



Half-year financial report

First half 2022

26/07/2022



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1. Activities and results for the first half of 2022

1.1. Key figures

1.1.1. Financial data

<i>In millions of euros</i>	H1 2022	H1 2021	Change
Revenue	328.3	267.7	23%
EBITDA	99.0	99.4	-
Net income, Group share	21.4	23.5	(9%)

1.1.2. Operated capacity and production

	Operated capacity (in gross MW)			Production (in GWh)		
	30/06/2022	30/06/2021	Change	H1 2022	H1 2021	Change
Albioma Bois-Rouge	108	108	-	255	255	(60)
Albioma Le Gol	122	122	-	356	356	(17)
Albioma Le Moule (including Albioma Caraïbes)	102	102	-	211	211	39
Albioma Galion (including Galion 2)	80	80	-	120	120	3
Albioma Saint-Pierre	41	41	-	10	10	3
Thermal Biomass – France	453	453	-	952	952	(32)
Terragen	70	70	-	239	239	32
OTEO Saint-Aubin	35	35	-	120	120	-
OTEO La Baraque	90	90	-	268	268	15
Mauritius	195	195	-	627	627	47
Albioma Rio Pardo Termoelétrica	60	60	-	27	27	10
Albioma Codora Energia	68	68	-	81	81	3
Albioma Esplanada Energia	65	65	-	51	51	14
UTE Vale do Paraná Albioma	49	49	-	70	70	70
Brazil	242	242	-	228	228	97
Thermal Biomass	841	841	-	1,806	1,806	112
Gümüşköy Jeotermal Enerji Üretim ¹	13	13	-	25	25	25
Albioma Kuyacak Jeotermal Elektrik Üretim ²	18	-	18	49	-	49
Turkey	31	13	18	82	25	57
Geothermal Power	31	13	18	82	25	57
French overseas departments and regions ³	83	82	2	42	42	1
Outside France	4	4	-	3	3	-
Mainland France ⁴	26	23	2	16	16	(1)
Solar and Hydroelectric Power	113	109	4	61	61	-
Group total	1,034	1,012	22	1,578	1,893	(314)

1. Acquisition of the Gümüşköy geothermal power plant in Turkey on 26 January 2021.
2. Acquisition of the Kuyacak geothermal power plant on 14 February 2022.
3. Commissioning of 1.3 MWp on Reunion Island and 0.7 MWp in Mayotte.
4. Including a 0.5 MW hydroelectric plant.

1.1.3. Availability rate

The availability of a production facility is the ratio between the energy actually produced by the thermal power plant during a given period and the energy that could theoretically be produced by that plant during that same period. The availability of a production facility is adversely affected mainly by the downtime needed for the scheduled maintenance work or by unplanned shutdowns.

The terms of the agreements entered into with EDF for the thermal power plants located in Overseas France include availability targets. If the plants' availability during the financial year is higher than that specified in the agreement, the plant receives additional remuneration known as a "bonus". If it is lower than the specified rate, the plant's remuneration is reduced by a "penalty". As regards the agreements entered into with EDF for the purposes of making the plants compliant with the Industrial Emissions Directive (IED) or the biomass conversion of plants, the targets are adjusted to take into account the increased downtimes.

	H1 2022	H1 2021
Albioma Bois-Rouge	83.5%	76.7%
Albioma Le Gol	88.6%	91.9%
Albioma Le Moule (including Albioma Caraïbes)	93.8%	88.2%
Albioma Galion (including Galion 2)	91.1%	90.1%
Albioma Saint-Pierre	99.6%	94.8%
French overseas departments and regions	90.1%	87.5%
Terragen	87.4%	93.2%
OSEO Saint-Aubin	97.8%	98.0%
OSEO La Baraque	86.7%	88.4%
Mauritius	89.0%	91.9%
Group total excluding Brazil	89.8%	88.8%

1.2. Highlights of the year

1.2.1. France – Thermal Biomass business

1.2.1.1. Maintenance shutdowns successful and decrease in duty rate on Reunion Island.

At 30 June 2022, total installed thermal capacity in Overseas France was unchanged from that at 31 December 2021.

During the first half of 2022, the availability rate was 90.1% compared with 87.5% in the first half of 2021. The scheduled maintenance shutdowns were carried out under good conditions. In the first half of 2021, availability was impacted by technical incidents at the Bois-Rouge and Le Moule power plants.

Power generation totalled 740 GWh, down sharply from 953 GWh in the first half of 2021 due to EDF's significant decrease in the duty rates of the thermal power plants on Reunion Island in particular, the merit order being adversely affected in an unprecedented context of soaring coal and CO2 prices.

1.2.1.2. Changes in the economic and regulatory environment

The price of coal, already high at the end of 2021 due to the global recovery in activity, reached unprecedented levels in the first half of 2022 as a result of the war in Ukraine and retaliatory measures taken against Russia by Western democracies. Prices averaged €279 per tonne over the year, compared with €100 per tonne in the first half of 2021. Average fuel-oil prices were also considerably higher than in 2021. These price movements have had a positive impact on the Group's revenue but do not significantly affect profit margins, as electricity sale prices are contractually indexed to the cost of fuel (up €56.3 million).

The very high prices of coal and CO₂ during the period have significantly increased the price of coal-fired electricity, which is now less competitive than other less CO₂-emitting electricity sources. As was the case at the end of 2021, some of the Group's power plants, particularly on Reunion Island, were significantly less called by EDF during the second half of the year, leading to a sharp deterioration in the efficiency of the facilities concerned.

The high price of CO₂, which is now around €85 per tonne, nevertheless fully validates the Group's strategy, i.e. its commitment to the biomass conversion of all of its thermal power plants that are still coal-fired.

1.2.1.3. Validation of the conversion of the three units of the Le Gol power plant and continuation of the conversion work on the Port and Bois-Rouge sites

New amendments were signed with EDF after a favourable opinion from the French energy regulatory commission (CRE) on 24 February 2022, validating the rider to the power purchase agreement and ruling on the cost of the entire project to convert the Albioma Le Gol power plant on Reunion Island to biomass, as well as its extension of operation until 2044. At the same time, additional financing was secured on 18 May 2022, allowing preparatory work to begin during the first half of the year.

The conversion of the Bois-Rouge power plant to 100% biomass is proceeding under good conditions despite the difficult context caused by the transport crisis and supply disruptions. On-site logistics facilities, storage domes and bunkers are being finalised.

Unit 3 was shut down on 28 May to carry out the works which should enable a 100% biomass operation to start before the end of 2022.

1.2.2. France and Southern Europe – Solar Power business

The Solar Power business, based mainly in Overseas France, benefits from very long sunshine hours.

1.2.2.1. Stable production

Albioma operates photovoltaic power plants with a total capacity of 113 MWp, up from the position at 31 December 2021. New power plants with a capacity of 3.7 MWp were commissioned in Mainland France and Mayotte in particular, as a result of tenders won in previous years.

Photovoltaic electricity production was stable compared to the first half of 2021 at 60 GWh. The production of newly commissioned facilities compensated for the poor weather conditions in French Guiana, as well as the shutdown of the Power Alliance plant in Reunion Island. This plant has to be relocated as part of the work being carried out on the STAR landfill site where it is located.

1.2.2.2. Changes in the economic and regulatory environment

Following the publication in November 2021 of the decrees setting out the terms and levels of tariff revisions for solar purchase contracts signed between 2006 and 2010, the Group has exercised its safeguard clause with the CRE, as provided for in the legislation, in order to negotiate a more reasonable reduction in the tariff for two of the facilities significantly affected. Discussions have been initiated with the CRE in recent months.

1.2.2.3. Project development: continuing the construction of new facilities and acquisition of new projects

The Group has continued to develop and build photovoltaic power plant projects in all regions during the half-year. On 8 March 2022, Albioma acquired all the shares in the capital of Centrales Solaires de Iouanacera. This company is mainly developing a solar power plant project with a capacity of around 1.2 MWp located in the commune of Basse-Terre, Guadeloupe.

1.2.3. Brazil: operating performance down

The real appreciated against the euro, with an average exchange rate of BRL 5.56/EUR over the period, compared with BRL 6.49/EUR in the first half of 2021. Inflation remains high at +5.5% over the period (+3.8% in the first half of 2021), driven mainly by the increase in energy, fuel and food prices due to the international context. The interbank financing rate (SELIC) continued to rise in the first half of 2022, reaching 13.3% at 30 June 2022. The average rate for the period came to 11.6% compared with 2.9% in the first half of 2021.

Net production of the four plants fell from 228 GWh in the first half of 2021 to 156 GWh in the first half of 2022. This sharp drop can be explained in particular by a stock of bagasse available at the end of the period between the sugar harvesting campaigns that was lower than last year for the Codora power plant and the shutdown of the Esplanada plant in May following an incident with a transformer. Lastly, in 2021, the Vale do Paraná plant operated exceptionally in January and February in order to use the stock of biomass accumulated before its commissioning.

Albioma Codora Energia, whose debt was due to mature in 2022, was able to raise new financing of BRL 70 million in February 2022 for a period of seven years with an 18-month deferral of payment, in support of its prospects and the good performance achieved in recent years. It subsequently reduced its capital by BRL 37 million.

The average spot price of electricity came to BRL 57/MWh in the first half of 2022, compared to BRL 201/MWh in 2021, due to the high level of reserves in the hydraulic dams. In order to limit its exposure to volatile spot prices, the Group has secured more than 90% of its sales for the coming years via long-term power purchase agreements under tenders organised by the regulator or short-term contracts negotiated with industrial customers.

1.2.4. Mauritius

The Group's plants in Mauritius had a combined thermal capacity of 195 MW at 30 June 2022, unchanged from 31 December 2021. The Mauritian plants are booked using the equity method.

