This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

TotalEnergies Capital Canada

Period from January 1 to June 30, 2023

TotalEnergies SE's statutory auditor's report on the review of TotalEnergies Capital Canada's half yearly financial statements

ERNST & YOUNG Audit

ERNST & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense cedex

Tél. : +33 (0) 1 46 93 60 00
www.ey.com/fr

TotalEnergies Capital Canada

Period from January 1 to June 30, 2023

TotalEnergies SE's statutory auditor's report on the review of TotalEnergies Capital Canada's half yearly financial statements

To the Chairman and Chief Executive Officer,

At your request and in our capacity as statutory auditor of TotalEnergies SE, we have reviewed the accompanying half-yearly financial statements (the "Financial Information") of TotalEnergies Capital Canada for the period from January 1 to June 30, 2023 prepared in the context of the financial information published for your note program.

Management is responsible for the preparation and presentation of this Financial Information in accordance with IAS 34 – Standard of the IFRS as adopted by the European Union related to interim financial information. Our responsibility is to express a conclusion on this Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of interim Financial Information performed by the independent auditor of the entity*. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Financial Information is not prepared, in all material respects, in accordance with IAS 34 – Standard of the IFRS as adopted by the European Union related to interim financial information.

This report is addressed to the Chairman and Chief Executive Officer of the company within the context described above and may not be used, circulated, quoted for any other purpose. If you would like this review report to be distributed to third parties for a purpose other than that for which it is intended, you will need to request our prior approval in writing. We will then determine the terms and conditions for its distribution. We assume or take no responsibility towards the third parties to whom this report is distributed or made available.

S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Société de Commissaires aux Comptes
Société d'expertise comptable inscrite au Tableau
de l'Ordre de la Région Paris - Ile-de-France

Siège social : 1-2, place des Saisons - 92400 Courbevoie - Paris-La Défense 1

This report is governed by French law. The courts of France shall have exclusive jurisdiction in relation to any claim or dispute concerning the engagement letter or this report, or any related matter. Each party irrevocably waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Paris-La Défense, August 17, 2023

The Statutory Auditor
ERNST & YOUNG Audit

Laurent Vitse

Interim Financial Statements of

TOTALENERGIES CAPITAL CANADA LTD.

For the six-month periods ended June 30, 2023 and 2022

(Unaudited)

TOTALENERGIES CAPITAL CANADA LTD.

Statements of Financial Position
(Thousands of U.S. dollars)
(Unaudited)

	As at June 30, 2023	As at December 31, 2022
Assets		
Current assets		
Cash	1,161	1,079
Related party loans receivable (note 4)	5,845,829	7,491
Interest receivable on related party loans receivable	32,081	31,568
Fair value of derivatives (notes 8 and 9)	–	2,127
	5,879,071	42,265
Non-current assets		
Related party loans receivable (note 4)	–	9,479,328
Fair value of derivatives (notes 8 and 9)	161,047	158,128
Deferred tax asset (note 12)	–	3
	6,040,118	9,679,724
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued liabilities	1,394	898
Related party loans payable (note 4)	32,081	33,695
Fair value of derivatives (notes 8 and 9)	1,218	7,491
Debt (note 5)	3,733,775	7,335,165
	3,768,468	7,377,249
Non-current liabilities		
Fair value of derivatives (notes 8 and 9)	479,172	543,128
Related party loans payable (note 4)	161,047	158,128
Deferred tax liability (note 12)	1	–
Debt (note 5)	1,629,900	1,599,900
Shareholder's equity		
Share capital (note 6)	50	50
Retained earnings	1,480	1,269
	1,530	1,319
	6,040,118	9,679,724

Nature of operations and economic dependence (note 1)
See accompanying notes to financial statements.

TOTALENERGIES CAPITAL CANADA LTD.

Statements of Income and Comprehensive Income
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

	2023	2022
Finance income (note 7)	291,660	88,743
Finance expense (note 7)	(291,445)	(88,709)
Net finance income before income tax recovery	215	34
Income tax expense		
Deferred	4	8
Net income and comprehensive income	211	26

See accompanying notes to financial statements.

TOTALENERGIES CAPITAL CANADA LTD.

