial scenario and all the technical and financial assumptions, as part of its triennial review. In addition, on July 21 the Group signed a binding agreement with the Belgian government, supplementing the interim agreement of June 29 on the extension of the Tihange 3 and Doel 4 nuclear reactors and on all nuclear waste-related obligations. These items and their impact are described in Note 7 “Other items of income/(loss) from operating activities”, Note 10 “Goodwill, property, plant and equipment and intangible assets” and Note 13 “Provisions”.

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, 2023 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 2023, 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 2023."

Courbevoie, July 27, 2023

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 shareholders' 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 consolidated financial statements of ENGIE for the half-year ended June 30, 2023;
- the verification of the information contained in the half-year 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 limited review in accordance with professional standards applicable in France.

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

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

2. Specific verification

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

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

Paris-La Défense, July 27, 2023

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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