The availability rate was 89%, lower than in the first half of 2021 (91.9%). Generation was also down at 539 GWh compared with 627 GWh, due to the temporary cessation of coal-fired generation by the Terragen plant. The results are also penalised by a time lag effect of the coal price in the MWh invoiced to the Central Electricity Board (CEB) by the OTEO La Baraque entity.

1.2.5. Geothermal Energy

1.2.5.1. Improvement of the yields of the Gümüşköy power plant

The initial optimisation work carried out during the second half of 2021 has enabled a significant increase in production, which stands at 33 GWh in the first half of 2022 compared with 25 GWh over the same period in 2021, an increase of more than 30%. This first phase of work consisted mainly of the installation of new pumps and drilling work to increase the depth of certain injection wells.

The Gümüşköy plant, which benefits from a fixed dollar-denominated tariff, plans, at the end of its existing contract, and in line with the Group's model, to sign new contracts to secure the sale of all or part of its production at pre-defined prices.

1.2.5.2. Acquisition of a new geothermal power plant in Turkey

On 14 February 2022, the Group completed the acquisition of the geothermal power plant Turcas Kuyucak Jeotermal Elektrik Üretim (renamed Albioma Kuyucak Jeotermal Elektrik Üretim), in Turkey, becoming its sole shareholder. The acquisition confirms Albioma's entry into the geothermal business characterised by significant technical added value, offering a strong fit with the Group's well-established biomass and solar power businesses.

The Albioma Kuyucak Jeotermal Elektrik Üretim power plant (which generates 18 MW gross) was commissioned at the end of 2017 and is based on an operating licence expiring in 2042 (with the option of extending its term for an additional 10-year period). It produces electricity from five production shafts for a net exported production at end-2021 of 83 GWh. Until the end of 2022, the plant will benefit from a feed-in-tariff of approximately USD 118/MWh and a tariff of USD 105/MWh between 2023 and 2027.

1.2.6. Holding company

1.2.6.1. Friendly tender offer initiated by KKR

Following preliminary discussions with the Group in March 2022, the KKR fund launched a friendly tender offer for Albioma shares and warrants.

KKR fully supports the Group's ambition to invest massively in the energy transition in the French Overseas Departments by 2025 with a programme that aims to maximise local spin-offs. In addition, KKR will provide Albioma with operational expertise and financial resources to accelerate the Group's international expansion. KKR will work closely with the existing teams to support Albioma in the execution and acceleration of its strategy, while preserving the integrity of the Group and ensuring the same level of service and performance. KKR will finance the transaction through its affiliated infrastructure funds. KKR is a leading global investment firm with a strong track record of investing in renewable energy infrastructure. The company, which established its global infrastructure business in 2008 with investment strategies focused on Core and Core Plus assets, currently manages nearly USD 40 billion of infrastructure assets globally and has made 65 infrastructure investments across a wide range of sub-sectors and geographic areas. The company is very active in France, having invested €10 billion in French companies since 2002, including major players in the energy transition.

After receiving all the necessary regulatory authorisations, KKR's tender offer for the Albioma shares and BSAAR warrants opened on 23 June 2022.

On 21 June 2022, the Offer was deemed compliant by the French Financial Markets Authority (AMF), which approved KKR's offer document under the reference 22-230 and Albioma's response document under the reference 22-231. On the same day, the initiator and Albioma filed the "Other Information" documents with the AMF, relating to the legal, financial and accounting characteristics of the initiator and Albioma.

On 22 June 2022, KKR and Albioma made publicly available the offer document and the response document along with the "Other information" documents, and the AMF published a notice of commencement of the Offer. The offer price is €50 per Albioma share (€0.84 ex dividend). It has been established by applying a set of valuation criteria and represents in particular:

- a premium of 51.6% over Albioma's last undisturbed closing share price on 7 March 2022, before market rumours;
- a premium of 46.6% over the three-month volume weighted average share price.

The price of the BSAARs has been set at €29.10 per Albioma warrant.

The Board of Directors of Albioma has appointed an ad hoc Committee composed of a majority of independent Directors to assess the terms of the Offer, in the interest of all shareholders and stakeholders of the Group. In accordance with Article 261-1, I 2°, 4° and 5° of the AMF General Regulation, Cabinet Ledouble was appointed as independent expert by the Albioma Board of Directors to issue a fairness opinion on the financial terms. The independent expert has concluded that the financial terms of the Offer are equitable for Albioma shareholders and the BSAAR warrant holders. Albioma's Board of Directors, having taken note of the work of the ad hoc committee, the independent expert's conclusions, the Group Committee's opinion and the committee-appointed expert's report, issued, unanimously, a favourable opinion on the Offer on 30 May 2022, after finding it to be in the interest of the Group, its shareholders and employees, and therefore recommends that Albioma shareholders tender their shares. Bpifrance, which has been an Albioma shareholder since 2016, will continue to support the Group by investing alongside KKR. Compagnie Financière

Européenne de Prises de Participation (COFEPP), the Company's reference shareholder, has undertaken to tender all of its Albioma shares representing approximately 6.04% of the Company's share capital and voting rights. CDC Croissance, a 4.45% shareholder of Albioma, and Norges Bank, a 4.79% shareholder of Albioma, have also declared to the AMF their intention to tender all or part of their holdings to the Offer. The completion of the tender Offer will be subject, in addition to the mandatory minimum acceptance condition set out in Article 231-9, I 1° of the AMF's General Regulation, to a minimum acceptance condition that KKR obtains a number of Albioma shares representing at least 50.01% of the share capital and "theoretical" voting rights. KKR intends, subject to its holding at least 90% of the share capital and voting rights of Albioma at the closing of the Offer, to seek the delisting of Albioma's shares.

On 30 June 2022, the European Commission announced that it had authorised the tender offer initiated by KKR. The Offer is no longer subject to any conditions precedent other than the mandatory minimum acceptance condition set out in Article 231-9, I 1° of the AMF's General Regulation and the condition that KKR obtains a number of Albioma shares representing at least 50.01% of Albioma's share capital and "theoretical" voting rights.

The Offer will close on 27 July 2022.

1.2.6.2. Change in governance

On 5 April 2022, Marie-Claire Daveu informed Albioma of her intention to resign from the Board with effect from 31 July 2022, her candidature for the position of Director having been approved at the General Meeting of Shareholders of Engie. The composition of the Board of Directors of Albioma will be reviewed accordingly in the coming months.

1.2.6.3. 2021 dividend

The Combined General Meeting of Shareholders held on 25 May 2022 approved the distribution of a dividend for the 2021 financial year of €0.84 per share, up 5% on the previous year's dividend (€0.924 for shares eligible for the bonus dividend). The ex-dividend date was set at 9 June 2022 and the dividend was paid on 13 June 2022.

1.3. Comments on the consolidated financial statements

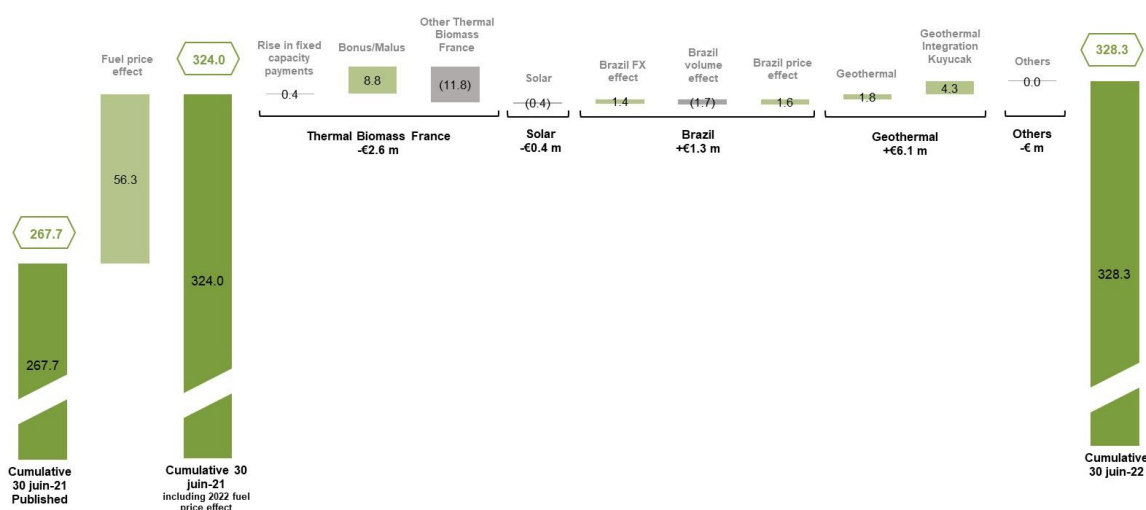
1.3.1. Income statement

1.3.1.1. Revenue

<i>In millions of euros</i>	H1 2022	H1 2021	Change
France – Thermal Biomass	286.8	233.1	23%
France and Southern Europe – Solar Power	23.5	23.9	(2%)
Brazil	9.6	8.4	15%
Geothermal Power	7.8	1.7	351%
Holding and Other	0.6	0.6	4%
Revenue	328.3	267.7	23%

At 30 June 2022, revenue was up 23% compared with the first half of 2021. The change can be analysed as follows:

In millions of euros



After stripping out the positive impact of the appreciation in the value of the Brazilian real and the impact of fuel price changes amounting to €56.3 million (resulting from changes in the average prices of fuel prices between the first half of 2021 and the first half of 2022, with no direct effect on the profit margin due to electricity sales prices being contractually indexed to the cost of fuel), revenue was stable. This stability was due to the combined effects of:

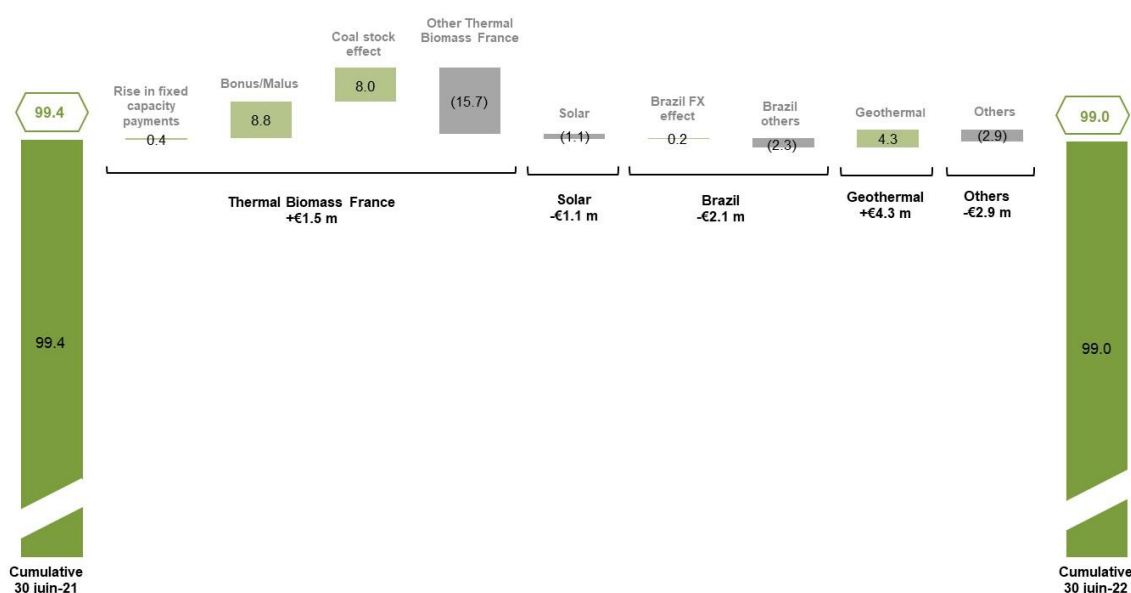
- the excellent performance of the thermal power plants in terms of availability, which partially offsets the sharp drop in production volumes following the reduction in call rates by EDF;
- the full-year effect and the improvement in yields at the Gümüşköy geothermal power plant following the optimisation work carried out at the end of 2021;
- the scope effect, resulting from including the revenue from the Kuyucak geothermal power plant since 14 February 2022.

1.3.1.2. EBITDA

<i>In millions of euros</i>	H1 2022	H1 2021	Change
France – Thermal Biomass	81.7	80.3	2%
France and Southern Europe – Solar Power	15.3	16.4	(7%)
Brazil	1.2	3.3	(64%)
Geothermal Power	5.3	1.0	448%
Holding company, Mauritius and Other	(4.4)	(1.5)	(192%)
EBITDA	99.0	99.4	-

EBITDA came to €99 million, stable compared with the first half of 2021.

In millions of euros



EBITDA for the Thermal Biomass France business was up 2%. The increase in bonuses as a result of the excellent availability of the plants over the period offset the deterioration in the efficiency of the facilities following the sharp drop in the duty rates of coal-fired power plants in connection with the changes in coal and CO₂ prices.

The EBITDA of the Solar activity is down due in particular to the reduction in S06-S10 tariffs at the end of 2021, the shutdown of the Power Alliance plant in Reunion Island because of its relocation and the continuing severe weather conditions in French Guiana.

The EBITDA of the Brazil business is also down, as production was penalised by an incident that occurred in May at the Esplanada plant. The quantities of bagasse available at the end of the period between the sugar harvesting campaigns were also lower than in 2021. The Vale do Paraná plant, in particular, benefited from the stocks accumulated before its commissioning in December 2020.

The Group's EBITDA also benefited from the optimisation of the yields of the Gümüşköy plant and the contribution of the new geothermal entity, Kuyucak, since its acquisition on 14 February.

1.3.1.3. Charges for depreciation, amortisation and provisions and other non-cash items

The increase in charges for depreciation, amortisation and provisions to €39.0 million compared with €37.6 million in the first half of 2021 is mainly due to additional capitalisation of equipment in the thermal power plants, the commissioning of new photovoltaic facilities and the inclusion of depreciation on the Kuyucak power plant. This item also includes a €1.4 million depreciation charge in respect of the right-of-use asset recognised in the statement of financial position in respect of operating leases in accordance with IFRS 16.

The charges for depreciation and amortisation in energy supply agreements and licences are up, to -€4.0 million compared with -€3.4 million at the end of the first half of 2021. In addition, part of the acquisition price of Kuyucak in Turkey has been allocated to the operating licence, which is amortised over its life ending at the end of April 2043.

Charges to provisions net of reversals for the first half of 2022 included the charges in respect of staff benefits as well as charges to provisions for liabilities.

1.3.1.4. Net financial income

The cost of financial debt increased from €15.8 million in the first half of 2021 to €16.2 million in the first half of 2022. This change was mainly due to the increase in interest rates in Brazil and the consolidation of the financial expenses of the new geothermal entity.

Other financial income and expenses includes income from cash investments and income from deposits. The choice of the US dollar as the functional currency for the two geothermal entities located in Turkey leads to no further recognition of foreign exchange losses related to the deterioration of the Turkish lira for financial debts denominated in US dollars, nor of derivatives embedded in electricity sales contracts indexed on the US dollar.

1.3.1.5. Tax charge

The tax charge came to €11.9 million, compared with a charge of €10.7 million in the first half of 2021. It comprised the tax charge payable in respect of the period and the deferred tax.

The restated normalised tax rate¹ for the period ended 30 June 2022 came to 26.4% compared with 28.1% in the first half of 2021.

1.3.1.6. Net income, Group share

For the year ended 30 June 2022, net income, Group share, came to €21.4 million, down 9% compared with 30 June 2021 (€23.5 million).

1.3.2. Statement of cash flows

<i>In millions of euros</i>	H1 2022	H1 2021
Cash flow from operations	105.8	101.3
Change in the working capital requirement	(37.2)	(28.6)
Tax paid	(28.7)	(22.8)
Cash flow from operating activities	39.8	49.8
Operating capex	(18.3)	(12.9)
Free cash-flow from operating activities	21.6	36.9
Development capex	(54.7)	(47.9)
Other/acquisitions/disposals	(13.4)	(2.8)
Net cash flow from/(used by) investing activities	(68.1)	(50.2)
Dividends paid to Albioma shareholders	(27.4)	-
Borrowings (drawn down)	142.6	59.3
Borrowings (repaid)	(40.9)	(36.7)
Cost of financial debt	(16.0)	(15.7)
Other	6.6	(7.6)
Net cash flow from/(used by) financing activities	64.9	(0.6)
Currency effect on cash and cash equivalents and other	2.6	(0.1)
Net change in cash and cash equivalents	21.0	(14.1)
Opening net cash and cash equivalents	107.9	125.2
Closing net cash and cash equivalents	128.8	111.1

1.3.2.1. Cash flow from operating activities

These flows amounted to €39.8 million compared with €49.8 million in the first half of 2021. The cash flow from operations increased to around €106 million. The working capital requirement has

¹ Restated normalised tax rate for impairment losses on which no tax saving was recorded because there is no prospect of recovery in the short term, and excluding Brazil.

seen a deterioration of €8.6 million, resulting mainly from the increase in the stocks of fuel and the increase in prices.

1.3.2.2. Cash flow from investing activities

This item breaks down as follows:

- operating investment expenses: these comprised investment expenses for power plants in operation, primarily in connection with servicing, maintenance, repair, optimisation and modernisation work and investment programmes for the thermal power plants, and improvements to administrative buildings. These expenses totalled €18.3 million, compared with €12.9 million in the first half of 2021;
- Development investment expenses: these totalled €54.7 million, compared with €47.4 million in the first half of 2021. The main components of these expenses were expenses related to the conversion project on Reunion Island and the construction of new photovoltaic power plants.

The other flows are the result of the acquisition, on 14 February, of the second geothermal power plant in Turkey.

1.3.2.3. Cash flow from financing activities

These cash flows came to €64.9 million compared with –€0.6 million in the first half of 2021.

New debt was drawn down to finance the work on the biomass conversion of the Bois Rouge plant, and the continuing work on the construction of new photovoltaic plants on Reunion Island, Mayotte and Mainland France. The good performance of the Codora plant also made it possible to raise new financing of BRL 70 million. In addition, a short-term corporate credit line was drawn down temporarily to finance, during the year, the scaling-up of the conversion work at the Le Gol power plant and the acquisition of the geothermal plant.

1.3.3. Financial structure

At 30 June 2022, the Group's equity totalled €581 million. Equity attributable to non-controlling interests was €95 million.

Gross borrowings excluding IFRS 16 lease liabilities stood at €1,117 million at 30 June, up compared with €971 million at 31 December 2021. They consisted of project debt of €904 million and a corporate debt line of €213 million including the drawing-down of a €90 million short-term credit line. Most of the project debt is without recourse to shareholders with the exception of projects in the construction phase for which Albioma has granted parent company guarantees.

Consolidated net borrowings excluding IFRS 16 lease liabilities came to €983 million after taking into account net cash and cash equivalents of €129 million and security deposits (€5 million of deposits at 30 June 2022). They were 14% higher than at 31 December 2021, when they came to €859 million, in connection with the drawdown of new project debt and the drawdown of the short-term corporate credit line.

