

DIS Case Number: 11-5954-GA-AGG

Section A: Application Information

A-1. Provider type:

☒ Retail Natural Gas
Broker

☒ Retail Natural Gas
Aggregator

☐ Retail Natural Gas
Marketer

A-2. Applicant's legal name and contact information.

Legal Name: ENGIE Insight Services Inc.

Country: United States

Phone: 5093297108 **Extension (if applicable):**

Street: 1313 N. Atlantic Suite 5000

Website (if any): www.engieimpact.com

City: Spokane

Province/State: WA

Postal Code: 99201

A-3. Names and contact information under which the applicant will do business in Ohio

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

Name	Type	Address	Active?	Proof
ENGIE Impact	DBA	1313 N ATLANTIC ST STE 5000 SPOKANE, 99201-2330	Yes	File

A-4. Names under which the applicant does business in North America

Provide all business names the applicant uses in North America, including the names provided in A-2 and A-3.

Name	Type	Address	Active?	Proof
ENGIE Impact	DBA	1313 N ATLANTIC ST STE 5000 SPOKANE, 99201-2330	Yes	File
ENGIE Insight Services Inc.	Official Name	1313 N. Atlantic Suite 5000 Spokane, WA 99201	Yes	File

A-5. Contact person for regulatory matters

Donna Wasson
1313 N. Atlantic Suite 5000
Spokane, WA 99206
US
donna.wasson@engie.com
8007674197

A-6. Contact person for PUCO Staff use in investigating consumer complaints

Donna Wasson
1313 N. Atlantic Suite 5000
Spokane, WA 99206
US
donna.wasson@engie.com
8007674197

A-7. Applicant's address and toll-free number for customer service and complaints

Phone: 8007674197	Extension (if applicable):	Country: United States
Fax:	Extension (if applicable):	Street: 1313 N. Atlantic Suite 5000
Email: esmlicensing.impact@engie.com		City: Spokane
		Province/State: WA
		Postal Code: 99201

A-8. Applicant's federal employer identification number

91-1701028

A-9. Applicant's form of ownership

Form of ownership: Corporation

A-10. Identify current or proposed service areas

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection

Columbia Gas of Ohio
 Dominion Energy Ohio
 Duke Energy Ohio
 CenterPoint Energy Ohio

Class of customer selection

Industrial
 Small Commercial
 Large Commercial

A-11. Start date

Indicate the approximate start date the applicant began/will begin offering services: 10-16-2023

A-12. Principal officers, directors, and partners

Please provide all contacts that should be listed as an officer, director or partner.

Name	Email	Title	Address
Paige Janson	esmlicensing.impact@engie.com	COO	8660 Trillium Ridge Lane Cincinnati, OH 45255 US
Mathias Lelievre	esmlicensing.impact@engie.com	CEO	1313 North Atlantic Street suite 5000 Spokane, WA 99201 US
Jean-Francois Chargois		Chief Financial Officer	1313 N. Atlantic Suite 5000 Spokane, WA 99201 US

A-13. Company history

Founded in 1995, as WWP Energy Solutions (and formerly known as Avista Advantage, Advantage IQ, and Ecova Inc.), applicant pioneered the utility expense management industry, and today, continues as a leader in the field – working with multi-site businesses that aim to thrive in a sustainable world. With accurate and comprehensive resource data – including energy, water, waste and telecommunications. ENGIE Insight applies technology and people expertise to lower costs, drive efficiencies, and reduce environmental impact. Leading customers, including 25 percent of the Fortune 500, turn to ENGIE Insight to drive their sustainable resource management initiatives forward. Our guidance is grounded in reliable data



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and advanced analytics, creating a holistic view across energy, water, waste and carbon. From strategy to implementation, actionable solutions help organizations achieve goals, drive growth, satisfy stakeholders and extend resources. We work across a wide range of sectors, with a focus on industries that are the most challenging to decarbonize.

A-14. Secretary of State

Secretary of State Link:

A-15. Proof of Ohio Employee and Office

Provide proof of an Ohio Office and Employee in accordance with Section 4929.22 of the Ohio Revised Code. List the designated Ohio employee's name, Ohio office address, telephone number and web site address

Employee Name: Paige Janson
8660 Trillium Ridge Lane
Cincinnati, OH 45255
US
esmlicensing.impact@engie.com
8007674197

Section B: Applicant Managerial Capability and Experience

B-1. Jurisdiction of operations

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application..

File Attached

B-2. Experience and plans

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.



Application Experience and Plan Description: ENGIE Insight Services Inc. (EIS) works as a third party intermediary providing energy sourcing consulting services for commercial and industrial (C&I) customers and government. We actively work within the market place to connect our customers with energy suppliers through a competitive RFP process, subsequent analysis, and advising through the contracting process throughout the entire state of Ohio.

EIS offerings have serviced hundreds of customers across the country in deregulated utility service territories totaling approximately 20 billion kWh and 400 million therms on contract with suppliers. The vast majority being commercial businesses. Through the broker model, EIS does not take title to the electricity, and is not a supplier, therefore does not bill or contract for the electricity supply of the customer. Clients are required to have their signatory available to review and sign contracts at the time of execution. Executed and/or counter-executed copies of the contract are recorded in our contract management tool and viewable for clients on our online portal. Customers are also assigned a primary EIS point of contact that includes their direct phone number line, email, and our corporate toll-free telephone number for general inquiries and/or complaints.

EIS is full-service energy consulting and advising firm. Our services span the breath of Energy Management to include utility bill payment services. A listing of our services can be found below, but this should not be viewed as a stagnant listing. We offer many customized solutions to meet our client's needs.

- a. Materiality Assessment / Workshop
- b. Efficiency Roadmap
- c. Target Setting
- d. On-Site Energy Audits
- e. Digital Energy Management
- f. Anomaly Management
- g. ENERGY STAR Certification, Benchmarking and reporting.
- h. Carbon Management platform
- i. Carbon and GHG Inventory Services
- j. Disclosure guidance on specific frameworks (e.g. CDP Climate, GRESB)
- k. Waste Audits
- l. Financial services such as Budgets, Custom Accruals, Variance Reporting
- m. Portfolio Benchmark Reporting
- n. Renewable Energy Strategy and Roadmapping
- o. Renewable Procurement - On-site/Off-site PPA, VPPAs, Tax Equity, and Community Solar
- p. Resource Optimization
- q. Energy Strategy & Procurement
- r. Rate Optimization & Monitoring
- s. Green Tariffs Monitoring

B-3. Disclosure of liabilities and investigations

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction..

Liability and Investigations Disclosures: None

B-4. Disclosure of consumer protection violations

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

No

B-5. Disclosure of certification, denial, curtailment, suspension or revocation

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years?

No

Section C: Applicant Financial Capability and Experience

C-1. Financial reporting

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.



Does not apply

C-2. Financial statements

Provide copies of the applicant's two most recent years of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted**.

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information.

File(s) attached

C-3. Forecasted financial statements

Provide two years of forecasted income statements **based solely on the applicant's anticipated business activities in the state of Ohio**.

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in **business activities only in the state of Ohio** for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.



File(s) attached

C-4. Credit rating

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter 'Not Rated'.

File(s) attached

C-5. Credit report

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. **Bank/credit account numbers and highly sensitive identification information must be redacted.** If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select 'This does not apply' and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

This does not apply.

C-6. Bankruptcy information

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

C-7. Merger information



Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

No

C-8. Corporate structure

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

File(s) attached

Section D: Applicant Technical Capacity

D-1. Operations

Retail natural gas brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of natural gas to retail customers.

Retail natural gas brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of natural gas to retail customers.

Operations Description: The aggregation services entail providing a single event RFP service for a management group's portfolio of properties, within a jurisdiction, of which many of the properties have different legal entity names. The contracts for these types of aggregations can have multiple signature lines on a single contract, or multiple contracts; one for each legal entity locations. The RFP can have a single price across all properties or can be individualized.

ENGIE Insight Services follows the strategy laid out through our client interactions and is not general in nature. Sometimes this selection will be based on price, sometimes on a specific supplier, or a number of other possible criteria. In the end, ENGIE Impact provides all necessary information to the client and our recommendation based on their purchasing strategy, but with the ultimate decision resting with our clients.

D-2. Operations Expertise & Key Technical Personnel

Given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations. Include the names, titles, e-mail addresses, and background of key personnel involved in the operations of the applicant's business.

Operations Expertise & Personnel Description: Craig Schilling, VP Facility Solutions

The senior individual responsible for all service delivery consultative operations. Craig leads a global team of energy procurement, waste services, facility maintenance and distributed energy services professionals. Craig has spent 11 years leading the supply side services for ENGIE Impact and recently has responsibility for the demand & sustainability side of the business. Recently, Craig has begun operationalizing a global expansion of these service offerings and brings strong skills in IT and big data solutions with his team. Craig brings 20 years of financial market and trading experience with a BS in Business from the University of Minnesota and an MBA from the University of Phoenix. Craig is a retired Navy Commander with an Aviation background serving over 20 years.

Therese Lavalley – Senior Manager, Energy Procurement Operations

Therese started with ENGIE Impact in the spring of 2013 and has over 30 years of energy related experience. She is an accomplished and knowledgeable energy consultant with strong customer focus. She has provided strategic energy management solutions to the commercial and industrial sectors with an emphasis on electricity and natural gas procurement and energy management to aggressively manage energy expenditures. At ENGIE Impact she has worked in the energy procurement area, focusing on electricity, and recently moved into a managerial role leading the Natural Gas Procurement Operations team.

Therese is a licensed Professional Engineer in the State of Minnesota, is a Certified Energy Manager (CEM), Certified Energy Procurement Professional (CEP), and holds a Leadership in Energy and Environmental Design (LEED®) Accredited Professional distinction from the U.S. Green Building Council. She earned her Bachelor of Mechanical Engineering from the University of Minnesota and her Master of Business Administration from the University of Saint Thomas.

Brian Boe, Manager, Energy Procurement Operations



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Brian has a Bachelor's Degree in Business Finance and Entrepreneurship from the University of St. Thomas. Brian has worked in the energy industry for 11 years and has his CEP certification from the Association of Energy Engineers. Brian has expertise as a reporting and bill variance analyst, as well as energy procurement as both an electric analyst and a natural gas analyst. Brian manages a team of 8 analysts who procure liquid and gas fuels for our clients across 50 states, 10 Canadian provinces, and Mexico.



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Application Attachments

B-1: Jurisdiction of operations

State	Title	Electric License #	Natural Gas License #	Status
CT	Electric Aggregator	23-05-36	N/A	Active
DE	Broker	11-308	N/A	Active
DC	Aggregator/Broker	EA11-21-7	GA 2013-06	Active
IL	Agent/Broker/Consultant ("ABC")	11-0297	N/A	Active
ME	Aggregator/Broker	11-249	99-334	Active
MD	Aggregator/Broker	IR-2240	IR-2242	Active
MA	Broker for Electric // Retail Agent for Gas	EB-201	RA-075	Active
NH	Aggregator	DM 13-356	DM 14-060	Active
NJ	Energy Agent /Private Aggregator	EA-0134/PA-0099	EA-0134/PA-0099	Active
NY	Energy Consultant			Not started
OH	Aggregator/Broker	11-1923-EL-AGG	11-5954-GA-AGG	Active
PA	Broker/Marketer	A-2011-2234410	A-2013-2394195	Active
RI	Non-Regulated Power Producer // Gas Marketer	D96-6(A5)	Docket 2379(T2)	Active
TX	Broker; Aggregator, Class I, Class II.A.	80350 // BR190524	N/A	Active
VA	Aggregator	A-37	A-37	Active



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	CERT	COPY
08/14/2019	201922503818	TRADE NAME REGISTRATION (RNO)	39.00	0.00	0.00	0.00

Receipt

This is not a bill. Please do not remit payment.

CT CORPORATION SYSTEM
4400 EASTON CMNS WAY STE 125
COLUMBUS , OH 43219

STATE OF OHIO CERTIFICATE

Ohio Secretary of State, Frank LaRose
4368651

It is hereby certified that the Secretary of State of Ohio has custody of the business records for
ENGIE IMPACT

and, that said business records show the filing and recording of:

Document(s)

TRADE NAME REGISTRATION

Effective Date: **08/13/2019**

Document No(s):

201922503818

Date of First Use: 08/01/2019

Expiration Date: 08/13/2024

ENGIE INSIGHT SERVICES INC.
1313 N. ATLANTIC, SUITE 5000
SPOKANE, WA 99201



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of the
Secretary of State at Columbus, Ohio this
14th day of August, A.D. 2019.

Ohio Secretary of State



Toll Free: 877.767.3453 | Central Ohio: 614.466.3910

OhioSoS.gov | business@OhioSoS.gov

File online or for more information: OhioBusinessCentral.gov

Name Registration

Filing Fee: \$39

Form Must Be Typed

CHECK ONLY ONE (1) Box

☒ Trade Name
(167-RNO)

Date of first use:

8/1/2019

MM/DD/YYYY

☐ Fictitious Name
(169-NFO)

ENGIE Impact

Name being Registered or Reported

ENGIE INSIGHT SERVICES INC.

Name of the Registrant

Note: If the registrant is a partnership, please provide the name of the partnership. Individual partner names are not permitted but are required on page 2 of the form.

Registrant's Entity Number (if registered with Ohio Secretary of State): 1794122

All registrants must complete the information in this section

The general nature of business conducted by the registrant:

Energy and Sustainability Management Services

Business address:

1313 N. ATLANTIC, SUITE 5000

Mailing Address

SPOKANE

City

WA

State

99201

ZIP Code

Complete the information in this section if registrant is a partnership NOT registered in Ohio pursuant to ORC 1776, if partnership is registered, provide registration number on page one.

Provide the name and address of at least one general partner:

Name	Address
<div></div>	<div></div>
<div></div>	<div></div>
<div></div>	<div></div>

NOTE: Pursuant to OAG 89-081, if a general partner is a foreign corporation/limited liability company, it must be licensed to transact business in Ohio; if a general partner is a foreign corporation/limited liability company licensed in Ohio under an assumed name, please provide the assumed name and the name as registered in its jurisdiction of formation.

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

Required
Application must be signed by the registrant or an authorized representative.

JENNIFER KURZ

Signature

By (if applicable)

If authorized representative is an individual, then they must sign in the "signature" box and print their name in the "Print Name" box.

Print Name

If authorized representative is a business entity, not an individual, then please print the business name in the "signature" box, an authorized representative of the business entity must sign in the "By" box and print their name in the "Print Name" box.

Engie S.A.

Primary Credit Analyst:

Massimo Schiavo, Paris + 33 14 420 6718; Massimo.Schiavo@spglobal.com

Secondary Contacts:

Claire Mauduit-Le Clercq, Paris + 33 14 420 7201; claire.mauduit@spglobal.com

Federico Loreti, Paris + 33140752509; federico.lorete@spglobal.com

Emmanuel Dubois-Pelerin, Paris + 33 14 420 6673; emmanuel.dubois-pelerin@spglobal.com

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Our Base-Case Scenario

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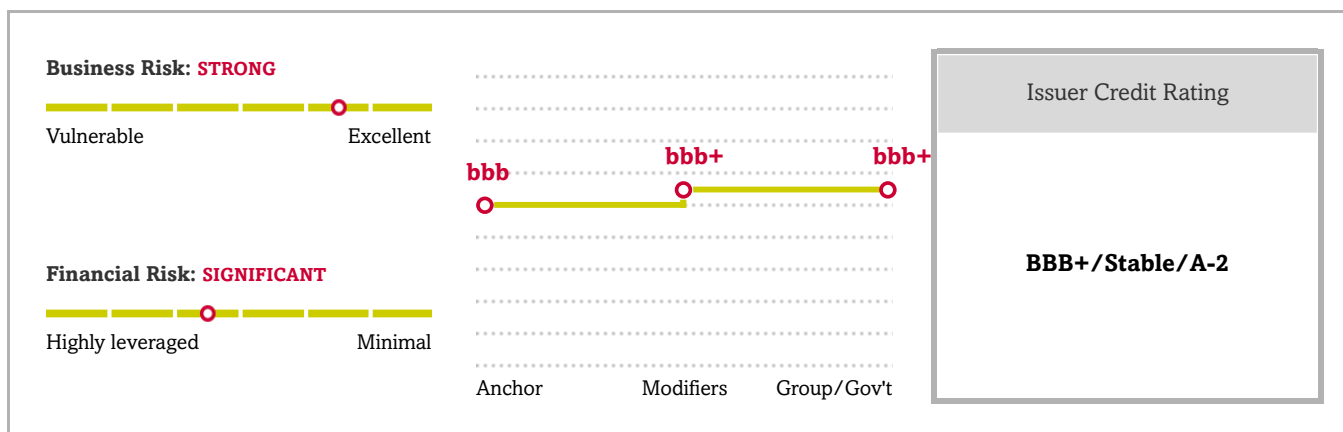
Ratings Score Snapshot

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Related Research

Engie S.A.



Credit Highlights

Overview	
Key strengths	Key risks
Large global integrated utility, with significant business and geographic diversity and reported EBITDA of €10.6 billion in 2021.	High exposure to gas (generation, networks, midstream and supply, together more than 40% of EBITDA) with an evolving role in the energy transition.
About 40% of 2021 EBITDA was from regulated transmission and distribution activities, mainly gas networks in France with a supportive regulatory framework, ensuring cash flow stability.	Exposure to energy and gas trading risks in a highly volatile commodities price environment, although ENGIE was able to significantly reduce short-term price exposure to Russian gas through specific hedging actions.
A sizable share of operations (more than 50% of 2021 EBITDA) is regulated and contracted, and ENGIE has ambitions to reach 50 gigawatt (GW) of renewable capacity by 2025 (up from about 36GW in June 2022), targeting an additional 4GW of renewables per year.	Evolving role of nuclear in Belgium with letter of intent signed with Belgian government to potentially extend life of two nuclear units by 10 years. Still-material net liabilities remain (about €10.3 billion in nuclear asset retirement obligations at year-end 2021).
Timely execution of disposal program (€8 billion already contracted for 2022), notably with the carve-out of its more cyclical asset-light client solutions activities (Equans), whose sale will be completed by year end.	Exposure to fast-growing, but historically volatile, emerging markets, with a substantial presence in Latin America (18% of 2021 EBITDA).
Rating headroom at the current rating level, with adjusted funds from operations (FFO) to debt easily exceeding in 2022 the 18% threshold for the rating.	Relatively high debt.
Supportive financial policy targeting economic net debt/EBITDA below 4.0x (equivalent to adjusted FFO to debt well above 18%) and proven flexibility and track record in terms of dividend policy, as well as investment and disposal plan, along with strong liquidity as of June 30, 2022.	

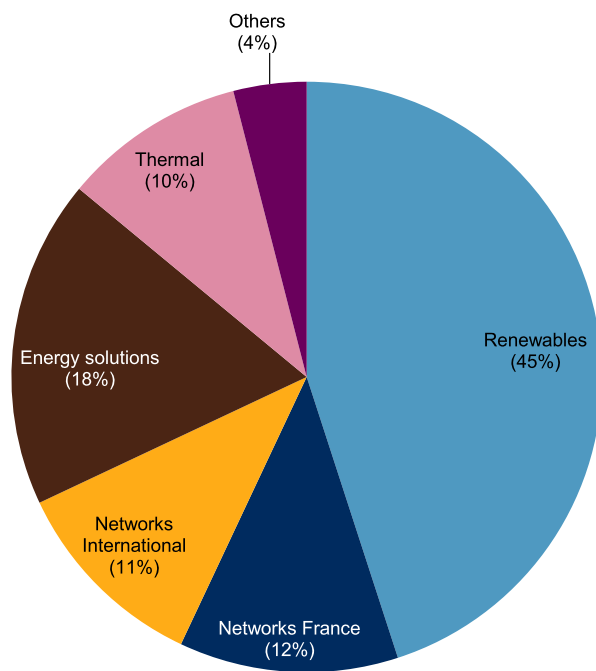
Credit metrics should remain strong until 2024, with EBITDA growth fuelled by high commodity prices and growth in networks and renewables, even if we lack visibility on likely adverse regulatory measures and potential shut-down of Russian gas. EBITDA growth over 2022-2024, guided at 1.5%-3.5% per year, should be fueled primarily by the group's performance and efficiency plan (about €500 million of savings remaining), high commodity prices, and investment in renewables and networks. Together, this will mitigate the loss of earnings from disposed businesses and the progressive nuclear phase-out in Belgium. As of June 30, 2022, ENGIE is hedged 92% for 2022 at €74 per megawatt-hour (/MWh) for its outright merchant generation, compared with an average realized price of €59/MWh in 2021. For 2023, the group is hedged 69% at €70/MWh, leaving significant merchant exposure to capture higher

wholesale power prices observed since the beginning of the year. At the same time, we anticipate ENGIE will generate negative cash flows after capex and dividends (on average €3 billion per year over 2022-2025 before disposals) due to the narrower business scope, gradual increase in investments, including dividend distributions and, conservatively, the nuclear funding mentioned above. Compensating for this, disposal proceeds have exceeded our expectations and we now forecast reported net financial debt will only exceed 2021 levels in 2024 (about €28 billion). Considering the increase in nuclear provisions, we project ENGIE will post adjusted FFO to debt of about 21%-22% in 2022, with similar levels in 2023-2024. The higher proceeds from disposals have not triggered an acceleration of investments (over 2022-2024 compared to 2021-2023) resulting in increased balance sheet headroom. However, we believe that this extra headroom might be at risk from adverse regulatory measures in France, notably windfall profits taxes arising from high commodity prices, as well as general uncertainties amid the current market conditions with a potential full shutdown of Russian gas imports.

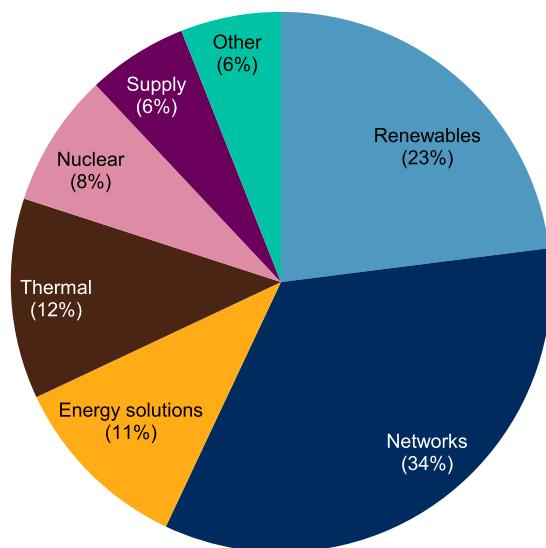
ENGIE's transition and business simplification is on track with the successful execution of its disposal program. The improvement in credit metrics was accompanied by the strong execution of its sizable disposal plan, with an at least €8 billion positive impact on net debt expected this year. This includes the sale of Equans, which will likely close in second-half 2022, for a net debt reduction of €6.6 billion. The group is pursuing its transformation with a strategic refocus on infrastructure, allocating growth capex of €16 billion-€18 billion on renewables (€7.3 billion, the bulk of the investment program), networks, and asset-backed energy solutions over 2022-2024. ENGIE targets 50 gigawatts (GW) of renewables capacity in 2025 (at 100%) and 80GW in 2030, from 36GW currently, and has a global pipeline of 34GW over 2023-2025. As a result, we expect the renewables business will account for 23% of total EBITDA in 2024 from 16% in 2021.

Chart 1

ENGIE Will Allocate About 70% Of The €16 Billion Growth Capex Over 2022-2024 To Renewables And Regulated Networks



*Net of design, build, sell, operate. Capex--Capital expenditure. Source: S&P Global Ratings.

Chart 2**About 60% Of ENGIE's 2024 EBITDA Will Come From Regulated Networks And Renewables**

Source: S&P Global Ratings.

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ENGIE reported strong results in the first six months of 2022 and continues to reduce its exposure to Russian gas.

Reported EBITDA increased by about 44% year on year (yoy) to €7.5 billion, driven by nuclear generation, whose EBITDA more than doubled yoy to €1.09 billion thanks to high power prices, and the renewables business, which added 2.2GW capacity, offsetting the poor hydrology in France. The retail business benefitted from positive temperature effect and timing effect on power margins in France, with EBITDA up by 67% YoY to €555 million, with the gas price freeze in place until the end of the year fully offset by government support. Thermal generation was also significantly up, with EBITDA increasing 11.9% yoy to €891 million, thanks to higher spreads for gas plants in Europe. Networks EBITDA was slightly down due to lower remuneration, reflecting regulatory reviews.

Economic net debt remains under control at €38.5 billion, up by €0.2 billion compared to December 2021, with economic net debt to EBITDA significantly down at 3.0x versus 3.6x at year-end 2021, thanks to strong earnings growth. The lower leverage was supported by a working capital inflow of €0.6 billion, thanks to positive margin call effects, which more than offset a €1.6 billion cash absorption due to 10TWh of gas purchases at spot prices to enhance security of supply.

In addition, ENGIE managed to significantly reduce both financial and physical exposure to Russian gas. Short-term price exposure is now down to 4TWh from 15TWh before, due to specific hedging actions and new contracts. Yearly

contractual exposure has been reduced to 4% of the company's European gas demand, with higher LNG imports and lower demand that will help further reduce exposure in the 2023-2024 winter season.

ENGIE's exposure to Russian long-term contracted gas is relatively high, but set to structurally decline in coming years.

ENGIE has no direct operational exposure to Russia (apart from the 9% stake in Nord Stream 1 now valued at €305 million), with no industrial activity or investments in the country. However, it has relatively large exposures to long-term contracts with Gazprom. In 2021, these take-or-pay contracts represented 20% of the group's overall gas sales and consumption, totaling about 120 terawatt hours (TWh)-130TWh, equivalent to about 12 billion cubic meters (bcm) of gas. The maturity profile of these contracts indicates a progressive and constant reduction over the decade. We understand that ENGIE has already taken some actions to reduce its hedging exposure to Russian gas, and offset the sharp reduction in imports since June 2022, by notably securing extra Norwegian medium-term capacity and contracting longer-term liquefied natural gas (LNG) deliveries from different sources. In addition, the group has some flexibility to attract more LNG capacity in the medium term. Although ENGIE is more exposed to gas procured from Russia than most of its European integrated utility peers, due to its significant gas retail business, its exposure is lower than gas players such as Uniper SE (well over 50% exposure based on 2021 volumes) and we believe that the group has flexibility to diversify thanks to its LNG import capacities, as already shown in the first six months of 2022.

In the scenario of a complete halt to Russian gas flows, we believe that European governments will step in to prevent systemic risk. In a gas curtailment scenario, which we still view as possible though not part of our base case, we anticipate a wide effect on the utilities sector as a whole and on ENGIE as the largest French gas retailer. This includes a possible spike in margin calls, heightened trading risks, and the use of force-majeure clauses; state measures to tax windfall profits to contain unsustainable energy bills; and most likely adverse macroeconomic impacts. We have received some guidance regarding French state intervention in case of an energy shortage. An April decree named Délestage details a legally binding protocol to manage potential gas scarcity, with industrial customers interrupted in a predefined manner. Therefore, we understand that state intervention will supersede ENGIE's contractual engagements for all physical gas deliveries. Even though this could significantly hit ENGIE, especially its trading activity, we expect downside to remain manageable, although it is difficult to predict.

Medium-term uncertainties on the role of gas in France continue, although the current energy crisis could accelerate the transition to green gases. French energy policy does not include a central role for gas, but the current focus on security of supply and nuclear challenges emphasize the key role of gas infrastructure for the energy transition and the need to transition to renewable gases to meet decarbonization targets. This could support the long-term repositioning of ENGIE's French gas networks, and notably its distribution grids to support the integration of biomethane. We believe there is increasing momentum to produce biomethane and connect it to the grid, as evidenced by the validation of domestic investments by French regulator the Energy Regulatory Commission, based on 100TWh of available potential. With the REpowerEU plan, the European Commission is also doubling targets for biomethane production to 35 bcm by 2030 as a key proposal to reduce reliance on Russian gas sooner.

The group's Belgian nuclear operations remain a balance sheet constraint, but a possible extension under favorable conditions beyond 2025 could provide an upside to our current base case. ENGIE is preparing to progressively phase-out its nuclear operations according to the legal schedule, starting end- September 2022 with the Doel 3 reactor closure, followed by the Tihange 2 closure (both 0.9 GW capacity) in February 2023. Further closures will then happen

by 2025 unless a final agreement is reached to extend the last two reactors to 2035 (see below). The group will contribute €6.5 billion of funding over 2022-2024 ahead of the nuclear plant closures, including the impact of the upcoming law amendment to increase dismantling provisions funding. As such, we are expecting the scheduled phase-out and decommissioning to reduce the EBITDA contribution and squeeze cash flows from 2023.

We expect nuclear provisions to be revised upward at year-end 2022 by the regulatory triennial revision, affecting the decommissioning and dismantling and fuel and waste management provisions. We expect the decision in mid-December 2022, and we factor into our 2022 adjusted net debt an increase of provisions, which could be higher than €1.5 billion depending on final decisions on costing and discount rate assumptions. Prompted by the current geopolitical context and increased tensions related to power supply in the country, the Belgian government has publicly indicated that a life extension until 2035 is desirable for the two newest reactors, with a non-binding letter of intent signed by Electrabel (ENGIE's Belgian subsidiary). This could lead to a decision by the end of the year on the extension of the two most recent nuclear units (Doel 4 and Tihange 3) for 10 additional years from 2025. We understand this would mean a revision to the maintenance work at the two plants, prompting lower availability and lower production levels as early as 2023. In addition, the life extension would prompt a revision to the nuclear provisions. This could be credit positive and earnings accretive for the group in the medium term provided operational and financial risks are shared with the Belgian State. At this stage, we do not factor into our base case the EBITDA loss or a change in nuclear provisions profile, since there are a lot of uncertainties regarding the conditions of this extension and the risk-sharing mechanism between the state and ENGIE. That said, we view positively that the letter of intent indicates a cap on future liabilities and costs for the management of nuclear waste and spent fuel.

Outlook: Stable

The stable outlook reflects our expectation that ENGIE will manage the effects of extreme market volatility linked to the Russia-Ukraine conflict thanks to its strong liquidity position, but also benefit from structurally higher power prices.

Execution risk has significantly reduced through the completion of a large part of its disposal program, which should result in some debt reduction this year and ensure the adjusted FFO-to-net debt ratio remains comfortably above 18%.

Downside scenario

We could lower the rating if FFO to debt sustainably falls below 18% or if the group's market or business strengths reduce.

Downside could also arise from a full stop of Russian gas pipe deliveries, aggravating already acute price volatility and potentially prompting hard-to-predict adverse financial effects for the group. We currently see ENGIE as prepared for such a scenario but equally assume some regulatory or governmental intervention. For instance, an uncontained surge in margin-call requirements, the lack of timely mitigating measures by the states and/or the EU to manage gas scarcity, and extra costs related to securing LNG imports, could materially hamper the group's earnings.

In addition, high energy prices expose the group to adverse regulatory measures, such as an extension to the French gas regulated-tariff freeze, limiting its ability to capture extra profits and most likely leading to additional negative working capital movements.

Other downside risks could stem from increased risk exposure in its Belgian nuclear operations and related failure to transition its earnings profile away from nuclear generation by 2025 and offset the loss of Equans.

In the longer term, increased uncertainty on the role of gas infrastructure in France through an unsupportive public policy and regulatory framework could also pressure the rating.

Upside scenario

We see rating upside as less likely given the increased market risks but also the need to gain more visibility on ENGIE's future business mix and profitability in 2025, and the continued role of gas in France.

Reduced responsibility for nuclear liabilities and a clear strategy for its Belgian nuclear activities, including benefits and risk sharing for any life extensions on two of the seven reactors, could also benefit the group's credit quality.

These scenarios would need to combine with stronger credit metrics, specifically FFO to net debt staying comfortably above 21%.

Our Base-Case Scenario

Assumptions

- The group will suffer earnings dilution from the carve-out of Equans in 2022 (deconsolidation of about €800 million of EBITDA), which should be offset by strong results from outright production, benefiting from higher power prices and an increasing renewables contribution, as shown in first-half 2022 results.
- For nuclear, we currently do not include a potential extension of the Doel 4 and Tihange 3 reactors (total capacity of 1.8GW) up to 2035, but still consider the legal closure schedule, with 3.2GW of capacity remaining operational until year-end 2024. We expect a sustained contribution from ENGIE's nuclear generation fleet thanks to availability rates above 80% on average over 2022-2024.
- EBITDA growth is led by a step-up in renewables commissioning to 4GW per year until 2025, the performance plan targeting €0.6 billion of additional EBIT by 2023, and higher achieved power prices from the merchant-exposed thermal and nuclear generation fleet.
- Total disposal proceeds of €11 billion-€12 billion over 2022-2024. This includes the sale of the asset-light client solutions division Equans (€6.6 billion cash to be received in second-half 2022), and the sale of nonstrategic assets in noncore geographies including thermal generation capacities. We expect the bulk of these proceeds to be cashed in during 2022 (€8 billion-€9 billion).
- Total annual average investments of €10 billion over 2022-2024 including €5.0 billion-€5.5 billion for growth, €2.5 billion for maintenance, and, conservatively, Synatom funding (including additional dismantling provisions funding).
- Working capital outflows of €500 million in 2022, mainly stemming from higher margin-call requirements spurred by power and gas price volatility and delayed payments from customers, followed by a significant cash inflow in 2023. This comes as the company recovers the initial margin posted for derivatives this year and the effect of the regulated gas price freeze is unlocked.
- A dividend payout of 65%-75% of net profit as defined publicly, with a floor at €0.65 per share translating into cash outflows of €8 billion over 2022-2024 (including dividends to minorities).
- A material increase of nuclear asset-retirement obligations (AROs) as part of the Belgian nuclear provisions triennial revision (on top of the ONDRAF tariffs revision) expected by year-end 2022.
- Flat to slightly increasing pension provisions.

Key metrics

Engie S.A.--Key Metrics*

(Mil. €)	--Fiscal year ending Dec. 31--				
	2020a	2021a	2022f	2023f	2024f
EBITDA	8.9	10.2	10.2-10.5	10.2-10.5	10.5-11.0
Funds from operations (FFO)	7.5	8.8	8.5-9.0	8.8-9.3	9.0-9.5
Capital expenditure	5.0	5.9	9.5-10	10.0-10.5	9.8-10.3
Dividends	0.6	1.8	2.5-3.0	2.5-3.0	2.5-3.0

Engie S.A.--Key Metrics* (cont.)

	--Fiscal year ending Dec. 31--				
(Mil. €)	2020a	2021a	2022f	2023f	2024f
Debt	42.8	43.0	38.0-42.0	39.0-43.0	41.0-45.0
Debt-to-EBITDA (x)	4.8	4.2	3.7-4.0	3.8-4.1	3.8-4.1
FFO-to-debt (%)	17.5	20.4	21.5-22.5	21.5-22.5	21.0-22.0

*All figures adjusted by S&P Global Ratings. 2021 year-end debt consists of net financial debt of €24.7 billion with key adjustments being €10.3 billion in asset-retirement obligations, €5.1 billion in pensions, €1.8 billion in hybrids, and €1 billion in derivatives. Note: We conservatively added investments related to Synatom nuclear funding to capital expenditure over 2022-2024. a--Actual. f--Forecast. FFO--Funds from operations.

ENGIE entered the 2022 energy crisis with restored rating headroom. Operating performance sharply rebounded last year versus 2020, which was heavily affected by the COVID-19 pandemic. More favorable power prices and the continued delivery of strategic and financial plans also notably supported this. EBITDA, excluding the contribution from Equans, was €10.6 billion in 2021, up 19% year over year with contributions from all divisions, including particularly strong nuclear performance--EBITDA plus €1 billion year over year, boosted by a higher availability rate of 92% and higher power prices. Net adjusted debt was almost stable at €43 billion, despite the €1.4 billion increase in working capital, mostly related to €2.2 billion of margin call requirements. As a result, ENGIE's FFO to net debt reached 20.4% in 2021, up from 17.5% in 2020, and adjusted debt to EBITDA improved to 4.2x versus 4.8x a year ago.

Credit metrics should remain strong until 2024, with EBITDA growth fuelled by high commodity prices and growth in networks and renewables. EBITDA growth over 2022-2024, guided at 1.5%-3.5% per year, should be fueled primarily by the group's performance and efficiency plan (about €500 million of savings remaining), high commodity prices, and investment in renewables and networks. Together, this will mitigate the loss of earnings from disposed businesses and the progressive nuclear phase-out in Belgium. At the same time, we anticipate ENGIE will generate negative cash flows after capex and dividends (on average €3 billion per year over 2022-2025 before disposals) due to the narrower business scope, gradual increase in investments, including the nuclear funding mentioned above, and dividend distributions. Compensating for this, disposal proceeds have exceeded our expectations and we now forecast reported net financial debt will only exceed 2021 levels in 2024 (about €28 billion). Considering the increase in nuclear provisions, we project ENGIE will post adjusted FFO to debt of about 21%-22% in 2022, with similar levels in 2023-2024. The higher sales cash-in does not come with an acceleration of investments (over 2022-2024 compared to 2021-2023), resulting in increased balance sheet headroom.

Company Description

With the disposal of its upstream activities in oil and gas exploration and production and LNG, ENGIE is now focusing on renewable power generation, gas and power infrastructure, and asset-backed energy services. The group's strategic plan is to increase the share of long-term contracted energy activities, while maintaining a stable share of regulated networks at about 35%. ENGIE notably operates the regulated French gas distribution and transmission networks, as well as downstream storage infrastructures.

At Jan. 1, 2022, the group had a total French regulated asset base of close to €29 billion and about €3.8 billion of international gas and power networks (capital employed). In addition, ENGIE had installed generation capacity of

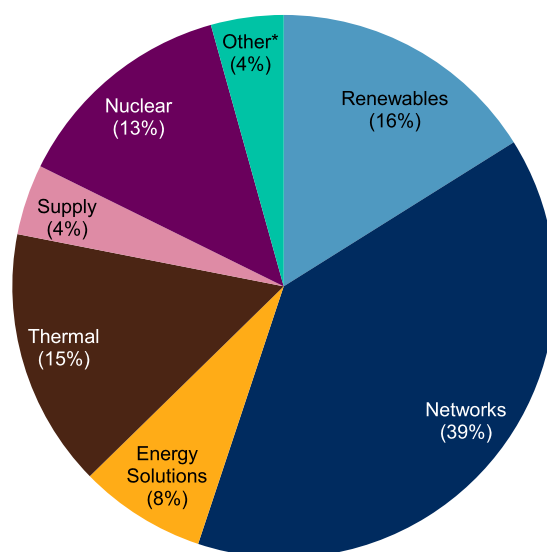
100GW at year-end 2021, or 63GW in percentage of consolidation, of which half is in Europe (50%), 25% in Latin America, 19% in the Middle East, Asia, and Africa, and 6% in North America. The generation portfolio is mostly gas (39% in percentage of consolidation), hydro (26%), wind (13%), nuclear (10%), solar (5%), and coal (3%), other nonrenewables (5%), and other renewables (1%) (see chart 8).

ENGIE also benefits from a large and broad customer base, including 6.2 million residential gas contracts (60% market share) and 5 million electricity contracts in France (roughly 15% market share) at year-end 2021. The group is a world leader in energy services. It generated almost €800 million of EBITDA in energy solutions in 2021 and €445 million in supply.

