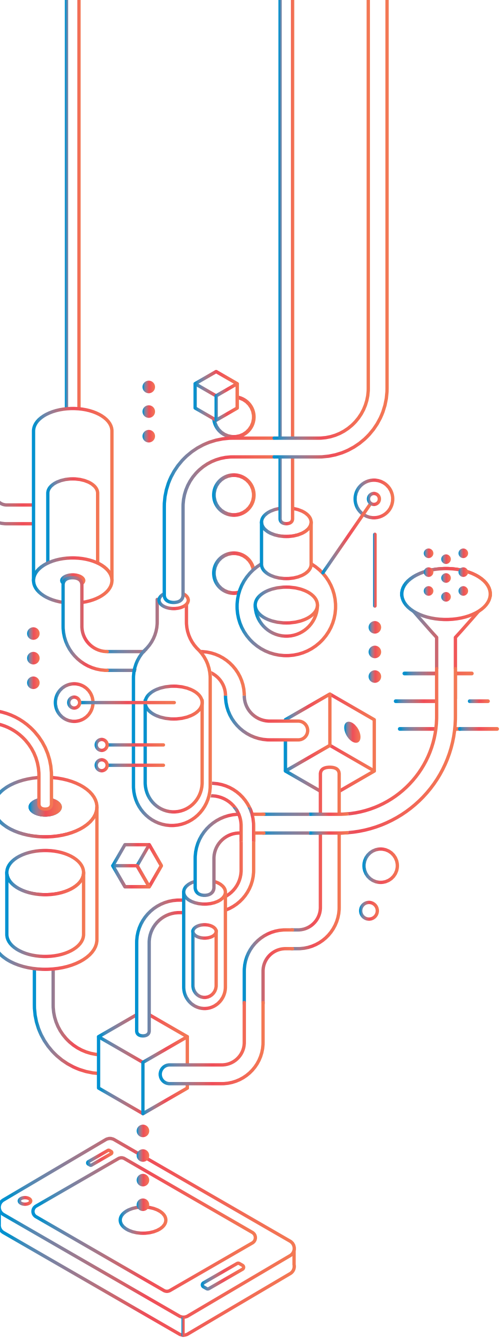
TERĒGA
GAS, ACCELERATING THE FUTURE

CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS FINANCIAL YEAR ENDED 31 DECEMBER 2021

TERÉGA SAS

TERĒGA



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1. CONSOLIDATED INCOME STATEMENT

In thousands of euros

	NOTES	31/12/2021	31/12/2020
Revenues	5.10.1	484,341	457,709
Other income	5.10.2	2,906	1,270
Purchases consumed	5.10.3	(67,138)	(42,341)
Personnel expenses	5.10.3	(60,233)	(63,684)
External expenses	5.10.3	(55,501)	(54,382)
Taxes and duties	5.10.3	(11,845)	(15,281)
Allowances for amortisation/depreciation & provisions	5.9.2 - 5.9.3 5.9.5 - 5.9.10	(109,286)	(108,841)
Other current operating income and expenses		(5,655)	(4,266)
CURRENT OPERATING PROFIT/LOSS		**177,590**	**170,184**
Other non-current operating income and expenses		1,635	(1,047)
OPERATING PROFIT/LOSS		**179,226**	**169,137**
Net financial debt cost	5.10.4	(39,150)	(42,054)
Other financial income and expenses	5.10.4	(5,627)	8
PRE-TAX PROFIT (LOSS)		**134,449**	**127,091**
Income tax	5.10.5	(50,273)	(55,097)
NET PROFIT FROM CONSOLIDATED COMPANIES		**84,175**	**71,994**
Consolidated net profit		84,175	71,994
Profit (loss) for the period attributable to:			
- owners of the company		84,175	71,994
- equity interest without control		-	-
Earnings per share		1,72	1,47
Diluted earnings per share		1,72	1,47

In thousands of euros

	NOTES	31/12/2021	31/12/2020
NET PROFIT (LOSS)		**84,175**	**71,994**
OTHER ELEMENTS OF COMPREHENSIVE INCOME			
Actuarial gains and losses		(167)	4,281
Impact of deferred taxes	5.9.7	43	(1,106)
Elements not to be reclassified in profit (loss) subsequently		**(124)**	**3,175**
Change in fair value of financial instruments (cash flow hedges)	5.9.11	(1,250)	398
Impact of deferred taxes on financial instruments		490	-
Elements likely to be subsequently reclassified in profit (loss)		**(761)**	**398**
TOTAL OTHER ELEMENTS OF THE COMPREHENSIVE INCOME		**(885)**	**3,573**
TOTAL COMPREHENSIVE INCOME		**83,291**	**75,567**
Attributable to the owners of the company		83,291	75,567
Attributable to equity interests without control		-	-

2. STATEMENT OF CONSOLIDATED FINANCIAL POSITION

In thousands of euros

	NOTES	31/12/2021	31/12/2020
ASSETS			
Goodwill	5.9.2	420,756	420,756
Other intangible assets	5.9.2	89,566	92,566
Tangible assets	5.9.3	2,468,134	2,435,546
Investments in equity-accounted companies	5.9.4	823	6,272
Other non-current financial assets		8,577	379
Other non-current assets		3,304	3,644
Deferred tax assets		478	13
NON-CURRENT ASSETS		**2,991,638**	**2,959,175**
Inventory	5.9.5	26,013	24,994
Other current financial assets		159	161
Trade receivables	5.9.6	60,824	43,654
Current payable tax receivables		-	9,725
Other current assets	5.9.14	2,801	4,770
Cash and cash equivalents	5.9.8	19,691	489,560
CURRENT ASSETS		**109,489**	**572,864**
TOTAL ASSETS		**3,101,127**	**3,532,039**
Shareholder equity and liabilities			
Capital	5.9.9	489,474	489,474
Issue premiums		71,053	71,053
Reserves		(223,712)	(267,948)
Convertible bonds		470,000	470,000
Profit (loss) for the year attributable to the owners of the company	1	84,175	71,994
SHAREHOLDER EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**890,990**	**834,573**
TOTAL SHAREHOLDER EQUITY		**890,990**	**834,573**
Non-current financial debts	5.9.11	1,785,286	1,785,912
Employee benefits	5.10.6	22,757	27,171
Deferred tax liabilities	5.9.7	275,291	260,636
Other non-current liabilities		(7)	-
NON-CURRENT LIABILITIES		**2,083,327**	**2,073,719**
Current financial debts	5.9.11	27,010	530,193
Current provisions	5.9.10	260	204
Trade payables	5.9.12	63,107	59,805
Payable tax liabilities		110	-
Other current liabilities	5.9.13	36,324	33,545
CURRENT LIABILITIES		**126,810**	**623,747**
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		**3,101,127**	**3,532,039**

3. TABLE OF CHANGES TO CONSOLIDATED SHAREHOLDER EQUITY

In thousands of euros

	CAPITAL	ISSUE PREMIUMS	NON-DISTRIBUTED PROFIT (LOSS)	ACTUARIAL RESERVES	CONVERTIBLE BONDS[1]	FAIR VALUE RESERVES	OTHER RESERVES	CONSOLIDATED RESERVES	TOTAL	TOTAL SHAREHOLDER EQUITY
Shareholder equity at 31 December 2019	**489,474**	**71,053**	**93,446**	**(3,282)**	**670,000**	**-**	**9,958**	**(141,823)**	**1,188,826**	**1,188,826**
Profit (loss)			**71,994**						**71,994**	**71,994**
Total other elements of the comprehensive income				3,175		398			3,573	3,573
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**71,994**	**3,175**	**-**	**398**	**-**	**-**	**75,567**	**75,567**
Issue of ordinary shares					(200,000)				(200,000)	(200,000)
Interest from convertible bonds								(34,392)	(34,392)	(34,392)
Dividends		-	(195,426)						(195,426)	(195,426)
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS FROM/TO OWNERS OF THE COMPANY	**-**	**-**	**(195,426)**	**-**	**(200,000)**	**-**	**-**	**(34,392)**	**(429,818)**	**(429,818)**
Equity interests without control during acquisition of the subsidiary							(1)		(1)	(1)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**	**(1)**
SHAREHOLDER EQUITY AT 31 DECEMBER 2020	**489,474**	**71,053**	**(29,986)**	**(107)**	**470,000**	**398**	**9,957**	**(176,215)**	**834,573**	**834,573**
Shareholder equity at 31 December 2020	**489,474**	**71,053**	**(29,986)**	**(107)**	**470,000**	**398**	**9,957**	**(176,215)**	**834,573**	**834,573**
Profit (loss)			**84,175**						**84,175**	**84,175**
Total other elements of the comprehensive income				(124)		(1,250)	490		(885)	(885)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**84,175**	**(124)**	**-**	**(1,250)**	**490**	**-**	**83,291**	**83,291**
Interest from convertible bonds								(27,211)	(27,211)	(27,211)
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS FROM/TO OWNERS OF THE COMPANY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(27,211)**	**(27,211)**	**(27,211)**
Equity interests without control during acquisition of the subsidiary							336		336	336
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY	**-**	**-**	**-**	**-**	**-**	**-**	**336**	**-**	**336**	**336**
SHAREHOLDER EQUITY AT 31 DECEMBER 2021	**489,474**	**71,053**	**54,189**	**(231)**	**470,000**	**(852)**	**10,782**	**(203,426)**	**890,989**	**890,989**

[1] Convertible bonds issued by the Group are considered as equity instruments according to IAS 32. The nominal sum as well as the interest paid (after tax) are therefore classed as shareholder equity (see note 5.9.9 Capital and reserves). The interest incurred is entered as other debt.

4. CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	NOTES	31/12/2021	31/12/2020
Consolidated net profit	1	84,175	71,994
Removal of expenses and income with no cash impact			
Elimination of dividend income		-	-
Amortisation/depreciation and provisions	5.9.2 - 5.9.3	103,838	106,239
Income tax	5.10.5.1	50,273	55,097
Financial result	5.10.4	44,304	41,648
Neutralisation as elements classed as investment flows		(1,661)	17
Change in working capital requirement		(9,611)	7,824
Tax paid		(15,034)	(26,922)
NET CASH FLOW RELATED TO OPERATING ACTIVITIES		**256,284**	**255,897**
Acquisition of tangible and intangible assets	5.9.2 - 5.9.3	(139,721)	(126,086)
Transfer of fixed assets		3,340	0
Change in loans and other financial assets		(9,966)	(42)
Impact of changes to scope	5.5.5 - 5.9.4	(2,072)	(6,273)
Dividends received		28	-
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES		**(148,392)**	**(132,401)**
Dividends paid by the consolidating company		-	(195,426)
Capital increases (reductions)		1,900	-
Issue of loans	5.9.11	10,000	896,000
Loan repayments	5.9.11	(500,209)	(76,680)
Repayments of ORA convertible bonds		-	(200,000)
Interest paid		(89,461)	(96,293)
NET CASH FLOW RELATED TO FINANCING ACTIVITIES		**(577,761)**	**327,601**
Impact of exchange rate fluctuations		-	-
CHANGE IN CASH FLOW		**(469,868)**	**451,097**
Opening cash and cash equivalents		489,560	38,462
Closing cash and cash equivalents	5.9.8	19,691	489,560

Interest on ORA was reclassified from the “loan repayments” line to the “loan issues” line.

5. EXPLANATORY NOTES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 ENTITY PRESENTING THE FINANCIAL STATEMENTS

Teréga SAS is a company domiciled in France, with its registered office at 40 avenue de l'Europe, Pau. The consolidated financial statements of the Company at 31 December 2021 are drawn up in relation to the Company and its subsidiaries, referred to together as "the Group", and each individually as "entities of the Group".

5.2 HISTORY OF THE ESTABLISHMENT OF THE TERÉGA GROUP

On 30 July 2013, all of the securities of Teréga SA (formerly TIGF SA), held until then by TGEHF (Total Gaz Electricité Holding France), were sold to Teréga SAS (formerly TIGF INVESTISSEMENTS), itself held by Teréga HOLDING (formerly TIGF HOLDING).

5.3 ACCOUNTING STANDARDS

5.3.1 DECLARATION OF COMPLIANCE

The accounting principles chosen for the preparation of the consolidated financial statements comply with the IFRS and interpretations as published by the IASB and approved by the European Union at 31 December 2021 and presented in detail on the website of the European Commission ***(https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en)***.

5.3.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLIED

IFRS as well as their interpretations and amendments are presented in the table below. They were applied by the Group in its consolidated financial statements drawn up on 31 December 2021:

IFRS ADOPTED BY THE EU (and related amendments)	IMPACT	LINK TO APPENDICES
IAS 1 - Presentation of financial statements	Yes	Notes 1 - 2
IAS 2 - Inventories	Yes	Note 5.5.6
IAS 7 - Statement of cash flows	Yes	Note 4
IAS 8 - Accounting policies, changes in accounting estimates and errors	Yes	Note 5.5
IAS 10 - Events after the reporting period	Yes	Note 5.13
IAS 11 - Construction contracts	NA	
IAS 12 - Income taxes	Yes	Note 5.5.12
IAS 16 - Property, plant and equipment	Yes	Note 5.5.4
IAS 18 - Revenue	Yes	Note 5.5.9
IAS 19 - Employee benefits	Yes	Note 5.5.7
IAS 20 - Government grants	Yes	Note 5.5.4.4
IAS 21 - The effects of changes in foreign exchange rates	NS	Note 5.9.1
IAS 23 - Borrowing costs	Yes	Note 5.5.2.7
IAS 24 - Related party disclosures	Yes	Note 5.11
IAS 26 – Accounting and reporting by retirement benefit plans	NA	
IAS 27 - Separate financial statements	NA	
IAS 28 - Investments in associates and joint ventures	NA	
IAS 29 - Financial reporting in hyperinflationary economies	NA	
IAS 32 - Financial instruments	Yes	Note 5.5.2.3
IAS 33 - Earnings per share	NA	Non-listed company
IAS 34 - Interim financial reporting	NA	

IAS 36 - Impairment of assets	Yes	Note 5.5.2.8
IAS 37 - Provisions, contingent liabilities and contingent assets	Yes	Note 5.5.8
IAS 38 - Intangible assets	Yes	Note 5.5.3
IAS 39 - Financial instruments: recognition & measurement	Yes	Note 5.5.2.3
IAS 40 - Investment property	NA	
IAS 41 - Agriculture	NA	
IFRS 1 - First-time adoption of IFRS	NA	
IFRS 2 - Share-based payment	NA	Non-listed company
IFRS 3 - Business combinations	Yes	Note 5.5.2.1
IFRS 4 - Insurance contracts	NS	
IFRS 5 - Non-current assets held for sale and discontinued operations	NA	
IFRS 6 - Exploration for & evaluation of mineral resources	NA	
IFRS 7 - Financial instruments: disclosures	Yes	Note 5.5.2.3
IFRS 8 - Operating segments	NA	Non-listed company
IFRS 9 - Financial instruments	NS	Note 5.5.2.3
IFRS 10 - Consolidated financial statements	Yes	Notes 1 - 2
IFRS 11 - Joint arrangements	NA	
IFRS 12 - Disclosure of interests in other entities	NA	
IFRS 13 - Fair value measurement	Yes	Note 5.9.11
IFRS 15 - Revenues from contracts with customers	NS	Note 5.5.9
IFRS 16 - Leases	NS	Note 5.5.10

5.3.2.1 New mandatory standards, amendments and interpretations

Mandatory Standards, Amendments and Interpretations as of 1 January 20211

An amendment to IAS 38 (Intangible assets) regarding configuration or customisation costs in a cloud computing agreement was published in 2021.

The financial statements for the year ended 31 December 2021 do not yet apply this interpretation in view of the analysis time needed to estimate the impact.

The recommendation ANC 2013-02 of 7-11-2013 amended on 5-11-2021 has no impact on the calculation of the Company's social commitments.

5.3.2.2 New standards, amendments and interpretations published by the IASB but not yet adopted by the European Union

The standards, amendments and interpretations published by the IASB but not yet adopted by the European Union will only enter into force in a mandatory manner from this adoption and are therefore not applied by the Group.

5.3.3 ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the management to exercise judgement in making estimates and assumptions likely to affect the application of accounting methods. The actual values may be different from the estimated values.

The estimates and the underlying assumptions are constantly examined. The impact of the changes of accounting estimates is recorded during the period of the change and all the subsequent periods affected.

The assumptions and estimates mainly concern:

- the measurement of the fair value of the assets acquired and liabilities recovered in the context of business combinations (see note 5.5.1.1);
- the period of use of tangible and intangible assets used for the calculation of depreciation: these estimates are presented in notes 5.5.3 and 5.5.4 of the accounting principles;
- the measurement of the recoverable value of the goodwill (assumptions described in note 5.5.1.1);
- the measurement of the obligations linked to defined benefit plans (assumptions described in notes 5.5.7 and 5.10.6.3);
- the valuation of the financial instruments (see note 5.5.2.3);
- the measurement of the deferred tax assets (see note 5.9.7).

5.4 CONSOLIDATION METHODS

The acquired subsidiaries are consolidated in the Group's financial statements from the date of their acquisition of control or, for reasons of convenience, if the impact is not material, from the date of establishment of the most recent consolidated balance sheet.

The consolidated financial statements presented in this document cover the period from 1 January to 31 December 2021. All of the Group's companies have a closing date of 31 December.

5.4.1 SUBSIDIARIES

A subsidiary company is an entity controlled by the Group. The Group controls an entity if, and only if, all of the conditions below are met:

· It holds power over the entity;

· It is exposed or has the right to variable returns due to its involvement with the entity;

· It has the ability to exercise power over the company so as to influence the amount of the returns it obtains.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

5.4.2 INVESTMENTS CONTROLLED EXCLUSIVELY: FULL CONSOLIDATION

Full consolidation consists of:

· integrating the accounts of consolidated companies after any restatements into the accounts of the consolidating company;

· distributing equity and income between the interests of the consolidating company and the interests of other non-controlling shareholders;

· eliminating transactions in account between the fully consolidated company and its consolidated subsidiaries.

5.4.3 PARTIALLY CONTROLLED INTERESTS: EQUITY-ACCOUNTED COMPANIES

Equity accounting consists in including the consolidating company's share of equity and profit or loss in its financial statements.

5.4.4 TRANSACTIONS ELIMINATED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

The balance sheet balances and transactions and the income and expenses resulting from intra-group transactions are eliminated during the preparation of the consolidated financial statements.

5.5 ACCOUNTING METHODS AND PRINCIPLES AND VALUATION RULES

5.5.1 ACCOUNTING METHODS AND PRINCIPLES USED ON THE ESTABLISHMENT OF THE GROUP

5.5.1.1 Business combination and allocation of goodwill

In accordance with the provisions of IFRS 1 relating to subsidiaries adopting IFRS after their parent company, Teréga SAS chose to assess business combinations based on the values adopted by its parent company: Teréga HOLDING.

Thus, the allocation of goodwill as at 30 July 2013, in accordance with the principles set out in note 5.5.3.4, is broken down as follows (in €M):

Acquisition cost as at 30 July 2013			1,596
Shareholder equity acquired as at 30 July 2013			644
FIRST CONSOLIDATION DIFFERENCE			**952**
	GROSS	**DEFERRED TAX**	**NET**
Assets revalued at fair value	835	(288)	**548**
- Tangible assets	797	(274)	**522**
- Intangible assets	39	(13)	**25**
Derecognition of investment subsidies	38	(13)	**25**
Liability re-measured at fair value - €500 M bond	(63)	22	**(41)**
ALLOCATION OF THE ACQUISITION PRICE	**810**	**(279)**	**531**
GOODWILL			**421**

In application of the principles laid down by IFRS 3, as it concerned a business combination, the valuation at fair value of certain tangible and intangible assets acquired respectively led to a re-measurement of €797 M and €39 M (see paragraphs relating to the tangible assets, intangible assets and goodwill).

The bond loan of €500 M taken out in 2011 was revalued at its fair value with a negative impact of €63 M.

Residual goodwill of €421 M was then recorded for the difference between the cost of acquiring Teréga SA and the net fair value of the assets and liabilities restated as part of the acquisition.

5.5.1.2 Recognition of the tax expense

Teréga SAS belongs to the tax group of which Teréga Holding is the consolidation parent company. The tax consolidation agreement between Teréga Holding, Teréga SAS, Teréga Solutions, Loca Teréga and Teréga SA provides that the tax results are definitively acquired by the parent company. The tax expense applied in the accounts of Teréga SAS thus corresponds to the profit (loss) for tax purposes of Teréga SA, Teréga Solutions, Loca Teréga, and Teréga SAS as if they were taxed separately.

