Suez S.A. consolidated financial statements for the fiscal year ended December 31, 2022

1. Consolidated financial statements

1. Consolidated statement of financial position

(in millions of euros)	Note	December 31, 2022	December 31, 2021
Non-current assets			
Goodwill	9	5,198.6	-
Intangible assets	10	3,133.8	-
Property, plant and equipment	11	2,074.4	-
Rights of use	15	536.6	-
Non-current financial assets at fair value through P&L / Non-recyclable equity	13	72.2	-
Non-current loans and receivables carried at amortized cost	13	215.4	-
Non current derivative financial instruments	13	11.2	-
Investments in joint ventures	12.1	620.7	-
Investments in associates	12.2	1,980.2	-
Non-current contracts assets	5.1.3	50.5	-
Non-current other assets		13.6	-
Deferred tax assets	8	353.8	16.1
Total non-current assets		**14,261.0**	**16.1**
Current assets			
Current loans and receivables carried at amortized cost	13	235.0	-
Current derivative financial instruments	13	58.9	-
Trade and other receivables	13	2,841.1	-
Inventories		261.9	-
Current contracts assets	5.1.3	275.3	-
Current taxes assets		76.5	-
Current other assets [(a)]		791.5	30.3
Cash and cash equivalents	13	1,766.2	-
Total current assets		**6,306.4**	**30.3**
Assets relating to discontinued operations		**46.4**	**-**
Total assets		**20,613.8**	46.4
Shareholders' equity, Group share		6,188.6	(46.3)
Non-controlling interests	17	417.0	-
Total shareholders' equity		**6,605.6**	**(46.3)**
Non-current liabilities			
Non-currrent provisions	18	1,047.3	-
Long-term borrowings	12	5,700.5	-
Non-currrent lease liabilities	13-15	404.1	-
Non-currrent derivative financial instruments	13	16.6	-
Other financial liabilities	13	3.0	-
Non-currrent contracts liabilities	5.1.3	94.3	-
Non-currrent other liabilities		55.7	-
Deferred tax liabilities	8	738.9	-
Total non-current liabilities		**8,060.4**	**-**
Current liabilities			
Current provisions	18	119.3	-
Short-term borrowings	13	118.1	-
Current lease liabilities	13-15	144.5	-
Current derivative financial instruments	13	20.8	-
Trade and other payables	13	2,434.7	92.7
Current contracts liabilities	5.1.3	538.7	-
Current taxes payables		103.8	-
Current other liabilities [(b)]		2,467.9	-
Total current liabilities		**5,947.8**	**92.7**
Liabilities directly associated with assets relating to discontinued operations		**-**	**-**
Total shareholders' equity and liabilities		**20,613.8**	46.4

(a) Includes, among others, EUR 439 million in tax receivables and operating taxes and EUR 101 million in social receivables.

(b) Includes, among others, EUR 843 million of debt of public authorities taken over by the private operator in certain concession contracts, EUR 735 million of social debts and EUR 442 million of tax and operating tax debts.

2. Consolidated income statement

(in millions of euros)	Note	December 31, 2022	December 31, 2021
Revenues	5.1	6 843,9	-
Purchases		(1 931,9)	-
Personnel costs		(1 787,7)	-
Depreciation, amortization and provisions		(577,6)	-
Other operating expenses		(2 584,5)	-
Other operating income		149,3	-
Current operating income	5	**111,5**	**-**
Impairment on property, plant and equipment, intangible and financial assets		(19,9)	-
Restructuring costs		(95,1)	(21,3)
Scope effects		(42,3)	-
Other gains and losses on disposals and non-recurring items		(10,3)	-
Income from operating activities	6	**(56,1)**	**(21,3)**
Share in net income of equity-accounted companies considered as core business		137,8	-
of which: share in net income (loss) of joint ventures	*12.1*	*46,3*	-
of which: share in net income (loss) of associates	*12.2*	*91,5*	-
Income from operating activities after share in net income of equity-accounted companies considered as core business		**81,7**	**(21,3)**
Financial expenses		(119,9)	-
Financial income		41,5	-
Net financial income (loss)	**7**	**(78,4)**	**-**
Income tax expense	8	3,4	5,5
Net income		**6,7**	**(15,8)**
Net income, Group share		(23,2)	(15,8)
Net income, non-controlling interests		*29,9*	-

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

The income statement as at December 31, 2022 includes the contribution of business combinations completed during the year (see Notes 2 and 3) from their date of takeover, i.e. 11 months of activity for the New Suez (including impacts of the purchase price allocation), 3 months of activity for the Enviroserv group and 1 month of activity for IWS and Suez R&R UK.

The income statement as at December 31, 2021 corresponds solely to the Suez S.A. entity, the entity intended to host the acquisitions.

3. Consolidated statement of comprehensive income

(in millions of euros)	December 31, 2022	December 31, 2022 of which Group share	December 31, 2022 of which non controlling interests	December 31, 2021	December 31, 2021 of which Group share	December 31, 2021 of which non controlling interests
Net income	**6,7**	**(23,2)**	**29,9**	**(15,8)**	**(15,8)**	**-**
Cash flow hedges (excluding commodities) [(a)]	266,7	265,8	0,9			
Commodity cash-flow hedges	1,4	1,4	-			
Deferred taxes on items above	(66,2)	(66,0)	(0,2)			
Translation adjustments [(b)]	(154,0)	(149,4)	(4,6)			
Total reclassifiable items	**47,9**	**51,8**	**(3,9)**	**-**	**-**	**-**
Of which share of joint ventures in reclassifiable items, net of taxes	(25,8)	(25,8)	-	-	-	-
Of which share of associates in reclassifiable items, net of taxes	(18,3)	(18,3)	-	-	-	-
Actuarial gains and losses	58,0	57,7	0,3			
Deferred taxes on actuarial gains and losses	(14,2)	(14,2)	-			
Equity instrument	(7,9)	(7,9)	-			
Deferred taxes on equity instrument	-	-	-			
Total non-reclassifiable items	**35,9**	**35,6**	**0,3**	**-**	**-**	**-**
Of which share of joint ventures in non-reclassifiable items, net of taxes	-	-	-	-	-	-
Of which share of associates in non-reclassifiable items, net of taxes	1,1	1,1	-	-	-	-
Other comprehensive income	**83,8**	**87,4**	**(3,6)**	**-**	**-**	**-**
Comprehensive income	**90,5**	**64,2**	**26,3**	**(15,8)**	**(15,8)**	**-**

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

(a) In connection with the acquisition of the waste treatment activities in the United Kingdom (see Note 2.1.4), the Group used deferred interest rate hedging instruments. A portion of these hedging instruments was unwound during bond issues in 2022. A realized gain of EUR 281.2 million recorded in equity is recycled into profit or loss over the life of the underlying bonds (see Note 14.3.3)

(b) Of the total EUR (154.0) million, EUR (75.9) million is related to the change in the yuan and EUR (49.7) million is related to the change in the British pound.

4. Statement of changes in consolidated shareholders’ equity

(in millions of euros)	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Shareholders' equity, Group share	Non-controlling interests	Total
Shareholders’ equity at September 30, 2021	**3 700 000**			**(30,5)**			**(30,5)**	**-**	**(30,5)**
Net income				(15,8)			(15,8)		(15,8)
Other comprehensive income				-			-		-
Comprehensive income				**(15,8)**			**(15,8)**	**-**	**(15,8)**
Shareholders’ equity at December 31, 2021	**3 700 000**			**(46,3)**			**(46,3)**	**-**	**(46,3)**
Net income				(23,2)			(23,2)	29,9	6,7
Other comprehensive income				35,6	201,2	(149,4)	87,4	(3,6)	83,8
Comprehensive income				**12,4**	**201,2**	**(149,4)**	**64,2**	**26,3**	**90,5**
Dividends distributed in cash approved							-	(72,5)	(72,5)
Capital increase of January 28, 2022 [(a)]	3 824 172 273	38,2	3 785,9				3 824,1		3 824,1
Capital increase of November 29, 2022 [(b)]	1 618 085 205	16,2	1 601,9				1 618,1		1 618,1
Capital increase of December 1, 2022 [(b)]	731 914 788	7,3	724,6				731,9		731,9
Capital increase of December 2, 2022 [(c)]							-		-
Issuance of ordinary shares	43 167 219	0,5	42,7				43,2		43,2
Issuance of free preference shares	51 800 662	0,5	(0,5)				-		-
Employee share ownership (reclassification as debt instruments)	(94 967 881)	(1,0)	(42,2)				(43,2)		(43,2)
Capital increase / (decrease) in non controlling interests				-			-	33,6	33,6
Business combination							-	430,3	430,3
Transactions between shareholders				(2,0)			(2,0)	3,6	1,6
Other changes				(1,4)			(1,4)	(4,3)	(5,7)
Shareholders’ equity at December 31, 2022	**6 177 872 266**	**61,7**	**6 112,4**	**(37,3)**	**201,2**	**(149,4)**	**6 188,6**	**417,0**	**6 605,6**

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

(a) A capital increase of EUR 3,824.2 million and borrowings of EUR 4,450.0 million (see Consolidated statement of cash flows) were used in particular to finance the acquisition of the New Suez (see Note 2.1.1).

(b) In connection with the IWS entities and Suez R&R UK, (see Consolidated statement of cash flows and Notes 2.1.3 and 2.1.4) and for the purpose of financing these operations, two capital increases were carried out on November 29 and December 1st, 2022.

(c) On December 2, 2022, as part of the "Go Suez Reinvest" employee share ownership plan described in note 20.2, the following was carried out:

- a capital increase with share premium for a total amount of EUR 43.2 million
- an issue and free allocation of 1.2 preference shares per subscribed ordinary share.

Common and preference shares issued under this plan are considered debt instruments.

5. Consolidated statement of cash flows

(in millions of euros)	Note	December 31, 2022	December 31, 2021
Net income		**6.7**	**(15.8)**
Depreciation, amortization and provisions		573.0	-
Dividends received from joint ventures and associates		121.1	-
Share in net income (loss) of joint ventures	12.1	(46.3)	-
Share in net income (loss) of associates	12.2	(91.5)	-
Financial income	7	78.4	-
Scope effects, other gains and losses on disposal		26.0	-
Other items with no cash impact		(0.2)	-
Lease contracts impact		(0.8)	-
Income tax expense	8	(3.4)	(5.5)
Cash flows from operations before financial income/(expense) and income tax		**662.9**	**(21.3)**
Tax paid including withholding tax on royalties		(151.0)	-
Change in working capital requirements		**51.5**	**21.3**
Cash flows from operating activities		**563.4**	**-**
Takeover of subsidiaries net of cash and cash equivalents acquired [(a)]	3.4	(8,854.4)	-
Acquisitions of interests in associates and joint-ventures	3.4	(29.4)	-
Acquisitions of equity instrument	3.4	(53.3)	-
Disposals of equity instruments		1.7	-
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold		4.1	-
Disposals of interests in associates and joint-ventures			-
Investments in property, plant and equipment and intangible assets		(325.2)	-
Disposals of property, plant and equipment and intangible assets		42.3	-
Other interest on financial assets, net		(1.1)	-
Dividends received on non-current financial assets		1.3	-
Change in loans and financial receivables		(62.7)	-
Cash flows from investing activities		**(9,276.7)**	**-**
Capital increase/ reduction of the parent company [(b)]		6,174.2	-
Employee stock option plan		43.2	-
Capital increase/ reduction of non controlling interests		34.1	-
Dividends paid to non-controlling interests		(40.3)	-
Increase in loans and financial debt [(b)]	13.2.1	7,875.5	-
Repayment of lease liabilities	15	(140.4)	-
Repayment of borrowings and financial debts [(c)]	13.2.1	(3,755.2)	-
Change in financial assets at fair value through income		0.1	-
Financial interest on lease liabilities	15	1.0	-
Other financial interest paid		(13.7)	-
Financial interest received		5.9	-
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives [(d)]		280.1	-
Cash flows from financing activities		**10,464.4**	**-**
Impact of changes in exchange rates and other		15.0	-
Total cash flows for the period		**1,766.2**	**-**
Opening cash and cash equivalents		**-**	**-**
Closing cash and cash equivalents		**1,766.2**	**-**

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

(a) The purchase price of the New Suez as at January 31, 2022, net of cash acquired and the impact of the price adjustment allocated to the securities, amounted to EUR 6,859.7 million. During the last quarter, Suez acquired IWS and Suez R&R UK for net cash acquired of respectively EUR 430.8 million and EUR 1,845.2 million.

(b) A capital increase of EUR 3,824.2 million and borrowings of EUR 4,450.0 million were used in particular to finance the acquisition of the New Suez (see Note 2.1.1). During the last quarter, the group acquired the entities of the hazardous waste business France as well as the waste business in the United Kingdom, financed by loans for EUR 2,223.8 million.

(c) As at February 1, 2022, Suez S.A. reimbursed Veolia EUR 748.3 million corresponding to the refinancing of acquired activities.

(d) This amount corresponds to EUR 281.5 million in cash received following the unwinding of pre-hedge hedges put in place to hedge against changes in bond rates.

Cash flow from financing activities amounted to EUR 10,464.4 million as at December 31, 2022.

This is mainly due to:

- a capital increase at Suez S.A. of EUR 6,174.2 million in cash capital
- a capital increase linked to the "GO Suez Reinvest formula" employee shareholding plan at Suez S.A. for EUR 43.2 million euros
- EUR 40.3 million corresponding to dividends paid to minority shareholders by other entities of the Group
- EUR 4,300.0 million from bond issues (see Note 13.2.1)
- EUR 2,250.0 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 31/01/2023
- EUR 2,060.8 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 31/01/2023
- EUR 1,200.0 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 05/12/2025
- the early repayment on 24/05/2022 of the EUR 2,250.0 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 31/01/2023
- the early repayment on 24/05/2022 of EUR 326.6 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 31/01/2025
- the early repayment on 03/11/2022 of EUR 1,734.2 million of floating-rate bank loan indexed to EURIBOR 3 months maturing on 31/01/2025
- the repayment to Veolia of EUR 748.3 million of internal financing operations in the new Suez Group
- a change in bank overdrafts of EUR (802.6) million
- the repayment in 2022 of lease debt for EUR 140.4 million
- balances received on the unwinding of interest rate hedging instruments an amount of EUR 281.5 million euros.

2. Notes to the Consolidated Financial Statements

Note 1 Basis of presentation, principles and accounting policies

1.1 Group presentation

Suez S.A. (formerly Sonate Bidco S.A.) was created on July 15, 2021 to allow the acquisition, from Veolia, of a set of activities of the former Suez group following the completion on January 18, 2022 of Veolia's takeover bid, the takeover of this perimeter having occurred on January 31, 2022 (see Note 2.1). It is wholly owned by Suez Holding S.A.S. (formerly Sonate Topco S.A.S.) created on June 4, 2021 as part of the acquisition of the Suez activities sold by Veolia and owned by GIP (40%), Meridiam (40%) and the Caisse des Dépôts Group (20%).

As at December 31, 2022, the Group is thus composed of Suez S.A. and all subsidiaries and interests held by the latter following the various business combinations carried out during the 2022 financial year, as presented in Note 2.

The activities of the new Group are mainly structured around:

- Municipal water (Water France) and waste Recycling and recovery (R&R France) in France;
- Water activities in the following geographies: Italy (including participation in Acea), Czech Republic, Africa, Central Asia, India, China, Australia, and Global Digital and Environmental (SES) activities;
- Two hazardous waste incinerators in mainland China: Shanghai Industrial Park and Suzhou Industrial Park;
- Waste activities in the United Kingdom, as well as hazardous waste activities in France and South Africa, following acquisitions made in the fourth quarter of 2022 (see Note 2.1).

1.2 Basis of consolidated financial statements preparation

The Group's consolidated financial statements as at December 31, 2022 correspond to the first consolidated financial statements of Suez S.A., following the acquisition, on January 31, 2022, of the Suez activities sold by Veolia. The comparative figures as at December 31, 2021 correspond to Suez S.A.'s accounts for its last financial year covering the period from October 1, 2021 to December 31, 2021.

The consolidated financial statements have been prepared in accordance with the historical cost convention, with the exception of assets and liabilities acquired in business combinations that are recognised in accordance with IFRS 3, and financial instruments that are recognised in accordance with the treatment of different classes of financial assets and liabilities as defined by IFRS 9.

The Group's consolidated financial statements as at December 31, 2022 are presented in millions of euros and rounded to the nearest hundred thousand euros. They were approved by the Board of Directors of Suez S.A. on April 19, 2023 and will be submitted for approval to the next General Meeting scheduled for June 15, 2023.

1.3 Accounting standards

Pursuant to European Commission Regulation (EC) 809/2004 on Prospectus dated April 29, 2004, the financial information concerning the assets, liabilities, financial position, and profit and loss of Suez have been provided for the last two fiscal years ended December 31, 2021 and 2022, and was prepared in accordance with European Regulation (EC) 1606-2002 of July 19, 2002 relating to the application of international accounting standards (IFRS). The Group's Consolidated Financial Statements for the year ended December 31, 2022 were prepared in accordance with IFRS as issued by the IASB and endorsed by the European Union.

1.3.1 IFRS standards and amendments applicable after 2022 and not anticipated

Standards, amendments and interpretations issued by the IASB and adopted by the EU

- IFRS 17 and related amendments – Insurance contracts
- Amendment to IAS 1 – Disclosure of accounting policies
- Amendment to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities acquired through a single transaction

The analysis of the possible impact of these amendments is ongoing.

Standards, amendments and interpretations issued by the IASB and not yet adopted by the EU

- Amendment to IAS 1 – Classification of current/non-current liabilities
- Amendment to IFRS 16 – Lease liability in respect of a sale-leaseback transaction
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and an associate or joint venture
- Amendments to IAS 1 – Non-current debts with covenants

The analysis of the potential impact of these amendments is in progress.

1.4 Use of judgment and estimates

The Group is maintaining its risk monitoring procedures for operational assets and financial instruments in the present economic and financial environment. Since it is causing considerable market volatility, this environment is factored in to the Group's estimates and business plans as well as the various discount rates it uses to test value and calculate provisions.

1.4.1 Estimates

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions to determine the value of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date, as well as the revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Group in preparing the Consolidated Financial Statements relate mainly to:

- the measurement of the fair value of assets acquired and liabilities assumed in a business combination (see Note 2.1)
- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see Note 1.4.1.2)
- the measurement of provisions, particularly for provision for litigation and for pensions and other employee benefits (see Notes 1.4.1.3 et 1.4.1.4)
- the measurement of unmetered revenue (see Note 1.4.1.6)
- the measurement of margin at termination relating to construction contracts (see Note 1.4.1.7)
- the measurement of replacement liabilities (see Note 1.4.1.5)
- the measurement of capitalized tax loss carry-forward (see Note 1.4.1.8).

1.4.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The fair value of the assets acquired, and liabilities assumed is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows as well as the discount rate to apply. The values used reflect management's best estimates.

1.4.1.2 Recoverable amount of goodwill, property, plant and equipment and intangible assets (see Notes 9, 10 and 11)

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets and the discount rate to apply. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment losses to be booked.

1.4.1.3 Estimates of provisions (see Note 18)

Parameters with a significant influence on the amount of provisions include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

To the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Furthermore, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.4.1.4 Pensions and other employee benefit obligations (see Note 19)

Pension obligations are measured on the basis of actuarial calculations. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any change in these assumptions may have a material impact on the resulting calculations.

1.4.1.5 Capital renewal and replacement liabilities (see Note 5.1.3)

This item includes concession operators' liabilities for renewing and replacing equipment and for restoring sites. The liabilities are determined by estimating the cost of renewing or replacing equipment and restoring the sites under concession (as defined by IFRIC 12), discounted each year at rates linked to inflation. The related expense is calculated on a contract-by-contract basis with probable capital renewal and site restoration costs allocated over the life of each contract.

1.4.1.6 Water revenues realized and not read, called "in meter" (see Notes 4.2.1 et 5.1.1)

Revenues generated from customers whose consumption is metered during the accounting period are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. The Group has developed measuring and modelling tools that allow it to estimate revenues with satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the resulting revenues can be considered as not material. This estimated unmetered revenue is mainly due to the Water operating segment.

1.4.1.7 Margin at termination relating to construction contracts (see Note 5.1.3)

The determination of total expected revenue and costs at termination involves significant estimates related to technical solutions, duration of project and contractual issues.

Management reassesses those estimates for the preparation of Consolidated Financial Statements on a quarterly basis or more frequently if required by significant new developments in the course of the projects. Any significant change in expected revenue or expected costs implies an immediate adjustment of the margin already recognised for the portion of the project already performed and impacts future margin for works still to be performed (See Note 1.5.12.3).

1.4.1.8 Measurement of capitalized tax loss carry-forwards (see Note 8)

Deferred tax assets are recognised on tax loss carry-forwards when it is probable that future taxable profit will be available to the Group against which the tax loss carry-forwards can be utilized. The likelihood of future taxable profits is estimated taking into account the existence of temporary taxable differences from the same tax entity and is passed on to the same deadlines towards the tax authority as well as the estimates of future taxable profits. Estimates of taxable profit and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

1.4.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with related accounting issues.

In particular, the Group exercised its judgment in determining:

- the accounting treatment applicable to concession contracts
- the classification of non-current assets held for sale and discontinued operations in particular to determine whether their disposal is highly probable at the closing date
- the classification of arrangements which contain a lease (lessor side)
- the groupings of operating segments to be made for the presentation of reportable segments with respect to their economic characteristics.

In compliance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.5 Accounting policies

1.5.1 Scope and methods of consolidation

The consolidation methods used by the Group are the following:

- subsidiaries (over which the Group exercises exclusive control) are fully consolidated
- joint operations over which the Group exercises joint control are consolidated in proportion to the direct rights to the assets and direct obligations for the liabilities of the entity
- the equity method is used for:
    - joint ventures over which the Group exercises a joint control but has only rights to the net assets of the entity,
    - associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates". The accounting policies applied by these companies comply with IFRS and are consistent with the accounting policies of the Group

The Group analyses what type of control exists on a case-by-case basis.

All intercompany balances and transactions are eliminated in the Consolidated Financial Statements, according to their consolidation methods.

Consolidation perimeter is presented in Note 23.

1.5.2 Foreign currency translation methods

1.5.2.1 Presentation currency of the Consolidated Financial Statements

The Group's Consolidated Financial Statements are presented in euros (EUR).

1.5.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates. In most cases, the functional currency corresponds to the local currency.

1.5.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the income statement for the year to which they relate
- non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical cost applicable at the date of the transaction.

1.5.2.4 Translation of the financial statements of consolidated companies with a functional currency other than the euro

The statement of financial position is translated into euros at year-end exchange rates. Income statement and statement of cash flow items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of consolidated companies are recorded under "Cumulative translation adjustment" as Other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of foreign entities are classified as assets and liabilities of those foreign entities. Therefore, they are denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.5.3 Business combinations

In a business combination at the acquisition date, goodwill is the sum of the consideration transferred (purchase price) and non-controlling interests less the net amount recognised (generally at fair value) in respect of identifiable assets acquired and liabilities taken over and, where applicable, the fair value revaluation of the previously held unit. For each business combination, IFRS 3 restated offers the choice between a valuation of non-controlling interests:

- fair value (i.e. with goodwill allocated to them using the so-called "full goodwill" method); or
- their share in the fair value of only identifiable assets and liabilities of the acquired company (i.e. no goodwill allocated to non-controlling interests, using the "partial goodwill" method).

The Group shall determine on a case-by-case basis the option it wishes to apply to account for these non-controlling interests.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the measurement date.

Goodwill is allocated to the corresponding cash-generating unit (CGU) benefiting from the business combination or to the CGU combination at which the return on investment of acquisitions is assessed (see Note 9.2).

The allocation period shall be limited to the period required to identify and measure the assets and liabilities of the acquired, the non-controlling interests, the price paid and the fair value of the previously acquired share, but may not exceed twelve months.

Amortisation of tangible and intangible assets recognised as part of the purchase price allocation is recognised in profit from recurring operations.

Subsequently, goodwill is measured annually at cost less any impairments representative of impairment losses determined in accordance with IAS 36 (see Note 9.3). In the event of a decrease in value, the impairment is recorded in the income statement, in operating income. In accordance with revised IFRS 3, at the date of the phased takeover, the previously held share is remeasured at fair value against profit or loss. In the event of a loss of control with retention of an interest, in addition to the result of disposal, the retained share is also revalued at fair value in return for the result.

In the event of a percentage change, without affecting control, the difference between the transferred consideration and the carrying amount of the non-controlling interests is recognised directly as equity Group share. As a result, there is no additional goodwill recognition.

Direct costs related to the consolidation are recognised in profit or loss from operating activities.

In the event of a partial disposal of the constituent activities of a CGU, the Group generally adopts the principle of allocating goodwill allocated to the divested business, in proportion to its relative value in the CGU at the date of disposal, unless it can be demonstrated that another method better reflects the *goodwill* related to the divested business, in accordance with IAS 36.86.

The rights of non-controlling interests are taken into account on the basis of the carrying amount of the items as shown in the balance sheet of the acquired undertaking.

1.5.4 Intangible assets

Intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

1.5.4.1 Goodwills

a) Recognition of goodwills

In accordance with IFRS 3 restated, goodwill is measured as being the amount by which the total of:

- the consideration transferred
- the amount of any non-controlling interest in the acquired company and
- in a business combination achieved in stages, the fair value at acquisition-date of the previously held interests in the acquired company

exceeds the accounting net balance of identifiable assets acquired and assumed liabilities.

The amount of goodwill recognised at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to associates and joint ventures are recorded respectively under “Investments in associates” and “Investments in joint ventures”.

b) Measurement of goodwills

Goodwill is not amortized but is tested for impairment once a year, or more frequently when an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs), which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in Note 9.3 “Impairment test”.

Impairment losses in relation to goodwill cannot be reversed and are shown under “Impairment” in the income statement.