ENGIE reported revenue of €57.9 billion and EBITDA of €10.6 billion for the year to Dec. 31, 2021. The company is listed on the Paris Stock Exchange and is part of the CAC 40, a benchmark French stock market index. It had a total market capitalization of more than €30 billion as of August 2022. The French government owns 23.64% of the company and holds 33.2% of the voting rights.

Chart 3

ENGIE's EBITDA Breakdown By Business Line (2021)

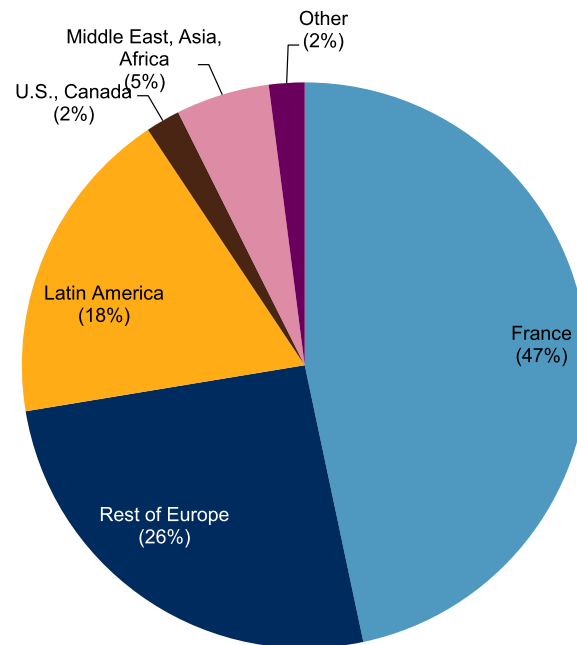


*Mainly corporate, GEMS and GTT. Source: S&P Global Ratings.

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Chart 4

ENGIE's EBITDA Breakdown By Geography (2021)

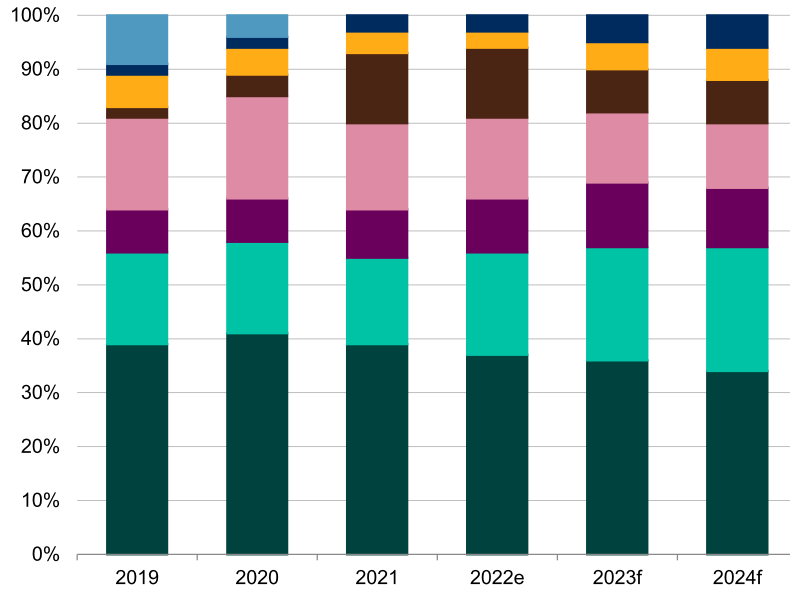


Source: S&P Global Ratings.

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Chart 5

ENGIE's Business Transformation By Share Of EBITDA
2019-2024



e--Estimate. f--Forecast. Source: S&P Global Ratings.

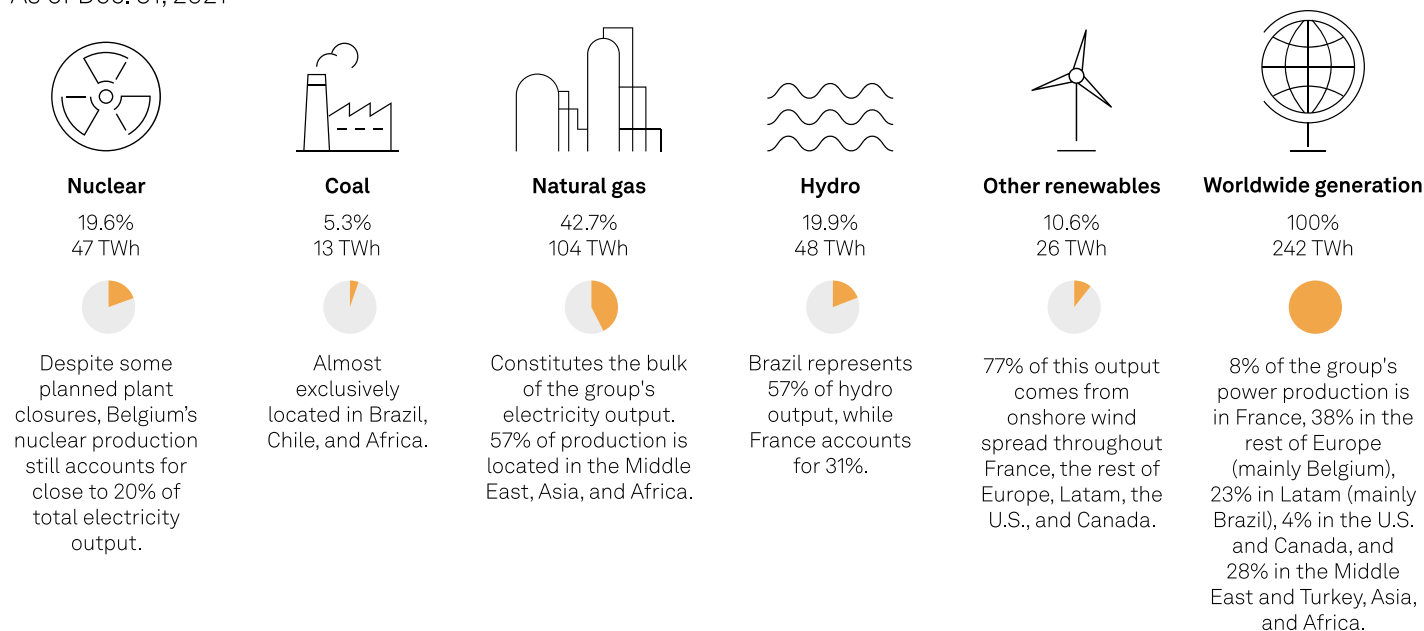
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■ Networks ■ Renewables ■ Energy solutions ■ Thermal ■ Nuclear ■ Supply ■ Others ■ Equans

Chart 6

ENGIE Power Generation Fleet Key Highlights

As of Dec. 31, 2021



Figures shown above are percentage of consolidation and electricity output. TWh--Terawatt hour.

Sources: Company results, S&P Global Ratings.

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Peer Comparison

Table 1

Engie S.A.--Peer Comparison

Industry sector: Energy

	Engie S.A.	Electricite de France S.A.	Enel SpA	Iberdrola S.A.	SSE PLC
Ratings as of July 20, 2022	BBB+/Stable/A-2	BBB/Watch Neg/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2
--Fiscal year ended--					
	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	March 31, 2021
(Mil. Mix currencies)	€	€	€	€	£
Revenue	57,866.0	84,461.0	86,159.0	39,114.0	6,826.4
EBITDA	10,203.0	17,456.0	14,676.0	11,072.0	1,968.2
Funds from operations (FFO)	8,794.8	13,412.5	11,011.5	9,258.0	1,590.5
Interest expense	1,545.2	(621.4)	3,265.0	1,628.5	398.3
Cash interest paid	840.2	1,767.5	1,818.5	982.0	314.9
Cash flow from operations	6,101.8	11,149.5	10,154.5	6,954.0	1,791.0
Capital expenditure	5,895.0	17,045.0	12,201.0	7,181.0	1,163.1

Table 1

Engie S.A.--Peer Comparison (cont.)					
Free operating cash flow (FOCF)	206.8	(5,895.5)	(2,046.5)	(227.0)	627.9
Discretionary cash flow (DCF)	(1,601.0)	(6,419.0)	(7,186.0)	(2,970.0)	(967.0)
Cash and short-term investments	13,718.0	22,458.0	8,780.0	4,045.0	1,600.2
Debt	43,051.5	74,843.1	70,374.1	44,488.4	8,584.1
Equity	40,095.5	55,857.0	39,934.5	52,001.0	6,326.9
Adjusted ratios					
EBITDA margin (%)	17.6	20.7	17.0	28.3	28.8
Return on capital (%)	6.4	5.3	9.9	8.1	9.5
EBITDA interest coverage (x)	6.6	(28.1)	4.5	6.8	4.9
FFO cash interest coverage (x)	11.5	8.6	7.1	10.4	6.1
Debt/EBITDA (x)	4.2	4.3	4.8	4.0	4.4
FFO/debt (%)	20.4	17.9	15.6	20.8	18.5
Cash flow from operations/debt (%)	14.2	14.9	14.4	15.6	20.9
FOCF/debt (%)	0.5	(7.9)	(2.9)	(0.5)	7.3
DCF/debt (%)	(3.7)	(8.6)	(10.2)	(6.7)	(11.3)

ENGIE's closest peers are the large European integrated utilities, notably Enel SpA and Iberdrola S.A..

We believe that the sale of its asset-light client solutions business (Equans) and the acceleration into renewables will contribute to repositioning ENGIE closely with the energy transition champions such as Iberdrola or Enel.

Uncertainties remain, however, on the long-term role of gas, to which ENGIE is more exposed than its peers (Enel only has power networks, while Iberdrola only has some gas distribution networks in the U.S., representing less than 5% of total EBITDA) through a sizable thermal generation fleet and its grid operations, which are almost exclusively gas and offer reduced growth prospects amid massive electrification trends.

Over the medium term, lowering its carbon footprint entails further initiatives such as potentially replacing the natural gas network assets with renewable gases and hydrogen. That said, the group has not embarked on major investments yet and is keeping its options open regarding its role in the hydrogen value chain, including production (0.6GW green hydrogen capacity by 2025 and 4GW by 2030), midstream (making a transmission pipeline fit for hydrogen), or mobility (through refueling stations).

Business Risk: Strong

A sizable share of regulated gas and some power networks (expected to remain at about 35% over 2022-2024) supports ENGIE's cash flows and underpins its strong business risk profile.

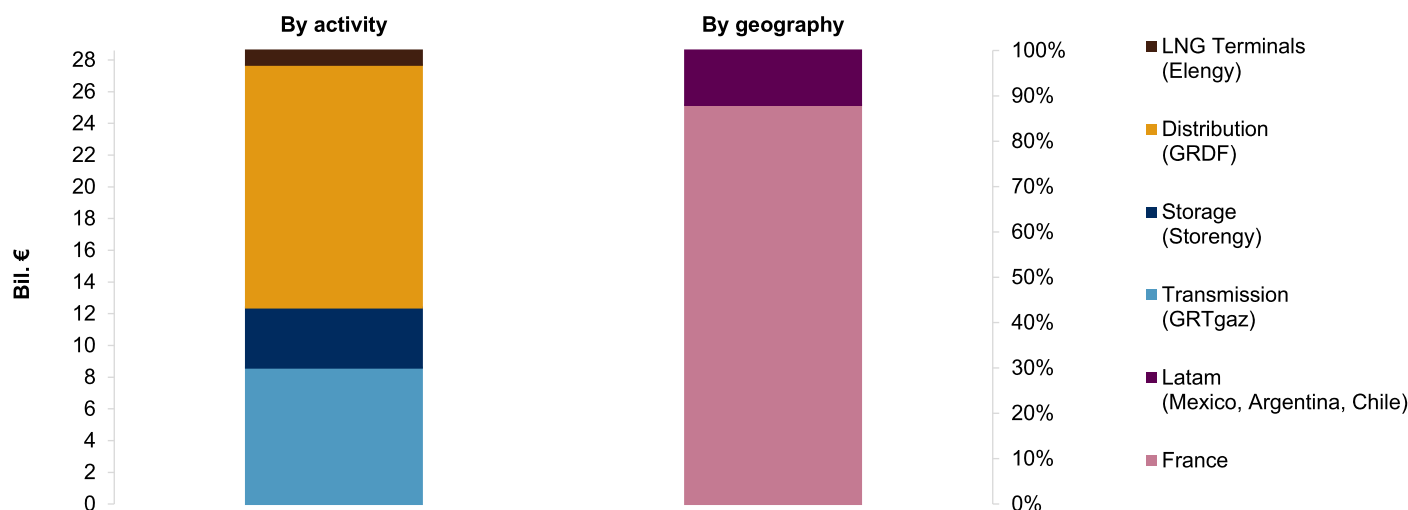
With a regulated asset base (RAB) worth €28.6 billion in France, the company's regulated infrastructure business

provides some resilience to the group's earnings (39% of EBITDA in 2021) and is paramount to its credit profile, given the more defensive features of these assets. Over the next three years, we expect ENGIE's RAB, including its €3.8 billion of quasi-RAB in Latin America (see chart 7), to expand moderately on continued investments despite lower associated remuneration from French gas activities.

Chart 7

ENGIE SA's RAB Split By Activity And Geography

€28.6 billion of French RAB and €3.8 billion of quasi-RAB related to international activities at Dec. 31, 2021



GRTgaz--Gaz Réseau Transmission Gaz. GRDF--Gaz Réseau Distribution France. Source: Company disclosures and S&P Global Ratings.

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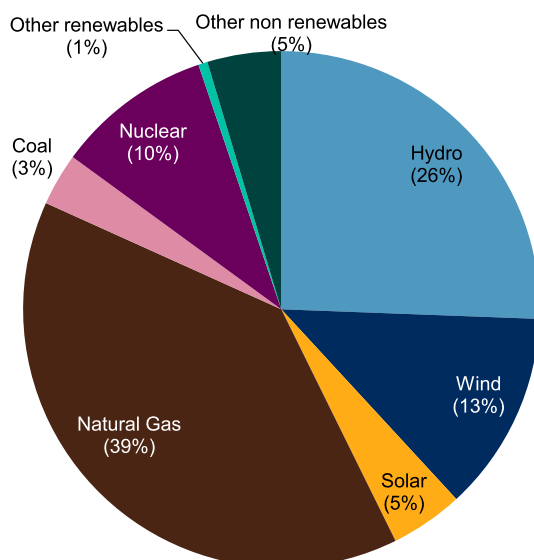
- **France:** We see the regulatory framework as strong, providing good earnings stability. For more details about our views on the French regulatory framework, see "French Electricity And Gas Regulatory Frameworks: Very Supportive," March 5, 2021. Investment growth should be slower (focusing on renewable gas integration) because gas networks have been well invested in over the past decade and gas consumption is forecast to decline by 2030. By 2050, we anticipate a lower strategic role of gas infrastructure given the target of zero carbon emissions under the European Green Deal. Over the outlook horizon, we expect the EBITDA contribution of network and concessions activities will slightly decline toward 35% of ENGIE's consolidated results. Should this decline be more material than currently expected, with a significant rebalancing between the French and international grid exposure, we could revise upward our FFO-to-net-debt thresholds for the ratings.
- **International regulated gas assets:** Network asset base growth was driven by the acquisition of a noncontrolling stake (54.8% from 2020) in Brazilian transmission gas pipeline, Transportadora Associada de Gás S.A. (TAG). This acquisition increases the company's exposure to stable infrastructure-based cash flow streams because TAG's network revenue is protected by contracts with a 10-year average remaining life, but it also expands its presence in Brazil, which entails potentially more volatile macroeconomic, regulatory, and political risks. At this stage, ENGIE does not have a controlling ownership of TAG, directly or indirectly, favoring its status of industrial pipeline

operator. For this reason, we follow the group's reporting and apply equity consolidation of TAG within the group, with a dividend contribution of €222 million in 2021 (€231 million in 2020). If this strategy changes toward a higher stake in the asset, we may revise our approach and start applying full consolidation of TAG.

ENGIE's generation mix remains dominated by gas, with significant merchant exposure in Europe mitigated by the long-term contracted features of its fleet outside Europe. Following the group's disposals over the past few years (exploration and production assets in the U.S., upstream LNG activities, 1GW in the Australian Loy Yang B coal plant, and stake in Glow combined cycle gas turbines), ENGIE's share of merchant generation decreased to the benefit of an expanding and more contracted generation fleet (renewables and thermal generation assets contracted under purchase price agreements [PPAs]). While in Europe, merchant exposure is the greatest through thermal and nuclear generation, international exposure mitigates this weakness. Indeed, outside Europe the majority of the group's gas-fired generation capacity operates under long-term contracts. Generation activities include a large range of facilities, including regulated renewables and plants under long-term PPAs (10-30 years) that provide relatively high cash flow predictability. We also view as positive that the group's power generation assets are newer than those of most peers. They are low-carbon-dioxide-emitting assets that could eventually benefit from more stringent environmental rules, including the introduction of a carbon floor price, and a political push to accelerate the exit of coal energy sources. The group's thermal capacity will be further reduced by a planned coal phase-out by 2025 in Europe and 2027 globally, from 2.1GW at end-2021.

Chart 8

ENGIE's Installed Capacity By Technology Based On Proportional Consolidation (63.1 GW)
 % of consolidation, 2021



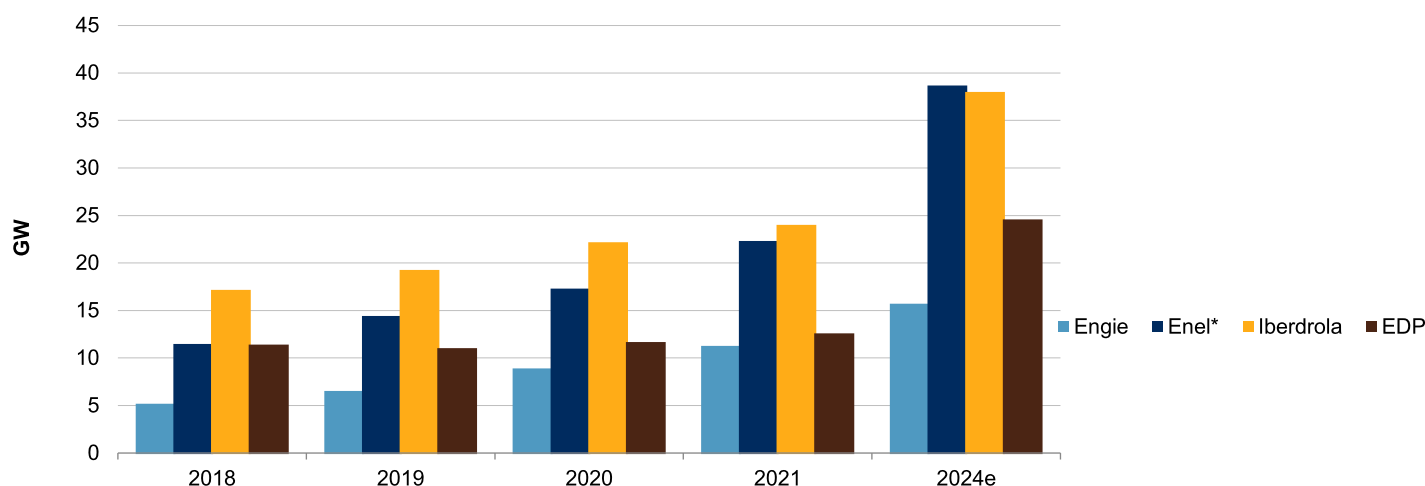
Source: S&P Global Ratings.

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We view positively the acceleration of investments in renewables that allow ENGIE to better defend its competitive position with a greener generation mix. Based on the group's revised targets to add 4GW of renewable capacity per year over 2022-2025--with the bulk from onshore wind and solar (14GW) and about 2GW from offshore wind (U.K. Moray projects to be developed with Energias de Portugal Renovaveis (EDPR))--we expect the renewables segment's contribution to increase to about 23% of EBITDA in 2024 from 16% in 2021 (see chart 5). We see manageable execution risk for ENGIE in achieving its renewables capacity addition targets through 2025. This is because 7GW is already either under construction or secured, and the group has a robust pipeline of 66GW in Europe (mainly France), Latin America, and the U.S., of which 34GW will be delivered across 2023-2025. Exposure to less mature offshore wind technology will only be material after 2025 and thus represents a limited risk over the coming years. Moreover, as the group's business model evolves, it will retain more capacity and eventually have the majority of renewable assets operating under a develop-to-own model. This should translate into a progressively higher earnings contribution. Overall, the group's renewables portfolio will increase to 50GW and 80GW in 2025 and 2030, respectively, from 36GW in June 2022, by adding 6GW per year in 2026-2030. While we see this acceleration as very positive for the group's business risk, we will monitor its ability to retain a high contracted portion and limit its merchant exposure to 25%-30%. A smooth execution of these ambitious capacity addition targets will be key to ENGIE achieving its decarbonization targets, especially as ENGIE remains a relatively small player in renewables compared with large European peers, despite its strong positions in French onshore wind (see chart 9).

Chart 9

Evolution Of Renewable Installed Capacity, Excluding Hydro
ENGIE and closest peers



e--Estimate. GW--Giga watt. *Consolidated capacity from 2020 onwards. Source: S&P Global Ratings.
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Nuclear operations in Belgium continue to constrain the rating for now, with potential 10-year extensions to the two most recent reactors remaining uncertain. No further impairments for nuclear assets were reported in 2021, following the sizable impairment in 2020 of €2.9 billion, reflecting its decision not to pursue a 20-year extension on half of its

nuclear units beyond 2025. While this alleviated uncertainties concerning the life-extension capex plan, it also confirmed that the nuclear phaseout of its 5.9GW capacity remains credit negative because the group will still bear net provisions of about €10.7 billion with no operating cash flow associated from 2026. This is why we would view the potential nuclear extensions as credit positive, since they will mean additional EBITDA, provided they come with certain conditions on additional liabilities. On the operating side, we expect high availability of about 80% (including a 10% forced outage rate) over 2022-2024, which should support the earnings trajectory amid a supportive pricing environment.

Following the disposal of the Equans platform, ENGIE will focus on the more resilient asset-based Client Solutions business, with ambitions to expand district heating and cooling capacity. Over 2022-2025, the group also intends to focus on Energy Solutions, which generated €799 million of EBITDA in 2021 (without Equans). This segment enjoys a solid market share, with a largely contracted business model (meaning limited exposure to demand risk) and a target to add 8GW of distributed energy infrastructures by 2025, to reach 32GW. Investments will primarily flow into district heating and cooling (55% of additional capacity) where the group is the largest global operator through its 40% equity stake in Tabreed, 100% in Climespace, and 66.5% in Compagnie Parisienne de Chauffage Urbaine (CPCU). The remaining investments will be dedicated to onsite generation (essentially distributed solar) for cities and industrial clients (35%-40%), notably via long-term corporate power purchase agreements and energy efficiency.

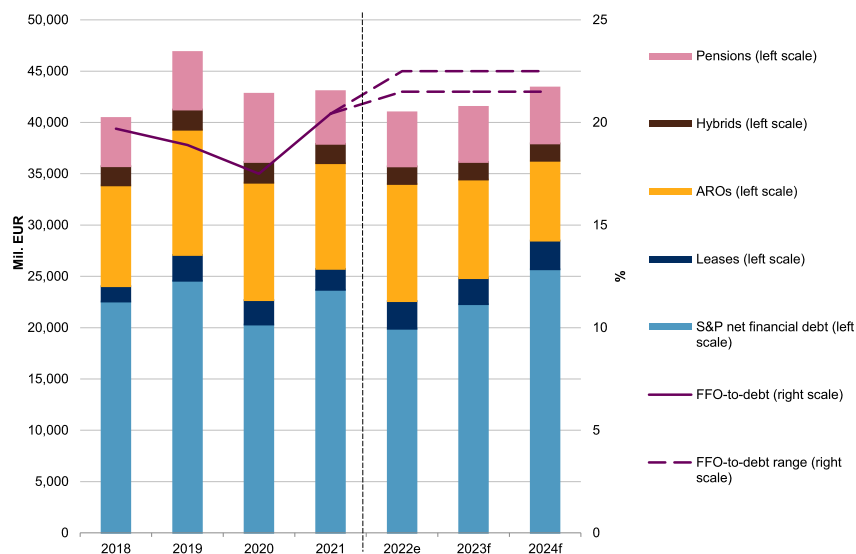
Financial Risk: Significant

We expect a still-high level of net financial and economic debt at the end of 2024, despite its significant asset-disposal plan, but our adjusted FFO to debt will remain well above 18%. Over 2022-2024, we anticipate ENGIE will generate negative discretionary cash flows (about €3.3 billion per year on average before disposals) due to a narrower business scope, and gradual increase in investments and dividend distributions; this conservatively factors in nuclear dismantling funding needs. That said, we expect the large disposals program (€11.8 billion in aggregate over 2022-2024) will help avert the increase in net reported debt. We therefore forecast reported net financial debt will remain stable at €25 billion in 2024, similar to that in 2021. We therefore forecast that adjusted debt will slightly decline in 2024 compared to 2021, even taking into account the rise of nuclear provisions from the end of 2022.

As a result, we believe ENGIE will likely post adjusted FFO to debt well above 18% over 2022-2024 (see chart 10). At the same time, we expect debt to EBITDA to remain at, or slightly below, 4x. Given the relatively high share of EBITDA from regulated network activities (about 35% over 2022-2024), which add cash flow stability and visibility, we benchmark the group's credit metrics against our medial volatility table.

Chart 10

ENGIE's Leverage And FFO-To-Debt Evolution
2018a-2024f



f--Forecast. e--Estimate. AROa--Asset-retirement obligations. FFO--Funds from operations. Source: S&P

Global Ratings.

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Financial policy continues to support a solid investment-grade rating. An important factor for our 'BBB+' rating on ENGIE remains the group's financial policy. In its 2022-2024 strategic update, ENGIE reiterated its commitment to a strong investment-grade rating, with a target to keep its economic net debt to EBITDA at 4.0x or lower. This ratio reached 3.6x at year-end 2021 and compares with our adjusted leverage metric of FFO to net debt of 20.4%. The dividend policy of a 65%-75% net profit payout ratio, with a floor at €0.65 per share, is in line with the sector. We note the group demonstrated its financial flexibility in 2020 when it withdrew a dividend distribution amid poor operating performance. The successful execution of the group's disposals and strategy signals alignment of interests between the senior management team and board of directors.

Trading risks are partly mitigated by the group's prudent hedging and very high liquidity. The Russia-Ukraine conflict and European gas crisis increase ENGIE's market, counterparty, and cash risks. In our view, these risks are manageable, absent a gas curtailment scenario for which the outcome is largely unpredictable. This is because the group has sophisticated commodity risk management, inherited from its longstanding energy management operations, and strong banking relationships.

- **Market risk:** We understand that ENGIE's exposure to price increases is limited to short-term deliveries that are fixed one month-ahead and hedged. ENGIE buys its gas at variable prices then sells it to its residential and industrial

customers, largely at variable prices (a key difference compared to Uniper). The company manages this maximal exposure with a flexible approach depending on market conditions and the environment. Its agile approach should reduce the negative effect of buying extra volumes on a higher gas spot market.

- **Cash risk:** The group has been proactive in protecting its liquidity position ahead of the current energy crisis to limit the volatility of its cash balance linked to margining in hedging contracts. Three years ago, ENGIE implemented a liquidity swap program and negotiated a margin calls' substitution with stand-by letters of credit (SBLC) through its core banks. These two levers allowed ENGIE to pass on part of the cash risk to the core banking partners at Dec. 31, 2021. For instance, €1.1 billion of SBLC reduced the group's need for initial margins, which have increased drastically for the sector to reflect the intraday volatility of commodity prices, limiting the initial margin impact to €4.4 billion at Dec. 31, 2021.
- **Counterparty risk:** This cannot be entirely mitigated and remains high in the context of increased liquidity pressure for all gas traders due to a spike in margin calls and collateral posting. However, ENGIE's very high liquidity over the next 12 months acts as a robust mitigant, demonstrating the group's risk management standards. For instance, the group secured an additional €1.5 billion swingline over the past few months and has maintained a very high liquidity buffer (cash and available credit lines of about €25 billion as of June 30, 2022) to address the current crisis.

Increasing financial complexity in offshore wind operations, as off-balance-sheet debt could increase. In 2019 ENGIE and EDPR created a 50-50 joint venture in offshore wind, Ocean Winds, with a target of reaching 5-10GW of projects under advanced development by 2025. Since then, Ocean Winds has been involved in about 12 projects globally, of which about 1.5GW (Moray East 950MW, SeaMade 487MW, and Windfloat Atlantic 25GW) is already under operation and about 10.7GW under construction. While most of the capacity is still under construction and Ocean Winds will reach a critical size around 2025, we will closely monitor the financing of the projects, notably assessing whether there is a significant increase in off-balance-sheet debt for ENGIE.

Financial summary

Table 2

Engie S.A.--Financial Summary					
Industry sector: Energy					
	--Fiscal year ended Dec. 31--				
	2021	2020	2019	2018	2017
(Mil. €)					
Revenue	57,866.0	55,751.0	60,058.0	60,596.0	65,029.0
EBITDA	10,203.0	8,903.0	10,299.0	9,590.0	9,244.0
Funds from operations (FFO)	8,794.8	7,503.0	8,844.0	7,947.6	7,276.1
Interest expense	1,545.2	1,477.0	1,499.0	1,414.0	1,675.9
Cash interest paid	840.2	832.0	940.0	966.5	1,107.9
Cash flow from operations	6,101.8	6,888.0	7,415.0	7,549.7	8,517.1
Capital expenditure	5,895.0	5,012.0	6,418.0	6,068.0	5,675.0
Free operating cash flow (FOCF)	206.8	1,876.0	997.0	1,481.7	2,842.1
Discretionary cash flow (DCF)	(1,601.0)	1,318.0	(2,801.0)	(1,104.8)	(96.9)
Cash and short-term investments	13,718.0	12,912.0	10,433.0	8,579.0	8,790.0
Gross available cash	14,268.0	13,488.0	10,887.0	9,732.0	9,898.0
Debt	43,051.5	42,791.0	46,865.6	40,434.3	41,381.7

Table 2

Engie S.A.--Financial Summary (cont.)

Industry sector: Energy

	--Fiscal year ended Dec. 31--				
	2021	2020	2019	2018	2017
Equity	40,095.5	31,817.0	36,080.5	39,067.0	41,012.5
Adjusted ratios					
EBITDA margin (%)	17.6	16.0	17.1	15.8	14.2
Return on capital (%)	6.4	5.5	7.3	6.5	6.1
EBITDA interest coverage (x)	6.6	6.0	6.9	6.8	5.5
FFO cash interest coverage (x)	11.5	10.0	10.4	9.2	7.6
Debt/EBITDA (x)	4.2	4.8	4.6	4.2	4.5
FFO/debt (%)	20.4	17.5	18.9	19.7	17.6
Cash flow from operations/debt (%)	14.2	16.1	15.8	18.7	20.6
FOCF/debt (%)	0.5	4.4	2.1	3.7	6.9
DCF/debt (%)	(3.7)	3.1	(6.0)	(2.7)	(0.2)

Reconciliation

Table 3

Engie S.A.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

--Fiscal year ended Dec. 31, 2021--									
Engie S.A. reported amounts									
	Debt	Shareholders' equity	EBITDA	Operating income	Interest expense	S&P Global Ratings' adjusted EBITDA	Cash flow from operations	Dividends	Capital expenditure
Reported	39,005.0	36,993.0	12,120.0	6,722.0	908.0	10,203.0	6,826.0	1,859.0	5,990.0
S&P Global Ratings' adjustments									
Cash taxes paid	--	--	--	--	--	(603.0)	--	--	--
Cash interest paid	--	--	--	--	--	(719.0)	--	--	--
Reported lease liabilities	2,043.0	--	--	--	--	--	--	--	--
Intermediate hybrids reported as equity	1,883.5	(1,883.5)	--	--	51.2	(51.2)	(51.2)	(51.2)	--
Postretirement benefit obligations/ deferred compensation	5,142.0	--	(43.0)	(43.0)	69.0	--	--	--	--
Accessible cash and liquid investments	(14,268.0)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	70.0	(70.0)	(70.0)	--	(70.0)
Capitalized development costs	--	--	(25.0)	(25.0)	--	--	(25.0)	--	(25.0)
Share-based compensation expense	--	--	48.0	--	--	--	--	--	--

Table 3

Engie S.A.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €) (cont.)									
Dividends received from equity investments	--	--	662.0	--	--	--	--	--	--
Asset-retirement obligations	10,302.0	--	--	--	447.0	--	--	--	--
Income (expense) of unconsolidated companies	--	--	(800.0)	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	125.0	--	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(578.0)	--	--
Noncontrolling interest/minority interest	--	4,986.0	--	--	--	--	--	--	--
Debt: Derivatives	(977.0)	--	--	--	--	--	--	--	--
Debt: Fair value adjustments	(187.0)	--	--	--	--	--	--	--	--
Debt: Put options on minority stakes	108.0	--	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(1,107.0)	(1,107.0)	--	--	--	--	--
EBITDA: Fair value changes of contingent consideration	--	--	69.0	69.0	--	--	--	--	--
EBITDA: Derivatives	--	--	(721.0)	(721.0)	--	--	--	--	--
Funds from operations: Other	--	--	--	--	--	35.0	--	--	--
Total adjustments	4,046.5	3,102.5	(1,917.0)	(1,702.0)	637.2	(1,408.2)	(724.2)	(51.2)	(95.0)
S&P Global Ratings' adjusted amounts									
	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid	Capital expenditure
Adjusted	43,051.5	40,095.5	10,203.0	5,020.0	1,545.2	8,794.8	6,101.8	1,807.8	5,895.0

Liquidity: Strong

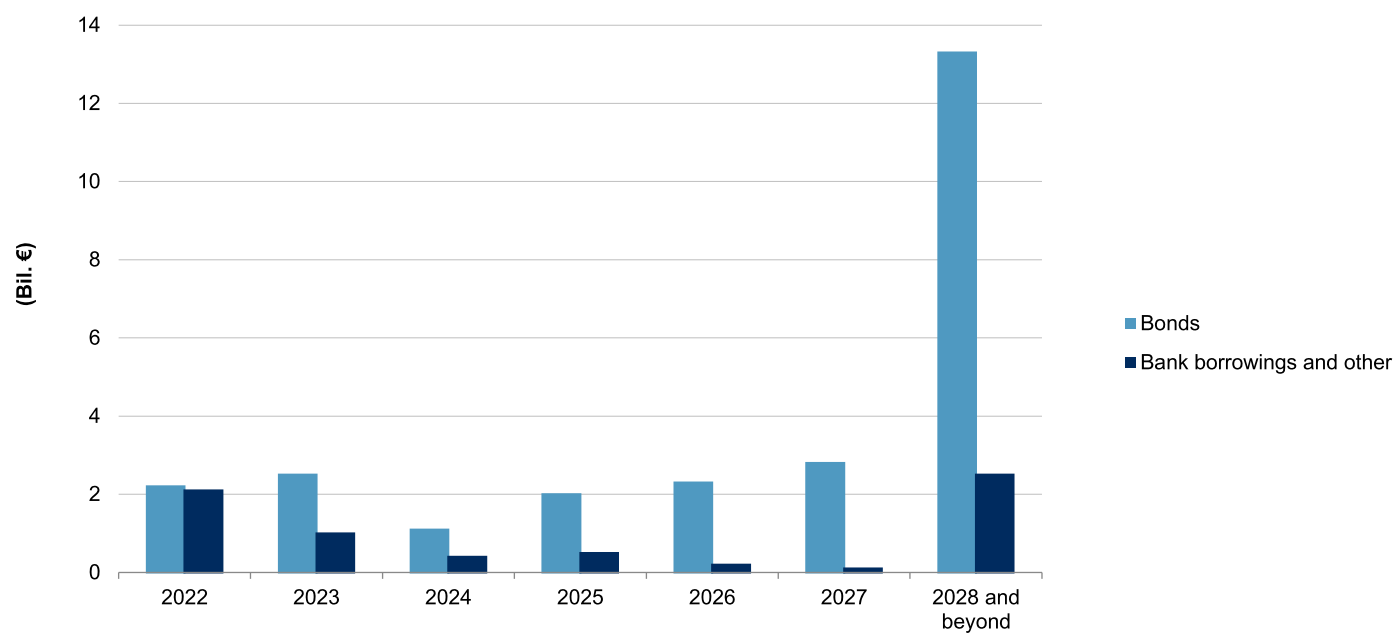
We view ENGIE's liquidity as strong, as reflected in the a short-term rating of 'A-2'. We believe that the group's proactive liquidity management, ample cash, and available committed facilities should provide an adequate buffer against the current high commodity prices and heightened market volatility, with potential sizable margin calls and working capital requirements. As of June 30, 2022, projected sources of funds exceeded projected uses by around 1.8x over the next 12 months. Our assessment is further supported by the group's solid relationships with banks, and proven access to the capital markets, even under dire market conditions.

Principal liquidity sources as of June 30, 2022, include	Principal liquidity uses as of June 30, 2022, include
<ul style="list-style-type: none"> • About €15 billion in available cash and marketable securities at the group level. • €10.2 billion in available committed credit lines maturing beyond 12 months, of which €5 billion and €4 billion relate to two syndicated facilities maturing in December 2025 and December 2026, respectively. €1.2 billion relates to committed bilateral revolving credit facilities with a maturity above 12 months. • Our forecast of cash FFO of about €8 billion over the next 12 months. • Asset disposals, signed or at very advanced stages, of €8.2 billion over the next 12 months, of which €6.6 billion stems from the sale of Equans, which will be cashed in by second-half 2022. 	<ul style="list-style-type: none"> • Long- and short-term debt maturities of about €11.4 billion. • Our estimate of about €10 billion in annual capex, including, conservatively, Synatom funding. • Dividend cash payments of about €2.8 billion, including subsidiaries' minority shareholders

Debt maturities

Chart 11

ENGIE's Debt Maturities



Source: S&P Global Ratings.

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Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of ENGIE, although we note the company's progress in managing its environmental risks since 2015 through an in-depth transformation. On its path to net-zero emissions by 2045 across all scopes, ENGIE plans to reduce its carbon intensity to 168 grams per kilowatt hour (g/KWh) in 2030 from 240g/KWh in 2021 (excluding Equans) and its greenhouse gas (GHG) emissions from energy production to 43 million tons of carbon dioxide (MtCO₂) equivalent in 2030 from 67 MtCO₂ equivalent in 2021. These targets should be facilitated by the group's coal exit plan and larger share of renewables in the mix, even if they remain ambitious given that ENGIE's carbon intensity remains higher than best-in-class peers, such as Iberdrola, Orsted, and EDP.

The company's nuclear operations in Belgium also pose several challenges related to the future of long-term nuclear waste storage, with increasing liabilities net of dedicated assets (€9.5 billion at year-end 2021) to reflect the regulatory triennial revision in Belgium.

Social risks are increasing in France in the context of affordability pressures building on rising energy prices. The government announced a gas tariff freeze to retail customers under fixed price contracts or regulated tariffs applied between Jan. 1, 2022, and until the end of the year. Although this will entail a working capital burden for the group, it will not trigger a loss and it should be recovered progressively by subsequent tariff increases or be compensated by the state through the "public service charges for energy" mechanism, therefore limiting the financial impact. We also positively note that the group is taking action to support affordability, with the introduction of two new schemes: an extra €100 to 880,000 of its customers that already receive energy vouchers, for a total of €90 million; and a €60 million fund to help small and midsize companies in the current situation.