At 30 June 2022, Albioma had a high level of consolidated cash and cash equivalents of €129 million and had appropriate resources to pursue its development.

1.4. Significant changes in the financial or commercial position

None.

1.5. Key events since 1 July 2022 and outlook

1.5.1. Events after the reporting period

None.

1.5.2. Outlook

1.5.2.1. Long-term outlook

The Group confirms its objective of sustained expansion together with the continuing biomass conversion of its existing power plants, the strengthening of its photovoltaic fleet and the development of new renewable energy production projects in France and abroad. Its investment programme for the 2021-2025 period has a budget of €600–€800 million.

1.5.2.2. 2022 objectives

The Group confirms its 2022 guidance. It is presented excluding possible new effects related to coronavirus and excludes transaction costs in the event of a successful tender offer by the KKR Group.

<i>In millions of euros</i>	2022
EBITDA	210-220
Net income, Group share	52-60

2. Consolidated financial statements (condensed) for the half year 2021

2.1. Consolidated income statement (condensed)

<i>In thousands of euros</i>	Note	H1 2022	H1 2021
Income from ordinary activities	5	328,324	267,693
Purchases (including change in stocks)	6	(131,411)	(86,633)
Logistics costs		(6,098)	(6,845)
Staff costs	7	(34,086)	(30,341)
Other operating expenses	8	(57,759)	(46,670)
Amortisation of electricity and steam supply agreements	15	(4,000)	(3,384)
Charges to depreciation, amortisation and provisions	9	(39,006)	(39,739)
Share of net income of equity-accounted companies	18	(2,154)	1,400
Current operating income		53,808	55,482
Other operating income and expenses	10	(178)	7
Operating income		53,630	55,489
Cost of financial debt	11	(16,225)	(15,830)
Other financial income	12	1,204	2,738
Other financial expenses	12	(612)	(2,772)
Profit before tax		37,997	39,625
Tax charge	13	(11,862)	(10,741)
Net income for the year from continuing operations		26,136	28,883
Net income		26,136	28,883
Net income attributable to:			
shareholders of Albioma	23	21,423	23,501
non-controlling interests	23	4,713	5,382
Basic earnings per share (in euros)	23	0.665	0.751
Diluted earnings per share (in euros)	23	0.650	0.731

The notes form an integral part of the condensed financial statements.

2.2. Statement of comprehensive income

The statement of comprehensive income presents the net income for the period as well as income and expenses for the period recognised directly in equity, in accordance with IFRS.

<i>In thousands of euros</i>	H1 2022	H1 2021
Net income	26,136	28,883
Actuarial gains and losses on employee benefits	18,360	6,621
Deferred tax on actuarial gains and losses	(4,743)	(1,755)
Items not available for recycling through profit or loss	13,617	4,866
Translation adjustments	7,125	3,601
Cash flow hedges (interest rate swaps)	77,413	12,924
Deferred tax relating to cash flow hedges	(19,916)	(3,305)
Items available for recycling through profit or loss	64,622	13,220
Comprehensive income	104,375	46,970
Attributable to:		
shareholders of Albioma	92,920	38,495
non-controlling interests	11,455	8,474

Besides the change in net income in the first half of 2022, the change in comprehensive income stems mainly from:

- the impact of the change in interest rates on the measurement at fair value of cash flow hedging instruments (interest rate swaps);
- the change in actuarial gains and losses on employee benefits due to the increase in the discount rate;
- the effect of the change in the exchange rate between the Brazilian real and US dollar against the euro.

2.3. Consolidated statement of financial position (condensed)

Assets

<i>In thousands of euros</i>	Notes	30/06/2022	30/06/2021
Non-current assets			
Goodwill	14	27,172	15,698
Intangible assets	15	123,061	99,339
Right-of-use assets (IFRS 16)	16	34,132	30,567
Property, plant and equipment	17	1,448,685	1,314,443
Non-current financial assets	19	59,159	7,659
Investments in associates	18	23,921	23,724
Deferred tax assets		10,127	2,472
Total non-current assets		1,726,258	1,493,902
Current assets			
Stocks and assets in progress	21	106,877	62,995
Trade receivables	20	80,366	88,113
Other current operating assets	22	60,531	44,043
Cash and cash equivalents		128,843	111,126
Total current assets		376,616	306,277
Total assets		2,102,874	1,800,179

The notes form an integral part of the condensed financial statements.

Equity and liabilities

<i>In thousands of euros</i>	Notes	30/06/2022	30/06/2021
Shareholders' equity, Group share			
Share capital	23	1,246	1,218
Additional paid-in capital		83,205	64,807
Reserves		511,028	403,584
Translation reserves		(36,198)	(39,139)
Net income for the year		21,423	23,501
Total shareholders' equity, Group share		580,704	453,971
Non-controlling interests		94,723	90,428
Total shareholders' equity		675,427	544,399
Non-current liabilities			
Employee benefits	25	30,668	47,318
Provisions for liabilities		3,073	7,593
Deferred tax liabilities		53,445	22,021
Non-current financial debt	24	929,844	800,572
Lease liabilities related to right-of-use assets (IFRS)	24	45,489	40,643
Non-current derivatives	26	6,352	43,064
Total non-current liabilities		1,068,871	961,211
Current liabilities			
Trade payables	27	93,348	69,131
Tax and social security liabilities	29	44,033	33,487
Current financial debt	24	186,844	132,299
Lease liabilities related to right-of-use assets (IFRS)	24	2,340	1,850
Other current operating liabilities	28	32,010	57,802
Total current liabilities		358,576	294,569
Total equity and liabilities		2,102,874	1,800,179

The notes form an integral part of the condensed financial statements.

2.4. Statement of changes in shareholders' equity

<i>In thousands of euros</i>	Share capital	Additional paid-in capital	Reserves and retained earnings	Cash flow hedges	Translation differences	Shareholders' equity, Group share	Non-controlling interests	Total equity
Shareholders' equity at 31/12/2021	1,234	76,557	486,676	(18,443)	(43,082)	502,942	96,544	599,486
Dividends paid ¹	-	-	(27,381)	-	-	(27,381)	(10,945)	(38,326)
Performance shares (IFRS 2)	-	-	2,475	-	-	2,475	-	2,475
Treasury shares	-	-	3,178	-	-	3,178	-	3,178
Capital increase (decrease)	12	6,648	-	-	-	6,660	(2,331)	4,329
Changes in the consolidation scope	-	-	(90)	-	-	(90)	-	(90)
Total transactions with shareholders	12	6,648	(21,818)	-	-	(15,158)	(13,276)	(28,434)
Change in translation adjustment	-	-	-	-	6,884	6,884	241	7,125
Change in actuarial gains and losses	-	-	11,904	-	-	11,904	1,713	13,617
Change in fair value of hedging derivatives	-	-	-	52,709	-	52,709	4,788	57,497
Sub-total of items recognised in equity	-	-	11,904	52,709	6,884	71,497	6,742	78,239
Net income for the period	-	-	21,423	-	-	21,423	4,713	26,136
Total comprehensive income for the period	-	-	33,327	52,709	6,884	92,920	11,455	104,376
Shareholders' equity at 30/06/2022	1,246	83,205	498,184	34,266	(36,198)	580,704	94,723	675,427

- On 25 May 2022, the Combined General Meeting of Albioma shareholders decided to distribute a dividend of €0.84 per share. The ex-dividend date was set at 9 June 2022 and the dividend was paid on 13 June 2022.

<i>In thousands of euros</i>	Share capital	Additional paid-in capital	Reserves and retained earnings	Cash flow hedges	Translation differences	Shareholders' equity, Group share	Non-controlling interests	Total equity
Shareholders' equity at 31/12/2020	1,218	64,807	453,255	(35,157)	(41,549)	442,574	89,762	532,337
Dividends paid ¹	-	-	(24,972)	-	-	(24,972)	(7,652)	(32,624)
Stock options/performance shares	-	-	(609)	-	-	(609)	-	(609)
Transaction between shareholders	-	-	-	-	-	-	-	-
Treasury shares	-	-	(1,514)	-	-	(1,514)	-	(1,514)
Capital increase	-	-	-	-	-	-	-	-
Changes in the consolidation scope	-	-	(3)	-	-	(3)	(156)	(159)
Total transactions with shareholders	-	-	(27,098)	-	-	(27,098)	(7,808)	(34,906)
Change in translation adjustment	-	-	-	-	2,410	2,410	1,191	3,601
Change in actuarial gains and losses	-	-	4,258	-	-	4,258	608	4,866
Change in fair value of hedging derivatives	-	-	-	8,326	-	8,326	1,293	9,619
Sub-total of items recognised in equity	-	-	4,258	8,326	2,410	14,994	3,092	18,086
Net income for the period	-	-	23,501	-	-	23,501	5,382	28,883
Total comprehensive income for the period	-	-	27,759	8,326	2,410	38,495	8,474	46,969
Shareholders' equity at 30/06/2021	1,218	64,807	453,916	(26,831)	(39,139)	453,971	90,428	544,399

1. On 25 May 2021, the Ordinary and Extraordinary General Meeting of Albioma's shareholders decided to pay a dividend of €0.80 per share and to offer each shareholder the option of receiving payment of half of the dividend either in cash or in new shares.