1.5.4.2 Other intangible assets

a) Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognised. In view of the Group’s activities, capitalized development costs are not material.

b) Other internally generated or acquired intangible assets

Other intangible assets include mainly:

- concession assets: right to invoice users in connection with construction work and infrastructure extension
- rights to use infrastructure made available by the grantor to fulfil the public service mission against a fixed payment
- customer portfolios acquired on business combinations
- surface and underground water drawing rights, which are not amortized as they are granted indefinitely
- exclusive rights to distribute drinking water in a defined geographic area in perpetuity
- softwares

Intangible assets are amortized on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset. Useful life retained by type of asset are presented in the table below:

Useful life *(in years)*	**Minimum**	**Maximum**
Concession rights – duration of contracts	10	50
Customer portfolios	10	32
Other intangible assets	1	40

Some intangible assets (water rights, etc.) with an indefinite useful life are not amortized but are subject to an annual impairment test (see Note 1.5.6).

1.5.5 Property, plant and equipment

1.5.5.1 Property, plant and equipment – initial measurement and subsequent measurement

Items of property, plant and equipment are recognised at their historical cost of acquisition, production or entry to the Group, less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned under the heading they were received.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. In counterpart, a provision is recorded for the same amount (see Note 11).

The Group applies IAS 23, which consists in capitalizing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

1.5.5.2 Depreciation

In accordance with the components approach, the Group uses different depreciation terms for each significant component of a sole tangible asset when one of these significant components has a different useful life from that of the main tangible asset to which it relates.

Depreciation is calculated on a straight-line basis over normal useful lives.

The range of useful lives is due to the diversity of the assets and contractual terms in each category. The shortest periods relate to smaller equipment and furniture, while the longest useful lives concern network infrastructure.

Standard useful lives are as follows:

Main depreciation periods *(in years)*

Constructions [a]	3 à 100
Plant and equipment	2 à 70
Transport equipment	3 à 14

[a] including fittings.

With respect to the assets accounted for as counterpart for the site restoration provisions, they are amortized according to the method set forth in Note 18.4.

1.5.6 Impairment of property, plant and equipment, intangible assets and goodwill

In accordance with IAS 36, impairment tests are carried out on property plant and equipment, intangible assets and on goodwill whenever there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually, whether or not an impairment indicator has been identified.

Impairment indicators

This impairment test is only carried out for property, plant and equipment and intangible assets for the defined useful lives when there are signs of an alteration in their value. In general, this arises as a result of significant changes in the operational environment of the assets or from a poorer than expected economic performance.

The main indications of impairment used by the Group are:

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which the asset is dedicated,
  - fall in demand
- internal sources of information:
  - obsolescence or physical damage not budgeted for in the depreciation/amortisation schedule,
  - worse-than-expected performance.

Impairment

Items of property, plant and equipment or intangible assets are tested for impairment at the level of the individual asset or cash-generating unit as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the asset concerned is revised.

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

Impairment losses on goodwill are final and cannot be reversed.

Measurment of recoverable amount

In order to review the recoverable amount of property, plant and equipment, intangible assets and goodwill, the assets are, where appropriate, grouped into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

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

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

For operating entities which the Group has decided to sell as defined by IFRS 5, the related carrying amount of the assets concerned is written down to the estimated market value less costs of disposal. When negotiations are ongoing, this is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under “Impairment on property, plant and equipment, intangible and financial assets”.

1.5.7 Leases signed as the lessee

Leases that the Group signed as the lessee mainly pertain to real estate assets, vehicles and construction machinery. The duration of the contracts is highly variable depending on the nature of the leased assets.

The lessee applies a single accounting model which consists of recording the following items on the date a given lease takes effect:

- a lease liability in the statement of financial position
- a right to use the leased assets under assets
- depreciation of the right of use in the income statement
- interest in the income statement and principal payments under lease liability, with the sum of these payments corresponding to lease payments made to the lessor.

Lease liability equals the present value of future rent to be paid.

Lease payments included in this liability calculation include fixed lease payments, in-substance fixed lease payments or unavoidable payments, variable lease payments that fluctuate solely due to an index or rate, the exercise price of a purchase option if the Group is reasonably certain to exercise it, or early termination penalties if the remaining duration of the lease takes into account this event.

Variable lease payments, which fluctuate depending on how much the leased assets are used, are recognised in operating expenses during the period that the event or condition that triggered the obligation occurred. Their total amount for the year 2022 is shown in Note 15.

IFRS 16 recommends that future lease payments to be paid be discounted using the interest rate implicit in the lease (IRIL) if it is possible to easily determine this rate, or if not, using the incremental borrowing rate (IBR) of the entity that has the concerned leases.

The Group cannot easily determine the interest rate implicit in the leases. As a result, Suez used incremental borrowing rates from the different entities with leases to calculate the Group’s lease liability. The interest rates used are those for amortized debt. After the leases take effect, the lease liabilities will increase due to interest but decrease by the amount of lease payments made.

The book values of the liabilities are re-estimated each time a lease contract is amended, or events or circumstances significantly change, leading to a change in:

- the remaining duration of the lease
- the number or type of assets leased
- the amount of lease payments
- the estimate of exercising a purchase option on a leased asset.

The Group recognizes rights of use at their initial cost on the date the leases take effect.

The initial cost of rights of use primarily includes the lease liability amount, initial direct incremental costs that have been paid to obtain the leases and pre-paid lease payments, less incentives received from lessors at the beginning of the leases.

After the rights of use take effect, they are amortized on a straight-line basis over the remaining duration of the leases. As an exception to this rule, a right of use is amortized over the useful life of the leased asset when the Suez Group is reasonably certain it will exercise a purchase option on the asset.

The book value of the rights of use is adjusted when the lease liability is remeasured.

The rights of use are impaired as an isolated asset when there is a loss of value indicator or the entire Cash Generating Unit in accordance with the same criteria as those applied to other depreciable fixed assets.

Exemptions

The Group has opted to take the exemptions set forth in IFRS 16, meaning it will not apply the single accounting model for the following types of leases:

The Group has opted to take the exemptions set forth in IFRS 16, meaning it will not apply the single accounting model for the following types of leases:

- lease payments for leases of less than or equal to 12 months if these leases do not include purchase options on the leased assets
- lease payments on leases that pertain to assets with a unit replacement value of less than EUR 5,000
- Suez has recorded a right of use and a lease liability for all transportation equipment leases signed by the Group as lessee, including maintenance expenses and vehicles maintenance. However, as the Group has not applied this simplification to leases on other types of leased assets, only the rental components of these agreements have been restated.

Lease payments that fall under these exemptions remain accounted for under operating expenses when they occurred. They are presented in Note 15.

Judgment used to determine the remaining duration of leases

The remaining duration of leases according to IFRS 16 corresponds to their lease term plus:

- the lease's renewal period if the agreement includes a renewal option for the lessee and the lessee is reasonably certain to use it
- the period that the lessee can opt to terminate the agreement if the lessee is reasonably certain it will not use this option.

The Suez Group has the right to opt for renewal or termination on certain leases it has signed as lessee and uses its judgment to determine if there are strong economic incentives to exercise them.

After a lease takes effect, the Group reassesses its remaining lease term if a significant change in circumstances takes place and it is:

- under Suez's control
- and which leads the Group to now be reasonably certain it will exercise (or not) an option.

The enforceable period of a contract ends when the lessee and the lessor each have the right to terminate the lease without the permission of the other party and without incurring more than a negligible penalty.

As specified by the IFRIC, the penalties to be taken into account in determining the term of a contract include economic penalties, notably the net book value of fixtures and fittings inseparable from the leased assets, which Suez has paid, and which would be lost if Suez were to terminate the lease in question. Suez therefore includes the existence of fixtures and fittings that are not fully depreciated and that would have to be abandoned if the lease were to be terminated in the assessment of the lease term.

1.5.8 Inventories

Inventories consist mainly of recyclable materials awaiting treatment or shipment, treatment products used in the water production and treatment cycle, and parts and consumables needed to maintain water networks and waste treatment assets.

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

1.5.9 Financial instruments

Financial instruments are recognised and measured in accordance with IFRS 9.

1.5.9.1 Classification, valuation and impairment of financial assets

Financial assets mainly comprise cash and cash equivalent instruments, or rights to receive cash, or equity instruments of other entities.

They are listed as follows:

- assets whose cash flows are not interests and principal repayments (equity interests in non-consolidated entities, derivative instruments)
- assets whose cash flows are interests and principal repayments (primarily loans and receivables)
- cash and cash equivalent instruments.

Financial assets are broken down into current and non-current assets in the statement of financial position.

a) Equity interests in non-consolidated entities

Equity interests in non-consolidated entities

Suez Group's investments in non-consolidated companies are classified as either:

- equity instruments measured at fair value through income. This category mainly includes listed securities held in companies in which the Suez Group does not hold a significant influence; or
- equity instruments measured at fair value through Other comprehensive income following an irrevocable option taken by the Suez Group, security by security, and from the first recognition. This category mainly includes unlisted securities held in companies in which the Group does not have significant influence.

In accordance with IFRS 9, equity instruments are recognised:

- at their initial cost plus transaction costs when they are measured at fair value through other items of comprehensive income;
- at their initial cost when they are measured at fair value through income. Transaction costs are then recorded on the income statement at the acquisition date.

At each closing, the Group's equity investments in non-consolidated companies are measured and recognised at their fair value. For listed companies, fair value is determined based on the quoted market price at the relevant closing date. For unlisted securities, fair value is measured using valuation models based primarily on the latest market transactions, discounted dividends, cash flows, or failing that, using net book value.

In accordance with IFRS 9:

- all impacts related to instruments measured at fair value through income generated after their vesting date are recognised in the income statement: dividends, positive or negative differences between the fair value and acquisition price throughout the entire time the securities are held, gains or losses on disposals
- by contrast, impacts related to instruments measured at fair value through other items of comprehensive income are never recycled in the income statement. The positive or negative differences between fair value and acquisition price are recorded in other items of comprehensive income as long as the instruments are held. Gains and losses on disposals are classified in other items of comprehensive income, then the cumulative total of other items of comprehensive income related to the line of sold securities is reclassified to consolidated reserves. Only dividends received impact the Group's revenue.

b) Derivative instruments

Derivative instruments are measured and recognised at their fair value; compensation for changes in fair value is recognised in the income statement, unless the derivative instruments are used as cash flow hedges or net investment hedges (see Note 1.5.9.3).

c) Loans and receivables carried at amortized cost

The category mainly includes loans and receivables attached to investments, advances granted to associates or non-consolidated companies, guarantee deposits, long-term receivables from customers for concession contracts (see Note 1.5.12.4) as well as trade and other receivables less than one year.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs, which generally corresponds to their nominal value. Then, at each reporting date, these assets are measured at amortized cost using the effective interest rate method.

In accordance with the terms and conditions of IFRS 9, Suez Group entities have started using an impairment approach per type of asset for counterparty risk.

Regarding trade receivables and lease receivables, they have constituted non-recovery risk matrices for each homogeneous category of customer, adapted to their local realities, in light of the default rates observed in the recent past on receivables with a similar credit risk profile. They update their matrices at least once a year or more in response to unpredictable events with significant consequences. They use these matrices to calculate impairments now based on the expected default rates on each of the homogeneous categories of customers.

For loans related to investments, current account advances to associates and deposits and guarantees, impairment losses are calculated on the basis of expected losses on assets taken individually.

These assets are classified into three categories:

- situation 1: Assets whose credit risk has not significantly deteriorated and debtors pay on time or with delays of less than 60 days
- situation 2: Assets that have suffered material credit risk deterioration with overdue payments of between 60 and 180 days
- situation 3: Assets that have deteriorated to the point where the loss has occurred, with overdue payments exceeding 180 days.

Assets classified under situation 1 are subject to impairment for expected losses up to 12 months. Assets classified under situations 2 or 3 are subject to impairment for expected losses for their entire useful life. The amount of impairment is calculated based on:

- the likelihood of default of the debtor
- the estimated loss rate if the counterparty defaults applied to the total value of the asset.

Impairment on loans related to investments, current account advances to associates and deposits and guarantees are calculated on the basis of expected losses on assets taken individually.

Receivables arising from concession contracts, when Suez Group has obtained an unconditional right to receive cash, contain a financing component within the meaning of IFRS 15 since customers pay over several years for a service already provided by the Group. As authorized by IFRS 9, the impairment method used to calculate impairment losses on loans and advances on current accounts and described above has been applied to these loans and receivables.

Gross values of receivables are transferred to unrecoverable losses on receivables on the income statement when all avenues offered to the Suez Group to recover the assets have been exhausted. Accumulated impairment less receivables concerned are then also transferred to the income statement.

Contracts assets concluded with customers include amounts due from customers under construction contracts. The calculation method used is described in Note 1.5.12.3. These assets are subject to an impairment test using the same rules as trade receivables.

d) Cash and cash equivalents

The cash and cash equivalents line item includes cash as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7 and held in order to meet short-term cash commitments.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under short-term borrowings on the statement of financial position.

1.5.9.2 Classification, valuation of financial liabilities

Financial liabilities include borrowings (of which bank overdrafts), trade and other payables, derivative financial instruments, and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the closing date
- derivative financial instruments qualifying as fair value hedges
- all derivative financial instruments not qualifying as hedges.

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue premiums/discounts, redemption premiums/discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

Suez Group treats restructurings of financial debts that do not take place between identical lenders and borrowers as an extinction of the initial debt and an acknowledgement of the new debt.

Similarly, a renegotiated debt whose value of cash flows under the new conditions (including fees paid to the counterparty bank, discounted using the initial effective interest rate) differs by more than 10% from the present value of the remaining cash flows of the initial financial liability is also considered to be an extinguishment of debt and the recognition of new debt, since the contractual amendment is substantive under IFRS 9. At this time, the initial debt is considered as extinguished and therefore derecognised and all fees related to the former and not yet amortized debt are transferred to the income statement.

When the change is not substantive under IFRS 9, the initial debt remains recognised in the statements of financial position, including any related fees not yet amortized. However, the Group reassess the carrying amount of the debt with the new future cash flows expected over its remaining period in order to comply with the standard. The effect of the reassessment is recognised in the income statement.

1.5.9.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

a) Definition and scope of derivative financial instruments

Derivative financial instruments are contracts whose value changes in response to the change in one or more observable variables that do not require any material initial net investment and that are settled at a future date.

Derivative instruments therefore include swaps, options and futures.

b) Derivative hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognised in the statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability
- a cash flow hedge
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognised asset or liability, such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognised firm commitment denominated in a foreign currency.

The gain or loss from re-measuring the hedging instrument at fair value is recognised in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in income even if the hedged item is in a category in respect of which changes in fair value are recognised through Other comprehensive income, or if it is normally recognised at amortized cost in the absence of hedging. These two adjustments are presented net in the income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's consolidated income. The hedged cash flows may be attributable to a particular risk associated with a recognised financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in Other comprehensive income, net of tax, while the ineffective portion is recognised in income. The gains or losses accumulated in shareholders' equity are reclassified to the income statement, under the same caption as the loss or gain on the hedged item – i.e. current operating income for operating cash flows and financial income/expense for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognised in shareholders' equity until the forecast transaction occurs. However, if a forecast transaction is no longer highly probable, the cumulative gain or loss on the hedging instrument is recognised in income.

c) Identification and documentation of hedging relationships

The Group identifies the hedging instrument and the hedged item at the inception of the hedge and formally documents the hedging relationship by identifying the hedging strategy, the hedged risk and the method used to assess the effectiveness of the hedge. Only derivatives traded with counterparties outside of the Group are considered eligible for hedge accounting.

This methodology complies with IFRS 9.

From the outset and on an ongoing basis during all periods for which hedging has been designated, the Group demonstrates and documents the effectiveness of the hedging relationship.

In accordance with IFRS 9, hedges are considered effective when:

- there is an economic relationship between the hedged item and the hedging item. This relationship exists when the characteristics of the hedging instrument (notional amount, maturity date) are highly correlated with the hedged item, and/or when the change in the value of the hedging instrument itself strongly correlates to the change in value of the item hedged
- the hedging ratio is consistent with the risk management strategy of the company that is hedging the hedged item
- the value of the hedging instrument is largely unrelated to the debtor's credit risk.

The hedge effectiveness has been demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in fair value or in cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used by the Group.

d) Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognised directly in income, under "Mark-to-Market on commodity contracts other than trading instruments", in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative expiring in less than 12 months are recognised in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

e) Measurement of fair value

The fair value of listed instruments on an active market is determined based on the market price. In this case, these instruments are presented at Level 1 of the fair value measurement.

The fair value of non-listed financial instruments for which there is observable market data is determined by using valuation techniques such as the valuation models applied for options, or by using the discounted cash flows method. The counterparty risk is taken into account when valuing derivative contracts.

The models used to value these instruments include assumptions based on market data in accordance with IFRS 13:

- the fair value of interest rate swaps is calculated based on discounted future cash flows
- the fair value of forward exchange contracts and currency swaps is calculated based on current prices for contracts with similar maturity profiles by discounting the differential of future cash flows (the difference between the forward price of the contract and the recalculated forward price based on new market conditions applied to the nominal amount)
- commodity derivatives are valued as a function of market quotes based on discounted future cash flows (firm contracts: commodity swaps or commodity forwards), and option valuation models (optional contracts) for which it may be necessary to observe market price volatility. For contracts with maturity exceeding the depth of transactions for which prices are observable, or that are particularly complex, valuations may be based on internal assumptions
- for complex contracts entered into with independent financial institutions, the Group uses valuations carried out by counterparties, on an exceptional basis.

These instruments are presented in Level 2 of the fair value measurement hierarchy, unless their valuation depends significantly on non-observable parameters. In this case, they are presented at Level 3 of the fair value measurement hierarchy. These largely involve derivative financial instruments with maturities exceeding the observable horizon for the forward prices of the underlying asset, or for which certain parameters, such as underlying volatility, are not observable.

1.5.10 Share-based payments

IFRS 2 requires the recognition of an expense corresponding to services compensated by benefits granted to employees in the form of share-based payments..

This compensation may take the form of either share-settled or cash-settled instruments. In the case of share settled, these services are measured at the fair value of the instruments granted

Share-based payments within the Group correspond to free share allocation and employee savings plans, in the form of cash-settled instruments. Their fair value is recorded as an expense over the vesting period in return for a debt owed to employees. Change in fair value of debt is recognised in profit or loss for each year.

1.5.11 Provisions

1.5.11.1 Provisions for post-employment benefit obligations and other long-term benefits

Depending on the laws and practices in force in the countries where Suez operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognised and measured in accordance with IAS 19 revised. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists). A discount rate curve was used for each currency area and was applied to debt and to the components of current charges (*Service Cost* and *Net Interest*).

Provisions are recorded when commitments under these plans less the unrecognised past service cost exceed the fair value of plan assets. When the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group recognizes actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments directly to Other comprehensive income (equity) items. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way. However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognised immediately in income.

The net interest expense (income) in respect of pensions is presented as a "financial result.

1.5.11.2 Other provisions

The Group records a provision where it has at the closing date a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e., when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions, excluding the provisions for post-employment benefit obligations, are provisions for site restoration costs (relating to the Recovery and Recycling business). The discount rate (or rates) used reflect current market measurements of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under "other financial income and expenses".

A provision is recognised when the Group has a present legal or constructive obligation to restore a site. The counterpart for this provision is included in the carrying amount of the asset concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the site restoration date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognised in expenses for the fiscal year.

1.5.12 Revenues

Revenues correspond to proceeds from contracts signed with customers. They are calculated and recognised using IFRS 15 principles.

The Groupe determines performance obligations included in the contracts signed with customers. Most contracts only include one performance obligation.

When contracts include both a construction activity and facility operation activity, two performance obligations are distinguished. Total revenues related to the contract are then divided up between the construction and operations activities in accordance with IFRS 15.

The Suez Group only recognizes the variable portion of revenue, depending on the degree of achievement of contractual objectives (bonuses or penalties), if it is highly unlikely that there will be a material downward adjustment in future accounting periods. The Suez Group recognizes its revenues when transferring control of goods or services promised to the customer, which happens either at delivery (i.e. when control is transferred to the buyer) or on an ongoing basis (services and construction activities recognised as the project progresses) often under long-term contracts.

Suez only recognizes revenues generated by its co-contracting parties as main operator if:

- the Group bears the main responsibility in managing and completing the overall service
- the Group made a significant effort to integrate various work carried out by co-contracting parties; and
- the Group made significant efforts in technical supervision so the Group could take total control of the goods or services carried out before transferring control over to the customer.

The Group's revenue includes products related to the following business lines:

- Water
- Recycling and Recovery

- Engineering and construction contracts and other services.

1.5.12.1 Water

Revenues are based on volumes delivered to the customer in the water distribution business, whether these volumes resulted in specific invoicing (“statement”) or are estimated based on the output of the supply networks. As authorized by IFRS 15 and by simplification, revenues correspond to volumes delivered multiplied by a price per m³ (see Note 1.4.1.6).

With regard to the wastewater services and wastewater treatment, the price of the service is either included in the water distribution bill or is invoiced specifically to the local authority or industrial customer.

The revenue recognition rules for concession contracts are detailed in Note 1.5.12.4.

1.5.12.2 Recycling and Recovery

Revenues are recorded:

- depending on the tonnages collected and the service provided by the Suez Group, in the waste collection activity
- depending on the volumes of waste treated and the additional income from waste recovery, in incineration (sale of heat and power in particular) and sorting (sale of raw materials – paper, cardboard, glass, metals, plastics).

As authorised by IFRS 15 and by simplification, revenues correspond to the tonnages of waste treated multiplied by a price per metric tonne.

The revenue recognition rules for concession contracts are detailed in Note 1.5.12.4.

1.5.12.3 Engineering, construction contracts and other services

Revenues are recognised using the percentage of completion method for engineering, construction and equipment sales activities.

When it is probable that total direct unavoidable contract costs will exceed the total economic benefits expected to be received from the contract, the Group recognizes expected loss at termination as an expense immediately. Potential losses at completion are calculated at the contract level in accordance with IAS 37 and not for each performance obligation.

Partial payments received under construction contracts before the corresponding work has been carried out are recorded on the liabilities side of the statement of financial position as advances received under contracts liabilities (see also section 1.5.13).

The difference between the cumulative amount of revenues recognised and intermediary billing is measured. If this difference is positive, it is recognised under “Amount due from customers under construction contracts” within contracts assets (see section 1.5.13). If this difference is negative, it is recognised under “Amount due to customers under construction contracts” within contracts liabilities.

1.5.12.4 Concession contracts

A significant part of the business activities in the Water and Recovery and Recycling businesses is conducted under concession contracts, especially for operating drinking water production and distribution facilities, wastewater treatment facilities or waste incineration facilities.

IFRIC 12 is the interpretation that specifies the common characteristics of concession agreements:

- the grantor, usually a public authority, is required to provide a public service that it delegates to the Suez concession operator (determining criterion)
- the concession operator, Suez, is responsible for managing the related infrastructure and performing the actual public service and is not just a simple agent acting on orders
- the concession operator, Suez, is entrusted with specific infrastructure expansion or upgrading obligations while maintaining the infrastructure in proper condition
- the price and the conditions (regulation) for price revision are set at the origin of the contract.

For a concession contract to be included in the scope of IFRIC 12, the infrastructure must be controlled by the grantor. Control of the infrastructure by the grantor is ensured when the following two conditions are met:

- the grantor controls or regulates the public service, i.e. it controls or regulates the services to be provided through the infrastructure subject to the concession and determines to whom and at what price they should be provided; and
- the grantor controls all residual interest in the infrastructure at the end of the contract. This control is usually reflected through the grantor’s right to take over the infrastructure at the end of the contract.

The IFRIC 12 interpretation applies under IFRS 15, which means that services provided by the concessionaire under the concession contract must be accounted for and measured in accordance with the provisions of IFRS 15. Most of the time concession contracts include two performance obligations – construction and operations:

- the construction performance obligation includes the creation of new infrastructure, the extension or improvement of existing infrastructure, financed by the concession operator Suez, which makes it possible to create future economic benefits. Revenues from construction performance are in all cases recognised using the percentage of completion method, since the infrastructure is built on the customer’s site. The customer takes control of the infrastructure as it is completed. The accounting counterpart of revenue is a contract asset (see Note 1.5.15), while construction is in progress. On the date of entry into service, the contract asset is reclassified, depending on how the Suez Group is remunerated for the service

  Thus:

  - the asset becomes a receivable, therefore a financial asset, when the operator has an unconditional right to receive a predetermined amount of cash, either directly from the grantor or indirectly through the guarantees given by the grantor on the amount of cash receipts from public service users (e.g. via a contractually guaranteed internal rate of return). The receivable contains a financing component within the meaning of IFRS 15 since the customer pays for a service the Group already performed over a period of several years. This accounting scheme applies in particular to BOT (Build, Operate and Transfer) contracts signed with local authorities and relating to public services such as wastewater treatment and household waste incineration,

  - when the concession operator does not receive an unconditional right to receive a predetermined amount of cash, the asset becomes an intangible asset: the concession operator is entitled to bill the users of the public service, the concession operator is paid in substance by the user. Most of the Suez Group's concession contracts fall under this model,
  - lastly, when the concession operator only obtains this unconditional right to receive cash only for part of its construction obligation performance, the revenue counterpart is a financial asset for that part, and an intangible asset for the residual amount

- the operation performance obligation includes current operations of infrastructure, carrying out operations service for the customer (distribution of drinking water; waste treatment, etc.) and incurring identical renewal expenses to maintain the facilities in proper condition.

The amounts received from the customer on the concession contract are divided up between compensation for construction services on the one hand and compensation for operations services on the other, in accordance with the terms and conditions of IFRS 15 and IFRIC 12:

- when the asset created is a receivable, the amounts received from the customer as compensation for the construction performance obligation are partly recognised as interest income in revenues and partially as repayment of principal of the receivable. The amount received in compensation for the operations performance obligation is recorded as revenues
- when the asset created is an intangible asset, it is amortized over the term of the concession contract. All amounts received from the customer are fully recognised in revenue when services are provided

Property, plant and equipment received at no cost from the grantor as infrastructure, to which the concession operator is granted access for the purposes of the service agreement, that may not be transferred as these will be returned to the grantor at no cost at the end of the contract, are not recorded in the statement of financial position.