The reintegration of financial expenses has also been maintained at the Teréga Holding level, with taxation at the group level.

5.5.2 ACCOUNTING POLICIES AND VALUATION RULES

The accounting methods described below were applied systematically by all the entities of the Group.

5.5.2.1 Business combinations

Business combinations are accounted for in accordance with the principles set out by IFRS 3 by applying the purchase method on the purchase date, i.e. the date on which control is transferred to the Group.

The Group measures goodwill on the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount entered for any profit-sharing that does not grant control in the company acquired; plus
- if the business combination is carried out in stages, the fair value of any shares previously held in the company acquired; less
- the fair value of the identifiable assets acquired and liabilities assumed.

If the difference is negative, the gain arising from the acquisition made under beneficial conditions is immediately recorded on the income statement.

The consideration transferred excludes the amounts relating to the payment of pre-existing relations. These amounts are generally entered on the income statement.

The costs related to the acquisition, other than those related to the issue of debt or equity securities, that the Group covers due to a business combination, are recorded as expenses when they are incurred.

Goodwill is then measured at the cost, less the accumulation of impairment losses.

5.5.2.2 Shareholder equity

The additional costs directly attributable to the issue of new ordinary shares are recorded as a deduction from the shareholder equity. In addition, the convertible bonds issued by the Group are considered as equity instruments according to IAS 32.

Changes in fair value of the hedging instruments are recorded net of tax as "other elements of the comprehensive income" for the effective portion and on the income statement for the period for their ineffective portion. When the hedging instruments are implemented, the gains or losses accumulated in shareholder equity are recategorised on the income statement in the same section as the element covered.

5.5.2.3 Financial instruments

On 24 July 2014, the IASB published IFRS 9 "Financial Instruments", applicable to financial years beginning on or after 1 January 2018.

This standard defines a classification and valuation of financial assets that reflect the business model in which they are managed as well as their contractual cash flows; an impairment methodology based on "expected losses" and a change in the principles of hedge accounting.

As the current accounting practice within the Teréga Group complies with IFRS 9, the application of this standard therefore does not result in a significant change in the Group's consolidated financial statements.

5.5.2.4 Non-derivative financial assets

The Group initially records the loans, receivables and deposits on the date on which they are generated. All the other financial assets are recorded on the transaction date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights of the cash flow generated by the asset expire, or when it transfers the right to receive the contractual cash flow of a transaction in which practically all risks and benefits inherent to the ownership of the financial asset are transferred. Any interest created or preserved by the Group in transferred financial assets is entered separately as an asset or liability.

The financial assets and liabilities are offset and recorded for their net balance in the statement of financial position if, and only if, the Group legally has the right to offset the amounts and has the intention to either pay them for a net sum or realise the assets and pay off the liabilities simultaneously.

5.5.2.5 Loans and receivables

Loans and receivables are financial assets with fixed or calculable payments which are not listed on an active market. Such assets are recorded initially at the fair value, plus the directly attributable transaction costs. After the initial recording, the loans and receivables are measured at the depreciated cost according to the effective interest rate method, less any impairment losses. Loans and receivables include trade receivables and other debtors.

5.5.2.6 Cash and cash equivalents

Cash and cash equivalents are immediately available assets or short-term, highly liquid investments that are easily convertible into a known amount of cash and are subject to a negligible risk of value change.

5.5.2.7 Non-derivative financial liabilities

The Group records the debts issued on the date on which they are generated. All the other financial assets are initially recorded on the transaction date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when the contractual rights are extinguished, cancelled or expire.

The financial liabilities are recorded initially at the fair value, adjusted to include any directly attributable transaction costs. After the initial recording, these financial liabilities are measured at the depreciated cost according to the effective interest rate method.

5.5.2.8 Impairment of non-derivative financial assets

A financial asset that is not recorded at its fair value is examined on each closing date in order to determine if there is an objective indication of impairment losses. A financial asset is impaired if there is an objective indication that one or more events took place after the initial recording of the asset and that these events have an impact on the future estimated cash flow of the asset, which can be reliably estimated.

5.5.3 INTANGIBLE ASSETS

5.5.3.1 Other intangible assets (excluding goodwill)

The other intangible assets that have been acquired by the Group and that have finite useful lives are recorded at cost less the accumulated depreciation and any accumulated impairment losses.

They include, in particular, the customer contracts identified during business combinations and software.

5.5.3.2 Subsequent spending

The subsequent spending relating to intangible assets is activated only if it increases the future economic advantages associated with the specific corresponding asset. Other spending, including spending pertaining to goodwill or trademarks generated internally, is recorded as an expense at the time it is incurred.

5.5.3.3 Depreciation

The amortisation of intangible assets is recorded as an expense according to the straight-line method over the estimated useful life for each component, starting from the commissioning thereof.

The estimated useful lives for the current period are the following:

· Patents and trademarks	5 years
· Software	5 years
· Development costs	5 to 10 years
· Customer contracts	30 years

The amortisation methods, the useful lives and the residual values are reviewed on each closing date and adjusted if necessary.

5.5.3.4 Impairment of non-financial assets

The book values of the non-financial assets of the Group, other than the inventory and the deferred tax assets, are examined on each closing date in order to assess whether there is an indication that an asset has suffered impairment. If there is such an indication, the recoverable value of the asset is estimated. The goodwill and intangible assets with undetermined useful life are tested every year. An impairment loss is recorded if the book value of an asset or the cash-generating unit (CGU) to which it belongs is greater than its estimated recoverable value.

The recoverable value of an asset or a CGU is the highest value between useful value and the fair value, less the sales costs. In order to assess the useful value, the estimated future cash flows are updated to the rate, before tax, that reflects the current assessment of the time value of money market and the risks specific to the asset or the CGU. Impairment losses are recorded on the income statement.

An impairment loss recorded for the CGUs is first of all allocated to the reduction of the book value of any goodwill allocated to the CGU (of a CGU group), then to the reduction of the book values of the other CGU assets (of the CGU group) in proportion to the book value of each CGU asset (of the CGU group).

In the context of impairment tests, the Teréga Group is considered as a single Cash-Generating Unit, since both the Transmission and Storage activities benefit from synergies and pooling implemented from a decision-making, managerial, operational, commercial and financial perspective - and are interdependent in terms of cash flow. They also meet the same economic and financial constraints since their level of investment and acceptance is regulated by the CRE (Energy Regulatory Commission).

An impairment loss recorded for goodwill cannot be reversed. For the other assets, the book value, increased due to the reversal of impairment, cannot be greater than the book value that would have been calculated, net of depreciation, if no impairment had been recorded.

5.5.4 TANGIBLE ASSETS

5.5.4.1 Recording and measurement

A tangible asset is measured at cost as defined below, less the accumulation of the depreciation and the accumulation of impairment losses.

The cost includes the spending directly attributable to the acquisition of the asset. When components of tangible assets have different periods of use, they are recorded as distinct tangible assets (major components).

The profit or loss on the transfer of tangible assets (corresponding to the difference between the net income from the sale and the book value of the asset) is recorded on the income statement.

Transmission assets mainly consist of pipes and compressor stations.

Transmission structures shall be subject to ministerial authorisation, prefectural authorisation and, where applicable, the authorisation of the other competent bodies. For each project and in accordance with the provisions of Articles L. 134-3 and L. 431-6 of the French Energy Code, Independent Transmission Operators, a category which includes your company, must transmit their annual investment programmes to the Energy Regulation Commission (CRE) and, where applicable, to other competent bodies for approval. Therefore, only approved costs are recorded under fixed assets, and the others are recorded under operating expenses.

Storage investments mainly include cushion gas and compressor stations.

By a decree of the Ministry of Ecological and Solidarity Transition of 12 December 2006, the Izaute gas storage concession was extended for 25 years with effect from 26 October 2005, until 25 October 2030.

By a decree of the Ministry of Ecological and Solidarity Transition of 8 December 2017, the Lussagnet gas storage concession was extended for 25 years with effect from 31 December 2017, until 1 January 2043.

Fixed assets are an essential component of the determination of authorised income for Teréga Sa's transmission and storage activities, which are regulated activities.

5.5.4.2 Subsequent costs

Subsequent costs are activated only when it is likely that there will be economic advantages for the Group associated to this element. The spending linked to maintenance and repairs is recorded as an expense when it is incurred.

5.5.4.3 Depreciation

Tangible assets are depreciated according to the straight-line method on the income statement, over the estimated useful life for each component. Land is not depreciated.

Tangible assets are depreciated from the time they are installed and ready for use, or for goods produced internally, from the time the asset is completed and ready for use.

The useful lives for tangible assets are as follows:

· Pipework and connections	50 years
· Compression stations	30 years
· Constructions	25 years
· Fittings	10 years
· Equipment and tools	10 years
· Transmission equipment	10 years
· Office and IT equipment	5-10 years
· Furniture	10 years
· Cushion gas	75 years

The cushion gas corresponds to a permanent gas reserve that makes it possible to maintain the level of pressure required for storage and to maintain the delivery speeds requested by customers.

Regarding its depreciation: see note 5.8 on "information on the comparability of accounts".

Storage assets are depreciated by periods independent of the duration of the concession. If the concession is not renewed, the concession capital assets should be subject to accelerated depreciation.

5.5.4.4 Investment subsidies

The European investment subsidies received by the companies of the Group are recorded as a deduction from the assets and are entered on the income statement over the functional lifespan of the assets they contributed to financing.

5.5.5 LONG-TERM INVESTMENTS

Equity investments are recognised at their date of entry at acquisition cost and are tested for impairment at the balance sheet date, which results in an impairment loss when the present value of the securities held falls below their net book value.

5.5.6 INVENTORY

Inventory is measured at the lowest value between the cost and the net realisation value. The cost of inventory is calculated using the average weighted cost method. The cost of entry into inventory of items includes actual accessory purchase costs, excluding transmission.

The provision for materials and supplies inventory impairment is created on the basis of a detailed analysis of rotations by article.

5.5.7 EMPLOYEE BENEFITS

The Group grants certain employees post-employment benefits (retirement schemes) as well as other long-term benefits (long-service awards).

Defined-benefit plan

The net obligation of the Group for defined-benefit plans is measured separately for each plan by estimating the sum of the future benefits acquired by the staff in exchange for services provided during the current and previous periods; this sum is discounted to determine its present value. Post-employment costs not recorded and the fair value of the assets of the plan are then deducted. The discount rate is equal to the interest rate, on the date of closure, of the first category obligations with a due date close to that of the Group's commitments and which are denominated in the currency for payment of the services.

