Local energy, positive impact

HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2021

Local energy, positive impact

Providing **low carbon energy solutions** locally

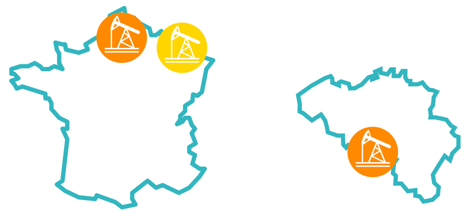
An energy producer with a negative carbon footprint...

ABANDONED MINE METHANE

COAL SEAM GAS

SOLAR (PHOTOVOLTAIC AND THERMAL)

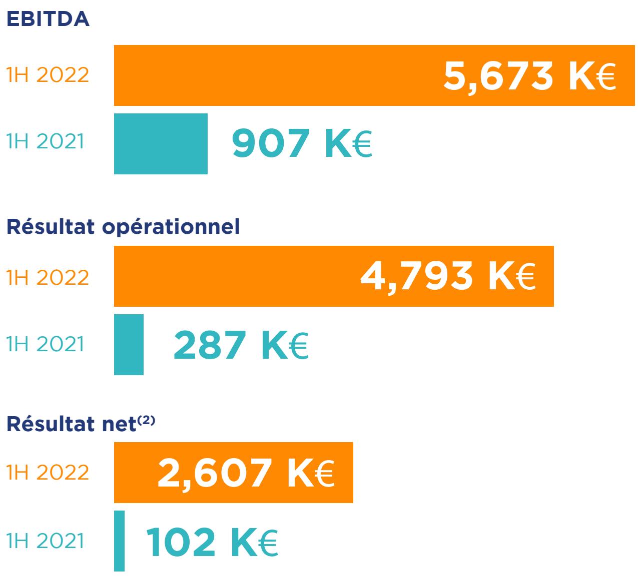
... and large local resources



Hauts-de-France and Lorraine

Wallonie

Group's key financials



21,5 MWH INSTALLED CAPACITY IN 2021

3 MILLION TONS OF CO2 EQ AVOIDED PER YEAR[1]

9.1 M€ REVENUES 1H 2022

INVESTMENTS	5.4 M€
EQUITY[2]	58.4 M€
CASH AVAILABLE	23.1 M€
NET DEBT TO EQUITY	44%

[1] Sources: FDE, based on the INERIS 2019 certification updated with a GWP of 82.5 (AR6 - IPCC 2021) and including the Béthune site

[2] Group's share

HALF-YEAR REPORT

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ACTIVITIES FOR THE FIRST HALF OF FISCAL YEAR 2021-2022

TURNOVER

On 31 December 2021, La Française de l'Energie ("FDE"), an energy producer with a negative carbon footprint, posted again a very **strong revenue growth** for 1H22, up **126%** compared to 1H21 across all its activities, to **€9.1M**.

Evolution of sales between 1H21 and 1H22

€	1H 2022	1H 2021	Var.	Var. %
France - Gas	4,910,096	1,113,229	3,796,867	341.1%
France - Electricity	3,181,222	2,466,917	714,304	29.0%
France - Heat	194,912	0	194,912	100.0%
Belgium - Electricity	816,635	439,755	376,880	85.7%
Total TURNOVER	**9,102,865**	**4,019,901**	**5,083,037**	**126.4%**

Gas Activity (France)

Revenues from gas production tripled, to €4.9M, thanks to a further increase in volumes – from 100,571 MWh to **131,169 MWh** (+30%) – and an average sales price gas which rose from €11.07/MWh in 1H21 to **€37.43/MWh** in 1H22. Gas sales thus represent 54% of the turnover for 1H22.

Electricity activity (France and Belgium)

Revenues related to the production of electricity from AMM rose sharply to **€4M** (+38% compared to 1H21). The activity in Belgium now represents 20% of the Group's electricity turnover.

This good performance was driven by the increase in volumes in the Hauts-de-France (+31%, including the contribution of the two Béthune cogeneration plants), and by favourable sales prices for Belgian electricity, reaching **€86.94/MWh** over the half-year (compared to €37.63/MWh in 1H21), in a context of post-COVID economic recovery.

As a reminder, FDE benefits from a feed-in tariff for its electricity-production activity in France allowing it to **dissociate 35% of its revenue** from the economic situation and sells at market prices in Belgium.

The Group is also continuing its efforts with the Walloon authorities to monetize the Green Certificates obtained in 2019, but still not credited to its subsidiary, Gazonor Benelux. The potential valuation of these certificates, which is not included in the turnover, is estimated at nearly €1.4M per annum.

Heat Activity (France)

New **revenues from heat sales** for this semester, related to the Béthune site and the largest solar thermal power plant connected to a heating network in Creutzwald, amounted to **€195K** over the half-year.

This very good momentum in FDE's activity is expected to continue throughout 2H22, thanks to the contribution of 15 operational cogeneration units following the start of production of the Anderlues and Avion sites' extensions and the continued rise in gas and electricity prices.

EBITDA AND OPERATING RESULTS

In a context of the Group's growth and rising energy prices, **EBITDA grew over fivefold** this half-year, reaching **€5.7M** (compared to €907M in 1H21), with an **EBITDA margin of 62%** (1H21: 23%), exceeding the Group's margin year-end targets for 2022.

This good performance is bolstered by continuous control of operating costs, this trend being confirmed once again this year. Thus, the cost of goods and services per MWh fell by more than 3%, to **€12.84/MWh** (compared to €13.26/MWh in 1H21), confirming the Group's ability to develop its business while controlling its cost structure.

It should be noted that the valuation of the Research and Innovation Tax Credit for calendar year 2021, for a total amount of €191K, is included in operating revenues. The half-year also includes €1.1M from a reversal of unused provisions related to the dismantling costs of the Gazonor site. Initially based on historical data at the time of the Company's acquisition in 2016. The valuation was reviewed by an independent party and led to an adjustment in assets and liabilities.

Operating result recorded spectacular growth, from €287K in 1H21 to **€4.8M** over this half-year.

INVESTMENTS

During 1H22, FDE continued its investment policy to strengthen its unique positioning through the deployment of new local low-carbon energy solutions in France and Belgium, including the installation of 5 new 1.5 MW cogeneration units at the Avion (3 MW) and Anderlues (4.5 MW) sites. These investments, for nearly €2M over this half-year, made it possible to install these units in the first quarter of calendar 2022, with revenues expected in 2H22.

FDE has also started the construction of the 15 MW ground-based photovoltaic power plant in Tritteling-Redlach, Moselle, with more than €2M invested over the half-year.

CASHFLOW AND FINANCING

The Group's net cash position on 31 December 2021 reached **€23.1M**, a **€16.2M** improvement compared to 30 June 2021.

This strong improvement is due to a profitable operational activity and the raising of additional financing, which has enabled to maintain an active investment policy over the period.

Cash Flows from operating activities were positive over the period, with **€4.9M** in operating cash flows before WCR changes over these six months (€1.1M in 1H21). This was positively impacted by the increase in volumes produced and in gas and electricity prices in Belgium, while streamlining the payments of supplier debts and other operating liabilities.

Cash Flows from investment activities were negative and increased over the year to **€3.6M**. These investment flows confirm the Group's growth, notably with the works carried out for the extension of the cogeneration sites in France (Avion) and Belgium (Anderlues 2) and the 15 MW ground-based photovoltaic project in Tritteling.

Cash Flows from financing activities were positive at **€19.7M**, compared to €3.0M last year, as the Group benefited from the signing of a €2.5M crowfunding bond raised by its subsidiary, FalkenSun, in August 2021 (to cover part of the equity required by the Group for its 15MW photovoltaic project) and €25M in green bond for the development of its low-carbon energy portfolio in France and Belgium, granted by Edmond de Rothschild Asset Management (EDRAM) in September 2021.

The success of this financing proves the relevance of FDE's model, based on energy solutions with strong environmental, economic and social impacts on its territories, while allowing the Group to limit the use of its equity and **significantly reduce the cost of its capital**.

The Group's debt remains low, with a net debt-to-equity ratio of **44% at the end of December 2021** (compared to 36% at the end of June 2021) – a conservative level, allowing however the Group to finance its development.

EXTRA-FINANCIAL IMPACTS

In accordance with Articles L 225-102-1 and L 22-10-36 of the French Commercial Code, this section presents the social, environmental and societal consequences of the Group's activity.

To measure extra-financial impacts, FDE relies on its core values of excellence, trust, respect and responsibility. These apply to all of our operations and to each of the communities where we live and work.

Guided by our Code of Conduct and Professional Ethics, FDE meets or exceeds the requirements of all applicable laws and standards in the communities where we operate, across all our activities in each of the regions of France and Belgium. In doing so, we are committed to a transparent and respectful engagement with our stakeholders, including our investors, employees, partners, suppliers and communities.

As a reminder, extra-financial aspects are integrated into all facets of our Group and are reflected in the following key areas:

- **Governance and ethics:** FDE demonstrates solid corporate governance, in ongoing improvement with a leadership that sets the example of the highest standards in ethics and integrity and a strong commitment to the responsible development of our portfolio of energy-production assets that can be developed in short circuits, as close as possible to the needs of the relevant territories. Our leadership model effectively integrates ethical, fiscal, environmental and social considerations into all aspects of our Group, resulting in operational excellence and the protection of our human, natural, financial, operational, intellectual and reputational capital.

- **Human capital:** FDE's commitment to men and women is rooted in our core values: we value and care for our employees, and we believe that every employee and partner deserves to be treated with dignity and respect. We recognize the principles of the Universal Declaration of Human Rights and have implemented policies to support these principles throughout our operations, including in the creation of a fair and equal workplace. We encourage our employees to give their best, and value teamwork, collaboration and innovation that lead to creating both a pleasant workplace and exceptional company performance.
- **Safety, Health and the Environment (SHE):** FDE is committed to conducting its business in a manner that protects the health and safety of its employees, contractors and the public, while reducing our impact on the environment. Our vision is for our SHE culture to be recognized as a model by our industry and stakeholders, resulting in a healthy and incident-free workplace. Every staff member, including management, is responsible for the proper application of SHE principles and is actively involved in the continuous improvement of SHE performance.
- **Communities:** FDE strives to support the communities in which the company operates using a shared-value model. We work to develop economic and employment opportunities, build positive relationships, and contribute to meaningful and mutually beneficial partnerships that strengthen both the community and the capability of our business. Our short-circuit approach fosters local investment and contributes to the quality of life of our communities by supporting social, economic, environmental and cultural issues.

The illustration of the quality of the Group's non-financial performance is reflected, in particular, in the ESG ranking obtained. The Group has further improved its extra-financial performance with its **Gaïa** Research rating, which assesses the ESG (Environmental, Social and Governance) performance of companies listed on European markets. Indeed, Gaïa Rating is the reference rating agency for listed French mid-caps. The rating of the securities is based on over 170 extra-financial criteria that relate to the Environment, Social, Governance and External Stakeholders.

FDE obtains an **overall score of 65/100** and maintains its leadership among SMEs in the energy sector. For the 5th consecutive year, the Company recorded an improvement in its Gaïa Research rating, standing out for its social and governance policy particularly. This increase, when compared to the score awarded in 2020 (62/100), confirms the **fulfilment of FDE's commitments on topics such as improving governance or combating climate change**.

The Group is also the **only energy producer with a negative carbon footprint**, thanks to the methane emissions that FDE captures in order to avoid their release to the atmosphere.

AMM accumulates in old coal-mine galleries and rises to the surface through the old mine shafts before releasing to the atmosphere if not recovered. This gas consists mainly of methane, a gas with a **Global Warming Power (GWP) 82.5 times greater than CO_2 over 20 years**, according to the **latest IPCC assessment report (AR6) published in 2021**.

To date, the Group is the largest contributor to the effort to reduce the carbon footprint of the Hauts-de-France Region, driven in particular by the 602,000 tons of CO_2eq avoided per annum[1] on the first 4 sites put into production in 2018.