Statements of Changes in Shareholder's Equity
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

2023	Opening balance	Net income	Closing balance
Share capital	50	–	50
Retained earnings	1,269	211	1,480
Total shareholder's equity	1,319	211	1,530

2022	Opening balance	Net income	Closing balance
Share capital	50	–	50
Retained earnings	1,284	26	1,310
Total shareholder's equity	1,334	26	1,360

See accompanying notes to financial statements.

TOTALENERGIES CAPITAL CANADA LTD.

Statements of Cash Flows
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

	2023	2022
Cash provided by (used in)		
Operating		
Net income (loss)	211	26
Items not involving cash:		
Deferred income tax expense	3	8
Change in fair value of derivatives (note 7)	(71,021)	1,325
	(70,807)	1,359
Net change in non-cash working capital (note 11)	71,517	(1,228)
Cash provided by operating activities	710	131
Financing		
Repayment of medium term notes	–	(1,294,450)
Net proceeds (repayments) of commercial paper	(3,601,483)	754,675
Cash (used) by financing activities	(3,601,483)	(539,775)
Investing		
Advance in related party loans receivable	3,600,855	539,509
Change in cash	82	(135)
Cash, beginning of period	1,079	1,156
Cash, end of the period	1,161	1,021

See accompanying notes to financial statements.

1. Nature of operations and economic dependence

TotalEnergies Capital Canada Ltd. ("TECCL" or the "Company") was incorporated on April 9, 2007 under the Business Corporations Act (Alberta). TECCL is a wholly-owned subsidiary of TotalEnergies S.E. TECCL issues debt securities and commercial paper. TECCL lends substantially all proceeds of its borrowings to TotalEnergies EP Canada Ltd. ("TEEPC"), which is also ultimately owned by TotalEnergies S.E., and has Canadian oil and gas operations.

The related party loans receivable from TEEPC corresponding to the debt are expected to be repaid within the next 12 months and as a result they are classified as a current asset. The debt is both current and non-current in nature and as a result, TECCL has a working capital surplus of $2.1 billion at June 30, 2023. The ultimate recoverability of the related party loans receivable from TEEPC is dependent upon TEEPC successfully developing its oil sands reserves and realizing positive cash flows from its operations as well as receiving the continued support of TotalEnergies S.E. TotalEnergies S.E. has fully and unconditionally guaranteed the debt securities issued by TECCL as to payment of principal, premium, if any, interest and any other amounts due.

The Company's registered office is located at 1200, 255 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 3G6.

2. Basis of presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board including International Accounting Standard 34 *Interim Financial Reporting*.

The financial statements were authorized for issue by the Board of Directors on August 17, 2023.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value with changes in fair value recorded in profit or loss.

The methods used to measure fair values are discussed in note 9.

(c) Functional and presentation currency

The financial statements are presented in U.S. dollars, which is the functional currency of the Company.

2. Basis of presentation (continued)

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The most significant area of estimation uncertainty and critical judgments in applying accounting policies in the financial statements relate to the fair value of the derivative contracts described in notes 8 and 9.

(e) Interest rates

As part of the interest rate benchmark transition reform, TotalEnergies set up a working group to cover all aspects related to the IBOR reform and its impacts, including those for TECCL.

As of June 30, 2023, the transition to IBOR indices had no notable impact on the financial instruments managed by TECCL, the main USD LIBOR maturities, including the 3-month USD LIBOR, continuing to be published until June 2023. All derivatives held by TECCL will be impacted by the interest rate benchmark transition reform.

3. Significant accounting policies

(a) Foreign currency translation

Transactions in foreign currencies are translated to U.S. dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the period end exchange rate. Foreign currency differences arising on translation are recognized in profit or loss.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash, interest receivable, related party loans receivable and payable, accounts payable and accrued liabilities and debt. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any loss allowance.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

(ii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures (see note 8). The Company does not apply hedge accounting but enters into derivative contracts to hedge its economic exposure. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss.

(iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(c) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3. Significant accounting policies (continued)

(d) Finance income and expenses

Finance income comprises interest income on related party loans receivable, management fee from related party, gain on derivatives, other financial income which is comprised of the offset of the losses on derivatives and foreign exchange, and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, finance fees, loss on derivatives, other financial expense which is comprised of the offset of the gains on derivatives and foreign exchange, and foreign exchange losses. Interest expense is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses, reported under finance income and expenses, are reported on a net basis.

4. Related party loans

Current related party loans receivable are primarily comprised of U.S. dollar loans obtained by the Company and lent to TEEPC for use in its business. The related party receivable from TEEPC corresponding to the debt are expected to be repaid within the next 12 months and as a result they are classified as a current asset. TECCL charges TEEPC interest at the market rate applicable to TECCL for the corresponding interest period, which is equivalent to the rate incurred on its outstanding debt as described in note 5. All finance expenses incurred by the Company related to these activities are recovered from TEEPC.

Current and non-current related party loans receivable (payable) are also the corresponding offset to the fair value of the derivatives contracts entered into by the Company that are in a(n) liability (asset) position as at the reporting date.

Current related party loans payable includes interest payable of $32,081 (December 31, 2022 - $33,695) to TotalEnergies Capital, a wholly owned subsidiary of TotalEnergies S.E.

(Thousands of U.S. dollars)

5. Debt

The Company is registered to issue commercial paper and medium term notes and is a borrower on revolving credit lines.

(a) Summary of debt outstanding

The following table summarizes the book value of the debt outstanding:

	June 30, 2023	December 31, 2022
Commercial paper	2,733,775	6,335,258
Medium term notes	2,629,900	2,599,807
Total	5,363,675	8,935,065

The following table summarizes the book value of the current portion of the debt outstanding:

	June 30, 2023	December 31, 2022
Commercial paper	2,733,775	6,335,258
Medium term notes	1,000,000	999,907
Total	3,733,775	7,335,165

(b) Commercial paper

The Company is an issuer under TotalEnergies S.E.'s $17 billion U.S. commercial paper program. The commercial papers are issued at a discount and the Company receives the proceeds net of interest costs. The debt is accreted to its face value using the effective interest rate method with the interest expense recognized over the term of the commercial paper. The repayment terms are determined at the time of issuance; however they cannot be longer than 364 days. TotalEnergies S.E. has fully and unconditionally guaranteed the commercial paper issued as to payment of principal, premium, if any, interest and any other amounts due.

(Thousands of U.S. dollars)

5. Debt (continued)

(b) Commercial paper (continued)

The book value of the commercial paper at June 30, 2023 is as follows:

Expiry	Currency	Face value	Book value (USD)
Due July 3, 2023 at 5.16%	USD	45,000	44,987
Due July 3, 2023 at 5.08%	USD	100,000	99,972
Due July 3, 2023 at 5.07%	USD	62,000	61,983
Due July 5, 2023 at 5.18%	USD	109,500	109,437
Due July 5, 2023 at 5.18%	USD	100,000	99,942
Due July 5, 2023 at 5.08%	USD	276,000	275,842
Due July 5, 2023 at 5.08%	USD	86,300	86,251
Due July 5, 2023 at 5.07%	USD	106,000	105,940
Due July 5, 2023 at 5.07%	USD	315,000	314,823
Due July 6, 2023 at 5.14%	USD	50,000	49,964
Due July 6, 2023 at 5.07%	USD	134,250	134,155
Due July 6, 2023 at 5.07%	USD	71,500	71,450
Due July 7, 2023 at 5.17%	USD	109,500	109,406
Due July 7, 2023 at 5.08%	USD	109,500	109,407
Due July 7, 2023 at 5.07%	USD	150,000	149,873
Due July 11, 2023 at 5.17%	USD	30,000	29,957
Due July 11, 2023 at 5.08%	USD	35,000	34,951
Due July 12, 2023 at 5.17%	USD	200,000	199,684
Due July 14, 2023 at 5.17%	USD	13,300	13,275
Due July 17, 2023 at 5.17%	USD	166,000	165,619
Due July 18, 2023 at 5.17%	USD	24,200	24,141
Due July 21, 2023 at 5.17%	USD	110,000	109,684
Due July 21, 2023 at 5.17%	USD	43,000	42,876
Due July 27, 2023 at 5.17%	USD	159,500	158,904
Due July 27, 2023 at 5.17%	USD	91,750	91,407
Due July 28, 2023 at 5.17%	USD	40,000	39,845
			2,733,775