Government Influence

Although the French state is ENGIE SA's largest shareholder with a 23.64% direct stake (see chart 12) and 33.2% of the voting rights at year-end 2021, it does not control it. The French law for companies' growth and transformation, the "Loi PACTE" approved in 2019, revised the obligation of the French state to hold minimal voting rights within ENGIE (set at two-thirds of voting rights by the Energy Law). However, we lack clarity around the government's disposal of any further stake. In addition, Loi PACTE allows ENGIE, along with CDC/CNP, to hold a majority stake in regulated transmission gas operator GRTGaz (currently ENGIE holds 60.8% and CDC/CNP 38.6%, with the remainder held by the personnel).

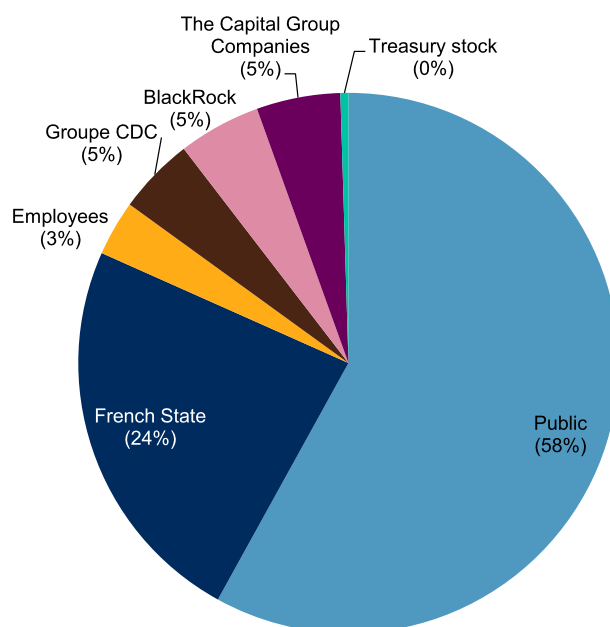
However, the government also holds a golden share in the group to protect the national interest and ensure energy supply security, which legally entitles it to veto any decisions made by the group and its subsidiaries to sell, transfer operations, or assign as collateral its regulated assets in France.

Overall, we view the likelihood of support as low, with no support to the issuer credit rating.

Chart 12

ENGIE's Shareholding Structure

April 30, 2022



Source: S&P Global Ratings.

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Issue Ratings - Subordination Risk Analysis

Capital structure

At year-end 2021, ENGIE's capital structure comprised about €39 billion of senior unsecured debt and about €3.8 billion of hybrid securities issued by ENGIE S.A. and its financing subsidiaries. The group has debt of about €7.2 billion under local subsidiaries.

Analytical conclusions

We do not see any material structural subordination risk for the senior unsecured debt instruments and rate them 'BBB+', in line with the issuer credit rating on ENGIE.

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/A-2

Business risk: Strong

- **Country risk:** Low
- **Industry risk:** Intermediate
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Positive (+1 notch)

Stand-alone credit profile : bbb+

- **Group credit profile:** bbb+
- **Likelihood of government support:** Low (no impact)

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- The Dash For Gas Fuels Risks For European Utilities, Slows Energy Transition, June 29, 2022
- ENGIE Energia Chile S.A. 'BBB' Ratings Affirmed Despite Higher-Than-Expected Leverage; Outlook Still Stable, June 23, 2022
- French Utility ENGIE Affirmed At 'BBB+/A-2' On Solid Financial Ratios, Supportive Financial Policy; Outlook Stable, April 22, 2022
- French Utility ENGIE's Strong 2021 Performance Is Set To Restore Rating Headroom, Feb. 16, 2022
- ESG Credit Indicator Report Card: Power Generators, Nov. 18, 2021
- ENGIE Gets Closer To Transformation Milestone On Announced Equans Disposal, Nov. 15, 2021
- French Energy Co. ENGIE's Proposed Hybrid Instrument Rated 'BBB-'; Equity Content Intermediate, June 23, 2021
- French Gas Utility ENGIE Affirmed At 'BBB+/A-2' Amid Transition, On Supportive Financial Policy; Outlook Stable, June 7, 2021
- French Electricity And Gas Regulatory Frameworks: Very Supportive, March 5, 2021

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of August 17, 2022)*

Engie S.A.

Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Junior Subordinated	BBB-
Senior Unsecured	BBB+
Subordinated	BBB-

Issuer Credit Ratings History

24-Apr-2020	BBB+/Stable/A-2
25-Mar-2020	A-/Watch Neg/A-1

Ratings Detail (As Of August 17, 2022)*(cont.)

02-Apr-2019	A-/Stable/A-1
30-Apr-2018	A-/Stable/A-2

Related Entities**Engie Energia Chile S.A.**

Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB

GIE ENGIE Alliance

Issuer Credit Rating	BBB+/Stable/--
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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To whom it may concern,

The attached audited financial statements contain some redacted information. These redactions are related to sensitive and non-public pricing data. We do not believe this information is essential to your financial review. We have worked with our auditors to minimize unnecessary disclosures of sensitive information in our audited financial statements, however some of this is unavoidable due to footnote disclosure requirements. If you have any specific questions, please communicate with your point of contact.

Best regards,

DocuSigned by:

F521571E3ECC40A...
Kevin Jordan

VP Controller
ENGIE North America



To whom it may concern,

In its agenda decision of March 2019, the IFRS Interpretations Committee ("IFRIC") concluded that, due to the characteristics of particular contracts entered into to buy or sell nonfinancial items, accounted for as derivatives under IFRS 9, and settled by either delivering or taking delivery of the nonfinancial items, said contracts have to be accounted for on a single line of the consolidated income statement, including their changes in fair value as well as the effects of their physical settlement.

This agenda decision applies to ENGIE Holdings Inc.'s, the Company's, derivative financial instruments relating to commodities, including gas and electricity, used in economic hedging relationships but which are not qualified as such under IFRS.

The Company's practice was up to now, to present the changes in the fair value ("mark-to-market" or "MtM") of commodity derivatives, not qualified as either trading or hedging instruments under IFRS, below "Current operating income." At physical settlement, gains and losses were reclassified in operating income together with the economically hedged item, so that the operating performance of the transactions concerned is recognized at the hedged rate.

Following the IFRIC decision, the Company changed its accounting policy from the year ended December 31, 2019, with no impact on net income, equity, or the current operating income indicator used in the management dialogue and financial communication. The Company therefore now presents unrealized income (loss) relating to the concerned derivatives, whether it represents a seller or buyer position, on the same line as realized income (loss) arising from their physical settlement, i.e., under "Purchases and commodity hedges" within the indicator now named "Current operating income including operating MtM." Thus:

- MtM on commodity contracts other than trading instruments, previously presented under "Income (loss) from operating activities," is now included in "Purchases and operating derivatives."
- Commodity sale transactions giving rise to physical delivery and used for economic hedging purposes which fall within the scope of IFRS 9, previously presented under "Revenues from other contracts" are now presented as a deduction from the "Purchases" line.

The reconciliation between the old and new presentation of the income statement at December 31, 2021 and 2020 is summarized below:



	Old Presentation 12/31/2021	Commodity Sales Transaction	Operating MtM	New Presentation 12/31/2021	
Revenues from contracts with customers	\$ 3,693,542	\$ -	\$ -	\$ 3,693,542	Revenues from contracts with customers
Revenues from other contracts	114,143	(61)	1,101,422	1,215,504	Revenues from other contracts
Revenues	3,807,684	(61)	1,101,422	4,909,046	Revenues
Purchases	(3,405,314)	61	(1,115,193)	(4,520,446)	Purchases and commodity hedges
Personnel costs	(417,189)	-	-	(417,189)	Personnel costs
Depreciation and amortization	(271,805)	-	-	(271,805)	Depreciation and amortization
Other operating income - net	308,908	-	-	308,908	Other operating income - net
CURRENT OPERATING INCOME	22,285	-	(13,771)	8,514	CURRENT OPERATING INCOME INCLUDING OPERATING MtM
Mark-to-market on commodity contracts other than trading instruments	(13,771)	-	13,771	-	Mark-to-market on commodity contracts other than trading instruments
Impairments of property, plant and equipment, goodwill, and intangible assets	(132,043)	-	-	(132,043)	Impairments of property, plant and equipment, goodwill, and intangible assets
Restructuring costs	(18,165)	-	-	(18,165)	Restructuring costs
Acquisition costs	-	-	-	-	Acquisition costs
Gain on disposal of assets	67,872	-	-	67,872	Gain on disposal of assets
LOSS FROM OPERATING ACTIVITIES	(73,822)	-	-	(73,822)	LOSS FROM OPERATING ACTIVITIES
Financial expenses	(112,824)	-	-	(112,824)	Financial expenses
Financial income	23,138	-	-	23,138	Financial income
Cost of lease liabilities	(58,570)	-	-	(58,570)	Cost of lease liabilities
NET FINANCIAL LOSS	(148,256)	-	-	(148,256)	NET FINANCIAL LOSS
Net loss before tax and equity method investment income	(222,079)	-	-	(222,079)	Net loss before tax and equity method investment income
Income tax benefit	(918)	-	-	(918)	Income tax benefit
Share of net income/(loss) of equity method investments	76,882	-	-	76,882	Share of net income of equity method investments
NET LOSS RELATING TO CONTINUING OPERATIONS	\$ (146,115)	\$ -	\$ -	\$ (146,115)	NET LOSS RELATING TO CONTINUING OPERATIONS
NET INCOME RELATING TO DISCONTINUED OPERATIONS	\$ 32,950	-	-	\$ 32,950	NET INCOME RELATING TO DISCONTINUED OPERATIONS
NET LOSS	\$ (113,165)	\$ -	\$ -	\$ (113,165)	NET LOSS
Company share	\$ 267,983	\$ -	\$ -	\$ 267,983	Company share
<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>	235,102	-	-	235,102	<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>
<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>	32,880	-	-	32,880	<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>
Non-controlling interest	\$ (381,147)	\$ -	\$ -	\$ (381,147)	Non-controlling interest
<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>	(381,217)	-	-	(381,217)	<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>
<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>	70	-	-	70	<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>



	Old Presentation 12/31/2020	Commodity Sales Transaction	Operating MtM	New Presentation 12/31/2020	
Revenues from contracts with customers	\$ 3,041,232	\$ -	\$ -	\$ 3,041,232	Revenues from contracts with customers
Revenues from other contracts	60,525	(2,301)	(58,480)	(255)	Loss from other contracts
Revenues	3,101,757	(2,301)	(58,480)	3,040,977	Revenues
Purchases	(2,674,942)	2,301	(127,874)	(2,800,515)	Purchases and commodity hedges
Personnel costs	(421,767)	-	-	(421,767)	Personnel costs
Depreciation and amortization	(154,144)	-	-	(154,144)	Depreciation and amortization
Other operating income - net	140,672	-	-	140,672	Other operating income - net
CURRENT OPERATING LOSS	(8,424)	-	(186,353)	(194,777)	CURRENT OPERATING LOSS INCLUDING OPERATING MtM
Mark-to-market on commodity contracts other than trading instruments	(186,353)	-	186,353	-	Mark-to-market on commodity contracts other than trading instruments
Impairments of property, plant and equipment, goodwill, and intangible assets	(111,343)	-	-	(111,343)	Impairments of property, plant and equipment, goodwill, and intangible assets
Restructuring costs	(10,334)	-	-	(10,334)	Restructuring costs
Acquisition costs	(914)	-	-	(914)	Acquisition costs
Gain on disposal of assets	148,843	-	-	148,843	Gain on disposal of assets
LOSS FROM OPERATING ACTIVITIES	(168,525)	-	-	(168,525)	LOSS FROM OPERATING ACTIVITIES
Financial expenses	(149,371)	-	-	(149,371)	Financial expenses
Financial income	58,841	-	-	58,841	Financial income
Cost of lease liabilities	(8,030)	-	-	(8,030)	Cost of lease liabilities
NET FINANCIAL LOSS	(98,560)	-	-	(98,560)	NET FINANCIAL LOSS
Net loss before tax and equity method investment income	(267,085)	-	-	(267,085)	Net loss before tax and equity method investment income
Income tax benefit	(109,883)	-	-	(109,883)	Income tax benefit
Share of net income/(loss) of equity method investments	36,209	-	-	36,209	Share of net income of equity method investments
NET LOSS RELATING TO CONTINUING OPERATIONS	\$ (340,759)	\$ -	\$ -	\$ (340,759)	NET LOSS RELATING TO CONTINUING OPERATIONS
NET INCOME RELATING TO DISCONTINUED OPERATIONS	\$ 30,224	-	-	\$ 30,224	NET INCOME RELATING TO DISCONTINUED OPERATIONS
NET LOSS	\$ (310,535)	\$ -	\$ -	\$ (310,535)	NET LOSS
Company share	\$ (368,354)	\$ -	\$ -	\$ (368,354)	Company share
<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>	(398,616)	-	-	(398,616)	<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>
<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>	30,261	-	-	30,261	<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>
Non-controlling interest	\$ 57,819	\$ -	\$ -	\$ 57,819	Non-controlling interest
<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>	57,856	-	-	57,856	<i>Of which Net Income/(loss) relating to continuing operations, Company share</i>
<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>	(37)	-	-	(37)	<i>Of which Net Income/(loss) relating to discontinuing operations, Company share</i>

Regards,

DocuSigned by:

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Kevin Jordan
VP Controller
ENGIE North America

ENGIE Holdings Inc. and Subsidiaries

Consolidated Financial Statements as of and for the
Years Ended December 31, 2021 and 2020, and
Independent Auditors' Report

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors and Stockholder of
ENGIE Holdings Inc. and subsidiaries
Houston, Texas

Opinion

We have audited the consolidated financial statements of ENGIE Holdings Inc. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, which, as described in Note 2A to the consolidated financial statements, have been prepared on the basis of International Financial Reporting Standards as adopted by the European Union.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2A to the consolidated financial statements, ENGIE Holdings Inc. and its subsidiaries prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, which differs from accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2T to the consolidated financial statements, on November 5, 2021, the Company’s Parent, ENGIE S.A., entered into exclusive negotiations with Bouygues for the sale of 100% of EQUANS, based on an unilateral firm and binding offer. EQUANS was classified under “Assets held for sale” and “Discontinued operations” on November 5, 2021. The transaction is expected to close in the second half of 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European

Union, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

April 29, 2022

ENGIE HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2021 AND 2020 (In thousands)

	Notes	2021	2020
ASSETS			
NONCURRENT ASSETS:			
Intangible assets—net	6	\$ 295,494	\$ 346,883
Goodwill	7	476,550	771,645
Property, plant, and equipment—net	8, 2	4,961,853	3,874,889
Derivative instruments	11	65,287	260,829
Equity method investments	9	859,391	580,740
Other financial assets	11	28,797	6,387
Other noncurrent assets	13	8,311	13,034
Deferred tax assets	5	-	516
Total noncurrent assets		<u>6,695,683</u>	<u>5,854,923</u>
CURRENT ASSETS:			
Derivative instruments	11	973,847	54,259
Other financial assets	11	536,446	672,092
Assets from contracts with customers	4	358,370	500,591
Trade and other receivables	4	555,830	772,198
Inventories	10	149,270	124,008
Other current assets	13	97,587	108,061
Assets classified as held for sale	2	843,719	-
Cash and cash equivalents	11	<u>850,172</u>	<u>685,134</u>
Total current assets		<u>4,365,241</u>	<u>2,916,343</u>
TOTAL		<u>\$ 11,060,924</u>	<u>\$ 8,771,266</u>
LIABILITIES AND EQUITY			
EQUITY:			
Shareholder's equity		\$ 2,909,615	\$ 1,909,110
Non-controlling interests		<u>333,984</u>	<u>608,494</u>
Total equity		<u>3,243,599</u>	<u>2,517,604</u>
NONCURRENT LIABILITIES:			
Provisions	14	125,209	79,866
Long-term borrowings	11, 12	2,269,983	2,054,047
Derivative instruments	11	949,565	163,311
Liabilities from contracts with customers	4	50,118	7,311
Other noncurrent liabilities	14	1,358,601	1,395,119
Deferred tax liabilities	5	<u>14,862</u>	<u>516</u>
Total noncurrent liabilities		<u>4,768,338</u>	<u>3,700,170</u>
CURRENT LIABILITIES:			
Provisions	14	25,547	8,247
Short-term borrowing	11, 12	47,067	216,618
Derivative instruments	11	226,630	293,256
Trade and other payables	11	1,438,601	1,149,087
Liabilities from contracts with customers	4	100,612	148,346
Client fund obligations	11	529,685	437,536
Liabilities directly associated with assets held for sale	2	278,542	-
Other current liabilities	14	<u>402,303</u>	<u>300,402</u>
Total current liabilities		<u>3,048,987</u>	<u>2,553,492</u>
TOTAL		<u>\$ 11,060,924</u>	<u>\$ 8,771,266</u>

See notes to consolidated financial statements.

ENGIE HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In thousands)

	Notes	2021	2020 ⁽¹⁾
REVENUES FROM CONTRACTS WITH CUSTOMERS	4	\$ 3,693,542	\$ 3,041,232
REVENUES (LOSS) FROM OTHER CONTRACTS	4	<u>1,215,504</u>	<u>(255)</u>
REVENUES	4	4,909,046	3,040,977
PURCHASES AND COMMODITY HEDGES	12	(4,520,446)	(2,800,515)
PERSONNEL COSTS		(417,189)	(421,767)
DEPRECIATION, AMORTIZATION, AND PROVISIONS		(271,805)	(154,144)
OTHER OPERATING INCOME (EXPENSES)—Net		<u>308,908</u>	<u>140,672</u>
CURRENT OPERATING INCOME (LOSS) INCLUDING OPERATING MTM		8,514	(194,777)
IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS	6, 8, 7	(132,043)	(111,343)
RESTRUCTURING COSTS		(18,165)	(10,334)
ACQUISITION COSTS		-	(914)
GAIN ON DISPOSAL OF ASSETS—Net		<u>67,872</u>	<u>148,843</u>
LOSS FROM OPERATING ACTIVITIES		(73,822)	(168,525)
FINANCIAL EXPENSES		(112,824)	(149,371)
FINANCIAL INCOME		23,138	58,841
COSTS OF LEASE LIABILITY		<u>(58,570)</u>	<u>(8,030)</u>
NET LOSS BEFORE TAX AND EQUITY METHOD		(222,078)	(267,085)
INCOME TAX PROVISION	5	(918)	(109,883)
SHARE OF NET INCOME OF EQUITY METHOD INVESTMENTS	9	<u>76,882</u>	<u>36,209</u>
NET LOSS RELATING TO CONTINUING OPERATIONS		<u>\$ (146,114)</u>	<u>\$ (340,759)</u>
NET INCOME RELATING TO DISCONTINUED OPERATIONS		<u>\$ 32,950</u>	<u>\$ 30,224</u>
NET LOSS		<u>\$ (113,164)</u>	<u>\$ (310,535)</u>
Company share		<u>\$ 267,983</u>	<u>\$ (368,355)</u>
<i>Of which net income/(loss) relating to continuing operations</i>		235,103	(398,616)
<i>Of which net income relating to discontinuing operations</i>		32,880	30,261
Non-controlling interest		<u>\$ (381,147)</u>	<u>\$ 57,819</u>
<i>Of which net (loss)/income relating to continuing operations</i>		(381,217)	57,856
<i>Of which net income/(loss) relating to continuing operations</i>		70	(37)

(1) Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5.

See notes to consolidated financial statements.

ENGIE HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In thousands)

	Notes	2021	2020
NET LOSS		<u>\$ (113,164)</u>	<u>\$ (310,535)</u>
CASH FLOW HEDGES	12	7,608	26,462
COMMODITY CASH FLOW HEDGES		(7)	-
DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	11	(7,168)	2,157
DEFERRED INCOME TAX	5	<u>3,634</u>	<u>(12,512)</u>
OTHER COMPREHENSIVE INCOME		<u>4,067</u>	<u>16,107</u>
TOTAL COMPREHENSIVE LOSS		<u>\$ (109,097)</u>	<u>\$ (294,428)</u>
COMPANY SHARE		<u>\$ 272,050</u>	<u>\$ (352,247)</u>
NONCONTROLLING INTEREST		<u>\$ (381,147)</u>	<u>\$ 57,819</u>

See notes to consolidated financial statements.

ENGIE HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In thousands, except share amounts)

	Number of Shares*	Share Capital	Additional Paid-In Capital	Consolidated Reserves and Net Income	Fair Value Adjustments and Other	Total Shareholder's Equity	Noncontrolling Interests	Total Equity
EQUITY—January 1, 2020	<u>100</u>	<u>\$ -</u>	<u>\$1,833,490</u>	<u>\$ 19,032</u>	<u>\$14,024</u>	<u>\$1,866,546</u>	<u>\$ 6,601</u>	<u>\$1,873,147</u>
Other comprehensive income	-	-	-	-	16,107	16,107	-	16,107
Net (Loss) income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(368,354)</u>	<u>-</u>	<u>(368,354)</u>	<u>57,819</u>	<u>(310,535)</u>
Total comprehensive income	-	-	-	(368,354)	16,107	(352,247)	57,819	(294,428)
Contributions from Parent	-	-	481,864	-	-	481,864	-	481,864
Employee share-based compensation	-	-	2,322	-	-	2,322	-	2,322
Transactions with impact on non-controlling interest ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,375)</u>	<u>-</u>	<u>(89,375)</u>	<u>544,074</u>	<u>454,699</u>
EQUITY—December 31, 2020	<u>100</u>	<u>-</u>	<u>2,317,676</u>	<u>(438,697)</u>	<u>30,131</u>	<u>1,909,110</u>	<u>608,494</u>	<u>2,517,604</u>
Other comprehensive income	-	-	-	-	4,067	4,067	-	4,067
Net (Loss) income	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,982</u>	<u>-</u>	<u>267,982</u>	<u>(381,146)</u>	<u>(113,164)</u>
Total comprehensive income	-	-	-	267,982	4,067	272,049	(381,146)	(109,097)
Contributions from Parent	-	-	744,699	-	-	744,699	-	744,699
Employee share-based compensation	-	-	1,390	-	-	1,390	-	1,390
Transactions with impact on non-controlling interest ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,633)</u>	<u>-</u>	<u>(17,633)</u>	<u>106,636</u>	<u>89,003</u>
EQUITY—December 31, 2021	<u>100</u>	<u>\$ -</u>	<u>\$3,063,765</u>	<u>\$(188,348)</u>	<u>\$34,198</u>	<u>\$2,909,615</u>	<u>\$ 333,984</u>	<u>\$3,243,599</u>

See notes to consolidated financial statements.

(1) Mainly relates to the sale down of the Company's interest in the Jupiter portfolios (see Note 3).

ENGIE HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In thousands)

	2021	2020 ⁽¹⁾
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (113,164)	\$ (310,535)
Net income related to discontinued operations	32,950	30,224
Net loss related to continued operations	(146,115)	(340,759)
Share in net income of equity method investments	(76,882)	(36,209)
Dividends received from equity method investments	54,388	81,862
Depreciation, amortization, and provisions	271,805	154,144
Tax equity amortization	(279,994)	(144,295)
Mark to market on commodity contracts other than trading instruments	1,115,254	125,693
Impairment of property, plant, and equipment and intangibles assets	132,043	111,343
(Gain) Loss on disposal of assets	(11,620)	3,247
(Gain) Loss on sale of subsidiaries	(60,456)	11,468
Gain on sale of equity method investments	-	(164,567)
DBSO development fees	-	(1,176)
Net financial gain	137,911	92,498
Other items with no cash impact	(3,306)	1,357
Income tax provision	918	109,883
Restructuring	10,629	(2,565)
Cash generated from operations before income tax and working capital requirements	1,144,575	1,924
Tax paid	(5,140)	(16,937)
Change in working capital requirements	(297,089)	192,375
Net cash provided by operating activities related to continued operations	842,346	177,362
Net cash (used) provided by operating activities related to discontinued operations	(19,169)	50,836
Net cash provided by operating activities	823,177	228,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of controlling interest in entities, net of cash and cash equivalents acquired	(5,800)	-
Acquisitions of property, plant, and equipment and intangible assets	(1,563,430)	(1,886,027)
Proceeds from sale of subsidiaries	213,727	10,220
Proceeds from sale of equity method investments	-	428,272
Proceeds from sale of property, plant, and equipment and intangible assets	12,375	37,827
Contribution to associate	(292,730)	(291,729)
Tax equity funding excluded from net debt	277,039	1,277,208
Cash equity funding	76,541	464,801
Distributions paid to tax equity partners	(856)	(504)
Change in loans and receivables originated by the group and other	-	39,287
Net cash (used) provided by investing activities related to continued operations	(1,283,134)	79,355
Net cash provided (used) in investing activities related to discontinued operations	-	(13,714)
Net cash (used) provided in investing activities	(1,283,134)	65,641
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings and debt—affiliated company	(1,404,567)	(1,843,729)
Interest paid	(34,916)	(25,961)
Increase in borrowings and debt—affiliated company	1,426,208	1,450,435
Lease principal payments	(37,186)	(42,492)
Deferred financing costs	(9,144)	(24,061)
Contribution from parent	745,111	481,864
Net cash provided (used) in financing activities related to continued operations	685,506	(3,944)
Net cash used in financing activities related to discontinued operations	(4,375)	(4,484)
Net cash provided (used) in financing activities	681,131	(8,428)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	221,174	285,411
Effects of other changes relating to discontinued operations	(56,136)	-
CASH AND CASH EQUIVALENTS—Beginning of year	685,134	399,723
CASH AND CASH EQUIVALENTS—End of year	\$ 850,172	\$ 685,134

⁽¹⁾ Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as “Discontinued operations” in application of IFRS 5.

See notes to consolidated financial statements.

ENGIE HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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1. DESCRIPTION OF BUSINESS

ENGIE Holdings Inc., the Company or ENGIE Holdings or EHI, is a wholly owned subsidiary of ENGIE Energy Services International S.A. (“Parent”), a Belgium company. ENGIE Holdings was formed and incorporated in 2014 in the state of Delaware and name changed from Cofely to ENGIE Holdings on May 17, 2016. The Parent is owned 99.99% by ENGIE Energy Services S.A. (“ENGIE Energy Services”), a French-domiciled company. ENGIE Energy Services is owned 99.99% by ENGIE S.A. (“ENGIE”), a French-domiciled company publicly traded on Euronext Stock Exchange. As ENGIE owned ENGIE Energy Services, it is considered ENGIE Holdings’ ultimate parent (the “Ultimate Controlling Parent”).

The Company has 100 shares of common stock authorized, with 100 shares issued and outstanding. The shares are all owned by the Parent and have no preferences or restrictions.

The Company’s primary subsidiaries and their activities are as follows:

ENGIE Resources, LLC. (“Retail”)—Engaged in the marketing and sale of retail electricity and natural gas to commercial, industrial, and residential customers.

ENGIE Insight Services, Inc. (“Insight”)—Engaged in energy and sustainability management services to utilities and facilities. Management services include energy, water, waste, telecom, lease, and carbon management.

Thermal Generation (“Generation”)—Engaged in owning and operating retail, industrial, and nonutility wholesale power-generating facilities using thermal assets. See Note 21 for the entities included in Generation.

Renewable Generation (“Renewables”)—Engaged in renewable energy generation activities, including financing, construction, operation and maintenance of renewable energy facilities, using various energy sources such as wind and solar. The energy produced is fed into the grid and sold either on the open or regulated market or to third parties through electricity sale agreements. See Note 21 for the entities included in Renewables.

ENGIE Energy Marketing North America, Inc. (“EEMNA”)—Engaged in risk management activities supporting other Company subsidiaries as well as taking trading positions.

ENGIE Services US, Inc. (“ESUS”)—Engaged in comprehensive energy efficiency solutions, sustainability services and facility maintenance, and repair and performance improvement services for public and private sector customers, including educational institutions, state and local governments, health care, commercial, and industrial customers in the United States (“US”).

ENGIE Storage, LLC (“ENGIE Storage”)—Engaged in providing smart grid infrastructure engineering, developing, and operating intelligent systems to accommodate local demand for electricity under existing generation and storage capacity restraints.

ENGIE Cofely Inc. (“Cofely”)—Engaged in construction services relating to mechanical systems in all types of nonresidential facilities and in providing various services relating to the operation and maintenance of facilities. Cofely and its subsidiaries are part of EQUANS, a global multi-technical service leader created in July 1, 2021 as a separate division of ENGIE. These entities were classified under “Assets held for sale” and “Discontinued operations” on November 5, 2021. See Note 21 for the entities included in Cofely.

The Company is headquartered at 1360 Post Oak Blvd., Suite 400, Houston, TX 77056.

On April 29, 2022, the Company's management approved and authorized to issue the consolidated financial statements of the Company for the year ended December 31, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

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- A. **Basis of Presentation**—The Company’s consolidated financial statements have been prepared in accordance with IFRS published by the International Accounting Standards Board (“IASB”) and as adopted by European Union. The policies set out below have been consistently applied to all the years presented. The functional currency of the Company is USD.

The preparation of the Company’s consolidated financial statements requires management to use certain critical accounting estimates and requires management to exercise its judgment in the process of applying the accounting policies. Delineated within the notes are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements (see Note 2D).

IFRS Standards, Amendments or IFRIC Interpretations Applicable in 2021:

Amendments applicable as from 2021 have no impact on the Company’s consolidated financial statements.

Amendments to IFRS 9—Financial Instruments; IAS 39—Financial Instruments: Recognition and Measurement; IFRS 7—Financial Instruments: Disclosures; IFRS 4—Insurance Contracts and IFRS 16—Leases: Interest Rate Benchmark Reform (phase 2).

The IASB issued Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) on August 27, 2020, for annual reporting periods beginning on or after 1 January 2021.

The Company applies the temporary reliefs provided by the IBOR reform Phase 1 amendment, which enables its hedge accounting to continue during uncertainty, before replacing an existing interest rate benchmark with a Risk Free Rate (“RFR”). To determine whether a forecast transaction is highly probable, the reliefs require it to be assumed that the IBOR on which the hedged cash flows are based is not altered due to IBOR reform. The relief ends when the Company judges that the uncertainty arising from IBOR reform is no longer present for the hedging relationships that are referenced to IBORs. The Company believes, consistent with ENGIE Group, the uncertainty will cease on December 31, 2023.

The Company applied IBOR reform Phase 2 amendments for the first time during the year. The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an RFR. The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. IBOR reform Phase 2 requires, as a practical expedient, for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate of interest, provided the transition from IBOR to an RFR takes place on a basis that is “economically equivalent”. To qualify as economically equivalent, the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform. For changes that are not required by IBOR reform, the Group applies judgment to determine whether they result in the financial instrument being derecognized. Therefore, as financial instruments transition from IBOR to RFRs, the Company applies judgment to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Company considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Factors of changes that are economically equivalent include: changing the reference rate from an IBOR to an RFR; changing the reset days between coupons to align with the RFR; adding a fallback to automatically transition to an RFR when the IBOR ceases; and adding a fixed credit spread adjustment based on that calculated by ISDA or which is implicit in the market forward rates for the RFR.

On December 31, 2021, the Company has exposure to LIBOR risk that it manages through its equity-accounted partnerships and its wholly-owned subsidiaries. There were no interest rate swaps or debt amounts that had transitioned to an RFR. Thus, the Company has made no amendments to the underlying hedge documentation

Amendments to IFRS 16—Leases: Covid-19-related rent concessions beyond June 30, 2021.

IFRIC Decision on Configuration or Customization Costs in a Cloud Computing Arrangement—IAS 38

In its March 2021 agenda decision, the IFRS Interpretations Committee (IFRIC) clarified the accounting treatment of configuration and customization costs for software in a SaaS (Software as a Service) arrangement. According to the IFRIC, some of these costs should be recognized as an expense (and not as an intangible asset). The Company has identified the main projects related to the implementation of software in a SaaS arrangement for which costs have been recognized as intangible assets. The Company has recognized no intangibles write offs as of the year ended December 31, 2021.

IFRS Standards and Amendments Applicable in 2020:

Amendments applicable as from 2020 have no impact on the Company's consolidated financial statements.

Amendments to IFRS 3—Business Combinations: Definition of a Business

Amendments to IAS 1—Presentation of Financial Statements and IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material;

Amendments to IFRS 9—Financial Instruments; IAS 39—Financial Instruments: recognition and measurement; IFRS 7—Financial Instruments: Disclosures—Interest Rate Benchmark Reform;

Amendments to IFRS 16—Leases: COVID-19-related rent concessions.

IFRS Standards, Amendments or IFRIC Interpretations Applicable in 2022 and the Company has Elected not to Early Adopt:

- Amendments to IAS 16—Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 1—Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current.
- Amendments to IAS 37—Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract.
- Annual improvements to IFRSs—2018-2020 cycle.
- IFRS 17—Insurance Contracts (including amendments).
- Amendments to IAS 1—Presentation of Financial Statements and the Materiality Practice Statement: Disclosure 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.

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

- B. **Principles of Consolidation**—The consolidation methods used by the Company consist of the full consolidation method and the equity method. The Company assesses the extent of its control or influence over each of its investee's operating and financing policies, taking into account the guidance contained in IFRS 10, Consolidated Financial Statements; IAS 28, Investments in Associates; IFRS 11, Joint Arrangements; and IFRS 12, *Disclosure of Interests in Other Entities*.

B.1 Subsidiaries—Subsidiaries are all entities over which the Company exercises control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which the Company obtains control. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealized gains on transactions between companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred between companies. The accounting policies of the Company's

subsidiaries have been changed, where necessary, to ensure consistency with the accounting policies adopted by the Company.

B.2 Associates and Joint Ventures—The equity method is used for all associate companies over which the Company exercises significant influence or joint ventures over which the Company shares joint control. In accordance with this method, the Company recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated statements of income under share in net income of equity method investments.

When the Company's share of losses, including any other unsecured receivables, in an entity accounted for using the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the entity. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

A list of the fully consolidated companies, together with investments accounted for by the equity method, is presented in Note 21.

B.3 Non-Controlling Interests—The Company presents the financial information of the subsidiaries that are less than wholly-owned in Non-Controlling interests (NCI) in the statements of financial position and statements of income. Net Income/loss attributable to NCI is primarily related to Jupiter Equity Holding LLC ("JEH") in 2020 and 2021. The losses attributable to JEH is primarily the result of renewable generation partnerships that recorded unrealized losses on economic commodity hedges on short net positions in an environment of sharply increasing commodity prices.

A list of the fully consolidated companies, together with the Company's interest's, is presented in Note 21.

- C. **Business Combinations**—The Company applies the acquisition method as defined in IFRS 3, *Business Combinations* (revised), allowing a choice on a transaction-by-transaction basis for the measurement of noncontrolling interests at the date of acquisition either at fair value or at the noncontrolling interests' share of recognized identifiable net assets of the acquirer. The recognition and subsequent accounting requirements for contingent consideration are measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss. This change also requires the recognition of a settlement gain or loss when the business combination in effect settles a preexisting relationship between the Company and the acquiree. Acquisitions require related costs to be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.
- D. **Use of Estimates**—The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of certain assets and liabilities, the disclosure of certain contingent assets and liabilities at the date of the consolidated financial statements, and certain revenues and expenses reported during the period. Estimates are evaluated on an ongoing basis utilizing historical experience, consultation with outside advisors, and other methods considered reasonable in the particular circumstances. Although these estimates are based on

management's best available knowledge at the time, due to uncertainties inherent in the estimation process, actual results may differ from those estimates. The effects of revisions to estimates are recognized when the facts that give rise to the revision become known.

The estimates used in preparing the Company's consolidated financial statements primarily relate to:

- The measurement of provisions, particularly discounting obligations, disputes, and postemployment benefit obligations
- The measurement of provisions specifically related to the cost of sales
- Measurement of the recoverable amount of goodwill; intangible assets; and property, plant, and equipment
- Certain financial instrument and derivative valuations
- Measurement of costs to complete construction contracts
- Measurement of capitalized tax loss carryforwards
- Unbilled revenue
- Allowance and ECL

D.1 Provision Estimates—Provision estimates with parameters having a significant influence on the amount of provisions include expenditure timing, the discount rate applied to future cash flows, and the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate at the current time.

D.2 Recoverable Amount of Property, Plant, and Equipment and Intangible Assets, Including Goodwill—The recoverable amount of property, plant, and equipment; goodwill; and intangible assets is based on estimates and assumptions regarding future cash flows and the market outlook associated with the assets. Changes in these estimates and assumptions may result in the requirement to recognize an impairment of the carrying amount.

D.3 Financial Instruments and Derivative Valuation—The Company uses valuation techniques to determine the fair value of financial instruments that are not actively listed on a market. Changes in the assumptions used in valuation techniques could have a material impact on the resulting calculation.

D.4 Costs to Complete Construction Contracts—For each period, the percentage of completion method is used on a cumulative basis based upon current estimates of contract costs. Changed estimates are used in determining the amount of expenses recognized in profit or loss for the period during which the change is made, as well as in subsequent periods. Contract costs include costs directly related to the contract, costs attributable to the contract activity in general and which can be allocated to the contract, as well as all other costs, which are specifically chargeable to the customer under the terms of the contract.

D.5 Tax Loss Carryforwards—Deferred tax assets are recognized on tax loss carryforwards when it is probable that taxable profit will be available against which the tax loss carryforwards can be utilized. As a result of the 2017 Tax Cut and Jobs Act (the "Act"), beginning after the December 31, 2017, tax year, limitations on net operating loss ("NOL") deductions will be limited to 80% of taxable income,

requiring amounts carried to other years to be adjusted to account for these limitation on losses. The Act further eliminates NOL carrybacks and will allow for the indefinite carry forward of unused NOLs. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed into law on March 27th, 2020, temporarily removed the taxable income limitation to allow the NOL carryforward to fully offset income for 2018, 2019 and 2020 years. Starting in 2021, taxpayers are able to deduct 100% of pre-2018 NOLs and 80% of modified taxable income for NOLs arising in tax years after 2017.

Based on management assumptions of future profitability and the ability to indefinitely carryforward NOLs, management assumes that full utilization of the loss carryforwards will not occur, and as a result, a valuation allowance has been established against the net deferred tax asset in 2020.

D.6 Assets from Contracts with Customers—The Company recognizes assets from contracts with customers for the sale of goods when the revenue can be reliably estimated, the costs incurred or to be incurred with respect to the transaction can be measured reliably, and it is probable that the associated future economic benefits will flow to the Company. When the outcome of a transaction resulting from the rendering of services can be estimated reliably, the revenue is recognized based on the stage of completion. The outcome of the transaction can be estimated reliably if the amount of revenue can be measured reliably, the stage of completion can be reliably measured, and if it is probable that the economic benefits associated with the transaction will flow to the Company. If it is not possible to reliably measure these items, no revenue is recognized in excess of the recoverable costs. Methods used to estimate the stage of completion include determining work performed or costs incurred to date as a percentage of total services to be performed or total estimated costs incurred, as well as other methods.

D.7 Allowance and ECL—Trade and other receivables and contract assets are tested for impairment in accordance with the provisions of IFRS 9 on expected credit loss (“ECL”). The impairment model for financial assets is based on the ECL model. To calculate expected losses, the Company uses a matrix approach (Collective approach) for trade receivables and contract assets, for which the change in credit risk is monitored on a portfolio basis. An individual approach (Individual approach) is used for large customers and other large counterparties, for which the change in credit risk is monitored on an individual basis.

- E. **Cash and Cash Equivalents**—Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and other short-term and highly liquid investments where the risk of a change in value is deemed to be negligible based on the criteria set out in IAS 7, *Statement of Cash Flow*. Bank overdrafts are included in short-term borrowings in the consolidated statements of financial position. Collateral cash is included in cash and cash equivalents.