In Belgium, the capture of AMM and its recovery in the form of electricity and, eventually heat, thanks to five cogeneration plants with a total installed capacity of 7.5 MW, avoids the emission of **808,000 tons of CO_2eq per annum**, according to the comprehensive impact study carried out by **the Polytechnic University of Mons (UMONS) in 2022**. This corresponds to the CO_2 emissions of a city with a population of 100,000, the equivalent of 2.7% of the population of the Walloon Region[2].

By also using the updated IPCC reference system (AR6) over 20 years for the current fleet in France[3], the Group's AMM capture and recovery activity avoids more than **3 million tonnes of CO_2eq per annum**[4], confirming FDE's leading role in the European ecological transition.

The production of heat from the Creutzwald solar thermal power plant also allows FDE to reduce this territory's carbon footprint by 560 tonnes per annum.

HIGHLIGHTS OF THE HALF-YEAR

OPERATING PROJECTS

First ground-based photovoltaic project - Tritteling-Redlach (14.92 MW)

On 20 October 2020, FDE was awarded a 14.92 MW photovoltaic power-plant project in the last solar tender of the Energy Regulatory Commission ("Commission de Régulation de l'Énergie", or CRE).

This plant will be located in the Grand-Est region, on the site of a former landfill located in Tritteling-Redlach. This site will produce 16 GWh per annum over a period of 30 years and will supply electricity to the equivalent of over 7,000 people, or nearly 30% of the urban community's population (Faulquemont Urban District). Construction of the plant began this semester, with an expected start-up in the second half of calendar 2022.

This project confirms La Française de l'Energie's expertise in terms of energy solutions that enhance the region, and constitutes a key step for the Group in the deployment of its solar strategy since, with a capacity of 15 MW, the plant is the largest of the six photovoltaic projects selected for the Grand-Est region as part of this CRE call for tenders.

By late 2023, the Group also intends to develop 100 MW of ground-based photovoltaic farms in the Grand-Est and Hauts-de-France, in order to provide local consumers with carbon-free energy produced in short circuits. By late 2023, the Group also intends to develop 100 MW of ground-based photovoltaic farms in the Grand-Est and Hauts-de-France, in order to provide local consumers with carbon-free energy produced in short circuits.

Installation of the 5 new cogeneration units on the Avion 7 and Anderlues sites

In order to pursue its development plan, which will see in the future 49.5 MW of installed electrical capacity in the Hauts-de-France and Belgium, FDE installed 5 additional units at the end of the year, thus increasing the installed capacity on the Anderlues site by 4.5 MW and the Avion site by 3 MW. These cogeneration plants will be commissioned in early 2022, the 3 cogeneration plants of Anderlues having started to produce in January 2022. This very

1 Source: INERIS Study, January 2019
2 Source: World Bank 2018
3 Source: FDE, based on 2019 INERIS certification updated with an 82.5 GWP and including the Béthune site
4 Figures not certified at this stage

significant increase in production capacity in Belgium is also taking place in a particularly favourable electricity-price environment.

The additional cogenerations, planned as part of the development plan up to the end of 2022, will mainly be deployed at new sites in France and Belgium. The Group continues to move ahead on the administrative aspects related to these new sites.

New certification of the Group's gas reserves in Belgium

On 20 September 2021, the Group announced a 29% increase in certified 2P gas reserves at its Anderlues concession, which now amount to 358 million m^3. This certification was carried out by DMT, the European certification body for mine-gas resources and reserves that has been supporting the Group for several years.

Initially certified at 277 million m^3 in April 2019, the reserves on the perimeter of the Anderlues concession rose by 29% as, at the date of the report, 14M m^3 have already been recovered through the 2 Anderlues cogeneration units since their commissioning in May 2019.

FINANCING

Repayment of the Triodos loan and ING financing for Anderlues Phases 1 and 2

On 30 July 2021, the Group repaid the outstanding Triodos Bank loan. A financing contract was signed on 26 July 2021 between ING Lease and Gazonor Benelux, covering the refinancing of the two Anderlues cogeneration plants for €2.9M and the implementation of a new financial leasing of €6.3M with ING Lease to cover the investments for the three new cogeneration units of Anderlues Phase 2.

Crowdfunding of 2.5M euros for the PV Tritteling project

On 25 August 2021, Falkensun raised €2.5M on the Lendosphere platform for the construction of the Tritteling-Redlach photovoltaic power plant, thanks to 889 investors and the participation (for €0.85M) of La Nef, a cooperative bank committed to ecological transition.

Issuance of an initial €40M green bond

On 15 September 2021, the Group issued its first green bond for the development of its low-carbon energy portfolio. This financing is provided by Edmond de Rothschild Asset Management (EDRAM), one of Europe's leading energy and infrastructure investment funds.

This green bond will finance the Group's existing energy portfolio, currently composed of AMM and solar projects in northern France and Wallonia, and may be extended to other low-carbon projects such as hydrogen in Europe. Financed projects are in construction or development's phase, or part of the Group's project-pipeline as part of its growth strategy.

The financing is qualified as a "Green Bond", and the issuance has thus been evaluated in accordance with the Green Bond Principles of the ICMA (International Capital Market Association) through an opinion of EthiFinance, a recognized independent expert.

The financing amounts to €40M, consisting of a €25M first tranche made available upon conclusion of the bond loan, and an optional €15M second tranche. The financing is granted at the level of LFDE International SARL, FDE's Luxembourg subsidiary, without any recourse to the parent company, FDE. The bond is therefore structurally subordinated to existing senior loans at the level of individual projects. The interest rate is initially 6%, with a 7-year maturity, given FDE's experience in building and operating blue-chip assets with long-term and fixed prices.

This financing will make it possible to reach 49.5 MW of installed capacity by 31 December 2022, thus avoiding 3 million tonnes of CO_2eq emissions annually thanks to the implementation of these projects.

Evolution of corporate governance

Following the Combined Shareholders' Assembly of 30 November 2021, the mandates of Mr Jean Fontourcy and Mrs Cécile Maisonneuve, which expired at the end of this Annual General Meeting, were not renewed.

In order to have a balanced representation of women and men on the Board of Directors, the Appointment and Compensation Committee is working on the selection of candidates for the positions of Company Directors and their appointment, a balanced representation of women and men on the Board of Directors to be part of the agenda at a future AGM.

Significant events since the end of this period

New certification of the Group's gas reserves in Hauts-de-France

While 360 million m^3 have already been captured and recovered in the form of gas and green electricity since the takeover of Gazonor, this new certification carried out by DMT (Tüv Nord Group) now posts reserves of 3.6 billion m^3 (21.6 TWh), which confirms the significant potential for AMM capture for the two concessions held in the Hauts-de-France, well above the target of 49.5 MW of installed capacity in the Franco-Belgian basin by the end of 2022.

TRANSACTIONS WITH RELATED PARTIES

No new related-party transactions occurred during the first half of the year ended 31 December 2021.

The €325K shareholder loan signed on 13 November 2020 for a 1-year maturity was repaid in full in July 2021. The €3,000K NEL shareholder loan, in place since 2017, was also repaid in October 2021.

Note 4.5, «Related Parties», of the Appendix to the condensed half-year Consolidated Financial Statements provides all necessary information regarding ongoing transactions with related parties, their nature, and the amounts to be considered for this half-year.

GROUP PROSPECTS FOR FY22

The Group confirms the objective of sustained growth with further development in the capture and development of gas in short circuits, the strengthening of its solar activity, and the development of new energy-production projects, allowing the reduction of the carbon footprint on its the territories, both in France and abroad. The production of bio LNG, bio CO_2, and blue or turquoise hydrogen, as well as CO_2 storage activities, are interesting segments for the Group.

FDE continues to develop its strategy, focused on the implementation of energy solutions to produce and enhance local energies in short circuits and contribute to the reduction of the carbon footprint of its territories. The COVID crisis and the recent IPCC reports have once again demonstrated the value of our Group's positioning, which offers security of supply to consumers, lower carbon intensity for energy used, and greater visibility in selling prices.

The Group thus confirms its target of reaching **€35M in annualized sales by the end of December 2022, and an EBITDA margin of 45%**.

FDE intends, by year's-end 2022, to reach an installed capacity of nearly 50 MW of electricity generation from mine-gas captured in the former mining galleries of France and Belgium, therefore avoiding the release of this fatal gas into the atmosphere. As a reminder, 1 MW of installed capacity in electricity produced from abandoned mine methane is equivalent to 3.6 MW of wind energy and 6.5 MW of solar energy[5].

FDE is also focused on measuring the extra-financial impacts of its activity and thus seeks to eliminate 7 million tonnes of CO_2 emissions per year by the end of 2022, thanks to its mine-gas recovery activity, which eliminates pollution that would, otherwise, be inevitable.

By accentuating tensions in the energy market, and particularly in gas and electricity prices, the conflict between Russia and Ukraine once again highlights the **need for greater energy independence** for France. Thanks to its large certified gas reserves, FDE offers resilient energy solutions, which can be deployed quickly once the State's administrative authorizations have been obtained.

The Group is thus the exclusive holder, in Lorraine, of the largest onshore gas reserves in Western Europe, where gas of excellent quality has accumulated in coals at a depth of 1,000 meters. The volumes of gas recoverable under the strictest environmental conditions, as demonstrated during the various production tests carried out, represent several years of French consumption.

The virtuous model developed by FDE has multiple positive impacts and provides a local and

5 Source : https://opendata.reseaux-energies.fr/; LFDE - 2020 data load factor: wind – 26.35%; solar – 14.65%; abandoned mine methane – 95%

resilient solution while also creating jobs. In addition, according to the study by the *Institut für Energie und Umweltforschung* in Heidelberg (Baden-Württemberg, Germany), carried out in 2016, **the use of Lorraine gas has a carbon footprint ten times smaller than imported Russian gas**.

Finally, the inclusion of gas as a transitional energy in the European taxonomy confirms the positioning of this Lorraine gas as a low-carbon energy, responding to the environmental and economic challenges of the ecological transition.

The Group also hopes to materialize a new chapter in its **growth through one or more accretive external growth operations for our shareholders, in order to strengthen the range of energy-production solutions that reduce greenhouse-gas emissions for consumers, industry and individuals**. As the ecological transition differs greatly between France and neighbouring countries, international opportunities lie, notably, in gas production and storage, to support the withdrawal from nuclear power in these countries and to accelerate the withdrawal from coal.

FDE's ambition – to accelerate its growth and profitability by developing new ways of producing energy and providing local solutions to climate change – remains unchanged, and the goal for the next 18 months is to confirm the relevance of its unique model.

RISKS AND UNCERTAINTIES FOR FY22

Compared to the risks presented in Part 7 – MAIN RISKS AND UNCERTAINTIES FACING THE COMPANY, in its annual Financial Statements, as published on 30 October 2021, the Group has identified no additional risks that should be considered regarding its activities during the second half of the fiscal year ended 30 June 2022.

Among these risks, those considered to be the most significant are:

- changes and volatility in gas prices, which may have an adverse effect on the Group's business;
- Reservoir risk with damage to the mining void and displacement of the resource relative to the capture point.
- lower-than-expected yields of its industrial equipment, especially at cogeneration sites, which are not achieving the expected levels of growth and profitability;
- difficulties in obtaining new financings under the conditions and set timeframes, which could hinder the Group's expansion plans and new projects;
- unanticipated developments or new regulatory constraints that might lead to delays or challenges to development projects.

MANAGEMENT AND SUPERVISORY BODIES AS OF 31 DECEMBER 2021

BOARD OF DIRECTORS

Julien Moulin
Chairman

Antoine Forcinal
CEO

Christophe Charlier (a)

Alain Liger (a)

ACCOUNTS AND AUDIT COMMITTEE

Christophe Charlier
Chairman

Julien Moulin

Alain Liger

APPOINTMENT AND COMPENSATION COMMITTEE

Alain Liger
Chairman

Julien Moulin

Christophe Charlier

STATUTORY AUDITORS

MAZARS (b)
represented by Laurence Fournier

BDO (c)
represented by Sébastien Haas

(a) Independent Director

(b) Expiry of mandate: General Assembly ruling on Financial Statements for the year ended 30 June 2025.

