Suez S.A. consolidated financial statements for the fiscal year ended December 31, 2023

This is a free translation into English of the Suez S.A. consolidated financial statements for the fiscal year ended December 31, 2023 issued in French and it is provided solely for the convenience of English speaking users. In case of any discrepancy identified with the French version of the Suez S.A. consolidated financial statements for the fiscal year ended December 31, 2023, only the French version is binding.

1. Consolidated financial statements

1.1 Consolidated statement of financial position

(in millions of euros)	Note	December 31, 2023	December 31, 2022 Restated [a]
Non-current assets			
Goodwill	8	4,542.1	4,459.3
Intangible assets	9	4,056.2	4,095.5
Property, plant and equipment	9	2,164.5	2,115.3
Rights of use	10.1	552.8	535.1
Non-current financial assets	6.2	422.9	320.1
Investments in joint ventures and associates	11	2,604.3	2,690.0
Non-current contracts assets	5.3	48.5	50.5
Deferred tax assets	7.2	621.0	399.8
Non-current other assets	5.3	9.0	13.6
Total non-current assets		**15,021.3**	**14,679.2**
Current assets			
Current financial assets	6.2	151.9	294.0
Inventories	5.3	273.8	261.9
Trade and other receivables	5.3	3,124.7	2,840.2
Current contracts assets	5.3	296.3	275.3
Current tax assets	5.3	65.4	76.5
Cash and cash equivalents	6.2	1,203.8	1,766.2
Current other assets	5.3	711.2	791.5
Total current assets		**5,827.1**	**6,305.6**
Assets relating to discontinued operations		-	46.4
Total assets		**20,848.4**	**21,031.2**
Shareholders' equity, Group share		5,892.2	6,189.0
Non-controlling interests		423.8	423.7
Total shareholders' equity	12	**6,316.0**	**6,612.7**
Non-current liabilities			
Non-currrent provisions	13	1,169.8	1,187.1
Non-current financial liabilities	6.2	6,079.8	6,124.2
Non-currrent contracts liabilities	5.3	221.2	94.3
Deferred tax liabilities	7.2	1,178.7	1,008.8
Non-currrent other liabilities	5.3	43.9	55.7
Total non-current liabilities		**8,693.4**	**8,470.1**
Current liabilities			
Current provisions	13	149.0	119.3
Current financial liabilities	6.2	301.5	281.5
Trade and other payables	5.3	2,192.7	2,437.2
Current contracts liabilities	5.3	571.8	538.7
Current tax payables	5.3	64.1	103.8
Current other liabilities	5.3	2,559.9	2,467.9
Total current liabilities		**5,839.0**	**5,948.4**
Liabilities directly associated with assets relating to discontinued operations		-	-
Total shareholders' equity and liabilities		**20,848.4**	**21,031.2**

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) The statement of financial position as of December 31, 2022 has been restated to reflect the impacts of the purchase price allocation of Enviroserv, IWS and Suez R&R UK (see Notes 2.4 and 3.3).

1.2 Consolidated income statement

(in millions of euros)	Note	December 31, 2023	December 31, 2022 Restated [(a)]
Revenues		8,879.8	6,843.9
Purchases		(2,311.2)	(1,931.9)
Personnel costs		(2,356.1)	(1,787.7)
Depreciation, amortization and provisions		(875.4)	(581.3)
Other operating expenses		(3,538.0)	(2,584.5)
Other operating income		209.2	149.3
Current operating income	5.1	**8.3**	**107.8**
Impairment on property, plant and equipment, intangible and financial assets		(18.0)	(19.9)
Restructuring costs		(70.5)	(95.1)
Scope effects		6.0	(42.3)
Gains and losses on disposals and other non-recurring items		(15.7)	(10.4)
Income from operating activities	5.2	**(89.9)**	**(59.9)**
Share in net income of equity-accounted companies		170.2	137.5
of which: share in net income (loss) of joint ventures	*11.1*	*46.6*	46.3
of which: share in net income (loss) of associates	*11.2*	*123.6*	91.2
Income from operating activities after share in net income of equity-accounted companies		**80.3**	**77.6**
Cost of net debt		(173.5)	(82.9)
Other financial income and expenses		25.4	8.8
Net financial income (loss)	6.1	**(148.1)**	(74.1)
Income tax expense	7	(49.5)	3.3
Net income		**(117.3)**	**6.8**
Net income, Group share		(146.0)	(22.8)
Net income, non-controlling interests		28.7	29.6

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) The income statement as of December 31, 2022 has been restated to reflect the impacts of the purchase price allocation of Enviroserv, IWS and Suez R&R UK (see Notes 2.4 and 3.3). As a reminder, it includes the contribution of business combinations carried out during the year from the date of their takeover, i.e., 11 months of activity for New Suez (including the impact 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.

1.3 Consolidated statement of comprehensive income

(in millions of euros)	December 31, 2023	December 31, 2023 of which Group share	December 31, 2023 of which non-controlling interest	December 31, 2022 - restated [(a)]	December 31, 2022 of which Group share	December 31, 2022 of which non-controlling interest
Net income	**(117.3)**	**(146.0)**	**28.7**	**6.8**	**(22.8)**	**29.6**
Cash flow hedges (excluding commodities) [(b)]	(21.2)	(20.8)	(0.4)	266.7	265.8	0.9
Commodities Cash flow hedges	(1.5)	(1.5)	-	1.4	1.4	-
Deferred taxes on items above	23.3	23.4	(0.1)	(66.2)	(66.0)	(0.2)
Translation adjustments [(c)]	(134.8)	(118.9)	(15.9)	(153.3)	(148.5)	(4.8)
Total reclassifiable items	**(134.2)**	**(117.8)**	**(16.4)**	**48.6**	**52.7**	**(4.1)**
Of which share of joint ventures in reclassifiable items, net of taxes	(33.2)	(33.2)	-	(25.7)	(25.7)	-
Of which share of associates in reclassifiable items, net of taxes	(55.7)	(55.7)	-	(17.9)	(17.9)	-
Actuarial gains and losses	(35.9)	(36.0)	0.1	57.9	57.6	0.3
Deferred taxes on actuarial gains and losses	9.7	9.7	-	(14.2)	(14.2)	-
Equity instrument	(3.6)	(3.6)	-	(7.9)	(7.8)	-
Deferred taxes on equity instrument	-	-	-	-	-	-
Total non-reclassifiable items	**(29.8)**	**(29.9)**	**0.1**	**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	(3.7)	(3.7)	-	1.1	1.1	-
Other comprehensive income	**(164.0)**	**(147.7)**	**(16.3)**	**84.5**	**88.3**	**(3.8)**
Comprehensive income	(281.3)	(293.7)	12.4	91.3	65.5	25.8

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) The overall result as of December 31, 2022, has been restated to reflect the impacts of the allocation of the purchase price of Enviroserv, IWS, and Suez R&R UK (see Notes 2 and 3).
(b) As part of the bond refinancings carried out in 2022 and 2023, the Group utilized deferred start rate hedging instruments. The realized gains of 314.4 million euros have been recorded in equity. They are recycled into income over the lifespan of the underlying bonds, as of December 31, 2023, the closing amount is 270.4 million euros.
(c) As of December 31, 2023, the (134.8) million euros of translation differences mainly originate from the Chinese Yuan for (96.5) million euros, the Hong Kong dollar for (49.5) million euros, and the British pound for 32.6 million euros. In December 2022, the (153.3) million euros mainly stemmed from the Chinese Yuan for (75.9) million euros and the Hong Kong dollar for (49.7) million euros.

1.4 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 interest	Total
Shareholders' equity at December 31, 2022 - Restated [a]	6,177,872,266	61.7	6,112.4	(37.8)	201.2	(148.5)	6,189.0	423.7	6,612.7
Net income				(146.0)			(146.0)	28.7	(117.3)
Other comprehensive income				(29.9)	1.1	(118.9)	(147.7)	(16.3)	(164.0)
Comprehensive income				**(175.9)**	**1.1**	**(118.9)**	**(293.7)**	**12.4**	**(281.3)**
Dividends distributed in cash approved [b]							-	(23.1)	(23.1)
Capital increase of January 6, 2023 [c]	102,929,337	1.0	96.2				97.2		97.2
Employee share plan (reclassification as debt instruments) [c]	(102,929,337)	(1.0)	(96.2)				(97.2)		(97.2)
Capital increase of June 5, 2023 [d]	1,000,000	0.0	1.0				1.0		1.0
Capital increase of July 20, 2023	1,543,692	-	-				-		-
Allocation of prior year retained earnings			(62.4)	62.4			-		-
Allocation of net income 2022			(243.0)	243.0			-		-
Capital increase / (decrease) in non controlling interest							-	8.3	8.3
Transactions between shareholders [e]				(5.0)			(5.0)	0.7	(4.3)
Business combinations [f]								1.4	1.4
Other changes				0.9			0.9	0.4	1.3
Shareholders' equity at December 31, 2023	6,180,415,958	61.7	5,808.0	87.6	202.3	(267.4)	5,892.2	423.8	6,316.0

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) Equity as of December 31, 2022, has been restated to reflect the impacts of the allocation of the acquisition price of Enviroserv, IWS, and Suez R&R UK (see Notes 2 and 3).
(b) Dividend distributions to non-controlling interests were approved for an amount of 23.1 million euros.
(c) On January 6, 2023, as part of the employee share ownership plan "Go Suez Classique" and "Go Suez Multiple" reserved for employees described in note 15, a capital increase was carried out through the issuance of ordinary shares for a total amount of 97.2 million euros (including share premium). These ordinary shares are considered as debt instruments and not as equity instruments, and therefore are not accounted for within the consolidated equity of the group.
(d) On June 5, 2023, a capital increase was realized with the removal of subscription rights in favor of the Chief Executive Officer of the group, for an amount of 1 million euros, including share premium.
(e) Purchase of non-controlling interests of Scori; the amount presented corresponds to the difference between the price paid and the book value of these interests.
(f) Acquisition of non-controlling interests, notably following an acquisition in the Czech Republic.
(g) This item mainly consists of the effective portion of cash flow hedges.

(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 interest	Total
Shareholders' equity at 31 décembre 2021	**3,700,000**	**-**	**-**	**(46.3)**	**-**	**-**	**(46.3)**	**-**	**(46.3)**
Net income				(22.8)			(22.8)	29.6	6.8
Other comprehensive income				35.6	201.2	(148.5)	88.3	(3.8)	84.5
Comprehensive income				**12.8**	**201.2**	**(148.5)**	**65.5**	**25.8**	**91.3**
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 incirase 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 preference free shares	51,800,662	0.5	(0.5)				-		-
Employee share plan (reclassification as debt instruments)	(94,967,881)	(1.0)	(42.2)				(43.2)		(43.2)
Capital increase / (decrease) in non controlling interest							-	33.6	33.6
Business combinations							-	434.0	434.0
Transactions betw een shareholders [(e)]				(2.0)			(2.0)	3.6	1.6
Other changes				(2.3)			(2.3)	(0.8)	(3.1)
Shareholders' equity at December 31, 2022 - Restated [(d)]	**6,177,872,266**	**61.7**	**6,112.4**	**(37.8)**	**201.2**	**(148.5)**	**6,189.0**	**423.7**	**6,612.7**

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) A capital increase of 3,824.2 million euros and borrowings of 4,450.0 million euros (see Consolidated Statement of Cash Flows) were notably used to finance the acquisition of Nouveau Suez.
(b) As part of the IWS and Suez R&R UK entities (see Consolidated Statement of Cash Flows and Notes 2.3) and for the purpose of financing these operations, two capital increases were carried out on November 29 and December 1, 2022.
(c) On December 2, 2022, as part of the employee share ownership plan "Go Suez Reinvest" described in note 15.2, the following actions were taken:

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

The ordinary and preference shares issued under this plan were considered as debt instruments and as such were not recognized in equity.
(d) Equity as of December 31, 2022, has been restated to reflect the impacts of the allocation of the acquisition price of Enviroserv, IWS, and Suez R&R UK (see Notes 2 and 3)..