Cash Pool Arrangement—The Company addresses cash flow needs by participating in a cash pool arrangement with ENGIE Treasury Management (“ETM”), a related party. The terms of the cash pool arrangement are determined by ETM. This arrangement provides the Company’s subsidiaries wholly owned nonunion and nonproject companies with excess cash the ability to temporarily loan funds into the cash pool so that subsidiaries in need of funds can temporarily borrow from the pool. Pooling occurs first among the Company’s subsidiaries and then with an affiliate of the Parent. Interest is earned at the London InterBank Offered Rate (“LIBOR”), plus forty-two basis points (“bps”) if the Company is a net lender to the pool; and paid at LIBOR, plus thirteen bps if the Company is a net borrower from the pool. The Company had a net receivable balance of \$110.9 million and \$179 million at December 31, 2021 and 2020, respectively. Cash pooling activities are included in loans and receivables at amortized cost (excluding trade and other receivables)—net on the

statements of financial position. The cash pool arrangement was extended on December 19, 2018, for an indefinite period.

- F. **Inventories**—Inventories are measured at the lower of cost or net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory that is not expected to be used in one year is shown as property, plant, and equipment.

Since emission rights are consumed in the production process, they are classified as inventory. Emission rights purchased in the market are recognized at acquisition cost. Solar panels are purchased to be resold to customers, therefore, they are included in inventory. Batteries are purchased and sold to predetermined customers within one year, therefore, they are included in inventory.

- G. **Financial Instruments, Derivatives, and Risk Management**—The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments and derivatives are recognized and measured in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32") and IFRS 9, *Financial Instruments*. Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company no longer has the rights to cash flows, the risk, and rewards of ownership or control of the asset. Financial liabilities are derecognized when the obligation under the liability is discharged, canceled, or expires. Financial instruments are initially measured at fair value and are either measured at amortized cost using the effective interest method, fair value through profit or loss, or other comprehensive income. The classification of the financial assets depends on whether the financial asset is held in a business model whose objective is to collect contractual cash flows, are solely linked to principal and interest or not.

G.1 Financial Assets—Financial assets are composed of loans and receivables carried at amortized cost, debt instruments at fair value through other comprehensive income, trade and other receivables, assets from contracts with customers and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and noncurrent assets in the consolidated statements of financial position. The current assets primarily include assets with a settlement within 12 months of the consolidated statement of financial position date.

G.2 Financial Liabilities—Financial liabilities include borrowings from affiliated companies, tax equity liabilities, trade and other payables, derivative financial instruments, liabilities from contracts with customers, and other financial liabilities. Financial liabilities are broken down into current and noncurrent liabilities in the consolidated statements of financial position. Current financial liabilities primarily include:

- Financial liabilities with a settlement or maturity date within 12 months of the consolidated statements of financial position date
- Financial liabilities in respect of which the Company does not have an unconditional right to defer settlement for at least 12 months after the consolidated statements of financial position date

- Financial liabilities held primarily for trading purposes
- Commodity derivatives with a settlement or maturity date within 12 months of the consolidated statements of financial position date

Borrowings are measured at amortized cost; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the consolidated statements of income over the period of the borrowings using the effective interest method (“EIM”).

G.3 Tax Equity Liabilities—The Company raises tax equity project financing whereby it sells tax credits and other attributes available generated by the project to a tax equity partner in exchange for funding that earns a preferred return over a time period until the “flip date.” The Company treats payments it receives from the tax equity partner as a financial liability under IAS 32 measures that liability at amortized cost under IFRS 9. Since The Company primarily repays the tax equity liability with tax benefits rather than cash payments, tax equity does not represent a financial debt. Therefore, the Company accounts for tax equity in “Other liabilities”. The carrying amount of this liability decreases as non-cash tax benefit attributes and dividends are transferred to the tax partner until its target rate of return is reached. The Company recognizes Investment Tax Credits (ITCs) in profit and loss on a systematic basis over 5 years and recognizes Production Tax Credits on a systematic basis over ten years. The Company recognizes the unwinding of the tax equity discount as a financial expense.

G.4 Definition and Scope of Derivative Instruments—Derivative instruments are contracts (i) whose value changes in response to the change in one or more variables, (ii) that do not require any material initial net investment, and (iii) that are settled at a future date.

Derivative instruments include Virtual Power Purchase Agreements (“VPPAs”), swaps, options, futures and swaptions, forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell nonfinancial assets that involve physical delivery of the underlying commodity. Electricity and natural gas purchase and sale contracts are analyzed systematically to determine whether they arose in the ordinary course of business, whereby they may not fall within the scope of IFRS 9.

The first step of determining whether a physically settling derivative instrument falls within the scope of IFRS 9 consists of demonstrating that the contract was entered into and continues to be held for the purpose of a purchase or sale with physical delivery of the underlying commodity in accordance with the Company’s expected sale or usage requirements in the foreseeable future in the ordinary course of its operations.

The second step is to demonstrate that the Company has no practice of settling similar contracts on a net basis. Forward purchases or sales with physical delivery of the underlying commodity that are carried out with the sole purpose of balancing the Company energy volumes are not considered by the Company as contracts that are settled net because the contract is not negotiated with the aim of realizing financial arbitrage, and the contract is not equivalent to a written option. The Company distinguishes between contracts that are equivalent to capacity sales and transactions that are equivalent to written financial options, which are accounted for as derivative instruments. Capacity sales are electricity sales allowing the buyer a certain degree of flexibility concerning the volumes delivered in relation to the buyer’s ordinary operations.

Only contracts that meet all of the above conditions in steps one and two are considered as falling outside the scope of IFRS 9.

G.5 Derivative Instruments Not Qualifying for Hedge Accounting—These derivative instruments are typically used in economic hedges that have not been, or are no longer, documented as hedging relationships for accounting purposes. When a derivative instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in earnings. Physically settled derivatives are classified under “Purchases and commodity hedges” and “Revenue/Loss from other contracts” line of the consolidated statements of income, respectively depending on if it’s a buy or sale trade. Financially settled derivatives are classified within “purchases and commodity” line within the consolidated statements of income. Non-commodity derivatives are classified in financial income or financial expense within the income statement.

Derivative instruments used by the Company in connection with energy trading on behalf of customers and other derivatives expiring in less than 12 months are recognized in the consolidated statements of financial position in current assets and current liabilities. Derivative instruments classified as energy trading are recorded net in revenue in the consolidated statements of income.

G.6 Embedded Derivatives—An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract, whereby the effect of a portion of the cash flows of the combined instrument vary similarly to a stand-alone derivative. The Company’s contracts that typically contain embedded derivatives are contracts with clauses or options affecting the contract price, volume, or maturity. This is primarily the case with contracts for the purchase or sale of nonfinancial assets, whose price is revised based on an index, the exchange rate of a foreign currency, or the price of an asset other than the contract’s underlying.

Embedded derivatives are not separated if the host contract is an asset within the scope of IFRS 9. If the host contract is not an asset within the scope of IFRS 9, embedded derivatives are separated from the host contract and accounted for as derivatives when:

- (i) The hybrid instrument is not measured at fair value through income
- (ii) If separated from the host contract, the embedded derivative fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date)
- (iii) Its characteristics are not closely related to those of the host contract

The analysis of whether or not the host contract is an asset within the scope of IFRS 9, and whether or not the characteristics of the derivative are closely related to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statements of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

G.7 Hedging Instruments: Recognition and Presentation—Derivative instruments qualifying as hedging instruments are recognized in the consolidated statements of financial position and measured at fair value. The accounting treatment for these instruments varies according to whether they are classified as (i) a fair value hedge of an asset or liability or an unrecognized firm commitment, (ii) a cash flow hedge, or (iii) a hedge of a net investment in a foreign operation.

G.8 Fair Value of Financial Instruments and Derivatives—The Company’s financial instruments consist primarily of cash and cash equivalents, securities held where the business model is to collect contractual cash flows and selling the financial assets, trade receivables, trade payables, borrowings from affiliated companies, securities held where the business model is to collect contractual cash flows and selling the financial assets client fund obligations, commodity instruments, VPPAs and other financial obligations. The book values of cash and cash equivalents, trade receivables and payables, client fund obligations and other financial obligations are representative of their respective fair values due to the short-term nature of these instruments. The fair value of debt is discussed in Note 11.3. The fair value of derivative instruments and available-for-sale securities is discussed in Note 11.4.

The Company classifies the fair value measurements in its consolidated financial statements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy splits measurements into three levels. Level 1 includes only those fair value measurements that are taken directly from unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Finally, Level 3 inputs are those that are not based on observable market data.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in profit or loss on initial recognition (i.e., day one profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price. That is, the Company defers the day one profit or loss with an inception reserve. After initial recognition, the deferred gain or loss will be released to profit or loss on a systematic and rationale basis. For inception reserves that relate to VPPAs, the release of the inception reserves commences on the Commercial Operations Date (“COD”) of that specific wind or solar asset

VPPAs include both Renewable Energy Certificates (“RECs”) and a financially settled power position. As the unit of account under IFRS 9 is at the contract level, the entire contract is classified and measured at fair value through profit or loss. VPPAs are long-dated instruments that include significant unobservable pricing and volume assumptions. The inputs and valuation assumptions for these instruments are discussed under Note 11.4.

G.9 Presentation of Derivative Instruments—For derivative instruments that are classified as portfolio management, the Company has a policy of netting the derivative balances on the balance sheet by the unit of account, counterparty, commodity, and delivery month. The net balances that are in and out of the money are classified as assets and liabilities, respectively on the balance sheet.

For derivative instruments that are classified as trading, the Company has a policy of netting the derivative balances by the unit of account, counterparty, and commodity as a current asset or liability on the balance sheet.

- H. **Debt Instruments at Fair Value through Other Comprehensive Income**—Debt instruments at Fair Value through other comprehensive income is classified as such because the asset is held within a business model whose objective is to collect both contractual cash flows and selling financial assets.

Debt instruments at fair value through other comprehensive income is determined using the weighted average cost formula. These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost, plus transaction costs.

At each reporting date, debt instruments at fair value through other comprehensive income are measured at fair value. Fair value is determined based on the quoted market price at the reporting date. Changes in fair value are recorded directly in other comprehensive income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment loss to be recognized. In this case, the loss is recognized in income under "Impairment losses." Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

- I. **Property, Plant, and Equipment**—Property, plant, and equipment are stated at cost and include all expenditures necessary to prepare an asset for operation, including qualifying interest incurred during the construction period, less subsequent depreciation and impairment, except for land, which is shown at cost, less impairment. In accordance with IAS 16, *Property, Plant, and Equipment* ("IAS 16"), the initial cost of an item of property, plant, and equipment, includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component (see Note 14). Property, plant, and equipment acquired by financing leases are valued at the lower of market value or the present value of the related minimum lease payments.

Right-of-use assets are also presented within the property, plant, and equipment—net line of the consolidated statement of financial position. These include lease contracts where the Company acts as a lessee and exclude short-term and low-value leases. Right-of-use assets are initially measured at cost, and are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term. In that case the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as that used for property, plant, and equipment.

In accordance with the components approach, each significant component of an item of property, plant, and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Depreciation is computed using straight-line methods over the following estimated useful lives of the assets:

	Main Depreciation Period (Years)	
	Minimum	Maximum
Plant and equipment:		
Generating plants and equipment:		
General component (engineering, steam turbines and boiler, gas turbines, etc.)	15	50
Turbine and rotor blades	4	30
IT equipment	3	5
Motor vehicles	2	10
Foundation and structures	20	40
Other property, plant, and equipment	2	30
Leasehold improvements	Lease term	
Office equipment	2	30

The Company has acquired renewable platforms with the intention to employ the “Design, Build, Sell, & Operate (“DBSO”)” and the “Design, Build, Own, & Operate” (“DBOO”)” business models. Under both models, the Company designs, builds, and operates renewable projects. Under the DBSO model the Company sells and cedes unilateral control over the projects at the commercial operating date. Under the DBOO model, the Company continues to control the projects, consolidating them within the financials. Capitalized costs associated with these projects are included within construction in progress, and therefore are not depreciated.

The Company applies IAS 23, *Borrowing Costs*, as amended, whereby borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Costs incurred in connection with acquisition or development efforts are expensed until such time as the Company determines that it is probable the project will be acquired or developed. Once it is determined that acquisition or development of a project is probable, certain incremental costs related to the project are capitalized. The Company reviews these costs periodically and, if it is determined that a project has no future economic benefit, these costs are expensed or impaired.

The Company has entered into various long-term service and warranty agreements, whereby it pays a periodic fee for routine maintenance, major maintenance, and replacement of specific parts covered under the various agreements. The fees paid under these agreements that relate to parts and major maintenance are recorded as a prepaid expense and included in other current assets in the consolidated statements of financial position until the maintenance is performed, at which time they are reclassified to property, plant, and equipment. If major maintenance services are performed for an amount above the prepaid balance, a liability is recorded for that payable due and is included in trade and other payables in the consolidated statements of financial position. Fees related to routine maintenance are expensed when incurred.

- J. **Impairment of Property, Plant, and Equipment and Intangible Assets, Including Goodwill**—In accordance with IAS 36, *Impairment of Assets* (“IAS 36”), impairment tests are carried out on items of property, plant, and equipment and intangible assets when there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment or

on internal sources of information. Items of property, plant, and equipment and intangibles are tested for impairment at the level of the cash-generating unit ("CGU") or individual asset, as determined in accordance with IAS 36.

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. An asset's recoverable amount is the higher of its fair value, less costs to sell, or its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used, including:

- a. Discount rates based on the specific characteristics of the operating entities concerned; and
- b. The terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

Upon recognition of an impairment loss, the depreciable amount, and possibly the useful life of the property, plant, and equipment item, is revised. Impairment losses are recorded in the impairment of property, plant, and equipment and intangible assets line in the consolidated statements of income.

Impairment losses recorded in relation to property, plant, and equipment and intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior periods.

- K. **Goodwill**—The Company accounts for acquired goodwill in accordance with IFRS 3 and subsequently accounts for goodwill in accordance with IAS 38, *Intangible Assets*. Goodwill is measured as the excess of the aggregate of (1) the consideration transferred; (2) the amount of a noncontrolling interests in the acquiree; and (3) in a business combination achieved in stages, the acquisition-dated fair value of the previously held equity interest in the acquiree; over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill recognized on the acquisition date cannot be subsequently adjusted. Goodwill relating to interests in associate companies is recorded under equity method investments in the consolidated statements of financial position. Goodwill is not amortized, but tested for impairment each year, or more frequently, where indicators of impairment are identified. Impairment losses on goodwill cannot be reversed and are shown under impairment of property, plant, and equipment and intangible assets in the consolidated statements of income. Impairment losses on goodwill relating to equity method investment companies are reported under share of net income of equity method investments in the consolidated statements of income.
- L. **Intangibles**—The Company carries intangible assets at cost, less any accumulated amortization and any accumulated impairment losses. Intangible assets may be internally developed, acquired from third parties, or acquired as part of a business combination. Intangible assets are initially measured at cost. Internally generated intangible costs include all directly attributable production costs

necessary to create, produce, and prepare the asset to be capable of operating in the intended manner. The useful life of an intangible may be finite or indefinite. When there is no foreseeable limit to the period in which the intangible is expected to generate net cash inflows, the useful life is qualified as indefinite. Intangibles with finite lives are amortized. The amortization method used is that which is consistent with the pattern in which the asset's future economic benefits are expected to be consumed. The useful lives of intangibles utilized by the Company include five years for software and 1–40 years for other intangibles.

- M. **Revenue Recognition**—Beginning January 1, 2018, the Company segregated revenue between revenues from contracts with customers and revenues from other contracts.

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15. Revenues are recognized when the customer obtains control of goods or services promised in the contract for the amount of consideration to which an entity expects to be entitled in exchange for those promised goods or services. The Company applied the following revenue recognition principles by performing a contractual analysis of the its sale contracts.

Gas, Electricity, and Other Energies—Revenues from sales of gas, electricity, and other energies are recognized upon delivery to the retail, business, or industrial customer.

Power deliveries are monitored in real time or on a deferred basis for those customers whose energy consumption is metered during the accounting period, in which case the portion of not yet metered revenues “in the meter” is estimated on the closing date.

Gas, Electrical, and Other Energy Infrastructures—Revenues derived by gas and electricity infrastructure operators upon providing transportation or distribution or storage capacities, are recognized on a straight-line basis over the contract term. An analysis of the energy sales contracts where the Company acts as an energy provider (supplier) without being in charge of its distribution or transportation and of the related regulatory frame is carried out to determine whether the distribution or transportation services invoiced to the customers have to be excluded from the revenue recognized under IFRS 15.

Judgment may be exercised by the Company for this analysis in order to determine whether the energy provider acts as an agent or a principal for the gas or electricity distribution or transportation services re-invoiced to the customers. The main criteria used by the Company to exercise its judgment and conclude that the energy provider acts as an agent of the infrastructure operator are: who is primarily responsible for fulfillment of the distribution or transportation services, does the energy provider have the ability to commit to capacity reservation contracts towards the infrastructure operator, and to what extent does the energy provider have discretion in establishing the price for the distribution or transportation services.

Construction, Installation, Operations, and Maintenance (“O&M”), Facility Management (“FM”), and Other Services—Constructions and installation contracts mainly concern assets built on the premises of customers such as energy-efficiency assets. The related revenues are usually recognized according to the percentage of completion on the basis of the costs incurred.

O&M contracts generally require the Company to perform services ensuring the availability of assets generating energy. These services are performed over time, and the related revenues are recognized according to the percentage of completion on the basis of the costs incurred.

FM generally involves managing and integrating a great number of different services, outsourced by the customers. The consideration due to FM suppliers can either be fixed or variable depending on the number of hours or on another indicator, regardless of the nature of the services provided. Hence, the related revenues are recognized according to the percentage of completion on the basis of the costs incurred or of the number of hours performed.

Assets from contracts with customers are accrued each month based on services provided to each customer, but not invoiced. The Company believes that the estimates and assumptions utilized to recognize revenues are reasonable and represent our best estimates. Actual results may differ from those estimates.

Non-IFRS 15 revenues are presented on a separate line of the consolidated statements of income. They include the following items:

- Proprietary trading transactions and energy trading carried out on behalf of customers, shown on a net basis after netting sales and purchases;
- Lease or concession income, as well as any financing component of operational services.

N. **Liabilities from Contracts with Customers**—The Company receives advance payments for service maintenance contracts. Those payments relate to revenue that has not yet been earned by the Company and is reflected on the consolidated statements of financial position in other current liabilities and other noncurrent liabilities.

O. **Income Taxes**—The Company computes taxes in accordance with prevailing tax legislation in the countries where the income is taxable.

In accordance with IAS 12, *Income Taxes*, deferred taxes are recognized in accordance with the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax basis, using tax rates that have been enacted by the consolidated statements of financial position date. No deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible or from the initial recognition of an asset or liability in a transaction, which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting nor taxable income. In addition, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except if the Company is able to control the timing of the temporary difference reversal, and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company included within the consolidated statements. Deferred taxes are presented in assets or liabilities for their net amount by tax jurisdiction by tax entity.

Deferred taxes are reviewed at each consolidated statements of financial position date to take into account factors including the impact of tax law changes and the prospects of recovering deferred tax assets arising from deductible temporary differences.

In June 2017, IFRIC 23 was issued, clarifying the accounting for uncertainties in income taxes. The Company applies the provision of IFRIC 23 to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019.

P. **Consolidated Statements of Cash Flows**—The consolidated statements of cash flows are prepared using the indirect method starting from net income. “Interest received on noncurrent assets” is classified within investing activities because it represents a return on investments. “Interest received on cash and cash equivalents” is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Company’s internal organization, where debt and cash are managed centrally by the treasury department. As impairment losses on current assets are considered definitive losses, changes in current assets are presented net of impairment. Cash flows relating to the payment of income tax are presented on a separate line of the consolidated statements of cash flows.

Q. **Provisions**—The Company records a provision where it has a present obligation (legal or constructive), the settlement of which is more likely than not to result in an outflow of resources, and the amount can be reliably estimated.

Q.1 Asset Retirement Obligations (“ARO”)—The Company accounts for ARO in accordance with IAS 16, and IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”). In accordance with IAS 37, the Company records the fair value of an ARO as a liability in the period in which it incurs a legal obligation for the retirement of tangible long-lived assets, coupled with a corresponding asset that is depreciated over the life of the asset. In accordance with IFRIC 1, *Changes in Decommissioning, Restoration and Similar Liabilities*, after the initial measurement of the ARO, the liability will be adjusted, or accreted, during each reporting period to reflect changes in the estimated future cash flows underlying the obligation (see Note 14).

Q.2 Postemployment Benefit Obligations and Other Long-Term Employee Benefits—The Company’s obligations in relation to pension and other employee benefits are recognized and measured in compliance with IAS 19, *Employee Benefits*. Accordingly, the cost of defined contribution plans is expensed based on the amount of contributions payable in the period. The Company’s obligations concerning defined benefit plans are assessed on an actuarial basis using the projected unit credit method. Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are recognized directly in equity and are shown in the consolidated statements of comprehensive income or loss. In the case of the multiemployer pension plans held by the Company, the relevant institutions do not provide sufficient information to apply defined benefit accounting and, therefore, these plans are accounted for as if they were defined contributions plans.

Q.3 Reserves—Environmental—Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. The amount recorded for environmental reserves represents management’s best estimate of the liability.

Q.4 Onerous Contracts—A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Q.5 Restructuring—A provision for restructuring costs is recorded in compliance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* when the general criteria for setting up a provision are met, i.e., when the Company has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Q.6 Warranties—The Company's obligations in relation to warranties are recognized in compliance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The obligation is measured based upon analysis of historical activity and adjusted annually, or more frequently if deemed necessary.

Q.7 Litigations—Contingencies include outstanding lawsuits or claims for possible damages to third parties in the ordinary course of the Company's business, as well as third-party claims arising from disputes concerning legislative interpretation. Such contingent liabilities are assessed by the Company's management based on available evidence and legal opinion.

- R. **Leases**—In accordance with IFRS 16, the Company recognizes a right-of-use asset and a corresponding lease liability with respect to contracts considered as a lease in which the Company acts as lessee, except for leases with a term of 12 months or less ("short-term leases"), and leases for which the underlying asset is of a low value ("low-value asset"). Payments associated with these leases are recognized on a straight-line basis as expenses in profit and loss. The lease contracts in the Company mainly concern real estate, land easements, LNG carrier vessels, vehicles, and other equipment. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. This rate is calculated based on the Company's incremental borrowing rate adjusted in accordance with IFRS 16, taking into account (i) the economic environment of the subsidiaries, and in particular their credit risk, (ii) the currency in which the contract is concluded, and (iii) the duration of the contract at inception (or the remaining duration for contracts existing upon the initial application of IFRS 16). The methodology applied to determine the incremental borrowing rate reflects the profile of the lease payments (duration method).

The lease term is assessed, including whether a renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised, on a case-by-case basis. The lease term is reassessed if a significant event or a significant change in circumstances that is within the control of the lessee occurs and may affect the assessment made. In determining the enforceable period of a lease, the Company applies a broad interpretation of the term penalty and takes into consideration, not only contractual penalties arising from termination, but also ancillary costs that could arise in case of an early termination of the lease.

- S. **Share-Based Payments**—Under IFRS 2, *Share-based Payment* ("IFRS 2"), share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded. Share-based payments are equity-settled instruments. The Company does not have its own share-based compensation plan, but participates

in the plans of the Ultimate Controlling Parent. As the shares are granted by our Ultimate Controlling Parent, the Company follows IFRS 2 guidance regarding group share transactions.

S.1 Share Appreciation Rights—Share appreciation rights (“SARs”) are granted with certain employee share purchase plans. SARs are settled in cash. Their fair value is expensed over the vesting period of the rights, with an offsetting entry recorded in employee-related liabilities. Changes in the fair value of the liability are charged to income for each period.

S.2 Shares Granted to Employees—The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividends are payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that ENGIE will meet its performance targets. The fair value measurement also takes into account the period during which the employee cannot transfer or dispose of the shares. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

S.3 Employee Share Purchase Plans—ENGIE’s corporate savings plans enable employees to subscribe to shares at a lower-than-market price. The fair value of instruments awarded under employee share purchase plans is estimated at the grant date based on this discount awarded to employees and the period during which the employee cannot transfer or dispose of the shares. The cost of employee share purchase plans is recognized in full and offset against equity.

- T. **Held for Sale and Discontinued Operations**—In accordance with IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, assets or groups of assets held for sale are presented separately on the face of the statement of financial position and are measured and accounted for at the lower of their carrying amount and fair value less costs to sell.

An asset is classified as “held for sale” when its sale is highly probable within twelve months from the date of classification, when it is available for immediate sale under its present condition and when management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. To assess whether a sale is highly probable, the Company takes into consideration among other things indications of interest and offers received from potential buyers as well as specific execution risks attached to certain transactions.

Furthermore, assets or group of assets are presented as discontinued operations in the Company’s consolidated financial statements when they are classified as “held for sale” and represent a separate major line of business under IFRS 5.

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

EQUANS encompasses ENGIE’s multi-technical services for companies worldwide: design, engineering, works, operation, installation, maintenance, FM, etc.

EQUANS was classified under “Assets held for sale” and “Discontinued operations” on November 5, 2021. This assumption was based on the firm and binding sale option signed on November 5, 2021,

and on the nature of the conditions precedent to be met at the date of receipt of the offer. The impact of this classification on the Company's consolidated financial statements was as follows:

- assets held for sale and the associated liabilities are identified separately from other assets and liabilities in the statement of financial position at December 31, 2021, but the statement of financial position at December 31, 2020 has not been reclassified;
- from the date of classification as "Assets held for sale", these assets are no longer depreciated;
- net income generated in 2021 is presented on a single line of the income statement entitled "Net income relating to discontinued operations". The comparative income statement data for 2020 has been reclassified in accordance with IFRS 5 (*see Note 2 "Reclassified of 2020 Comparative Data"*);
- no reclassification was needed for the comparative consolidated statements of comprehensive income in accordance with IFRS 5
- net cash flows from operating, investing and financial activities attributable to discontinued operations are presented on separate lines of the Company's statement of cash flows for 2021. The comparative cash flow data for 2020 has been reclassified in accordance with IFRS (*see Note 2 "Reclassified of 2020 Comparative Data"*).

Given the expected capital gain from the disposal, no value adjustment has been recorded. The transaction is expected to close in the second half of 2022.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2021
Intangible assets—net	\$ 49,623
Goodwill	194,933
Property, plant, and equipment—net	34,829
Equity method investments	20
Other financial assets	1,810
Deferred tax assets	3,990
Assets from contracts with customers	121,666
Trade and other receivables	345,807
Inventories	6,968
Other current assets	8,293
Cash and cash equivalents	<u>75,780</u>
 Total assets classified as held for sale	 <u>843,719</u>
 Provisions	 1,200
Borrowings	11,982
Liabilities from contracts with customers	80,369
Deferred tax liabilities	3,447
Trade and other payables	121,760
Other current liabilities	<u>59,783</u>
 Total liabilities associated with assets classified as held for sale	 <u>278,542</u>
 Net assets of disposal group	 <u><u>\$ 565,177</u></u>

Reclassification of 2020 Comparative Data

The previously published financial statements presented hereafter have been reclassified to take into account the presentation in the financial statements at December 31, 2020 (the statement of income and statement of cash flows) of EQUANS activities held for sale as discontinued operations insofar as they represent a separate major line of business within the meaning of IFRS 5—Non-current assets held for sale and discontinued operations.

ENGIE HOLDINGS INC. AND SUBSIDIARIES

RECLASSIFIED CONSOLIDATED STATEMENTS OF INCOME AS OF DECEMBER 31, 2020 (In thousands)

	Audited 12/31/2020	IFRS 5	Reclassified 12/31/2020
Revenues from contracts with customers	\$ 4,386,967	\$ (1,345,735)	\$ 3,041,232
Loss from other contracts	<u>(255)</u>	<u>-</u>	<u>(255)</u>
Revenues	4,386,712	(1,345,735)	3,040,977
Purchases and commodity hedges	(3,488,343)	687,828	(2,800,515)
Personnel costs	(1,012,118)	590,351	(421,767)
Depreciation, amortization and provision	(175,539)	21,395	(154,144)
Other operating income—net	<u>139,120</u>	<u>1,552</u>	<u>140,671</u>
Current operating income/(loss) including operating mtm	(150,168)	(44,609)	(194,778)
Mark-to-market on commodity contracts other than trading instruments	-	-	-
Impairments of property, plant and equipment, goodwill, and intangible assets	(111,343)	-	(111,343)
Restructuring costs	(10,863)	529	(10,334)
Acquisition costs	(914)	-	(914)
Gain (loss) on disposal of assets	<u>149,095</u>	<u>(252)</u>	<u>148,843</u>
Loss from operating activities	<u>(124,193)</u>	<u>(44,332)</u>	<u>(168,526)</u>
Financial expenses	(155,673)	6,302	(149,371)
Financial income	65,495	(6,654)	58,841
Cost of lease liabilities	<u>(8,406)</u>	<u>376</u>	<u>(8,030)</u>
Net financial loss	<u>(98,584)</u>	<u>24</u>	<u>(98,560)</u>
Net loss before tax and equity method investment income	(222,777)	(44,308)	(267,086)
Income tax provision	(123,980)	14,097	(109,883)
Share of net income/(loss) of equity method investments	<u>36,222</u>	<u>(13)</u>	<u>36,209</u>
Net loss relating to continuing operations	(310,535)	(30,224)	(340,760)
Net income relating to discontinued operations	<u>-</u>	<u>30,224</u>	<u>30,224</u>
Net loss	<u>\$ (310,535)</u>	<u>\$ -</u>	<u>\$ (310,536)</u>
Company share	<u>\$ (368,354)</u>	<u>\$ -</u>	<u>\$ (368,355)</u>
Of which Net Income/(loss) relating to continuing operations, Company share	<u>\$ (368,354)</u>	<u>\$ (30,262)</u>	<u>\$ (398,616)</u>
Of which Net Income/(loss) relating to discontinuing operations, Company share	<u>\$ -</u>	<u>\$ 30,261</u>	<u>\$ 30,261</u>
Non-controlling interest	<u>\$ 57,819</u>	<u>\$ -</u>	<u>\$ 57,819</u>
Of which Net Income/(loss) relating to continuing operations, Company share	<u>\$ 57,819</u>	<u>\$ 37</u>	<u>\$ 57,856</u>
Of which Net Income/(loss) relating to discontinuing operations, Company share	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ (37)</u>

ENGIE HOLDINGS INC. AND SUBSIDIARIES

RECLASSIFIED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 (In thousands)

	Audited 12/31/2020	IFRS 5	Reclassified 12/31/2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (310,535)	\$ -	\$ (310,535)
Net income related to discontinued operations	-	30,224	30,224
Net loss related to continued operations	(310,535)	(30,224)	(340,759)
Share in net income of equity method investments	(36,222)	13	(36,209)
Dividends received from equity method investments	82,098	(236)	81,862
Depreciation, amortization, and provisions	175,539	(21,395)	154,144
Tax equity amortization	(144,295)	-	(144,295)
Mark to market on commodity contracts other than trading instruments	125,693	-	125,693
Impairment of property, plant, and equipment and intangibles assets	111,343	-	111,343
Loss on disposal of assets	3,247	-	3,247
Loss on sale of subsidiaries	11,468	-	11,468
Gain on sale of equity method investments	(164,567)	-	(164,567)
DBSO development fees	(1,176)	-	(1,176)
Net financial loss	92,249	249	92,498
Other items with no cash impact	1,357	-	1,357
Income tax provision	123,980	(14,097)	109,883
Restructuring	(3,318)	753	(2,565)
Cash generated from operations before income tax and working capital requirements	66,861	(64,937)	1,924
Tax paid	(16,937)	-	(16,937)
Change in working capital requirements	178,274	14,101	192,375
Net cash provided by operating activities related to continued operations	228,198	(50,836)	177,362
Net cash provided by operating activities related to discontinued operations	-	50,836	50,836
Net cash provided by operating activities	228,198	-	228,198
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of controlling interest in entities, net of cash and cash equivalents acquired	(3,440)	3,440	-
Acquisitions of property, plant, and equipment and intangible assets	(1,896,620)	10,593	(1,886,027)
Proceeds from sale of subsidiaries	10,220	-	10,220
Proceeds from sale of equity method investments	428,272	-	428,272
Proceeds from sale of property, plant, and equipment and intangible assets	38,369	(542)	37,827
Contribution to associate	(291,952)	223	(291,729)
Tax equity funding excluded from net debt	1,277,208	-	1,277,208
Cash equity funding	464,801	-	464,801
Distributions paid to tax equity partners	(504)	-	(504)
Change in loans and receivables originated by the group and other	39,287	-	39,287
Net cash used in investing activities related to continued operations	65,641	13,714	79,355
Net cash used in investing activities related to discontinued operations	-	(13,714)	(13,714)
Net cash used in investing activities	65,641	-	65,641
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings and debt—affiliated company	(1,843,729)	-	(1,843,729)
Interest paid	(25,961)	-	(25,961)
Increase in borrowings and debt—affiliated company	1,450,435	-	1,450,435
Lease principal payments	(46,976)	4,484	(42,492)
Deferred financing costs	(24,061)	-	(24,061)
Contribution from parent	481,864	-	481,864
Net cash used in financing activities related to continued operations	(8,428)	4,484	(3,944)
Net cash used in financing activities related to discontinued operations	-	(4,484)	(4,484)
Net cash used in financing activities	(8,428)	-	(8,428)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	285,411	-	285,411
CASH AND CASH EQUIVALENTS—Beginning of year	399,723	-	399,723
CASH AND CASH EQUIVALENTS—End of year	\$ 685,134	\$ -	\$ 685,134

3. SIGNIFICANT EVENTS

Genbright LLC—On May 10, 2019, ENGIE Generation North America LLC (“Engie Generation”), an indirect wholly owned subsidiary of the Company, acquired 100% of the issued and outstanding membership interest of Genbright LLC (“Genbright”) for [REDACTED]. Genbright is a Massachusetts-based battery energy wholesale market participation management company. The acquisition allows the Company to leverage off Genbright’s knowledge and experience in other ISO markets to allow for expansion into new markets, as well as utilize their software platform to create an integrated demand response offering.

The following table shows the fair values of the identifiable assets and liabilities acquired (in thousands):

	2019 Preliminary	2020 Updates	2020 Finalized
Cash and cash equivalents	\$ 723	\$ (404)	\$ 319
Trade & other receivables	61	-	61
Property, plant & equipment	51	-	51
Goodwill	5,794	1,907	7,701
Other assets	-	405	405
Total assets acquired	<u>6,629</u>	<u>1,908</u>	<u>8,537</u>
Trade & other payables	366	(289)	77
Liabilities from contracts with customers	168	-	168
Other liabilities	<u>735</u>	<u>2,197</u>	<u>2,932</u>
Total liabilities acquired	<u>1,269</u>	<u>1,908</u>	<u>3,177</u>
Net assets acquired	<u>\$ 5,360</u>	<u>\$ -</u>	<u>\$ 5,360</u>

Purchase price allocation finalization impacts resulted in an increase in goodwill of \$1.9 million, with a corresponding increase to liabilities.

Genbright was fully consolidated, and the results have been included in the consolidated financial statements since May 10, 2019, the date on which we acquired control. Acquisition-related costs of \$18 thousand were expensed and included in the acquisition costs line of the consolidated statements of income. Goodwill of [REDACTED] was recognized on the acquisition, being the excess of the purchase consideration over the fair value of the net assets acquired as set out above. Goodwill recognized relates to new customer growth and expected synergies, primarily related to Genbright’s software platform and its value added for Engie Storage. \$[REDACTED] of goodwill recognized is deductible for tax purposes. The contribution to revenue and net loss from the date of acquisition through December 31, 2019, was \$1.3 million and \$498 thousand, respectively.

Conti—On June 21, 2019, ECS, a wholly owned subsidiary of the Company, executed an Equity Purchase Agreement (“EPA”) to acquire 100% of the equity interest of Conti Service, LLC (“Conti Service”), ION Electric, LLC (“ION”), Indicon LLC (“Indicon”) and their respective wholly owned subsidiaries, (Conti Service, ION and Indicon, collectively, “Conti”) for cash of [REDACTED]. The closing date of the transaction was July 5, 2019, and the Company funded the transaction with a capital contribution of [REDACTED] from ENGIE Energy Services International. Conti is a leading multi-trade contractor with

comprehensive capabilities across renewable energy, electrical contracting, technology, mechanical contracting, fire suppression, HVAC, and street lighting construction.

The following table shows the fair values of the identifiable assets and liabilities acquired (in thousands):

	2019 Preliminary	2020 Updates	2020 Finalized
Cash and cash equivalents			
Trade & other receivables			
Assets from contracts with customers			
Inventories			
Property, plant & equipment			
Software			
Intangibles			
Goodwill			
Other assets			
Total assets acquired			
Trade & other payables			
Liabilities from contracts with customers			
Employee-related payables			
Other liabilities			
Provision for onerous contracts			
Total liabilities acquired			
Net assets acquired			

As a result of the finalization of purchase price allocations during the year, intangibles valuation increased by [REDACTED], assets from contracts with customers decreased by [REDACTED] million, and goodwill increased by [REDACTED]. Liabilities from contracts with customers also increased by \$ [REDACTED] and provisions for onerous contracts increased by \$ [REDACTED].

Conti was fully consolidated, and the results have been included in the consolidated financial statements since July 5, 2019, the date on which the Company acquired control. Acquisition-related costs included advisory services and transaction costs of \$4 million which were expensed and included in the acquisition costs line of the consolidated statements of income. Goodwill of [REDACTED] was recognized on the acquisition. Goodwill recognized primarily relates to Conti's established customer base, strong presence with excellent reputation in key markets, and the benefit of expected synergies. [REDACTED] of goodwill recognized is deductible for tax purposes. The contribution to revenue and net income from the date of acquisition through December 31, 2019, was \$297 million and \$12.6 million, respectively. The contribution to revenue and net income would have been \$533.7 million and \$20.6 million, respectively, had the effects of the acquisition been reflected as of January 1, 2019.

Alabama Decatur, LLC—Alabama-Decatur Energy, LLC ("Alabama-Decatur") owned and operated an energy plant for the production of steam, chilled water, and compressed air to support launch vehicle production at the manufacturing facility of United Launch Alliance, LLC ("ULA"). On December 31, 2019, Alabama-Decatur entered into a Termination Agreement with ULA to terminate previous service agreements, as well as sell certain assets comprising of the energy plant. ULA paid a \$3 million

termination fee to Alabama-Decatur, and Alabama-Decatur disposed of \$4.3 million worth of assets. On January 1, 2020, a new seven-year Operations & Maintenance agreement was entered into between Alabama-Decatur and ULA.

University of Iowa—On December 10, 2019, ENGIE North America, along with its partner, were awarded a 50-year concession valued at more than \$1 billion to address the University of Iowa’s energy, water, and sustainability goals for two campuses spanning 1,700 acres in Iowa City. Under this agreement, ENGIE will operate, maintain, optimize, and improve the on-campus utility systems for the University of Iowa. Financial close occurred on March 10, 2020. The Company funded \$ [REDACTED] for the transaction, receiving an equity contribution of [REDACTED] from its Parent and a [REDACTED] million loan from ENGIE CC. The partnership is jointly controlled by Engie and its partner and, therefore is accounted for as an equity investment.