The calculations are made every year by a qualified actuary, using the projected unit credit method. For defined-benefit plans, the Group records all the actuarial differences in shareholder equity.

5.5.7.1 Other long-term staff benefits

The Group's net obligation for long-term benefits, other than pension schemes, is equal to the value of the future benefits acquired by the staff in exchange for services rendered during the current period and previous periods. These benefits are primarily composed of long-service awards.

5.5.7.2 Short-term staff benefits

The obligations for short-term benefits are measured on a non-discounted basis and recorded when the corresponding service is provided. A liability is recorded for the amount that the Group expects to pay for profit-sharing and bonus plans paid in cash in the short term if the Group has a current legal or constructive obligation to make these payments in exchange for past services rendered by the staff member and that a reliable estimation may be made of the obligation.

5.5.8 PROVISIONS

A provision is recorded when the Group has a current legal or constructive obligation as a result of a past event, the obligation may be reliably estimated and it is likely that an outflow of resources representative of economic benefits will be required to settle the obligation. For provisions whose time frame is greater than 12 months, the amount of the provision is determined by discounting the future expected cash flows at the rate, before tax, reflecting the current assessment by the market of the time value of money and the specific risks in this liability. The effect of the accretion is recorded in the financial charges.

5.5.9 REVENUES

The revenues mainly correspond to the income from transmission and storage capacities but also income from connection and transit contracts.

The Group records sales when:

- a contractual relation is proven;
- the provision of services is completed;
- the price is fixed or determinable.

The recognition of income from contracts with customers is based on the following five steps:

- identification of the contract with the client;
- identification of the obligation to execute, represented by the contractual promise to transfer goods and/or services to a client;
- determination of the transaction price;
- allocation of the transaction price to the execution obligations identified on the basis of the separate selling price for each property or service;
- the registration of products when the corresponding performance obligation has been fulfilled, or at the time of the transfer to the customer of the promised property or service. The transfer will be considered to be carried out when the customer obtains control of the goods or services, which may take place in time or at a specific time.

As regards the activities carried out by the Teréga Group, revenues are generally recognised when the service is provided. Most of the basic revenues concern regulated activities, whose revenues are governed by the regulatory framework established by the CRE (Energy Regulatory Commission).

Under the neutrality principle defined by applicable law, transactions in the balancing market do not generate costs or revenues, since they are only batches in transit and are redistributed annually to the gas community.

The difference (positive or negative) between the invoice and the forecast is covered in the EIAA (Expenses and Income Adjustment Account).

The current revenue recognition practice is essentially in line with the requirements of IFRS 15. The application of IFRS 15 therefore has no significant impact on how revenues are recognised in the Group's consolidated financial statements.

5.5.10 LEASE AGREEMENTS

Leases are classified as operating leases and are not recorded in the Group's statement of financial status.

Payments under operating leases are recorded on the income statement on a straight-line basis over the term of the lease agreement. The benefits received from the lessor form an integral part of the net total of rental expenses and are recorded, less the expenses, over the term of the lease agreement.

On 13 January 2016, the IASB published IFRS 16 "Leases", which replaced IAS 17 "Leases" and applies to financial years beginning on or after 1 January 2019. IFRS 16 replaces the single lease expense line with depreciation of leased assets and interest expense on lease liabilities. This standard aligns the treatment of lease expenses for all leases.

IFRS 16 eliminates the distinction between simple lease and financial lease in IAS 17 and requires almost all lease agreements on the balance sheet:

- an asset representative of the right of use of the leased asset during the term of the contract;
- offsetting a liability in respect of the obligation to pay rents.

The application of IFRS 16 has no significant consequences in the Group's consolidated financial statements as at 31 December 2021.

5.5.11 INCOME AND FINANCIAL CHARGES

The cost of the net financial debt is mainly composed of the interest charges in connection with the financial debts calculated according to the effective interest rate.

The other financial products and expenses include the income from financial assets and the foreign exchange earnings.

5.5.12 TAXES

Income taxes include tax liabilities and deferred taxes. Payable and deferred taxes are recorded on the income statement unless they relate to a business combination or to items recorded directly as equity or other elements of comprehensive income.

Payable tax is the estimated tax owed (or to be received) on the taxable profit (or loss) for a period, determined using tax rates that have been adopted or practically adopted on the balance sheet date and any adjustment of the amount of the tax payable in respect of previous periods. For financial year 2021, the tax rate applied by the group is 28.41%.

The deferred tax is recorded on the basis of the time differences between the book value of the assets and liabilities and their tax bases. The following elements do not give rise to any recognition of deferred tax:

- the initial recognition of an asset or a liability in a transaction which is not a business combination and which affects neither the accounting profit nor the taxable profit;
- the time differences relating to investments in subsidiaries and joint ventures insofar as it is unlikely that they will be reversed in a foreseeable future;
- the taxable time differences generated by the initial recognition of goodwill.

The deferred tax assets and liabilities are measured at the tax rates which are expected to be applied over the period during which the asset will be realised and the liability settled, on the basis of the tax rates which have been adopted or practically adopted on the closing date.

To determine the amount of the tax due and deferred, the Group takes into account the impact of the uncertain tax positions and the additional taxes and interest which may be due.

The deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax assets and liabilities and if they concern taxes on the same income payable to the same tax authority, either on the same taxable entity, or on different taxable entities, but which are intended to pay the current tax assets and liabilities on the basis of the net amount or to realise the tax assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for temporary deductible differences and tax losses and unused tax credits only insofar as it is likely that the Group will have sufficient future taxable profits against which the asset can be used. The deferred tax assets are examined at each closing date and are reduced insofar as it is unlikely that sufficient taxable profit will be available.

This standard clarifies the application of the provisions of IAS 12 “Income Taxes” concerning accounting and valuation, where there is uncertainty about the treatment of income tax.

The Group assesses its tax uncertainties in accordance with the principles of IFRIC 23; the application of this standard will therefore not have a significant impact on the Group’s consolidated financial statements.

5.5.13 FOREIGN CURRENCY

Foreign currency transactions are converted into the functional currency of the Group by applying the exchange rate in force on the transaction date. Monetary assets and liabilities recorded in foreign currencies on the balance sheet date are converted into the functional currency by using the exchange rate on that date.

Foreign exchange rate differences arising from these conversions are recorded on the income statement.

5.6 TYPICAL FACTS OF THE PERIODS PRESENTED

COVID-19

Management has determined a limited impact of Covid-19 on its 2021 annual financial statements.

The entity’s management is not aware of any factors that jeopardise the entity’s ability to continue operating and that would have a material impact on the consolidated financial statements as at 31 December 2021.

Repayment of bond loan

The bond subscribed in 2011, maturing in July 2021, was repaid for €500 M.

European Commission investigation

In February 2020, the European Commission launched an investigation to determine whether the mechanism for regulating natural gas storage in France complies with EU state aid rules.

On 28 June 2021, the European Commission concluded that the natural gas storage regulation mechanism implemented by France since 2017 complies with EU State aid rules.

The Commission’s in-depth investigation revealed that the remuneration method is established independently by the CRE, and the valuation of regulated assets in particular leads to proportionate compensation to limit the effects of the measure on the internal market.

Domestic consumption tax

As part of its business, Teréga SA consumes natural gas for its own needs. These consumptions may be subject to an internal consumption tax depending on their use.

In this context, Teréga SA joined the Directorate General for Customs and Direct Rights (DGDDI) on 14 June 2019 in order to obtain a position from the customs administration relating to these natural gas consumptions.

The final adjustment confirmed by the administration amounted to €3,286,092 for the period from November 2017 to December 2019. An expense to be paid had been provisioned in the financial statements at 31 December 2019 for €3,489,471, adjusted accordingly at 31 December 2020.

The payment took place in the first half of 2021, for the amount provisioned in the financial statements as at 31 December 2020

Control of the Directorate General for Competition, Consumer Affairs and Fraud Control (“DGCCRF”)

On 4 October 2019, Teréga received a notice of control from the DGCCRF on inter-company payment deadlines.

The control covers 2018 and began on 14 January 2020. It gave rise to the exchange of documents in the first quarter of 2021.

No conclusions have been received to date.

Equity investments

In April 2021, Métha Infra Berry was created to carry out a project to build a biomethane unit. It is 100% owned by Loca Teréga.

In June 2021, Teréga Solutions participated in the capital increase of Hydrogène De France (HDF Energy) as part of its listing for €10 M, representing 2.35% of Hydrogène de France’s shares at 30 June 2021.

Hydrogen de France (HDF Energy) is not part of the consolidation scope.

In December 2021, Teréga Solutions acquired 49% of its shares in Stirvia, which is set to carry out projects to create GNV stations.

EIAA

In accordance with the provisions of Article L. 452-2 of the French Energy Code, the CRE sets the methods for establishing gas network usage rates.

These rates, which cover all costs incurred by their operators, are established by taking into account:

· operating expenses necessary for the proper operation and security of networks and installations

· capital charges (depreciation and remuneration of assets of transporters, distributors, methane terminals and storage operators).

They are calculated based on assumptions of expenses and income established for the entire tariff period.

These assumptions present uncertainties when setting tariffs. These tariffs have an EIAA (Expenses and Income Adjustment Account) mechanism to correct the differences between the projected expenses and income and those actually recorded for previously identified items.

In order to ensure better comparability of the accounts of European operators, IFRS 14, published by the IASB in January 2014, is being updated to reflect the functioning of the EIAA mechanism. This analysis could have an impact on the reporting and presentation of the financial statements drawn up in accordance with French standards.

To date, Teréga’s position has led to the recognition of adjustments during the year of their observation. This position could be reviewed based on the elements of doctrine to be published in the future.

5.7 INFORMATION RELATING TO THE SCOPE

The scope of consolidation is as follows:

	31/12/2021			31/12/2020		
COMPANIES	CONSOLIDATION METHOD	% CONTROL	% STAKE	CONSOLIDATION METHOD	% CONTROL	% STAKE
TEREGA SA	Full consolidation	100,00 %	100,00 %	Full consolidation	100,00 %	100,00 %
TEREGA SAS	Full consolidation	100,00 %	100,00 %	Full consolidation	100,00 %	100,00 %
TEREGA SOLUTIONS SAS	Full consolidation	100,00 %	100,00 %	Full consolidation	100,00 %	100,00 %
LOCATEREGA	Full consolidation	100,00 %	100,00 %	Full consolidation	100,00 %	100,00 %
METHA INFRA BERRY	Full consolidation	100,00 %	100,00 %			
DUALMETHA SAS	Equity method	19,96 %	19,96 %	Equity method	19,96 %	19,96 %
CHADASAYGAS	Equity method	40,00 %	40,00 %	Equity method	40,00 %	40,00 %
STIRVIA	Equity method	49,00 %	49,00 %			

5.8 INFORMATION ON THE COMPARABILITY OF ACCOUNTS

5.8.1 CHANGE IN PRESENTATION

There is no change in the presentation of the accounts between 31 December 2021 and 31 December 2020.