1.5 Consolidated statement of cash flows

(in millions of euros)	Note	December 31, 2023	December 31, 2022 Restated (a)
Net income		**(117.3)**	**6.9**
Depreciation, amortization and provisions		875.2	576.7
Dividends received from joint ventures and associates		129.4	121.1
Share in net income (loss) of joint ventures		(46.6)	(46.3)
Share in net income (loss) of associates		(123.6)	(91.2)
Financial income	6.1	148.1	74.1
Scope effects, other gains and losses on disposal		5.5	26.0
Other items with no cash impact		(0.8)	(1.0)
Income tax expense	7	49.5	(3.3)
Cash flows from operations before financial income/(expense) and income tax		**919.4**	**663.0**
Tax paid including withholding tax on royalties		(107.8)	(151.0)
Change in working capital requirements	**5.3**	**19.7**	**51.5**
Cash flows from operating activities		**831.3**	**563.5**
Takeover of subsidiaries net of cash and cash equivalents acquired (b)	3.3	(495.5)	(8,854.4)
Acquisitions of interests in associates and joint-ventures		(9.0)	(29.4)
Acquisitions of equity instrument		(7.8)	(53.3)
Disposals of interests in associates and joint-ventures		10.0	-
Disposal of equity instrument		0.8	1.7
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold		33.3	4.1
Investments in property, plant and equipment and intangible assets	9	(510.9)	(325.2)
Disposals of property, plant and equipment and intangible assets		12.2	42.3
Financial interest received		37.1	6.4
Dividends received on non-current financial assets		2.6	1.3
Change in financial assets at fair value through income		0.2	0.1
Change in loans and financial receivables		(100.1)	(62.7)
Cash flows from investing activities		**(1,027.1)**	**(9,269.1)**
Capital increase/ reduction of the parent company		-	6,174.2
Employee stock option plan		97.2	43.2
Capital increase/ reduction of non controlling interests		9.4	34.1
Changes in interest in controlled entities		(14.3)	-
Dividends paid to non-controlling interests [c]		(45.1)	(40.3)
Increase in loans and financial debt	6.2.1	1,282.6	7,865.4
Repayment of lease liabilities	6.2.1	(176.5)	(140.4)
Repayment of borrowings and financial debts	6.2.1	(1,331.0)	(3,755.2)
Financial interest on lease liabilities		(6.0)	1.0
Financial interest paid		(217.1)	(15.3)
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives	6.2.1	32.9	280.1
Cash flows from financing activities		**(367.9)**	**10,446.8**
Impact of changes in exchange rates and other		1.4	25.0
Total cash flows for the period		**(562.3)**	**1,766.2**
Opening cash and cash equivalents		**1,766.2**	**-**
Closing cash and cash equivalents		**1,203.9**	**1,766.2**

NB: The values shown in the tables are generally expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) The statement of financial position as of December 31, 2022 has been restated to reflect the impacts of the purchase price allocation of Enviroserv, IWS and Suez R&R UK (see Notes 2.4 and 3.3).
(b) This amount corresponds to the payment of the price adjustment for EUR 121.8 million and the earn-out for EUR 283.5 million for the acquisition of the new Suez in 2022, the acquisition of Vissershok and the acquisition of Devon Contract Waste and F&R Cawley Ltd in United Kingdom.
(c) Including EUR 21.9 million of dividends paid related to prior years approbation in Asia.

2. Notes to the Consolidated Financial Statements

Note 1 Basis of Presentation, Accounting Principles and Policies

1.1 Group presentation

The company Suez S.A. (formerly Sonate Bidco SA) was established on July 15, 2021, to facilitate the acquisition, from Veolia, of a set of activities from the former Suez group following the completion of Veolia's takeover bid on January 18, 2022, with the takeover of this scope occurring on January 31, 2022. It is controlled at 97% by the company Suez Holding SAS (formerly Sonate Topco SAS, whose shareholders are Meridiam Sustainable Water & Waste Fund – 40%, GIP IV Highbury Luxco – 40%, and Caisse des Dépôts et CNP Assurances – 20%), established on June 4, 2021, as part of the acquisition of Suez activities divested by Veolia, and at 3% by the employees.

The activities of the Group, consisting of Suez S.A. and all its controlled subsidiaries, essentially revolve around:

- Municipal water (Water France) and waste recycling and recovery (R&R France) in France.
- Water-related activities in the following geographies: Italy (including participation in Acea), Czech Republic, Africa, Central Asia, India, China, Australia.
- Waste activities in the United Kingdom, as well as hazardous waste activities in France and South Africa.

1.2 Basis of consolidated financial statements preparation

The consolidated financial statements of the Group as of December 31, 2023 (hereinafter referred to as "the financial statements") have been prepared in accordance with the historical cost convention, except for assets and liabilities acquired in business combinations, which are accounted for in accordance with IFRS 3, and financial instruments, which are accounted for following the treatment of different categories of financial assets and liabilities as defined by IFRS 9.

The financial statements 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 15, 2024, and will be submitted for approval at the next general meeting scheduled for June 14, 2024.

1.3 Accounting framework

In accordance with Commission Regulation (EC) No 809/2004 of April 29, 2004, on prospectuses, financial information regarding the assets, financial position, and results of the Group is provided for the years 2023 and 2022 and is prepared in accordance with Regulation (EC) No 1606/2002 of July 19, 2002, on the application of international accounting standards (IFRS). The financial statements comply with IFRS standards issued by the IASB and adopted by the European Union.

The accounting policies applied by the Group in the financial statements are consistent with those adopted for the 2022 financial statements, except for IFRS standards and amendments that became mandatory from January 1, 2023, as presented below.

Comparative data as of December 31, 2022, has been restated to reflect the impacts of the allocation of the acquisition price of EnviroServ, Suez R&R UK, and IWS (see Note 3.3.2).

1.3.1 IFRS Standards and Amendments Applicable from January 2023, 1st

The IFRS standards and amendments applicable as of January 1, 2023, are as follows:

IFRS Standards	Impacts
IFRS 17 – Insurance contrats and amendments – Insurance Contracts: first application of IFRS 17 IFRS 9 – Comparative data	The first application of these standards did not impact the Group.
Amendments IAS 1 – Presentation of Financial Statements – Disclosures of Accounting Policies Amendments to IAS 8 – Definition of Accounting Estimates	These amendments did not have a material impact on the Group.
Amendments to IAS 12 – Deferred Tax on Assets and Liabilities Arising from the Same Transaction	This amendment led to the recognition of deferred tax assets and liabilities on temporary differences related to right-of-use and lease liabilities under IFRS 16.
Amendments to IAS 12 – International Tax Reform Pillar 2 model	Following the OECD's recommendation under Pillar 2 leading to the establishment of a minimum tax regime for large international organizations in November 2021, the European Union adopted, on December 14, 2022, a directive making this regime effective from January 1, 2024, or from the date of transposition by EU Member States, whichever is later. EU Member States are required to transpose the directive before December 31, 2023, and France has voted for this transposition as part of the 2024 budget bill. The rules known as "Pillar 2" therefore apply to all entities effectively controlled by the Group, whether consolidated or not. The IASB issued an amendment to IAS 12 in May 2023, which includes a mandatory temporary exception to the application of IAS 12 for Pillar 2 calculations and tax positions. This amendment was formally adopted by the EU in November 2023 and is therefore fully applicable. The Group will not include deferred tax effects related to the implementation of Pillar 2 in its financial statements as long as the temporary exception applies. To best prepare for the new obligations arising from Pillar 2, the Group has closely followed all OECD publications and local legislation published in its operating countries. At this stage, we believe that although the Group will likely be subject to Pillar 2 rules from January 1, 2024, in certain jurisdictions, we do not anticipate a significant impact.

1.3.2 IFRS Standards and Amendments Applicable after 2023 and Unanticipated

Standards, amendments, and interpretations published by the IASB and adopted by the EU:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback: applicable from January 1, 2024.

Analysis of the potential impact of these amendments is ongoing.

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
- Amendments to IAS 7 & IFRS 7 – Supplier Finance Agreements
- Amendments to IAS 21 – Lack of Exchangeability

Analysis of the potential impact of these amendments is ongoing.

1.4 Use of judgment and estimates

The preparation of consolidated financial statements involves the consideration of estimates and assumptions by the Group's Management that may affect the carrying value of certain assets and liabilities, as well as revenues and expenses, and the information provided in the accompanying notes. The Group's Management regularly reviews these estimates and assumptions to ensure their relevance considering experience and current economic conditions. Depending on changes in these assumptions, the items in future financial statements could differ from current estimates. In addition to the use of estimates, the Group's Management exercises judgment to define and implement the appropriate accounting treatment for certain transactions and activities.

1.4.1 Judgments

The main judgments exercised by the Group in the preparation of the consolidated financial statements relate mainly to:

Note	Description	Judgments
3.4	Assets held for disposal and discontinued operations	Classification of non-current assets held for sale and discontinued operations, including whether they are highly likely to be disposed of at the balance sheet date.
4	Operating segments informations	Groupings of activities and entities to be carried out for the presentation of operating segments in terms of their economic characteristics and other criteria of IFRS 8.

1.4.2 Estimates

The significant estimates made by the Group in the preparation of the consolidated financial statements relate mainly to:

Note	Description	Estimates
3.3	Business combinations and goodwills	***Fair Value Assessment of Acquired Assets and Assumed Liabilities in Business Combinations*** The key assumptions and estimates used to determine the fair value of acquired assets and assumed liabilities include, notably, market outlook necessary for assessing future cash flows as well as the discount rates to be applied. The values utilized reflect management's best estimates.
5.1	Current operating income	***Assessment of Water Revenue Recorded but Not Metered, Referred to as "Metered Revenue"*** The water revenue realized from customer segments subject to meter readings during the accounting period is estimated at the closing date based on historical data, consumption statistics, and sales price estimates. The Group has developed measurement and modeling tools that enable the estimation of revenue with a satisfactory degree of reliability, and to confirm retrospectively that the risks of error in estimating the quantities sold and the corresponding revenue can be considered as not significant. ***Evaluation of Margins at Completion for Construction Contracts*** Determining the margin at completion for construction contracts involves the use of significant estimates that depend on the chosen technical solutions, the project duration, and the inherent uncertainties in its execution. Management updates these estimates for the preparation of consolidated financial statements on a quarterly basis or more frequently in the event of a major development in the project's progress. Any significant changes in the evaluation of costs and revenues at completion result in an immediate adjustment of the recognized margin and modify the future margin on remaining work. ***Assessment of Renewal Liabilities (see Note 5.3.3)*** This item includes the obligation for renewal and refurbishment of facilities by concession companies. The calculation basis for these liabilities corresponds to an estimate of the replacement or refurbishment cost of the concession area's facilities (according to IFRIC 12 interpretation), adjusted annually with discount rates determined based on inflation. Expenses are calculated contract by contract by spreading the probable renewal and refurbishment expenses over the contract duration.
7	Income tax	***Assessment of Activated Carryforward Tax Losses*** Deferred tax assets are recognized for carryforward tax losses when it is probable that entities will have future taxable profits against which these unused tax losses can be offset. This probability of future taxable profits is estimated by considering the existence of taxable temporary differences pertaining to the same tax entity and reverting to the same tax authorities on the same timelines, as well as estimates of future taxable profits. These forecasts of taxable profits and the utilization of carryforward losses resulting from them are developed from profit projections prepared within the framework of the medium-term plan and additional projections when necessary.
8 9	Goodwills	***Assessment of the Recoverable Amount of Goodwill, Other Intangible Assets, and Property, Plant, and Equipment***

	Intangible and tangible assets	Assumptions and estimates are made to determine the recoverable amount of goodwill and intangible and tangible assets, particularly focusing on market outlooks necessary for assessing cash flows and the discount rate to be applied. Any changes to these assumptions could have a significant effect on the amount of the recoverable amount and may result in impairment losses being recognized.
13	Provisions and contingent liabilities	***Assessment of Provisions, Including Provisions for Litigation, Retirement Obligations, and Similar Commitments, as well as Site Restoration Provisions*** Parameters that have a significant influence on the amount of provisions include, in addition to the level of costs themselves, the timing of their occurrence and the discount rate applied to cash flows. These parameters are established based on the information and estimates that the Group considers most appropriate at the date of financial statements. As of the financial statement date, to the Group's knowledge, there is no indication that the parameters collectively chosen are not appropriate. Furthermore, there are no known developments that would significantly affect the estimated amounts of provisions.
14	Post-employment benefit obligations and other long-term benefits	***Assessment of Retirement Obligations*** The assessment of retirement obligations is based on actuarial calculations. The Group believes that the assumptions used at the financial statement date to evaluate the obligations are appropriate and justified. However, any changes in actuarial assumptions could have a significant impact.

Note 2 Major operations

2.1 Bond Issuances

During the fiscal year 2023, the Group carried out the placement of two bond issuances:

- In October 2023, issuance of a green bond in the amount of GBP 600 million, with an annual coupon of 6.625% and a maturity of 20 years.
- In November 2023, issuance of a green bond in the amount of EUR 500 million, with an annual coupon of 4.50% and a maturity of 10 years.

These issuances are primarily aimed at refinancing the EUR 1.2 billion acquisition facility raised in December 2022 to finalize the acquisitions of Suez Recycling and Recovery UK and IWS, specialized in hazardous waste management in France. Additionally, they may be used to finance eligible projects as defined in the Group's Green Bond Framework.