(Thousands of U.S. dollars)

5. Debt (continued)

(b) Commercial paper (continued)

The book value of the commercial paper at December 31, 2022 is as follows:

Expiry	Currency	Face value	Book value (USD)
Due January 3, 2023 at 4.30%	USD	45,000	44,989
Due January 3, 2023 at 4.30%	USD	13,000	12,997
Due January 3, 2023 at 4.30%	USD	238,700	238,643
Due January 3, 2023 at 4.31%	USD	321,130	321,052
Due January 3, 2023 at 4.32%	USD	390,200	390,105
Due January 4, 2023 at 4.32%	USD	140,000	139,950
Due January 4, 2023 at 4.35%	USD	267,200	267,103
Due January 4, 2023 at 4.35%	USD	93,500	93,466
Due January 4, 2023 at 4.35%	USD	294,700	294,593
Due January 4, 2023 at 4.34%	USD	300,000	299,892
Due January 5, 2023 at 4.35%	USD	296,000	295,857
Due January 6, 2023 at 4.34%	USD	108,000	107,935
Due January 9, 2023 at 4.33%	USD	100,000	99,904
Due January 9, 2023 at 4.35%	USD	198,000	197,809
Due January 9, 2023 at 4.35%	USD	100,000	99,903
Due January 9, 2023 at 4.35%	USD	45,000	44,957
Due January 9, 2023 at 4.35%	USD	175,000	174,831
Due January 10, 2023 at 4.35%	USD	26,000	25,972
Due January 10, 2023 at 4.35%	USD	300,000	299,674
Due January 11, 2023 at 4.33%	USD	30,000	29,964
Due January 11, 2023 at 4.35%	USD	187,800	187,573
Due January 12, 2023 at 4.33%	USD	23,000	22,970
Due January 12, 2023 at 4.36%	USD	100,000	99,867
Due January 13, 2023 at 4.36%	USD	264,900	264,515
Due January 13, 2023 at 4.36%	USD	26,970	26,931
Due January 13, 2023 at 4.36%	USD	97,500	97,358
Due January 13, 2023 at 4.36%	USD	101,400	101,253
Due January 13, 2023 at 4.35%	USD	30,000	29,957
Due January 17, 2023 at 4.36%	USD	108,000	107,791
Due January 17, 2023 at 4.36%	USD	481,000	480,067
Due January 17, 2023 at 4.36%	USD	113,450	113,230
Due January 18, 2023 at 4.36%	USD	93,800	93,607
Due January 18, 2023 at 4.36%	USD	362,250	361,503
Due January 18, 2023 at 4.36%	USD	50,000	49,897
Due January 18, 2023 at 4.36%	USD	141,000	140,710
Due January 20, 2023 at 4.37%	USD	275,000	274,366
Due January 20, 2023 at 4.37%	USD	243,000	242,440
Due January 20, 2023 at 4.36%	USD	162,000	161,627
			6,335,258

(Thousands of U.S. dollars)

5. Debt (continued)

(c) Medium term notes

TECCL issues notes under TotalEnergies S.E.'s €40 billion Euro Medium Term Note Program, the $13.85 billion U.S. Medium Term Note Program and the $2 billion Australian Medium Term Note Program. Interest is charged at a fixed or floating rate determined at the time of issuance. The repayment terms of the notes are determined at the time of issuance. TotalEnergies S.E. has fully and unconditionally guaranteed the medium term notes issued as to payment of principal, premium, if any, interest and any other amounts due.

The book value of the medium term notes at June 30, 2023 is as follows:

Expiry	Notional value	Currency	Book value (USD)
July 15, 2023	1,000,000	USD	1,000,000
September 18, 2029	1,500,000	EUR	1,629,900
			2,629,900

The book value of the medium term notes at December 31, 2022 is as follows:

Expiry	Notional value	Currency	Book value (USD)
July 15, 2023	1,000,000	USD	999,907
September 18, 2029	1,500,000	EUR	1,599,900
			2,599,807

There were no medium term note issuances or repayments for the six month period ended June 30, 2023. The remaining change in book value of the medium term notes from December 31, 2022 to June 30, 2023 is due to the foreign exchange translation of $30,000 (note 7) (December 31, 2022 – foreign exchange translation of $62,850) and amortization of debt issue costs of $93 (December 31, 2022 - $186).