5.8.2 CHANGE IN ACCOUNTING METHOD

There is no change in accounting method as at 31 December 2021.

5.8.3 CHANGE IN ACCOUNTING ESTIMATE

There is no change in accounting estimates as at 31 December 2021.

5.9 NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL STATUS

5.9.1 FUNCTIONAL AND ACCOUNTING CURRENCY

The consolidated financial statements of the Group are presented in euros, the functional currency of the Company. Unless otherwise specified, all the financial information presented in euros is rounded up to the nearest thousand euros.

5.9.2 INTANGIBLE ASSETS AND GOODWILL

In thousands of euros

GROSS VALUES	31/12/2019	ACQUISITIONS	DISPOSALS/ SCRAPPING	31/12/2020	ACQUISITIONS	DISPOSALS/ SCRAPPING	31/12/2021
Goodwill	420,761	-	-	420,761	-	-	420,761
Development costs	3,515	5,626	-	9,141	2,409	-	11,550
Software	110,055	17,260	(2,585)	124,730	18,222	(5,440)	137,511
Customers	38,711	-	-	38,711	-	-	38,711
Current intangible assets	8,305	(2,985)	-	5,319	(1,036)	-	4,283
GROSS VALUES	**581,347**	**19,900**	**(2,585)**	**598,662**	**19,595**	**(5,440)**	**612,817**

In thousands of euros

DEPRECIATION AND IMPAIRMENT	31/12/2019	ALLOWANCES	DISPOSALS/ SCRAPPING	31/12/2020	ALLOWANCES	DISPOSALS/ SCRAPPING	31/12/2021
Goodwill impairment	(5)	-	-	(5)	-	-	(5)
Amt./Imp. devel. costs	(138)	(746)	-	(885)	(1,901)	(0)	(2,778)
Amt./Imp. software	(58,431)	(19,028)	2,585	(74,874)	(19,389)	5,440	(88,837)
Amt./Imp. customer base	(8,287)	(1,290)	-	(9,577)	(1,298)	-	(10,875)
DEPRECIATION AND IMPAIRMENT	**(66,861)**	**(21,065)**	**2,585**	**(85,341)**	**(22,588)**	**5,440**	**(102,496)**
NET BOOK VALUE	**514,486**	**(1,165)**	**-**	**513,321**	**(2,992)**	**(0)**	**510,322**

Goodwill

As at 31 December 2021, the impairment tests carried out did not lead to restatements.

The main work consisted of:

- determining the asset base to be tested from the consolidated financial statements as at 31 December N;
- analysing the consistency between the cash flows used for the impairment tests and the tested assets;
- analysing the differences between the trajectories of Strategic Plan N and N-1 used for asset impairment tests and the consistency of the assumptions used in the Strategic Plan;
- estimating the weighted average cost of capital ("WACC") applicable to cash flows from transmission and storage activities;
- estimating the enterprise value of the CGU;
- performing value sensitivity analyses on key operational and financial assumptions.

The impairment test is based on the parameters published by the CRE in its public consultations referring to ATS2 and ATRT7. The sensitivity of the impairment test was tested on a change in WACC as well as on a change in the indexation of the value of the BAR (Regulated Asset Base). The analysis did not identify any significant risk in the valuation of the company's value.

Software

Scrapping concerns software that is no longer used by the company. The net book value of this scrapping was zero.

5.9.3 TANGIBLE ASSETS

The change in tangible assets during the year is as follows:

In thousands of euros

GROSS VALUES	31/12/2019	ACQUISITIONS	DISPOSALS/ SCRAPPING	31/12/2020	ACQUISITIONS	DISPOSALS/ SCRAPPING	31/12/2021
Land	11,031	39	-	11,069	11	(107)	10,973
On land development	11,057	911	-	11,968	340	-	12,308
Buildings	94,902	2,385	-	97,288	5,185	(2,704)	99,769
Tech installations, material & tools	2,950,598	62,124	(419)	3,012,303	118,101	(1,075)	3,129,330
Other tangible assets	1,755	220	-	1,975	69	(147)	1,897
Office equipment	1,633	54	(13)	1,674	125	(55)	1,744
IT equipment	5,947	486	(17)	6,415	790	(79)	7,127
Current tangible assets	32,932	39,730	-	72,662	(4,718)	-	67,944
Advances and deposits on tang. assets	85	-	-	85	-	(85)	-
GROSS VALUES	**3,109,944**	**106,185**	**(448)**	**3,215,681**	**120,126**	**(4,252)**	**3,331,555**

In thousands of euros

DEPRECIATION AND IMPAIRMENT	31/12/2019	ALLOWANCES	DISPOSALS/ SCRAPPING	31/12/2020	ALLOWANCES	DISPOSALS/ SCRAPPING	31/12/2021
Depr./Imp. On land development	(6,190)	(968)	-	(7,157)	(1,065)	-	(8,223)
Depr./Imp. on buildings	(24,134)	(4,892)	-	(29,026)	(5,103)	1,160	(32,969)
Depr./Imp. on technical installations, material & tools	(659,886)	(78,725)	419	(738,193)	(78,145)	1,075	(815,263)
Depr./Imp. on other tangible assets	(841)	(136)	-	(977)	(142)	147	(972)
Depr./Imp. Office equipment	(416)	(165)	13	(568)	(171)	28	(711)
Depr./Imp. Transmission equipment	(2)	(19)	-	(20)	(64)	-	(84)
Depr./Imp. IT equipment	(3,076)	(1,117)	-	(4,194)	(1,085)	79	(5,200)
DEPRECIATION AND IMPAIRMENT	**(694,545)**	**(86,021)**	**431**	**(780,134)**	**(85,775)**	**2,488**	**(863,421)**
NET BOOK VALUE	**2,415,399**	**20,165**	**(17)**	**2,435,546**	**34,351**	**(1,763)**	**2,468,134**

5.9.3.1 Fixed assets by activity

5.9.3.1.1 Transmission

In thousands of euros

	NET VALUES 31/12/2020	CHANGES GROSS VALUES	CHANGES DEPRECIATION AND AMORTISATION	NET VALUES 31/12/2021
Intangible fixed assets	**338,779**	**8,500**	**(10,688)**	**336,591**
Goodwill	294,529	-	-	294,529
Development costs	5,366	1,861	(1,287)	5,940
Software	34,715	7,796	(9,401)	33,110
Current intangible assets	4,168	(1,156)	-	3,012
Tangible assets	**1,369,923**	**85,649**	**(49,241)**	**1,406,331**
Land	9,197	(96)	(316)	8,785
Buildings	31,446	1,708	(1,155)	31,999
General facilities	14,858	(335)	(1,162)	13,361
Technical Installations, Equipment, Tools	1,244,562	104,791	(45,823)	1,303,530
Transmission equipment	221	147	(57)	311
Office IT equipment + furniture	2,989	412	(729)	2,671
Current tangible assets	66,577	(20,904)	-	45,673
Advances and down payments	73	(73)	-	-
TOTAL	**1,708,701**	**94,150**	**(59,929)**	**1,742,921**

Acquisitions of transmission assets for the financial year amount to €228,288,233.

5.9.3.1.2 Storage

In thousands of euros

	NET VALUES 31/12/2020	CHANGES GROSS VALUES	CHANGES DEPRECIATION AND AMORTISATION	NET VALUES 31/12/2021
Intangible fixed assets	**174,493**	**3,394**	**(6,151)**	**171,736**
Goodwill	126,227	-	-	126,227
Development costs	2,840	706	(615)	2,932
Software	15,141	3,317	(4,246)	14,212
Customers	29,134	-	(1,290)	27,844
Current intangible assets	1,151	(629)	-	522
Tangible assets	**1,065,674**	**29,211**	**(34,053)**	**1,060,832**
Land	6,683	340	(749)	6,274
Buildings	14,968	198	(810)	14,356
General facilities	6,990	910	(824)	7,076
Technical Installations, Equipment, Tools	1,029,599	12,236	(31,248)	1,010,587
General facilities	10	-	(3)	6
Transmission equipment	-	75	(7)	68
Office IT equipment + furniture	1,327	292	(412)	1,207
Current tangible assets	6,085	15,171	-	21,256
Advances and down payments	12	(12)	-	-
TOTAL	**1,240,167**	**32,605**	**(40,204)**	**1,232,568**

Acquisitions of storage assets for the financial year amount to €54,337,282.

5.9.3.1.3 Non-regulated activities

In thousands of euros

	NET VALUES 31/12/2020	CHANGES GROSS VALUES	CHANGES DEPRECIATION AND AMORTISATION	NET VALUES 31/12/2021
Intangible fixed assets	**-**	**2,268**	**(317)**	**1,951**
Software	-	1,519	(317)	1,202
Current intangible assets	-	749	-	749
Tangible assets	**-**	**1,014**	**-**	**1,014**
Current tangible assets	-	1,014	-	1,014
TOTAL	**-**	**3,282**	**(317)**	**2,965**

The intangible assets of the unregulated activity are derived from Teréga Solutions and consist mainly of software and digital technologies. They concern activities related to multi-energy/digital and hydrogen.

Tangible capital assets in progress concern the first phase of the methanisation unit under construction at Métha Infra Berry.

5.9.4 LONG-TERM INVESTMENTS

In thousands of euros

GROSS VALUES	31/12/2019	CHANGE TO SCOPE	ACQUISITIONS	DISPOSALS	31/12/2020	CHANGE TO SCOPE	ACQUISITIONS	DISPOSALS	RECLASSIFICATIONS	IMPAIRMENT	31/12/2021
Equity-accounted securities	-	6,272	-	-	6,272	509	-	-	(293)	(5,664)	823
Equity Securities	379	-	-	-	379	-	0	-	(47)	-	332
Investment securities	-	-	-	-	-	-	9,968	-	-	(1,723)	8,245
GROSS VALUES	**379**	**6,272**	**-**	**-**	**6,651**	**509**	**9,968**	**-**	**(340)**	**(7,387)**	**9,400**

Equity-accounted investments consist of shares and acquisition costs in the following companies:

- Chadasaygas Group, 40% owned;
- Dualmetha, 19.96% owned.