2.2 Share capital increases

- Capital Increase on January 6, 2023

Following the implementation of the Go Suez share ownership plans in 2022 and the subscriptions finalized in December 2022, a capital increase of Suez S.A. in cash was carried out on January 6, 2023, benefiting the employees and former employees of the Group through the FCPE Go Suez. The increase amounted to EUR 1 million in nominal value per issuance of ordinary shares (totaling EUR 97.2 million, including the premium).

These new ordinary shares are considered as debt instruments in the consolidated accounts of the Group, rather than equity instruments, and therefore are not included in the consolidated equity of the group. The amount of the debt related to this operation had been recorded in the consolidated accounts of Suez S.A. as of December 31, 2022.

- Capital Increase on June 5, 2023

A capital increase without preferential subscription rights was realized on June 5, 2023, in favor of the Chief Executive Officer of the group, totaling EUR 1 million, including the premium.

- Capital Increase on July 20, 2023

A capital increase of EUR 15,437 was carried out on July 20, 2023, through the issuance of 1,543,692 new ordinary shares as a bonus issue.

2.3 Significant variations in the consolidation scope

- Acquisition of Scori

On January 27, 2023, the takeover via acquisition of 65.98% of Scori was completed following the fulfillment of the suspensive conditions outlined in the acquisition contract dated August 5, 2022. The acquisition price was disbursed prior to the fulfillment of the suspensive conditions during the acquisition of IWS entities in November 2022.

Furthermore, in February and March 2023, Suez S.A. acquired minority stakes in Scori representing 27.89% of the capital.

The goodwill at the date of takeover amounted to EUR 36.7 million and was entirely allocated to UGT IWS.

This acquisition contributed EUR 29.9 million and EUR (0.9) million to the Group's revenue and net income, respectively, as of December 31, 2023.

- Acquisition of Devon Contract Waste and F&R Cawley Ltd in the UK

In October and December 2023, Suez R&R UK acquired 100% of Devon Contract Waste (DCW) and F&R Cawley Ltd, respectively.

A provisional goodwill of EUR 80.2 million was recognized for these two acquisitions in the group's financial statements as of December 31, 2023. This amount is subject to change as the evaluation period is not yet complete. The process of aligning accounting principles and determining the fair value of the main identifiable assets and liabilities acquired will be completed within a maximum period of twelve months from the acquisition date.

These acquisitions contributed EUR 4.9 million and EUR 0.5 million to the Group's revenue and net income, respectively, as of December 31, 2023.

- Acquisition of Sotreco and Nextri

On July 19, 2023, the acquisition of 100% of Sotreco and Nextri entities, specialized in waste management, was completed.

A provisional goodwill of EUR 11.4 million was recognized for these acquisitions in the group's financial statements as of December 31, 2023. This amount is subject to change as the evaluation period is not yet complete. The process of aligning accounting principles and determining the fair value of the main identifiable assets and liabilities acquired will be completed within a maximum period of twelve months from the acquisition date.

These acquisitions contributed EUR 3.5 million and EUR 0.5 million to the Group's revenue and net income, respectively, as of December 31, 2023.

- Takeover of Vissershok

In October 2023, Suez acquired the remaining 50% of Vissershok in South Africa. A definitive goodwill of EUR 2.1 million was identified at the acquisition date.

This acquisition contributed EUR 3.6 million and EUR 0.8 million to the Group's revenue and net income, respectively, as of December 31, 2023.

- Acquisition of Anaerobic Power Biogas Benešov spol. S r.o

In May 2023, Suez acquired 60% of Anaerobic Power Biogas Benešov spol. S r.o. ("APBB") from CAYAN Holdings Limited ("CAYAN"), its sole shareholder, a Czech company pioneering in methanization allowing waste transformation into biogas.

The contribution of this acquisition to the Group's revenue and net income as of December 31, 2023, is not significant.

If the takeovers had occurred on January 1, 2023, the group's revenue (excluding entities already included in the consolidation scope as of December 31, 2022) would have been EUR 8,920.7 million, EBITDA EUR 1,422.3 million, and net income EUR (50.6) million.

- Sale of Digital subsidiaries in the UK

Suez sold its subsidiaries Latis Scientific and DETS in the United Kingdom on October 17, 2023. This divestiture is part of the implementation of the Suez 2022-2027 strategic plan, which aims to focus activities on core water and waste businesses.

- Effective divestments of activities in Qatar, Oman, and Mexico, classified as "assets held for sale" as of December 31, 2022.

2.4 Allocation of Acquisition Prices for Business Combinations Completed in the Second Half of 2022

As a reminder, the following business combinations were completed during the second half of 2022:

- Acquisition of the Enviroserv group on September 30, 2022
- Acquisition of IWS on November 30, 2022
- Acquisition of Suez R&R UK on December 5, 2022

The goodwill recognized as of December 31, 2022, for these acquisitions corresponded to provisional goodwill. The allocation of the acquisition prices for these business combinations, as well as the one related to the acquisition of Scori on January 27, 2023, was carried out during the fiscal year 2023. The 2022 comparative financial statements were restated to reflect the corresponding impacts (see Note 3.3.2).

2.5 Group Commercial Activity

The Group operates two main businesses: Water Cycle Management and Waste Recycling and Recovery. The key events in connection with the Group's commercial activity for the fiscal year 2023 are as follows:

2.5.1 Water Cycle Management

France

In April 2023, in Nice, the future state-of-the-art wastewater treatment and valorization complex for the Métropole Nice Côte d'Azur was unveiled: Haliotis 2, the largest project in France and one of the largest in Europe. Representing a market worth €700 million, the new facility will meet future environmental and health standards, as well as the anticipated needs of the community. It will treat wastewater from 26 municipalities, equivalent to the population of 680,000 residents.

In July 2023, an alliance between Suez and Schneider Electric, a key player in digital transformation in energy management and automation, was announced to accelerate the deployment of digital solutions to improve energy efficiency, preserve resources, and reduce the carbon footprint of water management systems.

In September 2023, the Communauté de l'Auxerrois chose Suez to provide its residents with premium quality drinking water under the label "AuxR_EAU." With the ambition to offer premium quality water to its residents and prepare for the sanitation system of the future, two major contracts for water and sanitation public service delegation were signed for respective durations of 20 and 5 years.

Europe

In January 2023, VHS Benešov, a company in which Suez holds a 50% stake, signed a new 10-year contract with the new voluntary association of municipalities called "Společná voda." With a cumulative turnover of EUR 200 million, this contract involves the treatment and distribution of drinking water as well as the collection and treatment of wastewater for 17 municipalities in the Benešov and Vlašim regions, serving 50,000 residents.

Rest of the World

China

In February 2023, Suez, along with its partners, won the engineering, procurement, and construction contract for the reverse osmosis seawater desalination plant for Wanhua Chemical Group in Penglai, China. This project will help preserve local freshwater resources and protect the environment, aiding Wanhua and its industrial partners in their ecological transition.

In September 2023, Suez announced the signing of two new contracts in the water and waste sectors, contributing to China's goal of achieving carbon neutrality by 2060: the construction and operation of a water treatment plant, and a plastics recycling project.

Tunisia:

The National Sanitation Office of Tunisia (ONAS) entrusted Suez and its partners, Segor, SCET group, and BIAT, with the operation of the public service for collective sanitation in the governorates of Sfax, Gabès, Médenine, and Tataouine. The financing of this concession contract, with a duration of 10 years and a total amount of EUR 200 million, will be provided partly by the World Bank for the rehabilitation and extension of infrastructures, and partly by the Tunisian government for the operation and maintenance of these infrastructures.

Uzbekistan:

The Tashkent Water Transformation Plan (TWTP), carried out in collaboration with Uzbek authorities, was implemented in August. This 7-year contract worth EUR 142 million aims to modernize water supply and sanitation networks in the Uzbek capital, Tashkent, and optimize the management of the water company, Tashkent Shahar SuvTaminoti (TSST), to comply with international standards. The contract is concluded between Suez, the National Water Company Uzsuvtaminot, the municipality of Tashkent, and the Ministry of Construction, Housing, and Communal Services.

In November 2023, Suez announced the signing of three cooperation agreements with Uzbek authorities to strengthen its support for the modernization of the water sector.

2.5.2 Waste Recycling and Recovery

France

In February 2023, Suez, Loop Industries, and SK Geo Centric announced the establishment of a plant to produce virgin-quality PET plastics in Saint-Avold, France, in the Grand Est region. These plastics are manufactured from materials that are 100% recycled and infinitely recyclable using the "Infinite Loop" technology. This project, representing a total projected investment of EUR 450 million, will contribute to the sustainable revitalization of the local industrial fabric and create 200 direct jobs.

On May 11, 2023, an unprecedented partnership between the Pic et Etang Syndicate and Suez was unveiled for the operation of the Energy Recovery Unit (ERU) in Lunel-Viel (34), known as "OCTAV." This is the first partnership of its kind in France, aiming to reduce the volume of incinerated waste by 25% over 10 years through an ambitious waste prevention policy.

Eramet, a European mining and metallurgical leader, and Suez announced in September 2023 the selection of Dunkirk for the installation of their future industrial complex for recycling lithium-ion electric vehicle batteries. This project will enable the closed-loop valorization of strategic metals present in batteries and contribute to securing the supply of metals necessary for the energy transition in Europe. The project includes both a dismantling facility and a metal extraction facility.

2.6 Macroeconomic Environment

The inflationary dynamics initiated in previous years continued in 2023. The Group is offsetting the impact through, on one hand, adjusting/implementing cost variation clauses, and on the other hand, implementing hedging contracts and production/sales contracts regarding electricity costs.

Particularly concerning electricity market prices, they were marked by exceptional conditions in 2023, mainly due to a sharp increase in the European prices of natural gas and carbon.

As Suez is both a consumer and producer of electricity, this significant development impacted the group:

- On its electricity purchases: electricity costs sharply increased in 2023, as all purchases had been covered during 2022 to protect the group from short-term market fluctuations. Suez did not benefit from any government energy assistance measures in 2023.
- On its electricity sales: electricity revenues increased significantly in 2023 due to the rise in market prices. However, the introduction of an exceptional taxation on electricity producers by the UK government has impacted the group.

2.7 Other significant events

The impact of the pension reform in France (Decrees 2023-435 and 2023-436 published in the Official Gazette on June 4, 2023) has been accounted for in the financial statements as of December 31, 2023, resulting in a revenue of EUR 4 million (recognized as personnel expenses – see Note 5.1.2).

Furthermore, in September 2023, the Court of Cassation ruled that French provisions regarding paid leave and sick leave are not in line with European law and confirmed the primacy of European Union law over national law. These rulings enhance employees' rights to paid leave in terms of accruing paid leave. The Group has taken these consequences into account and recorded a provision of EUR 4.8 million for the past three years.

Note 3 Consolidation scope

3.1 Consolidation methods

The consolidation methods used by the Group are as follows:

- Companies over which the Group exercises exclusive control are consolidated using the full consolidation method.
- Joint ventures over which the Group exercises joint control are proportionally consolidated based on the Group's direct rights to assets and direct obligations to liabilities.
- Equity method is applied to:
  - Joint ventures over which the Group exercises joint control but has only a right to the net assets.
  - Associates in which the Group has significant influence.

Under this method, a specific line in the consolidated income statement titled "Share of profit of associates" reflects the Group's share of the net income of the associate consolidated using the equity method. The accounting principles applied by these companies comply with IFRS and are consistent with the Group's accounting principles.

The determination of the consolidation method is made on a case-by-case basis and relies on an analysis of control.

All internal transactions and positions are eliminated in the consolidated financial statements according to the specific procedures of each consolidation method.

The list of main companies included in the consolidation scope is presented in Note 19.

3.2 Methods of Foreign Currency Financial Statements Conversion

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

Transactions in foreign currencies are converted into the functional currency at the transaction date's exchange rate. At each accounting closing:

- Monetary assets and liabilities denominated in foreign currencies are converted at the closing exchange rate. Exchange differences arising from this conversion are recognized in the income statement for the period.
- Non-monetary assets and liabilities denominated in foreign currencies are recorded at the historical exchange rate prevailing at the transaction date.

The financial statements are converted into the presentation currency of the consolidated accounts (in euros) using the exchange rate prevailing at the end of the reporting period. The profit and cash flows are converted based on the average exchange rates for the period. Differences resulting from the conversion of financial statements of consolidated companies are recorded as "translation adjustments" within "other comprehensive income".

Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are considered assets and liabilities of the foreign entity. Therefore, they are expressed in the functional currency of the entity and converted at the exchange rate prevailing at the closing date.

3.3 Business combinations and goodwills

As stated in Note 2 Major Operations of the Year, the group undertook several acquisitions during the fiscal year 2023.