6. Share capital

The Company is authorized to issue an unlimited number of common shares, and as of June 30, 2023 and December 31, 2022, has 50,000 issued and outstanding common shares at $1.00 each. All of the shares are held by TotalEnergies S.E..

(Thousands of U.S. dollars)

7. Finance income and finance expense

(a) Finance income

	Six months ended June 30, 2023	Six months ended June 30, 2022
Income on related party loans	188,168	66,390
Management fee with related party	344	28
Gain on derivatives	73,148	–
Other financial income	30,000	22,325
	291,660	88,743

(b) Finance expense

	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest on borrowings	188,168	66,243
Finance fees	129	141
Other financial expense	73,148	–
Loss on derivatives	–	1,325
Foreign exchange loss	30,000	21,000
	291,445	88,709

8. Financial risk management and financial instruments overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The following disclosure presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the management of capital.

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(a) Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's related party loans and the forward foreign exchange and interest rate swap contracts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at June 30, 2023 was $6,040,118 (December 31, 2022 - $9,679,721).

Carrying amount	June 30, 2023	December 31, 2022
Cash	1,161	1,079
Interest receivable on related party loans	32,081	31,568
Fair value of derivatives	161,047	160,255
Related party loans receivable	5,845,829	9,486,819
Total	6,040,118	9,679,721

All of the Company's income and the majority of its receivables are from TEEPC. The Company's exposure to credit risk is influenced mainly by the characteristics of TEEPC as a borrower. However, management also considers the default risk of the industry and country in which the borrower operates, as these factors may have an influence on credit risk. The ultimate recoverability of the related party loans receivable from TEEPC is dependent upon TEEPC successfully developing its oil sands reserves and realizing positive cash flows from its operations as well as receiving the continued support of TotalEnergies S.E..

The operating model of TECCL consists in perfectly matching the assets and liabilities, therefore the FX and IR sensitivity analysis is not significant.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(a) Liquidity risk (continued)

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company's debts are unconditionally guaranteed by TotalEnergies S.E..

The global outbreak of COVID-19 has resulted in increased uncertainty and continues to have a significant impact on the global economy. This economic uncertainty may lead to adverse changes in cash flows, working capital and debt balance, which may also have a direct impact on the Company's operating results and financial position. In February 2022, Russia invaded Ukraine, resulting in Countries implementing sanctions against Russia. This has put additional pressure on commodity prices and is contributing to the already high inflation.

These and other factors may adversely affect the Company's liquidity and the Company's ability to generate cash flows in the future.

The following are the remaining contractual maturities of financial liabilities at June 30, 2023. The amounts are gross and undiscounted, and include estimated interest payments.

	Carrying amount	Contractual cash flows	Less than one year	Greater than one year
Derivative and Non-derivative financial liabilities:				
Debt (notional value excluding interest)	5,363,675	5,678,950	3,737,300	1,941,650
Interest differential on swaps	–	169,043	24,002	145,041
Related party loans payable	193,128	193,128	32,081	161,047
Accounts payable and accrued liabilities	1,394	1,394	1,394	–
	5,558,197	6,042,515	3,794,777	2,247,738

Also included in debt are the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes which are not usually closed out prior to contractual maturity.

The interest payments on variable rate commercial papers and medium term notes in the above table reflect current market interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates and exchange rates change. Except for those financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors of the Company. The Company does not apply hedge accounting but enters into derivative contracts to hedge its economic exposure.