After analysis, it was determined that Teréga had a significant influence on these two companies. The consolidation method applied is the equity method. The deadlines for closing the subsidiaries do not allow data to be reported for the period in question, the figures used for the net positions and the results correspond to those of the previous financial year

In 2021, the shares of Chadasaygas subsidiary were 100% depreciated.

Long-term investments consist of shares acquired in Hydrogène de France, held at 2.35%.

In the parent company financial statements, Hydrogène de France equity investments are recognised at acquisition cost (including acquisition fees).

In the IFRS financial statements, Teréga Solutions has taken the irrevocable option of fair value adjustment against non-recyclable OCI. As such, the valuation of the shares at 31 December 2021 was adjusted based on the closing price of the shares.

5.9.5 INVENTORY

In thousands of euros

GROSS VALUES	31/12/2021			31/12/2020		
	Gross values	Impairment	Net values	Impairment	Gross values	Net values
Raw materials, supplies and other consumables	30,841	(4,828)	26,013	(3,979)	28,973	24,994
GROSS VALUES	**30,841**	**(4,828)**	**26,013**	**(3,979)**	**28,973**	**24,994**

The stocks are composed of technical equipment parts as well as gas inventory, mainly for self-consumption.

The provision for materials and supplies inventory impairment is created on the basis of a detailed analysis of rotations by article.

The impairment table was revised in 2021 to adjust the % of impairment to be applied to the actual technical wear and tear of the goods.

5.9.6 TRADE RECEIVABLES AND OTHER DEBTORS

In thousands of euros

	31/12/2021	31/12/2020
Trade receivables and related accounts	36,063	8,219
Unbilled revenues	24,762	35,436
Customer dep. & related accounts	(0)	(0)
TRADE RECEIVABLES	**60,824**	**43,654**

The increase in trade receivables at 31 December 2021 can be attributed to:

· a higher level of revenues in 2021 than in 2020,

· greater compensation for storage in 2021.

The payment of receivables took place at the beginning of 2022.

5.9.7 TAX ASSETS AND DEFERRED TAX LIABILITIES RECORDED

5.9.7.1 Changes in the financial year

The change in deferred taxes during the financial year is analysed as follows:

In thousands of euros

	31/12/2020	PROFIT (LOSS) FOR THE PERIOD	OTHER ELEMENTS OF COMPREHENSIVE INCOME	SHAREHOLDER EQUITY	RECLASSIFICA-TIONS	31/12/2021
Deferred tax assets	13	-	-	-	465	478
Deferred tax liabilities	(260,636)	(25,404)	533	10,682	(465)	(275,291)
NET DEFERRED TAX	**(260,623)**	**(25,404)**	**533**	**10,682**	**-**	**(274,812)**

Deferred taxes recognized in "Other comprehensive income" relate to actuarial gains and losses on pension liabilities and the fair value adjustment of Hydrogène de France shares.

Deferred taxes on equity correspond to convertible bonds for the period from 1 January to 31 December 2021.

The deferred tax assets and liabilities must be measured at the tax rates expected to be applied over the period during which the asset will be realised or the liability settled, on the basis of the tax rates adopted on the closing date.

The valuation of deferred tax assets and liabilities must reflect the tax consequences that would result from how the entity expects, at the closing date, to recover or settle the book value of its assets and liabilities.

5.9.7.2 Deferred tax types for the financial year

	31/12/2020	PROFIT (LOSS) FOR THE PERIOD	OTHER ELEMENTS OF COMPREHEN-SIVE INCOME	OTHER RESERVES	RECLAS.	31/12/2021
Deferred tax on the difference between the book profit (loss) and the tax profit (loss)	1,359	56	-	-	-	1,415
Tax on other consolidation adjustments (cancellation of sprea-ding of capital gains)	-	10	-	-	-	10
Deferred tax on revaluation difference on tangible and intangible assets (allocation of the acquisition price)	(191,887)	(3,769)	490	-	-	(195,166)
Deferred tax on expenses from the acquisition of securities	39,932	(1)	-	-	-	39,932
Deferred tax on cancellation of regulated provisions	(120,922)	(7,996)	-	-	-	(128,918)
Deferred tax on social commitments	6,467	(1,178)	43	-	-	5,332
Tax deferred according to IFRIC 21 C3S standard	(172)	(5)	-	-	-	(177)
Deferred tax on adjustment of financial debt (fair value and effective interest rate)	4,600	(12,522)	-	10,682	-	2,760
NET DEFERRED TAX	**(260,623)**	**(25,404)**	**533**	**10,682**	**-**	**(274,812)**
Deferred tax assets	13	-	-	-	465	478
Deferred tax liabilities	(260,636)	(25,404)	533	10,682	(465)	(275,291)
NET DEFERRED TAX	**(260,623)**	**(25,404)**	**533**	**10,682**	**-**	**(274,812)**

5.9.7.3 Changes and types of deferred taxes for the previous financial year

In thousands of euros

	31/12/2019	PROFIT (LOSS) FOR THE PERIOD	OTHER ELEMENTS OF COMPREHEN-SIVE INCOME	SHAREHOLDER EQUITY	RECLAS.	31/12/2020
Deferred tax assets	23	-	-	-	(10)	13
Deferred tax liabilities	(243,129)	(32,610)	(1,106)	16,199	10	(260,636)
NET DEFERRED TAX	**(243,106)**	**(32,610)**	**(1,106)**	**16,199**	**-**	**(260,623)**

Deferred taxes recognised in "other comprehensive income" relate to actuarial gains and losses on pension obligations. Deferred taxes on equity correspond to interest relating to the convertible bonds for the period from 1 January to 31 December 2020.

	31/12/2019	PROFIT (LOSS) FOR THE PERIOD	OTHER ELEMENTS OF COMPREHEN-SIVE INCOME	OTHER RESERVES	RECLAS.	31/12/2020
Deferred tax on difference between the book profit (loss) and the tax profit (loss)	1,598	(239)	-	-	-	1,359
Deferred tax on revaluation difference on tangible and intangible assets (allocation of the acquisition price)	(188,164)	(3,722)	-	-	-	(191,887)
Deferred tax on expenses from the acquisition of securities	39,942	(9)	-	-	-	39,932
Deferred tax on cancellation of regulated provisions	(112,044)	(8,878)	-	-	-	(120,922)
Deferred tax on social commitments	7,645	(72)	(1,106)	-	-	6,467
Deferred tax on according to IFRIC 21 C3S standard	(188)	15		-	-	(172)
Deferred tax on adjustment of financial debt (fair value and effective interest rate)	8,105	(19,704)		16,199	-	4,600
NET DEFERRED TAX	**(243,106)**	**(32,610)**	**(1,106)**	**16,199**	**-**	**(260,623)**
Deferred tax assets	23	-		-	(10)	13
Deferred tax liabilities	(243,129)	(32,610)	(1,106)	16,199	10	(260,636)
NET DEFERRED TAX	**(243,106)**	**(32,610)**	**(1,106)**	**16,199**	**-**	**(260,623)**

5.9.7.4 Deferred tax assets not recognised

In accordance with the description in note 5.5.1.2, the tax deficits of the Group entities are not returned to the entities that generated them. Each legal company is considered an independent tax entity, with the head of tax consolidation being placed above Teréga SAS.

Thus, deferred tax assets, corresponding to the deficits used by tax consolidation and not recognised because not available in the consolidated financial statements amounted to €8,849 K as at 31 December 2021 and €12,864 K as at 31 December 2020.

5.9.8 CASH AND CASH EQUIVALENTS

In thousands of euros

	31/12/2021	31/12/2020
Marketable securities - Cash equivalents	-	-
Cash	19,691	489,560
TOTAL NET CASH	**19,691**	**489,560**

Cash and cash equivalents are immediately available assets or short-term, highly liquid investments that are easily convertible into a known amount of cash and are subject to a negligible risk of value change.

The decrease in cash flow can be explained by the repayment of the €500m bond maturing in July 2021.

5.9.9 CAPITAL AND RESERVES

At 31 December 2021, the share capital amounted to €489,474 K, consisting of 48,947,355 shares with a nominal value of €10.

The Group set up external funding as well as a bond loan redeemable for shares (ORA) of a nominal value of €790,000 K, initially taken out over 30 years. Convertible bonds issued by the Group are considered as equity instruments according to IAS 39. The interest expenses on the ORA (after tax) are classified as shareholder equity.

On 26 February 2015, €120,000 K of the ORA was repaid, divided by the percentage of ownership of the capital of the four shareholders, reducing its nominal value to €670,000 K.

On 20 October 2020, €200,000 K of the ORA was repaid, divided by the percentage of ownership of the capital of the four shareholders, reducing its nominal value to €470,000 K.

5.9.10 PROVISIONS

In thousands of euros

	31/12//2019	ALLOWANCES	REVERSALS USED	31/12/2020	ALLOWANCES	REVERSALS USED	31/12/2021
Provisions for disputes - non-current	-	-	-	-	-	-	-
NON-CURRENT PROVISIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions for disputes - current	509	-	(440)	69	75	(19)	125
Other provisions for expenses - current	321	-	(186)	135	-	-	135
CURRENT PROVISIONS	**830**	**-**	**(626)**	**204**	**75**	**(19)**	**260**
TOTAL PROVISIONS	**830**	**-**	**(626)**	**204**	**75**	**(19)**	**260**

A provision is recorded when the Group has a current legal or constructive obligation as a result of a past event, that the obligation may be reliably estimated and that it is likely that an outflow of resources representative of economic benefits will be required to settle the obligation.