The Suez Group may have to transfer cash to the grantor in certain cases. If these payments are not for the right to use an asset that is separate from the concession contract, according to IFRIC 12, then, these payments constitute:

- a reduction in the infrastructure's sales price, recognised as a decrease in revenue, when the consideration for the construction performance obligation is a financial asset
- an increase in the intangible asset when the consideration for the construction performance obligation is an intangible asset and the payments to the grantor are fixed; the amount of this increase in intangible assets corresponds to the present value of future fixed payments
- an operating expense when the consideration for the construction performance obligation is an intangible asset and the payments to the grantor are variable.

Renewal expenses correspond to obligations provided for in contracts whose terms and conditions may differ (contractual rehabilitation obligation, contractual renewal plan, contractual monitoring account, etc.).

They are recognised either as assets in the statements of financial position as intangible assets or financial assets in accordance with the model applicable to the contract if they generate future economic benefits (improving renewal), or as expenses in the opposite case (identical renewal).

Expenditure on identical renewals is recognised as an asset (only when such compensation is contractually provided for) or a liability as concession renewal work when, at a given date, there is a time shift between the contractual commitment and its fulfilment.

Amounts are calculated contract by contract based on the obligations of each contract.

1.5.13 Costs to obtain and execute contracts

IFRS 15 also establishes the principles for recognizing the costs of obtaining and executing contracts signed with customers.

The Group recognizes under assets on the statement of financial position all significant marginal costs to obtain contracts signed with customers where costs were incurred after the date on which the Group was almost certain to be granted contracts and recoverability is ensured. These marginal costs are the costs that Suez incurs to obtain a contract with a customer and that the Group would not have incurred if it had not obtained the contract (e.g. commissions paid to sales professionals when new contracts are being entered into).

Suez also recognizes contract costs under assets on the statement of financial position when these costs:

- are directly related to a specific contract (direct labor costs, costs that can be rebilled to the customer as per the contract, raw material costs)
- provide the Group new or increased resources which will be used to meet or to continue to meet a performance obligation in the future
- the Group expects to recover these costs.

Assets thus recognised on the costs of obtaining and executing contracts are then amortized to the income statement as and when the services are provided to the client. They appear in "Depreciation, amortisation and provisions" in the consolidated income statement and are thus and are thus included in "Current operating income".

1.5.14 Contracts assets and liabilities

The Group presents separately, as assets in the statement of financial position, trade receivables corresponding to the unconditional right to receive cash, in exchange for the contractual obligations that Suez has already fulfilled.

There are also situations in which it has fulfilled some of its obligations under contracts signed with customers but has not yet obtained an unconditional right to receive cash because, for example, a technical milestone has not been achieved as of the reporting date. These situations require the Group to present the assets concerned on two separate items on the statement of financial position: "Non-current Contracts Assets" and "Current Contracts Assets". Contracts assets are impaired as soon as impairments on these assets are expected, by applying the same principles as those described in section 1.5.14 for impairments on trade receivables.

In addition, there are contracts liabilities with customers which are incurred because customers have already paid for services that Suez has not yet performed (advances received on services not yet performed, deferred income). They are separated into two items: "Non-current Contracts Liabilities" and "Current Contracts Liabilities".

1.5.15 Current operating income (COI)

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance" (in accordance with ANC Recommendation 2013-03 in the financial statements of companies applying IFRS). COI is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, these elements relate to asset impairments, restructuring costs, scope effects, other gains and losses on disposals, and non-recurring items. They are defined as follows:

- impairment on property, plant and equipment, intangible and financial assets: this includes impairment losses on goodwill, intangible and tangible assets, investments in associates and equity instruments
- restructuring costs: These relate to costs of a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by an entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37
- scope effects. This line includes:
  - direct costs related to acquisitions of controlling interests
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held interests at acquisition-date fair value
  - subsequent changes in the fair value of contingent consideration
  - gains or losses from disposals of interests which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests
- other gains and losses on disposals and non-recurring items: this includes mainly capital gains and losses on disposals of non-current assets and equity instruments
- other material non-recurring transactions.

1.5.16 Statement of cash flows

The Group consolidated statement of cash flows is prepared based on net income, using the indirect method. "Interest received from non-current financial assets" is classified as flows from investing activities because it represents a return on investment. "Financial interest received on cash and cash equivalent" is classified in flows from financing activities because this interest is likely to reduce the cost of obtaining financial resources.

Impairment losses on current assets are treated as permanent losses; As a result, the change in current assets is presented net of impairment losses.

The flows related to tax payments are isolated.

In accordance with the terms and conditions of IAS 7 – Statement of Cash Flows, the Cash and cash equivalents line in the statements of cash flows includes bank overdrafts when the bank counterparty may require repayment of the negative balance and when the balance of the accounts concerned changes drastically from a negative to positive position on a regular basis. In this case, the "Consolidated statements of cash flows" includes explanations on reconciling items with the cash and cash equivalents line item on the statements of financial position.

1.5.17 Income tax expense

Income tax expense for the year includes the current income tax expense and the deferred tax expense. It includes the amount recognised in France as the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), to the extent that the Group considers that the latter meets the definition of income tax given by IAS 12 – Income Taxes.

The Group computes taxes in accordance with the prevailing tax legislation in the countries where income is taxable.

All temporary differences of each entity (used as the basis for deferred tax assets and liabilities) are recognised in the consolidated financial statements.

In accordance with IAS 12, deferred taxes are recognised according to the liability method on temporary differences between the book values of assets and liabilities in the Consolidated Financial Statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date.

However, under the provisions of IAS 12, no deferred taxes are recognised for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting income nor taxable income.

In particular, the Group does not recognize deferred taxes at the date of first recognition of the leases, since at that date the temporary differences relating to the lease assets and liabilities are fully offset. Deferred taxes are recognised, however, after the effective date of the leases in the amount of the temporary differences between the carrying amount and the tax basis of the leases that are no longer compensated for by differences in the carrying amount of the leased assets and liabilities.

In addition, a deferred tax asset is recognised only if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of the companies included within the consolidated tax Group and the net position of each fiscal entity is recorded on the statement of financial position under assets or liabilities, as appropriate.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

Suez S. A. is part of a tax integration group whose parent company is Suez Holding, created in October 2021 and composed of Suez Holding and Suez S.A. as of December 31, 2022.

Note 2 Major operations

2.1 Business combinations

2.1.1 Acquisition of Suez activities from Veolia (hereinafter "New Suez")

Proceedings

On June 29, 2021, the Board of Directors of the former Suez Group approved the proposed tender offer launched by Veolia for Suez S.A. shares at a price of EUR 20.50 per share, coupon attached. At the same time, and as provided for in the merger agreement concluded on May 14, 2021 between Veolia and Suez S.A., a consortium of long-term investors, consisting of the Meridiam and GIP funds, Caisse des Dépôts and CNP Assurances (hereinafter the Consortium) has submitted to Veolia and Suez S.A. a final binding purchase agreement for the acquisition of the New Suez (hereinafter New Suez) perimeter for an enterprise value of EUR 10.4 billion, to which was annexed a draft acquisition contract, known as the Share and Asset Purchase Agreement or SAPA.

On October 22, 2021, following the finalization of the information-consultation procedures of the employee representative bodies of the former Suez group concerned, Veolia, Suez S.A. and the Consortium signed a finalized version of the SAPA whose terms and conditions are in line with those contained in the draft publicly announced on June 29, 2021.

On December 14, 2021, Veolia received authorization from the European Union, accompanied by a list of "remedies" in the hazardous waste and industrial water sectors, to launch its Tender Offer for the shares of Suez S.A., thus lifting the last condition precedent to the sale of the New Suez scope to the Consortium.

On January 31, 2022, in accordance with the terms of the acquisition agreement dated October 22, 2021, Suez S.A. (formerly Sonate Bidco) completed the acquisition and took control of the activities of the New Suez perimeter. On that date, the provisional purchase price was paid, and the movements of securities were carried out.

The acquisition concerns controlled-entities, assets held and liabilities borne directly or indirectly by the former Suez S.A. The activities comprising this perimeter are: (i) municipal water (Water France) and solid waste (R&R France) in France (including the main research center in France: CIRSEE), (ii) activities in water and in the following geographies: Italy (including stake in Acea), Czech Republic, Africa, Central Asia, India, China, Australia, and Global Digital and Environmental (SES) activities and (iii) two hazardous waste incinerators in mainland China: Shanghai Industrial Park and Suzhou Industrial Park.

Financial information as at December 31, 2022

The entities and assets of the former Suez acquired are consolidated in the accounts of Suez S.A. as of January 31, 2022, the date of takeover. The purchase price disbursed as at January 31, 2022 amounted to EUR 8,018 million (including EUR 0.7 billion of intra-group loan redemptions). The definitive purchase price amounts to EUR 8,422 million (including EUR 1.3 billion of intra-group loan redemptions); It includes an earn-out as well as a price adjustment compared to the provisional price disbursed as at January 31, 2022, these two items having not yet been settled as at December 31, 2022.

Acquisition-related expenses are recognised in the Group's consolidated income statement under the heading "Scope effects" within operating income and amounted to EUR 14 million for the 2022 financial year.

Certain assets acquired as part of the transaction and to be sold, under a pre-established contractual arrangement with Veolia, have been reclassified as assets to be disposed of and represent a net amount of EUR 46.4 million presented on the balance sheet on a separate line " Assets relating to discontinued operations" as at December 31, 2022.

In accordance with IFRS3, the Group has measured the fair value of the identifiable assets and liabilities acquired and the associated deferred taxes determined. The values assigned to identifiable assets and liabilities were determined at the date of acquisition.

The definitive goodwill amounted to EUR 3.2 billion at the date of takeover and is essentially representative of the expected future development, particularly internationally, and the Suez workforce.

Refer to Note 3 which presents the allocation of the price paid by Suez as at January 31, 2022, date of the takeover.

2.1.2 Enviroserv group acquisition

In September 2022, Suez S.A. and its partners Royal Bakofeng Holding (RBH) and African Infrastructure Investment Managers (AIIM) signed a binding agreement to acquire Enviroserv Holdings Proprietary Limited, South Africa's largest waste management company.

The acquisition was completed on September 30, 2022, the date of Suez's takeover of the Enviroserv Group, after receiving approval from local competition authorities. This acquisition will enable Suez to strengthen its position as an international leader in industrial and municipal waste treatment activities and to strengthen its position on the African continent.

This acquisition was made through an ad hoc holding company, Umzwilili, with the following holdings: Suez, via its subsidiary Suez International, 51%, RBH 24.5% and AIIM 24.5%.

The purchase price amounted to EUR 71.6 million (excluding the redemption of shareholder loans). Provisional goodwill at the acquisition date amounts to EUR 25 million. This amount is subject to change, taking into account the fact that the assessment period has not ended. Work to harmonize accounting principles and determine the fair value of principal identifiable assets and liabilities acquired will be completed within a maximum of twelve months from the date of acquisition.

2.1.3 IWS acquisition

On May 6, 2022, Suez and Veolia announced the signing of an agreement for Suez to acquire all hazardous waste assets in France as part of Veolia's commitments to address the European Commission's competition concerns. The agreement is formalized by a unilateral put option allowing the parties to finalize the transaction as well as the consultation process with Veolia's employee representative bodies and obtain the necessary regulatory approvals.

On August 5, 2022, Suez and Veolia signed a share purchase agreement for the acquisition of securities and intra-group loans of IWS entities owned by Veolia and to be sold by Veolia. The acquisition was completed on November 30, 2022, the date of the takeover.

The purchase price amounted to EUR 549.3 million (including EUR 101.1 million of intra-group loan redemptions). Provisional goodwill at the date of takeover amounted to EUR 431.8 million. This amount is subject to change, taking into account the fact that the assessment period has not ended. Work to harmonize accounting principles and determine the fair value of principal identifiable assets and liabilities acquired will be completed within a maximum of twelve months from the date of acquisition.

2.1.4 Suez Recycling and Recovery UK acquisition

On December 5, 2022, the Group completed the acquisition of 100% of Suez Recycling and Recovery UK from Veolia for a value of EUR 1,915.6 million and a repayment of shareholder loans and intra-group current accounts for EUR 344.6 million.

Suez Recycling and Recovery UK has a vast territorial presence with more than 300 sites throughout the country and a portfolio of more than 25,000 private and public customers. Suez Recycling and Recovery UK is a truly integrated player operating throughout the waste value chain, from collection to treatment and energy recovery, and has a unique position on new waste treatment methods, in line with national regulatory developments.

The acquisition of Suez Recycling and Recovery UK represents a major step in the Group's strategy, allowing:

- to accelerate the development of its waste activities, in particular by strengthening its expertise in new treatment methods (reuse and recycling of materials, creation of alternative fuels, energy recovery of waste);
- to pursue the internationalization of its activities, in line with its objective of increasing the share of its turnover coming from its international activities.

Provisional goodwill at the date of takeover amounts to EUR 1,674.5 million. This amount is subject to change, taking into account the fact that the assessment period has not ended. Work to harmonize accounting principles and determine the fair value of principal identifiable assets and liabilities acquired will be completed within a maximum of twelve months from the date of acquisition.

2.2 Group commercial activity

The Group has two main businesses, Water Cycle Management and Waste Recycling and Recovery. The main events of the 2022 financial year related to the Group's commercial activity are as follows:

2.2.1 Water cycle management

France

The Syndicat du Bas Languedoc has entrusted the delegation of the public drinking water service of the 27 municipalities that make it up to the Société d'Economie Mixte à Opération Unique (SemOp) "Eau du Bas Languedoc", 40% owned by the community and 60% by Suez. This new contract, with a cumulative turnover of approximately EUR 130 million over the total duration of the contract, began on January 1, 2022 for a period of 13 years. In order to measure its impact on the planet and on society, SemOp "Eau du Bas Languedoc" becomes the 1st company with a mission, within the meaning of the 2019 Pact law, in the field of drinking water.

Europe

On 21 December 2022, Suez and the municipality of Czernica in Poland signed a 33-year contract for the construction and operation of the city's wastewater treatment plant. By signing this EUR 90 million contract, the city of Czernica entrusts Suez with the design, construction and financing of the new wastewater treatment plant over the next three years, as well as the operation of the newly built infrastructure for 30 years.

Rest of the world

China

In March 2022, a consortium led by Chongqing Derun Environment, a joint venture of Suez, won a 25-year project to treat and improve water quality in the Yipin and Huangxi rivers in Chongqing under the "Clear Water and Green Banks" program. The total investment will amount to more than EUR 200 million. This public-private partnership project aims to improve the ecological environment of the Chengdu-Chongqing Economic Circle and the quality of urban water management.

In April 2022, Suez, through a local joint venture (Jiangsu Sino French Water Company Limited, mixed capital entity between Changshu Urban Construction Public Assets Management Company Limited and Suez) won a 30-year construction and operation contract for a wastewater treatment plant in Changshu. This new contract both strengthens the strategic partnership between Suez and Changshu, which covers a broad portfolio of water, sanitation and waste management projects, and supports the sustainable development of the city's economy.

Senegal

In May 2022, the National Sanitation Office of Senegal (ONAS), following an international call for tenders, entrusted Suez and its partner, Consortium d'Entreprises (CDE), with the design and construction of the Baie de Hann wastewater treatment plant. With a capacity of 26,000 m3 / day, this treatment plant is part of the depollution program of the Bay of Hann undertaken by the Senegalese government. It will allow the preservation of the marine ecosystem of the bay and the improvement of the health situation for 500,000 inhabitants of 9 municipalities of Dakar.

Saudi Arabia

In September 2022, the Consortium formed by Suez and Al-Awael Modern Contracting Company Group (AWAEL) with its subsidiary Civil Works Company (CWC) signed with the National Water Company (NWC) the contract for the management, operation and maintenance of the water services of the Western Cluster, comprising the main cities of Jeddah, Makkah and Taif in the Kingdom of Saudi Arabia. The total turnover of the 7-year contract is EUR 98 million.

India

In September 2022, Suez won a contract worth EUR 700 million from the Municipal Corporation of Greater Mumbai (MCGM), the public authority in charge of drinking water and municipal wastewater management in the city of Mumbai. As part of the contract, Suez will design, build and operate a 500,000 m3 wastewater treatment plant in Mumbai's Worli district of 2.5 million people. This is the largest contract in terms of value won by the Group to date in India. It thus strengthens Suez's position in one of its most important and promising international markets.

Uzbekistan

On November 22, 2022, Suez signed historic agreements with its Uzbek partners, the Uzsuvtaminot State Water Company, the Tashkent Municipality and the Ministry of Investment and Foreign Trade. These agreements mark the entry into force of the Tashkent water and sanitation services project. They also consolidate Suez's position as a strategic and trusted partner of the Uzbek authorities for the modernization of its water infrastructure and services.

2.2.2 Waste Recycling and Recovery

In November 2022, Suez and Waga Energy started up a new biomethane production unit at the Madaillan Non-Hazardous Waste Storage Facility (ISDND), in Milhac-d'Auberoche (Dordogne). This project is a new illustration of Suez's commitment to the recovery of biogas from waste, a 100% green energy, produced and distributed locally in short circuits. This is the fifth unit jointly commissioned by Suez and Waga Energy.

2.3 Macroeconomic environment

The inflationary dynamics that began in the second half of 2021 intensified in 2022. The Group was impacted to the extent that the pass-on of the effects of inflation to customers was not immediate, particularly in the water sector (12 to 18 months lag).

With regard in particular to electricity market prices, these were marked by exceptional conditions in 2022, mainly linked to a sharp rise in the European price of natural gas and carbon.

Thus, the French short-term market price (spot) stood at EUR 275/MWh in 2022, while it was around EUR 50/MWh before 2021.

As Suez is a consumer and producer of electricity, this major evolution has impacted the group:

- on its electricity purchases: electricity costs rose sharply in 2022 (part of the purchase volumes were exposed to short-term market prices). The French government measures, with an increase in the ceiling of the system of regulated access to historic nuclear electricity (ARENH), have partially mitigated this negative impact.
- on its electricity sales: electricity revenues increased sharply in 2022 (part of sales volumes were exposed to short-term market prices). However, the introduction by the French Government of an exceptional tax on electricity producers from July 1, 2022 has had an impact limiting Suez reducing the gains associated with the evolution of market prices. Suez has decided to exit the regulated market to enter the open market during the 2022 financial year on part of R&R France. For the United Kingdom, this taxation will enter into force on January 1, 2023.

2.4 Other significant events

Conflict in Ukraine

On February 24, 2022, a military conflict broke out between Russia and Ukraine. The group, having very little activity and no subsidiary and participation in these two countries, is not directly impacted by the ongoing conflict. In 2022, the turnover achieved in Ukraine amounts to EUR 0.6 million; no turnover was achieved in Russia. Nevertheless, the Group remains very vigilant with regard to macroeconomic developments and their direct and indirect impact on the Group's activities and results.

Employee sharing plan implementation – see Note 20.2.

Note 3 Business combination

As indicated in Note 2 Major operations, the Group made several acquisitions during the 2022 financial year.

3.1 Purchase prices allocation

The table below shows the allocation of purchase prices for the various business combinations carried out in the 2022 financial year at the date of takeover and the amounts of final or provisional goodwill recognised as at December 31, 2022.

	Identifiable assets and liabilities at the acquisition date			
(in millions of euros)	**New Suez**	**Enviroserv Group** (1) (2) (3)	**IWS** (1)	**Suez Recycling and Recovery UK** (1) (3)
Takeover control date	*January 31, 2022*	*September 30, 2022*	*November 30, 2022*	*Decembre 5, 2022*
Acquisition price	8.422,0	73,9	549,3	2.269,2
Of which intercompany loans and current accounts repayment	*1.267,5*	*2,2*	*101,5*	*353,6*
Consideration transferred for the acquisition	**7.154,5**	**71,7**	**447,8**	**1.915,6**
Non current assets				
Net intangible assets	3.196,3	15,3	37,6	98,5
Net tangible assets	1.718,1	71,7	95,2	218,3
Share in net assets of joint-ventures and equity affiliates	1.951,2	2,6	-	24,4
Other non current assets	1.172,3	0,9	29,1	232,6
Deferred tax assets	298,5	2,3	6,6	10,7
Current assets				
other assets	3.851,3	23,3	110,3	362,6
Cash and cash equivalent	643,3	9,7	17,0	113,8
Non current liabilities				
Provisions (non current)	(996,3)	(12,7)	(50,6)	(90,8)
Financial debt (non current)	(29,7)	(40,6)	-	-
Other liabilities	(493,6)	(1,5)	(23,7)	(31,2)
Deferred tax liabilities	(739,1)	-	(0,8)	(22,6)
Current liabilities				
Provisions (current)	(127,8)	-	(3,6)	(19,6)
Financial debt (current) (4)	(1.509,3)	(7,8)	(110,1)	(361,3)
Other liabilities	(4.492,1)	(28,5)	(91,0)	(294,3)
TOTAL NET ASSETS (at 100%)	**4.443,1**	**34,7**	**16,0**	**241,1**
Non controlling interest	(439,7)	12,1		
GOODWILL	**3.151,1**	**24,9**	**431,8**	**1.674,5**

(1) The amounts of goodwill related to the acquisition of Enviroserv Group, IWS and Suez Recycling and Recovery UK are provisional. The purchase price allocation and the harmonisation of the the accounting principle processes are in progress.
(2) The goodwill disclosed is determined at the level of Umzwillili, a company owned by the Suez Group at 51%.
(3) The acquisition price includes the foreign exchange hedging related to the amount of the investment
(4) Includes bank overdrafts

Acquisition of the "New Suez"

Goodwill recognised under the 'Acquisition of the New Suez' business combination amounted to EUR 3,151 million. The consideration transferred for the acquisition (excluding the assumption of intra-group loans) amounts to EUR 7,155 million (including earn-out and price adjustment) for a fair value of assets and liabilities acquired (100%) of EUR 4,443 million. As part of the purchase price allocation work, the Group recognised on the acquisition date (January 31, 2022), within intangible assets, customer relationships for a gross amount of EUR 1.8 billion and carried out a revaluation of tangible assets for a gross amount of EUR 300 million.

Other business combinations

The goodwill recognised as at December 31, 2022 on the acquisitions of Suez R&R UK, IWS and Enviroserv corresponds to provisional goodwill. The purchase price allocation work will be carried out within 12 months from the date of acquisition. It should be noted that in the consolidated financial statements for the 2023 financial year, the 2022 comparative data will have to be restated to take into account the effects of this purchase price allocation work.

Regarding the amounts of consideration transferred:

- in connection with the acquisition of Suez R&R UK, no earn-out or price adjustment mechanism is provided for in the acquisition contract
- in connection with the acquisition of IWS, the acquisition agreement does not provide for an earn-out clause but includes a price adjustment clause. As at December 31, 2022, no amount has been recognised for the price adjustment;
- for the acquisition of Enviroserv, the amount of the consideration transferred includes the estimated amount under the price adjustment and earn-out mechanisms provided for in the acquisition contract.

3.2 Contribution of acquisitions to the year's results

The contribution to the Group's revenue and net income of the various acquisitions made during the year, excluding Suez S.A., as detailed in Note 2.1, is as follows:

(in millions of euros)	New Suez	IWS	UK	EnviroServ	Total
Revenues	6 712,5	22,9	78,3	30,2	6 843,9
Net income - global	182,4	(0,9)	4,9	(0,8)	185,7

3.3 Impacts of acquisitions if the takeovers had occurred on January 1, 2022

If the takeovers had taken place on January 1, 2022, the group's turnover (excluding holding company already existing as at December 31, 2021) would have been EUR 8,787.3 million, EBITDA EUR 1,406.4 million and net income EUR 19.9 million.

(in millions of euros)	New Suez [(a)]	IWS	UK	EnviroServ	Total
Revenues	7,276.0	213.4	1,177.1	120.9	8,787.3
EBITDA	1,190.4	36.9	159.5	19.7	1,406.4
EBIT	223.9	19.3	129.1	11.4	383.7
Net income - Group share	(38.8)	5.8	17.2	2.5	(13.3)
Net income - Non controlling interests	32.6	-	-	0.6	33.2
Net income - global	(6.2)	5.8	17.2	3.2	19.9

The table below presents the reconciliation between the consolidated financial statement as at December 31, 2022 with the total restated on a 12-month basis presented above:

(in millions of euros)	Revenues	EBITDA	EBIT	Net income - Group share	Net income - Non controlling interests	Net income - global
Consolidated financial statements 12/31/2022	6,843.9	1,109.6	228.4	(23.2)	29.9	6.7
(+) New Suez 1 additional month impact [(a)]	563.5	105.7	18.7	(10.2)	2.1	(8.1)
(+) UK 11 additional months impact [(b)]	1,098.8	140.3	110.2	19.6	-	19.6
(+) IWS 11 additional months impact [(b)]	190.5	35.4	16.5	9.1	-	9.1
(+) Enviroserv additional 9 additional months impact [(b)]	90.7	15.5	9.9	2.8	1.1	3.9
(+) 12 months financial expenses on acquisition debts [(c)]	-	-	-	(11.4)	-	(11.4)
Total restated on a 12 month basis	8,787.3	1,406.4	383.7	(13.3)	33.2	19.9

(a) the New Suez 1 additional month impact also includes data from Suez S.A. because this entity was created in 2021 for the acquisition of the New Suez activities from Veolia. This line includes the impact of the depreciation for the month of January 2022 of assets identified as part of the purchase price allocation (impact of EUR (17.0) million on EBIT and EUR (13.1) million on net income).
(b) As indicated in notes 2.1 and 3.1 The work to allocate the purchase price of these three acquisitions will be carried out in 2023, the data presented therefore do not include any impact of these impacts.
(c) interest expenses on acquisition debts represents the additional financial charge if these debts had been incurred on 1 January 2022 (without modification of the financial conditions attached to these debts)

3.4 Reconciliation of purchase prices to cash flows

The reconciliation between purchase prices and amounts reported as cash flows from investing activities in the consolidated cash flow statement is as follows:

(in millions of euros)	New Suez	South africa	IWS	UK	Other transactions (a) (b) (c)	December 31, 2022
Purchase price of securities disbursed [1]	7,155	70	448	1,959	52	9,684
(Debt) / Receivable on acquisition	116	(10)				106
Net cash earned	714	10	17	114	-	855
Purchase price, net of cash acquired	**6,557**	**50**	**431**	**1,845**	**52**	**8,935**
Elements in th CFS:						
Acquisition of control over subsidiaries net of cash acquired [c]	6,533	50	431	1,845	(6)	8,854
Acquisitions of interests in Associates and Joint-Ventures [a]	3	-	-	-	26	29
Acquisitions of equity instruments [b]	21	-	-	-	32	53
Total	**6,558**	**50**	**431**	**1,845**	**52**	**8,935**

(1) For South Africa and the United Kingdom, the difference between the purchase price of the securities shown in the table above and the amounts of consideration transferred for the acquisition mentioned in Note 3.1 corresponds to the impact of hedging instruments (see Note 14).