(c) Expiry of mandate: General Assembly ruling on Financial Statements for the year ended 30 June 2026.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

6-month period ended 31 December 2021	*Notes*	31 December 2021	31 December 2020
		€	€
Revenue	*2.1*	9,102,865	4,019,901
Other operating income	*2.2*	311,108	479,472
Costs of goods and services sold	*2.3 / 2.4*	(2,511,672)	(1,939,929)
Other administrative and operational expenses	*2.3 / 2.4*	(2,412,050)	(1,691,113)
Other revenue/(charges)		53,572	23,029
Net appropriations to provisions	*2.5*	1,128,820	15,752
EBITDA		**5,672,642**	**907,113**
Depreciation and amortisation		(879,524)	(619,772)
Operating income		**4,793,118**	**287,341**
Financial revenues		10,158	324
Cost of gross long-term debt	*2.6*	(1,267,903)	(344,700)
Other financial expenses	*2.6*	(19,766)	(38,999)
Earnings before taxes		**3,515,607**	**(96,034)**
Current and deferred taxes	*2.7*	(935,987)	168,168
Net income		**2,579,620**	**72,133**
Net income, Group's share		2,607,050	102,131
Net income, share of non-controlling interests		(27,430)	(29,998)
Earnings per share, Group's share			
- Basic earnings per share		*0.50*	*0.02*
- Diluted earnings per share		*0.50*	*0.02*

CONSOLIDATED REPORT ON OVERALL EARNINGS

6-month period ended 31 December 2021	*Notes*	31 December 2021	31 December 2020
		€	€
Net income		2,579,620	72,133
-		-	-
Items to be reclassified to profit or loss in subsequent periods		**-**	**-**
Actuarial gains and losses on pension plans		(3,046)	0
Tax effect		762	0
Items not reclassified to profit or loss in subsequent periods		**(2,285)**	**0**
Comprehensive income		**2,577,335**	**72,133**
Comprehensive income, Group's share		2,604,765	102,131
Comprehensive income, share of non-controlling interests		(27,430)	(29,998)
Earnings per share, Group's share			
- Basic earnings per share		*0.50*	*0.02*
- Diluted earnings per share		*0.50*	*0.02*

CONSOLIDATED BALANCE SHEET

6-month period ended 31 December 2021		31 December 2021	30 June 2021
		€	€
ASSETS			
Goodwill		47,848	47,848
Exploration assets	*3.1*	45,654,636	45,546,291
Other intangible assets		1,871	4,187
Proven mining rights	*3.2*	24,374,401	24,508,782
Other tangible assets	*3.3*	24,062,658	19,793,468
Non-current financial assets		1,571,146	1,832,976
Deferred tax assets	*2.7*	1,837,201	2,090,138
Non-current assets		**97,549,761**	**93,823,691**
Inventories		577,229	619,879
Trade and related receivables	*3.4*	3,208,446	1,391,136
Other current assets	*3.4*	3,949,686	4,148,165
Advances and prepayments on orders	*3.4*	158,688	83,780
Cash and cash equivalents	*3.5*	23,079,363	6,981,209
Current assets		**30,973,411**	**13,224,170**
Total Assets		**128,523,172**	**107,047,860**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	*3.6*	5,172,813	5,163,970
Share premium reserve	*3.6*	44,062,032	44,070,875
Other reserves		6,552,256	5,799,149
Net income, Group's share		2,607,050	273,562
Other equity items		5,605	7,889
Shareholders' Equity – Group's share		**58,399,756**	**55,315,445**
Non-controlling interests		(68,201)	(40,770)
Consolidated Shareholders' Equity		**58,331,555**	**55,274,675**
Non-current financial debt	*3.8*	45,211,990	20,809,156
Non-current provisions		3,014,949	4,231,336
Provisions for pension commitments		41,096	33,532
Deferred tax liabilities	*2.7*	6,412,729	6,379,871
Other non-current liabilities		284,125	509,401
Non-current liabilities		**54,964,889**	**31,963,297**
Current financial debt	*3.8*	3,848,272	6,303,162
Current provisions		117,371	109,571
Trade and related payables		1,926,296	2,848,929
Fixed-asset suppliers		5,774,825	4,856,008
Other current liabilities		3,559,965	5,692,220
Current liabilities		**15,226,729**	**19,809,888**
Total Shareholders' Equity and Liabilities		**128,523,172**	**107,047,860**

CONSOLIDATED CASH FLOW STATEMENT

6-month period ended 31 December 2021	notes	31 December 2021	31 December 2020
		€	€
Operating activities			
Consolidated net income		2,579,620	72,133
Tax expense and deferred-tax changes	2.7	935,987	(168,168)
Net depreciation and impairment of intangible and tangible fixed assets		879,524	619,772
Net allocations on provisions		(1,128,820)	(15,752)
Capital gains/losses on asset disposals			
Change in operating working capital requirement	4.1	(2,772,917)	(304,154)
Change in WCR – Other assets and liabilities	4.1	(2,051,822)	578,524
Expense related to free stock award plan		315,902	66,744
Cost of gross long-term debt	2.6	1,267,903	344,700
Taxes paid		(4,815)	(4,815)
Other non-monetary items		109,750	167,889
CASH FLOWS FROM OPERATING ACTIVITIES		**130,312**	**1,356,872**
Investment activities			
Capitalised exploration costs	3.1	(205,547)	(226,877)
Tangible and intangible investments	3.3	(4,954,433)	(6,063,115)
Change in fixed-asset supplier debts		918,817	2,384,384
Subsidies received for investment activities	3.3	187,437	652,188
Acquisition/Disposal of financial assets	3.8	434,810	29,286
CASH FLOWS FROM INVESTMENT ACTIVITIES		**(3,618,916)**	**(3,224,135)**
Financing activities			
Bond flows			
Borrowings and financial debts (excluding fees)	3.8	27,500,000	4,752,500
Repayment of loans and financial debts	3.8	(6,124,387)	(1,001,134)
Other current financial debts	3.8	(117,542)	(530,039)
Cost of net debt: interests paid		(743,804)	(163,090)
Fees paid on loans		(786,250)	(67,117)
CASH FLOWS FROM FINANCING ACTIVITIES		**19,728,017**	**2,991,119**
NET CHANGE IN CASH FLOWS		**16,239,413**	**1,123,857**
Net cash and cash equivalents at beginning of the period		6,839,950	3,767,479
NET CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**23,079,363**	**4,891,336**

Net cash at the date of closing in the Consolidated Cashflow Statement consists of bank accounts net of outstanding banking loans, cash accounts, and the cash portion of the Liquidity Contract implemented by the Group.

TABLE OF VARIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY

6-month period ended 31 December 2021	Shares Number	Shares Par Value	Equity	Premium	Other equity items	Net income and other reserves Group's Share	Total Shareholders' Equity - Group's share	Non-controlling interests	Total Consolidated Shareholders' Equity
		€	€	€	€	€			
As of 30 June 2020	**5,155,890**	**1**	**5,155,890**	**44,078,955**	**3,854**	**5,120,564**	**54,359,263**	**(60,594)**	**54,298,669**
Net income						102,131	102,131	(29,998)	72,133
Other elements of comprehensive income									
Free stock award plan						66,744	66,744		66,744
Other variations						32,919	32,919	(1,960)	34,879
Capital increase (employee shares)	8,080	1	8,080	(8,080)			0		0
As of 31 December 2020	**5,163,970**	**1**	**5,163,970**	**44,070,875**	**3,854**	**5,322,358**	**54,561,057**	**(88,632)**	**54,472,425**
As of 30 June 2021	**5,163,970**	**1**	**5,163,970**	**44,070,875**	**7,889**	**6,072,711**	**55,315,445**	**(40,770)**	**55,274,675**
Net income						2,607,050	2,607,050	(27,430)	2,579,620
Other elements of comprehensive income					(2,285)		(2,285)		(2,285)
Free stock award plan						315,902	315,902		315,902
Other variations						163,643	163,643		163,643
Capital increase (employee shares)	8,843	1	8,843	(8,843)			0		0
As of 31 December 2021	**5,172,813**	**1**	**5,172,813**	**44,062,032**	**5,605**	**9,159,305**	**58,399,755**	**(68,200)**	**58,331,555**

The €8.8K increase in capital for the six-month period ended 31 December 2021 is related to the Chairman's confirmation on 30 November 2021 of the final award of employees shares to beneficiaries of the fourth plan implemented in 2019 by the Board of Directors, in the context of the delegation given by the General Assembly of 29 November 2019.

Following the completion of all the conditions of attendance and the end of the acquisition period provided for by the Regulations of the plan, 8,843 shares were awarded, with capital increase by incorporation of share premiums.

APPENDIX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING RULES, METHODS AND PRINCIPLES

1.1. General Principles and Consolidated Financial Statements Preparation Base

The consolidated Financial Statements for the first half of the fiscal year ended 31 December 2021, i.e. the period from 01 July 2021 to 31 December 2021, were approved by the Board of Directors of FDE S.A. on 31 March 2022.

These accounts were drawn up in accordance with IAS 34 for intermediate accounts as well as with the IFRS (International Financial Reporting Standards) standards and interpretations as published by IASB, adopted by the European Union, and applicable as of 31 December 2021.

The condensed half-year consolidated Financial Statements are prepared using the same rules and methods as those used to prepare the annual Financial Statements for the fiscal year ended 30 June 2021. In addition, the Group's activities are not considered to be subject to a particular seasonality on an annual basis and the comparability of the half-year and annual Financial Statements is consequently not affected.

Moreover, in a macro-economic and health context still marked by the spread of COVID-19, at the date of these half-year Consolidated Financial Statements, the Group's operational activities have not been significantly affected to date by the consequences of the virus's spread. Notably, all facilities are managed and controlled remotely, and the activity and organization of the Group's operational teams have been adapted to deal with new regulatory constraints.

The consolidation scope did not change during this half-year compared to 30 June 2021. There was no change in the percentage of the stake in the consolidated entities during the period.

The consolidated Financial Statements of the Group are presented in Euros, which is the functional currency of the parent company and its subsidiaries, excluding Concorde Energy Inc. (US dollar), which had no activity during the half-year and previous comparable periods.

The new amendments published in the Official Journal of the European Council, which are mandatory, were considered, but they had no impact on the Group's half-year Consolidated Financial Statements as of 31 December 2021:

- Amendments to IFRS 4: Insurance Contracts – Provisional Exemption from IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: In relation to interbank rate reform ("benchmark rate") – phase 2
- Amendments to IFRS 16: COVID-19-related rent relief beyond 30 June 2021

Finally, the Group did not opt for the early application of any standards or amendments in its consolidated Financial Statements as of 31 December 2021.

The preparation of the Financial Statements according to IFRS standards requires the Group's Executive Management to use estimates, assumptions and judgments which affect the information presented in the condensed half-year consolidated Financial Statements and their ancillary notes, in particular the assets, liabilities and potential liabilities recognised or presented on the closing date as well as incomes and expenses recognised during the period.

These estimates, assumptions and judgments are based on past experience and other factors considered as being reasonable at the time when the Financial Statements were being prepared. They are regularly reviewed by the Group's Executive Management and can therefore be significantly revised in the event of a change in circumstances or as a result of new information. Some of these estimates, assumptions or judgments could have significant effects on the information presented and the final figures could also be different from the amounts included in the consolidated Financial Statements and their ancillary notes.

The implementation of these estimates, assumptions and judgments as part of the preparation of the condensed half-year consolidated Financial Statements and their ancillary notes as of 31 December 2021 mainly concerns the implementation of the going-concern principle, the application of the so-called successful efforts method for oil exploration activities, asset impairment and determination of their recoverable value, provisions for restoration of the sites and provisions for major revisions, recognition of deferred tax assets and liabilities, and the valuation of stock-based payments.

1.2. Accounting rules and methods

Only those rules and methods deemed significant in relation to the Group's activity or the events that occurred during the first half of the fiscal year ending 31 December 2021 are presented hereunder.