(i) Currency risk

Currency risk is the risk that the future cash flows will fluctuate as a result of changes in exchange rates. The Company manages its exposure to foreign exchange fluctuations on its non-U.S. dollar denominated medium term notes by entering into cross-currency interest rate swaps with TotalEnergies Capital (see interest rate risk section below for the notional value details). Gains or losses on the cross-currency and interest rate swaps are flowed through to TEEPC, so that the Company's exposure to foreign currency exchange risk is insignificant.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the medium term notes fluctuates with the interest rates posted by the lenders. Any change in interest rates resulting in changes to interest expense is flowed through to TEEPC. The Company uses long-term interest rate swaps, along with the aforementioned currency swaps, to manage the associated risk.

At June 30, 2023, the Company had the following cross currency and interest rate swap contracts related to the outstanding medium term notes:

Expiry	Notional value	Currency	Notional value (USD)	Swap rate	Fair value (USD)
July 15, 2023	250,000	USD	250,000	LIBOR+81.250bp	(1,218)
July 15, 2023	250,000	USD	250,000	3.4070%	–
September 18, 2029	500,000	EUR	647,200	3.3645%	(108,232)
September 18, 2029	500,000	EUR	647,400	3.1925%	(102,132)
September 18, 2029	500,000	EUR	647,050	3.3555%	(107,761)
					(319,343)

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

At December 31, 2022, the Company had the following cross currency and interest rate swap contracts related to the outstanding medium term notes:

Expiry	Notional value	Currency	Notional value (USD)	Swap rate	Fair value (USD)
July 15, 2023	250,000	USD	250,000	LIBOR+81.250bp	(7,491)
July 15, 2023	250,000	USD	250,000	3.4070%	2,127
September 18, 2029	500,000	EUR	647,200	3.3645%	(130,690)
September 18, 2029	500,000	EUR	647,400	3.1925%	(124,117)
September 18, 2029	500,000	EUR	647,050	3.3555%	(130,193)
					(390,364)

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash, interest receivable, accounts payable and accrued liabilities and debt

The fair value of cash, interest receivable, accounts payable and accrued liabilities and commercial paper is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2023, the fair value of these balances approximated their carrying value due to their short term to maturity.

The fair value of the medium term notes has been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at June 30, 2023 (level 2 fair value).

(Thousands of U.S. dollars)

9. Determination of fair values (continued)

The fair value of the medium term notes at June 30, 2023 is as follows:

Expiry	Notional value	Currency	Fair value (USD)
July 15, 2023	1,000,000	USD	1,000,000
September 18, 2029	1,500,000	EUR	1,629,900
			2,629,900

(b) Cross currency and interest rate swap contracts

The fair value of cross currency and interest rate swap contracts are determined by discounting the difference between the contracted prices and published forward price curves as at the reporting date. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations that incorporate various inputs, including foreign exchange spot and forward rates.

The following table summarizes the fair value of the derivatives:

	June 30, 2023	December 31, 2022
Current asset	–	2,127
Non-current asset	161,047	158,128
Current liability	(1,218)	(7,491)
Non-current liability	(479,172)	(543,128)
	(319,343)	(390,364)

Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The fair value of the foreign exchange and interest rate swaps were determined using level 2 fair value measurements.

Level 3 fair value measurements are based on unobservable information.

(Thousands of U.S. dollars)

10. Capital management

The Company's objective is to obtain debt financing from the capital markets and to provide the financing obtained to TEEPC by way of related party loans receivable. The Company considers its capital structure to include working capital, debt and shareholder's equity. The Company's shareholder's equity is not subject to external restrictions and the Company has not paid or declared any dividends since incorporation. There are no financial covenants in the Company's debt agreements.

11. Supplemental cash flow information

	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest receivable on related party loans	(513)	(64)
Accounts payable and accrued liabilities	496	97
Interest payable on related party loans	(1,614)	64
Change in related party loans related to fair value of derivatives:		
Current asset	6,273	149,996
Non-current asset	63,956	(205,771)
Non-current liability	2,919	54,450
Net change in non-cash working capital	71,517	(1,228)

12. Other commitments and contingencies

The Company, in the normal course of operations, may be subject to various audits by various taxation authorities, including the Canada Revenue Agency ("CRA"). The Company believes that it has appropriately recognized tax assets and liabilities based on the Company's interpretation of relevant tax legislation. Should the CRA initiate a challenge in respect of certain tax filing positions taken by the Company, the Company will update its disclosure and financial statements accordingly.