The other transactions mainly correspond to:

(a) the acquisition on August 18, 2022 of 30% of the shares of SHANGHAI ANJULE ENVIRONMENTAL SCIENCE AND TECHNOLOGY CO, LTD for EUR 17.0 million, as well as the payment of EUR 6.1 million in respect of the release of the capital of CHONGQING SUYU BUSINESS DEVELOPMENT CO during the second half of 2022;
(b) the acquisition of non-consolidated securities and the recapitalization of non-consolidated French entities for EUR 28.1 million;
(c) the settlement of an acquisition debt on an Asian subsidiary for EUR (6) million.

Note 4 Operating segments information

In accordance with the provisions of IFRS 8 – Segment Reporting, three operating segments grouping together the activities of the different business units have been selected to present the Group's segment information and have been identified on the basis of internal reporting, in particular those followed by the Executive Committee, made up of the Group's Chief Operating Decision Maker (CODM):

- Water;
- Recycling and recovery;
- Other.

4.1 Reportable segments

The Group's subsidiaries are divided into the following sectors to be presented:

- **Water**: water distribution and treatment services, particularly under concession contracts (water management). They are issued for the benefit of individuals, local authorities or industrialists;
- **Recycling and recovery**: services and waste treatment for local authorities and manufacturers. They include collection, sorting, recycling, composting, energy recovery and landfilling, for non-hazardous waste;
- the **Other** segment is mainly made up of holding companies, including Suez S.A.

The accounting and valuation policies used for the preparation of internal reporting shall be identical to those used for the preparation of consolidated accounts. The EBITDA, EBIT, Capital Employed and Investment indicators are reconciled to the consolidated financial statements.

4.2 Key indicators by reportable segments

4.2.1 Revenues

	December 31, 2022			December 31, 2021		
(in millions of euros)	Non-Group	Group	Total	Non-Group	Group	Total
Water [(a)]	3 227,3	43,5	3 270,8	-	-	-
Recycling and Recovery [(b)]	3 575,7	48,2	3 623,9	-	-	-
Other	40,9	100,6	141,5	-	-	-
Intercompany eliminations		(192,3)	(192,3)	-	-	-
Total revenues	6 843,9	-	6 843,9	-	-	-

(a) of which total revenue from Water France business of EUR 2,283 million and from International Water business of EUR 988 million.
(b) of which non-group revenue from R&R France of EUR 3,476 million and form international R&R of EUR 148 million.
The above allocation is made based on the geographic area where the segments are managed.

4.2.2 EBITDA

(in millions of euros)	December 31, 2022	December 31, 2021
Water	703.4	-
Recycling and Recovery	474.1	-
Other	(67.9)	-
Total EBITDA	1,109.6	-

EBITDA is defined as gross operating income plus the share of net income of associates and joint ventures, net of provisions for post-employment benefits and lease rents before IFRS 16 restatements, and concession renewal expenses.

4.2.3 EBIT

(in millions of euros)	December 31, 2022	December 31, 2021
Water	229.0	-
Recycling and Recovery	164.2	-
Other	(164.8)	-
Total EBIT	228.4	-

4.2.4 Amortisation

(in millions of euros)	December 31, 2022	December 31, 2021
Water	(336,3)	-
Recycling and Recovery	(264,0)	-
Other	(66,3)	-
Total depreciation and amortization	(666,6)	-

4.2.5 Capital employed

(in millions of euros)	December 31, 2022	December 31, 2021
Water	6 899,7	-
Recycling and Recovery	4 873,6	-
Other	(276,4)	(62,4)
Total capital employed	11 496,9	(62,4)

4.2.6 Investment in property, plant and equipment, intangible assets and financial assets

(in millions of euros)	December 31, 2022	December 31, 2021
Water	(1 406,9)	-
Recycling and Recovery	(2 195,9)	-
Other	(5 187,2)	-
Total investments	(8 790,0)	-

4.3 Key indicators by geographical area

The following indicators are broken down:

- by customer marketing area for revenue
- by area of establishment of the consolidated companies for the capital employed.

	Revenues		Capital Employed	
(in millions of euros)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
France	4 468,1	-	4 569,0	(62,4)
International	2 375,8	-	6 927,9	-
Total	6 843,9	-	11 496,9	(62,4)

4.4 Reconciliation of indicators with consolidated financial statements

4.4.1 Reconciliation of EBIT and EBITDA with current operating income

(in millions of euros)	December 31, 2022	December 31, 2021
Current operating income	**111,5**	
(+) Share in net income of equity-accounted companies considered as core business	137,8	-
(-) Other	(20,9)	-
EBIT	**228,4**	**-**
(-) Net depreciation, amortization and provisions	577,6	-
(-) Share-based payments [(a)]	39,8	-
(-) Disbursements under concession contracts	263,8	-
EBITDA	**1 109,6**	**-**

(a) Including amounts from LTI and Go Suez plans (performance unit allocation plan and long-term compensation plan - see Note 20).

4.4.2 Reconciliation of capital employed with items of the statement of financial position

(in millions of euros)	December 31, 2022	December 31, 2021
(+) Tangible and intangible assets, net	5 208,2	-
(+) Goodwill, net	5 198,6	-
(+) Rights of use	536,6	-
(+) Equity instrument (excluding marketable securities and impact of revaluation to fair value)	120,5	-
(+) Loans and receivables carried at amortized cost (excluding assets related to financing)	450,4	-
(+) Investments in joint ventures (excluding Other comprehensive income net of taxes)	614,7	-
(+) Investments in associates (excluding Other comprehensive income net of taxes)	1 980,2	-
(+) Trade and other receivables	2 841,1	-
(+) Inventories	261,9	-
(+) Contracts assets	325,8	-
(+) Tax receivables	76,5	-
(+) Other current and non-current assets	805,1	30,3
(-) Provisions and actuarial losses/gains on pensions plans	(1 224,6)	-
(-) Trade and other payables	(2 434,7)	(92,7)
(-) Contracts liabilities	(633,0)	-
(-) Tax payables	(103,8)	-
(-) Other current and non-current liabilities	(2 523,6)	-
(-) Other financial liabilities	(3,0)	-
Capital employed	11 496,9	(62,4)

Note 5 Current operating income

The components of current operating income are as follows:

(in millions of euros)	December 31, 2022	December 31, 2021
Revenues	6,843.9	-
Purchases	(1,931.9)	-
Personnel costs	(1,787.7)	-
Depreciation, amortization and provisions	(577.6)	-
Other operating income and expenses	(2,435.2)	-
Current operating income	111.5	-

5.1 Revenues

5.1.1 Revenues by nature

The following table shows Group's revenues per category:

(in millions of euros)	December 31, 2022	December 31, 2021
Water	2,484.4	-
Recycling and Recovery	3,575.7	
Construction contracts, equipment sales, engineering and other services	783.8	-
Total	6 843.9	-

5.1.2 Backlog

Backlog represents future revenue on contracts signed with customers for the following activities: construction contracts (excluding new works and concessions), equipment sales and engineering.

The breakdown of the backlog book is as follows:

(in millions of euros)	Total	Less than a year	From 1 to 5 years	Beyond 5 years
December 31, 2022	1,516.8	619.9	872.5	24.4
December 31, 2021	-	-	-	-

5.1.3 Contract assets and contract liabilities

Contracts assets and contracts liabilities include the amounts due to and due from customers under construction contracts. Contract assets and liabilities are broken down as follows:

	December 31, 2022		December 31, 2021	
(in millions of euros)	Non current	Current	Non current	Current
Contracts assets	**50.5**	**275.3**	**-**	**-**
Amounts due from customers under construction contracts		159.5	-	-
Concession renewal works assets (IFRIC 12)		100.0	-	-
Concession contracts receivables in progress (IFRIC 12)		15.7	-	-
Concession intangible asset in progress (IFRIC 12)	50.5		-	
Contract liabilities	**94.3**	**538.7**		
Amounts due to customers under construction contracts		149.5	-	-
Obligation for renewal works (IFRIC 12)		190.2	-	-
Advances received		152.9	-	-
Deferred operating income		20.4	-	-
Concession liabilities	94.3	25.7	-	-

In addition, at the closing date, the costs and margins incurred on construction contracts in progress are as follows:

(in millions of euros)	December 31, 2022	December 31, 2021
Cumulated costs incurred and margins recognized	4,221.6	-
Advances received	147.7	-
Retentions	53.4	-

5.2 Personnel costs

(in millions of euros)	December 31, 2022	December 31, 2021
Short-term benefits	(1,738.8)	-
Share-based payments or by cash payment	(39.8)	-
Post-employment benefit obligations and other long-term benefits	(9.1)	-
Total	(1 787.7)	-

Short-term benefits correspond to salaries and expenses recognised during the period. Share-based payments are broken down in Note 20.

Post-employment benefit obligations and other long-term benefits are disclosed in Note 19. This amount corresponds to defined-benefit plan expenses (see Note 19.2.3) and to defined-contribution plan expenses (see Note 19.3).

5.3 Depreciation, amortisation and provisions

The amounts shown below are net of reversals.

(in millions of euros)	December 31, 2022	December 31, 2021
Amortization	(666.6)	-
Depreciation of inventories, trade receivables and other assets	7.9	-
Net change in provisions [a]	81.1	-
Total	(577.6)	-

(a) Excluding post-employment benefit obligations presented in Note 5.2 above.

Depreciation and amortisation for the year, amounting to EUR (666.6) million, includes EUR (159.2) million for the amortisation of assets recognised and/or revalued as part of the purchase price allocation work for the acquisition of the New Suez activities from Veolia.

Depreciation is divided into:

- EUR (221,1) million for tangible fixed assets (of which EUR (38,7) million for revaluations of tangible assets),
- EUR (299.8) million for intangible assets (of which EUR (112.3) million on customer relationships and patents/technologies identified during purchase price allocation)
- and EUR (145,7) million for rights of use (of which EUR (8.2) million on the amortisation of rights of use in the context of purchase price allocation work).

The breakdown by type of asset is shown in Notes 10, 11 and 15.

5.4 Other operating income and expenses

Other operating income and expenses include the following amounts:

(in millions of euros)	December 31, 2022	December 31, 2021
Other operating income	**149.3**	**-**
Other operating expenses	**(2,584.5)**	**-**
Sub-contracting	(1,187.4)	-
Taxes excluding corporate income tax	(274.8)	-
Other expenses	(1,122.2)	-
Total	(2 435.2)	-

“Other expenses” mainly include maintenance expenditure for EUR (349.4) million, concession renewal expenditure for EUR (264.7) million and external staff for EUR (117.0) million.

Note 6 Income from operating activities

(in millions of euros)	Note	December 31, 2022	December 31, 2021
Current operating income		**111.5**	**0.0**
Impairment on property, plant and equipment, intangible and financial assets	6.1	(19.9)	-
Restructuring costs	6.2	(95.1)	(21.3)
Scope effects	6.3	(42.3)	0.0
Other significant non-recurring transactions	6.4	(10.3)	-
Income from operating activities		(56.1)	(21.3)

6.1 Impairments of Property, plant and equipment, intangible assets and financial assets

(in millions of euros)	December 31, 2022	December 31, 2021
Impairments		
Property, plant and equipment and other intangible assets	(2.3)	-
Rights of use	-	-
Financial assets	(22.6)	-
Total	**(24.9)**	-
Write-back of impairments		
Property, plant and equipment and other intangible assets	0.9	-
Rights of use	3.5	
Financial assets	0.6	-
Total	**5.0**	-
Total	(19.9)	-

Impairment losses on Property, plant and equipment, intangible assets and financial assets amount to EUR (19.9) million, mainly corresponding to impairment losses on financial assets, notably on the United Kingdom for EUR (11.4) million and on activities in Denmark held by Suez International for EUR (2.9) million.

6.2 Restructuring costs

Restructuring costs correspond to costs related to the establishment of the New Group created pre- and post-acquisition of the Suez activities acquired from Veolia for EUR 43.4 million, various transformation plans for EUR 26 million, mainly at Suez S.A., Eau France and R&R and severance pay for EUR 23.4 million, notably at Suez S.A.

6.3 Scope effects

This caption includes acquisition costs, mainly related to the takeovers carried out during the year: EUR 13.6 million for the acquisition of the Suez activities from Veolia, EUR 20.5 million (also including registration fees) for the acquisition of Suez Recycling & Recovery UK and EUR 5.4 million for the acquisition of the Enviroserv group.

6.4 Other gains and losses on disposals and non-recurring items

(in millions of euros)	December 31, 2021	December 31, 2021
Disposals of property, plant and equipment and intangible assets	(9.5)	-
Other	(0.8)	-
Total	(10.3)	-

The disposals mainly correspond to scrapping at Suez Eau France including meters for EUR 7.5 million.

Note 7 Net financial income/loss

(in millions of euros)	December 31, 2022 Expenses	Income	Total	December 31, 2021 Expenses	Income	Total
Cost of net debt	(102.4)	19.6	(82.8)	-	-	-
Other financial income and expenses	(17.5)	21.9	4.4	-	-	-
Financial income/(loss)	**(119.9)**	**41.5**	**(78.4)**	**-**	**-**	**-**

7.1 Cost of net debt

This item primarily includes interest expenses related to gross borrowings (calculated using the effective interest rate – EIR), gains and losses arising from foreign currency and interest rate hedging transactions on gross borrowings, as well as interest income on cash investments and changes in the fair value of financial assets measured at fair value through income.

(in millions of euros)	December 31, 2022 Expenses	Income	Total	December 31, 2021 Expenses	Income	Total
Interest expense on gross borrowings	(100.1)	-	(100.1)	-	-	-
Interest income and expense on lease liabilities	-	1.0	1.0	-	-	-
Exchange gain/(loss) on borrowings and hedges	(2.2)	4.4	2.2	-	-	-
Unrealized income/(expense) from economic hedges on borrowings	-	0.2	0.2	-	-	-
Income/(expense) on cash and cash equivalents, and financial assets at fair value through income	-	6.5	6.5	-	-	-
Capitalized borrowing costs	-	-	-	-	-	-
Financial income (expense) relating to a financial debt or receivable restructuring	(0.1)	7.5	7.4	-	-	-
Cost of net debt	**(102.4)**	**19.6**	**(82.8)**	**-**	**-**	**-**

7.2 Other financial income and expenses

(in millions of euros)	December 31, 2022 Expenses	Income	Total	December 31, 2021 Expenses	Income	Total
Net interest expenses related to post employment and other long term benefits	(3.2)	-	(3.2)	-	-	-
Unwinding of discounting adjustment to long term provisions (except post employment)	-	2.9	2.9	-	-	-
Change in fair value of derivatives not included in net debt	(9.2)	14.4	5.2	-	-	-
Income from equity instruments	-	0.6	0.6	-	-	-
Other	(5.1)	4.0	(1.1)	-	-	-
Other Financial Income and Expenses	**(17.5)**	**21.9**	**4.4**	**-**	**-**	**-**

Note 8 Income tax

8.1 Income tax expense in the income statement

8.1.1 Breakdown of income tax expense in the income statement

The tax income recognised in the profit and loss account for the year amounts to EUR 3.4 million in 2022 compared to a tax income of EUR 5.5 million in 2021. The breakdown of this tax charge is as follows:

(in millions of euros)	December 31, 2022	December 31, 2021
Current income tax	(115.2)	-
Deferred taxes	118.6	5.5
Total income tax expense recognized in income	**3.4**	**5.5**

As at December 31, 2021, the deferred tax income corresponds to the recognition of deferred tax assets on tax loss carryforwards generated during the year by Suez SA.

8.1.2 Theoretical income tax expense and actual income tax expense

The reconciliation between the theoretical tax expense and the actual tax expense recognised is presented in the following table:

(in millions of euros)	Note	December 31, 2022	December 31, 2021
Net income		**6.7**	**(15.8)**
- Share in net income of associates and joint ventures		137.9	-
- Income tax expense		3.4	5.5
Income before income tax and share in net income of fully consolidated entities (A)		**(134.6)**	**(21.3)**
Of which French companies		(177.9)	(21.3)
Of which companies outside France		43.3	-
Statutory income tax rate of SUEZ (B)		25.83%	28.40%
Theoretical tax (expense) / income (C) = (A) x (B)		**34.8**	**6.0**
In fact :			
Difference between the normal tax rate applicable to SUEZ and the normal tax rate applicable in jurisdictions in France and outside France	(a)	(8.3)	(0.6)
Permanent differences	(b)	(12.8)	-
Income taxed at a reduced rate or tax-exempt	(c)	4.0	-
Additional tax expense	(d)	(16.0)	-
Effect of unrecognized deferred tax assets on tax loss carryforwards and on other tax-deductible temporary differences	(e)	(13.0)	-
Recognition or utilization of tax assets on previously unrecognized tax loss carryforwards and other tax-deductible temporary differences	(f)	4.2	-
Impact of changes in tax rates	(f)		-
Tax savings and credits	(g)	5.4	0.1
Other	(h)	5.1	-
Tax (expense) / income in the income statement		**3.4**	**5.5**
Effective tax rate (actual income tax expense divided by income before income tax and share in net income of associates and joint ventures)		**2.53%**	**25.80%**

The main elements explaining the differences identified in the transition from the theoretical to the effective tax charge are:

(a) In 2022, the main rate differences with the rate in France are: the tax rate in Asia (16.5%) and the UK rate (19%)
(b) In 2022, the permanent differences are related to the recognition of expenses for the GO Suez plans for EUR (9.4) million, a waiver of a non-Group debt for EUR (2.6) million and other less significant items related to the recognition of permanently non-deductible expenses
(c) In 2022, the items taxed at reduced or zero rate mainly correspond to the taxation at reduced rate of one of the activities (high and new technology) of a Chinese entity
(d) In 2022, mainly the share of costs and expenses, withholding taxes on dividends received as well as the effect of the recognition of the CVAE in corporate tax
(e) In 2022, deferred tax impairment individually not significant
(f) In 2022, recognition of individually insignificant deferred taxes, of which EUR 2.0 million in France and EUR 1.0 million in India
(g) In 2022, effect of tax credit individually not significant
(h) In 2022, mainly correspond to tax savings generated by the tax consolidation of Suez in France, composed in 2022 of Suez Holding and Suez S.A., as well as the impact of tax-transparent companies.

8.2 Analysis by type of temporary difference in deferred tax income/expenses on the income statement

(in millions of euros)	December 31, 2021	Scope entry	P&L Impact	Tax on other comprehensive income	Other flow including foreign exchange effect	December 31, 2022
Deferred tax assets						
Loss carry-forwards and tax credit	16.1	49.3	38.5	-	(16.5)	87.4
Pension obligations	-	76.2	(5.2)	(14.4)	1.5	58.1
Concessions arrangements	-	12.5	1.3	-	(0.1)	13.7
Non-deductible provisions	-	83.1	18.5	(0.6)	16.6	117.6
Differences between the carrying amount of PPE and their tax bases	-	39.8	(14.9)	-	(5.7)	19.2
Financial instruments	-	3.5	77.6	-	6.5	87.5
Other	-	119.8	(54.2)	-	(1.3)	64.3
Tax netttign effect	-	*(62.9)*	-	-	*(31.2)*	*(94.0)*
Total	**16.1**	**321.3**	**61.6**	**(15.0)**	**(30.2)**	**353.8**
Deferred tax liabilities						
Assets - PPA	-	(510.3)	33.1	-	1.0	(476.2)
Differences between the carrying amount of PPE and their tax bases	-	(48.9)	6.6	-	(5.8)	(48.1)
Concessions arrangements	-	(93.0)	19.5	-	-	(73.5)
Captive insurance provision	-	(21.2)	(4.3)	-	(0.1)	(25.6)
Financial instruments	-	(58.2)	3.1	(69.7)	2.9	(121.9)
Other	-	(94.8)	(1.0)	-	8.2	(87.6)
Tax netttign effect	-	*62.9*	-	-	*31.2*	*94.0*
Total	**-**	**(763.5)**	**57.0**	**(69.7)**	**37.4**	**(738.9)**
Net Deferred Taxes	**16.1**	**(442.2)**	**118.6**	**(84.7)**	**7.2**	**(385.1)**

In 2022, the scope effect of EUR 447.4 million is mainly due to the acquisition from Veolia of the entities of the former Suez (including EUR 510.2 million in net deferred tax liabilities mainly related to customer relationships recognised as part of the purchase price allocation work).

In 2022, the P&L impact is mainly explained by the averaging of the cash received for an amount of EUR 281.5 million following the unwinding of pre-hedge instruments, this balance being amortized over the life of its underlying as well as the recognition of deferred taxes on deficits.

In 2022, the tax effect recognised as "other comprehensive income" is explained by:

- the accounting in OCI of the balances received during the unwinding of pre-hedge swaps, qualified as Cash Flow Hedge. These swaps are stored in OCI and then amortized in the income statement over the life of the underlying (the bonds)
- the change in actuarial gains related to pension liabilities.

Other flows mainly include currency effects.

8.3 Unrecognised deferred taxes

8.3.1 Deductible temporary differences unrecognised

Temporary differences on losses carried forward

At December 31, 2022, unused and unrecognised tax losses carried forward (unrecognised because they did not meet the criteria for recognition as a deferred tax asset) amounted to EUR 74,3 million.

Other temporary differences unrecognised

The amount of deferred tax assets on unrecognised other temporary differences amounted to EUR 5,6 million as at December 31, 2022.

8.3.2 Unrecognised deferred tax liabilities on taxable temporary differences relating to investments in subsidiaries

Deferred tax liability has been recognised on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will reverse in the foreseeable future.

Note 9 Goodwill

9.1 Movements in the carrying amount of goodwill

(in millions of euros)	Gross amount	Impairment Losses	Carrying amount
December 31, 2021			
Scope variations	5,283.8	-	5,283.8
Impairment losses	-	-	-
Translation differences	(85.2)	-	(85.2)
Others	-	-	-
December 31, 2022	**5,198.6**	**-**	**5,198.6**

In 2022, the net change in goodwill is explained by the acquisitions of the Suez activities from Veolia, Suez R&R UK, hazardous waste activities in France (IWS) and South Africa (Enviroserv) - see Note 2. Goodwill amounts were recognised at the date of acquisition in foreign currencies and translated at the exchange rate at that date.

The goodwill relating to the acquisition of the Suez activities from Veolia (EUR 3,151 million) is definitive following the completion of the purchase price allocation work. Residual goodwill represents the value of the assembled workforce as well as the expected future international developments.

Goodwill amounts relating to the acquisitions of Suez R&R UK, IWS and Enviroserv (see Note 3) are still provisional as at December 31. The purchase price allocation on the identifiable assets and liabilities acquired is to be completed in the 2023 financial year.

The translation differences mainly concern the pound sterling and the yuan for EUR (49) million and EUR (34) million respectively.

9.2 Main goodwill cash generating units (CGU)

The breakdown of goodwill by CGU goodwill is as follows:

(in millions of euros)	Operating segments	December 31, 2022	December 31, 2021
CGU			
Water France	Water	1,314.6	
Water Asia	Water	813.9	
Water Southern Europe	Water	60.0	
Water Central Europe	Water	60.6	
Water AMECAI	Water	210.0	
Water Australia	Water	20.4	
Consulting	Water	15.7	
SES	Water	76.0	
R&R France	Recycling and recovery	546.3	
R&R UK	Recycling and recovery	1,625.3	
IWS	Recycling and recovery	431.9	
Enviroserv	Recycling and recovery	23.9	
R&R AMECAI	Recycling and recovery	-	
Total		**5,198.6**	**0.0**

9.3 Impairment test

All CGUs resulting from the New Suez acquisition and to which a significant amount of goodwill is allocated were subject to an impairment test carried out based on data from a business plan corresponding to five years of the Medium-Term Plan (MTP).

For Suez R&R UK, IWS and Enviroserv, no test was implemented during the year given the recent acquisition of these activities and the absence of elements identified as being likely to call into question the acquisition business plan.

The valuation of the recoverable amount of these CGUs is carried out by the application of different methods, mainly discounted cash flows (the so-called "DCF" method, "Discounted Cash Flow"). The discounted cash flow method is based on:

- cash flow forecasts for the duration of the Medium-Term Plan. They are linked to the operating conditions provided for by the Executive Committee, in particular the duration of the contracts carried out by the entities of the CGU concerned, the evolutions of the regulated tariff, the future prospects of the markets
- a terminal value, for the period beyond the MTP, determined by applying the long-term growth rate, between 1.7% and 2.1% depending on the activity, to the normative "Free Cash Flow" [1](definition specific to impairment tests) of the last year of the forecast
- a discount rate specific to each CGU according to business risks, countries and own currencies. The discount rates, after tax, used in 2022 are between 4.9% and 9.4%.

The valuations thus obtained are systematically compared with those obtained by the methods of multiples of markets or stock market values where applicable.

The Group considers, based on reasonably foreseeable events to date, that there is no reason to recognize a material impairment loss on the goodwill presented in the statement of financial position, and that any changes in the key assumptions described below would not result in an insufficiency of recoverable amount relative to the net book value.