Michigan Biomass Plants Divestiture—On December 31, 2019, ENGIE Generation North America LLC signed a Membership Interest Purchase Agreement (“MIPA”) for the sale of Viking Energy of Lincoln LLC (“Lincoln”) and Viking Energy of McBain LLC (“McBain”), two Michigan biomass plants. Financial close of the sale took place on March 16, 2020, for a gain of [REDACTED]. The companies were sold for aggregate proceeds of [REDACTED].

Astoria Energy LLC (“Astoria I”) and Astoria Energy II LLC (“Astoria II”)—On January 16, 2020, Suez Energy Astoria, LLC and Suez Energy Astoria II, LLC, along with its partners, signed Purchase and Sale Agreements (“PSA”) to sell its equity investments in Astoria Project Partners LLC, in which the Company owned 44.8%, and Astoria Project Partners II LLC, in which the Company owned 27.5%. The investments were assessed to be treated as Held-for-Sale at that time. Financial close for the transactions took place on June 18, 2020 for a gain of [REDACTED] and aggregate proceeds of [REDACTED].

New England Biomass Plants Divestiture—On February 18, 2020, ENGIE Generation North America LLC signed a Membership Interest Purchase Agreement (“MIPA”) for the sale of 100% of the membership interests of Pinetree Power LLC (“Bethlehem”), Pinetree Power Tamworth LLC (“Tamworth”), and Pinetree Power Fitchburg, LLC (“Fitchburg”) for a purchase price of [REDACTED] plus the settlement of working capital. On May 18, 2020, ENGIE Generation North America LLC signed an Equity Purchase Agreement (“EPA”) for the sale of its 66.89% partnership interests in Ryegate Associates for a purchase price of [REDACTED]. Financial close of the sale of the four New England based biomass plants took place on August 12, 2020 for a total loss of [REDACTED] and aggregate proceeds of [REDACTED].

Coors Nations Sale—On May 20, 2020, Colorado Energy Nations Company LLC (“Colorado Energy Nations”) entered into a PSA to sell its project assets. Financial close of the transaction took place on September 15, 2020 for a loss of \$ [REDACTED]. The Company will continue to operate the facility under a long-term O&M agreement.

ENGIE Jupiter Holdings LLC—On April 8, 2020, the Company achieved financial close on Tax Equity financing with [REDACTED] of commitment on its portfolio of 11 wind and solar projects, including cash funding of \$ [REDACTED] for the East Fork and Jumbo Hill Wind projects which reached commercial operation in March of 2020.

Other tax equity funding received during the year included [REDACTED] for Triple H and King Plains on November 25, 2020, [REDACTED] for Anson on December 3, 2020, [REDACTED] for Prairie Hill on December 17, 2020, [REDACTED] for Las Lomas on December 30, 2020, and [REDACTED] on October 8, 2020 and [REDACTED] on December 31, 2020 for Long Draw Solar.

Tax equity funding received during 2021 included [REDACTED] on April 1, 2021 and [REDACTED] on May 5, 2021 for Bluestone Solar, [REDACTED] for Dakota Range III on May 7, 2021, and [REDACTED] on September 22, 2021 and [REDACTED] on December 22, 2021 for Whitehorn Solar.

Cash equity funding received during the year included \$ [REDACTED] for Long Draw on October 2, 2020, [REDACTED] for Triple H and King Plains on November 20, 2020, [REDACTED] for Anson on November 30, 2020, [REDACTED] for Prairie Hill on December 16, 2020, and \$ [REDACTED] for Las Lomas on December 30, 2020. Cash equity funding received during the year included [REDACTED] for Bluestone on April 1, 2021, [REDACTED] million for Dakota Range III on May 7, 2021, and [REDACTED] million for Whitehorn on September 22, 2021.

As a result, tax equity liabilities were recognized and amortized according to the established effective interest method (“EIM”) under IFRS. As of December 31, 2020, the outstanding tax equity liability was [REDACTED], and income recognized for the year was \$68.4 million. On July 2, 2020, the Company sold a 49% equity interest in the portfolio, retaining control, and recorded a non-controlling interest of [REDACTED]. As of December 31, 2021, the outstanding tax equity liability was \$ [REDACTED], and income recognized for the year was \$280 million.

SolaireDirect North America Corporation (“SolaireDirect”)—On January 1, 2021, Drakensberg Capital 1 SA, a related party, sold one hundred percent of the outstanding shares of SolaireDirect North America Corporation, a Delaware corporation, to ENGIE North America Inc., a Delaware corporation for [REDACTED].

Winter Storm Uri—In February 2021, the U.S. experienced an unprecedented winter storm, Winter Storm Uri. The storm brought extreme cold temperatures to the central U.S., including Texas. This severe weather resulted in surging demand for power, gas supply shortages, operational challenges for generators, and a significant load shed event that was ordered by ERCOT beginning on February 15, 2021, through February 18, 2021.

Winter Storm Uri resulted in temporary interruption of operations from several of the Company’s wind turbine farms.

Uplift Securitization Proceeds Receivable from ERCOT—During the period from February 12, 2021, to February 19, 2021, load-serving market participants were charged for Ancillary Services in excess of the system-wide offer cap. Further, it was deemed that the Reliability Deployment Price Adder (“RDPA”) was inappropriately deployed beyond the period in which load was shed for reliability purposes by ERCOT. These two sources of excess payments have been deemed to be outside the intention of the Electric Reliability Council of Texas (“ERCOT”) Tariff and have been deemed uplift payments. As part of the 2021 regular Texas legislative sessions and in response to extraordinary costs incurred by electricity market participants during Winter Storm Uri, the Texas legislature passed House Bill (HB) 4492 for ERCOT to obtain financing to distribute to load-serving entities (“LSEs”) that were uplifted and paid to ERCOT exceptionally high price adders and ancillary service costs during Winter Storm Uri. In October 2021, the Power Utility Commission of Texas (“PUCT”) issued a Debt Obligation Order approving \$2.1 billion financing and the methodology for allocation of proceeds to the LSEs.

In December 2021, ERCOT finalized the amount of allocations to the LSEs and notified Engie Resources, LLC (“Engie Resources”) and Engie Retail LLC that the reimbursement they will receive will total [REDACTED], of which [REDACTED] will have to be refunded to transmission customers. Accordingly, Engie Resources and Think Energy recorded a combined [REDACTED] reduction in expense on December 31, 2021. Based upon participation in the ERCOT stakeholder process as well as on

external legal advice, ENGIE has determined that the reimbursement does not represent a liability or other form of indebtedness to the Company. The proceeds are expected to be received from ERCOT in the second quarter of 2022, and the Company concluded that the threshold for recognizing a receivable was met in December 2021 as the amounts to be received were determinable and ERCOT was directed by its governing body, the PUCT, to take all actions required to effectuate the \$2.1 billion funding approved in the Debt Obligation Order. Thus, ENGIE Resources and Think recorded the receivables and expense reduction on December 31, 2021.

Georgetown University (“University”) on March 18, 2021, ENA, through its wholly owned subsidiary, Georgetown Energy Partners Holdings, LLC (“GEPH”), created Georgetown Energy Partners (“GEP”), a project company. On July 1, 2021, ENA sold 50% of its stake to [REDACTED] for [REDACTED]. The Company accounted for its interest in GEPH using the equity method. Total net income of \$2.5 million related to this investment was recorded under share in net income of equity method investments on the consolidated statements of income. A decrease in Goodwill of [REDACTED] was recognized during the sell down, and recorded a gain on sale of \$57.7 million.

GEP entered into a 50-year Long Term Lease and Concession Agreement (“LTLC”) with Georgetown University on March 31, 2021, to operate and maintain all of the electric, steam, and condensate hot water, sterilization, natural gas, chilled water and associated central assets serving the primary and downtown campuses. This also includes utility and energy services to the Jesuit Community, the Georgetown University Medical Center, and MedStar Georgetown University Hospital, and repair, maintenance, and replacement of the tunnels.

The goal of the University is to enhance its energy sustainability goals by improving energy efficiency, modernizing the University’s building and physical infrastructure, and reducing greenhouse gas emissions.

Waterbury Generation LLC. Divestiture—On March 31, 2021, ENGIE North America (“ENA”) through its wholly owned subsidiary, Firstlight Waterbury Holdings, Inc., and MPH Waterbury, LLC signed a Membership Interest Purchase Agreement (“MIPA”) for the sale of Waterbury Generation LLC for a total sales price of \$[REDACTED], allocated goodwill of [REDACTED] to sale, and recorded a gain on sale of [REDACTED].

Mercury Project—The Mercury Project includes the development of a 65MW solar project in North Carolina. The project is owned by Hawtree Creek Farm Solar LLC (“Hawtree”), which is 100% owned by Mercury Solar Holdco LLC (“Holdco”).

On July 30, 2021, a tax equity investor (“Class A Member”) entered into an Equity Capital Contribution Agreement (“ECCA”) with Holdco and Mercury Solar Class B Member (“Class B Member”) to raise tax equity proceeds in return for all of the Class A Interests in Holdco. The raising of tax equity took place in two tranches: first at Hawtree’s mechanical completion for [REDACTED] on July 30, 2021 and (ii) at substantial completion for [REDACTED] on November 10, 2021. On July 30, 2021, Class A Member and Class B Member entered into an Amended and Restated Limited Liability Company Agreement (“LLCA”) that establishes a contractual relationship between both Members.

Also, on July 30, 2021, Holdco and Hawtree each signed an Asset Management Agreement (“AMA”) with ENGIE Renewable Services LLC (“ERS”), a related party, in which both Holdco and Hawtree appointed ERS as the Asset Manager. ERS provides administrative and financial, legal, regulatory and government services to these entities under AMAs. On the same day, Hawtree signed an Operations and Maintenance Agreement (“O&M”) with ERS, where Hawtree appointed ERS as Operator of the entity.

Under O&M, ERS provides operation and maintenance services necessary to operate and maintain the Hawtree project, as well as any development and construction management services for Hawtree's capital improvements.

Freeport Power Limited ("FPL")—On November 11, 2021, FPL and Dow Chemical Company (Dow) entered into an Amended and Restated Omnibus Agreement whereby the parties agreed to a 10-year extension of FPL's obligation to supply and for Dow to operate and purchase 100% of the power and steam from Dow's Oyster Creek site at the chemical complex near Freeport, TX. FPL derecognized its existing finance lease of [REDACTED] and recognized a new finance lease of [REDACTED], resulting in a modification gain of [REDACTED]. ENGIE Holdings Inc., through its combined businesses and subsidiaries, recognized its 50% share of the [REDACTED] modification gain.

4. REVENUES

- a. **Revenues**—The Company's revenues for the years ended December 31, 2021 and 2020, are as follows (in thousands):

	2021
Revenues:	
Electricity and thermal	\$ 2,685,264
Natural gas	424,224
Service and other	131,785
Construction and O&M services	<u>452,269</u>
Revenues from contracts with customers	3,693,542
Revenues from other contracts	<u>1,215,504</u>
Total revenues	<u><u>\$ 4,909,046</u></u>
	2020 ⁽¹⁾
Revenues:	
Electricity and thermal	\$ 2,341,796
Natural gas	333,496
Service and other	108,276
Construction and O&M services	<u>257,664</u>
Revenues from contracts with customers	3,041,232
Revenues from other contracts	<u>(255)</u>
Total revenues	<u><u>\$ 3,040,977</u></u>

- ⁽¹⁾ Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5.

- b. **Trade and Other Receivables, Assets from Contracts with Customers**—The Company's trade and other receivables and assets from contracts with customers for the years ended December 31, 2021 and 2020, are as follows (in thousands):

	2021		
	Noncurrent	Current	Total
Trade and other receivables	\$ 28,763	\$ 555,830	\$ 584,593
of which IFRS 15	28,763	275,981	304,744
of which non-IFRS 15	-	279,849	279,849
Assets from contracts with customers	-	358,370	358,370

	2020		
	Noncurrent	Current	Total
Trade and other receivables	\$ 2,353	\$ 772,198	\$ 774,551
of which IFRS 15	2,353	577,363	579,716
of which non-IFRS 15	-	194,835	194,835
Assets from contracts with customers	-	500,591	500,591

The ECL on trade and other receivables and contract assets amounted to \$38.8 million and \$17.8 million in December 31, 2021 and 2020, respectively. Current assets from contracts with customers include accrued income and unbilled revenues of \$358.4 million and \$500.6 million at December 31, 2021 and 2020, respectively.

- 4.3 **Liabilities from Contracts with Customers**—The Company's liabilities from contracts with customers for the years December 31, 2021 and 2020, are as follows (in thousands):

	2021		
	Noncurrent	Current	Total
Liabilities from contracts with customers	<u>\$ 50,118</u>	<u>\$ 100,612</u>	<u>\$ 150,730</u>

	2020		
	Noncurrent	Current	Total
Liabilities from contracts with customers	<u>\$ 7,311</u>	<u>\$ 148,346</u>	<u>\$ 155,657</u>

Current liabilities from contracts with customers are completely made up of deferred revenues at December 31, 2021 and 2020.

- 4.4 **Revenues Relating to Performance Obligations Not Yet Satisfied**—Revenues relating to performance obligations only partially satisfied at December 31, 2021, amounted to \$828.9 million. They mainly concern ESUS and entities owned by ECS. ECS entities are part of EQUANS sale, see Note 2. These entities handle a large number of construction, installation, and maintenance contracts under which revenues are recognized over time.

5. INCOME TAXES

5.1.1 Breakdown of Income Tax Expense—Income tax expense for 2021 and 2020 consisted of the following (in thousands):

	2021	2020 ⁽¹⁾
Current	\$ (8,116)	\$ (10,163)
Deferred	<u>9,034</u>	<u>120,046</u>
Income tax expense	<u>\$ 918</u>	<u>\$ 109,883</u>

⁽¹⁾ Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as “Discontinued operations” the application of IFRS 5.

Current income tax expense includes \$1.6 million and \$0.2 million relating to unrecognized tax benefits in both 2021 and 2020.

5.1.2 Reconciliation to Theoretical Income Tax Expense—A reconciliation between the theoretical income tax expense (benefit) and the Company’s actual income tax expense (benefit) is presented below (in thousands):

	2021	2020 ⁽¹⁾
Computed “expected” tax expense at 21%	\$ (23,572)	\$ (38,599)
Increase (decrease) in income taxes resulting from:		
State and local income taxes—net of federal benefit	28,292	(8,202)
Revisions in estimates of deferred taxes	(18,077)	9,825
Impact of other permanent differences	6,974	534
Goodwill impairment	-	7,166
Goodwill allocated to dispositions	-	26,301
Tax equity permanent difference	67,808	(48,744)
Change in tax reserves	(1,563)	(209)
Minority interest	80,041	(12,142)
Tax attributes	(22,508)	(27,179)
EQUANS discontinued operations	(8,922)	(15,736)
Unrecognized deductible temporary differences	(109,468)	216,842
Other	<u>1,913</u>	<u>26</u>
Provision for income taxes	<u>\$ 918</u>	<u>\$ 109,883</u>

⁽¹⁾ Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as “Discontinued operations” the application of IFRS 5.

In 2021, the effective tax rate increased primarily due to reduction in unrecognized deductible temporary differences, increase in generated tax credits, and due to revisions in estimates of deferred taxes. The effective tax rate decreased due to impact of permanent differences related to Tax Equity partnership inside/outside basis differences and increase in deferred state taxes.

Unrecognized Deductible Temporary Differences—The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The Company concluded that it is not probable that ENGIE Holdings Inc. has sufficient taxable temporary differences in its federal and state jurisdictions which will result in taxable amounts against its unused net operating losses and tax credits. The Company has estimated that the excess of deferred tax liabilities over recognizable deferred tax assets as of December 31, 2021, to be \$14.9 million. Based on this evaluation, as of December 31, 2021, a reduction in unrecognized deductible temporary differences of \$109 million has been recorded to derecognize the deferred tax asset.

In 2020, the effective tax rate increased primarily due to impact of permanent differences related to nondeductible goodwill write off on dispositions and decreased due to Tax Equity partnership inside/outside basis differences.

5.1.3 Deferred Tax Expense by Nature—Impacts on the consolidated statements of income for the years ended December 31, 2021 and 2020, are as follows (in thousands):

	2021	2020
Deferred tax assets:		
Loss carryforwards	\$ -	\$ (60,726)
Depreciation	50,363	(9,180)
Accruals and allowances	87,010	(9,148)
Derivative Instruments	(66,342)	46,438
Intangibles	23,349	(4,285)
Tax attributes, including 163j, Sec. 45 credits, and other credits	-	(39,619)
Other	<u>17,193</u>	<u>482</u>
Deferred tax assets	<u>111,573</u>	<u>(76,038)</u>
Deferred tax liabilities:		
Depreciation	-	-
Investments in partnerships	(97,178)	32,024
Intangibles	2,950	(2,950)
Right of use assets	(10,394)	14,907
Other liabilities	210,367	27
Derecognized deferred tax asset	<u>14,862</u>	<u>-</u>
Deferred tax liabilities	<u>120,607</u>	<u>44,008</u>
Net deferred tax expense (benefit)	<u>\$ 9,034</u>	<u>\$ 120,046</u>

5.2 Income Taxes Recorded Directly into Equity—At December 31, 2021 and 2020, changes in deferred taxes recognized directly into equity resulted from cash flow hedges, debt instruments at fair value through other comprehensive income, and other actuarial gains are as follows (in thousands):

	2020	Change	2021
Cash flow hedges	<u>\$ 1,688</u>	<u>\$ 3,634</u>	<u>\$ 5,322</u>

5.3 Deferred Income Taxes—Analysis of the net deferred tax position recognized in the consolidated statements of financial position at December 31, 2021 and 2020 (before netting of deferred tax assets and liabilities by tax entity), by type of temporary difference is as follows (in thousands):

	2021	2020
Deferred tax assets:		
Depreciation	\$ 103,483	\$ 53,120
Accruals and allowances	113,311	26,301
Derivative instruments OCI	-	67,462
Intangibles	23,349	-
Other	<u>19,864</u>	<u>2,672</u>
Gross deferred tax assets	<u>260,007</u>	<u>149,555</u>
Deferred tax liabilities:		
Intangibles	-	2,950
Investments in partnerships	(39,184)	(136,362)
Derivative instruments	(212,246)	-
Other liabilities	(4,064)	(1,236)
Right of use assets	(4,513)	(14,907)
Derecognized deferred tax asset	<u>(14,862)</u>	<u>-</u>
Gross deferred tax liabilities	<u>(274,869)</u>	<u>(149,555)</u>
Net deferred tax asset	<u>\$ (14,862)</u>	<u>\$ -</u>

The Company has a total of \$70 million in deferred tax assets in respect of credit carryforwards and \$187 million of loss carryforwards at December 31, 2021, that are presented net of unrecognized tax benefits. The Company has concluded that there is not strong evidence that its deferred tax assets will be realized in the foreseeable future. As a result, the Company derecognized deferred tax assets recorded for loss carryforwards and tax credits. The Company believes its deferred tax liabilities will offset the remaining deferred tax assets in the foreseeable future and derecognized deferred tax assets to the extent of its deferred tax liabilities. The Company has estimated the excess of deferred tax liabilities over recognizable deferred tax assets to be \$14,862K as of December 31, 2021.

Deferred taxes are reported in the consolidated statements of financial position as of December 31, 2021, and 2020, as (in thousands):

	2021	2020
Deferred tax assets:		
Noncurrent deferred income tax asset	\$ -	\$ 516
Noncurrent deferred income tax liability	<u>(14,862)</u>	<u>(516)</u>
Net deferred tax liability	<u>\$ (14,862)</u>	<u>\$ -</u>

The Company is in a net DTA position in most jurisdictions. The deferred tax asset was not recognized because The Company has cumulative losses over a three-year period and cannot demonstrate that it will use its NOLs and tax attributes in the foreseeable future. The Company has estimated the excess of deferred tax liabilities over recognizable deferred tax assets to be \$14.8 million as of December 31, 2022.

5.4.1 Deductible Temporary Differences Not Recognized in the Consolidated Statement of Financial Position—The expiration dates for the not recognized tax benefits at December 31, 2021, are presented as follows (in thousands):

Expiration Year	2022	2023	2024	2025	2026	After 2026 or w/o Expiration	Total
Federal NOL	\$ -	\$ -	\$ -	\$ -	\$ -	\$(161,113)	\$(161,113)
State NOL	-	-	-	-	-	(25,467)	(25,467)
Federal & state tax attributes and tax credits	-	-	-	-	-	(70,081)	(70,081)
Accrued expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,668</u>	<u>127,668</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(128,993)</u>	<u>\$(128,993)</u>

5.4.2 Uncertain Tax Positions—A reconciliation of the Company's uncertain tax positions as of December 31, 2021 and 2020, is as follows (in thousands):

	Unrecognized Tax Benefits
Balance—January 1, 2020	\$ 1,832
Increase for tax position in 2020	368
Decrease for positions expired	<u>(637)</u>
Balance—December 31, 2020	1,563
Decrease for positions expired	<u>(1,563)</u>
Balance—December 31, 2021	<u>\$ -</u>

Tax contingency reserves for uncertain tax positions are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. During 2021 the reserve related to Research and Development credits on prior federal returns was released.

6. INTANGIBLE ASSETS

The Company's intangible assets as of January 1, 2020, December 31, 2020 and 2021, were as follows (in thousands):

	Software	Client Relationships	Customer Contracts	Other	Total
Gross book value—January 1, 2020	\$ 198,579	\$ 115,797	\$ 242,937	\$ 18,742	\$ 576,055
Additions	63,972	(152)	32,884	(825)	95,879
Disposals	(12,277)	-	-	-	(12,277)
Divestiture of Biomass Plants		-		-	
Acquisitions	-	1,750	-	-	1,750
Transfers	(4,022)	1,565	-	12,550	10,093
Gross book value—December 31, 2020	245,650	118,960	275,506	30,467	670,583
Additions	53,098	-	31,956	4,278	89,332
Disposals	(21,614)	(1,889)	(8,500)	(47)	(32,050)
Transfer to "Assets classified as held for sale and discontinued operations"	(832)	(78,208)	(91)	(2)	(79,133)
Transfers	(7,611)	5,139	(4,197)	13,657	6,988
Gross book value—December 31, 2021	<u>\$ 268,691</u>	<u>\$ 44,002</u>	<u>\$ 294,674</u>	<u>\$ 48,353</u>	<u>\$ 655,720</u>
Accumulated amortization—January 1, 2020	\$ (74,100)	\$ (29,911)	\$ (126,154)	\$ (14,050)	\$ (244,215)
Disposals	11,552	-	-	-	11,552
Charge for year	(19,609)	(13,180)	(45,901)	(2,020)	(80,710)
Transfers	353	-	(1,879)	-	(1,526)
Divestiture of Biomass Plants		-		-	
Impairment	29	-	-	(9,622)	(9,593)
Accumulated amortization and impairment—December 31, 2020	(81,297)	(43,091)	(173,620)	(25,692)	(323,700)
Disposals	20,710	1,889	8,500	47	31,146
Charge for year	(23,587)	(11,936)	(47,917)	(2,980)	(86,420)
Transfers	-	-	(459)	-	(459)
Transfer to "Assets classified as held for sale and discontinued operations"	241	29,223	44	1	29,509
Impairment	(5,008)	-	-	(5,294)	(10,302)
Accumulated amortization and impairment—December 31, 2021	<u>\$ (88,941)</u>	<u>\$ (23,915)</u>	<u>\$ (213,452)</u>	<u>\$ (33,918)</u>	<u>\$ (360,226)</u>
Carrying amount:					
January 1, 2020	\$ 124,479	\$ 85,886	\$ 116,783	\$ 4,692	\$ 331,840
December 31, 2020	164,353	75,869	101,886	4,775	346,883
December 31, 2021	179,750	20,087	81,222	14,435	295,494

The Company's intangible assets have finite lives as they are related primarily to customer contracts and software. They are amortized on a straight-line basis over the terms of the respective intangibles, which range from 2.5 to 30 years.

Customer contracts include acquired customer contracts and costs to acquire. Software development includes both software that is in development and in service. Other mainly includes operating and maintenance contracts and project acquisition costs.

Changes during 2020 included \$64 million of software additions primarily related to increased software development costs of which \$29.2 million pertained to Insight, \$18.4 million pertained to Engie Resources, \$9.7 million pertained to Engie North America, and \$3.5 million pertained to Engie Storage Services NA, offset by amortization charged during the year. Additions of \$32.9 million associated with costs to obtain customer contracts were also recognized, primarily related to \$30.8 million of additions for Resources, offset by amortization charged during the year. Net transfers of \$8.6 million for the year primarily related to \$9.6 million of development costs transferred into Other Intangibles within Renewables, which was ultimately impaired during 2020 as a result of the write-off of certain development projects that were considered no longer viable. Net disposals of \$725 thousand for the year were recognized by Insight for abandoned internally developed software assets.

Changes during 2021 included \$53 million of software additions primarily related to increased software development costs of which \$28.3 million pertained to Insight, \$8.6 million pertained to Engie Resources, \$7.9 million pertained to Engie North America, and \$5.9 million pertained to Engie Storage Services NA, offset by amortization charged during the year. Additions of \$31.9 million associated with costs to obtain customer contracts were also recognized, primarily related to \$28.7 million of additions for Resources, offset by amortization charged during the year. \$904 thousand of net intangibles were also disposed of during 2021, \$784 thousand of which primarily related to ENA's disposal of internally developed software.

As a result of impairment testing, the Company recognized \$10.3 million of impairment in 2021. Of this impairment, ENGIE IR Holdings recorded \$5.3 million of impairment to intangible in progress mainly due to write-off of certain development projects that were considered no longer viable and book value remaining on East Fork that was not pushed into the partnership upon contribution. Also, Engie Resources wrote off \$5 million of customizations of its Salesforce.com software that it no longer intends to use.

Amortization expense for intangible assets for the years ended December 31, 2021 and 2020, was \$86.4 million and \$80.7 million, respectively.

7. GOODWILL

Goodwill is the cost of a business combination over the Company's interest in the fair value of identifiable assets, liabilities, and contingent liabilities at the acquisition date. Goodwill is tested for impairment each year as of June 30, and as needed upon review of triggering events. As of December 31, 2020, an impairment of \$34.1 million was recorded in relation to Fenix.

The Company's goodwill as of January 1, 2020, December 31, 2020 and 2021, was as follows (in thousands):

At January 1, 2020	\$ 923,079
Sale—Lincoln and McBain	
Sale—New England Biomass Plants	
Sale—Astoria	
Sale—Solar Projects to Fund IV	
Impairment—Fenix	(34,126)
Finalized 2019 Acquisitions PPA	
At December 31, 2020	771,645
Sale—Partial investment in Georgetown Energy Partners Holding, LLC	
Sale—Waterbury Generation LLC	
Changes in scope of Consolidation	(194,933)
At December 31, 2021	<u>\$ 476,550</u>

Changes during 2021 mainly result from the classification under “Assets held for sale” of the activities of the EQUANS entities. The reclassification of resulted in a decrease of \$194.9 million in Goodwill. On March 31, 2021, the Company sold Waterbury Generation LLC. The sale decreased goodwill by \$[REDACTED]. Also on July 1, 2021, the Company sold 50% of its interest in Georgetown Energy Partners Holding, LLC (“GEPH”) causing a decrease in Goodwill of [REDACTED].

Goodwill decreased by [REDACTED] million during 2020 as a result of the sale of the New England and Michigan biomass plants, as well as the Astoria sale. There was also a decrease of [REDACTED] million associated with goodwill allocated to various solar projects that were transferred into the Fund IV equity method investment. As construction on these sites are completed, they are sold into the fund, triggering goodwill allocation on the sales. Conti and Genbright purchase price allocations were also finalized in 2020, resulting in an increase of goodwill allocated of [REDACTED] million and [REDACTED] million, respectively.

Goodwill has been allocated to the cash generating units (“CGU’s”) and tested for impairment based on data as of June 30, 2021. The calculation of the recoverable amount of each CGU was determined as the value-in-use using the discounted cash flow (“DCF”) method. Cash flow projections come from the 2022 budget, approved business plan, and projected cash flows. Cash flow projections are drawn up on the basis of macroeconomic assumptions (inflation and growth rates) and price forecasts.

Effective in 2020, EHI has four distinct CGUs for the purpose of goodwill testing; U.S. Renewables DBSO, U.S. non-DBSO, ENGIE Insight and Fenix. Goodwill related to Fenix was completely impaired as of December 31, 2020. Goodwill was allocated to the ENGIE Insight CGU from the U.S. non-DBSO CGU based on relative fair values as of June 30, 2020.

The discount rate applied is determined on the basis of the weighted-average cost of capital adjusted to reflect business, industry, country, and currency risks associated. Discount rates correspond to a risk-free market interest rate and risks specific to the asset for which the future cash flow estimates have not been adjusted. The Company uses estimates and assumptions in calculating the recoverable amount. If the key assumptions or estimates change, the recoverable amounts may be different.

The major assumptions used to review the recoverable amount of the CGU are as follows (in thousands):

Cash Generating Units	Amount of Goodwill	Measurement Methods	Discount Rate
Non-DBSO		DCF	4.9%–10.1%
Renewables DBSO		DCF and FV	5.7%–7.3%
ENGIE Insight		DCF	6.6%–7.2%

8. PROPERTY, PLANT, AND EQUIPMENT

8.1. Movements in Property, Plant, and Equipment—Movements in property, plant, and equipment at December 31, 2021 and 2020, are as follows (in thousands):

	PPE	Construction in Progress	Land	Right of Use Assets	Total
Gross book value—January 1, 2020	\$ 755,959	\$ 1,550,607	\$ 1,503	\$ 273,435	\$ 2,581,504
Additions	5,459	1,780,115	-	115,952	1,901,526
Disposals	(18,590)	(79,099)	-	(4,667)	(102,356)
Transfers	1,332,193	(1,356,743)	537	-	(24,013)
Impairment	(23,259)	(47,891)	-	-	(71,150)
Merger/Contributions	-	(2,487)	-	-	(2,487)
Dismantling	38,366	(4,682)	-	-	33,684
Divestitures	(155,870)	(4,093)	(1,092)	-	(161,055)
Gross book value—December 31, 2020	1,934,258	1,835,727	948	384,720	4,155,653
Additions	11,822	1,334,716	-	42,969	1,389,507
Acquisitions	86,540	-	-	3,313	89,853
Disposals	(27,662)	(66,849)	-	(11,961)	(106,472)
Transfers	1,461,827	(1,476,069)	3,337	(18,281)	(29,186)
Impairment	(50,313)	(58,879)	-	(10,078)	(119,270)
Merger/Contributions	(72)	(646)	-	(609)	(1,327)
Dismantling	40,509	-	-	-	40,509
Divestitures	(37,995)	(430)	(16)	(922)	(39,363)
Transfer to “Assets classified as held for sale and discontinued operations”	(33,045)	-	(360)	(25,881)	(59,286)
Gross book value—December 31, 2021	<u>\$ 3,385,869</u>	<u>\$ 1,567,570</u>	<u>\$ 3,909</u>	<u>\$ 363,270</u>	<u>\$ 5,320,618</u>
Accumulated depreciation—January 1, 2020	\$ (310,100)	\$ -	\$ -	\$ (36,919)	\$ (347,019)
Disposals	5,211	-	-	4,708	9,919
Transfers	(2,245)	-	-	-	(2,245)
Divestitures	139,613	-	-	-	139,613
Charge for year	(45,876)	-	-	(35,156)	(81,032)
Accumulated depreciation—December 31, 2020	(213,397)	-	-	(67,367)	(280,764)
Acquisitions	(11,966)	-	-	(243)	(12,209)
Disposals	21,273	-	-	11,993	33,266
Transfers	(2,415)	-	-	4,803	2,388
Merger/Contributions	23	-	-	-	23
Divestitures	29,538	-	-	212	29,750
Charge for year	(119,404)	-	-	(36,273)	(155,677)
Transfer to “Assets classified as held for sale and discontinued operations”	14,674	-	-	9,784	24,458
Accumulated depreciation—December 31, 2021	<u>\$ (281,674)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,091)</u>	<u>\$ (358,765)</u>
Carrying Amount:					
January 1, 2020	\$ 445,859	\$ 1,550,607	\$ 1,503	\$ 236,516	\$ 2,234,485
December 31, 2020	1,720,861	1,835,727	948	317,353	3,874,889
December 31, 2021	3,104,195	1,567,570	3,909	286,179	4,961,853

Changes during 2020 included \$116 million of additions to Right of Use Assets, primarily related to real estate leases, as well as \$38.4 million of dismantling costs capitalized associated with various wind and solar projects' ARO. During 2020 there were also approximately \$1.8 billion of additions to construction in progress primarily related to capitalized costs of assets under construction associated with various wind and solar projects, offset by approximately \$1.3 billion of costs subsequently transferred out of construction in progress and into property, plant, and equipment as projects reached COD.

In 2021, the Company recorded \$1.4 billion in additions primarily related to \$1.3 billion of capitalized construction costs for several wind and solar projects, \$43 million related to real estate leases, \$6.9 million related to property, plant and equipment and \$4.2 million related to transportation equipment. The Company also acquired net \$74.6 million of property, plant and equipment and \$[REDACTED] of right of use assets through the acquisition of SolaireDirect North America LLC.

Net [REDACTED] of assets were disposed of during 2020 associated with the biomass plant divestitures (see Note 3). There was also a net decrease of \$92.4 million in the prior year, primarily related to \$68.7 million of project costs transferred to equity method investment FinCo Phase IV which is not consolidated. The Company also recorded other insignificant asset disposals at other subsidiaries

Net [REDACTED] of assets were disposed of during the year associated with the divestiture of Waterbury Generation LLC (see Note 3). There was also a net decrease of \$73.2 million for the year, primarily related to \$64.2 million of project costs transferred to equity method investment FinCo Phase IV and FinCo Phase V which are not consolidated.

In 2020, \$23.3 million of impairment was recognized for Waterbury Generation's power plant associated with the sale that took place in 2021. \$45 million of impairment associated with Engie Solar assets was also recognized as a result of technology becoming obsolete during 2020, in addition to \$2.7 million of impairment of various assets recognized by the Engie Renewables business resulting from abandonment of development projects considered no longer viable.

As a result of impairment testing, the Company recognized \$119 million of impairment in 2021. Of this impairment, ENGIE IR Holdings recorded \$37.5 million of impairment to construction in progress related to certain wind turbines considered to be no longer viable. \$7.6 million of impairment was recognized due to the drop in resale value of inventoried solar panels. An additional \$13 million of construction in progress was impaired due to abandoned renewable development projects. The company ceased using several parcels of leased space and impaired lease right of use assets for \$10 million due to the abandonment of those leases net of sublease benefits. Impairment of \$17.3 million was recognized due to the decommissioning of the Nassau power plant and related site remediation costs. The Company also took an impairment of \$31.8 million on Neptune LNG LLC's book value based on estimates for its ARO.

As of December 31, 2021 and 2020, the Company reported \$11.9 million and \$8.4 million, respectively, of interest expense on lease liabilities. In December 31, 2021 and 2020, the Company reported \$0 and \$2.1 million, respectively, of interest revenue related to right-of-use assets. Amounts recognized in the consolidated statement of financial position in connection with lease obligations are also included in Note 11.2.1. See Note 2 for further discussion regarding right-of-use assets and the corresponding leases.

The Company accrued a total of \$143.7 million and \$4.5 million in construction costs for property, plant, and equipment in 2021 and 2020, respectively.

- 8.2 Capital Commitments**—In the ordinary course of operations, the Company has entered into commitments related to the purchase or construction of property, plant, and equipment. The Company's projected contractual commitments for the acquisition of property, plant and equipment is \$1 million as of December 31, 2021.

The Company incurred \$21.4 million and \$56 million of borrowing costs specifically related to property, plant, and equipment in 2021 and 2020, respectively.

9. EQUITY METHOD INVESTMENTS

The Company accounts for its interest in investment in associates and joint ventures using the equity method. The respective contributions of associates and joint ventures at December 31, 2021 and 2020, are as follows (in thousands):

Consolidated Statements of Financial Position	2021	2020
Investment in associates	\$ 20,165	\$ 22,322
Investment in joint venture	<u>839,226</u>	<u>558,418</u>
Equity method investments	<u>\$ 859,391</u>	<u>\$ 580,740</u>
Consolidated Statements of Income	2021	2020 ⁽¹⁾
Share in net loss of associates	\$ (701)	\$ (1,283)
Share in net income of joint venture	<u>77,583</u>	<u>37,492</u>
Share in net income of equity method investments	<u>\$ 76,882</u>	<u>\$ 36,209</u>

(1) Comparative data at December 31, 2020 have been reclassified due to the classification of EQUANS activities held for sale as "Discontinued operations" in application of IFRS 5.

- 9.1. Investment in Associates**—Investment in associates breakdown as of December 31, 2021 and 2020, is as follows:

Name of the Entity	Nature of Relationship with the Company	Principal Place of Business/ Country of Incorporation	% of Economic Interest		% of Voting Rights		% of Legal Ownership Interest	
			2021	2020	2021	2020	2021	2020
3D Energie LLC	Solar	USA	25.00	25.00	25.00	25.00	25.00	25.00

9.1.1 Key Figures of Associates—Key figures of associates are presented on a 100% basis, in accordance with IFRS 12. As of December 31, 2021 and 2020, the figures are as follows (in thousands):

	3D Energies LLC	
	2021	2020
Revenue	\$ 20,663	\$ 20,409
Net (loss) income	(2,805)	14,802
Other comprehensive (loss) income	3,918	(6,993)
Total comprehensive (loss) income	1,113	7,809
Current assets	\$ 10,874	\$ 9,290
Non-current assets	286,089	215,864
Current liabilities	22,395	13,358
Non-current liabilities	95,826	117,361
Total equity	178,741	94,435
Percentage of economic interest	25.00 %	25.00 %
Investment in associate	\$ 44,685	\$ 21,860

9.1.2 Reconciliation of Carrying Value of Associates—The reconciliation of the carrying value of associates as of December 31, 2021 and 2020, is as follows (in thousands):

	3D Energie LLC	
	2021	2020
Investment	\$ 44,685	\$ 21,861
Goodwill/premium amortization	<u>(24,520)</u>	<u>461</u>
Carrying value of group's interest	<u>\$ 20,165</u>	<u>\$ 22,322</u>
Dividend received from associates	<u>\$ -</u>	<u>\$ -</u>
Share in net (loss) income of associates	<u>\$ (701)</u>	<u>\$ (1,789)</u>

The Company adjusted its share of the carrying value of associates for the amortized portion of the premium paid for its investment and its portion of other comprehensive income in Astoria Project Partners LLC and Astoria Project Partners II LLC. In 2020, the dividends received from and share in net income of Astoria Project Partners II LLC was \$2.5 million and \$1 million, respectively.

On January 18, 2020, the Company, through Suez Energy Astoria, LLC and Suez Energy Astoria II, LLC, along with its partners, sold its equity investments in Astoria Project Partners LLC and Astoria Project Partners II LLC (see Note 3).