5.9.11 FINANCIAL DEBT

5.9.11.1 Changes in the 2021 financial year

The change in financial debts during the financial year is analysed as follows:

In thousands of euros

	31/12/2020	INCREASE	REDUCTION	31/12/2021
Bonds - non-current	1,782,648	-	(417)	1,782,231
Issue of equity securities and state advances - non-current	-	-	-	-
Other loans and similar debts - non-current	3,265	-	(209)	3,056
TOTAL NON-CURRENT	**1,785,912**	**-**	**(626)**	**1,785,286**
Loans and debt with credit institutions - current	-	10,000	-	10,000
Bonds - current	524,390	-	(524,390)	-
Accrued interest on loans - current	5,803	39,946	(28,740)	17,010
TOTAL CURRENT	**530,193**	**49,946**	**(553,130)**	**27,010**
TOTAL FINANCIAL DEBT	**2,316,105**	**49,946**	**(553,756)**	**1,812,296**

In thousands of euros

	31/12/2021					
	TOTAL	N+1	N+2	N+3	N+4	>=N+5
Bond issues	1,782,231	-	-	-	546,189	1,236,042
Loans from credit institutions	10,000	10,000	-	-	-	-
Other loans and similar debts	3,056	3,056	-	-	-	-
Accrued interest on borrowing	17,010	17,010	-	-	-	-
TOTAL FINANCIAL DEBT	**1,812,296**	**30,066**	**-**	**-**	**546,189**	**1,236,042**

The financial structure is composed of:

- Bonds for €1,782,231 K, including:
  - A public bond for €550,000 K, maturing in 2025, with a fixed rate of 2.200%, minus issue fees for €3,810 K;
  - Private bond for €350,000 K, maturing in 2035, fixed rate of 2.998%, less issuance fees for €1,566 K;
  - Bond issue for €400,000 K, maturing in 2028, a fixed rate of 0.625%, minus issue fees for €2,517 K and the issue premium for €2,604 K;
  - Bond issue for €500,000 K, maturing in 2030, a fixed rate of 0.875%, minus issue fees for €2,341 K and issue premium for €4,930 K.
- Reserve Revolving Credit Facility, with a drawdown capacity of €250,000 K. The RCF was subject of a €10,000 K drawdown in the first half of 2021;
- Other non-current loans and similar debts for €3,056 K (mainly customer guarantees equivalent to deposits and securities received);
- Accrued interest on loans for €17,010 K made up of:
  - €3,246 K in accrued interest on the €400 M bond loan taken out in 2020;
  - €6,986 K in accrued interest on the €550 M bond loan taken out in 2015;
  - €4,564 K in accrued interest on the €350 M bond loan taken out in 2015;
  - €2,160 K in accrued interest on the €500 M bond loan taken out in 2020;
  - €54 K relating to the drawdown on the RCF in 2021.

The €500 M bond loan in 2011 was repaid in July 2021.

The Group complies with its contractual commitments to banking ratios.

5.9.11.2 Changes in the 2020 financial year

In thousands of euros

	31/12/2019	INCREASE	REDUCTION	31/12/2020
Bonds - non-current	1,419,013	887,608	(523,973)	1,782,648
Issue of equity securities and state advances - non-current	-	251,292	(251,292)	-
Other loans and similar debts - non-current	6,552	858	(4,146)	3,265
TOTAL NON-CURRENT	**1,425,565**	**1,139,758**	**(779,411)**	**1,785,912**
Loans and debt with credit institutions - current	65,000	-	(65,000)	-
Bonds - current	-	524,390		524,390
Accrued interest on loans - current	9,149	47,400	(50,745)	5,803
TOTAL CURRENT	**74,149**	**571,789**	**(115,745)**	**530,193**
TOTAL FINANCIAL DEBT	**1,499,715**	**1,711,547**	**(895,157)**	**2,316,105**

5.9.11.3 Net financial debt

In thousands of euros

NET FINANCIAL DEBT	31/12/2019	CHANGE IN THE PERIOD	31/12/2020	CHANGE IN THE PERIOD	31/12/2021
Gross cash	38,462	451,097	489,560	(469,868)	19,691
Current account balances and bank loans	-	-	-	-	-
NET CASH	**38,462**	**451,097**	**489,560**	**(469,868)**	**19,691**
Gross financial debt	1,499,714	816,391	2,316,105	(503,809)	1,812,296
NET FINANCIAL DEBT	**1,461,252**	**365,294**	**1,826,546**	**(33,941)**	**1,792,605**

5.9.11.4 Management of risks related to financial assets and liabilities

The Group is exposed to the following risks in connection with the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The aim of the Group's risk policy and management is to identify and analyse the risks with which the Group is faced, to determine the limits within which the risks must lie and the controls to be implemented, to manage the risks and to ensure compliance with the limits defined. The risk policy and risk management systems are regularly reviewed in order to take into account the developments of the market conditions and the activities of the Group. Through its training and management rules and procedures, the Group aims to develop an environment of rigorous and constructive control, in which all the members of staff have a good understanding of their roles and obligations.

Credit and counterparty risk

The credit and counterparty risk is managed at a Group level. It represents the risk of financial loss for the Group in the event that a customer or a counterparty fails to meet its contractual payment obligations.

The credit and counterparty risk concerns the cash and cash equivalents, the derivatives and the deposits with banks and financial institutions, as well as customer credit exposure, including unpaid receivables.

The maximum exposure to the credit and counterparty risk on the closing date is the following:

In thousands of euros

	31/12/2021					
	TOTAL	N+1	N+2	N+3	N+4	>=N+5
Other non-current assets	3,310	-	-	-	-	3,310
Trade receivables	60,824	60,825	-	-	-	-
Current payable tax receivables	-	-	-	-	-	-
Social receivables	399	399	-	-	-	-
Tax receivables	1,967	1,967	-	-	-	-
Other receivables	135	135	-	-	-	-
TOTAL RECEIVABLES	**66,634**	**63,324**	**-**	**-**	**-**	**3,310**

In view of the types of customers, which are large European gas producers and the relatively small number of shipping customers, the Group considers that it is exposed only to a marginal credit risk.

Liquidity risk

The liquidity risk is the risk that the Group has difficulties in fulfilling its obligations with regard to financial liabilities which will be settled by a delivery of cash or other financial assets. The Group's approach to managing the liquidity risk is to ensure, insofar as possible, that it always has sufficient liquidity to meet its liabilities, when they reach maturity, under normal or "strained" conditions, without incurring unacceptable losses or harming the reputation of the Group.

The contractual cash flow is essentially composed of financial costs relating to the payment of interest and capital repayments.

Market risk

The market risk is the risk that variations in market prices, such as exchange rates, interest rates and prices of share capital instruments, affect the Group's income or the value of the financial instruments held. The purpose of the management of the market risk is to manage and control exposure to market risk within acceptable limits, all the while optimising the profitability / risk ratio.

The Group's financial performance is not substantially influenced by exchange fluctuations since a significant part of the activity is within the euro zone and costs and revenues are generally denominated in the same currency.

The Group is not exposed to changes in future cash flows. All of its non-current debt is fixed-rate

5.9.11.5 Information on the fair value of financial assets and liabilities

Cash, loans and receivables

The Group considers that the book value of cash, trade receivables, other receivables, trade payables, other debts and various deposits and guarantees reflects the market value given the high level of liquidity of these items and their maturity at less than one year.

Assets re-measured at fair value

Marketable securities are recognised at their acquisition price, which reflects their fair value (the amounts are non-significant).

Derivatives and hedging instruments

On 6 February 2020, the Group set up a deferred start-up interest rate swap with a mandatory early termination clause on 6 March 2020 to hedge the risk of interest rate fluctuations prior to the date of issuance of the bond issued by Teréga SAS. This swap was terminated on 20 February 2020, the day of trading on the bond issue issued by Teréga SAS. This swap had a maturity of 7 years.

The balance (from the fair value at the closing of the swap) paid by Teréga SAS is spread over the hedging period (i.e. 7 years from 20 February 2020) in OCI.

Financial liabilities at amortised cost

With regard to trade payables, the Group considers that the book value reflects the market value due to their high level of liquidity.

The market value of long-term and short-term financial debts is determined using the estimated future cash flows discounted using the rates observed by the Group at the end of the period for instruments with similar conditions and maturities.

Balance sheet of financial instruments

The market values of financial assets and liabilities measured at fair value in the statement of financial position were classified according to the hierarchy below as defined by IFRS 7:

- level 1: the fair value is based on the listed prices (non-adjusted) observed on active markets, for identical assets or liabilities.
- level 2: the fair value measured with the help of data ("inputs"), other than the prices in level 1, which may be observed for the assets or the liabilities in question, either directly (in price form) or indirectly (determined on the basis of price).
- level 3: the fair value measured with the help of data ("inputs") which are not based on observable market data (non-observable "inputs").

5.9.12 TRADE PAYABLES AND OTHER CREDITORS

In thousands of euros

	31/12/2021	31/12/2020
Trade payables	10,396	8,927
Invoices not yet received	52,711	50,878
TRADE PAYABLES	**63,107**	**59,805**

The amount of the invoices not yet received at year end corresponds to the normal cycle of work accepted within the scope of the operations carried out by the Group.

5.9.13 OTHER CURRENT LIABILITIES

In thousands of euros

	31/12/2021	31/12/2020
Employment-related debts - current	24,744	22,979
Tax debts (except corporate tax and company added-value contribution) - current	9,708	8,873
Group current accounts liabilities - current	61	-
Other debts - current	1,811	1,693
OTHER CURRENT LIABILITIES	**36,324**	**33,545**

The increase in social security liabilities is linked to the increase in the provision for profit-sharing and incentive plans of €1.2 M.

The increase in tax liabilities stems from the increase in VAT for €1 M.

5.9.14 OTHER CURRENT ASSETS

In thousands of euros

	31/12/2021	31/12/2020
Suppliers - Advances and advances paid	268	1,274
Debtor suppliers (discounts, rebates, reductions and other credit notes)	33	460
Receivables from employees & social security bodies	399	134
Tax receivables - excluding corporate tax - current	1,967	2,719
Group current accounts assets - current	117	-
Other receivables - current	18	136
Prepaid expenses	-	46
GROSS VALUES	**2,802**	**4,770**
IMPAIRMENT	**-**	**-**
OTHER CURRENT ASSETS	**2,802**	**4,770**

The decrease in other assets is explained by the decrease in advances and down payments paid and the reduction in deductible VAT.

5.10 INFORMATION RELATING TO ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.10.1 INCOME

In thousands of euros

	31/12/2021	31/12/2020
Production of services sold	456,333	450,182
Sales of goods	28,016	7,529
Other rebilling with margin	(8)	(3)
REVENUES	**484,341**	**457,709**

The production of services sold mainly corresponds to the receipts from transmission and storage capacities, to which the receipts from connection and transit contracts are added. All turnover is generated in France.

Sales of goods correspond to the balancing of the network for which the balancing entry is in operating expenses.