Valuation methods for recoverable and discount rates used

The table below describes the method and discount rate used in the review of the recoverable value of Cash-Generating Units with significant goodwill:

Cash generating units	Valuation methods	Discount rate	Long term growth rate
Water France	DCF	4,9%	1,7%
Water Southern Europe	DCF & market price*	5,9%	2,1%
Water Central Europe	DCF	5,3%	1,7%
Water AMECAI	DCF	7,3%	1,7%
Water Australia	DCF	4,1%	2,0%
Water Asia	DCF & market price*	5,3%	2,0%
R&R France	DCF	6,8%	1,7%
R&R AMECAI	DCF	9,4%	1,7%
Consulting	DCF	5,9%	1,7%
SES	DCF	7,9%	2,0%

*Target price from analyst consensus for listed companies ACEA and those held by Derun

[1] The "normative" Free Cash Flow used in impairment tests differs from Free Cash Flow in the following respects: absence of financial interest, use of a normative tax, taking into account all investment flows (maintenance and financial disposals, development and financial acquisitions already undertaken).

9.4 Sensitivity to interest rate and operational assumptions

The following table presents the sensitivity of excess of recoverable values compared to the carrying amounts, depending on changes in the discount rate:

Impact in % on the excess of the recoverable amount over the carrying amount	Discount rate		Growth rate of normative free cash flow	
	- 100 bp	+ 100 bp	- 50 bp	+ 50 bp
Water France	229%	-121%	-73%	100%
Water Southern Europe	101%	-59%	-39%	50%
Water Central Europe	160%	-89%	-44%	58%
Water AMECAI	68%	-47%	-20%	24%
Water Australia	205%	-74%	-42%	68%
Water Asia	134%	-71%	-35%	48%
R&R France	223%	-148%	-77%	94%
R&R AMECAI	37%	-28%	-11%	13%
Consulting	33%	-20%	-11%	14%
SES	2485%	-1744%	-763%	904%

An increase of 100 basis points in the discount rates highlights 3 sensitive CGUs: Water France, R&V France and to a lesser extent SES. In this scenario, the recoverable amount of these CGUs would be less than their book value of EUR 357 million.

9.5 Segment information

The breakdown of the carrying amount of goodwill by operating segment is as follows:

(in millions of euros)	December 31, 2022	December 31, 2021
Water	2,571.2	
Recycling and recovery	2,627.4	
Total	**5,198.6**	-

Note 10 Intangible assets (excluding goodwill)

10.1 Movements in the carrying amount of intangible assets

(in millions of euros)	Softwares	Intangible rights arising on concession contracts	Other [a]	Total
A. Gross amount				
At December 31, 2021	**-**	**-**	**-**	**-**
Changes in scope of consolidation	141.3	896.9	2,317.0	3,355.2
Acquisitions	27.9	57.3	17.5	102.7
Disposals / Scrapping	(1.1)	(0.5)	(2.9)	(4.5)
Translation adjustments	-	1.8	(16.1)	(14.3)
Other	29.9	(29.8)	(8.8)	(8.6)
At December 31, 2022	**198.0**	**925.7**	**2,306.7**	**3,430.5**
B. Accumulated depreciation and impairment				
At December 31, 2021	**-**	**-**	**-**	**-**
Depreciation	(34.5)	(127.9)	(137.4)	(299.8)
Impairment losses	-	-	(0.1)	(0.1)
Changes in scope of consolidation	-	-	-	-
Disposals / Scrapping	0.7	0.4	0.1	1.2
Translation adjustments	-	0.4	2.4	2.8
Other	0.9	(1.8)	0.2	(0.8)
At December 31, 2022	**(32.9)**	**(128.9)**	**(134.8)**	**(296.7)**
C. Carrying Amount				
At December 31, 2021	**-**	**-**	**-**	**-**
At December 31, 2022	**165.1**	**796.8**	**2,171.9**	**3,133.8**

(a) Includes mainly customer relationships water rights and Suez's brand

The change in fixed assets is mainly related to perimeter entries:

- EUR 3,219.0 million from the acquisition of New Suez activities from Veolia (of which EUR 1,944.5 million in France and EUR 436.0 million in Asia)
- EUR 98.5 million from the acquisition of Suez R&R UK
- And EUR 37.6 million for the acquisition of IWS entities.

10.2 Informations on intangible assets

Customer relationships

As part of the work to allocate the purchase price of the Suez activities from Veolia, customer relationships were identified and valued for an amount of EUR 1,838.4 million at the date of acquisition. As of December 31, 2022, these customer relationships amounted to EUR 1,728.1 million and are included in the "Other" section.

Intangible rights arising on concession contracts

The Group manages concession contracts within the scope of IFRIC12 in the areas of drinking water distribution, sanitation and waste treatment. The rights granted to the Group as concession operator, on the infrastructure that falls within the scope of IFRIC 12 and corresponds to the intangible model, are recorded under this heading. These include fees to bill users under the IFRIC 12 intangible asset model (see Note 1.5.12.4). In 2022, concession contracts represent EUR +743.1 million.

Non-depreciable intangible assets

At December 31, 2022, the value of non-depreciable intangible assets, mainly composed of water rights, amounted to EUR 193.9 million and are included in the "Other" column.

No material impairment loss was recognised on this category of fixed assets in fiscal 2022.

Research and development expenses

Research and Development activities result in the realization of various studies related to technological innovation, improvement of the efficiency of facilities, safety, environmental protection and quality of service.

In 2022, as part of the strategy of the new Suez governance with the strong ambition to differentiate itself through innovation, the Suez Innovation and Research process was redesigned with a strong involvement of Suez's commercial, project and business development forces.

Expenses related to internal projects in the development phase meeting the criteria for recognition of an intangible asset represent only EUR 1.2 million for the 2022 financial year and are presented in the "Other" column of the table of changes in intangible assets, compared to EUR 60.5 million for Research and Development expenses that do not meet the valuation criteria defined by IAS 38 and are therefore expensed in the income statement.

Note 11 Property, plant and equipment

11.1 Movements in the carrying amount of property, plant and equipment

(in millions of euros)	Lands	Constructions	Plant and equipment	transport equipment	Capitalized dismanting and restoration costs	Construction in progress	Other	Total property, plant and equipment
A. Gross amount								
At December 31, 2021	-	-	-	-	-	-	-	-
Acquisitions	344.6	375.9	986.0	46.3	0.4	328.5	34.0	2,115.7
Disposals	10.0	7.0	0.3	4.7	-	184.7	5.4	212.1
Translation adjustments	(29.1)	(7.7)	(8.2)	(2.5)	-	-	(1.2)	(48.7)
Changes in scope of consolidation	(4.3)	(1.8)	(11.2)	(0.5)	(0.3)	(1.1)	(1.2)	(20.4)
Assets classified as held for sale	51.3	60.5	105.7	4.0	5.8	(184.0)	3.2	46.5
At December 31, 2022	**372.5**	**433.9**	**1,072.6**	**52.0**	**5.9**	**328.1**	**40.2**	**2,305.2**
B. Accumulated depreciation and impairment								
At December 31, 2021	-	-	-	-	-	-	-	-
Depreciation	(31.5)	(38.4)	(131.4)	(11.2)	-	0	(8.6)	(221.1)
Impairment losses	(1.6)	-	(0.4)	-	-	0.1	(0.1)	(2.0)
Disposals	-	-	-	-	-	-	-	-
Translation adjustments	(0.1)	0.2	0.2	0.7	-	1.7	1.3	4.0
Changes in scope of consolidation	0.1	0.3	1.6	0.1	0.3	-	0.8	3.2
Assets classified as held for sale	10.0	0.4	(19.2)	0.2	(5.8)	-	(0.5)	(14.9)
At December 31, 2022	**(23.1)**	**(37.5)**	**(149.2)**	**(10.2)**	**(5.5)**	**1.8**	**(7.1)**	**(230.8)**
C. Carrying Amount								
At December 31, 2021	-	-	-	-	-	-	-	-
At December 31, 2022	**349.4**	**396.4**	**923.4**	**41.8**	**0.4**	**329.9**	**33.1**	**2,074.4**

The change in property, plant and equipment is mainly related to scope entries: acquisition of the Suez activities from Veolia for EUR 1,802.3 million, acquisition of Suez R&R holding UK for EUR 218.3 million and acquisition of the IWS entities in France for EUR 95.2 million.

11.2 Pledged and mortgaged assets

Assets pledged and mortgaged as collateral for borrowings amount to EUR 9.1 million as at December 31, 2022.

11.3 Contractual commitments for the acquisition of property, plant and equipment

In the course of ordinary operations, some Group companies have committed to investing in technical facilities which the third parties concerned undertake to deliver to them in return.

The Group's contractual commitments for property, plant and equipment amount to EUR 169.4 million as at December 31, 2022.

Note 12 Investments in joint ventures and associates

On January 31, 2022, Suez S.A. completed the acquisition of the Suez businesses sold by Veolia. As a result of this transaction and the various business combinations carried out during the year 2022, as presented in Note 2.1, all the interests in the joint ventures and associates presented hereafter were included in the Group.

12.1 Investments in joint ventures

As of December 31, 2022, the most significant investments are the Chinese joint ventures co-owned by the local concession granting authorities. They represent 40 different legal entities, including 3 entities representing more than 50% of the amount presented in equity interests in the joint ventures.

	Carrying amount of investments in joint ventures		Share in net income/ (loss) of joint ventures	
(in millions of euros)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Chinese JV's [(a)]	573.4	-	46.8	-
Other	47.3	-	(0.5)	-
Total	**620.7**	**-**	**46.3**	**-**

(a) 40 different legal entities including 3 entities representing more than 50% of the amount presented in joint ventures.

(in millions of euros)	December 31, 2022	December 31, 2021
Net income	46.3	-
Other comprehensive income (OCI)	(25.8)	-
Comprehensive income	**20.5**	**-**

12.2 Investments in associates

Investments in associates and share of profit or loss can be broken down as follows:

	Carrying amount of investments in associates		Share in net income/ (loss) of associates	
(in millions of euros)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Acea Group	883.8	-	35.7	-
Suyu Group	673.5	-	45.8	-
Other (individual contributions less than 10% of the total)	422.9	-	10.0	-
Total	**1,980.2**	**-**	**91.5**	**-**

Amounts presented include the impact of the price allocation related to the acquisition of New Suez.

(in millions of euros)	December 31, 2022	December 31, 2021
Net income	91.5	-
Other comprehensive income (OCI)	(17.2)	-
Comprehensive income	**74.3**	**-**

The most significant investments in associates are the Acea group and the Suyu group.

The Acea group, in which the Suez Group has a 23.33% stake, is listed on the Milan Stock Exchange. At December 31, 2022, the carrying amount of Acea in the Group's statement of financial position was EUR 883.8 million. This value takes into account the impacts related to the allocation of the acquisition price (recognition of customer relationships and revaluation of patents in particular). The equivalent market value of the Acea Group amounts to EUR 642.0 million at the end of December 2022; nevertheless, no impairment has been recorded in the Suez group's financial statements in 2022, taking into account the results of the impairment tests carried out at the closing.

The summarized financial information for the Acea Group is presented below and is based on information available and published by the Acea Group.

Summarized Statement of Acea Group financial position

(in millions of euros)	December 31, 2022	December 31, 2021
Non-current assets	8,299.0	7,801.6
Current assets	3,110.0	2,658.8
of which Cash and cash equivalents	*659.4*	*680.8*
Assets held for sale	18.9	168.4
Total assets	**11,427.9**	**10,628.8**
Shareholders' equity, Group share	2,184.9	2,124.0
Non-controlling interests	416.5	392.4
Total shareholders' equity	**2,601.4**	**2,516.4**
Non-current liabilities	5,538.4	5,514.5
Current liabilities	3,286.4	2,550.5
Liabilities directly associated with assets classified as held for sale	1.7	47.4
Total shareholders' equity and liabilities	**11,427.9**	**10,628.8**
100% dividends paid in the previous financial year	**180.6**	**170.0**

Summarized Income Statement of Acea Group over 12 months

(in millions of euros)	December 31, 2022	December 31, 2021
Revenues	4,957.0	3,816.0
Gross operating profit	1,305.0	1256.1
Operating profit /(loss)	565.9	581.1
Net income - group share	279.7	313.3
Net income - non-controlling interests	31.4	39
Net income	**311.1**	**352.3**
Other comprehensive income (OCI)	76.9	31.6
Comprehensive income	**388.0**	**383.9**

The other significant investment in associates as at December 31, 2022 is Derun Environnement, which is 25.1% owned by the Suyu Group, which is wholly-owned by the Group.

Summarized Statement of Suyu Group financial position

(in millions of euros)	December 31, 2022	December 31, 2021
Non-current assets	782.9	801.6
Current assets	1.4	3.8
of which Cash and cash equivalents	*1.4*	*3.8*
Total assets	**784.3**	**805.4**
Shareholders' equity, Group share	676.2	657.8
Non-controlling interests	-	-
Total shareholders' equity	**676.2**	**657.8**
Non-current liabilities	67.8	94.5
Current liabilities	40.3	53.0
Total shareholders' equity and liabilities	**784.3**	**805.3**
100% dividends paid in the previous financial year	**-**	**-**

Suyu's "Non-current assets" item includes Derun Environment shares equity accounted for EUR 782.9 million at the end of 2022, compared with EUR 782.4 million at the end of 2021.

Summarized Income Statement of Suyu Group over 12 months

(in millions of euros)	December 31, 2022	December 31, 2021
Revenues	-	-
Gross operating profit	1.0	(1.1)
Operating profit /(loss)	1.0	(1.1)
Net income - group share	48.5	36.0
Net income - non-controlling interests	-	-
Net income	**48.5**	**36.0**
Other comprehensive income (OCI)[(a)]	(30.1)	-
Comprehensive income	**18.4**	**36.0**

(a) Due to the creation of the new Suez Group, other comprehensive income cannot be measured at the end of December 2021.

Note 13 Financial instruments

13.1 Financial assets

The following table shows the various financial asset categories and their breakdown as “non-current” and “current”:

(in millions of euros)	December 31, 2022 Non-current	Current	Total	December 31, 2021 Non-current	Current	Total
Non-current financial assets at fair value through P&L / Non-recyclable equity	72.2	-	72.2	-	-	-
Loans and receivables carried at amortized cost	215.4	3,076.1	3,291.5	-	-	-
Loans and receivables carried at amortized cost (excluding trade and other receivables)	215.4	235.0	450.4	-	-	-
Trade and other receivables	-	2,841.1	2,841.1	-	-	-
Financial assets measured at fair value	11.2	58.9	70.1	-	-	-
Derivative financial instruments	11.2	58.9	70.1	-	-	-
Financial assets measured at fair value through income	-	-	-	-	-	-
Financial assets	298.8	3,135.0	3,433.8	-	-	-
Cash and cash equivalents	-	1,766.2	1,766.2	-	-	-
Liquid financial investments	-	-	-	-	-	-
Other cash and cash equivalents	-	1,766.2	1,766.2	-	-	-
Financial assets and cash	298.8	4,901.2	5,200.0	-	-	-

13.1.1 Non-current equity instruments at fair value

Movements on non-current equity instruments during the period are broken down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2021	**-**	**-**
Acquisitions	6.5	46.9
Net book value of disposals	(1.6)	(0.4)
Changes in fair value posted to equity as other comprehensive income	(7.5)	-
Changes in fair value posted to income statement	-	(16.4)
Changes in scope, exchange rates and other	51.6	(6.9)
At December 31, 2022	49.0	23.2

The value of non-current financial assets at fair value through OCI held by the Group amounted to EUR 49.0 million at December 31, 2022, which is composed of EUR 5.3 million of listed securities and EUR 43.7 million of unlisted securities.

The non-current financial assets at fair value through income held by the Group, i.e. EUR 23.2 million as at December 31, 2022, are unlisted securities.

Income generated by non-current financial assets at fair value is not significant

13.1.2 Loans and receivables carried at amortized cost

(in millions of euros)	December 31, 2022 Non-current	Current	Total	December 31, 2021 Non-current	Current	Total
Loans and receivables carried at amortized cost (excluding trade and other receivables)	**215.4**	**235.0**	**450.4**	**-**	**-**	**-**
Loans granted to affiliated companies [(a)]	109.4	88.3	197.7	-	-	-
Other receivables at amortized cost	-	-	-	-	-	-
Concession receivables	106.0	146.7	252.7	-	-	-
Finance lease receivables	-	-	-	-	-	-
Trade and other receivables	**-**	**2,841.1**	**2,841.1**	**-**	**-**	**-**
Total	215.4	3,076.1	3,291.5	-	-	-

(a) This item primarily includes loans granted to associates accounted for under the equity method and/or to non-consolidated companies, and amount to EUR 129.2 million as of December 31, 2022.

Depreciation and impairment on loans and receivables carried at amortized cost are shown below:

(in millions of euros)	December 31, 2022 Gross	Depreciation and impairment	Net	December 31, 2022 Gross	Depreciation and impairment	Net
Loans and receivables carried at amortized cost (excluding trade and other receivables)	469.6	(19.2)	450.4	-	-	-
Trade and other receivables	2,903.4	(62.3)	2,841.1	-	-	-
Total	3,373.0	(81.5)	3,291.5	-	-	-

Information on the maturity of receivables that are past due but not impaired and on the monitoring of counterparty risk on loans and receivables at amortized cost (including trade and other receivables) is presented in Note 14.4 “Counterparty risk”.

Net income and expenses on loans and receivables carried at amortized cost and recognised in the income statement break down as follows (including trade receivables):

(in millions of euros)	Interests	Remeasurement post-acquisition Translation adjustment	Impairment
At December 31, 2021	-	-	-
At December 31, 2022	13.0	(1.0)	(2.1)

Trade and other receivables

On initial recognition, trade receivables are recorded at fair value, which generally corresponds to their nominal value. An impairment loss is recognised based on the risk of non-recovery by homogeneous category of customers and on the expected loss rate for each category of customers (see Note 1.5.9.1)

The net carrying amount of trade and other receivables posted to the statement of financial position represents its measurement of fair value.

13.1.3 Financial assets measured at fair value

This item comprises derivative financial instruments as well as financial assets measured at fair value through income excluding derivatives, and can be analyzed as follows:

(in millions of euros)	December 31, 2022 Non-current	Current	Total	December 31, 2021 Non-current	Current	Total
Derivative financial instruments	**11.2**	**58.9**	**70.1**	**-**	**-**	**-**
Debt-related derivatives (see Note 13.3.1)	-	16.7	16.7	-	-	-
Derivative hedging commodities (see Note 14.1.2)	-	1.5	1.5	-	-	-
Derivative hedging other items [(a)]	11.2	40.7	51.9	-	-	-
Financial assets at fair value through income exluding derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets measured at fair value through income (See Note 13.3.1)	-	-	-	-	-	-
Total	11.2	58.9	70.1	-	-	-

(a) Includes in particular derivative financial instruments corresponding to the future rate portion of derivatives relating to net debt, not qualified as hedges, for EUR 1.2 million as at December 31, 2022

Commodities derivatives (analyzed in Note 14.1.2), debt-related derivatives, and derivatives hedging other items are set up as part of the Group’s risk management policy.

Income recognised on all financial assets measured at fair value through income as of December 31, 2022 is not material.

13.1.4 Cash and cash equivalents

The Group’s financial risk management policy is described in Note 14.

“Cash and cash equivalents” amount to EUR 1,766.2 million as of December 31, 2022.

This item mainly includes term deposits for EUR 106.2 million, cash current accounts for EUR 55.5 million and cash and cash equivalents for EUR 1 604.3 million.

In addition, there are no restricted cash.

Income recognised in respect of “Cash and cash equivalents” as of December 31, 2022 amounts to EUR 6.5 million.

13.1.5 Pledged and mortgaged assets

(in millions of euros)	December 31, 2022	December 31, 2021
Pledge and mortgaged assets	0.5	-

13.2 Financial liabilities

Financial liabilities are accounted for:

- in “liabilities at amortized cost” for borrowings and debt, trade and other payables, and other financial liabilities;
- or in “liabilities measured at fair value” for derivative financial instruments.

The following table shows the various financial liability categories, as well as their breakdown as “non-current” and “current”:

	December 31, 2022			December 31, 2021		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Borrowings (see Note 13.2.1)	5,700.5	118.1	5,818.6	-	-	-
Lease liabilities	404.1	144.5	548.6	-	-	-
Derivative financial instruments	16.6	20.8	37.4	-	-	-
Trade and other payables (see Note 13.2.3)	-	2,434.7	2,434.7	-	92.7	92.7
Other financial liabilities	3.0	-	3.0	-	-	-
Total	6,124.2	2,718.1	8,842.3	-	92.7	92.7

13.2.1 Borrowings and debt

	December 31, 2022			December 31, 2021		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds issues (see Note 13.3.2)	4,300.0	-	4,300.0	-	-	-
Draw downs on credit facilities	14.8	-	14.8	-	-	-
Other bank borrowings	1,336.5	21.2	1,357.7	-	-	-
Other borrowings	84.9	33.4	118.3	-	-	-
Borrowings (gross amounts)	**5,736.2**	**54.6**	**5,790.8**	**-**	**-**	**-**
Overdrafts and current cash accounts	-	24.3	24.3	-	-	-
Outstanding financial debt	**5,736.2**	**78.9**	**5,815.1**	**-**	**-**	**-**
Impact of measurement at amortized cost	(35.7)	39.2	3.5	-	-	-
Impact of fair value hedge	-	-	-	-	-	-
Borrowings and debt	5,700.5	118.1	5,818.6	-	-	-

As of December 31, 2022, the bank debt initially contracted in connection with the acquisition of Suez activities from Veolia on January 31, 2022, was fully refinanced by bonds amounting to EUR 4,300.0 million euros. Suez also drew down new bank debt of EUR 1,200.0 million to finance the acquisitions of hazardous waste in France (IWS) and Suez Recycling and Recovery UK on December 5, 2022.

Other borrowings include in particular the financial debt to Veolia corresponding to the economic transfers in progress as at December 31, 2022 for an amount of EUR 37.7 million.

The fair value of borrowings and debt as of December 31, 2022 amounts EUR 5,550.8 million for a net book value of EUR 5,818.6 million (fair value analysis by level in Note 13.4.2).

Borrowings are analyzed in Note 13.3 “Net debt”.

Variations by flows of financial debts are presented in the following table:

			Non cash flows				
(in millions of euros)	December 31, 2021	Cash flows	Scope effect	Forex effect	Change in fair value and amortized cost	Other	December 31, 2022
Bond issues	-	4,300.0	-	-	-	-	4,300.0
Commercial paper	-	-	-	-	-	-	-
Draw downs on credit facilities	-	5.9	20.1	-	-	(11.2)	14.8
Other bank borrowings	-	1,194.7	163.1	1.3	-	(1.4)	1,357.7
Other borrowings	-	(1,027.3)	1,139.0	(14.6)	-	21.2	118.3
Borrowings (gross amounts)	**-**	**4,473.3**	**1,322.2**	**(13.3)**	**-**	**8.6**	**5,790.8**
Overdrafts and current cash accounts	-	(802.6)	823.0	(13.4)	-	17.3	24.3
Outstanding financial debt	**-**	**3,670.7**	**2,145.2**	**(26.7)**	**-**	**25.9**	**5,815.1**
Impact of measurement at amortized cost	-	(69.4)	(3.6)	0.1	79.5	(3.1)	3.5
Impact of fair value hedge	-	-	-	-	-	-	-
Borrowings and debt [(a)]	-	3,601.3	2,141.6	(26.6)	79.5	22.8	5,818.6
Lease liabilities	-	(140.4)	503.9	(2.1)	(38.2)	225.4	548.6

(a) The cash flow is detailed in the consolidated cash flow statement.

13.2.2 Derivative financial instruments (including commodities)

(in millions of euros)	December 31, 2022 Non-current	Current	Total	December 31, 2021 Non-current	Current	Total
Debt-related derivatives (see Note 13.3.1)	-	5.0	5.0	-	-	-
Derivatives hedging commodities	-	-	-	-	-	-
Derivatives hedging other items [(a)]	16.6	15.8	32.4	-	-	-
Total	16.6	20.8	37.4	-	-	-

(a) Includes in particular derivative financial instruments corresponding to the future rate portion of derivatives relating to net debt for an amount of EUR 16.6 million non-current and EUR 10.4 million current.

These instruments are set up according to the Group's risk management policy and are analyzed in Note 14.

13.2.3 Trade and other payables

(in millions of euros)	December 31, 2022	December 31, 2021
Trade payables	1,794.3	92.7
Payables on fixed assets [(a)]	643.4	-
Total	2,437.7	92.7

(a) Including EUR 404.3 million following the purchase of intra-group loans and current accounts from Veolia

The fair value of trade payables and other creditors correspond to their carrying amount recorded in the statement of financial position.

13.3 Net debt

13.3.1 Net debt by nature

(in millions of euros)	December 31, 2022 Non-current	Current	Total	December 31, 2021 Non-current	Current	Total
Outstanding borrowings	5,736.2	78.9	5,815.1	-	-	-
Impact of measurement at amortized cost [(a)]	(35.7)	39.2	3.5	-	-	-
Impact of fair value hedge [(b)]	-	-	-	-	-	-
Borrowings and debts	**5,700.5**	**118.1**	**5,818.6**	**-**	**-**	**-**
Lease liabilities	**404.1**	**144.5**	**548.6**	**-**	**-**	**-**
Debt-related derivatives under liabilities [(c)]	-	5.0	5.0	-	-	-
Gross debt	**6,104.6**	**267.6**	**6,372.2**	**-**	**-**	**-**
Financial assets measured at fair value through income excluding financial derivative instruments	-	-	-	-	-	-
Cash management assets	-	-	-	-	-	-
Other cash and cash equivalents	-	(1,766.2)	(1,766.2)	-	-	-
Debt-related derivatives under assets [(c)]	-	(16.7)	(16.7)	-	-	-
Net cash	**-**	**(1,782.9)**	**(1,782.9)**	**-**	**-**	**-**
Net debt	6,104.6	(1,515.3)	4,589.3	-	-	-
Outstanding borrowings	5,736.2	78.9	5,815.1	-	-	-
Lease liabilities	404.1	144.5	548.6	-	-	-
Financial assets measured at fair value through	-	-	-	-	-	-
Cash management assets	-	-	-	-	-	-
Other cash and cash equivalents	-	(1,766.2)	(1,766.2)	-	-	-
Net debt excluding amortized cost and impact of derivative financial instruments	6,140.3	(1,542.8)	4,597.5	-	-	-

(a) Includes accrued interest on gross debt as well as premiums and fees for setting up borrowings to be amortized.
(b) This item corresponds to the remeasurement of the interest rate component of debt in a designated fair value hedging relationship.
(c) It corresponds to the fair value of debt-related derivatives, regardless of whether or not they are designated as hedges.