In the context of a business combination, the Group applies the method known as acquisition accounting. The implementation of this method involves the following steps:

- *Identification of the acquirer.*
- *Determination of the acquisition date.*
- *Determination of the acquisition price transferred by the acquirer to the seller for the business combination.*
- *Identification, classification, and valuation of the acquired assets and assumed liabilities of the acquired entity.*
- *Evaluation of minority interests.*
- *Recognition and valuation of goodwill or gain resulting from a bargain purchase.*
- *Post-combination accounting.*

At the acquisition date, goodwill corresponds to the sum of the consideration transferred (acquisition price) and non-controlling interests, net of the net amount recognized (usually at fair value) for identifiable acquired assets and assumed liabilities, and, if applicable, the revaluation to fair value of the previously held interest.

For each business combination, IFRS 3 revised offers the choice between evaluating non-controlling interests:

- *At fair value (i.e., with goodwill allocated to them, according to the "full goodwill" method); or*
- *At their proportionate interest in the fair value of the identifiable assets and liabilities of the acquired company (i.e., without goodwill allocated to non-controlling interests, according to the "partial goodwill" method).*

The Group determines 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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Goodwill is allocated to the cash-generating unit (CGU) benefiting from the business combination or to the group of CGUs at the level where the return on investment of the acquisitions is assessed (see Note 8.2).

In the event of a partial disposal of the activities forming a CGU, the Group generally retains the principle of allocating the goodwill related to the disposed activity, in proportion to its relative value in the CGU at the disposal date, unless it can be demonstrated that another method better reflects the goodwill related to the disposed activity, in accordance with IAS 36.86.

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3.3.1 Purchase price allocation

The table below presents the allocation of acquisition prices for the various business combinations undertaken during the fiscal years 2022 and 2023 as of the acquisition date, and the amounts of definitive or provisional goodwill recognized as of December 31, 2023.

	Assets and liabilities identifiable at the transaction date			
(in millions of euros)	**EnviroServ [(a)]**	**IWS / Scori**	**SUEZ R&R UK**	**Other [(b) (c)]**
Acquisition date	September 2022, 30	November 2022, 30	December 2022, 5	-
Acquisition price	73.5	599.6	2,269.2	139.6
of which redemptions of loans and intragroup current accounts	*2.2*	*101.2*	*353.6*	0.4
Consideration transferred for the acquisition	71.3	498.4	1,915.6	139.2
Intangible assets	20.6	320.7	862.5	46.7
Tangible assets	74.7	111.4	257.4	35.6
Investments in joint ventures and associates	22.0	-	97.3	(18.6)
Deferred tax assets	4.8	34.1	31.7	(0.1)
Other non-current assets	-	4.2	215.7	-
Non-current assets	**122.0**	**470.4**	**1,464.7**	**63.7**
Cash and cash equivalent [(d)]	4.4	(89.4)	(45.4)	8.9
Other current assets	23.3	123.4	362.6	20.5
Current assets	**27.7**	**34.0**	**317.2**	**29.4**
Non-current provisions	12.7	110.4	178.7	5.6
Non-current financial liabilities	42.1	23.1	31.2	8.0
Deferred tax liabilitiies	4.5	77.1	219.9	13.6
Other non-current liabilities	-	0.7	-	-
Non-current liabilities	**59.3**	**211.3**	**429.9**	**27.1**
Current provisions	-	5.2	19.6	1.3
Current financial liabilities	2.5	3.7	217.0	0.6
Other current liabilities	28.5	105.4	277.6	17.1
Current liabilities	**31.0**	**114.4**	**514.2**	**18.9**
Total net assets	59.5	178.7	837.8	47.0
Non-controlling interests	(4.8)	6.0	-	1.1
Goodwill	7.0	325.7	1,077.8	93.3
of which definitive goodwill	7.0	325.7	1,077.8	1.8
Of which provisionnal goodwill				91.5

(a) The goodwill amounts presented are those related to the acquisitions of the entities EnviroServ (goodwill calculated at the Umzwillili entity level, of which Suez Group holds 51%, and according to the full goodwill method), IWS (including Scori), and Suez R&R UK. These are definitive goodwill amounts.
(b) These are the goodwill amounts related to the acquisitions presented in Note 2.3, excluding Scori, which is presented with the impacts of the acquisition of IWS.
(c) The goodwill amounts are provisional. Allocation of the acquisition price and harmonization of accounting principles are still in progress.
(d) Includes overdrafts and other bank facilities.

The acquisition price allocation exercise made it possible to identify mainly customer relationships (amount of EUR 909.8 million recognized at the date of acquisition), to revalue shareholdings held in associates and to increase the value of provisions for site rehabilitation.

3.3.2 Impacts of the exercise of purchase price allocation on the 2022 financial statements

The consolidated financial statements (balance sheet, income statement, statement of changes in equity, and cash flow statement) as of December 31, 2022, have been restated to reflect the impacts of the purchase price allocation of Enviroserv, IWS, and Suez R&R UK, business combinations completed during the 2022 fiscal year, at the acquisition date.

Impacts on the consolidated statement of financial position

(in millions of euros)	December 31, 2022 Published	EnviroServ	IWS	SUEZ R&R UK	December 31, 2022 Restated
Goodwill	5,198.6	(17.1)	(143.0)	(579.2)	4,459.3
Intangible assets	3,133.8	4.0	254.2	703.4	4,095.5
Property, plant and equipment	2,074.4	2.9	-	38.0	2,115.3
Investments in joint ventures and associates	2,600.9	18.4	-	70.8	2,690.0
Deferred tax assets	353.8	2.3	23.9	19.7	399.8
Non-current other assets	899.5	-	(0.1)	19.9	919.3
Total non-current assets	**14,261.0**	**10.5**	**135.0**	**272.7**	**14,679.2**
Total current assets	**6,306.4**	**-**	**(0.8)**	**-**	**6,305.6**
Assets relating to discontinued operations	46.4	-	-	-	46.4
Total assets	20,613.8	10.5	134.2	272.7	21,031.2
Shareholders' equity, Group share	6,188.6	(0.2)	-	0.7	6,189.0
Non-controlling interests	417.0	6.6	-	-	423.7
Total shareholders' equity	**6,605.6**	**6.4**	**-**	**0.7**	**6,612.7**
Non-currrent provisions	1,047.3	-	57.2	82.6	1,187.1
Non-current financial liabilities	6,124.2	-	-	-	6,124.2
Deferred tax liabilities	738.9	4.3	74.5	191.1	1,008.8
Non-currrent other liabilities	150.0	-	-	-	150.0
Total non-current liabilities	**8,060.4**	**4.3**	**131.7**	**273.7**	**8,470.1**
Current provisions	119.3	-	-	-	119.3
Current financial liabilities	283.4	-	(0.3)	(1.7)	281.5
Current other liabilities	5,545.1	(0.2)	2.7	0.1	5,547.6
Total current liabilities	**5,947.8**	**(0.2)**	**2.5**	**(1.7)**	**5,948.4**
Liabilities directly associated with assets relating to discontinued operations	-	-	-	-	-
Total shareholders' equity and liabilities	20,613.8	10.5	134.2	272.7	21,031.2

Impacts on the consolidated income statement

(in millions of euros)	December 31, 2022 Published	EnviroServ	IWS	SUEZ R&R UK	December 31, 2022 Restated
Revenues	6,843.9	-	-	-	6,843.9
Purchases	(1,931.9)	-	-	-	(1,931.9)
Personnel costs	(1,787.7)	-	-	-	(1,787.7)
Depreciation, amortization and provisions	(577.6)	(0.3)	(1.6)	(1.8)	(581.3)
Other operating expenses	(2,584.5)	-	-	-	(2,584.5)
Other operating income	149.3	-	-	-	149.3
Current operating income	**111.5**	**(0.3)**	**(1.6)**	**(1.8)**	**107.8**
Impairment on property, plant and equipment, intangible and financial assets	(19.9)	-	-	-	(19.9)
Restructuring costs	(95.1)	-	-	-	(95.1)
Scope effects	(42.3)	-	-	-	(42.3)
Gains and losses on disposals and other non-recurring items	(10.3)	-	-	-	(10.4)
Income from operating activities	**(56.1)**	**(0.3)**	**(1.6)**	**(1.8)**	**(59.9)**
Share in net income of equity-accounted companies	137.8	(0.4)	-	-	137.5
of which: share in net income (loss) of joint ventures	46.3	-	-	-	*46.3*
of which: share in net income (loss) of associates	91.5	(0.4)	-	-	*91.2*
Income from operating activities after share in net income of equity-accounted companies	**81.7**	**(0.7)**	**(1.6)**	**(1.8)**	**77.6**
Cost of net debt	(82.8)	-	-	-	(82.9)
Other financial income and expenses	4.4	(0.1)	1.6	2.8	8.8
Net financial income (loss)	(78.4)	(0.1)	1.6	2.8	**(74.1)**
Income tax expense	3.4	0.1	-	(0.2)	3.3
Net income	6.7	(0.7)	-	0.8	6.8
Net income, Group share	(23.2)	(0.4)	-	0.8	(22.8)
Net income, non-controlling interests	29.9	(0.3)	-	-	29.6

Impacts on the consolidated statement of comprehensive income

(in millions of euros)	December 31, 2022 Published	December 31, 2022 Shareholders' equity Group share	December 31, 2022 Non controlling interest	PPA impacts Shareholders' group share	PPA Impacts Non controlling interest share	December 31, 2022 Restated	December 31, 2022 Shareholders' equity Group share	December 31, 2022 Non controlling interest
Net income	**6.7**	**(23.2)**	**29.9**	**0.4**	**(0.3)**	**6.8**	**(22.8)**	**29.6**
Cash-flow hedges (excluding commodities)	266.7	265.8	0.9	-	-	266.7	265.8	0.9
Commodity cash-flow hedges	1.4	1.4	-	-	-	1.4	1.4	-
Deferred taxes on items above	(66.2)	(66.0)	(0.2)	-	-	(66.2)	(66.0)	(0.2)
Translation adjustments	(154.0)	(149.4)	(4.6)	0.9	(0.2)	(153.3)	(148.5)	(4.8)
Total reclassifiable items	**47.9**	**51.8**	**(3.9)**	**0.9**	**(0.2)**	**48.6**	**52.7**	**(4.1)**
Of which share of joint ventures in reclassifiable items, net of taxes	(25.8)	(25.8)	-	0.1	-	(25.7)	(25.7)	-
Of which share of associates in reclassifiable items, net of taxes	(18.3)	(18.3)	-	0.4	-	(17.9)	(17.9)	-
Actuarial gains and losses	58.0	57.7	0.3	(0.1)	-	57.9	57.6	0.3
Deferred taxes on actuarial gains and losses	(14.2)	(14.2)	-	-	-	(14.2)	(14.2)	-
Equity instruments	(7.9)	(7.9)	-	-	-	(7.9)	(7.8)	-
Deferred taxes on equity instruments	-	-	-	-	-	-	-	-
Total non-reclassifiable items	**35.9**	**35.6**	**0.3**	**(0.1)**	**-**	**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	-	-	-	1.1	1.1	-
Other comprehensive income	**83.8**	**87.4**	**(3.6)**	**0.8**	**(0.2)**	**84.5**	**88.3**	**(3.8)**
Comprehensive income	90.5	64.2	26.3	1.2	(0.5)	91.3	65.5	25.8

Impacts on KPIs

(in millions of euros)	December 31, 2022 Published	PPA impacts	December 31, 2022 Restated
Revenues	6,843.9	-	6,843.9
EBITDA	1,109.6	(0.4)	1,109.2
EBIT	228.4	(4.0)	224.4
Depreciation and amortization	(666.6)	(3.1)	(669.7)

3.3.3 Reconciliation of acquisition prices to cash flows

The reconciliation between acquisition prices and the amounts presented in the consolidated statement of cash flows under investing activities is as follows:

(in millions of euros)	December 31, 2023
Acquisition price of shares acquired in 2023	(139.6)
Difference between price adjustment provisionned in 2022 and paid in 2023	(1.9)
(Payable) / Receivable on acquisition	(376.8)
Net cash position acquired	22.8
Acquisition price net of cash acquired	**(495.5)**
Cashflow statement:	
Takeover of subsidiaries net of cash and cash equivalents acquired	(495.5)

3.4 Non-current Assets Held for Sale and Discontinued Operations

The IFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations" specifies the accounting treatment applicable to assets held for sale, the presentation, and the information to be provided on discontinued operations.

It requires that assets held for sale be presented separately in the consolidated statement of financial position at the lower of their carrying amount and their fair value less costs to sell, provided that the criteria specified by the standard are met.

When the Group is engaged in a sales process involving the loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale if the criteria of the standard are met, regardless of whether the Group retains a residual interest in the entity after the sale.

Furthermore, it requires that the results of discontinued operations be presented separately in the consolidated income statement retrospectively for all periods presented.