2.5. Statement of consolidated cash flows

<i>In thousands of euros</i>	Note	H1 2022	H1 2021
Operating activities			
Net income for the year attributable to shareholders of Albioma	4.1	21,423	23,501
Non-controlling interests	4.1	4,713	5,382
Adjustments			
Charges to depreciation, amortisation and provisions	37	45,682	44,101
Change in deferred tax	28	(2,320)	(1,278)
Share of net income of associates net of dividends received	17	3,396	(656)
Capital gains or losses on disposals			(53)
Share-based payments	4.4	2,475	2,412
Cost of financial debt	11	16,225	15,830
Current tax charge for the year	13	14,181	12,020
Cash flow from operations		105,775	101,258
Impact of the change in the working capital requirement	37	(37,224)	(28,637)
Tax paid	37	(28,731)	(22,821)
Net cash from operating activities		39,820	49,800
Investing activities			
Acquisitions of non-current assets	37	(72,995)	(60,358)
Sales proceeds from non-current assets			354
Disposal prices and decreases in financial assets			1,299
Acquisition/disposal of subsidiaries net of cash acquired/disposed	3	(13,355)	(4,404)
Net cash from/(used by) investing activities		(86,350)	(63,110)
Financing activities			
Capital reduction for the benefit of non-Group shareholders		(2,331)	-
Capital increases subscribed by non-Group shareholders	4.4	6,660	-
Change in treasury shares	4.4	3,178	(5,000)
Dividends distributed to Albioma's shareholders	4.4	(27,381)	-
Dividends distributed to non-controlling interests	37	(1,482)	(1,989)
Borrowings and financial debt issued or subscribed	24.1	142,608	59,345
Cost of financial debt	11	(16,012)	(15,720)
Borrowings and financial debt repaid	24.1	(40,941)	(36,705)
Other items	37	614	(579)
Net cash from/(used by) financing activities		64,913	(649)
Impact of currency movements on cash and cash equivalents and other changes		2,600	(117)
Net change in cash and cash equivalents		20,983	(14,076)
Opening cash and cash equivalents	19	107,860	125,202
Closing cash and cash equivalents	19	128,843	111,126
Change in cash and cash equivalents		20,983	(14,076)
Cash		104,899	84,907
Cash equivalents		23,943	26,219
Total cash and cash equivalents		128,843	111,126
Bank overdrafts			-
Net cash and cash equivalents		128,843	111,126

2.6. Notes to the financial statements

Albioma is an independent renewable energy producer, committed to the energy transition thanks to biomass and photovoltaics. The Group operates in Overseas France, Mauritius, Brazil and Turkey.

Albioma is registered in the Nanterre Trade and Companies Register under number 775 667 538. Its registered office is located at Tour Opus 12, 77 Esplanade du Général de Gaulle, 92081 Paris La Défense, France.

Albioma's consolidated half-year financial statements (condensed) are presented in thousands of euros and were approved by the Board of Directors at its meeting on 26 July 2022.

Note 1. Highlights of the first half of 2021

1.1. Thermal Biomass France

- Riders signed with EDF after a favourable opinion from the CRE on 24 February 2022, allowing the conversion of the three units of the Le Gol power plant in Reunion Island and the extension of operations until 2044. Additional financing was secured on 18 May 2022, but not drawn down as at 30 June 2022.
- Shutdown of tranche 3 of the Bois-Rouge plant on 28 May to enable work to be carried out on the biomass conversion of the plant.

1.2. Brazil

- Financing of Albioma Codora Energia in February 2022 for a total of BRL 70 million (seven-year term with an 18-month deferral of payment).

1.3. Geothermal Energy

- Acquisition of a second geothermal unit, the Kuyucak plant in Turkey, on 14 February 2022 (18 MW capacity, feed-in tariff of USD 118/MWh in 2022, then USD 105/MWh from 2023 to 2027); see note 3 on changes in the scope of consolidation.

1.4. Holding company

- Following preliminary discussions with the Group in March 2022, the KKR fund launched a friendly tender offer for Albioma shares and BSAAR warrants. This tender offer was authorised by the European Commission on 30 June 2022. The closing of the offer was set at 27 July 2022 and settlement-delivery is scheduled for 11 August 2022. This operation did not have an impact on the 30 June 2022 financial statements.

Note 2. Basis of preparation of the financial statements and accounting policies

2.1. Basis of preparation and accounting policies

The accounting principles chosen to prepare the consolidated half-year financial statements (condensed) comply with the framework of International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union on 30 June 2022.

These consolidated financial statements (condensed) for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The main accounting rules and methods applied in the half-year financial statements are similar to those used by the Group in the consolidated financial statements for the year ended 31 December 2021, with the exception of the standards, amendments and interpretations adopted by the European Union, applicable as from 1 January 2022 and described below:

- IFRS 3 amendments: "Reference to the Conceptual Framework";
- IAS 16 amendments: "Property, Plant and Equipment — Proceeds before Intended Use";
- IAS 37 amendments: "Onerous Contracts — Cost of Fulfilling a Contract";
- "Annual Improvements to IFRS Standards 2018–2020".

These amendments to standards did not have a material impact on the Group's consolidated financial statements at 30 June 2022.

The Group decided not to apply in advance any standards, interpretations or amendments.

The new standards, amendments and interpretations, which have been published and whose application is mandatory with effect from financial years beginning on or after 1 January 2022, could have an impact on the Group's financial statements:

- IAS 1 and IFRS Practice Statement 2 amendments: "Information to Provide on Accounting Methods";
- IAS 8 amendments: "Definition of Accounting Estimates";
- IFRS 17 "Insurance contracts", including amendments to IFRS 17;
- IAS 1 amendments: "Classification of Liabilities as Current or Non-current — Deferral of Effective Date";
- IAS 12 amendments: "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction".

These new standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements for the half-year ended 30 June 2022.

2.2. Specific valuation principles applicable to interim financial statements

The specific valuation principles applied to the interim financial statements are as follows:

- Tax on earnings: the tax charge is calculated on the basis of income before tax broken down by tax jurisdiction, to which are applied the estimated tax rates for the full financial year;
- Employee benefits: the net cost in relation to these benefits is recognised pro rata to the projected full-year charge derived from actuarial valuations compiled at the end of the previous financial year. The valuation of net commitments is adjusted in the event of a material change in market conditions compared with the end of the previous financial year, including reductions, liquidations and other non-recurring material events.

2.3. Management estimates

Estimates made by management in relation to the preparation of the half-year consolidated financial statements (condensed) are identical to those described in the consolidated financial statements for the year ended 31 December 2021. In the Group's opinion, there are no material changes in the description of the fair value levels as presented in Note 32 of the consolidated financial statements published in the 2021 Universal Registration Document.

2.4. Conversion rates

The movement in the exchange rate over the reported periods was as follows:

	BRL	MUR	USD
Closing rate			
30/06/2021	5.91	50.56	1.19
31/12/2021	6.31	42.45	1.13
30/06/2022	5.43	47.42	1.04
Average rate			
H1 2021	6.49	48.89	1.21
2021	6.38	49.11	1.18
H1 2022	5.56	47.77	1.08

In the context of the changes in the scope of consolidation, an analysis of the financial flows of the entities operating in Turkey was carried out in order to determine their functional currency within the meaning of IAS 21. This analysis established that the functional currency of these entities is the US dollar.

Indeed, these entities benefit through their electricity sales contracts from an indexation of the sales price to the US dollar and the majority of their operating expenses are denominated in US dollars. These entities have financed their facilities in US dollars, the currency in which these debts are repaid.

Note 3. Changes in the consolidation scope

Acquisition of shares in the company Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (renamed Albioma Kuyucak Jeotermal Elektrik Üretim A.Ş.) – the percentage of interest acquired is 100%

On 21 December 2021, the Group announced that it had entered into exclusive negotiations with Turcas Petrol A.Ş. for the acquisition of a second geothermal power plant in Turkey, located in Aydin province. The favourable opinion of the Turkish competition authorities, obtained on 3 February 2022, allowed the transaction to be finalised.

The Kuyucak power plant (which generates 18 MW gross) was commissioned at the end of 2017 and is based on an operating licence expiring in 2043 (with the option of extending its term for an additional 10-year period).

It produces electricity from five production shafts for a net exported production at end-2021 of 83 GWh.

The provisional purchase price allocation at the date of acquisition of control can be summarised as follows:

<i>In thousands of euros</i>	
Intangible assets - Licence	30,135
Tangible assets	15,078
Other non-current assets	32
Working capital	(2,597)
Net financial debt	(26,710)
Deferred tax liabilities	(1,050)
Other non-current liabilities	(32)
Non-controlling interests	-
Net assets acquired	14,855
Consideration given	(25,435)
Goodwill	10,579

The work on the valuation of assets and liabilities and the allocation of the purchase price, as required by IFRS 3, is still in progress. At this stage, the financial debt was measured on a preliminary basis, resulting in the acquisition price being allocated to the company's operating licence as well as to the tangible assets. The licence is amortised over a period ending at the end of 2043.

The payment of the purchase price is deferred over a maximum period of 12 months up to USD 4 million. An earn-out, conditional on the extension of the licence capacity by 15 MW within 48 months, the fair value of which has been determined to be USD 3.7 million, has been recognised in financial liabilities.

Until the end of 2027, the company will also benefit from a power sales agreement (feed-in tariff of approximately USD 118/MWh until the end of 2022 then a tariff of USD 105/MWh between 2023 and 2027).

The Group has a period of 12 months from the acquisition date to finalise its allocation of the acquisition price. Its allocation was still provisional as at 30 June 2022.

The goodwill and the intangible asset relating to the licence have been allocated to the Group's "Geothermal" cash generating unit.

The contribution of Albioma Kuyucak Jeotermal Elektrik Üretim since the acquisition to the Group's revenue and operating income is €4,266,000 and €3,463,000 respectively.

The acquisition costs related to the transaction amounted to €45,000 in the first half of 2022.

Other changes in the consolidation scope

On 8 March 2022, Albioma acquired all the shares in the capital of Centrales Solaires de Iouanacera. This company is mainly developing a solar power plant project with a capacity of around 1.2 MWp located in the commune of Basse-Terre, Guadeloupe.