A/ Consolidation Principles

As per the provisions of IFRS 10, the Group retains the full-consolidation method as long as the following three conditions are cumulatively met to demonstrate control:

- holding of power over the entity;
- exposure or rights to variable returns of the entity;
- the ability to use its power to impact yields.

Reciprocal transactions, assets and liabilities between the consolidated companies, as well as realised internal profits, are eliminated.

B/ Going-concern principle

When the consolidated Financial Statements are set up, the Executive Management assesses the Group's ability to continue to operate.

In particular, the Group's Executive Management regularly reviews its financing options to ensure that the continuity of operations is safeguarded, taking into account, in particular, the maturity of its various assets and liabilities and its forecast cashflows, including those from its gas, and electricity sales.

The Group's operating cashflow for 1H22 amounted to €130K, compared to €1,357K for 1H21. On 31 December 2021, following the three loans taken out during the year, the Group's cash position was positive, at €23.1M.

Group Management's forecasts and estimates of its ability to continue operating are based in particular on the following factors: continued gas and electricity production at Gazonor, and electricity production at Gazonor Benelux according to the plans and assumptions (changes in gas prices in France and electricity in Belgium, quantity and quality of volumes produced on site, ability to inject into the network), stability of general and administrative expenses, execution of maintenance operations and of major revisions needed for the proper operation of its facilities, notably of the cogenerations installed in the Hauts-de-France and in Wallonia.

With regard to significant investment projects that may be initiated in the next twelve months (including the installation of new electrical cogenerations in the Hauts-de-France and Wallonia and the supply of photovoltaic electricity in the Grand-Est), the Group is looking into obtaining various sources of financing.

The Group's forecasts up to the end of December 2022 show that it will generate enough cash to ensure the continuation of its activities.

Based on these data and forecasts, the Group considers it has the ability to continue its operating activity during FY22 and, more generally, for the next 12 months, to meet its cash requirements, and to repay the debts shown in its Balance Sheet.

The Group's consolidated Financial Statements as of 31 December 2021 were thus prepared on the basis of the going-concern principle.

C/ Recognition of revenue

The revenue is recognised when a performance obligation is met by the transfer of a good or service to the customer, with this transfer being considered to have taken place when the Group is no longer involved in either the management or the effective control of the transferred goods and services.

The performance obligations are originally identified and determined on the basis of contractual terms and customary business practices after identification of contracts that fall within the scope of IFRS 15. The transaction prices are for their part allocated to each performance obligation in proportion to their separate selling price.

Gas, electricity and heat sales are recorded in accordance with the contractual terms with the Group's main customers, Total, EDF-OA, EDF Luminus, Dalkia and Enes.

D/ Current and deferred taxes

The tax expense for the period includes current tax and the deferred tax change since the previous closing date. The Group calculates its taxes on profits in accordance with the tax laws which are in force in the countries where the profits are taxable, particularly in France and Belgium.

The temporary differences between the consolidation values of assets and liabilities, and those resulting from the application of tax regulations, give rise to the recognition of deferred taxes.

The tax rate used for the calculation of deferred taxes is the rate known on the closing date and applicable to the periods during which the assets will be liquidated or the liabilities paid off: the effects of the rate changes are recorded for the period during which the decision on this rate change is made, and this is as a result except when they concern transactions recognised directly in shareholders' equity. No rate changes were recorded for the first half 2022.

Tax savings resulting from tax losses carried forward are recorded as deferred tax assets. All such deferred tax assets are depreciated if deemed unrecoverable, with only the amount likely to be used being posted in the assets of the balance sheet. As of 31 December 2021, the amount of unrecognized losses stood at €16.1M, including €12.1M for LFDE International (Luxembourg) and €2.4M for Greenhill (Belgium).

E/ Exploration expenses

Expenses recorded in exploration assets on the consolidated Balance Sheet consist of all costs incurred in the prospecting phases and exploration drilling. Study and analysis costs, as well as all costs incurred prior to obtaining mining titles, are charged to results immediately. Geological and geophysical expenditures, including seismic exploration campaigns, are also accounted for directly in expenses for the period.

The Group applies IFRS 6 when recording exploration expenses. Recording of the rights and assets for the exploitation of sub-soil resources is carried out in accordance with the successful efforts method.

Exploration drilling is accounted for and subject to impairment tests on an individual basis, as follows:

- The cost of exploration drilling that has uncovered proven reserves is carried and subsequently depreciated according to the production unit method, based on the proven reserves developed;
- While waiting to determine whether they have uncovered proven reserves, exploration costs are carried when the following two conditions are met:
    - The well has demonstrated a sufficient volume of gas to justify, if necessary, its production on the assumption that the investments necessary for production are made;
    - The Group is making sufficient progress in determining the reserves and the technical and economic viability of the project. Such progress is assessed on the basis of criteria such as additional exploration work (wells, seismic work or significant studies) being carried out or included in a firm schedule, carrying out development studies, and taking into consideration the fact that the Group may be awaiting the approval of a government or third party for a proposed project or the availability of transport or processing capacity at an existing facility.

Exploration costs which do not meet these conditions are recorded as expenses.

F/ Investment grants

In accordance with the two possible accounting treatments under IAS 20, investment grants are recorded as a deduction from the gross value of the assets to which they relate.

The €250K grant from the Grand Est Region for an exploration program focused on the development of Lorraine coal seam gas in short channels, in partnership with the University of Lorraine, has been recorded under “Other Non-Current Liabilities” since 2018, pending the fair distribution of the eligible expenses it covers between exploration investments and personnel charges.

A €1,304K grant to Cellcius from the ADEME, notified on 29 November 2019, is released gradually on the basis of the expenses incurred in the construction of a solar-thermal field in the municipality of Creutzwald (Moselle). Eligible expenses retained for this project amount to €2,363K, while the Group recognized an amount of €1,044K under this subsidy at the date of the adoption of these half-year consolidated financial statements. This subsidy was charged to a reduction in capitalized costs at closing.

The European aid under the ERDF-ESF (European Regional Development Fund – European Social Fund) programme awarded to Gazonor for a sum of €2.8M as of 24 October 2019 for the installation of 20 new cogeneration units on the concessions currently held by the Group in the Hauts-de-France, in order to enhance the abandoned mine methane recovered in short channels and thus eliminate all firedamp emissions in the former mining basin of this area. The eligible expenses for this project amount to €9,190K.

As of 31 December 2021, €446k were recorded in the Consolidated Financial Statements, as a portion of the eligible investments on the Béthune project were submitted on that date.

2. NOTES APPENDED TO THE HALF-YEAR INCOME STATEMENT

2.1. Turnover

For the first half of the year ended 31 December 2021, the Group generated revenues of €9,103K, consisting of €4,910K in gas-production sales, €3,998K in green electricity-production sales, and €195K in heat sales.

Gas, electricity, and heat sales in France are made to the same customers as in the FY21, namely Total Direct Energie, EDF OA, Dalkia and Enes, respectively, while electricity in Belgium is sold to EDF Luminus.

The increase in gas sales, compared to the first half of the previous year, is due to an increase in production volumes, over 30%, as well as the increase in the average price of gas, which rose from €11.07/MWh to €38.22/MWh (+245%), following the post-COVID-19 economic recovery.

Electricity sales increased with the start-up of 2 additional cogeneration plants in Béthune, bringing to 10 the Group's number of cogeneration units in operation, and the increase in Belgian electricity sales prices, which reached €86.94/MWh over the half-year (compared to €37.63/MWh in 1H21).

Consolidated revenue is also impacted by heat sales following the commissioning, in early 2021, of the power plants operated by Cellcius and Gazonor Béthune.

The breakdown of half-year sales is as follows:

Breakdown of sales	31 December 2021	31 December 2020
	€	€
Gas sales - France	4,910,096	1,113,229
Green electricity sales - France	3,181,222	2,466,917
Heat sales - France	194,912	
Green electricity sales - Belgium	816,635	439,755
Turnover	**9,102,865**	**4,019,901**

2.2. Other operating income

Other operating income recorded during the six-month period corresponded mainly, as of 31 December 2021, to the valuation of the Exploration and Innovation Tax Credits for Calendar Year 2021, amounting to €191K, and rebilling services related to certain projects carried out during the half-year.

2.3. Costs of goods and services, administrative and operational expenses

The cost of goods and services sold includes production costs directly related to gas and electricity sales by Gazonor, Gazonor Benelux, and Gazonor Béthune, and heat sales by Cellcius and Gazonor Béthune.

Costs of goods and services sold	31 December 2021	31 December 2020
	€	€
Stored purchases, small equipment and equipment	276,062	95,773
Electricity costs	1,017,606	833,051
Natural gas purchases – GRT services	150,973	148,417
Outsourcing and technical services	123,335	139,128
Maintenance and servicing	671,064	501,233
Rental of industrial equipment	0	7,361
Other costs – transport, external staff	23,337	11,919
Staffing expenses	249,295	203,047
Total costs of goods and services sold	**2,511,672**	**1,939,929**

Administrative and operational expenses break down as follows, mainly in connection with the FDE and Gazonor entities:

Administrative and operational expenses	31 December 2021	31 December 2020
	€	€
Rentals	80,033	49,496
Fees	590,533	312,992
Studies and exploration	69,665	60,524
Travel and business trips	34,906	36,780
Communication	24,011	100,101
Banking services	128,923	46,102
Insurance	113,751	89,887
Software and IT	96,766	47,590
Other costs	181,566	58,212
Taxes and levies, excluding Corporate Tax	34,929	62,958
Staffing expenses	741,066	759,728
Employee shares	315,902	66,744
Total administrative and operational expenses	**2,412,050**	**1,691,113**

Fees consist mainly of legal counsel, chartered accountants, and auditors' fees, up compared to the 1H21 given the Group's growth activity.

Study and research expenses show a decrease compared to the previous year; they are related to the development of new projects, particularly the project to expand AMM upgrading sites.

2.4. Staffing expenses

Salaries, plus the Group's social security contributions, amounted to €1,306K in 1H22 (compared to €1,029K in 1H21), due to the increase in personnel – from 21 to 24 – over the period.

Staffing expenses	31 December 2021	31 December 2020
	€	€
Gross wages	689,428	731,482
Social-security contributions	300,934	231,293
Cost for the employee shares awarded	315,902	66,744
Total Staffing expenses	**1,306,263**	**1,029,519**

The table includes the Company's executive directors with 12 employees at FDE and 12 at Gazonor.

2.5. Dotations nettes sur provisions

Net allocations to provisions	31 December 2021	31 December 2020
	€	€
Provisions for site restoration	(1,173,875)	
Provisions for litigations	4,050	(19,091)
Depreciation of inventories	718	3,339
Others	3,287	
Total net allocations to provisions	**(1,128,820)**	**(15,752)**

A net reversal on provision, for €1,129K, was recorded in 1H22, mainly related to the revaluation of the provision for site refurbishment at Gazonor, for an amount of €1,174K.

This provision was initially based on historical data at the time of the Group's acquisition of the company in 2016. An assessment was made by an independent party during the first-semester 2021, leading to an adjustment of assets and liabilities based on the results of this study.

2.6. Financial expenses

Financial expenses consist of:

Financial Result	31 December 2021	31 December 2020
	€	€
Financial products	10,158	324
Costs of gross financial debt	(1,267,903)	(344,700)
Other elements	(19,766)	(38,999)
Total financial result	**(1,277,511)**	**(383,375)**

The cost of financial debt consists of interest charges and commissions on Group financings; it rose over 1H21, following the rescheduling of the NEL shareholder loan (now repaid) and the new crowdfunding and green bond set up by, respectively, FalkenSun for €2.5M and LFDE International for €25M during the half-year, in order to support the Group's growth.

Other elements contain, notably, the accretion charge related to the provisions for site dismantlement and rehabilitation.

2.7. Current and deferred taxes

For 1H21, current tax expense corresponds to the tax estimated by the Group for this period's tax integration (€663K) and the minimum wealth tax payable by the subsidiary, LFDE International, located in Luxembourg, its amount being identical to that of the previous year.