A discontinued operation is a component of an entity that has been disposed of or classified as held for sale and:

- Represents a major line of business or geographical area,
- Is part of a single coordinated plan to dispose of a major line of business or geographical area, or
- Is a subsidiary acquired exclusively for sale.

Note 4 Operating segments information

To effectively implement the Group's strategy, which aims to refocus around its two core businesses, the organization of the Group evolved during the fiscal year 2023, and the internal reporting monitored by the Group's chief operating decision maker was updated accordingly.

In accordance with the provisions of IFRS 8 - Operating Segments, three operating segments grouping the activities of the various business units were selected to present the Group's segment information and were identified based on internal reporting, notably those followed by the Chief Executive Officer, a member of the Executive Committee, and considered as the Group's chief operating decision maker:

- *Water.*
- *Recycling and Recovery.*
- *Other activities.*

The evolution of the Group's organization does not affect the segments presented in the consolidated financial statements as of December 31, 2022, but led the Group to reallocate certain activities from one segment to another.

he comparative data as of December 31, 2022, of key indicators within the meaning of IFRS 8, were restated to reflect the impacts of the evolution of the Group's organization, as well as the exercise of allocation of the purchase price of Enviroserv, IWS, and Suez R&R UK (see Note 4.2).

In accordance with the provisions of IFRS 8, the indicators presented correspond to those regularly provided to the chief operating decision maker via internal reporting, namely Revenue, EBITDA, EBIT, and Investments, as well as the information included in these indicators referred to in paragraph 23 of IFRS 8, namely Depreciation and amortization charges, and Share of net profit of joint ventures and associates.

4.1 Reportable segments

The Group is divided into the following sectors for reporting purposes:

- **Water**: Provision of water distribution and treatment services, particularly under concession contracts (water management). These services are provided to individuals, local authorities, or industrial clients.
- **Recycling and Recovery**: Service provision and waste treatment for local authorities and industrial clients. This includes collection, sorting, recycling, composting, energy recovery, and landfilling for both ordinary and hazardous waste.
- **Other activities** sector: Primarily consists of Digital Solutions and holdings, including Suez S.A.

The accounting methods and valuation techniques used for internal reporting are consistent with those used for the preparation of the consolidated financial statements. The EBITDA and EBIT indicators are reconciled to the consolidated accounts.

4.2 Impacts of the changes in the Group's organization and the exercise of allocation of acquisition prices on the comparative data

Below are the impacts of the changes in the Group's organization and the exercise of allocation of acquisition prices on the comparative data for 2022.

The main impacts are as follows:

- The reallocation of certain activities from the Water and Recycling and Recovery sectors to the Other sector, in line with the Group's strategy to refocus around its two core businesses.
- The amortization of customer relationships identified as part of the exercise of allocating acquisition prices.

(in millions of euros)	December 31, 2022 Published	PPA impacts	Operating model impacts	December 31, 2022 Restated
Water	3,227.3	-	(78.7)	3,148.6
Waste	3,575.7	-	(15.8)	3,559.9
Other activities	40.9	-	94.5	135.4
External revenues	6,843.9	-	-	6,843.9

(in millions of euros)	December 31, 2022 Published	PPA impacts	Operating model impacts	December 31, 2022 Restated
Water	703.4	-	(5.2)	698.2
Waste	474.1	(0.4)	(4.7)	469.0
Other activities	(67.9)	-	9.9	(58.0)
EBITDA	1,109.6	(0.4)	-	1,109.2

(in millions of euros)	December 31, 2022 Published	PPA impacts	Operating model impacts	December 31, 2022 Restated
Water	229.0	-	11.8	240.8
Waste	164.2	(4.0)	(4.0)	156.2
Other activities	(164.8)	-	(7.8)	(172.6)
EBIT	228.4	(4.0)	-	224.4

(in millions of euros)	December 31, 2022 Published	PPA impacts	Operating model impacts	December 31, 2022 Restated
Water	(336.3)	-	17.2	(319.1)
Waste	(264.0)	(3.1)	0.8	(266.3)
Other activities	(66.3)	-	(18.0)	(84.3)
Depreciation and amortization	(666.6)	(3.1)	-	(669.7)

4.3 Key indicators by reportable segments

4.3.1 Revenues

	December 31, 2023			December 31, 2022 restated		
(en millions d'euros)	External	Intragroup	Total	External	Intragroup	Total
Water [a]	3,421.6	47.3	3,468.9	3,148.5	39.3	3,187.8
Waste [b]	5,349.6	52.8	5,402.4	3,559.9	48.2	3,608.1
Other activities	108.6	188.5	297.1	135.5	160.7	296.2
Intragroup eliminations		(288.6)	(288.6)		(248.2)	(248.2)
Revenues	8,879.8	-	8,879.8	6,843.9	-	6,843.9

(a) including a total revenue generated by the Water France activity of €2,336.1 million in 2023 and €2,146.3 million in 2022, and by the Water International activity of €1,085.5 million in 2023 and €1,002.3 million in 2022.
(b) including a total revenue generated by the Recycling & Recovery France activity of €4,016.6 million in 2023 and €3,428.3 million in 2022, and by the Recycling & Recovery International activity of €1,333 million in 2023 and €131.6 million in 2022.
The breakdowns above are based on the geographic area of management of the sector.

4.3.2 EBITDA

The EBITDA corresponds to the Operating Income before Depreciation and Amortization, increased by the share of net income from associates and joint ventures, net of (i) depreciation and amortization, (ii) net provisions, (iii) net taxes under IFRIC 21, (iv) share-based payments, (v) net cash outflows from concessions, and (vi) net royalties for brand and know-how.

The EBITDA by sector breaks down as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Water	642.5	698.2
Waste	770.9	469.0
Other activities	(27.0)	(58.0)
EBITDA	1,386.4	1,109.2

4.3.3 Share in net income of equity accounted companies

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Water	155.3	129.2
Waste	15.5	8.3
Other activities	(0.6)	-
Share in net income of equity accounted companies	**170.2**	**137.5**

4.3.4 EBIT

The EBIT corresponds to the Operating Income before Depreciation and Amortization, increased by the share of net income from associates and joint ventures, net of taxes under IFRIC 21.

The EBIT by sector breaks down as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Water	126.0	240.8
Waste	205.5	156.2
Other activities	(154.6)	(172.6)
EBIT	**176.9**	**224.4**

4.3.5 Amortization

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Water	(349.4)	(319.1)
Waste	(427.7)	(266.3)
Other activities	(95.3)	(84.3)
Depreciation and amortization	**(872.4)**	**(669.7)**

4.3.6 Capital expenditures

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Eau	(178.9)	(162.0)
Recyclage et Valorisation	(287.9)	(152.0)
Autres activités	(44.1)	(11.2)
Capital expenditures	**(510.9)**	**(325.2)**
of which maintenance CAPEX	*(271.0)*	*(127.2)*
of which growth CAPEX	*(239.9)*	*(198.0)*

4.4 Revenues by geographical area

The presented revenue below is segmented by customer market area.

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
France	5,264.9	4,468.1
United Kingdom [a]	1,220.8	109.7
Asia	597.6	605.9
Rest of the world	1,796.5	1,660.2
Revenues	**8,879.8**	**6,843.9**

(a) As of December 31, 2022, corresponds to 25 days of revenue for Suez R&R UK, as this entity was acquired on December 5, 2022.

4.5 Reconciliation of indicators with consolidated financial statements

4.5.1 Reconciliation of EBITDA with current operating income

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Current operating income	**8.3**	**107.8**
(+) Share in net income of equity-accounted companies	170.2	137.5
(-) Depreciation and amortization	872.4	669.7
(-) Net cash outflows from concessions	306.5	264.7
(-) Share-based payments	27.6	39.8
(-) Net of taxes under IFRIC 21	-	(20.8)
(-) Net allocations for risks provisions	(4.9)	(80.6)
(-) Net allocations for commercial provisions	8.0	(8.0)
(-) Others	(1.7)	(0.9)
EBITDA	**1,386.4**	**1,109.2**

4.5.2 Reconciliation of EBIT with current operating income

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Current operating income	**8.3**	**107.8**
(+) Share in net income of equity-accounted companies	170.2	137.5
(-) Net of taxes under IFRIC 21	-	(20.8)
(-) Others	(1.6)	(0.1)
EBIT	**176.9**	**224.4**

Note 5 Operating activities

5.1 Current operating income

Revenues correspond to proceeds from contracts signed with customers. They are calculated and recognized 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 recognized 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.*

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).

Regarding 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.

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

Engineering, construction contracts and other services

Revenues are recognized 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.

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

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 recognized 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 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. This is the "mixed" model.*
- *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 recognized 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 recognized 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, recognized 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 recognized 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 recognized 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.

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).

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 recognized 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, amortization and provisions" in the consolidated income statement and are thus and are thus included in "Current operating income".

The components of current operating income are as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Revenues	8,879.8	6,843.9
Purchases	(2,311.2)	(1,931.9)
Personnel costs	(2,356.1)	(1,787.7)
Depreciation, amortization and provisions	(875.4)	(581.3)
Other operating income	(3,537.9)	(2,584.5)
Other operating expenses	209.2	149.3
Current operating income	**8.4**	**107.8**

5.1.1 Revenues

The following table shows Group's revenues per category:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Water	2,694.1	2,484.4
Recycling and Recovery	5,356.5	3,575.7
Construction contracts, equipment sales, engineering and other services	829.2	783.8
TOTAL	8,879.8	6,843.9

Revenues by operating segment and geographical area are presented in Note 4.

5.1.2 Personnel costs

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Short-term benefits	(2,320.8)	(1,738.8)
Share-based payments or by cash payment	(27.6)	(39.8)
Post-employment benefit obligations and other long-term benefits	(7.7)	(9.1)
TOTAL	(2,356.1)	(1,787.7)

Short-term benefits correspond to salaries and expenses recognised during the period.

Share-based payments are broken down in Note 15. Post-employment benefit obligations and other long-term benefits are disclosed in Note 14. The amount presented above corresponds to defined-benefit plan expenses (see Note 14.2) and to defined-contribution plan expenses (see Note 14.3).

5.1.3 Amortisation, Depreciation, and provisions

The amounts shown below are net of reversals.

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Amortization	(872.4)	(669.7)
Depreciation of inventories, trade receivables and other assets	(8.0)	8.0
Net change in provisions [(a)]	5.0	80.4
TOTAL	(875.4)	(581.3)

(a) Excluding post-employment benefit obligations presented in Note 13.1.

Amortisation for the year, amounting to EUR (872.4) million compared with EUR (669,6) million in 2022. This change is mainly explained by the impact of the new PPAs (detailed below) and the impact of 1 month in 2022 compared with 12 months in 2023 for Suez R&R UK (EUR 48.1 million) and IWS (EUR 27.2 million).

Amortisation includes EUR (214.9) million for the amortisation of assets recognised and/or revalued as part of the purchase price allocation work for the acquisition of the activities:

- New Suez for EUR (172.5) million, compared with EUR (150,2) million in 2022, the change in amounts is mostly related to 11 months of activity in 2022 vs 12 months in 2023,
- IWS for EUR (13.5) million,
- Suez R&R UK for EUR (26.2) million,
- Enviroserv for EUR (1.8) million.

Amortisation is divided into:

- EUR (313.3) million for tangible fixed assets (of which EUR (48.1) million for revaluations of tangible assets),
- EUR (376.8) million for intangible assets (of which EUR (161.7) million on customer relationships and patents/technologies identified during purchase price allocation)
- and EUR (182.4) million for rights of use (of which EUR (5.1) millions on the amortisation of rights of use in the context of purchase price allocation work).

The breakdown by nature of asset is shown in Notes 9 and 10.

5.1.4 Other operating income and expenses

Other operating income and expenses include the following amounts:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Other operating income	**209.2**	**149.3**
Other operating expenses	**(3,538.0)**	**(2,584.5)**
Sub-contracting	(1,417.6)	(1,187.4)
Taxes excluding corporate income tax	(404.7)	(274.8)
Other expenses	(1,715.7)	(1,122.2)
TOTAL	(3,328.9)	(2,435.2)

The change in subcontracting is mainly due to Suez R&R UK (EUR +304.1 million), which has significant expenses relating to transport costs and subcontracted waste recycling costs.