In accordance with IFRS 3, on the date of the takeover, the financial debt was measured on a preliminary basis, resulting in the acquisition price being allocated to the project in the development phase.

The Group has a period of 12 months from the acquisition date to finalise its allocation of the acquisition price. Its allocation was still provisional as at 30 June 2022. The goodwill recognised is €200,000.

Note 4. Operating segments

Segment information is presented based on the internal organisation and reporting structures used by Group management, which reflect the various levels of risks and profitability to which the Group is exposed.

As of 1 January 2022, the Group has been tracking the Geothermal activity within a dedicated segment. This activity was previously reported within the "Holding and Others" segment. The "Mauritius" business is now tracked within the "Holding, Mauritius and Others" segment. The comparative information for the period ended 30 June 2021 has been restated according to this new presentation.

Inter-segment transactions are realised on an arm's length basis.

During the first quarter of the year 2021 and of the year 2022, the Group's three Brazilian facilities (Albioma Rio Pardo Termoeletrica, Albioma Codora Energia and Albioma Esplanada Energia) carried out their annual maintenance during the period between sugar harvests. As a result, during these two periods, they did not make a significant contribution to the Group's income but continue to contribute to its expenditure.

Information on the first half of 2022

<i>In thousands of euros</i>	France – Thermal Biomass	France – Solar Power ¹	Brazil	Geothermal Power	Holding Company, Mauritius and Others	Eliminations	IFRS financial statements
Income statement							
Income from ordinary activities	286,811	23,477	9,648	7,794	594	-	328,324
Inter-segment					15,813	(15,813)	-
Income from ordinary activities	286,811	23,477	9,648	7,794	16,407	(15,813)	328,324
EBITDA²	81,735	15,271	1,168	5,270	(4,399)	-	99,045
Operating income	51,355	4,668	(1,811)	4,220	(4,802)	-	53,630
Financial expenses and income	-	-	-	-	-	-	(15,633)
Tax charge	-	-	-	-	-	-	(11,862)
Net income for the period							22,812
Other information							
Investments in property, plant and equipment and intangible assets	67,534	8,907	4,975	900	-	-	82,316
Charges to depreciation and amortisation	(30,118)	(11,048)	(2,979)	(367)	(345)	-	(45,540)

1. Including Spain and Italy.
2. EBITDA: operating income (including income from equity-accounted companies) before depreciation, amortisation and provisions net of reversals and including the impact of the IFRS 16 standard, "Leases".

Information on the first half of 2021

<i>In thousands of euros</i>	France – Thermal Biomass	France – Solar Power ¹	Brazil	Geothermal Power	Holding Company, Mauritius and Others	Eliminations	IFRS financial statements
Income statement							
Income from ordinary activities	233,139	23,889	8,364	1,728	573	-	267,693
Inter-segment					12,681	(12,681)	-
Income from ordinary activities	233,139	23,889	8,364	1,728	13,254	(12,681)	267,693
EBITDA²	80,285	16,420	3,250	961	(1,501)	-	99,415
Operating income	50,700	5,855	657	198	(1,921)	-	55,489
Financial expenses and income	-	-	-	-	-	-	(15,864)
Tax charge	-	-	-	-	-	-	(10,741)
Net income for the period							28,884
Other information							
Investments in property, plant and equipment and intangible assets	48,328	11,155	1,309	-	3,178	-	63,970
Charges to depreciation and amortisation	(27,525)	(10,522)	(2,592)	-	(1,128)	-	(41,767)

1. Including Spain and Italy.
2. EBITDA: operating income (including income from equity-accounted companies) before depreciation, amortisation and provisions net of reversals and including the impact of the IFRS 16 standard, "Leases".

1. Including Spain and Italy.
2. EBITDA: operating income (including income from equity-accounted companies) before depreciation, amortisation and provisions net of reversals and including the impact of the IFRS 16 standard, "Leases".

Reconciliation of operating income and EBITDA

<i>In thousands of euros</i>	H1 2022	H1 2021
Operating income	53,630	55,489
Depreciation of contracts and licences	4,000	3,384
Depreciation of non-current assets and impairment	37,598	35,803
Depreciation of right-of-use assets (IFRS16)		
Net reversals of provisions (including employee benefits)	(16)	2,144
Depreciation of non-current assets included in other operating expenses	2,408	808
EBITDA including the effect of IFRS 16	99,045	99,415
Impact of the restatement of IFRS 16 on EBITDA	(1,867)	(1,971)
EBITDA excluding the effect of IFRS 16	97,178	97,444

Note 5. Income from ordinary activities

Consolidated income from ordinary activities can be broken down as follows:

<i>In thousands of euros</i>	H1 2022	H1 2021
Sales of energy	327,725	267,130
Services	599	563
Income from ordinary activities	328,324	267,693

The change in income from ordinary activities was mainly due to:

- the increase in the variable remuneration of the Biomass Thermal France business in connection with the sharp increase in fuel prices in the context of the war in Ukraine, without any material impact on the operating result;
- the increase in bonuses in the Biomass Thermal France business due to the excellent availability of power plants;
- the effect of changes in the scope of the entities acquired in 2021 and 2022.

Note 6. Purchases (including changes in stocks)

Purchases include the cost of raw materials consumed in the production of electricity, notably coal, fuel oil and biomass. The change during the period includes the effect of the sharp increase in fuel prices.

Note 7. Staff costs

<i>In thousands of euros</i>	H1 2022	H1 2021
Wages and salaries	(19,415)	(16,789)
Social security charges	(9,262)	(8,292)
Profit-sharing and incentive schemes	(2,934)	(2,725)
Share-based payments	(2,475)	(2,535)
Total staff costs	(34,086)	(30,341)
Employee benefits (cost of services rendered net of benefits paid)	(167)	(1,147)
Total staff costs including employee benefits	(34,253)	(31,488)

The increase in staff costs includes the effect of the entities acquired in 2021 and 2022 as well as the increase in social security expenses related to the current performance share plans, in line with the change in the Albioma share price.

For the period ended 30 June 2022, the employee benefits expense includes the downward impact of the increase in the discount rate on the valuation of long-term benefit obligations of €897,000.

Note 8. Other operating expenses

8.1. Logistics costs

Logistics costs changed in line with the volume of fuel consumed during the period.

8.2. Other operating expenses

Other operating expenses comprise all expenses other than purchases, logistics costs and staff costs. They also include the expenditure and income associated with the CO₂ allowances.

Note 9. Charges to depreciation, amortisation and provisions

<i>In thousands of euros</i>	H1 2022	H1 2021
Depreciation of property, plant and equipment and intangible assets	(37,598)	(35,803)
Charges to depreciation of right-of-use assets (IFRS 16)	(1,424)	(1,792)
Charges to provisions net of reversals	16	(2,144)
Charges to depreciation, amortisation and provisions	(39,006)	(39,739)

The change in charges to depreciation and amortisation was mainly due to the commissioning of additional new equipment for the Thermal and Solar Power businesses. It also includes the charges for depreciation and amortisation of the geothermal facilities.

Charges to provisions net of reversals for the first half of 2022 included the charges in respect of staff benefits totalling €200,000 as well as charges to provisions for liabilities.

Note 10. Other operating income and expenses

For the periods ended 30 June 2022 and 2021, other income mainly includes compensation received for coal equipment that is no longer required as a result of the conversion to biomass. This equipment was subject to accelerated depreciation at 30 June 2022.

For the period ended 30 June 2021, other operating income and expenses also included results from the disposal of property, plant and equipment and subsidiaries.

Note 11. Cost of financial debt

The cost of financial debt comprises the following items:

<i>In thousands of euros</i>	H1 2022	H1 2021
Financial expenses on financial debt	(15,283)	(14,943)
Financial expenses on leases	(254)	(127)
Cost of financial debt (excluding IFRS 16)	(15,537)	(15,070)
Interest expenses related to right-of-use assets (IFRS 16)	(688)	(760)
Cost of financial debt	(16,225)	(15,830)

Note 12. Other financial income and expenses

For the periods ended 30 June 2022 and 2021, other financial income and expenses included investment income and foreign exchange gains and losses.

Note 13. Tax

The corporation tax charge breaks down as follows:

<i>In thousands of euros</i>	H1 2022	H1 2021
Current tax charge	(14,181)	(12,020)
Deferred tax	2,320	1,278
Total corporation tax	(11,862)	(10,741)

Tax charge analysis

The effective tax rate is calculated as follows:

<i>In thousands of euros</i>	H1 2022	H1 2021
Operating income	53,630	55,489
Share of net income of equity-accounted companies	2,154	(1,400)
Cost of financial debt	(16,225)	(15,830)
Other financial income and expenses	592	(35)
Income before tax and share in equity-accounted companies (A)	40,151	38,225
Tax charge (B)	(11,862)	(10,741)
Effective tax rate (B)/(A)	29.54%	28.10%

The differences in the tax rates between the local rate and the standard tax rate include the difference between the tax rate in Brazil and the standard tax rate applicable in France as well as the effect of the allowance in respect of law no. 2009-594 of 27 May 2009 for the economic development of Overseas France (Loi pour le développement économique des Outre-mer – LODEOM).

The restated normalised effective tax rate² for the period ended 30 June 2022 came to 26.42% compared with 28.10% in 2021. This change is due to the reduction in the tax rate pursuant to the Finance Act in force in France.

Change in deferred tax on the statement of financial position

In addition to the current changes in the period, the change in deferred tax in the statement of financial position includes the effect of higher interest and discount rates on the valuation of financial instruments and employee benefits, which are sources of deferred taxes.