No other current tax is payable by the other companies in the Group for this period. A tax integration was set up on 01 July 2018 with FDE as the lead tax-integration company, and including Gazonor, Gazonor Holding, EG Lorraine, EG NPC and Gazonor Béthune (since 01 July 2020).

Finally, no changes in tax rates occurred in 1H21, as the 2020 Law on Finances enacted in France had renewed the legislation existing in 2019, including the gradual reduction of tax rates to 25% to 01 January 2022.

The tax expense for this half-year and the previous comparable half-year breaks down as follows:

Tax expense	31 December 2021	31 December 2020
	€	€
Current tax for the year	667,448	4,815
Current tax	**667,448**	**4,815**
Change in deferred taxes	268,539	(172,983)
Deferred taxes	**268,539**	**(172,983)**
Total tax expense	**935,987**	**(168,168)**

Analysis of deferred taxes

Deferred taxes recognized on the Balance Sheet consist mainly of existing tax-loss carry-forwards and mining rights, similar to the previous period. A new deferred tax source concerns unrealized profits on internal operations.

Breakdown and source of deferred taxes on Balance Sheet	31 December 2021	30 June 2021
	€	€
Tax-loss carryforwards	1,363,264	1,643,205
Employee shares	39,085	35,746
Energy Saving Certificates	31,147	33,263
IFRS 16 – Lease contracts	4,486	8,917
Provision for pension commitments	10,274	8,383
Unrealized profit on internal operations	388,945	360,624
Deferred tax assets	**1,837,201**	**2,090,138**
Mining reserves	(6,045,690)	(6,081,269)
Large revisions provisions	(353,795)	(296,337)
Dismantling Belgium	(3,043)	(2,265)
Leasing	(10,200)	
Deferred tax liabilities	**(6,412,729)**	**(6,379,871)**
Total net deferred taxes on Balance Sheet	**(4,575,528)**	**(4,289,733)**

Deferred taxes on tax-loss carry-forwards were calculated at the level of each company or tax integration where applicable, based on the prospects of their individual recoverability. The reduction in this base comes from profits generated by Group companies and the use of these tax-loss carry-forwards.

As of 31 December 2021, deficits that did not give rise to the recognition of deferred tax assets represent €16.1M in carryforwards including €12,1M for the company located in Luxembourg, and €2.4M for Greenhill (Belgium).

The deferred tax liability initially recorded on mining reserves following the allocation of the purchase price by FDE of the LFDE International /Gazonor group is recognized annually at the same rate as the underlying amortization.

Reconciliation of the effective tax rate and the theoretical rate

The reconciliation between the theoretical tax rate (average rate in France of 26.5%) and the effective tax rate recorded in the consolidated Financial Statements is as follows:

Reconciliation of effective tax rate and theoretical rate	31 December 2021
	€
Consolidated Net Income	2,579,620
(Corporate tax)	935,987
Earnings before tax	**3,515,607**
French tax rate	26.50%
Theoretical tax expense	**(931,636)**
Deferred-tax assets not recognized for the year	(156,883)
Research Tax Credit	50,594
Gazonor Benelux deferred tax assets on investments	111,256
Others	(9,317)
Tax expense in Income Statement	**(935,987)**

3. NOTES APPENDED TO THE BALANCE SHEET

3.1. Exploration assets

As explained in the accounting rules and methods, expenses recorded as exploration assets in the consolidated Balance Sheet consist of all costs incurred in the prospecting and exploration drilling phases.

The increase in these exploration assets over the year is related mainly to the ongoing maintenance work carried out on the sites of the Lorraine Basin (Bleue Lorraine permit), notably at the Lachambre site.

As of 31 December 2021, the gross value of these exploration costs reached €44.9M, and €1.4M for site restoration costs

Changes in gross and net values between 30 June 2021 and 31 December 2021 are as follows:

Changes – Gross value	30 June 2021	Acquisitions	Sale	Other	31 December 2021
	€	€	€	€	€
Assets - Bleue Lorraine ELP	41,642,075	201,289			41,843,364
Assets - Other ELP	2,594,195	4,258			2,598,453
Assets - Anderlues ELP	528,381	0	0	(63,386)	464,995
Provision for restoration	1,385,770				1,385,770
Total – Gross value	**46,150,421**	**205,547**	**0**	**(63,386)**	**46,292,581**

Variations - Amortisation and impairment	30 June 2021	Provision for amortisation	Provision for impairment.	Draw-downs	31 December 2021
	€	€	€	€	€
Assets - Bleue Lorraine ELP	0				0
Assets - Other ELP	(597,940)	0	0		(597,940)
Provision for restoration	(6,189)	0	(33,815)		(40,005)
Total – Amortisation and impairment	**(604,130)**	**0**	**(33,815)**	**0**	**(637,945)**
Total – Net value	**45,546,291**	**205,547**	**(33,815)**	**(63,386)**	**45,654,636**

By exclusive exploration permit or concession, excluding provision for restoration, net exploration assets break down as follows:

Permits/concessions	*Status*	30 December 2021	30 June 2021
		€	€
Bleue Lorraine (i)	*Application for concession in progress*	41,843,364	41,642,075
Bleue Lorraine Sud (ii)	*Non-extension, contentious appeal*		
Bleue Lorraine Nord (iii)	*Explicit rejection - contentious appeal*		
La Grande Garde	*Explicit rejection - contentious appeal*		
Lons-le-Saulnier	*Rejection decree*		0
Gardanne	*Rejection decree*		0
La Folie de Paris (iv)	*Renewed until 07 August 2021*	2,000,513	1,996,255
Valenciennois	*Extended until 24 October 2022*		
Poissonnière	*Concession until 23 December 2042*		
Désirée	*Concession until 23 December 2043*		
Anderlues	*Concession until 2038*	464,995	551,316
Total – Exploration assets (net value)		**44,308,871**	**44,189,646**

(i) The third period of the exclusive research permit known as Bleue Lorraine expired on 30 November 2018, the date prior to which an application for a concession had to be made, under the risk of no longer being admissible otherwise. It is in this context that FDE made a concession application on 26 November 2018, registered by the services of the Ministry of Ecological and Solidarity Transition on 28 November 2018, in accordance with the provisions of the order of 28 July 1995, for a 21-year period of validity, i.e. until 01 January 2040.

As of this date, the file is still under consideration, it being understood that the authorities' failure to respond within years, i.e. by 11 June 2022, will be deemed a rejection.

(ii) The Bleue Lorraine Sud permit was the subject of an extension request in July 2016, which was rejected by ministerial decree on 29 December 2017. Considering that the date of this rejection was later than the legal deadline, FDE filed a contentious appeal on 10 September 2018 to obtain the extension of this permit. The contentious appeal was rejected by the Strasbourg Administrative Court on 22 July 2020; the Company did not appeal. A claim for compensation is still being finalized.

(iii) Following the execution of the Administrative Court of Paris's judgment of 25 October 2021 relating to the compensation appeal related to the faulty refusal of the State to grant the Bleue Lorraine Nord permit, the State will pay, in February 2022, an amount of €54,069.34, corresponding to the amount of the main sentence, the default interests, and one-time costs.

(iv) The exclusive exploration permit known as "La Folie de Paris" was the subject of a ministerial decree on 31 January 2018, extending it until 07 August 2021, for the benefit of Concorde Energie Paris (by decree of the Minister of Ecological and Solidarity Transition and the Minister of Economy and Finance). A request for an exceptional extension of the third period was deemed received by the authorities on 06 April 2021. The investigation is moving ahead and a response is expected by 27 September 2022. The EHPL remains valid while the request for an extension is being considered.

It should be noted that the Montaiguillon-1 drilling project was validated by Prefectural Decree on 15 December 2021.

In addition, during the half-year, the Group filed 9 compensation claims relating to applications for exclusive prospecting permits rejected in previous years, for a total amount of €1,313,695K in unearned revenues and a further €615K for costs incurred at a straight loss. No assets were recognised for these claims in the interim financial statements.

3.2. Mining rights

The mining rights recorded since the Group's acquisition of the LFDE International/Gazonor are subject to annual amortization at the production unit, by comparing the quantities of gas produced by the various sites of Gazonor to the quantities of reserves held at the beginning of the fiscal year.

Mining rights	31 December 2021	30 June 2021
	€	€
Hauts-de-France – Gross value	25,366,331	25,366,331
Hauts-de-France – Amort. and cumulative impairments	(1,181,824)	(1,047,562)
Anderlues – Gross Value	199,866	206,822
Anderlues – Amort. and cumulative impairments	(9,972)	(16,809)
Mining rights – net worth at closing	**24,374,401**	**24,508,782**

During the six months ended 31 December 2021, a depreciation of €134K was recorded, based on a half-year production of 1.71 BCF (billion cubic feet) for a volume of 2P reserves of 309.72 BCF at the beginning of the year.

These reserve quantities are based on the report from DMT taking into account the coefficient existing between the potential quantities of production of pure methane and those of mixed gas. The Group's Management also confirmed its ability to produce the reserves within the concessions duration.

At the Anderlues site, which was commissioned in late April 2019, the gross value of €200K corresponds to the matching assets of the dismantling provision as recorded and updated as of 31 December 2021, which assets are amortized at the production unit.

3.3. Other tangible assets

Changes – Gross value	30 June 2021	Acquisitions	Sale	Other	31 December 2021
	€	€	€	€	€
Land	140,945	87,753			228,698
Buildings	1,839,723	16,588			1,856,311
Plant and equipment	17,429,375	165,970	(450,285)	(1,525,716)	15,619,344
Other tangible assets	72,748	2,543	(21,956)		53,335
Asset under construction	3,979,610	5,320,855		(99,110)	9,201,355
Utilisation rights – IFRS 16	123,680				123,680
Total – gross value	**23,586,080**	**5,593,709**	**(472,241)**	**(1,624,826)**	**27,082,722**

Changes – Amortisation and impairment	30 June 2021	Provision for amortisation	Provision for impairment	Draw-downs	31 December 2021
	€	€	€	€	€
Land	0				0
Buildings	(270,180)	(63,378)			(333,558)
Plant and equipment	(3,300,655)	(689,592)		1,507,576	(2,482,671)
Other tangible assets	(98,108)	(4,004)		21,956	(80,156)
Asset under construction	0				0
Utilisation rights – IFRS 16	(123,680)				(123,680)
Total – Amortisation and impairment	**(3,792,623)**	**(756,974)**	**0**	**1,529,532**	**(3,020,065)**
Total – Net value	**19,793,458**				**24,062,658**

Acquisitions for the half-year mainly concern the following investments:

- In the Hauts-de-France region, the Group has committed over €1.1M in investments, still under construction, for the project to expand the Avion site with 2 additional cogeneration units;
- In the Grand-Est, FalkenSun has committed €2M in investments for its ground-based photovoltaic project;
- In Belgium, additional investments over the half-year, amounting to approximately €1.1M, were made for the development project (phase 2) at the Anderlues and Greenhill sites.

3.4. Trade receivables and other current assets

Trade receivables and other current assets	31 December 2021	30 June 2021
	€	€
Trade receivables and related accounts	3,208,446	1,391,136
Other current assets	3,949,686	4,148,165
Prepaid, staggered expenses	158,688	83,780
Total trade receivables and other current assets	**7,316,820**	**5,623,082**

As of 31 December 2021, the customer balance consists of the December invoices issued to customers Total Gas & Power, EDF Obligations d'Achats, EDF Luminus and Dalkia.

The other receivables mainly concern deductible VAT receivables as well as social and tax receivables.

3.5. Cash

Cash and cash equivalents - net	31 December 2021	30 June 2021
	€	€
Bank accounts	22,877,001	6,767,867
"Liquidity" portion of the liquidity agreement	202,362	72,083
Total net cash	**23,079,363**	**6,839,950**

3.6. Share capital and share premiums

As of 31 December 2021, the share capital of FDE stood at €5,172,813, and was divided into 5,172,813 ordinary shares with a par value of €1.00 each, fully paid up.

Over the six-month period, 8,843 new shares were issued following the final award of employee shares awarded to beneficiaries of the fourth plan implemented in 2019 by the Board of Directors as part of the delegation granted by the AGM on 29 November 2019. This capital increase was made by incorporating share premiums, after the Chairman has noted on 30 November 2021 the definitive award of employee shares to their beneficiaries.