« Other expenses » breakdown as follow:

- maintenance expenditure of EUR (504.4) million compared with EUR (349.4) million in 2022. This change is mainly due to the impact of Suez R&R UK (EUR +68.6 million), IWS (EUR +17.7 million) and EnviroServ (EUR +3.4 million)
- concession renewal costs of EUR 306.4 million, compared with EUR 264.7 million in 2022
- external staff of EUR (161.6) million, compared with EUR (117.0) million in 2022
- rental costs of EUR (131.5) million, compared with EUR (82.7) million in 2022
- costs of buildings sold to the grantor amounting to EUR (111.1) million, compared with EUR (111.1) million in 2022
- insurance costs of EUR (91.3) million, compared with EUR (62.9) million in 2022
- transport costs of EUR (91.3) million, compared with EUR (65.0) million in 2022
- bad debt losses of EUR (29.4) million compared with EUR (28.8) million in 2022
- miscellaneous expenses of EUR (288.3) million, compared with EUR (40.7) million in 2022

5.2 Income from operating activities

Income from operating activities is calculated by including the following unusual, abnormal, or infrequent items in current operating income:

- *impairment losses on assets: this item includes impairment losses on goodwill, intangible assets, property, plant and equipment, investments in associates and equity instruments.*
- *restructuring costs: these are costs incurred in connection with a program planned and controlled by management, which significantly changes either the scope of the company's activities, or the way in which these activities are managed, in accordance with the criteria set out in IAS 37.*
- *changes in scope of consolidation. This line includes :*
    - *direct acquisition costs in the event of a takeover,*
    - *the effects of revaluations, at fair value on the acquisition date, of previously held interests in the case of step acquisitions,*
    - *subsequent changes in the fair value of earnouts,*
    - *gains and losses on disposals of interests leading to a change in consolidation method, and any revaluation effects on retained interests.*
- *Gains and losses on disposals and other non-recurring items: this item includes capital gains and losses on disposals of non-current assets and equity instruments.*
- *other material non-recurring transactions.*

(in millions d'euros)	Note	December 31, 2023	December 31, 2022 Restated
Current operating income		**8.3**	**107.8**
Impairment on property, plant and equipment, intangible and financial assets	5.2.1	(18.0)	(19.9)
Restructuring costs	5.2.2	(70.5)	(95.1)
Scope effects	5.2.3	6.0	(42.3)
Other significant non-recurring transactions	5.2.4	(15.7)	(10.4)
Income from operating activities		**(89.9)**	**(59.9)**

5.2.1 Impairment on property, plant and equipment, intangible and financial assets

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Impairments		
Property, plant and equipment and other intangible assets	(11.7)	(2.1)
Rights of use	(1.3)	3.5
Financial assets	(11.1)	(22.7)
Total	**(24.1)**	**(21.3)**
Write-back of impairments		
Property, plant and equipment and other intangible assets	2.9	0.8
Rights of use	1.5	-
Financial assets	1.7	0.6
Total	**6.1**	**1.4**
Total	**(18.0)**	**(19.9)**

At December 31, 2023, impairment losses on tangible, intangible and financial assets amounted to (18.0) million euros, corresponding mainly to losses on contracts in the United Kingdom for (13.4) million euros, and to the recapitalization of Inflowmatix for (2.9) million euros.

At December 31, 2022, impairment losses on property, plant and equipment, intangible assets and financial assets amounted to (19.9) million euros, corresponding mainly to impairment losses on financial assets, notably in the United Kingdom for (11.4) million euros and on activities in Denmark held by Suez International for (2.9) million euros.

5.2.2 Restructuring costs

(in millions d'euros)	December 31, 2023	December 31, 2022 restated
Cash restructuring costs	(65.4)	(106.1)
of which transformation plan linked to the acquisition of the new Suez businesses	*(10.1)*	*(43.4)*
Net variation of restructuring provisions	(5.1)	11.0
Total	**(70.5)**	**(95.1)**

At December 31, 2023, restructuring costs amounted to (70.5) million euros, corresponding mainly to

- severance costs and site closures for (34.3) million euros
- transformation costs of (28.9) million euros, including (10.1) million euros for the integration of Nouveau Suez.

At December 31, 2022, restructuring costs included 43.4 million euros for setting up the New Group, 26 million euros for various transformation plans and 23.4 million euros for severance pay.

5.2.3 Scope effects

At December 31, 2023, the impact of changes in the scope of consolidation amounted to 6.0 million euros. This mainly corresponds to the net gain on disposals during the year, including Latis Scentific and DETS for 7.4 million euros.

At December 31, 2022, this item mainly included acquisition costs related to the takeovers carried out during the year: 13.6 million euros for the acquisition of Suez activities from Veolia, 20.5 million euros (also including registration fees) for the acquisition of Suez R&R UK and 5.4 million euros for the acquisition of the EnviroServ group.

5.2.4 Gain and loss on disposal and other significant non-recurring income

(in millions d'euros)	December 31, 2023	December 31, 2022 restated
Disposals of property, plant and equipment and intangible assets	(10.4)	(9.5)
Disposals of shares	(1.9)	(1.1)
Other	(3.3)	0.2
Total	(15.7)	(10.4)

At December 31, 2023, gains on disposals correspond mainly to the scrapping of meters at Suez Eau France for (12.2) million euros. Other non-recurring items correspond mainly to the costs of the Go Suez transaction for (3.4) million euros.

At December 31, 2022, disposals and scrapping corresponded mainly to scrapping at Suez Eau France, including meters for 7.5 million euros.

5.3 Net Working Capital

5.3.1 Net working capital evolution

The tables below detail the evolution of the net working capital requirement during the years 2023 and 2022, and the reconciliation of this indicator with that presented in the consolidated statement of cash flows.

(in millions of euros)		December 31, 2022 restated	Business-related movements	Scope and forex impacts	Other movements	December 31, 2023
Inventories	(+)	261.9	12.1	(0.5)	0.3	273.8
Trade and other receivables	(+)	2,840.2	251.3	30.8	2.3	3,124.7
Current contracts assets	(+)	275.3	21.0	(4.8)	4.8	296.3
Current tax assets	(+)	76.5	(10.6)	(0.3)	(0.2)	65.4
Other current assets	(+)	791.5	54.2	3.7	(137.8)	711.2
Non-current contracts assets	(+)	50.5	(3.6)	0.1	1.5	48.5
Other non-current assets	(+)	13.5	(1.1)	0.1	(3.5)	9.0
Trade and other payables	(-)	2,437.2	(215.7)	18.9	(47.7)	2,192.7
Current contracts liabilities	(-)	538.7	25.5	(1.6)	9.4	571.8
Current tax payables	(-)	103.8	(37.4)	-	(2.3)	64.1
Other current liabilities	(-)	2,467.9	112.1	5.6	(25.7)	2,559.9
Non-currrent contracts liabilities	(-)	94.3	98.1	(4.0)	32.8	221.2
Other non-current liabilities	(-)	55.8	(10.0)	(0.4)	(1.5)	43.9
Net working capital		(1,388.2)	350.7	10.6	(97.6)	(1,124.7)
Reclassification of payables on acquisition			(406.2)			
Reclassification of concession assets and liabilities			89.5			
Reclassification of current tax assets and payables			(26.9)			
Reclassification of dividends to be received and to be paid			(30.9)			
Reclassification of derivative instruments related to net working capital			(0.2)			
Other non significant adjustments			4.3			
Change in working capital requirements in the consolidated cashflow statement			(19.7)			

(en millions d'euros)		December 31, 2021	Business-related movements	Scope and forex impacts	Other movements	December 31, 2022 restated
Inventories [(a)]	(+)	-	36.1	225.9	(0.1)	261.9
Trade and other receivables	(+)	-	111.2	2,769.7	(40.7)	2,840.2
Current contracts assets	(+)	-	(34.6)	283.7	26.2	275.3
Current tax assets	(+)	-	(2.7)	81.8	(2.5)	76.5
Other current assets	(+)	30.2	119.3	659.4	(17.5)	791.5
Non-current contracts assets	(+)	-	8.6	41.9	-	50.5
Other non-current assets	(+)	-	0.2	12.3	1.2	13.6
Trade and other payables [(b)]	(-)	92.6	549.9	1,792.1	2.5	2,437.2
Current contracts liabilities	(-)	-	(35.6)	571.3	2.9	538.7
Current tax payables	(-)	-	(40.0)	146.8	(3.0)	103.8
Other current liabilities	(-)	-	200.5	2,266.4	0.9	2,467.9
Non-currrent contracts liabilities	(-)	-	(24.7)	105.8	13.2	94.3
Other non-current liabilities	(-)	-	4.2	53.7	(2.2)	55.7
Net working capital		**(62.4)**	**(416.1)**	**(861.5)**	**(48.1)**	**(1,388.2)**
Reclassification of payables on acquisition			423.6			
Reclassification of concession assets and liabilities			(46.2)			
Reclassification of current tax assets and payables			(37.3)			
Reclassification of dividends to be received and to be paid			35.1			
Reclassification of derivative instruments related to net working capital			(6.1)			
Other non significant adjustments			(4.5)			
Change in working capital requirements in the consolidated cashflow statement			**(51.5)**			

(a) Inventories primarily consist of recyclable materials awaiting processing or shipment, processing products used in the water production and treatment cycle, and parts and consumables required for the maintenance of water networks and waste treatment assets. The cost of inventories is determined using either the first-in, first-out method or the weighted average cost method.
(b) This item includes as of December 31, 2022, liabilities on non-current assets amounting to 640.3 million euros, mainly corresponding to earn-out and price adjustments related to the acquisition of Nouveau Suez.

5.3.2 Trade and other receivables

Upon initial recognition, trade receivables are recognized at their fair value, which in most cases corresponds to their nominal value. An impairment loss is established based on the risk of non-recovery by homogeneous category of customers and the expected default rates for each category of customers (see Note 6.3).

The fair value of trade receivables and other debtors is equal to their net carrying amount reported in the consolidated financial statements.

In accordance with the provisions of IFRS 9, the Group entities have established an impairment approach by type of assets for counterparty risk (see Note 6.3). Risk of non-recovery matrices have been established by homogeneous category of customers, adapted to their local realities, considering the default rates observed in the recent past on receivables with similar credit risk profiles. The matrices are updated at least once a year. These matrices are used to calculate the impairment of trade receivables and other debtors.

The gross values of the receivables are transferred to losses on irrecoverable debts in the income statement when the recourse avenues available to the Group are exhausted to recover these assets. The accumulated impairments on the affected receivables are then also reversed to the income statement.

The evolution of trade and other receivables in the financial years 2023 and 2022 is as follows:

(in millions of euros)	December 31, 2022 restated	Business-related movements	Scope and forex impacts	Other movements	December 31, 2023
Trade receivables	2,838.9	253.3	31.6	2.1	3,125.9
Others	64.3	5.6	(0.7)	(10.6)	58.7
Gross trade and other receivables	**2,903.2**	**258.9**	**30.9**	**(8.5)**	**3,184.6**
Depreciation of trade and other receivables	(63.0)	(7.6)	(0.1)	10.8	(59.9)
Trade and other receivables	**2,840.2**	**251.3**	**30.8**	**2.3**	**3,124.7**

(in millions of euros)	December 31, 2021	Business-related movements	Scope and forex impacts	Other movements	December 31, 2022 restated
Trade receivables	-	91.9	2,750.9	(3.9)	2,838.9
Others	-	15.1	81.9	(32.7)	64.3
Gross trade and other receivables	**-**	**107.0**	**2,832.8**	**(36.6)**	**2,903.2**
Depreciation of trade and other receivables	-	4.2	(63.1)	(4.1)	(63.0)
Trade and other receivables	**-**	**111.2**	**2,769.7**	**(40.7)**	**2,840.2**

The gross outstanding amount of past due trade and other receivables is analyzed below:

Trade and other receivables	Past due not depreciated assets				Assets partially or totally depreciated	Assets - Neither Depreciated nor past due	
(in millions of euros)	0-6 months	6-12 months	> 1 year	Total	Total	Total	Total
December 31, 2023	56.3	23.0	33.1	112.4	126.9	2,919.4	3,158.7
December 31, 2022	71.4	11.7	55.9	139.0	234.2	2,530.0	2,903.2

The age of past due receivables not impaired can vary significantly depending on the categories of customers with which the Group companies conduct their business, whether they are private enterprises, individuals, or public entities.

5.3.3 Contract assets and liabilities

There are situations in which the Group has partially fulfilled its obligations under contracts signed with customers but has not yet obtained an unconditional right to payment, for example because a technical milestone has not been reached at the reporting date. These situations lead to the presentation of the relevant assets on two separate lines in the statement of financial position: "Non-current contract assets" and "Current contract assets." Contract assets are impaired when impairment losses are expected, applying the same principles as for impairment losses on trade receivables.

Additionally, there are contract liabilities with customers, incurred because customers have already paid for services that the Group has not yet provided (advances received for services not yet performed; deferred revenue). They are segregated into two separate lines: "Non-current contract liabilities" and "Current contract liabilities."