The sensitivity of the debt (including interest rate and currency derivatives) to interest rate risk and currency risk is presented in 14.

13.3.2 Bond issues

In May 2022, as part of its EMTN program, Suez issued a green bond issue for a total amount of EUR 2,600 million, composed of three tranches:

- EUR 750 million at a fixed rate with a maturity date of May 24, 2027, with an annual coupon of 1.875%
- EUR 850 million fixed rate with a maturity date of May 24, 2030, with an annual coupon of 2.375%
- EUR 1,000 million at a fixed rate with a maturity date of May 24, 2034, with an annual coupon of 2.875%

In October 2022, Suez issued a second green bond issue under its EMTN program for a total amount of EUR 1,700 million, composed of two tranches:

- EUR 800 million at a fixed rate with a maturity date of November 3, 2028, with an annual coupon of 4.625%
- EUR 900 million euro fixed-rate bonds with a maturity date of November 3, 2032, and an annual coupon of 5.000%.

13.3.3 Change in net debt

As of December 31, 2022, net financial debt amounted to EUR 4,589.3 million, mainly related to:

- acquisitions from Veolia for EUR 10,425.0 million:
    - Suez activities on January 31, 2022 for an amount of EUR 8,018.0 million
    - hazardous waste activities in France (IWS) on November 30 for EUR 447.8 million
    - a 100% stake in Suez Recycling and Recovery UK on December 5 for EUR 1,959.2 million
- the acquisition of the hazardous waste activities of the Enviroserv Group on 30 September for EUR 71.6 million
- capital increases in cash for an amount of EUR 6,174.2 million
- payment in cash of dividends paid to minority shareholders of subsidiaries amounting to EUR 40.3 million
- payments received on the unwinding of interest rate hedging instruments amounting to EUR 281.5 million
- cash surplus generated by Group activities of EUR 134.4 million.

13.3.4 Debt / Equity ratio

(in millions of euros)	December 31, 2022	December 31, 2021
Net debt	4,589.3	-
Total equity	6,605.6	(46.3)
Debt/equity ratio	**69.5%**	**0.0%**

13.4 Fair value of financial instruments by level

13.4.1 Financial assets

Equity instruments at fair value

Listed securities are recognised in the consolidated statement of financial position at fair value for EUR 5.3 million as at December 31, 2022. They have a Level 1 fair value based on stock market prices at that date.

Unlisted securities valued at EUR 57.5 million as at December 31, 2022 are measured using valuation models based primarily on the most recent transactions, discounted dividends or cash flows and net asset value (fair value Level 3).

As of December 31, 2022, The value of Level 1 and Level 2 instruments is nil. The change in Level 3 equity instruments at fair value breaks down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2021	**-**	**-**
Acquisitions	6.5	46.9
Net book value of disposals	(1.6)	(0.4)
Changes in fair value posted to equity as other comprehensive income	1.4	-
Changes in fair value posted to income statement	-	(16.4)
Changes in scope, exchange rates and other	35.2	(14.1)
At December 31, 2022	**41.5**	**16.0**

The net value of unlisted securities is not of a material uniform amount that would have to be presented separately.

Loans and receivables carried at amortized cost (excluding trade and other receivables)

Loans and receivables carried at amortized cost (excluding trade and other receivables), amounting to EUR 450.4 million as at December 31, 2022, may contain elements that contribute to a fair value hedging relationship. At December 31, 2022, no hedge was put in place.

Derivative financial instruments

The portfolio of derivative financial instruments used by the Group within the context of its risk management consists primarily of interest rate and exchange rate swaps, interest rate options and forward currency sales and purchases. It is recognised at its fair value as at December 31, 2022 for EUR 70.1 million. The fair value of virtually all of these contracts is determined using internal valuation models based on observable data. These instruments are considered Level 2.

13.4.2 Financial liabilities

The fair value of financial liabilities and financial instruments posted to liabilities are distributed as follows among the various levels of fair value (fair value levels are defined in Note 1.5.9.2 and 1.5.9.3):

	December 31, 2022				December 31, 2021			
(in millions of euros)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings	**5,550.8**	**3,990.6**	**1,560.2**	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments (see Note 13.2.2)	**37.4**	**-**	**37.4**	**-**	**-**	**-**	**-**	**-**
Debt-related derivatives (see Note 13.3.1)	5.0	-	5.0	-	-	-	-	-
Derivatives hedging commodities	0.0	-	0.0	-	-	-	-	-
Derivatives hedging other items	32.4	-	32.4	-	-	-	-	-
Total	5,588.2	3,990.6	1,597.6	-	-	-	-	-

Bonds and borrowings

Only listed bonds issued by Suez are presented in this table at Level 1. Other loans are shown in this table at Level 2. All of these loans are measured in light of the interest rate risk (interest rate component); their fair value is determined on the basis of observable data.

Derivative financial instruments

Refer to the description in Note 13.4.1 to justify the level of fair value.

13.5 Offsetting of derivative assets and liabilities

At December 31, 2022, the Group does not offset financial assets and liabilities in its statement of financial position. Moreover, Suez has subscribed for OTC derivatives with first class banks under agreements that provide for the compensation of amounts due and receivable in the event of failure of one of the contracting parties. These master netting agreements do not meet the criteria of IAS 32 to allow the offsetting of derivative assets and liabilities in the statement of financial position. However, they do fall within the scope of disclosures under IFRS 7 on offsetting:

	December 31, 2022				December 31, 2021			
	Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities		Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Gross amount [(a)]	68.6	(37.4)	1.5	-	-	-	-	-
Amount after offsetting	49.3	(18.1)	1.5	-	-	-	-	-

(a) Gross amounts of recorded assets and liabilities

Note 14 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks.

14.1 Commodity market risks

14.1.1 Hedging operations

The Group sets up cash flow hedge on fuel as defined by IFRS 9 by using the derivative instruments available on over-the-counter markets, whether they are firm commitments or options, but always settled in cash. The Group's aim is to protect itself against adverse changes in market prices, which may specifically affect its supply costs.

14.1.2 Fair value of commodity derivative instruments

The fair value of derivative instruments linked to commodities as at December 31, 2022 is presented in the table below:

	December 31, 2022			
	Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current
Cash flow hedges	1.5	-	-	-
Total	1.5	-	-	-

The fair value of cash flow hedging instruments by type of commodity breaks down as follows:

	December 31, 2022			
	Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current
Oil	1.5	-	-	-
Swaps	1.5	-	-	-
Total	1.5	-	-	-

14.2 Currency risk

Subsidiaries work mostly in local currency, exposure to currency risk linked to transactions are limited.

Translation risk is mainly concentrated on equity holdings in the United Kingdom, China, Australia and South Africa. The Group's hedging policy regarding investments in non-Eurozone currencies consists in contracting liabilities denominated in the same currency as the cash flows expected to derive from these assets based on various internal and external indicators.

Among the hedging instruments used, borrowings in the relevant currency constitute the most natural hedging tool. The Group also uses foreign currency derivatives (swaps, cross currency swaps…), which allow for the creation of synthetic currency debts

14.2.1 Financial instruments by currency

The breakdown by currency of outstanding borrowings and of financial net debt, before and after taking interest rate and currency hedges into account, is presented below:

Outstanding borrowings

	December 31, 2022	
(in %)	Before impact of derivatives	After impact of derivatives
Euro zone	97%	97%
USD zone	0%	0%
GBP zone	0%	1%
AUD	0%	0%
MOP	1%	1%
ZAR	1%	1%
Other currencies	1%	0%
Total	100%	100%

Net debt

(in %)	December 31, 2022 Before impact of derivatives	After impact of derivatives
Euro zone	106%	106%
USD zone	-1%	-1%
GBP zone	-3%	-2%
AUD	0%	-1%
MOP	1%	1%
ZAR	1%	1%
Other currencies	-4%	-4%
Total	100%	100%

14.2.2 Analysis of currency risk sensitivity

The sensitivity analysis was based on the financial net debt position (including derivative financial instruments).

As regards **currency risk**, the sensitivity calculation consists in evaluating the impact in the Consolidated Financial Statements of a plus or minus 10% change in foreign exchange rates compared to closing rates.

Impact on income after the impact of foreign exchange derivatives

Changes in exchange rates against the euro only affect income through gains and losses on liabilities denominated in a currency other than the functional currency of the companies carrying the liabilities on their statement of financial position, and to the extent that these liabilities do not qualify as net investment hedges. A uniform plus or minus 10% change of foreign currencies against euro would generate a gain or a loss of EUR 4.5 million.

Impact on equity after taking into account foreign exchange derivatives

At December 31, 2022, a uniform variation of plus or minus 10% in exchange rates against the euro would generate a negative or positive impact of EUR 2.1 million on equity.

14.3 Interest rate risk

The Group aims to reduce its financing costs by limiting the impact of interest rate fluctuations on its income statement.

The Group's policy is to diversify net debt interest rate references between fixed and floating rates. The Group's aim is to achieve a balanced interest rate structure for its net debt in the medium term (5 to 15 years). The interest rate mix may change depending on market trends.

The Group therefore uses hedging instruments (particularly swaps), to protect itself from increases in rates in the currencies in which the debt is denominated.

The Group's exposure to interest rate risk is managed centrally and regularly reviewed (generally on a monthly basis) during meetings of the Treasury Committee. Any significant change in the interest rate mix is subject to prior approval by Management.

The cost of debt is sensitive to changes in interest rates on all floating-rate debt. The cost of debt is also affected by changes in market value of derivative instruments not classified as hedges under IFRS 9.

The Group's main exposure to interest rate risk arises from loans and borrowings denominated in euro, which represent 106% of net debt as of December 31, 2022

14.3.1 Financial instruments by rate type

The breakdown by type of rate of outstanding borrowings and net debt, before and after impact of hedging instruments, is shown in the following tables:

Outstanding borrowings

(in %)	December 31, 2022 Before impact of derivatives	After impact of derivatives
Floating rate	24%	23%
Fixed rate	76%	77%
Total	100%	100%

Net debt

(in %)	December 31, 2022 Before impact of derivatives	After impact of derivatives
Floating rate	-9%	-11%
Fixed rate	109%	111%
Total	100%	100%

14.3.2 Analysis of interest rate risk sensitivity

The sensitivity analysis was based on the net debt position as at the reporting date (including financial instruments with an interest rate component).

For **interest rate risk**, the sensitivity is calculated based on the impact of a rate change of plus or minus 1% compared with year-end interest rates.

Impact on income after taking into account interest rate derivatives

A plus or minus 1% change in short-term interest rates (for all currencies) on the nominal amount of floating-rate net debt, inflation-linked debt included, and the floating-rate component of derivatives would have a negative or positive impact of EUR 4.0 million on net interest expense.

A 1% increase or decrease in all yield curves (same for all currencies) would not generate a negative or positive impact related to the change in fair value of undocumented derivatives.

Impact on equity after taking into account interest rate derivatives

An increase of 1% in all interest rates (uniform for all currencies) would generate a gain of EUR 86.1 million in equity, linked to the change in fair value for derivatives documented as cash flow hedges and accounted for in the statement of financial position. On the other hand, a decrease of 1% would generate a loss of EUR 97.9 million.

In 2022, the Group used deferred interest rate hedging instruments to protect against rising interest rates in the context of highly likely bond refinancings. These rate hedging instruments are documented as cash flow hedging, generating rate sensitivity as of December 31, 2022.

14.3.3 Currency and interest rate risk hedges

The fair values and notional amounts of the financial derivative instruments used to hedge currency and interest rate risks are as follows:

Foreign currency derivatives

(in millions of euros)	December 31, 2022 Total market value	Total nominal value
Fair-value hedges	(0.6)	163.6
Cash-flow hedges	36.2	68.2
Derivative instruments not qualifying for hedge accounting	2.8	1,901.2
Total	38.4	2,133.0

Interest rate derivatives

(in millions of euros)	December 31, 2022 Total market value	Total nominal value
Fair-value hedges	-	-
Cash-flow hedges	(5.4)	1,183.0
Derivative instruments not qualifying for hedge accounting	-	-
Total	(5.4)	1,183.0

The market values shown in the table above are positive for an asset and negative for a liability.

The Group defines foreign currency derivatives hedging by firm foreign currency commitments.

Cash-flow hedges correspond mainly to hedges of future operating cash flows in foreign currency, acquisition hedges and as well as rate hedging of highly probable bond refinancings.

Interest rate derivatives not designated as hedges consist of structured instruments, which because of their type and because they do not meet the effectiveness criteria defined in IFRS 9, cannot be qualified as hedges for accounting purposes.

Foreign currency derivatives not designated as hedges provide financial cover for foreign currency commitments. Furthermore, the effect of foreign currency derivatives is almost entirely offset by translation adjustments on the hedged items.

Fair value hedges

As of December 31, 2022, the net impact of fair value hedges recognised in the income statement, including compensation payments and redemption premium is EUR (16.5) million.

Cash flow hedges

The breakdown by maturity of the market value of the foreign currency and interest rate derivatives designated as cash flow hedges is as follows:

At December 31, 2022 *(in millions of euros)*	Total	2023	2024	2025	2026	2027	Beyond 5 years
Fair value of derivatives by maturity date	**30.8**	38.3	-	(1.4)	0.4	-	(6.5)

The unrealized gains and losses directly recognised in shareholders' equity, Group share in 2022 amount to EUR 267.2 million (including impacts on associates)

In 2022, the acquisition of Suez R&R UK was subject to currency hedging entering into a cash flow hedging relationship. As of December 31, 2022, the unrealized gain of EUR 29.6 million is recycled as a reduction in the purchase price. The inefficient portion recognised in profit or loss for this cash flow coverage is EUR 8.6 million.

The Group used deferred interest rate hedging instruments in 2022 to hedge against rising interest rates in highly likely bond refinancings. A portion of these hedging instruments was unwound following bond issues in 2022, generating a cash balance of EUR 295.9 million. A realized gain of EUR 281.5 million recorded in capital is recycled into profit or loss over the life of the underlying bonds. The inefficient portion recognised in profit or loss for this cash flow coverage is EUR 14.4 million.

The ineffective portion of other cash-flow hedges recognised in income is nil.

14.4 Counterparty risk

Through its operational and financial activities, the Group is exposed to the risk of default on the part of its counterparties (customers, suppliers, associates, intermediaries, banks) in the event that they find it impossible to meet their contractual obligations. This risk arises from a combination of payment risk (non-payment of goods or services rendered), delivery risk (non-delivery of goods or services already paid), and replacement risk on defaulting contracts (called Mark-to-Market exposure and corresponding to the risk that replacement terms will be different from the initially agreed terms).

14.4.1 Operating activities

Trade and other receivables

The gross maturity of past-due trade and other receivables is broken down below:

Trade and other receivables	**Past-due non impaired assets at closing date**				**Impaired assets** [a]	**Non-impaired and not past-due assets**	
(in millions of euros)	**0-6 months**	**6-12 months**	**Over one year**	**Total**	**Total**	**Total**	Total
At December 31, 2022	71,4	11,7	55,9	139,0	234,3	2.530,2	2.903,4
At December 31, 2021	-	-	-	-	-	-	-

(a) This figure corresponds to the nominal value of trade and other receivables that are partially or fully depreciated.

The ageing of receivables that are past due but not impaired may vary significantly depending on the type of customer which the Group companies do business with (private companies, individuals or public authorities). In accordance with the terms of IFRS 9, the entities of the Suez Group have set up non-recovery risk matrices for their trade receivables by homogeneous category of customers, adapted to their local realities, with regard to the default rates observed in the recent past on receivables with a similar credit risk profile. They update the matrices at least once a year and use them to calculate depreciation based on the expected default rates on each of the homogeneous categories of customers (see Note 1.5.9.1).

Changes in the impairment on trade and other receivables:

(in millions of euros)	**Impairment on trade and other receivables**
At December 31, 2021	**-**
Additional credit risk allowances	(62.3)
At December 31, 2022	**(62.3)**

Other assets

In “Other assets”, the proportion of depreciated assets is not material in relation to the total amount of the item. Moreover, the Group does not consider that it is exposed to any counterparty risk on those assets.

14.4.2 Financial activities

The Group’s maximum exposure to counterparty risk in its financial activities may be measured in terms of the carrying amount of financial assets excluding equity instruments and the fair value of derivatives on the assets side of the statement of financial position (i.e. EUR 5,127.8 million as at December 31, 2022).

14.4.2.1 Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

Following the application of IFRS 9 and in accordance with the method detailed in Note 1.5.9.1, the counterparty risk of gross maturity and impairment of past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analyzed below:

(in millions of euros)	Not unpaid/no overdue more than 60 days	Unpaid/overdue 60 days to 180 days	Overdues of more than 180 days	December 31, 2022 Total
Loans, deposits and guarantees - gross	457,1	0.1	12.4	469,6
Loans, deposits and guarantees - impairment	(8,2)	-	(11.0)	(19,2)

Loans and receivables carried at amortized cost (excluding trade and other receivables) do not include items relating to amortized cost (EUR 0.2 million).

Changes in impairment losses and amortized costs are presented in Note 13.1.2, “Loans and receivables at amortized cost”.

14.4.2.2 Counterparty risk arising from investment activities and use of financial derivatives instruments

The Group is exposed to counterparty risk on the investment of its cash surplus (cash and cash equivalents) and through its use of derivative financial instruments. Counterparty risk corresponds to the loss which the Group might incur in the event of counterparties failing to meet their contractual obligations. In the case of derivative instruments, that risk corresponds to positive fair value.

The Group invests the majority of its cash surplus and negotiates its financial hedging instruments with leading counterparties. As part of its counterparty risk management policy, the Group has set up management and control procedures that focus on the counterparty’s accreditation according to its credit ratings, its financial exposure, as well as objective market factors (Credit Default Swaps, market capitalization), plus an assessment of risk limits.

At December 31, 2022, “Cash and cash equivalents” and derivatives assets were the most material items subject to counterparty risk. For these items, the breakdown of counterparties by credit rating is as follows:

	December 31, 2022				December 31, 2021			
Counterparty risk arising from investing activities	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]
Percentage of exposure	1,793.8	95%	3%	2%	-	-	-	-

(a) Counterparties with a minimum Standards & Poor's rating of BBB- or Moody's rating of Baa3
(b) Most of these two exposures are carried by consolidated companies in which non-controlling interests exist or by Group companies operating in emerging countries, where cash cannot be centralized and is therefore invested locally

14.5 Liquidity risk

As part of its operating and financial activities, the Group could be exposed to a risk of insufficient liquidity, preventing it from meeting its contractual commitments.

14.5.1 Available cash

The Group’s financing policy is based on the following principles:

- diversification of financing sources between the banking and capital markets
- balanced repayment profile of borrowings**.**

As of December 31, 2022, the Group’s total net cash stood at EUR 1,782.8 million, consisting of cash and cash equivalents of EUR 1,766.2 million and debt-related derivatives recorded as assets for EUR 16.7 million. Almost all surplus cash is invested in short-term bank deposits and interest-bearing accounts.

In addition, as at December 31, 2022, the Group specifically had EUR 787.6 million in confirmed credit facilities, including EUR 14.8 million already drawn; unused credit facilities therefore amount EUR 772.8 million, of which EUR 2.8 million will be maturing in 2023.

As of December 31, 2022, bank funding accounted for 23.7% of the outstanding borrowings (excluding bank overdrafts and liability current accounts as those elements do not correspond to sustainable financial resources). Funding from capital markets, only composed of bond issues, represented 74.1% of the outstanding borrowings (excluding bank overdrafts and liability current accounts).

Available cash, composed of cash and cash equivalents (EUR 1,766.2 million) net of bank overdrafts and liability current accounts (EUR 24.3 million), amount to EUR 1,741.9 million as at December 31, 2022

14.5.2 Contractual flows not discounted to financial activities

In order to best reflect the current economic circumstances of operations, cash flows related to derivatives recognised as liabilities or assets shown below correspond to net positions. Moreover, the values shown in the table below are positive for a liability and negative for an asset.

Undiscounted contractual payments on outstanding borrowings by maturity and type of lenders are as follows:

At December 31, 2022 *(in millions of euros)*	Total	2022	2023	2024	2025	2026	Beyond 5 years
Bonds issues	4,300.0	-	-	-	-	750.0	3,550.0
Commercial paper	-	-	-	-	-	-	-
Draw downs on credit facilities	14.8	-	-	-	-	-	14.8
Other bank borrowings	1,357.7	21.2	27.2	1,229.9	28.8	48.1	2.5
Other borrowings	118.3	33.4	36.9	3.7	3.0	2.8	38.5
Borrowings	**5,790.8**	**54.6**	**64.1**	**1,233.6**	**31.8**	**800.9**	**3,605.8**
Overdrafts and current accounts	24.3	24.3	-	-	-	-	-
Outstanding borrowings	**5,815.1**	**78.9**	**64.1**	**1,233.6**	**31.8**	**800.9**	**3,605.8**
Financial assets measured at fair value through income	-	-	-	-	-	-	-
Liquid financial investments	-	-	-	-	-	-	-
Other cash and cash equivalents	(1,766.2)	(1,766.2)	-	-	-	-	-
Net debt excluding lease liabilities and excluding amortized cost and impact of derivative financial instruments	**4,048.9**	**(1,687.3)**	**64.1**	**1,233.6**	**31.8**	**800.9**	**3,605.8**

Undiscounted contractual payments on outstanding borrowings break down as follows by maturity:

At December 31, 2022 *(in millions of euros)*	Total	2022	2023	2024	2025	2026	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings	1,452.7	198.9	204.5	203.8	148.9	159.3	537.3

Undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognised in liabilities and assets break down as follows by maturity (net amounts):

At December 31, 2022 *(in millions of euros)*	Total	2023	2024	2025	2026	2027	Beyond 5 years
Derivatives (excluding commodities)	17.4	33.8	4.7	1.4	0.5	(0.7)	(22.3)

In order to best reflect the current economic circumstances of operations, cash flows related to derivatives recognised as liabilities or assets shown below correspond to net positions. Moreover, the values shown above are positive for a liability and negative for an asset.

The maturity of the confirmed undrawn credit facilities is as follows:

(in millions of euros)	Total	2023	2024	2025	2026	2027	Beyond 5 years
At December 31, 2022	772.8	2.8	-	5.0	-	750.0	15.0

Confirmed but unused lines of credit include in part a multi-currency club deal of EUR 750 million, with an initial maturity of 2027 and two one-year extension options, one of which was exercised in January 2023, positioning the new maturity at 2028 since then.

14.5.3 Financial covenants

Some borrowings contracted by Group subsidiaries, or by Suez Groupe on behalf of its subsidiaries, include clauses requiring certain ratios to be maintained. The definition and level of these ratios, that is, the financial covenants, are determined in agreement with the lenders and may potentially be revised during the term of the loan. As of December 31, 2022, 1.2% of borrowings exceeding EUR 20 million were subject to financial covenants. Failure to comply with these covenants could lead lenders to declare a covenant event of default and demand early repayment. As of December 31, 2022, none of these clauses has been activated. The Company also believes that the existence of these covenants does not have a material impact on the Group's financial position.

The following table shows borrowings contracted by the Group as of December 31, 2022, in excess of EUR 20 million:

Type	Fixed / floating rate	Total amount of lines as of Decembrer 31, 2022 *(in millions of euros)*	Amount used as of Decembrer 31, 2022 *(in millions of euros)*	Maturity	Covenant
Bond issues	Fixed rate	750.0	750.0	2027	No
Bond issues	Fixed rate	850.0	850.0	2030	No
Bond issues	Fixed rate	1,000.0	750.0	2034	No
Bond issues	Fixed rate	800.0	700.0	2028	No
Bond issues	Fixed rate	900.0	700.0	2032	No
Others borrowings	Floating rate	1,200.0	1,200.0	2025	No
Others borrowings (Macau)	Floating rate	58.1	58.1	2027	No
Others borrowings (Italy)	Floating rate	25.5	25.5	2026	Yes
Others borrowings (South Africa)	Floating rate	45.0	45.0	2027	Yes
Overdrafts and current accounts	Floating rate	21.7	21.7	2023	No

Note 15 Information on operating leases

The following analyses present the main items under lease agreements.