9.2. Investment in Joint Ventures—Investment in joint ventures breakdown as of December 31, 2021 and 2020, is as follows:

Name of the Entity	Nature of Relationship with the Company	Principal Place of Business/ Country of Incorporation	% of Economic Interest		% of Voting Rights		% of Legal Ownership Interest	
			2021	2020	2021	2020	2021	2020
Freeport Power Limited	Generation	USA	50.00 %	50.00 %	50.00 %	50.00 %	50.00 %	50.00 %
Ohio State Energy Holding LLC	Energy Services	USA	50.00	50.00	50.00	50.00	50.00	50.00
Longwood Energy Partners LLC	Generation	USA	50.00	50.00	50.00	50.00	50.00	50.00
Conti HTE LLC	Services	USA	50.00	50.00	50.00	50.00	50.00	50.00
Project Company FinCo Phase IV LLC	Solar	USA	100.00	100.00	25.00	25.00	25.00	25.00
Live Oak Wind Partners LLC	Wind	USA	25.00	25.00	25.00	25.00	25.00	25.00
Project Company FinCo Phase V LLC	Solar	USA	100.00	100.00	25.00	25.00	25.00	25.00
University of Iowa Energy Collaborative Holdings LLC	Generation	USA	39.09	39.09	39.09	39.09	50.00	50.00
Georgetown Energy Partners Holdings LLC	Generation	USA	50.00	-	50.00	-	50.00	-

On December 10, 2019, ENGIE North America, along with its partner, were awarded a 50-year concession to address the University of Iowa’s energy, water, and sustainability goals. Financial close occurred on March 10, 2020. The partnership is jointly controlled by the Company and its partner.

On March 18, 2021, ENGIE North America, through its wholly owned subsidiary, Georgetown Energy Partners Holding, LLC, created Georgetown Energy Partners. On July 1, 2021, ENA sold 50% of its stake to [REDACTED]. The partnership is jointly controlled by the Company and its partner.

9.2.1 Key Figures of Joint Venture—Key figures of joint ventures are presented on a 100% basis, in accordance with IFRS 12. As of December 31, 2021 and 2020, the figures are as follows (in thousands):

	Freeport Power Limited		Ohio State Energy Holding LLC		Longwood Energy Partners LLC		University of Iowa Energy Collaborative Holdings LLC		Other Entities		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	\$ 62,235	\$ 39,030	\$ 218,706	\$ 188,530	\$ 138,970	\$ 128,977	\$ 77,226	\$ 27,494	\$ 42,326	\$ 17,481	\$ 539,463	\$ 401,512
Depreciation/accretion	(14,032)	(13,848)	(1,374)	(375)	(22,173)	(22,909)	-	-	(24,091)	(18,155)	(61,670)	(55,287)
Interest income	5	30	-	13	-	-	-	-	-	72	5	115
Interest expense	(3,393)	(4,290)	(48,506)	(43,735)	(24,409)	(25,173)	(17,084)	(18,283)	(19,059)	(8,900)	(112,451)	(100,381)
Income tax benefit	(341)	(210)	-	-	-	-	-	-	-	-	(341)	(210)
Profit from continuing operations	40,771	17,104	6,699	13,840	(10,033)	(13,797)	10,488	6,157	37,839	54,075	85,764	77,379
Other comprehensive income	2,001	(1,788)	18,853	(48,034)	(25)	3,499	3,484	(3,105)	(682)	-	23,631	(49,428)
Total comprehensive income	42,772	15,316	25,552	(34,194)	(10,058)	(10,298)	13,972	3,052	37,157	54,075	109,395	27,951
Non-current assets	78,947	92,420	1,457,291	1,318,212	588,362	607,831	1,195,390	1,177,904	1,510,951	522,270	4,830,941	3,718,637
Cash and cash equivalent	10,795	11,094	35,269	9,147	23,284	23,484	368	5,754	47,263	49,891	116,979	99,370
Total current assets	14,069	14,237	114,074	69,721	56,228	56,672	8,297	14,518	52,386	73,167	245,054	228,315
Non-current financial liabilities	48,608	70,685	1,290,000	1,090,000	522,500	530,000	599,994	603,128	580,000	-	3,041,102	2,293,813
Total non-current liabilities	64,884	87,103	1,323,943	1,155,558	551,751	560,024	600,167	606,927	894,111	230,764	3,434,856	2,640,376
Current financial liabilities	22,442	21,070	(15,119)	(9,172)	788	454	9,582	-	(5,240)	469	12,453	12,821
Total current liabilities	25,170	23,955	56,323	45,296	7,678	7,214	14,818	5,366	114,445	74,921	218,434	156,752
Total equity	2,962	(4,401)	191,099	187,079	85,161	97,265	588,702	580,129	554,781	289,752	1,422,705	1,149,824
Percentage of economic interest	50.00 %	50.00 %	50.00 %	50.00 %	50.00 %	50.00 %	39.09 %	39.00 %	- %	- %	- %	- %
Investment in associate	\$ 1,481	\$ (2,201)	\$ 95,550	\$ 93,540	\$ 42,581	\$ 48,633	\$ 230,124	\$ 226,772	\$ 295,026	\$ 136,738	\$ 664,761	\$ 503,482

See note 12.1.2.2 for other comprehensive income.

9.2.2 Reconciliation of Carrying Value of Joint Venture—The reconciliation of the carrying value of joint venture as of December 31, 2021 and 2020, is as follows (in thousands):

	Freeport Power Limited		Ohio State Energy Holding LLC		Longwood Energy Partners LLC		University of Iowa Energy Collaborative Holdings LLC		Other Entities		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investment	\$ 1,481	\$ (2,201)	\$ 95,550	\$ 93,540	\$ 42,581	\$ 48,633	\$ 230,124	\$ 226,772	\$ 295,026	\$ 136,738	\$ 664,762	\$ 503,482
Goodwill/other adjustments	78,403	42,128	888	754	449	-	5,793	5,811	88,931	6,243	174,464	54,936
Carrying value of group's interest	<u>\$ 79,884</u>	<u>\$ 39,927</u>	<u>\$ 96,438</u>	<u>\$ 94,294</u>	<u>\$ 43,030</u>	<u>\$ 48,633</u>	<u>\$ 235,917</u>	<u>\$ 232,583</u>	<u>\$ 383,957</u>	<u>\$ 142,981</u>	<u>\$ 839,226</u>	<u>\$ 558,418</u>
Dividend received from joint venture	<u>\$ (17,705)</u>	<u>\$ (6,208)</u>	<u>\$ (10,797)</u>	<u>\$ (13,989)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,160)</u>	<u>\$ (59,020)</u>	<u>\$ (23,726)</u>	<u>\$ (157)</u>	<u>\$ (54,388)</u>	<u>\$ (79,374)</u>
Share in net income of joint venture	<u>\$ 56,663</u>	<u>\$ 5,140</u>	<u>\$ 3,349</u>	<u>\$ 6,920</u>	<u>\$ (5,016)</u>	<u>\$ (6,898)</u>	<u>\$ 4,100</u>	<u>\$ 2,407</u>	<u>\$ 18,487</u>	<u>\$ 29,923</u>	<u>\$ 77,583</u>	<u>\$ 37,492</u>

10. INVENTORIES

Major classes of inventory at December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Renewable energy credits/allowances	\$ 88,889	\$ 45,153
LNG inventory	9,382	-
Natural gas	22,705	18,568
Green certificates	750	3,593
Spare parts	20,017	40,391
Other inventory	<u>7,527</u>	<u>16,303</u>
Total inventories	<u>\$ 149,270</u>	<u>\$ 124,008</u>

10.1 Renewable Energy Credits (“RECs”)/Allowances—Increase RECs inventory is due to an increase in purchases at higher prices in 2021. The Company performs periodic true ups to ensure RECs inventory is in line with obligations required for retirement.

10.2 LNG Inventory—Increase in LNG inventory is related to timing difference for LNG cargo still on hand, expected to be discharged in 2022.

10.3 Spare Parts—In 2021, SoCore Energy LLC identified \$19 million of solar panels to be used in the construction of several solar projects. These solar panels were transferred to construction in progress within Property, Plant and Equipment—net in the consolidated statements of financial position.

10.4 Other Inventory—Decrease in other inventory is due to Engie Storage Services NA sale of batteries and controls to related and third-party customers.

11. FINANCIAL INSTRUMENTS AND DERIVATIVES

11.1 Financial Assets—The Company’s financial assets are classified under the following categories at December 31, 2021 and 2020 (in thousands):

	2021		
	Noncurrent	Current	Total
Other financial assets	\$ 34	\$ 536,446	\$ 536,480
<i>Debt instruments at fair value through other comprehensive income</i>	-	413,175	413,175
Loans and receivables at amortized cost	34	123,271	123,305
Assets from contracts with customers	-	358,370	358,370
Trade and other receivables	28,763	555,830	584,593
Derivative Instruments	65,287	973,847	1,039,134
Cash and cash equivalents	<u>-</u>	<u>850,172</u>	<u>850,172</u>
Total financial assets	<u>\$ 94,084</u>	<u>\$ 3,274,665</u>	<u>\$ 3,368,749</u>

	2020		
	Noncurrent	Current	Total
Other financial assets	\$ 4,034	\$ 672,092	\$ 676,126
<i>Debt instruments at fair value through other comprehensive income</i>	-	368,265	368,265
Loans and receivables at amortized cost	4,034	303,827	307,861
Assets from contracts with customers	-	500,591	500,591
Trade and other receivables	2,353	772,198	774,551
Derivative Instruments	260,829	54,259	315,088
Cash and cash equivalents	-	685,134	685,134
Total financial assets	<u>\$ 267,216</u>	<u>\$ 2,684,274</u>	<u>\$ 2,951,490</u>

11.1.1 Debt Instruments at Fair Value Through Other Comprehensive Income (“OCI”) (Formally Classified as Available-for-Sale Securities)—The Company’s debt instruments at fair value through other comprehensive income at December 31, 2021 and 2020, were as follows:

	Current
At January 1, 2020	\$ 366,167
Changes in fair value recorded in equity	2,157
Timing difference	<u>(59)</u>
At December 31, 2020	368,265
Acquisitions	50,000
Timing difference	(402)
Accumulated interest	2,480
Changes in fair value recorded in equity	<u>(7,168)</u>
At December 31, 2021	<u>\$ 413,175</u>

Current debt instruments at fair value through OCI are for use in satisfying the obligations to remit funds relating to the Company’s expense management services. The funds are invested and classified as debt instruments at fair value through OCI securities and a related liability for client funds obligations is recorded.

11.1.2 Loans and Receivables at Amortized Cost—Loans and receivables carried at amortized cost at December 31, 2020 and 2021, were as follows (in thousands):

	2021		
	Noncurrent	Current	Total
Deposits	\$ -	\$ 371	\$ 371
Collateral cash—asset	-	11,959	11,959
Notes receivable from third parties	34	-	34
Notes receivable from affiliates—cash pool (see Note 2E)	-	110,941	110,941
Total	<u>\$34</u>	<u>\$ 123,271</u>	<u>\$ 123,305</u>

	2020		
	Noncurrent	Current	Total
Deposits	\$ -	\$ 202	\$ 202
Collateral cash—asset	-	124,695	124,695
Notes receivable from third parties	4,034	-	4,034
Notes receivable from affiliates—cash pool (see Note 2E)	-	178,930	178,930
Total	<u>\$ 4,034</u>	<u>\$ 303,827</u>	<u>\$ 307,861</u>

On August 12, 2020, Stored Solar Holdings, a third party, borrowed \$4 million from ENGIE Generation North America LLC. The loan has a maturity date of November 30, 2022. The funds from the loan were used by Store Solar Holdings to purchase the biomass plants from the Company. On July 16, 2021, Store Solar Holdings paid back the loan to ENGIE Generation North America LLC.

11.1.3 *Assets from Contracts with Customers, Trade, and Other Receivables*

Information on assets from contracts with customers and trade and other receivables are provided in Note 4.

11.1.4 *Derivative Instruments—Assets*

	2021			2020
	Noncurrent	Current	Total	Total
Derivative assets at fair value through income:				
Derivative instruments—trading	\$ -	\$ 954,403	\$ 954,403	\$ 18,096
Derivative instruments—undesignated hedges and warrants	46,838	14,751	61,589	26,073
Derivative instruments—commercial contracts	<u>18,449</u>	<u>4,693</u>	<u>23,142</u>	<u>270,919</u>
Total derivative assets at fair value through income	<u>\$ 65,287</u>	<u>\$ 973,847</u>	<u>\$ 1,039,134</u>	<u>\$ 315,088</u>

11.1.5 *Cash and Cash Equivalents*—Cash and cash equivalents totaled \$850.2 million and \$685.1 million at December 31, 2021 and 2020, respectively, which includes client cash of \$117.3 million and \$25.1 million at December 31, 2021 and 2020, respectively. Client cash is the client funds collected for the purpose of satisfying customer obligations as part of the Company's expense management services.

11.1.6 *Financial Assets Pledged as Collateral*—Cash collateral provided to counterparties is included in the trade and other receivables item on the consolidated statements of financial position, and cash collateral held is included in the trade and other payables and other current liabilities balance. Cash collateral as of December 31, 2021, is as follows (in millions):

Financial assets held as collateral	\$ 12.0
Financial assets posted as collateral	(317.7)

The increase in collateral in 2021 is because of gas and power prices significantly increasing from 2020.

11.2 Financial Liabilities—Financial liabilities are recognized either:

- As “Liabilities at amortized cost” for borrowings and debt, trade and other payables, and client fund obligations or
- As “Financial liabilities at fair value through income” for derivative instruments or financial liabilities designated as derivatives.

The Company’s financial liabilities at December 31, 2021 and 2020, were as follows (in thousands):

	2021		
	Noncurrent	Current	Total
Borrowings and debt	\$ 2,269,983	\$ 47,067	\$ 2,317,050
Derivative instruments	949,565	226,630	1,176,195
Client fund obligations	-	529,685	529,685
Trade and other payables	-	1,438,601	1,438,601
Liabilities from contracts with customers	<u>50,118</u>	<u>100,612</u>	<u>150,730</u>
Total	<u>\$ 3,269,666</u>	<u>\$ 2,342,595</u>	<u>\$ 5,612,261</u>

	2020		
	Noncurrent	Current	Total
Borrowings and debt	\$ 2,054,047	\$ 216,618	\$ 2,270,665
Derivative instruments	163,311	293,256	456,567
Client fund obligations	-	437,536	437,536
Trade and other payables	-	1,149,087	1,149,087
Liabilities from contracts with customers	<u>7,311</u>	<u>148,346</u>	<u>155,657</u>
Total	<u>\$ 2,224,669</u>	<u>\$ 2,244,843</u>	<u>\$ 4,469,512</u>

11.2.1 Borrowings—The Company’s borrowing and debt at December 31, 2021 and 2020, were as follows (in thousands):

	Maturity	Rate at December 31, 2021	Rate at December 31, 2020	2021	2020
Affiliated debt:					
EHI term loan with ENGIE CC	2024	1.93 %	1.77 %	\$ 118,800	\$ 125,400
EHI term loan with ENGIE CC	2024	2.00	2.05	451,961	1,179,556
EHI term loan with ENGIE CC	2024	1.70	1.76	147,154	195,523
EHI term loan with ENGIE CC	2025	1.22	1.33	111,409	110,036
EHI term loan with ENGIE CC	2025	1.91	1.98	698,787	125,612
EHI term loan with ENGIE CC	2026	1.15	-	463,382	-
EHI term loan with ENGIE CC	2021	-	2.21	-	35,068
EHI term loan with ENGIE CC	2021	-	2.15	-	123,406
EHI term loan with ENGIE CC	2026	-	1.88	-	56,007
EHI term loan with ENGIE CC	2022	-	1.62	-	28,476
Other debt:					
SolaireHolman 1 FinCo LLC term loan with [REDACTED]	2024	2.38	-	25,116	-
East Fork Wind Project, LLC term loan with [REDACTED]	2023	3.00	-	9,892	-
Jumbo Hill Wind Project, LLC term loan with [REDACTED]	2023	3.00	-	6,029	-
Tax equity liability deferred financing costs				(32,769)	(27,874)
Accrued interest				3,100	1,492
Finance lease obligation				314,189	317,963
Total borrowings				2,317,050	2,270,665
Total current portion of borrowings and accrued interest				(47,067)	(216,618)
Total long-term borrowings				<u>\$ 2,269,983</u>	<u>\$ 2,054,047</u>

ENGIE CC is a related party of the Company.

In 2020, the Company paid off the remaining principal and interest due on three outstanding loans with a total facility limit of \$521.5 million. Also, in 2020, ENGIE CC granted EHI two new loans with an aggregate facility limit of \$650 million and increased the Company’s limit on an existing facility by \$500 million.

In 2021, the Company paid off the remaining principal and interest due on five outstanding loans with a total facility limit of \$682.4 million. Also, in 2021, ENGIE CC granted EHI two new loans with an aggregate facility limit of \$1.1 billion, decreased the Company’s limit on an existing facility by \$600 million and increased an existing facility by \$320 million.

The Company, through SolaireHolman I FinCo LLC., was extended a credit facility of up to \$30.3 million to finance the payment or reimbursement of certain costs incurred in connection with the acquisition, development, construction, operation and ownership of a solar photovoltaic generating facility which is being developed, constructed and shall be operated by SolaireHolman1 LLC.

Due to Winter Storm Uri, East Fork Wind Project LLC and Jumbo Hill Wind Project, LLC had \$14.8 million and \$9 million, respectively, in settlements due to [REDACTED], a purchase price agreement vendor offtaker. [REDACTED] agreed to receive payment in three equal instalments, plus interest. The final settlement payment is due to [REDACTED] on April 22, 2023.

The Company capitalized \$21.4 million and \$45.9 million of borrowing cost as of December 31, 2021 and 2020, respectively, related to the construction of renewable projects.

11.2.2 *Derivative Instruments—Liabilities*

	December 31, 2021			2020
	Noncurrent	Current	Total	Total
Derivative liabilities at fair value through income:				
Derivative instruments—trading	\$ -	\$ 79,508	\$ 79,508	\$263,212
Derivative instruments—undesignated hedges	6,421	8,538	14,959	31,728
Derivative instruments—commercial contracts	941,796	138,105	1,079,901	161,627
Derivative instruments—designated	<u>1,348</u>	<u>479</u>	<u>1,827</u>	<u>-</u>
Total derivative liabilities at fair value through income	<u>\$949,565</u>	<u>\$226,630</u>	<u>\$1,176,195</u>	<u>\$456,567</u>

11.2.3 *Client Fund Obligations*—As part of the Company’s expense management services, client funds are collected for the purpose of satisfying customer obligations. This liability is due to the timing difference between collection of funds and payment of client liabilities.

11.2.4 *Trade and Other Payables*—Trade and other payables at December 31, 2021 and 2020, were as follows (in thousands):

	2021 Current	2020 Current
Trade accounts payable	\$ 430,856	\$ 587,074
Accounts payable—related party	1,623	23,836
Affiliated accounts payable	34,110	2,889
Purchase card liability	225,709	174,116
Accrued expenses	<u>746,303</u>	<u>361,172</u>
Total	<u>\$ 1,438,601</u>	<u>\$ 1,149,087</u>

11.2.4.1 *Trade Accounts Payable*—Trade accounts payable includes \$126.7 million and \$106.6 million of payables on fixed assets at December 31, 2021 and 2020, respectively. In 2021, the Company continued work on renewable projects driving the increase in the payables on fixed assets.

11.2.4.2 *Purchase Card Liability*—The Company utilizes a third party for many clients using expense management services. Client vendor payments are made

throughout the period and the service provider is paid monthly. This amount represents amounts due to the Company's third-party provider.

11.2.5 Liabilities from Contracts with Customers—Information on liabilities from contracts with customers are provided in Note 4.

11.3 Debt

Notes Payable to Affiliate—The Company has a line of credit with an affiliate of ETM for up to \$339 million at December 31, 2021. The outstanding borrowings under the line of credit bear interest at LIBOR, plus forty-two bps. The Company had no advances under this line of credit at December 31, 2021.

Letters of Credit—At December 31, 2021 and 2020, the Company had letter of credit facilities totaling \$1,680 million and \$1,330 million, respectively, available to obtain letters of credit for operational obligations for its subsidiaries and affiliates. The Company had issued letters of credit of \$1,034.8 million and \$1,027.3 million outstanding under these facilities at December 31, 2021 and 2020, respectively. The Company's letters of credit agreements contain covenants. The Company was in compliance with all such covenants as of December 31, 2021 and expects to remain in compliance for at least the next 12 months.

Fair Values—Fair values reflect the cash that would have been received or paid if the instruments were settled at year-end. The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market. The fair value of variable rate debt approximates book value due to the variable nature of the rate.

At December 31, 2021, the Company's carrying value of long-term fixed-rate debt and estimated fair value long-term debt were as follows (in thousands):

	2021	
	Carrying Value	Fair Value
Long-term fixed-rate debt	\$ 15,921	\$ 16,115

11.4 Fair Value of Financial Instruments and Derivatives

The Company's portfolio management financial instruments and derivatives consist primarily of cash and cash equivalents, trade receivables, accounts payable, debt instruments, and commodity instruments. The book values of cash and cash equivalents, trade receivables, and accounts payable are representative of their respective fair values due to the short-term nature of these

instruments. The fair value of debt is discussed in Note 11.3. See below for details on the Company's trading derivatives and portfolio management commodity derivative instruments.

The table below shows the allocation of financial instrument and derivative assets and liabilities to the different levels in the fair value hierarchy. A definition of these three levels is presented in Note 2G.

Financial Assets	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt instruments at fair value through other comprehensive income	\$ -	\$ 413,175	\$ -	\$ 413,175	\$ -	\$ 368,265	\$ -	\$ 368,265
Derivative instruments:								
Portfolio management	-	11,450	74,183	85,633	-	12,505	286,556	299,061
Trading	<u>624,010</u>	<u>888,480</u>	<u>98,181</u>	<u>1,610,671</u>	<u>170,563</u>	<u>78,024</u>	<u>10,652</u>	<u>259,239</u>
Total fair value of financial assets	<u>\$ 624,010</u>	<u>\$ 1,313,105</u>	<u>\$ 172,364</u>	<u>\$ 2,109,479</u>	<u>\$ 170,563</u>	<u>\$ 458,794</u>	<u>\$ 297,208</u>	<u>\$ 926,565</u>
Financial Liabilities	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative instruments:								
Portfolio management	\$ -	\$ (16,861)	\$ (1,080,728)	\$ (1,097,589)	\$ -	\$ 10,021	\$ 185,403	\$ 195,424
Trading	<u>(422,765)</u>	<u>(286,961)</u>	<u>(26,050)</u>	<u>(735,776)</u>	<u>269,551</u>	<u>181,641</u>	<u>53,163</u>	<u>504,355</u>
Total fair value of financial assets	<u>\$(422,765)</u>	<u>\$(303,822)</u>	<u>\$(1,106,778)</u>	<u>\$(1,833,365)</u>	<u>\$269,551</u>	<u>\$191,662</u>	<u>\$238,566</u>	<u>\$699,779</u>

In 2021, the Company mainly entered into new VPPAs in both the Portfolio Management and trading categories. The increase in the net MTM from 2021 to 2020 is predominantly due to the execution of new VPPAs and substantial increase in the gas and power market prices.

Assets and liabilities in the table above reflect the total fair value for all maturities of individual financial instruments and derivatives, and are calculated based on the fair value of each contract. Contract values are not presented on a net basis by counterparty as on the consolidated statements of financial position.

The Company utilizes the market approach and income approach to measure the fair value of these contracts. Inputs include quoted prices, forecasted market prices, and if those sources are unavailable, valuation models available from industry sources, and appropriate valuation adjustment methodologies. Certain valuation models include as inputs forward commodity and basis prices, which extend beyond the period for which liquid market pricing is available. In those cases, the Company extrapolates forward price curves incorporating assumptions about seasonality and volatility of prices, and other factors specific to individual commodities and markets.

The movement of Level 3 values for the years ended December 31, 2020, and 2021, are as follows (in thousands):

	Assets	Liabilities
Level 3 fair value—December 31, 2019	\$ 314,022	\$ (120,695)
Transfers in/out	5,969	6,404
Changes in fair value recorded in income	(14,067)	(181,082)
Settlements	<u>(8,715)</u>	<u>56,808</u>
Level 3 fair value—December 31, 2020	<u>\$ 297,208</u>	<u>\$ (238,566)</u>
Total gain (loss) for the year recorded through the statement of income for derivatives held at December 31, 2020	<u>\$ (13,378)</u>	<u>\$ (185,667)</u>
Level 3 fair value—December 31, 2020	\$ 297,208	\$ (238,566)
Transfers in/out	4,702	22,603
Changes in fair value recorded in income statement	(144,895)	(1,058,469)
Settlements	<u>15,349</u>	<u>167,654</u>
Level 3 fair value—December 31, 2021	<u>\$ 172,364</u>	<u>\$ (1,106,778)</u>
Total gain (loss) for the year recorded through the statement of income for derivatives held at December 31, 2021	<u>\$ (134,023)</u>	<u>\$ (1,083,135)</u>

In 2021, \$4.7 million (2020—\$6 million) of assets was transferred from level 2 to level 3 and \$22.6 million (2020—\$6.4 million) of liabilities was transferred out of level 3 to level 2 because the liquid portion of the forward prices became illiquid in 2021 and vice versa. The gains or losses recorded through earnings and the earnings impact of settlements in the table above are recorded in the “Revenue” or “Purchases and commodity hedges” line on the consolidated statements of income depending on trading or other than trading classification. The Company has not recognized a gain or loss from the purchase or sale of assets or liabilities with a fair value measured using Level 3 inputs.

Level 3 valuations are developed, maintained, and validated by the Company’s Market Risk & Performance Control group according to established policies and procedures. These valuations include the use of unobservable inputs. Unobservable inputs, which are related to observable inputs, such as illiquid portions of forward price or volatility curves, are updated monthly, using industry standard techniques, such as extrapolation, combining observable forward inputs supplemented by historical market and other relevant data.

The Level 3 fair values at December 31, 2021 include VPPAs. The forward prices of these contracts become illiquid in unobservable periods, as the longest term of these contracts extends beyond 2039. An increase in the electricity price of \$5.66/MWh would increase the liability value of these contracts by \$484 million. In addition to power, the VPPAs include RECs, for which an increase in price of \$2.27 would result in an increase in the liability value of \$216 million.

The Level 3 fair values included transportation capacity contracts that have been marked to market. The delivery and injection points of the contract are both at unobservable locations. An

increase in the capacity price of \$0.04/MMBtu would increase the asset value of these contracts by \$1.9 million.

The Level 3 fair values include physical and financial gas supply contracts. An increase in the gas price of \$1.0/MMBtu would increase the asset value of these contracts by \$2.9 million.

The significant unobservable inputs used in the valuation of EHI's contracts categorized as Level 3 of the fair value hierarchy at December 31, 2021 and December 31, 2020 are as follows:

Commodity	Contract Type	Fair Value as of December 31, 2021			Valuation Technique	Significant Unobservable Input	Range
		Assets	Liabilities	Total			
Electric Capacity	Forward Contracts	\$ 5,500	\$ (156)	\$ 5,344	Discounted cash flow	Illiquid pricing in unobservable periods	\$8–\$54/MWh
Power	Forward Contracts	58,209	(7,096)	51,113	Discounted cash flow	Illiquid pricing in unobservable periods	\$15–\$117/MWh
VPPA (Power and RECs)	Forward Contracts	94,804	(1,085,714)	(990,910)	Discounted cash flow	Illiquid pricing in unobservable periods	\$1–\$124/MWh
Emission Rights (RECs)	Forward Contracts	3,883	(2,464)	1,419	Discounted cash flow	Illiquid pricing in unobservable periods	\$1.00–\$20.00/unit
Natural Gas	Forward Contracts and Asset Management Agreement	5,635	(10,599)	(4,964)	Discounted cash flow	Illiquid pricing in unobservable periods	\$2.80–\$4.44/MMBtu
Gas/Transport	Forward Contract	855	(446)	409	Discounted cash flow	Illiquid pricing in unobservable periods	\$0.09–\$0.78/MMBtu
Storage	Forward Contract	3,478	(303)	3,175	Calendar spread option model	Illiquid pricing in unobservable periods	\$3.51–\$4.09/MMBtu
Total		<u>\$ 172,364</u>	<u>\$ (1,106,778)</u>	<u>\$ (934,414)</u>			

11.5 Offsetting of Financial Derivative Instrument Assets and Liabilities

Financial assets and liabilities are presented in accordance with the standard netting agreements present in EHI's commodity contracts, which allow EHI to settle accounts receivable and payable from counterparties on a net basis by counterparty, by contract. The right to set off across commodities exists only in the event of a default by one of the parties to the contract.

The following tables demonstrate the impacts of offsetting recognized derivative assets and liabilities as permitted when the ability and intent to settle such assets and liabilities on a net basis exists. Further, the impacts of cash collateral arrangements as well as other credit enhancements are shown on the total outstanding derivative assets and liabilities. Cash collateral and margin obligations and receivables is recognized in the consolidated statements of financial position under trade and other receivables as discussed in Note 11.1.5. Guarantees and letters of credit are not recognized in the consolidated statements of financial position. The "cash collateral agreements" line includes the netting impact of brokerage agreements. All assets and liabilities related to contracts held with brokers are removed from gross derivative assets and liabilities, as they are fully collateralized in cash.

(In thousands)	December 31, 2021			
	Portfolio Management		Trading Activities	
	Assets	Liabilities	Assets	Liabilities
Gross derivatives balances	\$ 85,633	\$ (1,097,589)	\$ 1,610,671	\$ (735,776)
Gross amounts subject to master netting agreement	\$ (902)	\$ 902	\$ (656,268)	\$ 656,268
Net derivatives balances recognized in the statement of financial position	\$ 84,731	\$ (1,096,687)	\$ 954,403	\$ (79,508)
Cash collateral agreements	736	-	(4,904)	2,218
Guarantees and letters of credit	64	(151,333)	(747,694)	36,688
Total net amount	\$ 85,531	\$ (1,248,020)	\$ 201,805	\$ (40,602)

(In thousands)	December 31, 2020			
	Portfolio Management		Trading Activities	
	Assets	Liabilities	Assets	Liabilities
Gross derivatives balances	\$ 299,601	\$ (195,424)	\$ 259,239	\$ (504,355)
Gross amounts subject to master netting agreement	\$ (2,069)	\$ 2,069	\$ (241,143)	\$ 241,143
Net derivatives balances recognized in the statement of financial position	\$ 296,992	\$ (193,355)	\$ 18,096	\$ (263,212)
Cash collateral agreements	-	-	(560)	104,808
Guarantees and letters of credit	-	-	(7,481)	137,984
Total net amount	\$ 296,992	\$ (193,355)	\$ 10,055	\$ (20,420)

12. RISKS ARISING FROM FINANCIAL INSTRUMENTS AND DERIVATIVES

12.1 Market Risks

12.1.1 Commodity Risk—Commodity risk arises primarily from portfolio management and trading activities. The Company is exposed to two types of commodity risks: price risk resulting from fluctuations in market prices and volume risk inherent to the business. For IFRS 7, *Financial Instrument—Disclosures*, purposes, volume risk is not considered a market risk.

In the ordinary course of its operations, the Company is exposed to commodity risks on natural gas, electricity, and other “green” products. The Company is active in these energy markets for supply purposes, to optimize and secure its energy production chain, and for its energy sales. The Company also uses derivatives to hedge its own positions.

To manage its risks, the Company has established and monitors various controls. The Company has established trading and nontrading risk committees composed of members of senior management that meet at least monthly to analyze any transaction that is not explicitly approved by the Company’s documented hedging policies.

12.1.1.1 Portfolio Management Activities—The Company utilizes a variety of financial and physical instruments to mitigate its exposures to market risk created by the Company’s physical generation, retail electricity, and gas activities. Those market risks include exposures to fluctuations in energy and energy-related commodity prices. Portfolio management activities are broadly defined by two major categories—financial and commodity.

Financial Risk Management Derivatives—The Ultimate Controlling Parent entered into warrant agreements under which it will receive cash to settle its liability incurred via stock appreciation rights issued to employees. The Ultimate Controlling Parent allocates the Company's share of these warrants, which are accounted for as derivatives under IFRS 9.

Commodity Risk Management Derivatives—The Company manages commodity price risk arising from changes in its future electricity prices related to retail electric supply and several of its power-generating facilities, natural gas sales revenue, and fuel costs for running its power-generating facilities.

Other Commodity Contracts—All of the Company's retail electricity sales and some of its physical electricity capacity purchase and sales contracts are own-use contracts, which IFRS 9 requires to be accounted for on an accrual basis.

Market risk arising from commodity derivative instruments utilized in portfolio risk management activities is assessed, measured, and managed using sensitivity analysis, together with other market risk exposure indicators. These sensitivity analyses are calculated based on a fixed portfolio of risk management derivatives at each year-end and may not be necessarily representative of future changes in income and equity of the Company. To calculate the impact of potential price movements on the value of the Company's portfolio management activities, the price movements shown in the table below (in thousands) are applied to all fixed-price transactions open in the corresponding commodity at year-end. No potential price movement is applied to open basis contracts that swap the price of the same commodity at different locations.

Sensitivity Analysis	Price Movements	2021 Pretax Impact on Income	Price Movements	2020 Pretax Impact on Income
Natural Gas	+1.00/mmbtu	\$ (10,991)	+1.08/mmbtu	\$ 6,167
Electricity	+\$5.66/MWh	(578,458)	+\$5.60/MWh	(597,746)
Emission Rights	+2.27/ton	(216,210)	+2.24/ton	(199,604)
Transport capacity	-	-	+\$0.09/mmbtu	243
Interest Rate Swap		771		
Total		(804,888)		

12.1.1.2 Trading Activities—EEMNA participates in trading activities and executes hedging transactions on behalf of ENA. These hedging transactions are included in EEMNA's trading activity.

The Company employs various types of instruments, including futures, forwards, swaps, options, and other physical and financial instruments for the purposes of risk management and trading activities. The trading activities included both exchange-traded and bilateral contracts. EEMNA conducts these trading activities to generate profits on short-term differences in market prices. This trading activity is centered on commodities and geographical areas in which the Company has an asset presence. Trading activity is governed through the use of various limits, including value at risk (VaR), deal tenor, and location restrictions. EEMNA also serves as a market maker for other affiliates by fulfilling those

affiliates' hedge requirements. See Note 12.1.1.1, Portfolio Management Activities, above.

In accordance with IFRS 9, the Company accounts for all trading activity at fair value under the mark-to-market method of accounting, with changes in the value of open positions recorded through income. Because EEMNA conducts its trading activity to generate profit from short-term movements in market price, the assets and liabilities are recorded at market value, net of future physical delivery-related costs and reserves, as current assets and liabilities in the derivative instruments line items in the consolidated statements of financial position.

The Company utilizes gas storage in its trading activities. Consequently, the Company includes the fair value of its trading gas inventory in the inventory line item in the consolidated statements of financial position.

The Company records both realized and unrealized profit and loss from trading activities in revenues in the consolidated statements of income. Gain from trading activities totaled \$1,130 million and loss of \$49.4 million for the years ended December 31, 2021 and 2020, respectively.

The use of 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 of assets 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 Company 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. Note: Trading VaR does not include the intercompany positions that it sleeved through ENA.

Value at Risk	December 31, 2021	2021 Average ⁽¹⁾	2021 Maximum ⁽²⁾	2021 Minimum ⁽²⁾	2020 Average ⁽¹⁾
Trading activities	<u>1.54</u>	<u>0.72</u>	<u>2.36</u>	<u>0.18</u>	<u>0.50</u>

⁽¹⁾ Average daily VaR

⁽²⁾ Maximum and minimum daily VaR observed over 2021

Market risk arising from commodity derivative instruments utilized in transactions EEMNA executes on behalf of ENA, which are similar to risk management activities, but classified as trading is assessed, measured, and managed using sensitivity analysis, together with other market risk exposure indicators. These sensitivity analyses are calculated based on a fixed portfolio of these derivatives at each year-end and may not be necessarily representative of future changes in income and equity of the Company. To calculate the impact of potential price movements on the value of the Company's portfolio, the price movements shown in the table below (in thousands) are applied to all fixed-price transactions open in the corresponding commodity at year-end. No potential price movement is applied to open basis contracts that swap the price of the same commodity at different locations.

Sensitivity Analysis	Price Movements	2021 Pretax Impact on Income	Price Movements	2020 Pretax Impact on Income
Natural gas	+\$1.00/mmbtu	\$ 59,200	+\$1.08/mmbtu	\$ 63,937
Electricity	+\$5.66/MWh	538,026	+\$6.14/MWh	587,831
Emission rights	+\$2.27/mmbtu	7,878	+\$2.45/ton	5,322
Electrical capacity	+10%	10,027	+10%	6,951
		615,131		

12.1.2 Hedges of Commodity Risks—The Company enters into economic hedges using derivative instruments, including firm or option contracts contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying. There were no new hedge designations in 2021 or 2020.

12.1.2.1 Other Commodity Derivatives—The Company's current and noncurrent derivative assets and liabilities at fair value by type as of December 31, 2021 and 2020, are as follows (in thousands):

	2021				2020			
	Assets		Liabilities		Assets		Liabilities	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Undesignated hedges	\$ 14,751	\$ 45,751	\$ (8,538)	\$ (6,421)	\$ 12,602	\$ 11,863	\$ (7,350)	\$ (24,378)
Warrants								
(Note 12.1.1.1)	-	1,087	-	-	-	1,608	-	-
Trading assets and liabilities	954,403	-	(79,508)	-	18,096	-	(263,212)	-
Commercial contracts ⁽¹⁾	4,693	18,449	(138,105)	(941,796)	23,561	247,358	(22,694)	(138,933)
Designated hedges ⁽²⁾	-	-	(479)	(1,348)	-	-	-	-
Grand total all derivatives	\$ 973,847	\$ 65,287	\$ (226,630)	\$ (949,565)	\$ 54,259	\$ 260,829	\$ (293,256)	\$ (163,311)

⁽¹⁾ Commercial contracts include VPPAs and Distrigas of Massachusetts LLC ("DOMAC").

⁽²⁾ Designated Hedges includes the Holman Interest Rate Swap that was acquired in 2021.

Electricity contracts for the future delivery or receipt of nonfinancial items are required to be marked to market under IFRS 9. The realized income or expense from these commercial contracts represents the physical settlement of these contracts at contract prices, and is recorded in gross margin.

Commercial contracts included above are DOMAC and VPPAs. DOMAC is a physical transportation contract and VPPAs are financial hedges that protect the

value of the underlying generation facility. These contracts are marked to market under IFRS 9. Both the unrealized and realized amounts in relation to these contracts are recorded in gross margin.

See Note 11.1.4 and Note 11.2.2.

The Company realizes settlement of its mark-to-market assets and liabilities related to its portfolio management activities under purchases and commodity hedges. The Company reflects electricity and steam sales as revenue and records the cost of purchasing fuel commodities to satisfy those sales in purchases in the consolidated statements of income. For the year ended December 31, 2021, the Company recorded a \$733.3 million gain (\$493.2 million loss—2020) in gross margin for the settlement of trading and portfolio management derivatives. The Company classifies its unrealized gains and losses on mark to market portfolio management activities within cost of sales. See Note 2 for more detail on those balances. The Company's portfolio management commodity derivative results as of December 31, 2021, and 2020, are as follows (in thousands):

	2021 Net Income	2020 Net Income
Unrealized change in undesignated hedges	\$ 53,096	\$ 3,701
Designated hedge ineffectiveness	-	-
Unrealized change in the value of commercial contracts marked to market	<u>(1,157,133)</u>	<u>(131,831)</u>
Unrealized mark-to-market gain on non-trading commodity contracts	<u>\$ (1,104,037)</u>	<u>\$ (128,130)</u>

12.1.2.2 Cash Flow Hedges—Cash flow hedges are used primarily by equity method. The movements below represent the Company's share of equity method investees' other comprehensive income, as well as the rollout of the OCI designated amounts still remaining in other comprehensive income to the consolidated statements of income, including the recognition of ineffectiveness in earnings as of December 31, 2021 and 2020 (in thousands):

	2021	2020
Other comprehensive income (loss) movements:		
Gain recognized in equity—effective portion of the hedge	\$ 5,132	\$ (23,244)
Gain in equity from reclasses to income—settlement	2,476	49,706
Profit and loss—gain recognized for hedge ineffectiveness	138	429

The gain in equity includes \$1,827k of acquired OCI associated with the 2021 Holman Business Combination.