The sectoral distribution of revenues is as follows:

In thousands of euros

	31/12/2021	%	31/12/2020	%
Transmission	336,671	70 %	310,972	68 %
Storage	147,670	30 %	146,737	32 %
REVENUES	**484,341**		**457,709**	

5.10.2 OTHER INCOME

In thousands of euros

	31/12/2021	31/12/2020
Capitalised production	6	-
Other income	2,728	1,119
Transfers of operating expenses	172	151
OTHER INCOME	**2,906**	**1,270**

Other income mainly stems from reinvoicing of work agreements during pipe deviations, including a €1.7 M agreement with DREAL in the Gujan sector.

5.10.3 PURCHASES AND EXPENSES

5.10.3.1 Purchases of materials, supplies and goods

In thousands of euros

	31/12/2021	31/12/2020
Purchases of RM, supps. & other goods	(29,342)	(14,471)
Change RM invent., supps. & other goods	1,867	1,527
Purchase of studies	(1)	-
Other purchases	19	3
Non-inventory purchases of materials and supplies	(39,681)	(29,400)
PURCHASES CONSUMED	**(67,138)**	**(42,341)**

The increase in purchases consumed is mainly due to:

- the increase in gas purchases to balance the network (€22 M);
- electricity consumption (+€2.3 M);
- the Pireneos share of income paid to GRT (+€1 M);

5.10.3.2 Personnel expenses

In thousands of euros

	31/12/2021	31/12/2020
Staff remuneration	(36,041)	(36,293)
Social security and provident expenses	(18,425)	(18,195)
Other personnel expenses (including incentive schemes)	(6,500)	(6,495)
Employee profit-sharing	(3,847)	(2,920)
Allocations/Provisions for pension obligations	216	(1,608)
Reversals/Provisions for pension obligations	4,364	1,828
Net reversal / (allocation) for pension obligations	*4,580*	*220*
PERSONNEL EXPENSES	**(60,233)**	**(63,684)**

The change in social security commitments is related to the modification of certain plans and the impact of actuarial gains and losses recognised in the income statement.

5.10.3.3 External expenses

In thousands of euros

	31/12/2021	31/12/2020
General sub-contracting	(19,981)	(21,526)
Rentals and rental expenses	(2,381)	(2,137)
Maintenance and repairs	(20,359)	(19,093)
Insurance premiums	(789)	(849)
Studies and research	(145)	-
Miscellaneous	(1,545)	(1,100)
Remuneration of intermediaries & fees	(1,338)	(1,157)
Advertising	(2,363)	(2,491)
Transmission	(221)	(164)
Travel, assignments	(2,100)	(1,667)
Postage costs	(2,586)	(2,296)
Banking services	(132)	(301)
Other external expenses	(1,561)	(1,602)
EXTERNAL EXPENSES	**(55,501)**	**(54,382)**

5.10.3.4 Taxes and duties

In thousands of euros

	31/12/2021	31/12/2020
Taxes and duties on remuneration	(963)	(811)
Other taxes and duties	(10,882)	(14,470)
TAXES AND DUTIES	**(11,845)**	**(15,281)**

The reduction in taxes is linked to the impact of the 2021 Finance Act (- €4.2 M).

5.10.4 FINANCIAL INCOME AND FINANCIAL EXPENSES

In thousands of euros

	31/12/2021	31/12/2020
Interest on bank borrowing	(10,909)	(10,896)
Interest on bonds	(27,416)	(30,384)
Current account interest	(353)	(376)
Change in fair value of swaps	(473)	(398)
NET FINANCIAL DEBT COST	**(39,150)**	**(42,054)**
Dividends	28	-
Foreign exchange gains	-	8
Imp. of financial assets	(5,664)	-
OTHER FINANCIAL INCOME AND EXPENSES	**(5,627)**	**8**
FINANCIAL RESULT	**(44,777)**	**(42,046)**

The interest on borrowing is related to the external financing mentioned in the paragraph "financial debt". Interest on loans is calculated using an Effective Interest Rate (EIR).The decrease in bond loan interest stems from the repayment in July 2021 of the €500 M bond subscribed in 2011. The impairment of financial assets concerns Chadasaygas securities, which were 100% impaired in 2021.

5.10.5 TAXES

5.10.5.1 Taxes recorded in the income statement

In thousands of euros

	31/12/2021	31/12/2020
Payable tax (corporate tax at normal rate / additional and exceptional contribution)	(24,869)	(22,487)
Deferred taxes	(25,404)	(32,610)
INCOME TAX	**(50,273)**	**(55,097)**

The increase in payable tax is mainly due to the increase in income between 2020 and 2021.

In accordance with the description in Note 5.9.7, tax assets relating to deficits contributed to the "Teréga HOLDING" tax consolidation are not recognised in these consolidated financial statements.

Taking into account this asset, the tax expense would be as follows:

In thousands of euros

	31/12/2021	31/12/2020
Payable tax (corporate tax at normal rate / additional and exceptional contribution)	(24,869)	(22,487)
Deferred taxes	(25,404)	(32,610)
Deferred tax assets not recognised	8,849	17 478
Deferred taxes	(16,556)	15 132
INCOME TAX	**(41,425)**	**37 619**

5.10.5.2 Reconciliation between the actual tax and the theoretical tax

In thousands of euros

	31/12/2021	31/12/2020
TAX RATE	**28,41 %**	**32,02 %**
Profit (loss) for the period attributable to:		
- owners of the company	84,175	71,994
CONSOLIDATED PROFIT (LOSS) AFTER TAX OF THE CONSOLIDATED COMPANIES	**84,175**	**71,994**
Payable tax	(24,869)	(22,487)
Deferred tax	(25,404)	(32,610)
INCOME TAX	**(50,273)**	**(55,097)**
CONSOLIDATED PROFIT (LOSS) BEFORE TAX OF THE CONSOLIDATED COMPANIES	**134,449**	**127,091**
THEORETICAL TAX (AT THE TAX RATE OF THE CONSOLIDATING COMPANY)	**(38,197)**	**(40,695)**
Differences in tax rates	1,086	3,051
Permanent differences between the book profit and the tax profit	(1,830)	(596)
Non-deductible interest	-	(4,046)
Tax consolidation effect	(12,347)	(13,760)
Tax credits	1,033	949
Tax and corporate tax adjustment	(21)	-
EFFECTIVE TAX	**(50,273)**	**(55,097)**

5.10.6 EMPLOYEE BENEFITS

5.10.6.1 Variation in the net obligation

In thousands of euros

	31/12/2021	31/12/2020
Opening net obligation	27,171	31,702
Cost of services provided over the period	1,846	895
Interest expenses	91	233
Actuarial gains and losses CET and MDT	(351)	1,529
Actuarial gains and losses	167	(4,281)
Benefits paid by the employer	(3,166)	(3,084)
Other adjustments	(3,000)	177
EMPLOYEE BENEFITS	**22,757**	**27,171**

The staff benefits are primarily composed of the following elements:

- MIP (Mutuelle de l'Industries du Pétrole): supplemental health scheme,
- Early retirement right (CAA): pension scheme intended to provide a retirement allowance to employees with sufficient years worked,
- End-of-career compensation: payment of capital owed to the employee by the company at the time of retirement,
- Long-service awards: capital paid to the employee when the employee reaches a certain seniority group,
- PEC (Savings Plan selected): days that the former seconded employees have acquired and which they may use in order to retire earlier,
- Malakoff: company insurance scheme,
- CET (Time Savings Account): the aim is to allow employees who so wish to accumulate paid leave rights.

5.10.6.2 Net expense recognised in profit (loss)

In thousands of euros

	31/12/2021	31/12/2020
Cost of services provided over the period	(1,846)	(895)
Interest expenses	(91)	(233)
Actuarial variations time off in lieu account	351	(1,529)
COST OF SERVICES PROVIDED OVER THE PERIOD AND INTE-REST EXPENSES	**(1,586)**	**(2,657)**
Used during the year	3,166	3,084
Other adjustments	3,000	(207)
EXPENSE RECORDED IN PROFIT (LOSS)	**4,580**	**220**

5.10.6.3 Actuarial assumptions

The actuarial valuation of social security commitments under IAS 19 was carried out by an independent actuary.

		31/12/2021	31/12/2020
Discount rate on the closing date			
	Gratuities	0,75 %	0,35 %
	Other schemes		
Inflation rate		1,50 %	1,50 %
Average salary increase rate		2,45 %	2,60 %
Employer contribution rate			
	Gratuities	53,16 %	53,16 %
	Other schemes		
Employee turnover rate		Executive/Non-Executive tables with decreasing rates by age and zero over 55 years of age	Executive/Non-Executive tables with decreasing rates by age and zero over 55 years of age
Retirement age		Executive: 62 to 66 years of age Non-executive: 60 to 63 years of age	Executive: 62 to 66 years of age Non-executive: 60 to 63 years of age
Mortality table		Employment phase: TH/TF 00-02 Retirement phase: TGH/TGF 05	Employment phase: TH/TF 00-02 Retirement phase: TGH/TGF 05

5.10.7 STAFF

	31/12//2021	31/12/2020
STAFF BY CATEGORY		
- Executives	312	296
- Non-Executives	361	375
TOTAL STAFF	**673**	**671**
AVERAGE STAFF NUMBERS DURING THE FINANCIAL YEAR		
- Executives	306	291
- Non-Executives	364	374
AVERAGE TOTAL STAFF	**670**	**665**

5.11 RELATED PARTIES

The related parties are mainly the sole partner, Teréga Holding SAS and the Group Management.

Executive remuneration is not presented in the notes to the consolidated financial statements as this would indirectly lead to showing individual remuneration.

5.12 OFF-BALANCE SHEET COMMITMENTS

5.12.1 COMMITMENTS MADE

No commitments were made by the Group at 31 December 2021.

5.12.2 COMMITMENTS RECEIVED

In thousands of euros

	NATURE	VALUATION AS 31/12/2021	VALUATION AS 31/12/2020
Customer bank guarantees	Teréga SA	65,764	71,767
Supplier bank guarantees	Teréga SA	10,689	6,589
TOTAL COMMITMENTS		**76,452**	**78,356**

5.13 EVENTS AFTER THE BALANCE SHEET DATE

The group has not yet identified any impact on its financial statements of the consequences of the armed conflict in Ukraine.

40, avenue de l'Europe · CS 20522 · 64010 Pau Cedex
8, rue de l'Hôtel de Ville · 92200 Neuilly-sur-Seine
Tel. +33 (0)5 59 13 34 00 · @Teregacontact · **www.terega.fr**