15.1 Rights of use

The following table shows rights of use by category:

(in millions of euros)	Lands	Buildings	Plant machinery and technical equipment	Vehicles	Others	Total
At December 31, 2021	-	-	-	-	-	-
Scope effects	56.1	186.2	25.6	202.8	1.5	472.2
Asset inflows	-	155.1	2.0	88.8	0.2	246.1
Impairment loss	-	3.5	-	-	-	3.5
Amortization	(5.8)	(66.8)	(4.5)	(68.3)	(0.6)	(146.0)
Termination	(11.9)	(24.1)		(1.4)		(37.4)
Change and others	-	(1.1)	(0.4)	(0.3)	-	(1.8)
At December 31, 2022	38.4	252.8	22.7	221.6	1.1	536.6

Excluding financial leasing

15.2 Rental expenses benefiting from exemptions under IFRS 16

At December 31, 2022 the following items remain presented as rental expenses:

(in millions of euros)	December 31, 2022	December 31, 2021
Short term leases	38.5	0.0
Leases of low value assets	25.9	0.0
Expenses on variable leases	1.2	0.0
Non lease components and others	18.0	0.0
Total	83.6	-

15.3 Lease liabilities

At December 31, 2022 discounted flows on outstanding lease debt by maturity date break down as follows:

At December 31, 2022 *(in millions of euros)*	Total	2023	2024	2025	2026	2027	Beyond 2027
Lease obligation	548.6	144.5	125.5	69.9	53.5	38.6	116.6

At December 31, 2021 *(in millions of euros)*	Total	2022	2023	2024	2025	2026	Beyond 2026
Lease obligation	-	-	-	-	-	-	-

Cash outflows related to leases, after the takeover date, consist of the following:

(in millions of euros)	December 31, 2022	December 31, 2021
Repayment of the lease debt	140.4	-
Interest expense related to lease liabilities	(1.0)	-
Rental expenses benefiting from exemptions under IFRS 16	83.6	-
Cash outflows related to leases	**223.0**	-

Note 16 Shareholders' equity

16.1 Equity management

Suez strives to optimize its financial structure on a continuous basis by achieving an optimal balance between net debt and equity as shown in the consolidated statement of financial position. The main aim of the Group in terms of managing its financial structure is to maximize value for shareholders, reduce the cost of capital, and maintain a strong rating while ensuring the desired financial flexibility in order to seize external growth opportunities which will create value. The Group manages its financial structure and makes adjustments in light of changes in economic conditions.

16.2 Share capital

As of December 31, 2022, the individual share capital of Suez S.A. consisted of 6,221,039,455 ordinary shares and 51,800,662 preferred shares with a par value of EUR 0.01. Of these shares, 43,167,219 ordinary shares and 51,800,662 preference shares are considered as debt instruments in the consolidated financial statements.

				Value *(in milions of euros)*	
	Number of shares	**Ordinary shares**	**Preference shares**	**Share capital**	**Additional paid-in capital**
At December 31, 2021	**3 700 000**	**3 700 000**		**-**	**-**
Capital increase of January 28, 2022 [(a)]	3 824 172 273	3 824 172 273		38,2	3 785,9
Capital increase of November 29, 2022 [(b)]	1 618 085 205	1 618 085 205		16,2	1 601,9
Capital increase of December 1, 2022 [(b)]	731 914 788	731 914 788		7,3	724,6
Capital increase of December 2, 2022 [(c)]	94 967 881	43 167 219	51 800 662	1,0	42,7
Issuance of ordinary shares	*43 167 219*	*43 167 219*		*0,5*	*43,2*
Issuance of free preference shares	*51 800 662*		*51 800 662*	*0,5*	*(0,5)*
Employee share ownership (reclassification as debt instruments)	(94 967 881)	(43 167 219)	(51 800 662)	(1,0)	(42,7)
At December 31, 2022	**6 177 872 266**	**6 177 872 266**	**-**	**61,7**	**6 112,4**

(a) Capital increase of Suez S.A. in connection with the financing of the acquisition of the Suez activities from Veolia (see Note 2.1.1).
(b) Capital increases carried out in connection with the financing of the acquisitions of IWS and Suez R&R UK (see Notes 2.1.3 and 2.1.4).
(c) On December 2, 2022, in the context of the "Go Suez Reinvest" employee shareholding plan described in note 20.2, a capital increase was carried out through the issue of ordinary shares for a total amount of EUR 43.2 million through the issue of ordinary shares and a capital increase through the issue of bonus shares. These ordinary shares and preferred shares are considered as debt instruments and not as equity instruments and as such are not recognised in the Group's consolidated equity.

16.3 Other information on premiums and consolidated reserves

Consolidated premiums and reserves, including income for the year amount to EUR 6,428.0 million at end of December 2022.

16.4 Dividend distribution

It will be proposed to the General Meeting of Suez S.A., ruling on the accounts for the year ending December 31, 2022, not to pay a dividend.

16.5 Total gains and losses recognised in equity (Group share)

(in millions of euros)	December 31, 2022	Change	December 31, 2021
Cash-flow hedges (excluding commodities) [(a)]	265.8	265.8	
Commodity cash-flow hedges	1.4	1.4	
Deferred taxes on items above	(66.0)	(66.0)	
Translation adjustments [(b)]	(149.4)	(149.4)	
Total reclassifiable items	**51.8**	**51.8**	**-**
Of which share of joint ventures in reclassifiable items, net of taxes	(25.8)	(25.8)	-
Of which share of associates in reclassifiable items, net of taxes	(18.3)	(18.3)	-
Actuarial gains and losses	57.7	57.7	
Deferred taxes on actuarial gains and losses	(14.2)	(14.2)	
Equity instruments	(7.9)	(7.9)	
Deferred taxes on equity instruments	-	-	
Total non-reclassifiable items	**35.6**	**35.6**	**-**
Of which share of joint ventures in non-reclassifiable items, net of taxes	-	-	-
Of which share of associates in non-reclassifiable items, net of taxes	1.1	1.1	-
Total	**87.4**	**87.4**	**-**

(a) In connection with the acquisition of the waste treatment activities in the United Kingdom (see note 2.1.4), the Group used deferred interest rate hedging instruments. A portion of these hedging instruments was unwound at the time of the 2022 bond issues. A realized gain of EUR 281.2 million recorded in equity is recycled in the income statement over the life of the underlying bonds.

(b) Of the total of EUR (149.4) million, EUR (103.5) million is related to the change in the yuan and EUR (49.7) million is related to the change in the pound sterling.

The items in the above table are reclassifiable to profit or loss in future periods, with the exception of actuarial gains and losses and related deferred taxes and the changes in equity instruments recognised in Other comprehensive income.

Note 17 Non controlling interests

"Non-controlling interests" amounted to EUR 417.0 million as at December 31, 2022 and are broken down as follows:

(in millions of euros)	December 31, 2022	December 31, 2021
Asie pacifique - Macau Water & Shanghai Chemicals industrial	143.4	-
Nuove Acque	62.1	-
SUEZ WTS (Prospect) Holdings Pty Ltd	59.6	-
Boone Comenor	51.8	-
Czech Republic	47.2	-
Enviroserv	16.2	-
Other	36.7	-
TOTAL	**417.0**	**-**

Most of non-controlling interests comes from the acquisition of Suez activities from Veolia on January 31, 2022.

The Asia Pacific line corresponds to (i) the 25% minority interests of the Macao Water company which manages the water supply concession contract with the Government of Macao SAR to provide the city with all water management services and (iii) the 50% minority interests of Shanghai Chemical Industrial Park SFWD, company responsible for industrial water supply and wastewater treatment for Shanghai Chemical Industry Park. The EUR 143.4 million minority interests presented above includes EUR 83.9 million of revaluation of the minority stake in connection with the work carried out on the allocation of the purchase price.

The Boone Comenor line corresponds to minority interests in all the entities of the Boone Comenor Metalimpex joint venture owned by Suez for 67% and by Renault for the remaining 33%.

The Czech Republic line corresponds to minority interests in Czech entities (50% owned by Suez) as well as the amount allocated to minority interests in revaluations recorded as part of the purchase price allocation (EUR 36.6 million).

The Enviroserv line corresponds to the 49% acquired by Suez's partners (RBH and AIIM), the acquisition of Enviroserv is detailed in Note 2.1.2

Note 18 Provisions

(in millions of euros)	December 31, 2021	Scope effects	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Impact unwinding discount adjustments [a]	Translation adjustments	Other	December 31, 2022
Post-employment benefit obligations and other long-term	-	310.0	12.4	(18.8)	-	3.2	(0.2)	(55.9)	250.7
Sector-related risks	-	16.3	3.4	(2.6)	-	-	-	(0.7)	16.4
Warranties	-	6.1	0.6	(0.8)	-	-	-	-	5.9
Tax risks, other disputes and claims	-	37.8	19.8	(22.8)	-	-	(0.1)	1.5	36.2
Site restoration [b]	-	744.7	38.5	(53.7)	(2.4)	(13.5)	(3.0)	-	710.6
Restructuring costs	-	24.7	5.3	(16.3)	-	-	-	-	13.7
Other contingencies	-	164.5	39.2	(99.4)	-	0.2	0.1	28.5	133.1
TOTAL PROVISIONS	-	1,304.1	119.2	(214.4)	(2.4)	(10.1)	(3.2)	(26.6)	1,166.6
Total current provisions	-	154.0	20.7	(91.1)	-	0.1	(0.5)	36.1	119.3
Total non-current provisions	-	1,150.1	98.5	(123.3)	(2.4)	(10.2)	(2.8)	(62.6)	1,047.3

(a) The discount effect on post-employment and other long-term benefits is the interest expense calculated on the net amount of pension liabilities and the fair value of cover assets in accordance with revised IAS 19.
(b) Site restoration provisions include provisions for decommissioning and provisions for site remediation.

Provisions amounted to EUR 1,166.6 million as at December 31, 2022, including EUR 985.1 million for the acquisition of the Suez activities from Veolia on January 31, 2022, EUR 114.9 million for the acquisition of Suez R&R UK on December 5, 2022, EUR 53.6 million on the acquisition of the IWS entities on November 30, 2022 and EUR 12.9 million on the acquisition of the Enviroserv Group as of September 30, 2022.

The change in provisions is mainly explained by scope effects for €1,304.1 million.

The flows of provisions, reversals and changes related to the discounting of provisions presented in the table above are broken down as follows in the consolidated income statement as at December 31, 2022:

(in millions of euros)	(Reversals) net 2022
Income from operating activities	(96.5)
Other financial income and expenses	(10.1)
Income tax expense	(1.2)
TOTAL	(107.8)

The analysis by nature of provisions and the principles applicable to their calculation are set out below.

18.1 Post-employment and other long-term benefits

The evolution of this item is presented in Note 19.

18.2 Sector risks

Provisions for sectoral risks mainly cover risks on holdings and guarantees given in connection with disposals and the involvement of which has become probable.

At December 31, 2022 they mainly include a provision of EUR 10.5 million for the negative net position of the equity accounted entity RE Sources Industrie Holdings, a 50% subsidiary of Suez RV Recyclage.

18.3 Tax risks, other disputes and claims

This item includes provisions related to ongoing proceedings, concerning staff or social organizations (adjustment on social security contributions, etc.), ongoing litigation relating to the Company's normal activity (customer complaints, supplier disputes), tax adjustments and tax disputes.

The Group is engaged in the normal course of its business in a number of disputes and arbitrations with third parties or with the tax authorities of certain countries. Provisions are made for such disputes and arbitrations where there is an obligation (statutory, contractual or implied) to a third party at the balance sheet date, it is likely that a non-requited outflow of resources is necessary to extinguish the obligation, and the amount of such outflow of resources can be estimated with sufficient reliability.

The amount of provisions made in this respect as at December 31, 2022 amounts to EUR 36.2 million, including:

- EUR 8.7 million for tax litigation excluding corporate tax,
- EUR 17 million for numerous disputes on markets and contracts, mainly in France and the United Kingdom,
- EUR 10.5 million relating to disputes against staff and social security bodies, mainly in France.

18.4 Site reconstruction

The European Directive of June 1998 on waste storage sites introduced obligations in terms of closure and long-term monitoring of these sites. These obligations imposed on the holder of the operating order (or failing that, on the owner of the land in the event of failure of the operator) set rules and conditions to be observed in terms of the design and dimensioning of storage, collection and treatment centres for liquid (leachate) and gaseous (biogas) effluents and establish a thirty-year monitoring of these sites.

These provisions of two types (redevelopment and long-term monitoring) are calculated site by site and are constituted during the operating life of the site in proportion to the consumption of the excavation vacuum (attachment of loads and products). These costs, which will have to be incurred during the closure of the site or during the long-term monitoring period (generally 30 years in the European Union after the closure of the site, 20 years in France pursuant to the ministerial decree of 15 February 2016 followed by a monitoring period of 5 years renewable and 60 years in Great Britain) are subject to an update. An asset is recognised against the provision. It isdampened according to the consumption of the excavation void or the need for cover, i.e. in the exercise.

The calculation of the provision for redevelopment (when the storage center closes) depends on the type of cover chosen: semi-permeable, semi-permeable with drain, or waterproof. This choice has a significant impact on the level of future leachate production and therefore on the future costs of treating this effluent. The calculation of this provision requires an assessment of the cost of redevelopment of the surface remaining to be covered. The provision recorded in the statement of financial position at the end of the period must allow the redevelopment of the part not yet treated (difference between the filling rate and the percentage of the surface of the site already redeveloped). Each year, the provision is revalued on the basis of the work carried out and those to be carried out.

The calculation of the provision for long-term monitoring depends on the costs associated with the production of leachate and biogas. The main items of long-term follow-up expenditure are:

- the construction of infrastructure (biogas upgrading unit, leachate treatment plant) and demolition work on facilities used during the operating period
- maintenance and repair of cover and infrastructure (surface water collection)
- control and monitoring of surface water, groundwater and leachate
- replacement and repair of control points (piezometers)
- leachate treatment costs
- expenditure related to the collection and treatment of biogas.

The provision for long-term monitoring to be included in the end-of-period statement of financial position is based on the occupancy rate of the storage tank at the end of the period, the estimated total expenditure per year and per item (based on standard or specific costs), the estimated date of closure of the site and the discount rate used for each site (depending on its remaining life).

At December 31, 2022, these provisions mainly concern R&R France entities for EUR 573.3 million, Suez Recycling and Recovery UK for EUR 85.0 million and IWS entities for EUR 39.2 million.

18.5 Other risks

This item mainly includes provisions for miscellaneous risks related to personnel, the environment and various business risks. At December 31, 2022, these mainly include:

- a provision of EUR 56.2 million corresponding to the reinsurance activity at Suez Ré;
- EUR 13.8 million in termination losses, mainly on the United Kingdom
- numerous provisions covering disputes related to the Water activities in France for EUR 11.0 million
- provisions for risks of dismantling of IWS installations for the amount of EUR 5.3 million
- provisions for miscellaneous risks, including EUR 13.0 million for R&R France, EUR 7.5 million for Australia and EUR 6.8 million for AMECAI.

Note 19 Post-employment benefit obligations and other long-term benefits

19.1 Description of the main pension plans and related benefits

Most Group companies provide their employees with post-employment benefits (pension and end-of-career benefits, medical coverage, benefits in kind, etc.), as well as other long-term benefits such as labor medals and other seniority bonuses.

19.1.1 Main pension plans

► IN FRANCE

Employees have defined-contribution retirement plans, such as the basic social security benefits, and supplementary pension schemes. Some employees also have optional retirement plans, some of which are defined-benefit plans through which the employer agrees to pay its employees, or a category of its employees, retirement benefits based on a contractually agreed amount.

At December 31, 2022, the Projected Benefit Obligation (PBO) for this senior executives' plan, the so-called "1991" and "1998" plans, closed in 2019 pursuant the Loi Pacte, was EUR 4 million. The rights of the beneficiaries born in 1962 or before have been crystallized on July 4, 2019.The duration of the actuarial liability for the senior executives' plans is 2 years. It should be noted that these plans are partially funded (2% of gross debt as at December 31, 2022).

All employees also receive a retirement termination benefit in the form of a lump-sum payment on the date of the employee's effective departure. Such indemnities correspond to defined-benefit plans.

Outside France, the main retirement plans and related benefits involve the companies in the United Kingdom.

► IN UNITED KINGDOM

Suez R&R UK has several defined-benefit retirement plans. Suez R&R UK, as part of its expansion, has acquired various entities throughout the United Kingdom. These entities were most often public companies prior to their acquisition, so their staff was affiliated with the Local Government Pension Schemes (LGPS), which R&R UK must maintain. As at December 31, 2022, the PBO for the Suez R&R UK retirement plans was EUR 91.0 million. The duration of the actuarial liability for the Suez R&R UK plans is 15 years. It should be noted that these plans are funded up to 99% as at December 31, 2022.

Employees hired after the closing date of these plans are covered by a defined-contribution plan, the Sita Stakeholder Pension Plan.

As mentioned above, defined-benefit plans may be fully or partially funded by contributions to a pension fund (United Kingdom) or to a dedicated fund managed by an insurance company (France). These funds are fed by contributions made by the Company and, in certain cases, by the employees.

19.1.2 Other post-employment benefit obligations and long-term benefits

In addition to the supplementary pension schemes mentioned above, most Group companies grant their employees long-service awards – benefits corresponding to bonuses paid to employees while they are active, once they have met certain length of service conditions. Moreover, several Group companies agree to cover a portion of expenses incurred by their employees and/or retirees on the occurrence of specific events (illness, etc.), and in addition to amounts paid under defined contribution plans.

These obligations correspond to defined benefit plans. They are presented in the tables below, in "Other post-employment benefits" and "Other long-term benefits".

19.2 Defined benefit plans

19.2.1 Amounts presented in the statement of financial position and the statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position for post-employment and other long-term benefits corresponds to the difference between the present benefit obligation (gross liability) and the fair value of the plan assets. If this difference is positive, a provision is posted (net liability). If the difference is negative, a net asset is posted provided it satisfies the conditions for recognizing a net asset.

Changes in provisions and assets for pensions and related obligations recognised in the statement of financial position can be broken down as follows:

(in millions of euros)	Assets	Liabilities	Total
Balance at December 31, 2021	**-**	**-**	**-**
Translation gains and losses	(0.4)	0.4	-
Actuarial gains and losses [(a)]	0.5	56.5	57.0
Changes in scope of consolidation and other	11.0	(310.7)	(299.7)
Expense of the period [(b)]	-	(10.0)	(10.0)
Contributions	0.1	13.3	13.4
Balance at December 31, 2022	**11.2**	**(250.5)**	**(239.3)**

(a) Actuarial gains and losses on employee benefits.
(b) Including actuarial gains and losses on long-term benefits (particularly long-service awards).

Plan assets and reimbursement rights are presented in the statement of financial position under “Other assets”, current and non-current.

The impact on financial year 2022 brings out an expense of EUR (10.0) million. The main components of this income in 2022 are explained in section 19.2.3.

Accumulated actuarial gains and losses on post-employment benefits recognised in shareholders' equity amounted to EUR 57.9 million as at December 31, 2022. They are presented here excluding translation differences and tax effects, those being presented separately in the statement of comprehensive operations.

(in millions of euros)	December 31, 2022
Opening balance	**-**
Actuarial gains and (losses) generated during the year [(a)]	57.0
Changes in scope of consolidation and other	0.9
Closing balance	**57.9**

(a) On employee benefits

The closing balance of actuarial gains and losses presented above includes actuarial gains and losses recognised in equity-accounted affiliates.

19.2.2 Change in the amount of obligations and plan assets

The table below shows the amount of present benefit obligations and plan assets of the Group Suez, the changes to these over the periods concerned, as well as a reconciliation with the amounts recognised in the statement of financial position.

		December 31, 2022				December 31, 2021			
(in millions of euros)		Pension benefit obligations [(a)]	Other post-employment benefits [(b)]	Other long term benefits [(c)]	Total	Pension benefit obligations [(a)]	Other post-employment benefits [(b)]	Other long term benefits [(c)]	Total
Change in projected benefit obligation									
Projected benefit obligation at the beginning of the period		**-**	**-**	**-**	**-**				
Service Cost		(14.3)	(0.1)	(0.8)	(15.2)				
Interest cost		(3.2)	(0.5)	(0.1)	(3.8)				
Contributions paid		-	-	-	-				
Amendments		(1.3)	-	-	(1.3)				
Acquisitions/Disposals of subsidiaries		(7.5)	-	(0.5)	(8.0)				
Change in scope - New Suez Impact		(258.4)	(45.6)	(9.8)	(313.8)				
Change in scope - R&R UK Impact		(96.1)	-	-	(96.1)				
Curtailments/settlements		8.2	-	0.4	8.6				
Financial actuarial gains and losses		62.9	11.0	1.6	75.5				
Demographic actuarial gains and losses		(6.1)	(0.3)	(0.1)	(6.5)				
Benefits paid		10.7	2.2	0.8	13.7				
Other		3.5	0.2	-	3.7				
Projected benefit obligation at the end of period	**(A)**	**(301.6)**	**(33.1)**	**(8.5)**	**(343.2)**				
Change in fair value of plan assets									
Fair value of plan assets at the beginning of the period		**-**	**-**	**-**	**-**				
Expected return on plan assets		0.6	-	-	0.6				
Contributions received		9.3	2.2	0.8	12.3				
Change in scope - New Suez Impact		12.8	-	(0.8)	12.0				
Change in scope - R&R UK Impact		104.3	-	-	104.3				
Curtailments/settlements		(0.4)	-	0.8	0.4				
Actuarial gains and losses		(10.5)	-	-	(10.5)				
Benefits paid		(9.6)	(2.2)	(0.8)	(12.6)				
Other		(2.7)	-	-	(2.7)				
Fair value of plan assets at the end of period	**(B)**	**103.8**	**-**	**-**	**103.8**				
Funded status	**(A+B)**	**(197.8)**	**(33.1)**	**(8.5)**	**(239.4)**				
Net benefit obligation		**(197.8)**	**(33.1)**	**(8.5)**	**(239.4)**				
Total Liabilities		(209.0)	(33.1)	(8.6)	(250.7)				
Total Assets		11.2	-	0.1	11.3				

(a) Pensions and retirement bonuses.
(b) Medical coverage, gratuities and other post-employment benefits.
(c) Long-service awards and other long-term benefits.

19.2.3 Components of cost for the period

The net cost recognised in respect of pensions and other defined benefit obligations in 2022 breaks down as follows:

(in millions of euros)	December 31, 2022
Current service cost	(15.2)
Net interest expense on the net defined benefit liability	(3.2)
Actuarial gains or losses	1.5
Past service cost / amendments	(1.3)
Gains or losses on pension plan curtailments, terminations and settlements	8.2
Total	**(10.0)**
Of which recognized in current operating income	*(6.8)*
Of which recognized in financial income/(loss)	*(3.2)*

19.2.4 Funding policy and strategy for pension liabilities and similar liabilities

When defined benefit plans are funded, the related plan assets are invested through pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between an optimum return on investment and an acceptable level of risk.

These strategies have a twofold objective:

- to maintain enough income streams and liquidity to cover pensions and other benefit payments; and
- in a controlled-risk environment, to achieve a long-term return on investment matching the discount rate or, as applicable, at least equal to the future returns required.

When plan assets are invested through pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested through an insurance company, the fund manager manages the investment portfolio in units of account or euros and guarantees a rate of return on the related assets. Such diversified funds are characterized by active management benchmarked to composite indices, adapted to the long-term horizon of the liabilities and taking into account the government's eurozone obligations and the shares of the largest companies in and outside the eurozone. In the case of euro funds, the insurer's sole obligation is to ensure a fixed minimum return on plan assets.

The funding of these obligations breaks down as follows:

(in millions of euros)	Present benefit obligation	Fair value of plan assets	Total net obligation
Underfunded plans			
Overfunded plans			
Unfunded plans			
Total December 31, 2021	-	-	-
Underfunded plans	(71.4)	66.2	(5.2)
Overfunded plans	(26.9)	36.6	9.7
Unfunded plans	(244.8)	1.0	(243.8)
Total December 31, 2022	**(343.1)**	**103.8**	**(239.3)**

The allocation of plan assets by main asset category breaks down as follows:

	2022
Securities	7%
Bonds	81%
Real Estate	2%
Other (including money market securities)	10%
Total	**100%**

The allocation of plan assets by geographical area of investment is as follows:

	Europe
Securities	7%
Bonds	83%
Real Estate	1%
Other (including money market securities)	9%
Total	**100%**

19.2.5 Actuarial assumptions

Actuarial assumptions are determined individually per country and company, in association with the independent actuaries.

The weighted rates are presented below:

	Pensions	Other post-employment benefits	Long-term benefits	Total benefit obligation
	2022	2022	2022	2022
Discount rate	3.6%	2.2%	2.9%	3.5%
Estimated future increase in salaries	2.2%	2.0%	1.9%	2.2%
Inflation Rate	2.1%	2.0%	1.9%	2.1%
Average remaining working lives of participating employees	10 years	-	6 years	8 years

Discount and salary increase rates are shown including inflation.

The discount rate used shall be determined by reference to the yield, at the valuation date, of bonds issued by senior undertakings, with a maturity corresponding to the duration of the liability.

As at December 31, 2022, rates were determined for each currency area (euro and pound sterling) based on data on either high-quality corporate bond yields or government bond yields for countries where there is no deep market for high-quality corporate bonds. A discount rate curve was used for each currency area and was applied to debt and to the components of current charges (Service Cost and Net Interest).

According to estimates made by the Group, a change of plus or minus 1% of the discount rate would result in a change in actuarial liabilities of approximately 11%.

Inflation rates were determined for each currency zone. A change in the inflation rate of roughly 1% would result in a change in the actuarial liability of 10%.

19.2.6 Geographical breakdown of obligations

In 2022, the geographical breakdown of the main obligations and the related actuarial assumptions (including inflation) are as follows:

	Euro Zone		United Kingdom		Rest of the World	
(en millions d'euros)	Pensions	Other benefit obligations	Pensions	Other benefit obligations	Pensions	Other benefit obligations
Funded status [(a)]	(178.1)	(38.1)	(1.1)	-	(18.7)	(3.3)
Discount rate	1.2%	1.2%	2.0%	-	2.1%	0.3%
Estimated future increase in salaries	4.8%	2.2%	2.0%	-	1.6%	3.7%
Inflation Rate	7.2%	1.7%	2.0%	-	2.0%	3.7%
Average remaining working lives of participating employees	11 years	1 year	14 years	-	4 years	0 year

(a) Funded status corresponds to the difference between the present benefit obligation and the fair value of the plan assets.

Net pension liabilities "rest of the world" concern in particular Asia.

19.2.7 Payments due in 2023

The Group expects to pay contributions to the funds and directly to beneficiaries in 2023 of EUR 36.3 million for the benefit of its defined benefit schemes.

19.3 Defined contribution plans

In 2022, the Group Suez recorded a EUR 2.3 million expense in respect of contributions to the Group defined contribution plans. These contributions are recorded under “Personnel costs” in the income statement.