Contract assets and liabilities are as follows:

	31 décembre 2023		31 décembre 2022 retraité	
(in millions of euros)	Non-current	Current	Non-current	Current
Contracts assets	**48.5**	**296.3**	**50.5**	**275.3**
Amounts due from customers under construction contracts	-	183.6	-	159.5
Concession renewal works assets (IFRIC 12)	-	95.7	-	100.0
Concession contracts receivables in progress (IFRIC 12)	-	17.0	-	15.7
Concession intangible asset in progress (IFRIC 12)	48.5	-	50.5	-
Depreciation of contracts assets	-	-	-	-
Contract liabilities	**221.2**	**571.8**	**94.3**	**538.7**
Amounts due to customers under construction contracts	-	163.7	-	149.5
Obligation for renewal works (IFRIC 12)	-	162.2	-	190.2
Advances received	-	210.2	-	152.9
Deferred operating income	-	10.0	-	20.4
Concession liabilities	221.2	25.8	94.3	25.7

Furthermore, as of the closing date, the costs and margins incurred on the construction contracts in progress are as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Cumulated costs incurred and margins recognized	4,172.3	4,221.6
Advances received	210.2	152.9
Retentions	56.9	53.4

5.3.4 Other current assets and liabilities

The evolution of other current assets and liabilities as of December 2023 is as follows:

(in millions of euros)	December 31, 2021	Business-related movements	Scope and forex impacts	Other movements	December 31, 2022 restated
Tax receivables (except current tax receivables)	438,7	2,7	31,0	(0,1)	472,2
Social receivables	101,1	-	(0,4)	(97,3)	3,4
Accrued expenses	54,2	1,9	(18,3)	(0,1)	37,6
Advances and deposit paid	50,9	(1,3)	24,9	(0,2)	74,2
Active current accounts of partnerships and transparent companies	6,7	-	(6,0)	-	0,7
Other gross current assets	142,8	0,4	23,0	(38,9)	127,2
Depreciation of current assets	(2,7)	0,1	(0,1)	(1,4)	(4,1)
Other current assets	**791,5**	**3,7**	**54,2**	**(137,9)**	**711,2**
Debt to be reimbursed on behalf of third parties [(a)]	842,6	-	59,5	-	902,1
Social payables [(b)]	734,9	3,4	57,0	(1,6)	793,9
Tax payables (except current tax payables)	448,4	5,0	51,0	(0,5)	503,9
Other accrued income	151,9	0,6	26,3	(2,6)	176,2
Passive current accounts of partnerships and transparent companie:	1,6	-	(1,2)	-	0,4
Other current liabilities	288,4	(3,6)	(80,5)	(21,0)	183,3
Other current liabilities	**2 467,9**	**5,6**	**112,1**	**(25,7)**	**2 559,9**

(a) The debt to be reimbursed on behalf of third parties corresponds to debt from public authorities taken over by the private operator under certain concession contracts.
(b) Business-related movements in the social payables include the change in liabilities related to share-based payments for the amount of EUR 22.6 million.

As of December 31, 2022, Social receivables include, among other things, the amount of subscriptions not yet paid in cash for the Go Suez Classic and Go Suez Multiple plans. The variation in this item in 2023 is mainly explained by the completion of the capital increase operation for the benefit of the Group's employees and former employees on January 6, 2023, as described in Note 2.2.

As of December 31, 2022, other current assets and liabilities are broken down as follows:

(en millions d'euros)	December 31, 2021	Business-related movements	Scope and forex impacts	Other movements	December 31, 2022 restated
Tax receivables (except current tax receivables)	10.0	394.8	36.3	(2.4)	438.7
Social receivables	-	5.7	95.4	-	101.1
Accrued expenses	-	66.0	(11.8)	-	54.2
Advances and deposits paid	-	60.8	(7.4)	(2.5)	50.9
Active current accounts of partnerships and transparent companies	-	9.7	(3.1)	-	6.7
Other gross current assets	20.3	128.4	6.7	(12.7)	142.8
Depreciation of current assets	-	(6.1)	3.2	0.2	(2.7)
Other current assets	**30.3**	**659.4**	**119.3**	**(17.5)**	**791.5**
Debt to be reimbursed on behalf of third parties	-	810.8	31.8	-	842.6
Social payables	-	567.3	124.4	43.2	734.9
Tax payables (except current tax payables)	-	442.7	7.1	(1.5)	448.4
Other accrued income	-	179.4	(18.0)	(9.4)	151.9
Passive current accounts of partnerships and transparent companie:	-	1.3	0.3	-	1.6
Other current liabilities	-	264.9	54.8	(31.3)	288.4
Other current liabilities	**-**	**2,266.4**	**200.5**	**1.0**	**2,467.9**

Note 6 Net financial Income, assets, and liabilities

6.1 Net financial income

(in millions of euros)	December 31, 2023 Expenses	Income	Total	December 31, 2022 restated Expenses	Income	Total
Cost of net debt	(220.6)	47.1	(173.5)	(102.4)	19.5	(82.9)
Other financial income and expenses	(33.4)	58.8	25.4	(17.5)	26.3	8.8
Financial income/(loss)	(254.0)	105.9	(148.1)	(119.9)	45.8	(74.1)

6.1.1 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, 2023 Expenses	Income	Total	December 31, 2022 restated Expenses	Income	Total
Interest expense on gross borrowings	(201.2)	-	(201.2)	(100.1)	-	(100.1)
Interest income and expense on lease liabilities	(6.3)	-	(6.3)	-	1.0	1.0
Exchange gain/(loss) on borrowings and hedges	(13.0)	14.4	1.4	(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	-	32.7	32.7	-	6.5	6.5
Financial income (expense) relating to a financial debt or receivable restructuring	(0.1)	-	(0.1)	(0.1)	7.4	7.3
Cost of net debt	(220.6)	47.1	(173.5)	(102.4)	19.5	(82.9)

6.1.2 Other financial income and expenses

(in millions of euros)	December 31, 2023 Expenses	Income	Total	December 31, 2022 restated Expenses	Income	Total
Net interest expenses related to post employment and other long term benefits	(8.9)	-	(8.9)	(3.2)	-	(3.2)
Unwinding of discounting adjustment to long term provisions (except post employment)	-	25.4	25.4	-	7.2	7.2
Change in fair value of derivatives not included in net debt	-	9.4	9.4	(9.2)	14.4	5.2
Income from non-current financial assets at fair value through P&L / Non-recyclable equity	-	0.6	0.6	-	0.6	0.6
Other	(24.5)	23.4	(1.1)	(5.1)	4.1	(1.0)
Other Financial Income and Expenses	(33.4)	58.8	25.4	(17.5)	26.3	8.8

6.2 Financial assets and liabilities

The following table shows the various financial asset and liability categories:

(in millions of euros)	December 31, 2023 Non-current	Current	Total	December 31, 2022 restated Non-current	Current	Total
Financial assets measured at fair value through P&L	10.8	9.9	20.7	34.4	58.9	93.3
Derivative financial instruments	*0.6*	*9.9*	*10.5*	*11.2*	*58.9*	*70.1*
Other financial assets measured at fair value through income	*10.2*	*-*	*10.2*	*23.2*	*-*	*23.2*
Financial assets at fair value through non recyclable equity	48.0	-	48.0	49.0	-	49.0
Loans and receivables carried at amortized cost	364.1	3,266.7	3,630.8	236.7	3,075.3	3,312.0
Trade and other receivables [(a)]	-	*3,124.7*	*3,124.7*	-	*2,840.2*	*2,840.2*
Other loans and receivables at amortized cost	*364.1*	*142.0*	*506.1*	*236.7*	*235.1*	*471.8*
Financial assets	**422.9**	**3,276.6**	**3,699.5**	**320.1**	**3,134.2**	**3,454.3**
Cash and cash equivalents	-	1,203.8	1,203.8	-	1,766.2	1,766.2
Total financial assets and cash	**422.9**	**4,480.4**	**4,903.3**	**320.1**	**4,900.4**	**5,220.5**
Financial debts	5,655.1	142.9	5,798.0	5,700.5	118.1	5,818.6
Lease liabilities	422.7	145.8	568.5	404.1	142.6	546.7
Derivative financial instruments	0.1	12.8	12.9	16.6	20.8	37.4
Trade and other payables [(a)]	-	2,192.7	2,192.7	-	2,437.2	2,437.2
Other financial liabilities [(b)]	1.9	-	1.9	3.0	-	3.0
Financial liabilities	**6,079.8**	**2,494.2**	**8,574.0**	**6,124.2**	**2,718.7**	**8,842.9**

[(a)] Trade and other receivables and trade and other payables are broken down in Note 5.3.
[(b)] The other financial liabilities as of December 31, 2023, consist of various individually insignificant items.

6.2.1 Net debt

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, derivative financial instruments are measured at fair value.

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 considered 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 derecognized 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 recognized 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 to comply with the standard. The effect of the reassessment is recognized in the income statement.

The net debt as of December 31, 2023, is as follows:

(in millions of euros)	December 31, 2023 Non-current	December 31, 2023 Current	December 31, 2023 Total	December 31, 2022 restated Non-current	December 31, 2022 restated Current	December 31, 2022 restated Total
Bonds issues	*5,490.4*	*-*	*5,490.4*	*4,300.0*	*-*	*4,300.0*
Draw downs on credit facilities	*12.9*	*-*	*12.9*	*14.8*	*-*	*14.8*
Other bank borrowings	*126.3*	*44.9*	*171.2*	*1,336.5*	*21.2*	*1,357.7*
Other borrowings	*72.4*	*9.8*	*82.2*	*84.9*	*33.4*	*118.3*
Overdrafts and current cash accounts	*-*	*31.7*	*31.7*	*-*	*24.3*	*24.3*
Impact of measurement at amortized cost (a)	*(46.9)*	*56.5*	*9.6*	*(35.7)*	*39.2*	*3.5*
Impact de la couverture de juste valeur (b)	*-*	*-*	*-*	*-*	*-*	*-*
Borrowings and debt	**5,655.1**	**142.9**	**5,798.0**	**5,700.5**	**118.1**	**5,818.6**
Lease liabilities	422.7	145.8	568.5	404.1	142.6	546.7
Debt-related derivatives under liabilities (c)	-	6.4	6.4	-	5.0	5.0
Gross debt	**6,077.8**	**295.1**	**6,372.9**	**6,104.6**	**265.7**	**6,370.3**
Other cash and cash equivalents	-	(1,203.8)	(1,203.8)	-	(1,766.2)	(1,766.2)
Debt-related derivatives under assets (c)	-	(6.9)	(6.9)	-	(16.7)	(16.7)
Net cash	**-**	**(1,210.7)**	**(1,210.7)**	**-**	**(1,782.9)**	**(1,782.9)**
Net debt	6,077.8	(915.6)	5,162.2	6,104.6	(1,517.2)	4,587.4
Impact of measurement at amortized cost (a)	46.9	(56.5)	(9.6)	35.7	(39.2)	(3.5)
Derivative instruments	-	0.5	0.5	-	11.7	11.7
Net debt excluding amortized cost and impact of derivative financial instruments	6,124.7	(971.6)	5,153.1	6,140.3	(1,544.7)	4,595.6

(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 revaluation of the interest rate component of hedged debts within a fair value hedging strategy.
(c) This refers to the fair value of derivative instruments related to debt, whether designated as hedges or not.

The sensitivity of the debt (including interest rate and currency derivatives) to interest rate risk and currency risk is presented in Note 6.3.

Variations by flows of net debt as of December 31, 2023 are presented in the following table:

(in millions of euros)	December 31, 2022 restated	Cash flows	Non cash flows: Forex effect	Non cash flows: Scope effect	Non cash flows: Change in fair value and amortized cost	Other	December 31, 2023
Bonds issues	*4,300.0*	*1,192.8*	*(2.4)*	*-*	*-*	*-*	*5,490.4*
Draw downs on credit facilities (b)	*14.8*	*(2.0)*	*-*	*-*	*-*	*0.1*	*12.9*
Other bank borrowings	*1,357.7*	*(1,190.9)*	*(8.0)*	*11.5*	*-*	*0.9*	*171.2*
Other borrowings	*118.3*	*(36.4)*	*(4.0)*	*3.3*	*-*	*1.0*	*82.2*
Overdrafts and current cash accounts	*24.3*	*(2.0)*	*(0.2)*	*5.1*	*-*	*4.5*	*31.7*
Impact of measurement at amortized cost	*3.5*	*(9.9)*	*4.7*	*(1.4)*	*18.7*	*(6.0)*	*9.6*
Impact of fair value hedge	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Borrowings and debt	**5,818.6**	**(48.4)**	**(9.9)**	**18.5**	**18.7**	**0.5**	**5,798.0**
Lease liabilities	546.7	(176.5)	0.2	(4.3)	(36.9)	239.3	568.5
Debt-related derivatives under liabilities (a)	5.0	-	(1.2)	-	2.6	-	6.4
Gross debt	**6,370.3**	**(224.9)**	**(10.9)**	**14.2**	**(15.6)**	**239.8**	**6,372.9**
Other cash and cash equivalents	(1,766.2)	581.7	6.8	(17.1)	-	(9.0)	(1,203.8)
Debt-related derivatives under assets (a)	(16.7)	-	13.9	-	3.7	(7.8)	(6.9)
Net cash	**(1,782.9)**	**581.7**	**20.7**	**(17.1)**	**3.7**	**(16.8)**	**(1,210.7)**
Net debt	4,587.4	356.8	9.8	(2.9)	(11.9)	223.0	5,162.2

(a) The derivative financial instruments are detailed in Note 6.2.3.
(b) As of December 31, 2023, this item solely comprises drawdowns on credit facilities carried by subsidiaries. The 750 million euros credit facility carried by Suez S.A. remains undrawn.