12.2 Counterparty Risk

The Company is exposed to counterparty risk from customers, suppliers, partners, intermediaries, and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid

for), and the risk of replacing contracts in default (known as mark-to-market exposure, i.e., the cost of replacing the contract in conditions other than those initially agreed).

Credit risk relates to the risk of loss associated with nonperformance by counterparties. The Company maintains credit risk policies that govern the management of credit risk. These policies require an evaluation of a potential counterparty's financial condition, credit rating, and other quantitative and qualitative criteria; this evaluation results in establishing credit limits or collateral requirements prior to entering into an agreement with a counterparty. Additionally, the Company has established controls to determine and monitor the appropriateness of these limits on an ongoing basis. Risk mitigation tools include, but are not limited to, the use of standardized master contracts and agreements that allow for netting of exposures across commodities, rights to margin, and termination upon the occurrence of certain events of default.

Some of the Company's power-generating facilities have one primary utility or industrial customer under a long-term contract. A cogeneration facility may also have a single industrial customer to which it provides steam under a long-term contract. The Company does not believe that these customers represent a significant credit risk. However, changes in economic, regulatory, or other factors could have a significant effect on the Company's contractual relationships. Successful financial operations of these plants are largely dependent on the continued performance by customers and suppliers of their obligations under the relevant power sales contract and, in particular, on the credit quality of the purchasers. If a substantial portion of the Company's long-term power sales contracts was modified or terminated, the Company would be adversely affected to the extent that it might be unable to find other customers at the same level of contract profitability.

The Company considers an unaffiliated counterparty a potential concentration risk if any one counterparty accounts for 50% of either sales revenues or unsecured accounts receivable of any business unit of the Company as of the end of a reporting period. As of December 31, 2021, American Renewable Construction, LLC. represented 57% of ENGIE Storage's sales revenue. Howard University represented 79% of ENGIE Development LLC's total revenue for 2021. No other individual counterparties represented more than 50% of sales revenue or unsecured accounts receivables for any other business units as of December 31, 2021. For information about sales revenue and unsecured accounts receivables with affiliated counterparties, see Note 19.

The Company computes an obligation reserve for its financial liabilities based upon the expected occurrence of default using the credits ratings of EHI and ENGIE. This obligation reserve is insignificant in comparison to the Company's carrying amount of financial liabilities. The changes of obligation reserves that were attributable to the changes in the credit ratings of EHI and ENGIE were immaterial for the years ended December 31, 2021 and 2020. The carrying amounts of the Company's financial liabilities are representative of the obligation to the counterparty at maturity.

12.2.1 Operating Activities—Counterparty risk arising on operating activities is managed via standard mechanisms, such as third-party guarantees, netting agreements, and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

Credit enhancements, such as parental guarantees, letters of credit, margin deposits, conditional liens on property, and payment bonds, are also utilized. For 2021 and 2020, the impact of credit enhancements held by the Company to its overall credit exposure is equal to (\$319.5) million and \$13 million, respectively, for financial assets that are

measured at fair value through profit or loss. Credit exposure is monitored daily, and the financial condition of counterparties is reviewed periodically. As of December 31, 2021 and 2020, the Company's broker margin was (\$18.5) million and \$123.6 million, respectively. There was no significant change in the quality of the credit enhancements as a result of deterioration or changes in the collateral policies of the Company during 2021.

Under IFRS 9, the Company has defined and applied a methodology that includes two different approaches:

- a portfolio approach, for which the Company determines that:
 - coherent customer portfolios and subportfolios have to be considered (i.e., portfolios that have comparable credit risk and/or comparable payment behavior), taking into account different aspects:
 - public or private counterparties,
 - geography,
 - type of activity,
 - size of the counterparty,
 - any other aspects the Company may consider relevant, and
 - impairment rates must be determined based on historical ageing balances and, when correlation is proven and documentation possible, the historical data must be adjusted by forward-looking elements;
- an individualized approach for significant counterparties, for which the Company has set rules for defining the stage of the concerned asset for ECL calculations:
 - stage 1 covers financial assets that have not deteriorated significantly since initial recognition. The ECL for stage 1 is calculated on a 12-month basis.
 - stage 2 covers financial assets for which the credit risk has significantly increased. The ECL for stage 2 is calculated on a lifetime basis. The decision to move an asset from stage 1 to stage 2 is based on certain criteria, such as:
 - a significant downgrade of the counterparty's creditworthiness and/or its parent company and/or its guarantor (if any),
 - significant adverse change in the regulatory environment,
 - changes in political or country-related risk, and
 - any other aspect the Company may consider relevant.

Regarding financial assets that are more than 30 days past due, the move to stage 2 is not systematically applied as long as the Company has reasonable and supportable information that demonstrates that, even if payments become more than 30 days past due, this does not represent a significant increase in the credit risk since initial recognition.

- stage 3 covers assets for which default has already been observed, such as:
 - when there is evidence of significant and ongoing financial difficulty of the counterparty,
 - when there is evidence of failure in credit support from a parent company to its subsidiary (in this case the subsidiary is the Company's counterparty at risk),
 - when the Company has initiated legal proceedings against the counterparty for nonpayment.

Regarding financial assets that are more than 90 days past due, the presumption can be rebutted if the Company has reasonable and supportable information that demonstrates that even if payments become more than 90 days past due, this does not indicate counterparty default.

The ECL formula applicable in stages 1 and 2 is $ECL = EAD \times PD \times LGD$, where:

- for 12-month ECL, exposure at default ("EAD") equals the carrying amount of the financial asset, to which the relevant probability of default ("PD") and the loss given default ("LGD") are applied;
- for lifetime ECL, the calculation method consists in identifying the evolution of exposure for each year, especially the expected timing and amount of the contractual repayments, and then applying to each repayment the relevant PD and the LGD, and discounting the figures obtained. ECL is then the sum of the discounted figures; and
- PD: is the likelihood of default over a particular time horizon (in stage 1, this time horizon is 12 months after the reporting period; in stage 2, this time horizon is the entire lifetime of the financial asset). This information is based on external data from a well-known rating agency. The PD depends on the time horizon and of the rating of the counterparty. The Company uses external ratings if they are available; ENGIE's credit risk experts determine an internal rating for major counterparties with no external rating.

Typically, Company's trade receivables have an expected lifetime of less than 12-months, therefore, in the majority of cases, there is no difference in classifying a counter-party stage 1 or stage 2

LGD levels are notably based on Basel standards:

- 75% for subordinated assets.
- 45% for standard assets.

For assets considered as of strategic importance for the counterparty, such as essential public services or goods, the LGD parameter is set at 30%.

Retail reserves bad debt based on a systematic review of its portfolio credit quality and direct aging review. Retail requires collateral, in the form of cash and letters of credit, from customers determined to be high risk for delinquency or default. However, none of

these credit enhancements caused Retail and other business units to not recognize a loss allowance because of the collateral.

Furthermore, no significant past due financial asset is impaired. The extent to which the credit enhancements mitigate credit risk for the impaired assets is accordingly immaterial. The Company assesses financial assets for impairment once those assets have become past due for greater than 60 days. The impairment assessment takes into account the creditworthiness of the applicable counterparty and circumstances that caused the asset to become past due.

Trade and Other Receivables and Assets from Contracts with Customers

The following table shows the allocation of the exposure to counterparty risk of trade receivables according to the approach chosen (Individual approach or Collective approach) for monitoring ECL as of December 31, 2020 and December 31, 2021 (in thousands):

	Individual Method		Portfolio Method		Total	
	2021	2020	2021	2020	2021	2020
Trade and other receivables, net						
Gross	\$ 262,514	\$ 426,339	\$ 67,248	\$ 90,495	\$ 329,762	\$ 516,835
Expected credit loss	<u>(33,806)</u>	<u>(12,465)</u>	<u>(4,953)</u>	<u>(5,339)</u>	<u>(38,759)</u>	<u>(17,804)</u>
Total	<u>\$ 228,708</u>	<u>\$ 413,874</u>	<u>\$ 62,295</u>	<u>\$ 85,156</u>	<u>\$ 291,003</u>	<u>\$ 499,031</u>

Changes in the ECL for the year were primarily related to increased receivables within Engie Resources. Over the course of 2021, the overdue outstanding receivables of Engie Resources grew substantially primarily due to Winter Storm Uri. The February winter storm in Texas, caused ERCOT prices to reach the cap of \$9 thousand per Megawatt for several days which in turn generated very high receivables for index customers. Additionally, past-due receivables increased due to financial stresses caused by COVID-19 and operational issues with ENGIE Resources' billing and collections functions. These factors led to a peak overdue (>30 day) receivable balance of \$151 million.

Total outstanding receivables as of December 31, 2021, totaled \$252 million, of which \$152.2 million was securitized to a third party. Of the \$99.8 million outstanding receivables still held by ENGIE Resources, \$31 million is past due. ENGIE Resources recorded a \$31.8 million ECL, which represents most of the past-due amounts as well as a smaller ECL for current receivables. This ECL is viewed as adequate and takes into account uncertainties in the legal process, including timing as well as the remaining potential for non-payment by customers on deferred payment plans, the low expected recovery rate on receivables referred to third parties, the lower likelihood of collecting on termination fees, and the still unresolved receivables to be investigated.

Commodity Derivatives

The following table shows the Company's maximum forward exposure to counterparties, exclusive of accounts receivables. The forward exposure table does not include own-use contracts. In addition, the table specifies the exposure to its investment grade counterparties. "Investment Grade" corresponds to transactions with counterparties with

a minimum rating of BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent by Dun and Bradstreet, taking into account the existence of collateral, letters of credit, and parent company guarantees (in millions):

	2021		2020	
	Investment Grade	Total	Investment Grade	Total
Counterparty exposure:				
Maximum exposure	<u>\$ 907.8</u>	<u>\$ 1,039.1</u>	<u>\$ 242.3</u>	<u>\$ 315.1</u>

12.2.2 *Financing Activities*

Loans and receivable at amortized cost (excluding trade and other receivables) are composed of notes receivable from affiliates (cash pool), collateral cash, and a finance lease receivable. Collateral cash does not represent a counterparty risk due to its nature, and notes receivable from affiliates do not represent a counterparty risk, as the counterparties are other related parties. The finance lease receivable does present a counterparty risk; however, there are no past due payments nor is the receivable impaired.

12.3 *Liquidity Risk*

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

The Company has set up a committee tasked with managing and monitoring liquidity risk throughout the Company by maintaining diverse sources of financing, preparing forecasts of cash investments and divestments, and performing stress tests on the margin calls/collateral needs for the businesses.

The Company's risk management activities contractually obligate it to exchange commodities and cash flows based on commodity prices at future dates; therefore, the Company is exposed to the risk that it will not be able to purchase or sell commodities at those dates to fulfill its obligations. That liquidity risk can limit the Company's ability to mitigate its market price risk exposure. The Company applies a valuation reserve to adjust the fair value of its mark-to-market commodity assets and liabilities to fair value. That reserve is more fully explained below.

The Company manages liquidity risk through employing a number of internal controls making use of netting and other arrangements to minimize requirements for posting collateral and participating in shared working capital arrangements with its parent company and affiliated entities. Internal controls employed include duration limits on trading and portfolio management transactions, limiting and monitoring open positions by location, limiting transaction locations, and monitoring cash sources and uses.

In connection with the market valuation of its fixed-price contracts, the Company maintains certain reserves for risks and costs associated with these future commitments. These reserves represent valuation adjustments to reflect risks and costs associated with the liquidity of the portfolio and consideration of the time value of money for long-term contracts. Liquidity reserves are used to adjust the fair values of derivative instruments from midmarket prices to bid and ask

prices as appropriate for purchases and sales, respectively. Management believes these valuation adjustments adequately adjust the value of the mark-to-market positions to reflect the value that would be obtained from the liquidation of the positions in an orderly, unforced manner. The Company applies these valuation adjustments to the value of the total portfolio and allocates the reserves to short-term and long-term assets and liabilities from its trading and portfolio management, activities based upon the proportion of each short-term and long-term asset and liability in relation to the total portfolio value. The liquidity reserve was \$105.2 million and \$61.1 million as of December 31, 2021 and 2020, respectively.

Additionally, the Company reserves material inception gains and losses on products traded in markets with prices that are not directly supported by readily observable prices supported by a liquid market. These reserves are recorded against the related derivative financial position accounts or statement of income accounts.

The Company regularly reviews these inception reserves for reasonableness, and the Company releases these reserves into earnings when the valuation risk is mitigated. This is typically due to a market or delivery period becoming liquid, a transaction or delivery settling, or an illiquid transaction being matched with a transaction that fully offsets the commodity position. In the absence of one of these occurrences, inception reserves are reversed in the period or periods during which the underlying transaction is settled.

The change in Company's inception valuation reserves for the year ended December 31, 2021, is as follows (in thousands):

	2021	2020
Inception reserves:		
Beginning unamortized balance	\$ 206,445	\$ 170,874
Deferral on new transactions	38,096	32,390
Amortization	(31,445)	(2,917)
Other	21,703	6,098
Ending balance	<u>\$ 234,799</u>	<u>\$ 206,445</u>

12.3.1 Undiscounted Contractual Payments Relating to Operating Activities—The undiscounted cash flows on derivatives that the Company expects to receive or pay, by the year of expected payment, on its derivative contracts as of December 31, 2021 and 2020, are as follows (in thousands):

	2022	2023	2024	2025	2026	Beyond Five Years	Total
Derivative instruments carried in liabilities:							
Portfolio management activities	\$ (147,460)	\$ (126,020)	\$ (99,838)	\$ (97,443)	\$ (86,541)	\$ (638,570)	\$ (1,195,872)
Trading activities	(61,934)						(61,934)
Derivative instruments carried in assets:							
Portfolio management activities	19,484	20,728	7,282	6,112	6,848	27,437	87,891
Trading activities	<u>950,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950,056</u>
Total December 31, 2020	<u>\$ 760,146</u>	<u>\$ (105,293)</u>	<u>\$ (92,556)</u>	<u>\$ (91,331)</u>	<u>\$ (79,693)</u>	<u>\$ (611,134)</u>	<u>\$ (219,860)</u>

	2021	2022	2023	2024	2025	Beyond Five Years	Total
Derivative instruments carried in liabilities:							
Portfolio management activities	\$ (30,007)	\$(21,385)	\$(10,381)	\$(11,599)	\$(14,157)	\$(116,016)	\$(203,545)
Trading activities	(263,036)	-	-	-	-	-	(263,036)
Derivative instruments carried in assets:							
Portfolio management activities	36,228	27,336	23,071	19,852	19,532	186,867	312,886
Trading activities	<u>16,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,636</u>
Total December 31, 2020	<u>\$(240,179)</u>	<u>\$ 5,951</u>	<u>\$ 12,690</u>	<u>\$ 8,253</u>	<u>\$ 5,375</u>	<u>\$ 70,851</u>	<u>\$(137,059)</u>

12.3.2 Undiscounted Contractual Payments Relating to Financial Activities—The undiscounted contractual payments on net debt (excluding the impact of derivative, margin calls, and amortized cost) as of December 31, 2021, are as follows (in thousands):

	2022	2023	2024	2025	2026	Beyond Five Years	Total
Borrowings with accrued interest at December 31, 2021	<u>\$ 19,108</u>	<u>\$ 16,154</u>	<u>\$ 726,790</u>	<u>\$ 810,196</u>	<u>\$ 463,382</u>	<u>\$ -</u>	<u>\$ 2,035,630</u>

12.3.3 Commitments Relating to Commodity Purchase and Sale Contracts Entered into Within the Ordinary Course of Business—In the ordinary course of its activities, the Company enters into long-term contracts, some of which include “take-or-pay” clauses. These consist of firm commitments to purchase (sell) specified quantities of natural gas, electricity, and related services in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts are outside the scope of IFRS 9. The main future commitments arising from contracts entered into by the Company at December 31, 2021 and 2020, are as follows (in GWh’s):

	2021	Within One Year	One to Five Years	> Five Years
Firm purchases	8,223	4,804	3,419	-
Firm sales	182,731	39,567	71,735	71,429
	2020	Within One Year	One to Five Years	> Five Years
Firm purchases	13,146	4,598	8,548	-
Firm sales	188,350	40,304	78,339	27,372

13. OTHER ASSETS

13.1 Other Noncurrent Assets—Other noncurrent assets at December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Other noncurrent assets:		
Other long term assets	\$ 5,889	\$ 10,612
Reimbursable costs	<u>2,422</u>	<u>2,422</u>
Total other noncurrent assets	<u>\$ 8,311</u>	<u>\$ 13,034</u>

13.1.1 Other Long-Term Assets—Through the acquisition of Infinity, ENGIE IR acquired \$37.5 million of refundable deposits made to vendors for GIA security, interconnection security, and Power Purchase Agreement security. As of 2020, \$23.9 million of cash deposits were returned by the vendors, \$9.3 million of the deposits were applied by the vendors to cover services provided during the year and \$1.3 million of refundable deposits related to unviable projects were written off. As of December 31, 2021, the remaining \$3 million of deposits were ultimately impaired.

13.2 Other Current Assets—Other current assets at December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Other current assets:		
Prepaid expenses	\$ 45,959	\$ 52,726
Other current assets	<u>51,628</u>	<u>55,335</u>
Total other current assets	<u>\$ 97,587</u>	<u>\$ 108,061</u>

13.2.1 Prepaid Expenses In 2021, the Company amortized \$3.7 million of prepaids. Additionally, Suez Denver Metro, LLC replaced two solar turbines and consequently transferred \$1.5 million of prepaid LTSA fees to Property, Plant and Equipment—net.

13.2.2 Other Current Assets—The decrease in other current assets is driven by \$5.6 million decrease in third-party guarantee fees and \$2.6 million decrease in settled positions with brokers; offset by a \$4.0 million increase in expected development fee for several of Socore Energy LLC assets.

14. PROVISIONS AND OTHER LIABILITIES

14.1 Provisions—Provisions for the years ended December 31, 2021 and 2020, were as follows (in thousands):

	January 1, 2021	Additions	Amounts Used	Acquisition	Transfer to "Assets Classified as Held for Sale and Discontinued Operations"	Transfers	December 31, 2021
Noncurrent provisions:							
Asset retirement obligations	\$77,658	\$43,433	\$ -	\$1,571	\$ -	\$ -	\$122,662
Pensions and other post retirement benefits	1,329	687	-	-	-	-	2,016
Reserves—environmental	<u>879</u>	<u>-</u>	<u>(348)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531</u>
Total noncurrent provisions	<u>79,866</u>	<u>44,120</u>	<u>(348)</u>	<u>1,571</u>	<u>-</u>	<u>-</u>	<u>125,209</u>
Current provisions:							
Restructuring costs	921	10,905	(276)	-	-	(50)	11,500
Provision for onerous contract	895	2,527	(2,999)	-	(352)	-	71
Provision for warranties and customer care	5,401	10,011	(2,987)	-	(84)	-	12,341
Provisions for litigations	<u>1,030</u>	<u>1,640</u>	<u>(269)</u>	<u>-</u>	<u>(766)</u>	<u>-</u>	<u>1,635</u>
Total current provisions	<u>8,247</u>	<u>25,083</u>	<u>(6,531)</u>	<u>-</u>	<u>(1,202)</u>	<u>(50)</u>	<u>25,547</u>
Total provisions	<u>\$88,113</u>	<u>\$69,203</u>	<u>\$ (6,879)</u>	<u>\$1,571</u>	<u>\$ (1,202)</u>	<u>\$ (50)</u>	<u>\$150,756</u>

	January 1, 2020	Additions	Amounts Used	Acquisition	Disposals/Out of Scope	Transfers	December 31, 2020
Noncurrent provisions:							
Asset retirement obligations	\$38,775	\$40,207	\$ -	\$ -	\$(1,324)	\$ -	\$77,658
Pensions and other post retirement benefits	1,329	-	-	-	-	-	1,329
Reserves—environmental	<u>11,604</u>	<u>-</u>	<u>(7,169)</u>	<u>-</u>	<u>-</u>	<u>(3,556)</u>	<u>879</u>
Total noncurrent provisions	<u>51,708</u>	<u>40,207</u>	<u>(7,169)</u>	<u>-</u>	<u>(1,324)</u>	<u>(3,556)</u>	<u>79,866</u>
Current provisions:							
Restructuring costs	4,240	2,668	(5,987)	-	-	-	921
Provision for onerous contract	370	1,637	(2,878)	-	-	1,766	895
Provisions for tax contingency	-	-	-	-	-	-	-
Provision for warranties and customer care	3,795	1,333	(74)	-	-	347	5,401
Provisions for litigations	<u>783</u>	<u>641</u>	<u>(394)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030</u>
Total current provisions	<u>9,188</u>	<u>6,279</u>	<u>(9,333)</u>	<u>-</u>	<u>-</u>	<u>2,113</u>	<u>8,247</u>
Total provisions	<u>\$60,896</u>	<u>\$46,486</u>	<u>\$ (16,502)</u>	<u>\$ -</u>	<u>\$(1,324)</u>	<u>\$(1,443)</u>	<u>\$88,113</u>

- 14.1.1 Asset Retirement Obligation (“ARO”)**—Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities, LNG terminals, and renewable energy plant components, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit commitment. The related liability is calculated using the most appropriate technical and budget estimates. Upon initial recognition, the Company records a provision for the present value of the expected obligation at the decommission date and recognizes a dismantling asset. The amount of the provision is adjusted each year to reflect the impact of unwinding the discount or adjustments in the expected obligation based on new or updated information. There has been a significant increase in the ARO obligation during 2021 due to the completion of two wind plants, a solar plant, and the acquisition of SolaireDirect. In addition, a revaluation of the decommissioning costs related to Neptune Deep Water Port resulted in a \$31.8 million ARO increase.
- 14.1.2 Pensions and APBO—Retiree Medical**—See Note 17 for further discussion of pension and other postretirement plans.
- 14.1.3 Reserves—Environmental**—Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. The amount recorded for environmental reserves represents management’s best estimate of the liability at Mt. Tom Generation Company, LLC for environmental cost and takes into consideration site assessment and remediation costs. In 2020, \$7.1 million of the Mt. Tom Generation Company reserve was used and there was an impairment reversal of \$3.6 million due to the remaining estimated decommissioning costs being less than forecasted. In 2021, \$348 thousand of the Mt. Tom Generation Company reserve was used.
- 14.1.4 Restructuring Costs**—A restructuring provision is recorded when there is a program that is planned and controlled by management and that significantly alters (a) either an enterprise’s scope of activities or (b) the way in which its activities are managed. In 2020, the business lines were reorganized because of a major reorganization, called “Apollo”. This was a significant, collaborative reorganization designed to form the new CGUs in alignment with ENGIE’s customer segmentation. This resulted in 5 reporting units namely

Cities & Communities (“C&C”), Commercial & Industrial (“C&I”), Properties, Renewables, and Supply. Also effective in 2020, ENGIE Insight has been separated for management reporting purposes and mapped to the newly formed ENGIE Impact BU. This entity will remain under the legal supervision of EHI as well. In 2021, another major reorganization called “Project Blue” occurred. This resulted in several global business lines (“GBLs”). The new GBLs are GEM, Renewables, Thermal, Networks, Energy Solutions, EQUANS and Insight.

14.1.5 Onerous Contracts—Insight has several customer contracts in which the cost to fulfill the contracts are greater than the expected revenue. The provision recorded is related to these contracts. ENGIE Services U.S. Inc. (“ESUS”) also has balances pertaining to construction type jobs with negative margin in which the total expected loss is recorded in the provision for onerous contracts.

14.1.6 Warranties—SoCore Energy LLC recorded a provision related to the warranty it provides their customers covering the removal of equipment and return of purchase price of build-transfer sites. The provision recorded also includes ESUS customer contracts that provide a one-year warranty from the time of completion.

14.1.7 Litigation—See discussion of litigation in Note 16.

14.2. Other Liabilities—Other liabilities for the years ended December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Other liabilities noncurrent:		
Tax equity liabilities		
Deferred revenue	132,512	-
Other liabilities noncurrent	16,422	26,731
Total noncurrent liabilities	1,358,601	1,395,119
Other current liabilities:		
Other taxes payable	58,167	25,501
Deferred revenue	28,337	109,451
Other operating payables	27,665	5,209
Employee related payables	105,463	160,241
Tax equity liabilities		-
Total current liabilities	402,303	300,402
Total other liabilities	\$ 1,760,904	\$ 1,695,521

14.2.1 Tax Equity Liabilities—The tax equity liability presented in the table above represents the noncash portion of the liability due to the Company’s tax equity partners. In 2020, the tax equity liability recognized and reported was [REDACTED]. In 2021, the change in the tax equity liability is mainly due to a decrease from [REDACTED] of tax equity credits of income recognition and [REDACTED] million net reclass to deferred revenue; offset by [REDACTED] increase from tax equity funding received for one wind and three solar projects and [REDACTED] million increase in financial expense.

- 14.2.2 Other Liabilities**—Decrease in other liabilities is primarily due to repayment of other liabilities on SoCore Energy. Fund IV for SoCore has one partner that is both a tax equity and cash partner. This partner provides funding on two different milestones for each site. The Company constructs each site and bills Fund IV for each site built and the cash from the partner contributed to Fund IV is sent to pay these invoices. However, these invoices do not cover the full accounts receivable outstanding on the Company's books. The remaining accounts receivable balance that is not repaid is deemed a contribution from the Company. The remaining \$6.7 million of other liabilities has not been formally contributed.
- 14.2.3 Other Taxes Payable**—In 2020, the Company saw a decrease in other taxes payable primarily due to an increase in the estimated state tax payments that were made on a higher 2020 tax forecast compounded with a decrease in sales and use tax. In 2021, the Company saw increases in taxes payable due to increased property taxes associated with several project entities achieving commercial operation and increases in ENGIE Resources LLC's use tax.
- 14.2.4 Deferred Revenue**—The increase of \$51 million in 2021 for deferred operating income is mainly due to \$70.7 million recognition of Class A tax credits Investment Tax credit- ("ITCs") for the commencement of [REDACTED], offset by amortization of \$18.3 million. These projects qualify for federal solar ITCs, which is received by the Tax Equity Partner. As the ITCs are received by the tax equity partner, the amount is reclassified from the tax equity liability to deferred revenue until the ITCs can be recognized based on the tax equity amortization schedule.
- 14.2.5 Other Operating Payables**—In 2020, we saw an increase in other operating payables due to an accrual of a tax equity payment that ESA Managing Member Phase V, LLC owed to Project Company Finco Phase V, LLC. In 2021, the other operating payables line saw a increase due to book settlement activity with brokers closing with a net payable balance greater than the payable balance at the end of 2020.
- 14.2.6 Employee Related Payables**—See discussion in Note 17.

15. LEASES

The Company is contractually engaged in current lease obligations, whereby the Company has both lessee and lessor obligations in various arrangements. In accordance with IFRS 16, the following tables delineate the Company's contractually obligated lease commitments:

Short-Term Leases and Leases of Low-Value Assets for which the Company Acts as Lessee—The company is contractually engaged in leases with a duration of less than 12 months and leases for which the underlying asset is of low value. In these types of lease obligations, the Company has elected to recognize the lease payments associated with these leases as an expense over the lease term. Total expenses relating to short-term leases totaled \$6.9 million as of December 31, 2021. Total expense relating to short-term leases \$6.0 million as of December 31, 2020, of which \$3.5 million was related to EQUANS and is reported as discontinued operations in the consolidated statements of income. Total expenses relating to low value leases totaled \$0.5 million as of December 31, 2021. Total expenses relating to low value leases totaled \$9 million as of December 31, 2020, of which \$9 million was related to EQUANS and is reported as discontinued operations in the consolidated statements of income.

Leases for which the Company Acts as Lessee—The Company has five main lease types: (i) the Company has entered into lease agreements for easements and land to be used in solar and wind projects, (ii) the Company leases vehicles, (iii) office and IT equipment, and (iv) the Company has entered into a charter agreement for LNG carrier ships. The Provalys charter expired in 2018 and ENGIE Gas & LNG assigned the charter for the BW Boston Vessel to EEMNA effective October 1, 2019.

The Company's right of use assets as of January 1, 2020 and December 31, 2020 and 2021 were as follows (in thousands):

	Real Estate	Technical Equipment	Transportation Equipment	LNG Carriers	Office and IT Equipment	Total
Gross book value—January 1, 2020	\$ 180,706	\$ 21,347	\$ 1,419	\$ 69,811	\$ 152	\$ 273,435
Additions	105,964	-	145	-	9,843	115,952
Terminations	(4,667)	-	-	-	-	(4,667)
Gross book value—December 31, 2020	282,003	21,347	1,564	69,811	9,995	384,720
Additions	42,944	-	-	-	25	42,969
Acquisitions	3,313	-	-	-	-	3,313
Terminations	(11,830)	-	(17)	-	(114)	(11,961)
Transfers	3,394	(11,832)	-	-	(9,843)	(18,281)
Impairment	(10,078)	-	-	-	-	(10,078)
Merger/contributions	(609)	-	-	-	-	(609)
Divestitures	(922)	-	-	-	-	(922)
Transfer to “assets classified as held for sale and discontinued operations”	(25,320)	-	(561)	-	-	(25,881)
Gross book value—December 31, 2021	<u>\$ 282,895</u>	<u>\$ 9,515</u>	<u>\$ 986</u>	<u>\$ 69,811</u>	<u>\$ 63</u>	<u>\$ 363,270</u>
Accumulated depreciation—January 1, 2020	\$ (16,789)	\$ (2,313)	\$ (620)	\$ (17,097)	\$ (100)	\$ (36,919)
Activity for the year	(17,495)	(384)	(118)	(17,097)	(62)	(35,156)
Terminations	4,708	-	-	-	-	4,708
Accumulated depreciation—December 31, 2020	(29,576)	(2,697)	(738)	(34,194)	(162)	(67,367)
Activity for the year	(18,697)	(421)	76	(17,188)	(43)	(36,273)
Acquisitions	(243)	-	-	-	-	(243)
Terminations	11,844	-	10	7	132	11,993
Transfers	2,406	2,397	-	-	-	4,803
Merger/contributions	-	-	-	-	-	-
Divestitures	212	-	-	-	-	212
Transfer to “assets classified as held for sale and discontinued operations”	9,527	-	257	-	-	9,784
Accumulated depreciation—December 31, 2021	<u>\$ (24,527)</u>	<u>\$ (721)</u>	<u>\$ (395)</u>	<u>\$ (51,375)</u>	<u>\$ (73)</u>	<u>\$ (77,091)</u>
Carrying amount:						
January 1, 2020	\$ 163,917	\$ 19,034	\$ 799	\$ 52,714	\$ 52	\$ 236,516
December 31, 2020	252,427	18,650	826	35,617	9,833	317,353
December 31, 2021	258,368	8,794	591	18,436	(10)	286,179

The right-of-use asset related to leases is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term. In that case the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as that used for property, plant and equipment.

As of December 31, 2021, the Company reported \$11.9 million of interest expense on lease liabilities. Total interest expense on lease liability as of December 31, 2020 totaled \$8.4 million, of which \$0.02 million was related to EQUANS and is reported as discontinued operations in the consolidated statements of income.

Amounts recognized in the consolidated statement of financial position in connection with right of use assets and lease obligations are also included in Note 8.1 and Note 11.2.1, respectively.

Under these leases, a schedule of future noncancellable minimum lease payments at present value under leases with an initial or remaining term of more than one year is as follows (in thousands):

Year 1	\$ 19,981
Years 2 to 5 inclusive	15,839
Beyond year 5	<u>278,369</u>
Total future minimum lease payments	<u>\$ 314,189</u>

During 2020, the Company subleased office space to City Storage Systems LLC. The total rent income recognized as of December 31, 2020 was \$0.06 million. The sublease agreement with City Storage Systems LLC ended June 29, 2020.

In 2021, the Company subleased office space to Bondilink, Inc. and Tomorrow Companies Inc. The total rent income recognized as of December 31, 2021 was \$0.1 million.

Noncancellable Finance Leases for which the Company Acts as Lessor—Colorado Energy Nations Co., LLC (CENC) has an energy service agreement with MillerCoors to supply MillerCoors' total thermal energy and electricity requirements. As the assets of CENC are generating energy primarily for MillerCoors, this agreement was assessed to be a finance lease. This agreement was terminated as of September 14, 2020.

Amounts recognized in the consolidated statements of financial position in connection with finance lease receivables are included in Note 11.2.1.

16. CONTINGENCIES AND LEGAL PROCEEDINGS

Contingencies correspond to conditions that exist as of the date of the consolidated financial statements that may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. Contingencies include outstanding lawsuits or claims for possible damages to third parties in the ordinary course of the Company's business, as well as third-party claims arising from disputes concerning legislative interpretation. Such contingent liabilities are assessed by the Company's management based on available evidence and legal opinion.

The Company and certain of its subsidiaries are defendants in various lawsuits and proceedings. The outcome of these lawsuits and proceedings cannot be predicted with certainty and could possibly have a material adverse effect on the Company's consolidated financial position, results of operations, and cash flows. The Company and/or its subsidiaries believe they have meritorious defenses to these matters and intend to contest all such claims, and thus the timing of potential outflows from the Company cannot be reliably estimated due to both the nature of legal proceedings in general, and the procedural status of such matters specifically. The Company has not assumed that it will be reimbursed for any potential outflows related to contingencies.

17. EMPLOYEE BENEFIT PLANS

Within this footnote, the following entities will be known as the “Legacy entities”: ENGIE Resources, LLC, ENGIE Gas & LNG Holdings LLC, ANP POWER COMPANY, LLC, Colorado Energy Nations Co. LLC, ENGIE Renewable Energy NA LLC, Alabama-Decatur Energy, LLC, ENGIE DEGS Holdings, LLC, GDF Suez Energy Marketing NA, Inc., ENGIE NA E&P LLC, GDF SUEZ Energy Development NA, LLC, ENGIE NYC, LLC, Leo Holding Company LLC, IPA Caribbean, LLC, IPA Wind Development, LLC, Suez Energy Astoria II, LLC, Suez Energy Astoria, LLC, Syracuse Energy LLC, and FirstLight Power Enterprises, LLC. The primary employee benefit plans, plan administration, and balances for employee benefit plans were moved to the Company from GDF Suez Energy North America, Inc. (“GSENA”) during the purchase of the Legacy entities back in 2016.

In some cases, the newly acquired entities, had separate employee benefit plans or did not participate in the plans. The Legacy entities continued the plans that transferred from GSENA and the Company intends to integrate the newly acquired entities into these plans as part of their integration plan.

Defined Contribution Plans—There were several different defined contribution retirement plans (the “401(k) Plan”) for the Company’s employees. Under the 401(k) Plan, each participant may elect to defer taxation on a portion of his or her eligible earnings, as defined by the 401(k) Plan, by directing the employer to withhold a percentage of such earnings.

The Legacy entities and Insight participate in the ENGIE 401(k) plan. This plan matches 100% of the first 3%, then 50% of the next 2% of each employee’s compensation contributed. The employees vest immediately in the employer’s contributions. In 2016, the Company acquired ESUS which sponsored a 401(k) plan of its own. In 2021, this plan was merged with the ENGIE 401(k) plan. In 2018, the Company acquired MATEP, LLC which sponsored a 401(k) plan for its union employees. ENGIE merged this 401(k) plan into the ENGIE 401(k) plan in August 2019. In 2018, ENGIE Acquired Plymouth Rock Energy which sponsored a 401(k) plan. ENGIE merged this 401(k) plan into the ENGIE 401(k) plan in January 2020.

The contribution expenses related to the non-EQUANS entities were \$9.8 million and \$9.8 million recorded in personnel cost in the consolidated statements of income for the years ended December 31, 2021 and 2020, respectively.

The following defined contribution information pertains to the EQUANS entities.

Elmsford Sheet Metal Works, Inc., Trystate Mechanical, Inc., B-G Mechanical Contractors, Inc., B-G Mechanical Service, Inc., Fred Williams, Inc. and H.T. Lyons Co participate in the ENGIE Contracting Services 401(k) plan which matches 100% of the first 3% of each employee’s compensation contributed. The employees vest immediately in the employer’s contributions.

Unity participates in the Unity 401(k) plan that provides a discretionary match to its employees and the employees vest in employer matching 20% at two years, 40% at three years, 60% at four years, 80% at five years, and 100% at six years. In 2021 and 2020, Unity did not make contributions to the 401(k) plan.

Donnelly participates in the Donnelly 401(k) plan that provides a discretionary match up to 4% of employee’s contributions. The Donnelly 401(k) plan also provides a discretionary nonelective contribution. Vesting in the employer matching and nonelective contributions is 20% at two years, 40% at three years, 60% at four years, 80% at five years, and 100% at six years.

Systecon participates in the Systecon 401(k) plan that provides a discretionary match and a 3% safe harbor nonelective contribution annually in January. Vesting in the employer matching and nonelective contributions is 20% at two years, 40% at three years, 60% at four years, 80% at five years, and 100% at six years.

Conti participates in the Turrin MEP 401(k) plan that provides a discretionary match up to 3% and a discretionary nonelective contribution. Vesting in the employer matching and nonelective contributions is 20% at two years, 40% at three years, 60% at four years, 80% at five years, and 100% at six years. In 2021 and 2020, Conti did not make contributions to the 401(k) plan.

The contribution expenses related to the EQUANS entities were \$1.3 million and \$1.5 million recorded in net income related to discontinued operations in the consolidated statements of income for the years ended December 31, 2021 and 2020, respectively.

Performance Unit Plan—The Legacy entities' employees have a performance unit plan (the "Plan") that provides incentive awards based on the Company's performance on selected financial performance measures over a three-year performance cycle. Under this program, new performance cycles begin every year and end three years later.

Effective April 1, 2018, eligibility for the Plan was limited to senior advisors, directors, and above within the Legacy entities and to a limited executive level population in other entities.

Payouts under the Plan are made after the completion of a given cycle and are made in cash.

The Company recognized expense of \$1.3 million and \$16.6 million for amounts awarded under the program during 2021 and 2020, respectively.

Pension and Other Postretirement Plans—The Company provides a retiree medical plan to employees upon retirement provided that, at the time of their termination, they are covered under the Company's medical plan, are at least 55 years of age, have completed 10 years of service, and are not a member of a collective bargaining unit. The retiree and his or her eligible spouse will be entitled to substantially the same medical and dental benefits as those available to active employees under the pension and other postretirement plan option. The cost for retiree coverage will be primarily covered by premiums paid by the retirees. There was no expense in 2021 and 2020 related to the costs of this plan. Under IAS 19, a liability for the accumulated postretirement benefit obligation of \$2.0 million and \$1.3 million at December 31, 2021 and 2020, respectively, has been recorded in noncurrent provisions in the consolidated statements of financial position.

Multiemployer Benefit Plans—Multiemployer plans, which are similar to defined benefit plans, were acquired through the acquisition of the following EQUANS entities - Unity, Donnelly, B-G Mechanical Contractors, Inc., Trystate Mechanical, Fred Williams Inc., B-G Mechanical Service, Inc., Elmsford Metal Works, Inc., HT Lyons Inc., and Conti Entities. However, the relevant institutions do not provide the participating companies with sufficient information to use defined benefit accounting. The plans are therefore accounted for as defined contribution plans. The balances related to these plans are reported under discontinued operations.