No other transactions have taken place with respect to the share capital since 01 July 2021.

Share premiums amounting to €44,062K represent the difference between the total of the share premiums relating to the Group's initial public offering and conversion of the previously issued bonds, for a total premium of €45,374K, and the amount, net of tax, of the costs incurred by the Group at the time of the initial public offering, i.e. €1,204K, as well as the successive impacts of the award of employee shares plans, amounting to €108K.

3.7. Payments based on shares/employee shares

The AGM of FDE dated 23 March 2016 has authorised the Board of Directors to proceed with the award of up to 5% of the share capital in employee shares for the Group's employees and corporate officers, a delegation which was renewed by the AGM of 29 November 2019 under the same conditions. This distribution of employee shares must be carried out through a capital increase transaction by incorporating reserves or share premium reserves.

Following the opinion of the Appointment and Compensation Committee, a first plan was agreed to on 30 June 2016 and was finalised for 85,485 shares in November 2018 (out of 85,601 shares initially awarded to the beneficiaries).

The Board of Directors, on 30 June 2017, adopted the Regulations of the Plan implemented in 2016 and determined the initial beneficiaries of the second plan, for 5,231 shares, definitively awarded in December 2019.

The third plan, initiated on 9 July 2018, resulted in the definitive award of 8,080 shares for the year ended 30 June 2021. The fourth plan, initiated on 12 December 2019, resulted in the final award of 8,843 shares over the year.

Two other plans were initiated on 04 September 2020 and 27 July 2021, providing for the award of employee shares divided between the Group's employees and managers, summarised in the table below:

Employee share plans	Number of shares initially awarded	Number of shares as of 31 December 2021	Fair value (price)
4 September 2020	9,791	9,791	15.3
27 July 2021	49,795	49,795	22.5

All of these cumulative awards represent a total of about 3.3% of the capital, less than the cap set as part of the original authorisation.

These employee shares will be awarded definitively to the beneficiaries within two years of their initial award date, provided that these beneficiaries retain their function within the Group for that period, and that the other conditions set out in this employee-share award plan are met.

Under IFRS 2, benefits under this plan are accounted as staff costs.

As part of this shares plan for all employees and officers, the unit value of the shares is based on the share price on the award date, taking into account the evolution of the beneficiary workforce. The accounting of the corresponding charge is spread over the entire duration of the acquisition of the rights attached to these shares, from the date of the award, i.e. the date on which the beneficiaries are considered to have been fully informed.

The charge recorded for this half-year amounts to €315K, valued on the basis of share prices on the award date, compared to €66.7K in 1H21.

3.8. Borrowings and financial debts

The Group's borrowings and financial debts on 31 December 2021 are as follows, with the last three having been subscribed over the first semester of the year 2022:

Bond Loan – Gazonor Holding and CAP3 RI

A €3M bond loan taken out in January 2018 for the Gazonor subsidiary by CAP 3RI, an investment company dedicated to the Third Industrial Revolution in Hauts-de-France. This loan was obtained at Gazonor Holding's level with a maturity set at 31 December 2024. 6,383 convertible bonds were issued, with each holder having the option to exercise at any time, in whole or in part, a conversion right of 1 Gazonor Holding share for 1 bond.

A non-conversion premium is included in the bond contract, its amount being based on the consolidated Gross Operating Surplus and the consolidated net debt according to an agreed formula, with a minimum capitalised rate of 3% *per annum*.

Prêt Loan - Gazonor SAS and Landesbank SAAR / Bpifrance Financement

A bank loan of €6.4M obtained for Gazonor on 09 May 2018 jointly from Landesbank SAAR and Bpifrance Financement, with a maturity date of 02 April 2024 and a repayment schedule by quarterly instalments. Repayments which have to be made during the fiscal year ended 31 December 2022 are presented in the current financial debts.

The following specific terms are related to this bank loan:

- A reserve account of €725K represents a cash account blocked in the books of Landesbank SAAR and could be used for servicing the debt and is pledged in favour of the lenders until the loan's maturity. This account bears interest at the remunerative rate for the equivalent depots. As of 31 December 2021, this reserve account is listed in non-current financial assets.
- The Company Gazonor undertakes not to grant any credits, advances or loans in any form or of any nature whatsoever to any natural person or legal entity, except for:
    - Existing advances to Group members on the date when the loan contract was signed,
    - From current account or cash advances to other Members of the Group authorized by lenders.
    - Credits and payment periods granted to its co-contractors in the normal course of business and up to a maximum of €100K.

This loan comes with a financial ratio to be complied with, known as the DSCR ratio, for any 12-month period ending at the close of a fiscal year. This is a debt-service ratio, corresponding to the «cashflows generated/total debt service» ratio, which must remain above 1.3. As of 30 June 2021, the test for this ratio was satisfactory.

Bank Loan - Gazonor SAS and Bpifrance Financement

Loan taken by from Gazonor from Bpifrance Financement, dated 22 October 2019, for a nominal amount of €1.34M, intended to refinance costs incurred for the acquisition of the three Siemens-type electric motors installed at the Avion site. This loan has a maturity of 6 years, with monthly linear repayment, for a fixed interest rate of 1.5% *per annum*.

State-Guaranteed Loan – Gazonor SAS and LCL and Société Générale

In June 2020, as a result of the COVID-19 health crisis and the fall in gas and electricity prices in Belgium, Gazonor obtained a State-Guaranteed Loan for €1.6M to strengthen its cashflow, especially to assist in its future developments. This loan from LCL and Société Générale bears interest at a rate of 0.25% and has a lifespan of 12 months, with a depreciation option of up to 5 years.

On 20 May 2021 and 15 April 2021, amendments to the loans were signed with LCL and Société Générale, respectively, to extend the loan's maturity to five years, with repayments to begin after one full year.

Lease-Purchase Agreement - FDE and Finamur (LCL)

Lease-purchase agreement concluded on 21 October 2019 between FDE and Finamur by notarial deed, covering a total investment of €940K to build offices and warehouses in the Pontpierre/Faulquemont business area. Work was completed over the end of 2022, and the

Company took possession of the premises on 03 December 2020.

This lease provides for a maturity of 12 years, with the possibility for FDE to exercise its option earlier, after a 7-year rental period; the purchase option's price at contract's end is €94K.

Project Funding – Cellcius SAS and Caisse d'Epargne

A long-term loan was taken out by Cellcius from La Caisse d'Epargne et de Prévoyance Grand Est Europe on 15 December 2020, for a nominal amount of €1.3M, to refinance the costs incurred for the construction of the solar-thermal field in Creutzwald. This loan has a 20-year maturity with quarterly instalments from April 2021, at an interest rate of *Livret A* + 1% per annum, i.e. 1.5% as of 31 December 2021.

This loan comes with a financial ratio that must be met, with the delivery of a compliance certificate to be delivered with the annual Financial Statements: Debt Service Coverage Ratio, corresponding to the «cashflow available / debt service» ratio, to remain above 1.15.

Crowdfunding loan – Gazonor Béthune SAS

Crowdfunding loan of €5.5M subscribed by Gazonor Béthune SAS from 1,708 lenders, to finance part of the shareholders' equity mobilized by the Group for its project in Béthune. Nearly 40% of the funds raised come from the inhabitants of the Hauts-de-France Region, demonstrating once again the relevance of the short-circuit model promoted by FDE. Invested unitary tickets range from €100 to €500,000.

This fundraising, divided into two separate €2.25M campaigns, exceeded its initial target within 2 months. 55,000 bonds, with a nominal value of €100 each, were subscribed in February 2021.

This financing has a maturity of 4 years and a fixed interest rate of 4.75% per year. This loan is guaranteed by FDE for the duration of the financing.

Crowdfunding loan – EG NPC SAS

Crowdfunding loan of €3.3M subscribed by EG NPC SAS from 489 lenders and La Nef, an ethical banking cooperative that offers credit solutions oriented exclusively towards projects with social, ecological and/or cultural utility, for €1M, to finance its project to build two cogeneration units on the historic site of Avion.

33,000 bonds, with a nominal value of €100 each, were subscribed in June 2021.

This financing has a maturity of 5 years and a fixed interest rate of 4.75% per year. This loan is guaranteed by FDE for the duration of the financing.

Leasing – Gazonor Benelux and ING

Loan obtained by Gazonor Benelux from ING Equipment Lease Belgium, signed on 28 July 2021. This loan, for a nominal amount of €2.9M, relates to the refinancing of two cogeneration units at the Anderlues site, including all the intangible costs incurred, initially financed by Triodos Bank. The maturity of this loan is 8 years from 29 July 2021, through quarterly maturities, with a fixed interest rate of 1.6% per annum and a call option of 1% of the investment's amount.

In addition to the guarantees given by the Group and presented in Note 4.3 to this Annex, the following special conditions are attached specifically to this bank loan, a reserve account of 9 months' rent is constituted over 2 years for €269K, used as a reserve for debt service until full repayment of the loan.

This loan comes with a financial ratio that must be respected, the DSCR Ratio (debt service coverage ratio, corresponding to the "net cash flow / total debt service" ratio) should remain above 1.05.

A similar contract has been signed for a new €6.3M financial leasing with ING, to cover the investment needs of the Anderlues Phase 2 new three cogeneration units, not yet implemented as of 31 December 2021.

Crowdfunding loan – FalkenSun SAS

Crowdfunding loan of €2.5M raised by FalkenSun SAS from 889 lenders and La Nef to finance part of the equity capital mobilized by the Group for the construction of the Tritteling-Redlach photovoltaic power plant.

This collection closed on 09 August 2021 and as of 31 December 2021, 25,000 bonds, with a nominal value of €100 each, had been subscribed.

This financing has a 2-year maturity and a fixed interest rate of 4.75% per annum. This loan is guaranteed by FDE for the duration of the financing.

Green Bond – LFDE International SARL and EDRAM

A €40M bond issued on 15 September 2021 by Edmond de Rothschild Asset Management (UK) Limited (EDRAM) for LFDE International and the development of the Group's low-carbon energy portfolio in France and Belgium, including AMM and photovoltaics.

This loan has a maturity of 7 years (NC4) and consists of a €25M first tranche that has been made available, and an optional €15M second tranche. The interest rate is initially 6%, dropping to 5.5% when the Group reaches €15M in EBITDA.

This loan comes with financial ratios that must be respected by the production of a certificate of compliance with the annual and half-year financial statements:

- Consolidated DSCR ratio: debt service coverage ratio, corresponding to the "cash flow available for debt service / total debt service" ratio, which must remain above 1.05.
- Consolidated Net Debt Ratio: ratio corresponding to the "net debt of the borrowing Group / consolidated EBITDA" ratio, which must remain below 4.9 until 31 December 2025 and 4.2 thereafter.
- Interest Coverage Ratio: ratio corresponding to the "Consolidated EBITDA / Consolidated interest expense" total amount of the outstanding loan balance ratio, which must remain above 2.8.
- Group Loan-to-Value ratio: ratio corresponding to the "Group net debt / sum of consolidated equity and consolidated net debt" ratio, which must remain below 55%.

The first test date is set for 30 June 2022.

Taking these financings into consideration, the Group's current and non-current financial debt on 31 December 2021 breaks down as follows:

Current and non-current financial debts	31 December 2021	30 June 2021
	€	€
Bond loan	28,798,393	3,798,393
Bank credits	14,371,168	16,788,993
Shareholder loan (including commissions)	0	0
BPI Export advances	14,625	14,625
IFRS Lease-Purchase debt (simple and leasing)	3,281,037	830,189
Issuance commission	(1,253,234)	(623,043)
Non-current financial debts	**45,211,990**	**20,809,156**
Bond loan	0	0
Bank credits	3,188,327	3,286,376
Shareholder loan (including commissions)	0	2,975,442
Debt on factoring	311,946	384,455
IFRS Lease-Purchase debt (simple and leasing)	395,095	90,523
Issuance commission	(47,096)	(433,635)
Current financial debts	**3,848,272**	**6,303,162**
Total financial debt	**49,060,262**	**27,112,318**

Factoring debt corresponds to receivables assigned with recourse under the factoring contract and amounted to €312K as of 31 December 2021.