Note 14. Goodwill

<i>In thousands of euros</i>	Net value
At 31/12/2021	15,591
Change in consolidation scope	10,779
Currency translation differences	802
At 30/06/2022	27,172

The change in goodwill for the period is mainly due to the effect of the inclusion of the Kuyucak power plant in the scope of consolidation (see details in Note 3).

As at 30 June 2022, the purchase price allocations for the Biomasse du Lac du Taureau, Kuyucak and Centrale Solaire de Iouanacera plants remain provisional. However, the purchase price allocation for the Gümüşköy power plant, acquired in 2021, is now final.

² Restated standard tax rate: restated tax rate excluding Brazil and excluding the effect of the change in the progressive tax rate from 2018.

Note 15. Intangible assets

<i>In thousands of euros</i>	Electricity and steam supply agreements	Other intangible assets	Total intangible assets
At 31/12/2021	86,031	4,421	90,451
Acquisitions	-	957	957
Charges to amortisation	(4,000)	(138)	(4,139)
Impact of changes in the consolidation scope	30,138	-	30,138
Other movements	4,223	(4,222)	1
Foreign currency translation effect	5,499	155	5,654
At 30/06/2022	121,890	1,172	123,061

The change in intangible assets is mainly due to the inclusion of the Kuyucak power plant in the scope of consolidation (see details in note 3), as well as the amortisation of power purchase agreements and operating licences in Turkey.

Note 16. Right-of-use assets

<i>In thousands of euros</i>	Right-of-use assets related to office leases	Right-of-use assets related to plants	Total right-of-use assets (IFRS 16)
At 31/12/2021	2,976	26,124	29,100
New leases	12	2,224	2,236
Charges to depreciation	(338)	(1,086)	(1,424)
Impact of changes in the consolidation scope	27	4,156	4,183
Foreign currency translation effect	-	37	37
At 30/06/2022	2,677	31,455	34,132

The change in rights of use is mainly related to the capitalisation of the lease contracts of the Biomasse du Lac Taureau entity following its entry into the consolidation scope, the signing of new lease agreements in Brazil, as well as the amortisation of the right-of-use assets for the period.

Note 17. Property, plant and equipment

<i>In thousands of euros</i>	Installations in service	Non-current assets in	Total
At 31/12/2021	1,200,219	184,043	1,384,261
Acquisitions	3,156	77,066	80,223
Charges to depreciation	(39,868)	-	(39,868)
Impact of changes in the consolidation	15,078	-	15,078
Restatements and other movements	13,593	(13,826)	(233)
Foreign currency translation effect	8,945	279	9,224
At 30/06/2022	1,201,123	247,562	1,448,685

The increases in property, plant and equipment during the half year related mainly to:

- investment expenses for the power plants in operation, primarily in connection with their optimisation and modernisation work;
- investments to convert existing power plants in Guadeloupe and on Reunion Island to biomass operation and investments for the construction of new photovoltaic power plants.

The amount of the interest charges capitalised during the first half of 2022 in respect of power plants under construction is not significant.

Note 18. Investments in associates and joint ventures

The change in investments in associates and joint ventures is as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Movements during the accounting period		
Amount at the start of the period	25,667	22,753
Dividends paid	(1,242)	(955)
Share of net income of associates	(2,154)	3,306
Impact of changes in the consolidation scope	-	462
Translation differences	1,649	111
Other changes	1	(10)
Amount at the end of the period	23,921	25,667

The "Translation differences" line includes the impact of the change in the euro/Brazilian real and euro/Mauritian rupee exchange rates.

Note 19. Financial assets

19.1. Non-current financial assets

The term deposit generates interest that is capitalised.

<i>In thousands of euros</i>	Note	30/06/2022	31/12/2021
Security deposits		4,926	4,503
Non-consolidated investments		58	31
Loans due in more than one year and other financial assets		346	366
Financial instruments	26	53,830	8,173
Total		59,159	13,072

19.2. Cash and cash equivalents

Gross cash comprises the following:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Cash equivalents	23,943	14,695
Cash	104,899	93,164
Total	128,843	107,860

Cash equivalents consist of term deposits and immediately available money market mutual funds (SICAV), for which changes in fair value are recognised as income or expenditure.

Note 20. Trade receivables

At 30 June 2022, trade receivables stood at €80.4 million compared with €95.8 million at 31 December 2021.

Note 21. Stocks

Stocks break down as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Stocks - gross amount		
Raw materials and fuels	52,695	22,749
Non-strategic spare parts	52,510	50,237
CO ₂ stocks	1,770	2,969
Other stocks in progress	150	143
Total stocks – gross amount	107,125	76,098
Impairment of stocks		
Raw materials and fuels	(43)	(43)
Non-strategic spare parts	(205)	(257)
Total impairment of stocks	(248)	(300)
Stocks - net amount		
Raw materials and fuels	52,652	22,706
Non-strategic spare parts	52,305	49,980
CO ₂ stocks	1,770	2,969
Other stocks in progress	150	143
Total stocks – net amount	106,877	75,798

The increase in the value of stocks is mainly due to the increase in the price of fuel and the stock of wood pellets produced by the Biomasse du Lac Taureau entity acquired in 2021.

Note 22. Other current assets

The other current assets break down as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Tax and social security receivables	26,953	22,065
Current tax receivables	15,574	2,306
Prepayments	6,730	2,078
Other debtors	11,274	10,250
Total	60,531	36,699

The change in tax receivables is mainly due to tax credits receivable in connection with the conversion work.

Note 23. Share capital and potential shares

23.1. Share capital

At 30 June 2022, the share capital comprised 32,370,737 shares with a nominal value of €0.0385, fully paid up, including 144,853 treasury shares held in connection with a share buyback programme.

23.2. Performance share plans

The expense recognised in the income statement for existing plans at 30 June 2022 was €2,475,000 compared with €2,410,000 for the first half of 2021.

On 1 March 2022, the Company's Board of Directors allocated 254,265 shares to corporate officers and employees (members of the Executive Committee, senior management and administrative staff).

The shares will vest on 1 March 2025 if the performance criteria are met at 31 December 2024 (the lock-in period ends on 1 March 2026, extended for the corporate officer until the termination of his functions for 1% of the shares granted).

The allocation was made with three quarters based respectively on the EBITDA, net earnings per share and renewable energy mix performance criteria and one quarter based 50% on the change in total shareholder return compared to the CAC Utilities NR and 50% on the change in total shareholder return compared to the SBF 120 NR.

The estimated fair value of the plan, pursuant to IFRS 2 "Share-based Payment" is as follows:

	30/06/2022
2022 plan's estimated value (excluding employers' contributions) in thousands of euros	4,159
Expected dividend yield	Estimated using a forward-looking approach, based on the distribution policy announced by the Group

During the period ended 30 June 2022, 204,473 shares were delivered in settlement of the 2019 performance share plan. These shares were held in treasury by Albioma.

23.3. BSAAR

At 30 June 2022, 370,923 BSAAR warrants have been exercised, representing exercise proceeds of €7,752,291. 52,233 of the exercised BSAAR warrants resulted in the delivery of an equivalent number of the Company's treasury shares, the other exercised BSAAR warrants resulted in the issue of 318,690 new shares. The number of outstanding BSAAR warrants at 30 June 2022 is 551,478.

23.4. Number of shares – Calculation of the dilution

Shares whose issuance is conditional are only included in the calculation of diluted earnings per share if, at the period-end, the acquisition conditions are met. The dilutive effects are created by the issuance of stock subscription options as well as by the allotment of bonus performance shares.

	H1 2022	H1 2021
Weighted average number of shares	32,225,884	31,282,503
Dilution	756,676	887,841
Diluted weighted average number of shares	32,982,560	32,170,344
Net income (in thousands of euros)	21,423	23,501
Net income/weighted average number of shares (in euros)	0.665	0.751
Net income/diluted weighted average number of shares (in euros)	0.650	0.731

23.5. Dividends

On 25 May 2022, the Combined General Meeting of Albioma shareholders decided to grant a dividend of €0.84 per share. The ex-dividend date was set at 9 June 2022 and the dividend was paid on 13 June 2022.

Note 24. Financial debt

The following table provides a breakdown of the Group's financial debt at 30 June 2022:

<i>In thousands of euros</i>	30/06/2022				31/12/2021			
	Project debt	Corporate debt	Bank overdrafts, accrued interest and loan issue costs	Total	Project debt	Corporate debt	Bank overdrafts, accrued interest and loan issue costs	Total
Debts with financial institutions	906,031	212,500	(11,062)	1,107,469	838,939	142,500	(20,251)	961,188
Lease liabilities	9,219	-	-	9,219	9,781	-	-	9,781
Lease liabilities related to right-of-use assets	47,829	-	-	47,829	41,992	-	-	41,992
Total	963,079	212,500	(11,062)	1,164,517	890,712	142,500	(20,251)	1,012,961
Non-current financial debt				975,333				900,156
Current financial debt				189,184				112,805

Project debt has a maturity of between 15 and 25 years according to the type of business and the length of the power purchase agreement.

Project debt is non-recourse debt in respect of Albioma, except in the case of Brazil, where Albioma has granted a parent company guarantee, and debt relating to projects in the construction phase.

At 30 June 2022, the portion of debt denominated in BRL stood at €23.5 million and that denominated in US dollars stood at €39 million. All other debt was denominated in euros.