Note 20 Share-based payments

Expenses recognised in respect of share-based payments or cash-based payments are as follows:

(in millions of euros)	Note	(Expense) for the period 2022
Free share allocation plans	20.1	(3.2)
Employees share issues	20.2	(36.6)
Total		**(39.8)**

These expenses are recognised in accordance with IFRS 2.

20.1 Performance share and unit plans

On July 20, 2022, the Board of Directors of Suez S.A., making use of the delegation granted by the General Meeting of June 28, 2022, decided to allocate free performance shares to certain employees and/or corporate officers of Suez Group companies. This plan covers a maximum number of 19,863,314 shares (which may be increased to a maximum of 26,929,121 shares in the event of outperformance), the acquisition of which is subject to a presence condition and several performance conditions.

The definitive acquisition of these shares can only take place at the end of a vesting period of three years (from the date of the Board of Directors having decided to implement the plan) followed by a retention period of 2 years from the date of delivery of the shares. The number of shares definitively acquired will depend on the achievement of different performance conditions assessed over 3 years:

- financial performance conditions (evolution of EBITDA and free cash flow) for 80%
- 3 conditions related to Corporate Social Responsibility for 20%.

The movements that occurred during the year relating to this free share allocation plan are as follows:

	Number of shares
Number of shares awarded by the Board	19,008,814
Number of shares cancelled during the year	(523,099)
Number of shares awarded as of December 31, 2022	18,485,715

The liquidity of the shares, from their delivery, will be ensured by Suez SA. This plan qualifies, according to IFRS2, as a cash settled plan. As a result, the group recognizes a personnel cost over the vesting period and a liability measured at fair value at the award date and at each closing until settlement date, the change in fair value of the liability being recognised in the income statement.

Charges and liabilities recognised as at December 31, 2022 amounted to EUR 3.2 million including social charges (EUR 2.8 million excluding social charges) based on an estimated fair share value of EUR 1 as at December 31, 2022

20.2 Employee share issues

The expense recorded as at December 31, 2022 under the employee shareholding plans breaks down as follows:

(in millions of euros)	(Expense) for the period 2022
(i) GO SUEZ Plan - Reinvest formula	(12.6)
(ii) GO SUEZ Plan - Classique formula	(7.0)
(iii) GO SUEZ Plan - Multiple formula	(16.9)
Total	**(36.6)**

As part of the implementation of an employee shareholding plan, the Board of Directors of Suez S.A. on July 17, 2022 decided to proceed with a capital increase in favor of the Group's employees and executive officers by issuing new ordinary shares, according to the various formulas of the employee share ownership plan, and the free allocation of preference shares (hereinafter " ADP") or warrants (hereinafter "BSA").

Employee investment is made through the Go Suez Corporate Mutual Fund (hereinafter the "CMF").

The main characteristics of the plans put in place and the issuance of shares and other associated instruments are detailed below.

	Go Suez Reinvest	**Go Suez Classic**	**Go Suez Multiple**
Summary of the plan	At the end of the 5-year lock-up period or in the event of an early exit, if the price of the Suez share is higher than the reference price of EUR 1, the value of the assets will be equal to the initial investment plus 2.2 times the capital gain on the Suez share. Dividends attached to common shares are automatically reinvested in the CMF resulting in the issuance of new units.	At the end of the 5-year rental period or in the event of an early exit, the amount of the redemption will correspond to the price of the Suez share. Dividends attached to common shares are automatically reinvested in the CMF resulting in the issuance of new units.	This plan guarantees the beneficiary, at maturity, to recover 100% of his personal contribution If at the end of the 5-year lock-up period, the price of the Suez share is higher than the reference price of the Suez share set at EUR 1, the gain will be equal to 7.2 times the difference. As a guarantee of the personal contribution and the multiplier effect, the beneficiaries renounce any dividends.
Main characteristics of the emissions set by the Board of Directors	Subscription of ordinary shares at a price of EUR 1. For each ordinary share subscribed is allocated 1.2 preference shares	Subscription of ordinary shares at a price of EUR 1 after deduction of a 20% cash discount, i.e. EUR 0.8 per share. A cash contribution paid by the employer completes the employees' subscription	Subscription of ordinary shares at a price of EUR 1 after deduction of a cash discount of 2.41%, i.e. EUR 0.9759 per share. The beneficiary's investment capacity is increased by a bank supplement of 8.759 times his personal contribution. For each ordinary share subscribed is allocated 0.72 warrants
Subscription period	From September 27, 2022 to November 2, 2022	From November 25, 2022 to December 8, 2022	From November 25, 2022 to December 8, 2022
Date of capital increase	December 2, 2022	January 6, 2023	January 6, 2023
Subscription amount (cash received)	43,167,219	14,634,329 (1)	82,596,688
Number of ordinary shares issued	43,167,219	18,292,912	84,636,426
Number of preference shares issued	51,800,662	-	-
Number of warrants issued	-	-	60,938,226

(1) Contribution paid in cash by the employer included

In order to enable the CMF to satisfy the cases of early release and, if necessary, to redeem the assets that have become available, Suez SA has undertaken to ensure the liquidity of the CMF by buying back all the securities and ordinary shares that may result from the conversion of the instruments issued.

This plan qualifies, according to IFRS2, as a cash settled plan. As a result, the group recognizes a personnel cost against and a liability measured at fair value, which is remeasured at each closing date until the settlement date, with the change in the fair value of the liability recognised in the income statement.

As of December 31, 2022, as the subscription periods ended on December 8, 2022 the Group recorded the following impacts under these employee shareholding plans:

- Recognition of a personnel cost in respect of cash discounts, the cash contribution granted by the employer as well as preference shares and warrants granted for free
- Recognition of a receivable in respect of the amount of subscriptions not yet paid up in cash (Go Suez Classic and Go Suez Multiple), the amount of the Go Suez Reinvest subscription having been recorded in cash
- Recognition of a liability (social debt) corresponding to the number of instruments issued measured at their fair value at the balance sheet date (fair value of an ordinary share estimated to EUR 1 and fair value of a preference share and a warrant estimated to 0.2442)

The liabilities thus recognised as at December 31, 2022 amount to EUR 173.6 million. In terms of sensitivity, a +5% change in the fair value of all instruments would increase liabilities by EUR 8.5 million as at December 31, 2022.

Note 21 Related-party transactions

Significant transactions between the Group and its related parties are presented in accordance with IAS 24.

21.1 Transactions with joint ventures and associates

They concern transactions with associated companies and joint ventures of the Suez group. The amounts of transactions carried out during the 2022 financial year with these companies are presented below.:

(in milions of euros)	December 31,2022		December 31,2022
Transactions with associates		**Transactions with joint-ventures**	
Profit / (losses)	**(16,4)**	**Profit / (losses)**	**16,4**
SEN'EAU	6,6	France Plastique Recyclage	16,4
Roanne Bioenergie	6,0		
Aquasure Holding	(32,3)		
Autres	3,3		
Receivables / Payables	**56,4**	**Receivables / Payables**	**36,2**
Aquasure Holding	32,7	France Plastique Recyclage	20,2
SEN'EAU	16,6	Re-Source Industries Holding	11,2
Roanne Bioenergie	2,7	Jiangsu Water Company	1,4
Wuhan Sino French Water Company	2,2	Qingdao Sino French Company	1,3
Autres	2,1	Autres	2,0
Liabilities	-	**Liabilities**	**4,6**
		CBSE	3,2
		Société des eaux du district urbain du dinan	1,0
		Autres	0,4

21.2 Transactions with key executives

Key management personnel are defined as the members of the Board of Directors and/or the Executive Committee of Suez S.A. present on December 31, 2022.

Direct remuneration: Remuneration paid (excluding employer's charges) to the main executives for 2022 amounts to EUR 2.3 million, of which EUR 2.0 million is basic remuneration and EUR 0.3 million is variable remuneration linked to the performance achieved. In addition, an expense of EUR 3.2 million has been recognised in respect of variable remuneration provisioned as at December 31, 2022.

Short-term benefits: None

Post-employment benefits: The amount of contributions paid by the group during the year under supplementary defined contribution pension schemes (Articles 83 and Article 82) to key managers amounted to EUR 0.3 million

Free shares plans: the executives present as at December 31, 2022 had 2,016,000 free performance shares, the terms of which are presented in Note 20.1. The amount of the expense recognised for share-based payments in 2022 (excluding social charges) amounts to EUR 0.3 million.

There are no service transactions between key management personnel and group entities.

Note 22 Subsequent events

The main subsequent events are as follows:

- Effective completion, on January 27, 2023, of the acquisition of 65.98% of Scori following the lifting of the conditions precedent set out in the acquisition contract of August 5, 2022. In addition, in February and March 2023, Suez acquired minority shareholders of Scori representing 27.89% of the share capital for a total amount of EUR 14.3 million.
- Completion, on January 6, 2023, of capital increases in connection with the "Go Suez Classique" and "Go Suez Multiple" employee shareholding plans.
- Effective completion of the sales of Qatar and Rima (booked as assets relating to discontinued operations as at December 31, 2022) during Q1 2023 for an amount of EUR 33.5 million.

Note 23 List of the main consolidated companies as at December 31, 2022 and 2021

The list of entities presented below includes the main holding and operating entities by area and activity.

The entities presented below cover more than 80% of the following indicators: Revenues, EBITDA, Net income (Group share), Net debt and Capital employed.

SUEZ		% interest		% control		Consolidation methods (a)	
Names	Headquarters address	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
SUEZ	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100.0	100.0	100.0	100.0	FC	FC
SUEZ International	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100.0		100.0		FC	NC
France - Water and Recycling & Recovery							
SUEZ Eau France	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100.0		100.0		FC	NC
SUEZ R&V France	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100.0		100.0		FC	NC
IWS France	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100.0		100.0		FC	NC
United Kingdom - Recycling & Recovery							
SUEZ Advanced Solutions Holdings UK Ltd	190 Aztec West, Almondsbury BS32 4TP Bristol - Royaume Uni	100.0		100.0		FC	NC
SUEZ Recycling and Recovery Holdings UK Ltd	Grenfell road, Maidenhead, Berkshire SL6 1ES - Royaume-Uni	100.0		100.0		FC	NC
Europe (excluding United Kingdom) - Water							
ACEA Spa	P.le Ostiense, 2 - 00154 Roma - Italie	23.3		23.3		EM	NC
Nuove Acque	Via Montefalco, 55 - 52100 Arezzo - Italie	28.2		46.2		FC	NC
Ostravske vodarny a kanalizace, as	Nadrazni 3114/28 - 729 71 Ostrava Moravska Ostrava - République Tchèque	50.1		50.1		FC	NC
AquaRD SP.Z O.O.	UL Zlota 61 Warszawa - Pologne	100.0		100.0		FC	NC
Asia - Water and Recycling & Recovery							
SUEZ (Asia Pacific) Limited	Room 701, 7/F, Lee Garden Two 28 Yun Ping Road - Hong-Kong - Chine	100.0		100.0		FC	NC
Sino French Water Development Company Ltd	Room 701, 7/F, Lee Garden Two 28 Yun Ping Road - Hong-Kong - Chine	100.0		100.0		FC	NC
Sociedade de Abastecimento de Aguas de Macau	718 avenida do Conselheiro borja, Macao - Chine	85.0		85.0		FC	NC
Chongqing Derun Environment Company Limited	No. 20-1, Block 3, 101 Cypress Road Springfield Road Chongqing - Chine	25.1		25.1		EM	NC
SUEZ Water Treatment Company Limited	Room No. 118, Building 23, No.31 North Third Ring Road, Haidian District, Beijing - Chine	100.0		100.0		FC	NC
Shangai Chemical Industrial Park Company Limited	No. 168, Mu Hua Road, Shanghai Chemical Industry Park, 201507 Shangai - Chine	50.0		50.0		FC	NC
World's other - Water and Recycling & Recovery							
SUEZ ANZ Holdings Pty Ltd (and affiliates)	3, 3 Rider Boulevard, 2138 Rhodes NSW - Australie	100.0		100.0		FC	NC
SUEZ India Private Limited	Unitech Business Park, Tower A, 2nd Floor, South City 1, 122001 Gurgaon - Inde	99.9		99.9		FC	NC
Gandharbpur Water Treatment SNC	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	99.0		99.0		FC	NC
Umzwilili Environmental Solutions Proprietary Ltd	Central Office Park N°4, 257 Jean Avenue Centurion - 0157 Gauteng - Afrique du Sud	51.0		51.0		FC	NC
Enviroserv Holdings Pty Ltd (and affiliates)	Central Office Park N°4, 257 Jean Avenue Centurion - 0157 Gauteng - Afrique du Sud	51.0		51.0		FC	NC
SUEZ Services Maroc	20 Boulevard Rachidi - Casablanca Maroc	100.0		100.0		FC	NC
Sen'Eau - Eau du Sénégal	Centre de Hann, Route du Front de Terre BP 4945 - Dakar - Sénégal	45.0		45.0		EM	NC
Consulting							
Safège	15, rue du Port, 92022 Nanterre - France	100.0		100.0		FC	NC

(a) FC : Full consolidation.
EM : Equity method of consolidation.
NC : Non consolidated

Note 24 Fees of the Statutory Auditors and members of their networks

The following table presents the fees of the statutory auditors and the members of their network in charge of auditing the consolidated financial statements of Suez S.A. and its consolidated subsidiaries and which appear in the consolidated income statement for the financial year.

	Ernst & Young								Mazars							
	2022				2021				2022				2021			
	Ernst & Young and Others		Network		Ernst & Young and Others		Network		Mazars SA		Network		Mazars SA		Network	
(in thousands of euros)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit and limited review on the statutory and consolidated financial statements																
SUEZ SA	1,297	80%			10	100%			925	28%			10	100%		
Fully consolidated subsidiaries and joint operations			3,133	84%					1,956	58%	1,107	100%				
Other services																
SUEZ SA	325	20%							339	10%						
Fully consolidated subsidiaries and joint operations			609	16%					128	4%	4	0%				
Total	1,622	100%	3,742	100%	10	100%			3,348	100%	1,111	100%	10	100%		

Other services than account certification of the financial statements provided during the year to the Company and the entities it controls mainly include verification work on CSR information.

MAZARS

ERNST & YOUNG Audit

Suez

Exercice clos le 31 décembre 2022

Rapport des commissaires aux comptes sur les comptes consolidés

MAZARS
Tour Exaltis
61, rue Henri Regnault
92075 Paris-La Défense cedex
S.A. à directoire et conseil de surveillance
au capital de € 8 320 000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Suez

Exercice clos le 31 décembre 2022

Rapport des commissaires aux comptes sur les comptes consolidés

A l'Assemblée Générale de la société Suez,

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes consolidés de la société Suez relatifs à l'exercice clos le 31 décembre 2022, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

Nous précisons que ces comptes consolidés ont été préparés pour la première fois conformément au référentiel IFRS tel qu'adopté dans l'Union européenne. Ils comprennent à titre comparatif les données relatives à l'exercice 2021 retraitées selon les mêmes règles, qui n'ont pas fait l'objet d'une certification.

Fondement de l'opinion

Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le Code de commerce et par le Code de déontologie de la profession de commissaire aux comptes sur la période du 1er janvier 2022 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n° 537/2014.

Justification des appréciations - Points clés de l'audit

En application des dispositions des articles L. 823-9 et R. 823-7 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes consolidés de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

Evaluation à la juste valeur des actifs et passifs identifiables acquis dans le cadre du périmètre « Nouveau Suez »

Risque identifié	Notre réponse
Le 31 janvier 2022, votre société a acquis auprès de la société Veolia Environnement le périmètre « Nouveau Suez » tel que défini dans la note 2.1.1 de l'annexe aux comptes consolidés, conformément à l'accord de rapprochement entre votre société et la société Veolia Environnement du 14 mai 2021 et au contrat d'acquisition signé le 22 octobre 2021 entre votre société, un consortium d'investisseurs de long terme et la société Veolia Environnement. Comme indiqué dans cette note et conformément à la norme IFRS3 « Regroupements d'entreprises », votre groupe procède à l'évaluation de la juste valeur des actifs et passifs identifiables acquis. Les valeurs attribuées aux actifs et passifs identifiables ont été déterminées à la date d'acquisition. La comptabilisation initiale relative à ce regroupement d'entreprises est décrite dans la note 3 « Regroupements d'entreprises » de l'annexe aux comptes consolidés. Cette acquisition, a conduit votre groupe à reconnaître un *goodwill* de M€ 3 151, après comptabilisation des actifs et passifs identifiables dont des relations clients pour M€ 1 838. La contrepartie transférée pour l'acquisition (hors reprise des prêts intragroupe) s'élève à M€ 7 155 (*earn out* et ajustement de prix inclus) pour une juste valeur des actifs et passifs acquis de M€ 4 443. Nous avons considéré l'évaluation de la juste valeur des actifs, passifs et passifs éventuels identifiables acquis	Dans le cadre de cette acquisition et avec l'implication de nos spécialistes en évaluations, nos travaux ont principalement consisté à : ► prendre connaissance des procédures de contrôle interne encadrant les opérations de regroupement d'entreprises ; ► apprécier le caractère raisonnable des méthodes utilisées et les hypothèses clés retenues par votre groupe pour l'évaluation, à leur juste valeur, des actifs et passifs identifiables acquis, en particulier, les modalités d'évaluation de la relation clients ; ► examiner la documentation juridique relative à cette acquisition ; ► s'assurer de la compétence, l'expérience et l'objectivité des experts indépendants auxquels votre groupe recourt ; ► analyser l'allocation des flux de trésorerie futurs actualisés aux actifs, passifs et passifs éventuels identifiables acquis ; ► réconcilier l'allocation des flux de trésorerie avec le plan d'affaires global de votre groupe, approuvé par votre conseil d'administration en date du 19 septembre 2022 ;

dans le cadre de cette acquisition comme un point clé de l'audit eu égard à leur caractère significatif et aux jugements que la direction est amenée à exercer pour réaliser cette évaluation à la juste valeur.	► analyser la cohérence d'ensemble de l'allocation du prix d'acquisition et du *goodwill* qui en résulte ; ► vérifier l'exactitude arithmétique du montant du *goodwill* reconnu ; ► comparer les hypothèses retenues par votre groupe pour l'évaluation, à leur juste valeur, des actifs et passifs identifiables acquis avec celles élaborées par les experts indépendants mandatés par votre groupe dans le cadre de la transaction ; ► enfin, apprécier le caractère approprié des informations fournies dans la note 3 « Regroupements d'entreprises » de l'annexe aux comptes consolidés.

Evaluation de la valeur recouvrable des *goodwill*

Risque identifié	Notre réponse
Au 31 décembre 2022, les *goodwill* s'élevaient à M€ 5 199 et représentaient 25 % du bilan des comptes consolidés. Comme indiqué dans la note 1.5.6 de l'annexe aux comptes consolidés, lorsque des événements, des modifications d'environnement de marché ou des éléments internes indiquent un risque de perte de valeur, ou a minima une fois par an si aucun évènement n'est à noter, les *goodwill* font l'objet d'un test de perte de valeur. Les modalités de réalisation de ces tests de perte de valeur sont décrites dans les notes 1.5.6 et 9 de l'annexe aux comptes consolidés. Les tests de dépréciation nécessitent l'utilisation d'hypothèses et d'estimations dont la réalisation est par nature incertaine, notamment : ► les projections des flux de trésorerie d'exploitation basées sur le plan à moyen terme (PMT) ; ► la valeur terminale déterminée en appliquant un taux de croissance à long terme aux flux de trésorerie après impôts ; ► les taux d'actualisation basés sur les caractéristiques des entités opérationnelles concernées. La valeur recouvrable des *goodwill* étant sensible à la fluctuation de ces hypothèses et estimations, nous avons considéré l'évaluation des *goodwill* comme un point clé de l'audit.	Nous avons pris connaissance des modalités d'identification des indices de perte de valeur et de mise en œuvre des tests de perte de valeur, et orienté nos travaux sur les unités génératrices de trésorerie (UGT) significatives figurant dans la note 9.2 de l'annexe aux comptes consolidés. Nous avons rapproché les données utilisées dans les tests de perte de valeur avec les documents utilisés par les instances de gouvernance appropriées, et notamment le PMT approuvé le 19 septembre 2022 par votre conseil d'administration. Nous avons examiné les hypothèses et, en particulier : ► les prévisions de flux de trésorerie d'exploitation établies sur la durée du PMT et liées aux conditions d'exploitation prévues par votre comité exécutif, notamment la durée des contrats portés par les actifs isolés ou les entités de l'UGT concernées, les évolutions de la réglementation tarifaire et les perspectives futures de marchés ; ► la valeur terminale, pour la période au-delà du PMT, déterminée notamment par l'application de taux de croissance à long terme, compris entre 1,7 % et 2,1 % selon les activités liées au « Flux de trésorerie libre » normatif (tel que défini dans la note 9.3 de l'annexe aux comptes consolidés) de la dernière année des prévisions. Nous avons analysé, en incluant des spécialistes en évaluation dans notre équipe d'audit, les taux d'actualisation, les taux de croissance à long terme et la méthode de calcul des prévisions de flux de trésorerie. De plus, nous avons obtenu et examiné les analyses de

	sensibilité effectuées par la direction de votre groupe, dont les résultats sont présentés dans la note 9.4 de l'annexe aux comptes consolidés.

Comptabilisation des contrats de construction

Risque identifié	Notre réponse
Comme indiqué dans les notes 1.4.1.7 et 1.5.12.3 de l'annexe aux comptes consolidés, votre groupe exerce une partie de son activité au travers de contrats de construction pour lesquels le chiffre d'affaires et la marge sont comptabilisés à l'avancement du projet. Le pourcentage d'avancement est déterminé pour chaque contrat de construction en rapportant le montant des coûts engagés à la clôture au montant total estimé des coûts du projet. Cette méthode vise à conserver le niveau de charge et à reconnaître la marge uniquement sur le chiffre d'affaires comptabilisé. ► La comptabilisation du chiffre d'affaires et de la marge sur les contrats de construction est fonction des données à terminaison estimées par les responsables opérationnels et financiers. Ces estimations sont mises à jour trimestriellement ou plus fréquemment en cas d'évolution majeure dans le déroulement du projet. ► Des provisions pour perte à terminaison sont comptabilisées dès lors que les coûts à terminaison sont supérieurs au chiffre d'affaires à terminaison du contrat. Nous avons considéré la comptabilisation du chiffre d'affaires et de la marge liés aux contrats de construction comme un point clé de l'audit compte tenu du caractère estimatif de ce processus.	Dans le cadre de notre audit des filiales qui contribuent le plus au chiffre d'affaires consolidé lié aux contrats de construction, nos travaux ont, d'une part, consisté à : ► prendre connaissance de l'environnement de contrôle, des procédures et des systèmes d'information spécifiques mis en place ; ► tester les contrôles jugés clés relatifs au processus de suivi des contrats de construction, notamment concernant la gestion de projet et l'allocation et l'imputation des coûts aux contrats ; ► recalculer le chiffre d'affaires résultant de la méthode de l'avancement ; ► rapprocher les données relatives au chiffre d'affaires, aux coûts et à la marge de la comptabilité analytique avec celles de la comptabilité générale ; ► apprécier les estimations et les hypothèses concourant à la reconnaissance du chiffre d'affaires et à la comptabilisation d'éventuelles pertes à terminaison sur la base de notre expérience et des réalisations passées ; ► pour les activités portant sur des contrats de faibles valeurs unitaires et niveaux de risques, procéder à une analyse du portefeuille de contrats à travers l'examen des variations significatives. D'autre part, nous avons porté une attention particulière à un échantillon de contrats sélectionnés selon les critères suivants : ► contribution significative de la marge dégagée sur l'exercice comptable ; ► évolution significative des données à terminaison au cours de l'exercice ; ► contrats présentant des risques significatifs spécifiques (techniques, contractuels, contexte géopolitique, etc.). Les procédures mises en place sur cet échantillon de contrats ont notamment consisté à : ► s'entretenir avec les responsables opérationnels et financiers du contrat concerné pour prendre connaissance de la situation opérationnelle des

projets (examen des événements, des risques, des coûts à engager pour finir le projet) ;

- rapprocher les coûts à terminaison examinés lors de ces entretiens aux coûts à terminaison utilisés dans le cadre du calcul du pourcentage d'avancement ;
- comparer les montants prévus dans les contrats et les avenants, le cas échéant, avec le chiffre d'affaires à terminaison retenu pour déterminer le chiffre d'affaires à comptabiliser au titre de l'exercice clos le 31 décembre 2022.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations relatives au groupe, données dans le rapport de gestion du conseil d'administration.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Nous attestons que la déclaration consolidée de performance extra-financière prévue par l'article L. 225-102-1 du Code de commerce figure dans les informations relatives au groupe données dans le rapport de gestion, étant précisé que, conformément aux dispositions de l'article L. 823-10 de ce Code, les informations contenues dans cette déclaration n'ont pas fait l'objet de notre part de vérifications de sincérité ou de concordance avec les comptes consolidés et doivent faire l'objet d'un rapport par un organisme tiers indépendant.

Autres vérifications ou informations prévues par les textes légaux et réglementaires

Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société Suez par votre assemblée générale du 2 décembre 2021.

Au 31 décembre 2022, nos cabinets étaient dans la deuxième année de leur mission sans interruption, dont une année depuis que les titres de la société ont été admis aux négociations sur un marché réglementé.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes consolidés

Il appartient à la direction d'établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu'adopté dans l'Union européenne ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes consolidés ont été arrêtés par le conseil d'administration.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés

■ Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L. 823-10-1 du Code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit.
En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;

- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;

- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;

- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;

- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;

- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

Rapport au comité d'audit

Nous remettons au comité d'audit un rapport qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives, que nous jugeons avoir été les plus importants pour l'audit des comptes consolidés de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537/2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L. 822-10 à L. 822-14 du Code de commerce et dans le Code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

Paris-La Défense, le 2 mai 2023

Les Commissaires aux Comptes

MAZARS	ERNST & YOUNG Audit	
Julien Huvé	Jean-Christophe Goudard	Vincent Coste