4. OTHER NOTES

4.1. Cashflow

The change in working capital requirements in 1H22 and 1H21 presented in the Cashflow Statement is as follows:

Change in WCR	31 December 2021	30 June 2021
	€	€
Inventories	42,651	(244,627)
Customer receivables	(1,817,310)	(442,769)
Supplier payables	(922,633)	1,549,765
Other operating assets (prepaid charges, spread costs)	(75,625)	48,658
Change in operating WCR	**(2,772,917)**	**911,026**
Other assets	(31,659)	(1,097,856)
Other liabilities	(3,020,163)	2,318,502
Change in WCR – other assets and liabilities	**(3,051,822)**	**1,220,646**
Change in global WCR	**(5,824,739)**	**2,131,672**

4.2. Lease contract commitments

Property lease agreements outside the scope of IFRS 16

FDE is engaged in lease agreements on land and parcels located in the Lorraine region, concluded with private owners for very long periods (maximum tenor: 2091), but with early termination clauses.

The corresponding commitments amount to €3,973K over the entire possible rental period, with no significant change compared to 30 June 2021 (€4,006K).

4.3. Other commitments

Commitments on financial debts

The current and non-current financial debts granted to the Group as of 31 December 2021 include the following commitments and guarantees:

Bank Credit – Landesbank SAAR and Bpifrance Financement (€6.4M):

- Pledge of tangible assets granted by Gazonor to guarantee the obligations of payment and repayment of any sum owed as part of the relevant financing. This pledge concerns the facilities and equipment mentioned in the financing contract, *i.e.* 6 Jenbacher JGC 420 GS heat and energy production units and 2 Aerzen (RKR) gas compression units.
- Personal and joint guarantee given by Gazonor Holding as security for any sum owed and due by Gazonor.
- Pledge on the reserve account amounting to €725K in favour of the lenders as a guarantee for the obligations of payment and repayment of any amount due.
- First-ranking mortgage deed in favour of the lenders for €50K in principal and €10K in fees and incidental costs on the lands of Gazonor (lands on which the four operating and gas-production sites, mine-gas processing and compression facilities are located).

Bank credit - Bpifrance Financement (1.34 M€):

- Non-possessory first-ranking pledge of tangible assets of the financed equipment, i.e. three electric motors, Siemens 1LA 690V 1500 TR/MIN, and electronic speed-variation system, Siemens G150 12pulses 690V, installed at the Avion site, by Gazonor in favour of Bpifrance.
- Joint guarantee by FDE for €1.34M for the term of the financing.
- Risk-participation agreement in the Bpifrance Financement guarantee for 40%, under the "Développement Cas/Cas 2019" national guarantee fund.

ING bank credit (€2.9M):

- Debt Service Reserve Account.
- Collateral security given to ING of all claims resulting from the operation of the project, i.e. – but without being limited to – the operating permit, the electricity and green-certificates sales contract, the service and maintenance contract, the insurance policies.
- Commitment to continue leasing FDE in the event of a default by Gazonor Benelux and at ING's first demand.

Leasing – Finamur:

- Pledge in favour of the lessor, Finamur, of the intangible elements resulting from the lease agreement and the benefit of the sale option as stipulated in the notarized contract. Through this collateral, Finamur will have all the rights, actions and privileges on the various elements of the lease as are conferred by law on the creditors benefitting from this pledge.

Bank credit La Caisse d'Epargne et de Prévoyance Grand Est Europe *(1.3 M€):*

- Mortgage from the emphyteutic lease of the land on which the project is built
- Non-possessory pledge on the plant's equipment and material
- Transfer of trade receivables (heat-supply agreement, service contract, insurance contract)
- Pledge of shareholders' financial securities accounts
- DSCRA pledge (3 months of debt service)
- Blocked shareholders current accounts for a sum of €700K.

EDRAM bond issuance (€25M):

- Securities over the dedicated bank accounts of LFDE International and financed companies (Gazonor Benelux, Greenhill, FalkenSun and EG NPC on 31 December 2021)
- Securities on shares of financed companies (Gazonor Benelux, Greenhill, FalkenSun and EG NPC on 31 December 2021)
- Security on dedicated intra-Group loans between LFDE International and financed companies (Gazonor Benelux, Greenhill, FalkenSun and EG NPC on 31 December 2021).

Financial commitments regarding permits

The following table describes the Group's financial commitments related to three major permits currently held by the Group, with the relevant investments and exploration expenses recorded as of 31 December 2021:

Exclusive Exploration Permits Commitments	Initial financial commitments	Investments made	Residual commitments
	€	€	€
Bleue Lorraine	7,700,000	41,843,364	*none*
Bleue Lorraine Sud	7,250,000	303,573	6,946,427
La Folie de Paris	5,400,000	2,000,513	3,399,487

Each exploration permit granted to the Group includes financial commitments in terms of exploration expenses to be incurred during the term of the permit, which will be amongst the key elements in any possible renewal by the State. Furthermore, it is important to note that the expenses recognised in the Bleue Lorraine ELP also concern the studies on well architectures, the quality and strength of drilling equipment and tools, and the characteristics of Lorraine coals which may be appropriate for the Bleue Lorraine Sud ELP.

The Bleue Lorraine permit was the subject of a concession application in November 2018 while the La Folie de Paris permit had been renewed until 07 August 2021, an exceptional-extension application having been filed, consideration of which is moving ahead, with a response expected by 27 September 2022.

4.4. Commitments to purchase tangible assets

The amount of commitments on 31 December 2021 on firm orders (in particular for future Group developments) is €5,221K, excluding taxes.

4.5. Related parties

As part of its activities, the FDE Group was engaged in a number of transactions with persons or entities considered to be related parties for the first half of the year ended 31 December 2021. The amounts arising from these transactions and recognised in the consolidated Financial Statements are presented below, as well as the various significant relationships that occurred during this semester.

Transactions with related parties	31 December 2021
	€
Services - NextGen Energy Limited	95,100
Services - charge	**95,100**
Interest on NextGen Energy Limited loan	8,334
Interest on shareholder loan	3,989
Interest expenses	**12,323**

Relationships with related parties

(i) Since 01 July 2016, a service-providing contract has been in place between LFDE International and NEL, the personal holding company of the Chairman of FDE, to cover the promotion of the Company's activities, particularly with European Union authorities, and the search for external growth and financing transactions. In return for these services, LFDE International pays NEL a monthly fee of €15.9K excl. taxes and a charge of €95.1K was recorded during this semester.

(ii) An amendment to the shareholder loan initially held by Deltec Bank and Trust was concluded on 30 September 2020 and 29 October 2020, extending the maturities from 30 June 2021 to 31 December 2021. In addition, following the withdrawal from the Company's capital, Deltec Bank and Trust transferred this shareholder loan to another FDE shareholder, NEL, and so notified the Company of the transfer on 12 November 2020. This loan had been fully repaid as of 31 December 2021.

(iii) Another shareholder of FDE granted a shareholder loan of €325K for one year on 13 November 2020. This loan had been fully repaid as of 31 December 2021.

The total remuneration of the Group's major senior executives is presented below, including the €95.1K paid to NEL.

Compensation for major senior executives	31 December 2021	31 December 2020
NextGen Contract	95,100	77,500
J. Moulin Compensation	29,294	46,099
A. Forcinal Compensation	141,061	167,830
TOTAL	**265,454**	**291,430**

Attendance fees recorded for the participation of members of the Compensation and Audit Committees, as well as the Board of Directors, amounted to €17.5K for the six months ended 31 December 2021.

4.6. Liquidity risk, asset and liability maturities

The exposure of the FDE Group to the liquidity risk can be assessed on the one hand by the ratio of its current assets to its current liabilities and on the other hand in relation to its financial debt of less than one year, net of cash and cash equivalents.

The Executive Management of FDE regularly reviews its financing options in order to ensure that the Group is protected as a going concern, especially in view of its asset and liability maturities.

Paragraph "B/ Going-concern principle», of Note 1.2 of this Annex to the consolidated Financial Statements indicates the various items which demonstrate this going-concern principle on the date of preparation of the Group's Financial Statements for this 2021 semester.

The table below shows the Group's financial asset and liability maturities as of 31 December 2021 and 30 June 2021:

Asset and liability maturities - 31 December 2021	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets		1,328,062	243,084	1,571,146
Trade receivables	3,208,446			3,208,446
Other receivables, including prepayments	4,108,374			4,108,374
Cash and cash equivalents	23,079,363			23,079,363
Financial debts (excluding amortised expenses)	(3,848,272)	(18,343,213)	(26,868,777)	(49,060,262)
Trade payables	(7,701,120)			(7,701,120)
Other liabilities	(3,559,965)	(284,125)		(3,844,090)
Net amounts by maturity - 31 December 2021	**15,286,825**	**(17,299,276)**	**(26,625,693)**	**(28,638,144)**

Asset and liability maturities - 30 June 2021	Up to 1 year	1 to 5 years old	Over 5 years	Total
	€	€	€	€
Non-current financial assets	0	1,625,361	207,615	1,832,976
Trade receivables	1,391,136			1,391,136
Other receivables, including prepayments	4,231,946			4,231,946
Cash and cash equivalents	6,981,209			6,981,209
Financial debts	(6,303,162)	(19,264,934)	(1,544,222)	(27,112,318)
Trade payables	(7,704,936)			(7,704,936)
Other liabilities	(5,692,220)	(509,401)		(6,201,621)
Net amounts by maturity - 30 June 2021	**(7,096,027)**	**(18,148,974)**	**(1,336,607)**	**(26,581,608)**

The amount of supplier debts on 31 December 2021 includes in particular a disputed amount of €2,465K to Entrepose Drilling.

4.7. Disputes and legal proceedings in progress

As of the date of preparation of the consolidated Financial Statements for the fiscal year ended 31 December 2021, the Group is involved in various disputes and court cases.

(i) A dispute between FDE and the company Entrepose Drilling S.A.S. concerns drilling and other services invoiced by the latter for the Lachambre drilling campaign. The Company considers that the deficiencies in the drilling equipment used by Entrepose Drilling failed to meet the objectives set for this drilling and that these deficiencies delayed the Company's drilling campaign, causing it a major prejudice which justifies the suspension of the payment of the last invoices for this drilling. Entrepose Drilling disputes the Company's position and has initiated summary proceedings to obtain payment of these invoices as well as compensation for termination of the contract signed with FDE. The total amount demanded was €3,041K, excluding taxes. The Company disputed this fact, blaming the contract's termination on Entrepose Drilling itself. On 08 September 2017, the Commercial Court of Paris, ruling in summary proceedings, ordered La Française de L'Énergie to pay Entrepose Drilling the sum of €984K, excluding taxes; decision carried out.

Entrepose Drilling has initiated a dispute on the merits before the Commercial Court of Paris for the invoices the payment of which was rejected by the Tribunal’s summary ruling, concerning a balance of invoices of €2,067K, excluding taxes. The Company, for its part, filed a counterclaim for compensation for damages due to deficiencies in the drilling services provided by Entrepose Drilling and the abusive termination by the latter of the contract binding it to FDE. In this context, the summary conclusions were filed with the Commercial Court of Paris on 21 February 2019 by FDE, based on a report by Mr Pierre Gié, the Company requesting an amount of €6,337K as well as the return of the amounts already paid under the original contract (i.e. €1,184K paid in execution of the summary ruling of 08 September 2017 and €1,381K paid in settlement invoices as part of the resolved contract).

Entrepose Drilling’s liability insurer, HDI Global SE, challenged the findings of FDE, partly through an expert report by the Erget firm. In December 2019, FDE had third-party notice served on Entrepose Group, the parent company of Entrepose Drilling. Entrepose Drilling suggested an amicable agreement; FDE made a counterproposal, but these discussions did not result in any agreement. The matter was argued in court on 03 June 2021.