The change in financial debt during the period is broken down below:

<i>In thousands of euros</i>	Lease liabilities	Bank and other borrowings	Lease liabilities related to right-of-use assets (IFRS 16)	Total
At 31/12/2021	9,781	961,188	41,992	1,012,961
Debt issues	-	142,608	2,121	144,730
Repayments	(562)	(39,586)	(793)	(40,941)
Restatements	-	(420)	449	29
Translation differences	-	5,377	56	5,433
Impact of changes in the consolidation scope	-	38,302	4,004	42,305
At 30/06/2022	9,219	1,107,469	47,829	1,164,517

The main debt issues during the period were as follows:

- the drawdown of Albioma's RCF line amounting to €71 million;
- €35.8 million drawn down by Albioma Bois-Rouge to finance the conversion of the plant;
- €14 million in financing for Albioma Codora Energia;
- €20.5 million of new debt drawn down to finance the continuing work on the construction of new photovoltaic plants on Reunion Island.

The "Effect of changes in the scope of consolidation" line includes the effects of the inclusion of the Kuyucak power plant and the Biomasse du Lac Taureau lease agreements.

The "Translation differences" line includes the impact of changes in the Brazilian real and US dollar exchange rates against the euro.

The debt can be analysed as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Borrowings and financial debts		
Lease loan	9,219	9,781
Debts related to rights of use	47,829	41,992
Bank loan	1,118,531	981,439
Other liabilities	(11,062)	(20,251)
Subtotal	1,164,517	1,012,961
Cash and cash equivalents		
Cash	(104,899)	(93,164)
Cash equivalents	(23,943)	(14,695)
Subtotal	(128,843)	(107,860)
Deposits related to financial leases	(4,926)	(4,503)
Net financial debt after deduction of deposits paid	1,030,749	900,599

Note 25. Provisions and employee benefits

The change in provisions for liabilities included the reversal of a provision for disputes and industrial risks.

The change in employee benefits breaks down as follows:

<i>In thousands of euros</i>	H1 2022	H1 2021
Opening obligation	48,612	52,605
Cost of services rendered	1,024	1,409
Financial cost	197	176
Actuarial gains and losses recognised in profit or loss	(857)	(262)
Actuarial gains and losses recognised in reserves		
Impact of changes in the consolidation scope	-	11
Other changes	52	-
Closing obligation	30,668	47,318

The change in employee benefits is mainly due to the effect of the rise in the discount rate from 0.80% at 31 December 2021 to 3.1% at 30 June 2022.

The impact of this increase is recognised in equity for an amount of €18.4 million in other comprehensive income for post-employment benefits and in profit or loss for the period for an amount of €0.9 million for long-term benefit obligations.

Note 26. Financial derivatives

<i>In thousands of euros</i>	Maturity	Notional amount in millions of euros	Fair values in the statement of financial position				Recognition of changes in 2021	
			31/12/2020		30/06/2021		Profit or loss	Transitory account in shareholders' equity
			Assets	Liabilities	Assets	Liabilities		
Hedging of variable-rate debt by interest rate swaps	2020 to 2040	716	3,073	(32,543)	53,830	(6,352)		76,948
Total cash flow hedging derivatives		716	3,073	(32,543)	53,830	(6,352)		76,948

The change in the fair value of financial derivative instruments was due mainly to the increase in interest rates. There is no change in the valuation method and classification of financial instruments compared to 31 December 2021.

Note 27. Trade payables

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Trade payables	76,983	83,970
Amounts due to suppliers of non-current assets	16,366	7,358
Total	93,348	91,328

The change in amounts due to suppliers of non-current assets was mainly due to the conversion works on the thermal plants.

Note 28. Other current liabilities

Other current liabilities break down as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Deferred income	7,407	7,379
Other creditors	24,589	15,064
Total	32,010	22,417

The change in "Other creditors" was mainly due to the recognition, at 30 June 2022, of liabilities in respect of dividends to be paid by certain subsidiaries of Albioma to non-Group shareholders.

Note 29. Tax and social security liabilities

These liabilities break down as follows:

<i>In thousands of euros</i>	30/06/2022	31/12/2021
Current tax liabilities	3,136	4,385
Other tax and social security liabilities	40,898	38,668
Total	44,033	43,032

The change in tax liabilities is mainly due to the payments made in the first half of 2022.

Note 30. Off-balance sheet commitments

30.1. Commitments given

At 30 June 2022, off-balance sheet commitments given amounted to €13.4 million compared with €11.0 million at 31 December 2021.

This change of +€2.4 million is mainly due to the decrease in the USD exchange rate from USD 1.1326/EUR to USD 1.0387/EUR (+€0.4 million), the subscription of a new joint and several guarantee on Albioma Solar Assets France 1 (+€0.3 million) as well as various new guarantees issued by Albioma (+€2.4 million).

In addition, in the context of the current tender offer, the Group has made commission commitments to financial and legal advisors, fully conditional on the success of the transaction.

30.2. Commitments received

At 30 June 2022, off-balance sheet commitments received amounted to €381.0 million compared with €218.7 million at 31 December 2021.

This change of +€162.3 million mainly stems from new financing commitments received related to Albioma Le Gol for €265 million, to Albioma Solaire Caraïbes for €18.3 million, to Albioma Solaire Amazonie for €6.7 million as well as a liabilities guarantee coming to an end for €7 million and various drawdowns made to reduce guarantees amounting to €120.7 million.

Note 31. Risk and capital management

The risks to which the Group is exposed are presented in the notes to the consolidated financial statements for the year ended 31 December 2021.

The Group has not identified any other material changes in the risks described in the Universal Registration Document for the year ended 31 December 2021 or in the risk management policies implemented.

Note 32. Related parties

There were no material changes in transactions with related parties in the first half of 2022.

Note 33. Information on equity investments with significant non-Group shareholders

The table below shows the contribution to net income of the entities with significant non-controlling interests. This table includes Albioma Codora Energia and Albioma Le Gol for the periods ended 30 June 2022 and 30 June 2021.

The figures in the table below are the full amounts for each item, before elimination of intra-Group transactions.

<i>In thousands of euros</i>	H1 2022	H1 2021
Income statement		
Revenue	95,857	69,735
Net income	10,536	12,647
Net income, Group share	6,849	8,220
Net income, attributable to non-controlling interests	3,688	4,426
Total comprehensive income	7,928	11,028
Group share	5,153	10,400
Attributable to non-controlling interests	2,775	3,860
Dividends paid to non-controlling interests	(6,970)	(6,014)
Statement of financial position		
Non-current assets	283,987	271,826
Current assets	74,331	61,107
Total assets	358,318	332,933
Equity, Group share	80,951	77,370
Equity, attributable to non-controlling interests	61,009	60,863
Non-current liabilities	93,748	96,179
Current liabilities	122,906	98,521
Total equity and liabilities	358,614	332,933
Cash from operating activities	42,502	24,967
Cash used by investing activities	(22,550)	(6,210)
Cash used by financing activities	(14,850)	(20,514)

Note 34. Events after the reporting period

None.

Note 35. Reconciliation of statement of cash flows and notes to the financial statements

	Notes	Cash flow statement item							Closing balance
		Opening balance	Non-monetary changes ¹	Change in working capital	Tax paid	Investing flows	Other financing flows including the change in current accounts	Dividends paid	
Trade receivables	20	95,810	1,454	(16,898)	-	-	-	-	80,366
Stocks	21	75,798	480	30,598	-	-	-	-	106,877
Other creditors	22	36,699	(341)	10,101	13,266	806	-	-	60,531
Total		208,307	1,593	23,801	13,266	806	-	-	247,774
Trade payables	27	83,970	4,041	(11,028)	-	-	-	-	76,983
Amounts due to suppliers of non-current assets	27	7,358	18	-	-	8,990	-	-	16,366
Tax and social security liabilities	29	43,032	582	1,703	(1,284)	-	-	-	44,033
Other liabilities	28	22,417	1,528	(2,011)	-	-	614	9,463	32,010
Total		156,778	6,168	(11,335)	(1,284)	8,990	614	9,463	169,392
Impact on cash flows				(35,137)	(14,550)	8,184	614	9,463	
Tax in Income statement				-	(14,181)	-	-	-	
Tax with no impact on cash				-	-	-	-	-	
Purchases of property, plant and equipment	17			-	-	(80,223)	-	-	
Purchases of intangible assets	15			-	-	(956)	-	-	
Dividends paid				-	-	-	-	(38,326)	
Capital increase related to BSAAR warrants				(2,087)	-	-	-	-	
Total				(37,224)	(28,731)	(72,995)	614	(28,863)	
Statement of cash flows				(37,224)	(28,731)	(72,995)	614	(28,863)	

1. Non-monetary changes include reclassifications between accounts, and the effects of translation adjustments and changes in consolidation scope.

3. Statutory Auditors' report on the half-year financial information (period from 1 January 2022 to 30 June 2022)

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine
France

Mazars

Tour Exaltis – 61, rue Henri Regnault
92400 Courbevoie
France

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

- the limited review of the accompanying condensed interim consolidated financial statements of Albioma, for the period from 1 January 2022 to 30 June 2022;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information primarily involves discussions with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less extensive than an audit conducted in accordance with professional standards applicable in France. Consequently, it can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from a full audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Specific verification

We have also verified the information provided in the interim management report on the condensed interim consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Courbevoie, 26 July 2022.

The Statutory Auditors,

PricewaterhouseCoopers Audit

Itto El Hariri

Mazars

Ariane Mignon

4. *Statement of the person responsible for the half-year financial report*

I declare that, to the best of my knowledge, the condensed financial statements for the half year under review have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all its subsidiaries included in the consolidation scope, and that the half-year management report on page 3 presents an accurate view of the major events that occurred in the first six months of the financial year, of their influence on the financial statements and of the major transactions between related parties and describes the main risks and uncertainties for the remaining six months of the year.

Puteaux, 26 July 2022.

Frédéric Moyne,
Chairman and Chief Executive Officer