Under the terms of the union contracts, the Company is required to contribute to multiemployer pension plans administered by the unions, based on a defined dollar amount per hour worked. Contributions to multiemployer pension plans were \$45.0 million and \$45.2 million for the years ended December 31, 2021 and 2020, respectively. The expected employer contributions to the fund for 2022 are \$47.9 million.

There are certain risks associated with participating in multiemployer plans, including, but not limited to:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Company chooses to stop participating in any of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in multiemployer pension plans for the years ended December 31, 2021 and 2020, is shown in the table below. The "EIN/Pension Plan Number" columns provide the Employee Identification Number ("EIN"). Under the "Pension Protection Act Zone Status" column, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions		Surcharge Imposed	Contributions Represent 5% or More of Total Contributions to the Plan
		2021	2020		2021	2020		
Electrical Workers' Pension Trust Fund Local No. 58, IBEW, Detroit, MI.	38-6080404	Green	Green	N/A	\$ 8,610	\$13,306	N/A	Yes
Steamfitters Local Union No. 420 Pension Plan	23-2004424	Red	Red	Implemented	7,030	4,128	N/A	Yes
Pension, Hospitalization & Benefit Plan of the Electrical Industry—Pension Trust Account	13-6123601	Green	Green	N/A	4,988	4,232	N/A	No
Steamfitters Industry Pension Fund	13-6149680	Green	Green	N/A	2,421	2,140	N/A	Yes
Sheet Metal Workers Pension Fund of Local Union No. 19	23-1494364	Yellow	Yellow	Implemented	2,039	2,478	N/A	No
Pipefitter Local No. 636 Defined Benefit Pension Plan	38-3009873	Yellow	Yellow	Implemented	1,942	2,772	N/A	Yes
Southern Electrical Retirement Fund	62-6125711	Green	-	N/A	1,756	-	N/A	No
Plumber Local No. 98 Pension Plan	38-3031916	Yellow	Yellow	N/A	1,262	1,987	N/A	Yes
Pipefitters Local Union No. 537 Pension Fund	51-6030859	Green	Green	N/A	1,016	720	N/A	No
Southern California IBER-NECA Union No. 11 Pension Plan	95-6392774	Yellow	-	N/A	997	-	N/A	No
Joint Pension Fund Local Union 164 IBEW	22-6031199	Green	Yellow	Implemented	786	996	N/A	No
Connecticut Plumbers & Pipefitters Pension Fund	06-6050353	Green	-	N/A	762	-	N/A	Yes
Plumbers & Steamfitters Local 21 Pension Fund	13-1847042	Green	Green	N/A	734	566	N/A	Yes
Plumbers & Pipefitters Local 104 Pension Plan	04-2746381	Green	Green	N/A	627	1,012	N/A	Yes
Michigan Electrical Employees Pension Plan	38-6233977	Green	Green	N/A	526	609	N/A	No
Plumbers Local Union No. 690 Pension Fund	23-6405018	Green	-	N/A	465	-	N/A	No
United Association Local No. 7 Pension Plan	91-2055384	Green	Green	N/A	-	423	N/A	No
Miscellaneous Pension Plans					9,031	9,807	N/A	
					<u>\$44,992</u>	<u>\$45,176</u>		

Additionally, contributions are made to certain multiemployer plans that provide postretirement health and welfare benefits. Contributions to these plans were \$52.3 million and \$51.0 million in the years ended December 31, 2021 and 2020, respectively. The amount of the contributions to these plans is generally subject to the factors discussed above in conjunction with the multiemployer pension plans.

Officer Incentives and Discretionary Bonuses—The following EQUANS entities - B-G Mechanical Contractors, Inc., Trystate Mechanical, Fred Williams Inc., B-G Mechanical Service, Inc., Elmsford Metal Works, Inc., HT Lyons Inc., Unity, Conti, and Systecon have an officer incentive compensation program. Bonuses charged to discontinued operations through the incentive compensation program were \$2.2 million and \$1.7 million in the years ended December 31, 2021 and 2020, respectively. The following EQUANS entities - ENGIE MEP, Unity, Conti, Donnelly, and Systecon also awarded discretionary bonuses to non-key employees of \$8.3 million and \$10.1 million in the years ended December 31, 2021

and 2020, respectively. The charges for the incentive compensation program and discretionary bonuses are included in discontinued operations within the consolidated statements of income.

18. SHARE-BASED COMPENSATION

Certain employees of the Company are eligible to participate in various share-based compensation awards. The shares granted or used for the basis of the awards are those of ENGIE. The plans in effect and expenses under each are as follows (in thousands):

	Settlement	Expense for the Year	
		2021	2020
Hedge of stock warrants	Cash	\$ 521	\$ 1,053
Bonus/performance share plans	Equity	1,366	1,394
Share appreciation rights (employee share purchase leverage)	Cash	24	24

The Company also awards bonus shares and performance shares to certain employees under the share plans of ENGIE. Expense for each of these equity awards is recognized on a straight-line basis over the vesting term of the plan.

Employees of the Company are eligible to participate in the ENGIE corporate savings plans. They may subscribe to ENGIE shares at a discount. The discount is expensed immediately as compensation expense, offset to additional paid-in capital, as shares purchased are ENGIE shares. The plan also entitles the employees to benefit from the positive performance of ENGIE shares at the end of the mandatory holding period through SARs. The impact of these cash-settled SARs consists of recognizing a payable to the employee over the five-year vesting period of the rights, with the corresponding adjustment recorded to compensation expense. The fair value of the liability related to these awards was \$0.7 million and \$0.8 million for December 31, 2021 and 2020, respectively. ENGIE entered into warrant agreements under which cash needed to settle the SAR liabilities will be received from a third party. The cost of these agreements has been paid by ENGIE and the Company records its representative share, and their fair value has been recorded as compensation expense and derivative assets by the Company. Compensation expense related to the SARs was taken on a straight-line basis over the vesting term. Unrealized loss (gain) from the change in the fair value of the warrant agreements was \$0.5 million and \$1.1 million in 2021 and 2020, respectively. Over the five-year term of the SARs and warrant agreements, the net income statement impact will be zero.

19. RELATED-PARTY TRANSACTIONS

The Company frequently engages in transactions with the Parent and Ultimate Controlling Parent, subsidiaries, joint ventures, and associates.

Parent and Ultimate Controlling Parent—The Company pays certain expenses on behalf of its Parent and affiliates. At December 31, 2021 and 2020, the Company had outstanding balances of \$7.7 million and \$9.0 million, respectively, due from its Parent and affiliates included in trade and other receivables at in the consolidated statements of financial position.

The Company receives certain financial guarantees from the Ultimate Controlling Parent and other affiliated companies. Expenses incurred during 2021 and 2020 related to these guarantees were \$7.4 million and \$9.8 million, respectively, recorded in financial expense in the consolidated statements

of income. The Company had an outstanding payable balance of \$3.9 million and \$7.2 million related to these transactions on December 31, 2021 and 2020, respectively.

The Company receives management services from Ultimate Controlling Parent and other affiliated companies. Expenses incurred related to these management fees were \$12.9 million and \$13.9 million for 2021 and 2020, respectively, recorded in other operating expenses in the consolidated statements of income. The Company had an outstanding payable balance of \$12.7 million and \$10.9 million related to these transactions on December 31, 2021 and 2020, respectively.

Other Related Parties—On October 1, 2019, the operation of the Gas segment transferred to EEMNA. The transferred segment sells LNG cargos to affiliated companies. In 2020, the agreement with EcoElectrica, LP was transferred to Naturgy Aprovechamientos, S.A. Consequently, the Company did not recognize revenues in 2021 and recognized \$54.5 million in 2020. There were no receivables related to these cargo sales as of both December 31, 2021 and 2020.

Starting in 2018, ENGIE Energy Marketing Singapore (“EEM Singapore”) began to engage in back-to-back purchases of LNG cargoes from EEMNA, where the cargoes are immediately sold to third parties. EEM Singapore charges EEMNA service fees for procuring the LNG transactions. The Company recognized cargo purchase expenses of \$67.9 million and \$26 million as of December 31, 2021 and 2020, respectively. In addition, the Company recognized service fees and administrative fees totaling \$2.1 million and \$2.0 million in 2021 and 2020, respectively. At December 31, 2021 and 2020, the payable related to these transactions was \$0.

EEMNA enters into contracts with ENGIE Global Markets that qualify as derivative instruments. The assets and liabilities from trading activities related to these transactions was \$7.0 million assets at December 31, 2021, and \$14.3 million assets in 2020.

EEMNA enters into contracts with GDF SUEZ Mexico Comercializado that qualify as derivative instruments. The assets from trading activities related to these transactions was \$135.8 million and \$87 million at December 31, 2021 and 2020, respectively.

Fenix US is in charge of the procurement for the Fenix Africa Companies. Fenix US buys hardware from suppliers in China and sells the kits to its African affiliates. In 2020, Fenix US sold its assets and liabilities to Engie Mobisol GmbH. Fenix US recognized revenue of \$7.7 million and \$29.9 million at December 31, 2021 and 2020, respectively. On December 31, 2021 and 2020, the receivable related to these transactions was \$8.9 million and \$0, respectively.

Several renewable solar entities have entered into Engineering Procurement Construction (“EPC”) contracts with ENGIE Solar SAS. ENGIE Solar SAS is providing the engineering, procurement, and construction services to construct the following solar entities: Anson Solar Center, Bluestone Farm Solar, ENGIE Longdraw Solar, Whitehorn Solar, and Hawtree Creek Farm Solar. The total 2021 construction expenses related to these contracts was \$17.2 million. There were no payables related to these EPC contracts as of December 31, 2021.

See Note 11 for discussion of debt agreements with ENGIE CC and affiliates.

Key Management Personnel—The Company’s key management personnel is composed of the members of the executive committee. Their compensation breakdown as of December 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Short-term benefits	\$ 7,584	\$ 8,467
Share-based payment	-	-
Total	<u>\$ 7,584</u>	<u>\$ 8,467</u>

20. SUBSEQUENT EVENTS

20.1 Priddy Wind Project, LLC Power Purchase Agreement—On January 21, 2022, Priddy Wind Project, LLC (“Priddy”) revised and replaced its power purchase agreement with Allianz. In addition, Engie Mercury Holdings LLC entered into a power balancing swap with Allianz for 80% of Priddy’s electric capacity.

20.2. Photosol—On March 26, 2022, the Company, through its subsidiary ENGIE Solar NA, LLC entered into a purchase and sale agreement for the purchase of Four Corners Solar Center, LLC. and Photosol US Renewables. This addition brings 17 early development stage solar and battery storage projects into the Company’s scope.

20.3 Mercury—On February 10, 2022, Mercury Wind Class B Member LLC (“Mercury Wind Class B Equity Investor”) and a group of tax equity investors (“Mercury Wind Class A Equity Investor”) executed Mercury Wind Equity Capital Agreement (“Mercury Wind ECCA”). Under Mercury Wind ECCA, the Mercury Wind Class A Equity Investor and the Mercury Wind Class B Equity Investor funded the costs to develop, procure and construct two wind projects, Iron Star Project Company in Kansas, and Priddy Project Company located in Texas, in exchange for the Class A and Class B units, respectively, of Mercury Wind Holdco LLC (“Mercury Wind Holdco”).

On March 18, 2022, InfraRed Capital Partners, through its subsidiaries (collectively, InfraRed Member), executed a Purchase and Sale Agreement with ENGIE Mercury Holdings LLC (“ENGIE Mercury Member”) and ENGIE Jupiter CORP LLC (together with ENGIE Mercury Member, each a Seller and collectively the Sellers) to acquire 49% of the equity interest in Mercury Equity Holdings (MEH) from the Sellers. MEH owns Mercury Wind Holdco and Mercury Solar Holdco; the combined installed capacity of the three wind and solar projects within MEH is approximately 665MW. The aggregate contribution received from Mercury Wind Class A Equity Investor and InfraRed Member is approximately [REDACTED].

20.4 Jupiter Equity Holdings—On March 9, 2022, the non-controlling interest contributed [REDACTED] to the Jupiter Partnership.

21. LIST OF THE MAIN CONSOLIDATED COMPANIES

	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
ENGIE Holdings Inc.						
ENGIE Insight Services Inc.	100	100	100	100	FC	FC
ENGIE Energy Marketing NA, Inc.	100	100	100	100	FC	FC
ENGIE North America Inc.	100	100	100	100	FC	FC
ENGIE Portfolio Management, LLC	100	100	100	100	FC	FC
ENGIE Resources LLC	100	100	100	100	FC	FC
RES Investments, LLC	100	100	100	100	FC	FC
ENGIE Retail, LLC	100	100	100	100	FC	FC
GSE Investments, LLC	100	100	100	100	FC	FC
ENGIE Power & Gas LLC	100	100	100	100	FC	FC
RI Solar 1, LLC	100	100	100	100	FC	FC
RI Solar 2, LLC	100	100	100	100	FC	FC
NJ Solar 1, LLC	100	100	100	100	FC	FC
California Solar 1, LLC	100	100	100	100	FC	FC
California Solar 2, LLC	100	100	100	100	FC	FC
ENGIE Services U.S. Inc.	100	100	100	100	FC	FC
ENGIE Storage, LLC	100	100	100	100	FC	FC
ENGIE Storage Services NA LLC	100	100	100	100	FC	FC
GCN Storage Solutions, LLC	100	100	100	100	FC	FC
ENGIE Gas & LNG Holdings LLC	100	100	100	100	FC	FC
Neptune LNG, LLC	100	100	100	100	FC	FC
ENGIE Gas & LNG LLC	100	100	100	100	FC	FC
ENGIE Cofely Inc.	100	100	100	100	FC	FC
Systecon, LLC	100	100	100	100	FC	FC
Systecon Contracting, LLC	-	-	-	-	-	-
Systecon Exports DISC, Inc	-	-	-	-	-	-
ENGIE Services LLC	100	100	100	100	FC	FC
ENGIE Services Inc.	100	100	100	100	FC	FC
ENGIE/MiJoy joint Venture LLC	-	75	-	75	-	FC
ENGIE Contracting Services LLC	100	100	100	100	FC	FC
ENGIE MEP Services Northeast LLC	-	-	-	-	-	-
MEP Services Northeast LLC	100	-	100	-	FC	-
B-G Mechanical, Inc. (Formerly B-G Mechanical Contractors, Inc.)	100	100	100	100	FC	FC
B-G Mechanical Service, Inc.	-	100	-	100	0	FC
Elmsford Sheet Metal Works, Inc.	100	100	100	100	FC	FC
Fred Williams, Inc.	100	100	100	100	FC	FC
H.T. Lyons, Inc.	100	100	100	100	FC	FC
H.T. Lyons Co.	-	-	-	-	-	-
Trystate Mechanical, Inc.	-	100	-	100	-	FC
Donnelly Mechanical Corp.	100	100	100	100	FC	FC
Unity International Group, Inc.	100	100	100	100	FC	FC
Unity Electric Co., Inc.	100	100	100	100	FC	FC
Unity Electric, L.L.C.	100	100	100	100	FC	FC
Uni-Data and Communications, Inc.	100	100	100	100	FC	FC
Uni-Data Services, LLC	-	-	-	-	-	-
Unity Data & Electrical Services LLC	100	100	100	100	FC	FC

(Continued)

	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
Conti Service LLC	100	100	100	100	FC	FC
ISD Tech Group ::C	100	100	100	100	FC	FC
Conti LLC	100	100	100	100	FC	FC
Conti-THE LLC	50	50	50	50	EM	EM
Conti Mexico Holdings I LLC	100	100	100	100	FC	FC
Conti Mexico Holdings II LLC	100	100	100	100	FC	FC
JAC MAP Corporation S de RL de CV	100	100	100	100	FC	FC
Conti Fire Protection LLC	-	-	-	-	-	-
Conti Holdings LLC	100	100	100	100	FC	FC
Conti Electric Co. of Canada	100	100	100	100	FC	FC
JAC Construction LLC	-	-	-	-	-	-
ION Electric. LLC	100	100	100	100	FC	FC
McGilvray Mechanical, LLC	100	100	100	100	FC	FC
Indicon, LLC	100	100	100	100	FC	FC
Indigo LLC	49	49	49	49	FC	FC
Indicon Mexico Holdings LLC	100	100	100	100	FC	FC
Indicon Mexico Operations LLC	100	100	100	100	FC	FC
Indicon Mexico Employees LLC	100	100	100	100	FC	FC
Indigo Controls S de RL de CV	100	100	100	100	FC	FC
Thermal Generation	-	-	-	-	-	-
ENGIE Generation North America LLC	100	100	100	100	FC	FC
ENGIE Buckeye Operations LLC	100	100	100	100	FC	FC
Pinetree Power, LLC	-	-	-	-	-	-
Pinetree Power-Fitchburg, LLC	-	-	-	-	-	-
Pinetree Power-Tamworth, LLC	-	-	-	-	-	-
Genbright LLC	100	100	100	100	FC	FC
ATC Ryegate, LLC	100	100	100	100	FC	FC
Ryegate Associates	-	-	-	-	-	-
ENGIE Denver Metro, LLC	100	100	100	100	FC	FC
Viking Energy, LLC	100	100	100	100	FC	FC
Viking Energy of Lincoln, LLC	-	-	-	-	-	-
Viking Energy of McBain, LLC	-	-	-	-	-	-
Viking Energy of Northumberland, LLC	100	100	100	100	FC	FC
Nassau Energy Services LLC	100	100	100	100	FC	FC
Nassau Energy, LLC	100	100	100	100	FC	FC
ANP POWER COMPANY, LLC	100	100	100	100	FC	FC
TEVCO COGENERATION COMPANY, LLC	100	100	100	100	FC	FC
ANP OYSTER CREEK COMPANY	100	100	100	100	FC	FC
Freeport Power Limited	50	50	50	50	EM	EM
ENGIE DEGS Holdings, LLC	100	100	100	100	FC	FC
College Park Energy, LLC	100	100	100	100	FC	FC
Shreveport Red River Utilities, LLC	-	-	-	-	-	-
FirstLight Power Enterprises, LLC	100	100	100	100	FC	FC
Mt. Tom Generating Company, LLC	100	100	100	100	FC	FC
FirstLight Waterbury Holdings, LLC	100	100	100	100	FC	FC
Waterbury Generation LLC	-	100	-	100	-	FC
Alabama-Decatur Energy, LLC	100	100	100	100	FC	FC
Colorado Energy Nations Co., LLC	100	100	100	100	FC	FC
SUEZ Energy Astoria, LLC	100	100	100	100	FC	FC
Astoria Project Partners LLC	-	-	-	-	-	-
SUEZ Energy Astoria II, LLC	100	100	100	100	FC	FC
Astoria Project Partners II LLC	-	-	-	-	-	-
ENGIE Buckeye Holdings LLC	100	100	100	100	FC	FC
Ohio State Energy Partners Holdings LLC	50	50	50	50	EM	EM
ENGIE Longwood Holdings LLC	100	100	100	100	FC	FC
Longwood Energy Partners Holdings LLC	50	50	50	50	EM	EM

(Continued)

	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
ENGIE Hawkeye Holdings LLC	100	100	100	100	FC	FC
University of Iowa Energy Collaborative Holdings LLC	50	50	50	50	EM	EM
Georgetown Energy Partners Holdings LLC	50	-	50	-	EM	-
Renewables Generation	-	-	-	-	-	-
Solaire Direct North America LLC	100	-	100	-	FC	-
Solaire Direct USA Incorporated	100	-	100	-	FC	-
SDH USA, LLC	100	-	100	-	FC	-
SolaireHolman 1 Pledgeco LLC	100	-	100	-	FC	-
SolaireHolman 1 FINCO LLC	100	-	100	-	FC	-
SolaireHolman 1 Holdco LLC	100	-	100	-	FC	-
SolaireHolman 1 LLC	100	-	100	-	FC	-
ENGIE Renewables NA LLC	100	100	100	100	FC	FC
Live Oak Wind Partners LLC	24	24	24	24	EM	EM
Live Oak Wind Corp.	1	1	1	1	EM	EM
Mt. Tom Solar, LLC	100	100	100	100	FC	FC
Ryegate Solar, LLC	100	100	100	100	FC	FC
ENGIE Wind NA LLC	100	100	100	100	FC	FC
ENGIE IR Holdings LLC	100	100	100	100	FC	FC
Antelope Springs Wind Project, LLC	100	100	100	100	FC	FC
Big Sampson Wind Project, LLC	100	100	100	100	FC	FC
Black Spruce Wind Project, LLC	100	100	100	100	FC	FC
Century Oak Wind Project, LLC	100	100	100	100	FC	FC
Chocolate Bayou Wind Project, LLC	100	100	100	100	FC	FC
Empire Prairie Wind Project LLC	100	-	100	-	FC	-
Horse Thief Wind Project, LLC	100	100	100	100	FC	FC
Limestone Wind I, LLC	100	100	100	100	FC	FC
Midway Wind Project, LLC	100	100	100	100	FC	FC
New Moon Wind Project, LLC	100	100	100	100	FC	FC
Meridian Wind Project, LLC	100	-	100	-	FC	-
North Bend Wind Project, LLC	100	100	100	100	FC	FC
North Hills Wind Project, LLC	100	100	100	100	FC	FC
Oak Flats Wind Project, LLC	100	-	100	-	FC	-
Poplar Wind Project, LLC	100	-	100	-	FC	-
Red Lake Wind Project, LLC	100	100	100	100	FC	FC
Sage Bluff Wind Project, LLC	100	100	100	100	FC	FC
Santa Fe Wind Project, LLC	100	100	100	100	FC	FC
Spring Hill Wind Project, LLC	100	100	100	100	FC	FC
Star City Wind Project, LLC	-	-	-	-	-	-
Shears Draw Wind Project, LLC	100	100	100	100	FC	FC
Tecovas II Wind Project, LLC	100	100	100	100	FC	FC
Tecovas Wind Project, LLC	100	100	100	100	FC	FC
Triple H II Wind Project, LLC	-	-	-	-	-	-
Whiskey Creek Wind Project, LLC	100	100	100	100	FC	FC
Wild Stallion Wind Project, LLC	100	100	100	100	FC	FC
Wingstem Wind Project, LLC	100	100	100	100	FC	FC
ENGIE Bluestone Solar Holdings LLC	100	100	100	100	FC	FC
ENGIE Renewables Services LLC	100	-	100	-	FC	-

(Continued)

	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
ENGIE Jupiter Holdings LLC	100	100	100	100	FC	FC
Jupiter Equity Holdings LLC	51	51	51	51	FC	FC
Jupiter Renewables Partners LLC	100	100	100	100	FC	FC
Solomon Forks Wind Class B Member, LLC	100	100	100	100	FC	FC
Solomon Forks Wind Holdco, LLC	100	100	100	100	FC	FC
Solomon Forks Wind Project, LLC	100	100	100	100	FC	FC
Seymour Hills Wind Class B Member, LLC	100	100	100	100	FC	FC
Seymour Hills Wind Holdco, LLC	100	100	100	100	FC	FC
Seymour Hills Wind Project, LLC	100	100	100	100	FC	FC
Jupiter Wind Class B Member LLC	100	100	100	100	FC	FC
Jupiter Wind Holdco LLC	100	100	100	100	FC	FC
East Forks Wind Project, LLC	100	100	100	100	FC	FC
Jumbo Hill Wind Project, LLC	100	100	100	100	FC	FC
King Plains Wind Project, LLC	100	100	100	100	FC	FC
Triple H Wind Project, LLC	100	100	100	100	FC	FC
Prairie Hill Wind, LLC	100	100	100	100	FC	FC
Las Lomas Wind Project, LLC	100	100	100	100	FC	FC
Dakota Range III, LLC	100	100	100	100	FC	FC
Whitehorn Solar Class B Member LLC	100	-	100	-	FC	-
Whitehorn Solar Holdco LLC	100	-	100	-	FC	-
Whitehorn Solar LLC	100	100	100	100	FC	FC
Jupiter Solar Class B Member LLC	100	100	100	100	FC	FC
Jupiter Solar Holdco LLC	100	100	100	100	FC	FC
ANSON Solar Center. LLC	100	100	100	100	FC	FC
Bluestone Farm Solar, LLC	100	100	100	100	FC	FC
ENGIE Long Draw Solar LLC	100	100	100	100	FC	FC
ENGIE Mercury Holdings LLC	100	-	100	-	FC	-
Mercury Equity Holdings LLC	100	-	100	-	FC	-
Priddy Wind Project, LLC	100	100	100	100	FC	FC
Iron Star Wind Project, LLC	100	100	100	100	FC	FC
Mercury Renewable Partners LLC	100	-	100	-	FC	-
Mercury Wind Class B Member LLC	100	-	100	-	FC	-
Mercury Wind Holdco LLC	100	-	100	-	FC	-
Mercury Solar Class B Member LLC	100	-	100	-	FC	-
Mercury Solar Holdco LLC	100	-	100	-	FC	-
Hawtree Creek Farm Solar, LLC	100	100	100	100	FC	FC
ENGIE Jupiter Corp LLC	100	100	100	100	FC	FC
ENGIE Solar NA LLC	100	100	100	100	FC	FC
SoCore Energy LLC	100	100	100	100	FC	FC
SOCORE ASSETCO LLC	100	100	100	100	FC	FC
ENGIE Solar Holdings Inc	100	100	100	100	FC	FC
ENGIE Solar Partner One, LLC	100	100	100	100	FC	FC
ENGIE Solar Partner III, LLC	100	100	100	100	FC	FC
ENGIE DG Solar Holdings LLC	100	100	100	100	FC	FC
3D Energie LLC	25	25	25	25	NC	NC
ENGIE SOLAR ASSETS IV, LLC	100	100	100	100	FC	FC
ESA MANAGING MEMBER PHASE IV, LLC	100	100	100	100	FC	FC
Project Company Finco Phase IV, LLC	25	25	25	25	NC	NC

(continued)

	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
ESA MANAGING MEMBER PHASE V, LLC	100	100	100	100	FC	FC
Project Company Finco Phase V, LLC	25	25	25	25	NC	NC
ENGIE 2019 Projectco-MA1 LLC	-	100	-	100	-	FC
OLD FALMOUTH ROAD SOLCAR, LLC	-	100	-	100	-	FC
SOCORE CLOVIS 1 LLC	-	100	-	100	-	FC
ER JERICO LANDFILL SOLAR LLC	-	100	-	100	-	FC
ER JERICO GRAVEL SOLAR LLC	-	100	-	100	-	FC
CRANBERRY HIGHWAY SOLAR, LLC	-	100	-	100	-	FC
ADAMS GROVE STREET SOLAR, LLC	-	100	-	100	-	FC
ENGIE 2019 PROJECTCO-TX1 LLC	-	100	-	100	-	FC
ENGIE 2019 PROJECTCO-IL1 LLC	-	100	-	100	-	FC
SOCORE 2013 PROJECTCO 1 LLC	-	100	-	100	-	FC
SOCORE 2013 PROJECTCO 2 LLC	-	100	-	100	-	FC
SOCORE 2013 PROJECTCO 3 LLC	-	100	-	100	-	FC
SOCORE 2013 PROJECTCO 4 LLC	-	100	-	100	-	FC
SOCORE 2013 PROJECTCO 6 LLC	-	100	-	100	-	FC
SOCORE 2017 PROJECTCO-NM4 LLC	-	100	-	100	-	FC
SOCORE 2017 PROJECTCO-NM5 LLC	-	100	-	100	-	FC
SOCORE 2017 PROJECTCO-NM7 LLC	-	100	-	100	-	FC
SOCORE 2017 PROJECTCO-NM8 LLC	-	100	-	100	-	FC
SOCORE 2017 PROJECTCO-NM9 LLC	-	100	-	100	-	FC
ENGIE 2019 PROJECTCO-MA5 LLC	-	-	-	-	-	-
ENGIE 2019 PROJECTCO-V1 LLC	-	-	-	-	-	-
SOCORE MA DEVELOPMENT LLC	-	100	-	100	-	FC
SOCORE MN DEVELOPMENT LLC	-	100	-	100	-	FC
SOCORE NY DEVELOPMENT LLC	-	100	-	100	-	FC
SOCORE SC DEVELOPMENT	-	100	-	100	-	FC
SOCORE SE DEVELOPMENT LLC	-	100	-	100	-	FC
ENGIE 2020 PROJECTCO-HI11 LLC	100	100	100	100	FC	FC
ENGIE 2020 PROJECTCO-IL4 LLC	100	100	100	100	FC	FC
ENGIE 2020 PROJECTCO-NH1 LLC	100	100	100	100	FC	FC
SOCORE MN ACQUISITION LLC	100	100	100	100	FC	FC
SOCORE WI HOLDINGS LLC	100	100	100	100	FC	FC
SOCORE 2015 PROJECTCO-M1 LLC	100	100	100	100	FC	FC
SOCORE 2015 PROJECTCO-M3 LLC	100	100	100	100	FC	FC
SOCORE 2015 PROJECTCO-M4 LLC	100	100	100	100	FC	FC
SOCORE 2015 PROJECTCO-M5 LLC	100	100	100	100	FC	FC
SOCORE LB HOLDING LLC	100	100	100	100	FC	FC
SOCORE MINNESOTA HOLDINGS LLC	100	100	100	100	FC	FC
BARCLAY SOLAR LLC	100	100	100	100	FC	FC
GAINESVILLE SOLAR LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-M9 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-M10 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-MA2 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-MA3 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-MA4 LLC	100	100	100	100	FC	FC
ENGIE 2020 PROJECTCO-WI1 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-IL2 LLC	100	100	100	100	FC	FC
ENGIE 2019 PROJECTCO-IL3 LLC	100	100	100	100	FC	FC
Passadumkeag PV, LLC	100	-	100	-	FC	-
Belfast PV II, LLC	100	-	100	-	FC	-
Hinckley PV I, LLC	100	-	100	-	FC	-
Pleasant River PV I, LLC	100	-	100	-	FC	-
Madawaska Solar LLC (Formerly SOCORE 2017 PROJECTCO-NM3 LLC)	100	100	100	100	FC	FC
Valley Sun Solar LLC (Formerly SOCORE 2017 PROJECTCO-NM2 LLC)	100	100	100	100	FC	FC
Caribou Solar LLC (Formerly SOCORE 2017 PROJECTCO-NM1 LLC)	100	100	100	100	FC	FC
ENGIE Distributed ProjectCo LLC (Formerly SOCORE 2013 PROJECTCO 5 LLC)	100	100	100	100	FC	FC

(Continued)

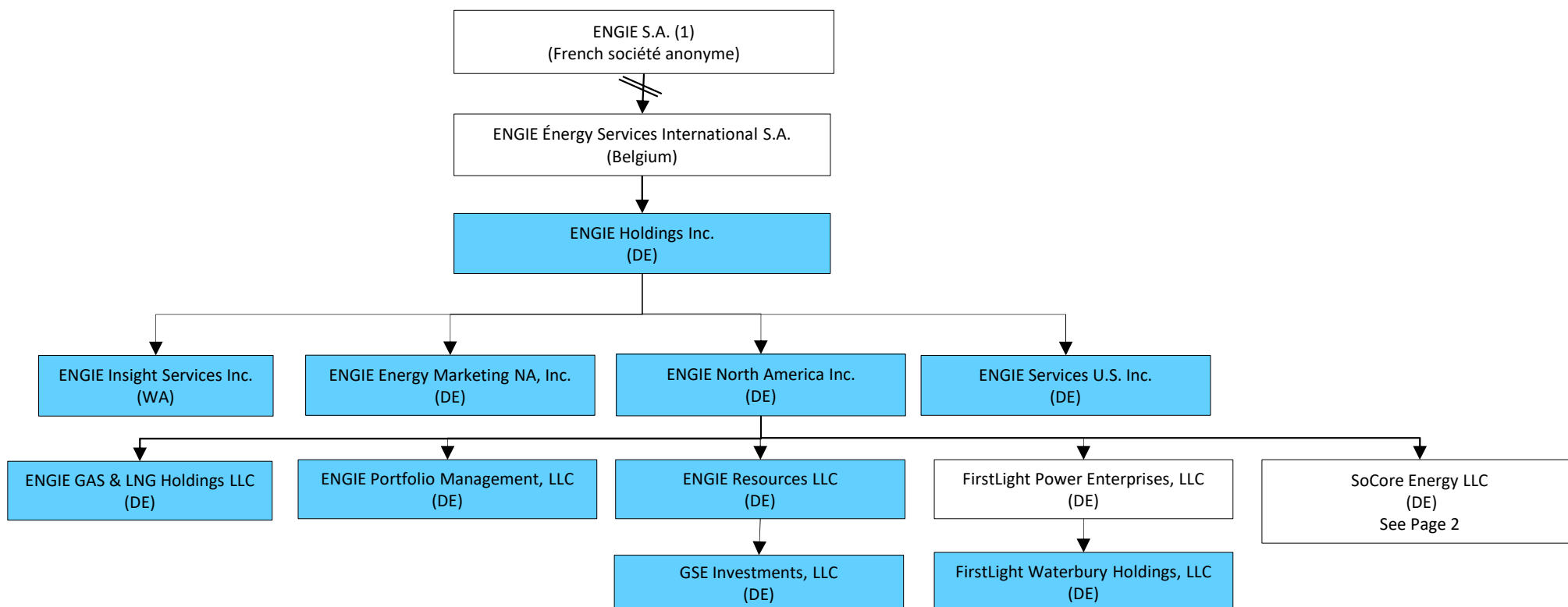
	Percentage of Legal Ownership Interest		Percentage of Voting Rights		Consolidation Method	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
ENGIE Distributed Storage Development LLC (Formerly ENGIE 2019 PROJECTCO-V2 LLC)	100	100	100	100	FC	FC
Frenchville Road Solar LLC (Formerly SOCORE 2016 PROJECTCO-W20 LLC)	100	100	100	100	FC	FC
Somerset PV I, LLC	100	-	100	-	FC	-
Cotton Solar Farm LLC	100	-	100	-	FC	-
EWR Solar LLC	100	-	100	-	FC	-
ENGIE Distributed Renewables Development LLC (Formerly Socore MW Development LLC)	100	100	100	100	FC	FC
Groundvault Energy Storage, LLC	100	-	100	-	FC	-
Eagle Energy Storage, LLC	100	-	100	-	FC	-
Stillwell Energy Storage, LLC	100	-	100	-	FC	-
SOCORE ENGINEERING LLC	100	100	100	100	FC	FC
SOCORE INSTALLATION SERVICES LLC	100	100	100	100	FC	FC
SOCORE OPERATIONS MANAGEMENT LLC	100	100	100	100	FC	FC
California Solar 3, LLC	100	100	100	100	FC	FC
Five Wells Energy Holding LLC	100	100	100	100	FC	FC
Five Wells Solar Center LLC	100	100	100	100	FC	FC
ENGIE Long Draw 2 Solar LLC	100	100	100	100	FC	FC
ANSON Solar 2 Center. LLC	100	100	100	100	FC	FC
ANSON Solar 3 Center. LLC	100	100	100	100	FC	FC
Sunnybrook Farm Solar, LLC	100	100	100	100	FC	FC
Adams Solar LLC	100	100	100	100	FC	FC
River Ferry Solar I LLC	100	100	100	100	FC	FC
River Ferry Solar II LLC	100	100	100	100	FC	FC
Twin Lakes Solar LLC	100	100	100	100	FC	FC
Ridgeview Solar LLC (Formerly Prairie Hill Interconnection, LLC)	100	100	100	100	FC	FC
Bond Ferry Solar Phase 1 LLC (Formerly Roosevelt II Solar Project, LLC)	100	100	100	100	FC	FC
Copper Box Solar LLC (Formerly Jumbo Hill Solar Project, LLC)	100	100	100	100	FC	FC
ENGIE Solidago Solar LLC	100	100	100	100	FC	FC
Powells Creek Farm Solar; LLC	100	100	100	100	FC	FC
Emerald Green Solar LLC	100	100	100	100	FC	FC
Salt City Solar LLC	100	100	100	100	FC	FC
ENGIE Stone Branch Solar LLC	100	100	100	100	FC	FC
Elkwood Solar LLC	100	-	100	-	FC	-
Sun Valley Storage LLC	100	-	100	-	FC	-
Round Grove Solar LLC	100	-	100	-	FC	-
Horseshoe Bend Solar, LLC	100	-	100	-	FC	-
Flat Run Solar, LLC	100	-	100	-	FC	-
Jacques Coulee Solar, LLC	100	-	100	-	FC	-
ENGIE Pine Island LLC	100	-	100	-	FC	-
Mt Olive Creek Solar LLC	100	-	100	-	FC	-
Sypert Branch Solar LLC	100	-	100	-	FC	-
Spring Branch Solar LLC	100	-	100	-	FC	-
Liberty Plains Solar LLC	100	-	100	-	FC	-
Red River Bend Solar LLC	100	-	100	-	FC	-
Tupelo Honey Solar LLC	100	-	100	-	FC	-
Sun Valley Solar LLC	100	100	100	100	FC	FC
Hopkings Energy LLC	100	100	100	100	FC	FC
Other entities:						
GDF SUEZ Energy Development NA, LLC	100	100	100	100	FC	FC
ENGIE Thermal NA LLC (Formerly ENGIE Plainfield Renewable Company, LLC)	100	100	100	100	FC	FC
ENGIE New Ventures USA LLC	100	100	100	100	FC	FC
ENGIE Development, LLC	100	100	100	100	FC	FC
Leo Holding Company LLC	100	100	100	100	FC	FC
ENGIE NYC, LLC	100	100	100	100	FC	FC
ENGIE GBS NA LLC	100	100	100	100	FC	FC
ENGIE FENIX CORP.	100	100	100	100	FC	FC
Fenix International Inc.	100	100	100	100	FC	FC

(Concluded)

* * * * *

ENGIE North America Inc. and Affiliates

April 24, 2023



(1) The French government owns 23.64% of the share capital and 33.39% of the share voting rights

All ownership is 100% unless otherwise noted.

	2022	2023	2024	2025
OH NG Revs	\$ 343,628	\$ 355,690	\$ 368,174	\$ 381,097
OH NG Expenses	\$ 197,412	\$ 204,342	\$ 208,513	\$ 212,769
OH NG Net	\$ 146,216	\$ 151,348	\$ 159,662	\$ 168,329

Assumptions

1. Fixed fee revenue stream ratios that are not broken out by state are consistent with the broker fee revenue ratio that is able to be broken out by state.
2. The application year and two succeeding year data components are based on general growth factors from known previous year revenue values.

Preparer

Anthony Slack

anthony.slack@engie.com

612-463-9270

Competitive Retail Natural Gas Service Affidavit

County of WA :

State of Spokane :

Andy Gerlach, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.
2. The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
3. The applicant will timely pay any assessment made pursuant to Sections 4905.10 and 4911.18(A), Ohio Revised Code.
4. Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
5. Applicant will cooperate fully with the Public Utilities Commission of Ohio and its staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.
6. Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
7. Applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
8. Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.
9. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.
10. Affiant further sayeth naught.

[Signature] Sr. Director, Energy Supply Services
Signature of Affiant & Title

Sworn and subscribed before me this 8 day of NOV, 2023
Month Year

[Signature]
Signature of official administering oath

Ladonna M Wasson
Print Name and Title

My commission expires on 3-9-27



**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

11/16/2023 10:40:44 AM

in

Case No(s). 11-5954-GA-AGG

Summary: In the Matter of the Application of ENGIE Insight Services Inc.