The Commercial Court of Paris rendered its decision on 01 October, 2021, partially granting the claims of Entrepose Drilling (which claimed €2.1M excluding taxes) and ordering FDE to pay €865K (plus interest at the legal rate since May 2018) with provisional enforcement of the judgment.

As of 31 December 2021, FDE paid Entrepose Drilling €567K of the €946K corresponding to the amount of the sentence, while contesting the total statement of €1.1M claimed by Entrepose Drilling, which includes VAT – wrongly, according to FDE. A hearing was held on 15 January 2022 before the Enforcement Judge of the Metz Commercial Court to rule on this application and on the amount of the penalty payments claimed by Entrepose Drilling.

FDE has appealed the judgments rendered on 01 October 2021 before the Paris Court of Appeal; the procedure is ongoing, and Entrepose Drilling (now called Arverne Drilling) must produce its findings. In proceedings before the President Judge of the Paris Court of Appeal, FDE obtained from Arverne Drilling’s former shareholder, Entrepose Group, a guarantee of reimbursement of the sums paid by FDE under the judgment of first instance should FDE wins its appeal and Arverne Drilling default on this reimbursement.

(ii) There is a dispute with Compagnie Financière de Saint Roch, which demanded in 2017 an additional payment of €300,000 for services provided as part of FDE’s June 2016 IPO, which the latter disputes. That demand was rejected by FDE in so far as all the sums provided for in the contract binding it to Compagnie Financière de Saint Roch had already been paid, in accordance with the terms of that contract.

On 05 October 2017, Compagnie Financière de Saint Roch nevertheless initiated substantive proceedings against FDE before the Paris Commercial Court, now claiming €620,000 in principal for the services it refers to, as well as €600,000 for loss of opportunity from various investments and €50,000 for the damage to image and moral damage it has suffered. FDE rejects all these claims as being totally unfounded contractually, and has filed a €50,000 counter-claim for compensation for abusive proceedings.

Following a judgment rendered by the Commercial Court of Paris on 22 February 2019, all claims by Compagnie Financière de Saint Roch were dismissed. The company appealed this judgment on 04 April 2019.

In a decision dated 15 June 2020, the Paris Court of Appeal upheld the first judgment and dismissed all the Compagnie de Saint Roch's claims, condemning it to pay FDE the sum of €5,500 under Article 700 of the Code of Civil Procedure.

Compagnie Financière de Saint Roch has filed an appeal in cassation on 26 March 2021, and the proceedings are ongoing before the Court of Cassation.

(iii) A labour-related dispute is pending at Gazonor, and all risks to the Group have been properly assessed and recorded in the Financial Statements for the year ended 30 June 2019. By judgment of 18 September 2018, Lens's Labour Court considered that the dismissal was founded, but not on a serious fault, reclassified as dismissal for real and serious cause.

The plaintiff appealed this decision; the parties exchanged findings and replies, the plaintiff's last ones having been filed in July 2019 and the Company's sent on 19 October 2020.

On 17 December 2021, the Douai Court of Appeal confirmed the judgment of the Labour Court as it downsized certain claims of the plaintiff. FDE decided not to appeal and paid the balance of €52,076 including interest.

(iv) Since mid-2019, Gazonor as a FDE subsidiary, has been subject to significant restrictions on its injections of abandoned mine methane into GRTgaz's gas-conveyance network. Despite discussions on these difficulties with GRTgaz and a letter of formal notice dated 16 September 2019, these injection limitations have continued.

Gazonor initiated dispute-settlement proceedings before the CoRDiS against GRTgaz through a referral dated 15 March 2021. Gazonor considers that GRTgaz's conduct, consisting in restricting the injection of abandoned mine methane into the gas-conveyance network, constitutes a serious obstacle to its right to access effectively said conveyance network, as provided for by law. Therefore, it asked the CoRDiS to order GRTgaz to propose an amendment to the contract concluded with Gazonor, in order to guarantee the permanent opening of the mine-gas mixer with a minimum setpoint, with penalties in the event of breach of this obligation, and to provide information on the monthly injectable volumes of abandoned mine methane into the network, to permit anticipating injection fluctuations.

GRTgaz essentially disputes that those injection limitations, which it justifies by its operating constraints and by a gas-conversion plan imposed by the public authorities, constitute an infringement of Gazonor's right of effective access to the network.

CoRDiS issued a decision, dated 04 November 2021, rejecting Gazonor's request to guarantee the permanent opening of the AMM mixer while partially granting Gazonor's request for information by requiring GRTgaz to provide estimates of the monthly injectable volumes of AMM into the network.

Gazonor appealed this decision on 08 December 2021 and lodged its full statement of pleas in law on 07 January 2022. A procedural meeting is scheduled for 29 March 2022 to define the timetable for the proceedings and to organise their further continuation.

Gazonor also sued GRTgaz before the Nanterre Commercial Court, through a deed dated 22 March 2021. Gazonor considers that GRTgaz's conduct in restricting injections of abandoned mine methane into the gas-conveyance network and refusing to transmit certain information qualifies as breaches of the obligations of the injection contract concluded between the parties.

In its latest findings, regularized on 16 February 2022, Gazonor asks the Nanterre

Commercial Court to order GRTgaz to pay a total sum of €2,310,000, as compensation for the damage directly related to these contractual breaches, as well as the sum of €100,000 under Article 700 of the Code of Civil Procedure.

GRTgaz denies having breached its contractual obligations and concluded that Gazonor's claims should be rejected; it also asked the Court to order the latter to pay a sum of €75,000 under Article 700 of the Code of Civil Procedure.

The appeal procedure against a decision of CoRDiS before the Paris Court of Appeal and before the Nanterre Commercial Court generally takes from 12 to 18 months.

4.8. Sectoral information

The sectoral financial information is presented according to principles which are identical to internal reporting, based on the indicators related to exploration costs, production and EBITDA by operational sector. On this basis, the Group's business activity is grouped into three operational sectors, each of which is characterised by a different model in terms of gas exploitation and development. Operational sectors as of 31 December 2021 are as follows:

- Extraction and exploitation of coal seam gas (CSG) (Moselle – Grand-Est): exploration, certification of coal seam gas reserves and recovery of this gas for local consumption.
- Extraction and exploitation of abandoned mine methane (AMM) (Pas-de-Calais – Hauts-de-France/Anderlues – Belgium): capture of gas from mines and selling into gas, electricity or heat.
- Exploitation and development of solar energy (Grand Est): installation and operation of a solar-thermal power plant (Cellcius) and a photovoltaic field (Falkensun).

The following tables present, by sector, information on revenue and on the main exploration assets and production concessions owned by the Group as of 31 December 2021 and 30 June 2021. The operating income and EBITDA indicators are not subjected to a sectoral analysis by the Group's General Management.

As of 31 December 2021	CSG	AMM	Solar	Other sectors	Consolidated Total
	€	€	€	€	€
Revenues		9,039,160	63,705		9,102,865
Goodwill		47,848			47,848
Mining rights		24,374,401			24,374,401
Tangible and intangible assets, but excluding abandonment	42,767,254	18,272,994	3,974,234	2,000,513	67,014,994
Investment flows	205,963	2,885,489	2,068,528		5,159,980

As of 30 June 2021	CSG	AMM	Solar	Other sectors	Consolidated Total
	€	€	€	€	€
Revenues		10,159,860	76,213		10,236,073
Goodwill		47,848			47,848
Mining rights		24,508,782			24,508,782
Tangible and intangible assets, but excluding abandonment	42,581,287	17,211,667	1,895,996	1,996,255	63,685,205
Investment flows	490,429	8,314,556	1,603,820		10,408,805

Investment flows take into account the leasing operations at FDE (CSG).

By geographical area, the sector outside France involves only Belgium as of 31 December 2021. For the half-year, this area has a turnover of €817K and tangible investments worth €1,087K against €963K and €3,014K respectively for the year ended 30 June 2021.

4.9. Post-closing events

The Enforcement Judge (JEX) rendered his decision on 04 March 2022 and retained the amount of Arverne Drilling's claim, i.e. the total sum of €946K, which FDE has now settled. JEX did not grant Arverne Drilling's claim for payment of the sum of €440,000 in periodic penalty payments, and FDE was ordered to pay the sum of €78,000 with interest at the legal rate from the date of judgment.

4.10. Scope of consolidation

Consolidated companies - 31 December 2021	*Country*	Control %	Interest %
La Française de l'Energie S.A.	*France*	Parent company	Parent company
Concorde Energy Inc.	*United-States*	100%	100%
Concorde Energie Paris S.A.R.L.	*France*	100%	100%
EG Lorraine S.A.S.	*France*	100%	100%
Cellcius S.A.S.	*France*	100%	51%
FalkenSun S.A.S.	*France*	100%	75%
LFDE International S.A.R.L.	*Luxembourg*	100%	100%
Gazonor Holding S.A.S.	*France*	100%	100%
Gazonor S.A.S.	*France*	100%	100%
Gazonor Béthune S.A.S.	*France*	100%	100%
EG NPC S.A.S.	*France*	100%	100%
Gazonor Benelux S.A.	*Belgium*	100%	100%
Greenhill S.A.	*Belgium*	100%	100%

As mentioned in Note 1.1 of this Appendix, the consolidation scope did not change over this half-year compared to 30 June 2021.

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

LA FRANCAISE DE L'ENERGIE
Avenue du district
57380 PONTPIERRE

Période du 1er juillet 2021 au 31 décembre 2021
Le 31 mars 2022

BDO Paris

Société d'Expertise Comptable inscrite au Tableau de l'Ordre de la région Paris-Ile-de-France

Société de Commissariat aux comptes inscrite sur la liste nationale des Commissaires aux comptes, rattachée à la CRCC de Paris

RCS Paris B 480 307 131 00056 – Code APE 6920Z

SARL au capital de 60 000 euros – TVA intracommunautaire FR82480307131

MAZARS

Société anonyme d'expertise comptable et de commissariat aux comptes

Société inscrite sur la liste nationale des commissaires aux comptes, rattachée a la CRCC de Colmar

RCS Strasbourg 348 600 990

Capital de 400 000 euros

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale, et en application de l'article L. 451-1-2 III du code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés condensés de la société LA FRANCAISE DE L'ENERGIE, relatifs à la période du 1er juillet 2021 au 31 décembre 2021, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'examen limité des comptes semestriels consolidés condensés. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre de nos travaux.

Ces comptes semestriels consolidés condensés ont été établis sous la responsabilité du Conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I - Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France.

Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Les comptes semestriels consolidés condensés au 31 décembre 2021 ne tiennent pas compte de la prise de contrôle d'une entité significative qui n'a pas été intégrée dans le périmètre de consolidation. Les titres et la dette d'acquisition associée n'ont pas non plus été comptabilisés. Au jour de l'émission du présent rapport, cette acquisition fait l'objet d'un contentieux.

Sur la base de notre examen limité et en raison des faits exposés ci-dessus, nous sommes d'avis que les comptes semestriels consolidés condenses ne sont pas conformes à la norme IAS 34, norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

II - Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés condensés sur lesquels a porté notre examen limité.

Leur sincérité et leur concordance avec les comptes semestriels consolidés condensés appellent de notre part les mêmes constatations que celles formulées ci-dessus.

Fait à Paris et Strasbourg, le 31 mars 2022,

BDO Paris
Représenté par Sébastien HAAS
Associé

MAZARS
Représenté par Laurence Fournier
Associée

STATEMENT FROM THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to my knowledge, the consolidated Financial Statements condensed for the past six months have been drawn up in accordance with the applicable accounting standards and give a true picture of the Company's assets, of the financial position and results of the Company and of all the companies included in the consolidation, and that the attached half-year business report provides an accurate picture of the major events which occurred during the first six months of the fiscal year, of their impact on the accounts, of the main transactions between related parties, and that it details the main risks and main uncertainties for the remaining six months of the fiscal year.

Pontpierre, March 31st 2022

Julien MOULIN
Chairman

FDE

Local energy,
positive impact

Limited company with a share capital of €5,172,813

Headquarters: Avenue du District, 57380 Pontpierre

501 152 193 RCS Metz