As of December 31, 2023, net debt shows an increase of EUR 574.8 million, primarily attributable to:

- payment of price adjustment and earn-out related to the acquisition of the new Suez on January 31, 2022, for EUR 404.3 million.
- acquisitions of Devon Contract Waste, F&R Cawley Ltd in the United Kingdom, and Optimatics Holding for EUR 96.0 million.
- cash collateral payment for GO Suez of EUR 84.6 million.
- cash payment of dividends to minority shareholders of subsidiaries totaling EUR 45.1 million.
- cash needs generated by the Group's activities amounting to EUR 25.0 million.
- acquisition of the remaining 50% of Vissershok in South Africa, a subsidiary of the Enviroserv group, for EUR EUR 20.0 million.
- acquisition of minority interests in Scori and payment of price adjustment related to the acquisition of IWS for EUR 15.5 million.
- acquisition of Sotreco and Nextri for EUR 15.4 million.
- effects of exchange rate fluctuations totaling EUR 10.1 million.
- price adjustment and earn-out related to the acquisition of the hazardous waste activities of the Enviroserv group on September 30, 2022, totaling EUR 9.0 million.
- these changes being partially compensated by:
  - capital increase related to the "GO Suez" employee share ownership plan for EUR 97.2 million.
  - consideration received upon unwinding interest rate hedging instruments amounting to EUR 33.2 million
  - disposal of subsidiaries Latis Scientific and DETS in the United Kingdom for EUR 31.5 million.

The Group **debt / equity ratio** as of December 31, 2023, is as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Net debt	5,162.2	4,587.4
Total equity	6,316.0	6,612.7
Debt/equity ratio	**81.7%**	**69.4%**

During the last quarter of 2023, Suez conducted two green bond issuances aimed at refinancing the EUR 1.2 billion bank debt from December 5, 2022, to finalize the acquisitions of Suez R&R UK and IWS specializing in hazardous waste management in France (see Note 2.1)

Issue date	Nominal	Rate	Coupon	Maturity
May 2022	750.0	Fixed	1.875%	May 24, 2027
May 2022	850.0	Fixed	2.375%	May 24, 2030
May 2022	1,000.0	Fixed	2.875%	May 24, 2034
October 2022	800.0	Fixed	4.625%	November 3, 2028
October 2022	900.0	Fixed	5.000%	November 3, 2032
October 2023 (GBP)	690.4	Fixed	6.625%	October 5, 2043
November 2023	500.0	Fixed	4.500%	November 13, 2033
Bond issues	**5,490.4**			

The **other borrowings** notably include financial debt owed to Veolia corresponding to ongoing economic transfers as of December 31, 2023, amounting to EUR 10.3 million (EUR 37.7 million as of December 31, 2022).

The **fair value of net debt amounts** to €5,945.3 million as of December 31, 2023, with a net carrying amount of €5,798.0 million (fair value analysis by level detailed in Note 6.2.4).

Cash and cash equivalent

The cash and cash equivalents line item includes cash on hand as well as short-term investments considered to be liquid, readily convertible into a known cash amount, subject to negligible risk of value change as per the criteria outlined in IAS 7, and held to meet short-term cash commitments.

Overdrafts are excluded from the cash and cash equivalents concept and are recognized as current financial liabilities in the financial position statement.

The risk management policy related to financial instruments is presented in Note 6.3.

The 'cash and cash equivalents' balance amounts to EUR 1,203.8 million as of December 31, 2023.

As of December 31, 2023, it mainly consists of cash of EUR 704.2 million, term deposits of EUR 323.6 million, and current accounts with non-consolidated related parties amounting to EUR 176.0 million.

The P&L recorded on 'cash and cash equivalents' as of December 31, 2023, stands at EUR 32.7 million.

6.2.2 Financial assets

Financial assets 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)*

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

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.*

Derivatives instruments

Derivative instruments are measured and recognised at their fair value; compensation for changes in fair value is recognized in the income statement unless the derivative instruments are used as cash flow hedges or net investment hedges (see Note 6.2).

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.

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. Impairment losses are calculated based on the 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 based on 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 5. These assets are subject to an impairment test using the same rules as trade receivables.

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

(in millions of euros)	December 31, 2023 Non-current	Current	Total	December 31, 2022 restated Non-current	Current	Total
Financial assets measured at fair value through P&L	10.8	9.9	20.7	34.4	58.9	93.3
Derivative financial instruments	*0.6*	*9.9*	*10.5*	*11.2*	*58.9*	*70.1*
Other financial assets measured at fair value through income	*10.2*	-	*10.2*	*23.2*	-	*23.2*
Financial assets at fair value through non recyclable equity	48.0	-	48.0	49.0	-	49.0
Loans and receivables carried at amortized cost	364.1	3,266.7	3,630.8	236.7	3,075.3	3,312.0
Trade and other receivables [a]	-	*3,124.7*	*3,124.7*	-	*2,840.2*	*2,840.2*
Other loans and receivables at amortized cost	*364.1*	*142.0*	*506.1*	*236.7*	*235.1*	*471.8*
Financial assets	**422.9**	**3,276.6**	**3,699.5**	**320.1**	**3,134.2**	**3,454.3**

[a] The item “trade and trade receivables” is detailed in Note 5.3.

6.2.2.1 Financial assets at fair value through income

The derivative financial instruments are detailed in Note 6.2.3.

The other financial assets at fair value through income are unlisted securities held by the Group. Their variation during the fiscal year 2023 is analyzed as follows:

(in millions of euros)	Other financial assets at fair value through P&L
December 31, 2022 restated	**23.2**
Acquisitions	5.6
Net book value of disposals	(26.9)
Changes in fair value posted to income statement	22.7
Changes in scope, exchange rates and other	(14.4)
December 31, 2023	**10.2**

Income generated by these unlisted securities is not significant.

6.2.2.2 Financial assets at fair value through equity

The financial assets at fair value through equity consist of EUR 5.3 million in listed securities and EUR 42.7 million in unlisted securities held by the Group as of December 31, 2023. Their variation during the fiscal year is analyzed as follows:

(en millions d'euros)	Financial assets at fair value through non-recyclable equity
December 31, 2022 restated	**49.0**
Acquisitions	2.3
Net book value of disposals	-
Changes in fair value posted to equity as other comprehensive income	(0.1)
Changes in scope, exchange rates and other	(3.2)
December 31, 2023	**48.0**

Income generated by these securities is not significant.

6.2.2.3 Loans and receivables carried at amortised cost

The trade receivables and other debtors are detailed in Note 5.3.
The other loans and receivables at amortized cost are broken down as follows:

(in millions of euros)	December 31, 2023 Non-current	Current	Total	December 31, 2022 restated Non-current	Current	Total
Loans granted to affiliated companies [a]	202.9	36.4	239.3	109.4	88.3	197.7
Concession receivables	161.2	105.6	266.8	127.3	146.8	274.1
Finance lease receivables	-	-	-	-	-	-
Other receivables at amortized cost	-	-	-	-	-	-
Other loans and receivables at amortized cost	**364.1**	**142.0**	**506.1**	**236.7**	**235.1**	**471.8**

[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 117,0 million as of December 31, 2023.

The gross value of loans and receivables at amortized cost amounts to EUR 690.9 million, with impairments totaling EUR 184.8 million as of December 31, 2023.

The net gains and losses recorded in the income statement on loans and receivables at amortized cost as of December 31, 2023, are as follows:

(in millions of euros)	Interests	Remeasurement post-acquisition Translation adjustment	Impairment
December 31, 2022 restated	12.0	(1.0)	(2.1)
December 31, 2023	**24.9**	**(0.5)**	**(17.4)**

6.2.2.4 Financial assets pledged as collateral

The financial assets pledged as collateral to cover financial liabilities amount to EUR 71.6 million as of December 31, 2023.

6.2.3 Derivative financial instruments - assets and liabilities

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.

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.

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.*

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.

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, 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.

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.

Derivative instruments not qualifying for hedge accounting

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.

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 considered 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 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.

	December 31, 2023			December 31, 2022 restated		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Debt-related derivatives	-	6.9	6.9	-	16.7	16.7
Derivative hedging commodities	-	-	-	-	1.5	1.5
Derivative hedging other items [a]	0.6	3.0	3.6	11.2	40.7	51.9
Derivative financial assets	**0.6**	**9.9**	**10.5**	**11.2**	**58.9**	**70.1**
Debt-related derivatives	-	6.4	6.4	-	5.0	5.0
Derivatives hedging commodities	0.1	-	0.1	-	-	-
Derivatives hedging other items [b]	-	6.4	6.4	16.6	15.8	32.4
Derivatives financial liabilities	**0.1**	**12.8**	**12.9**	**16.6**	**20.8**	**37.4**

[a] Includes derivative financial instruments corresponding to the future rate portion of derivatives relating to net debt, not qualifying for hedge accounting, non for an amount of 1.3 million as of December 31, 2023.
[b] Includes derivative financial instruments corresponding to the future rate portion of derivatives relating to net debt, not qualifying for hedge accounting, non for an amount of 1.1 million as of December 31, 2023.

These instruments are set up according to the Group's risk management policy and are analyzed in Note 6.3.

6.2.4 Fair value of financial instruments by level

	December 31, 2023				December 31, 2022 restated			
(in millions of euros)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Listed securities	5.3	5.3	-	-	5.3	5.3	-	-
Unlisted securities	52.9	-	-	52.9	66.9	-	-	66.9
Derivative financial instruments	10.5	-	10.5	-	70.1	-	70.1	-
Financial assets at fair value	**68.7**	**5.3**	**10.5**	**52.9**	**142.3**	**5.3**	**70.1**	**66.9**
Borrowings	5,945.3	5,637.5	307.8	-	5,550.8	3,990.6	1,560.2	-
Derivative financial instruments	12.9	-	12.9	-	37.4	-	37.4	-
Debt-related derivatives	*6.4*	-	*6.4*	-	*5.0*	-	*5.0*	-
Derivatives hedging commodities	*0.1*	-	*0.1*	-	-	-	-	-
Derivatives hedging other items	*6.4*	-	*6.4*	-	*32.4*	-	*32.4*	-
Financil liabilities at fair value	**5,958.2**	**5,637.5**	**320.7**	**-**	**5,588.2**	**3,990.6**	**1,597.6**	**-**

Financial assets

Listed securities, with a fair value of EUR 5.3 million as of December 31, 2023, are valued based on the quoted market price at that date. Therefore, they are classified as Level 1 financial instruments.

Unlisted securities, with a fair value of EUR 52.9 million as of December 31, 2023, are valued using valuation models primarily based on recent transactions, discounted cash flows, or net asset value. Therefore, they are classified as Level 3 financial instruments. The derivative financial instruments used by the Group for risk management purposes mainly include interest rate and currency swaps, currency options, forward foreign exchange contracts, and commodity swaps. They are recognized at their fair value as of December 31, 2023, totalling EUR 10.5 million. The fair value of almost all these contracts is determined using internal valuation models based on observable data. Therefore, they are classified as Level 2 financial instruments.

Financial liabilities

The fair value of financial liabilities and financial instruments positioned on the liabilities side is distributed as follows among the different levels of fair value (the definition of fair value levels is presented in Note 6.3):

Regarding financial liabilities, only the listed bond borrowings issued by Suez are presented in this table as Level 1. Other borrowings are presented as Level 2. The fair value of all these borrowings is determined, considering interest rate risk (interest rate component), based on observable data.

Regarding derivative financial instruments, they are classified as Level 2 fair value instruments (refer to Note 6.2.4 for justification of fair value level).

6.2.5 Offsetting derivative financial instruments assets and liabilities

As of December 31, 2023, the Group does not perform offsetting of financial liabilities in its statement of financial position. Additionally, Suez enters into over-the-counter derivatives with first-tier banks under agreements that provide for offsetting amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the criteria of IAS 32 for offsetting derivative financial instruments assets and liabilities in its statement of financial position. However, they fall within the scope of disclosures required under IFRS 7 regarding offsetting:

	December 31, 2023				December 31, 2022 restated			
	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)]	10.5	(12.8)	-	(0.1)	68.6	(37.4)	1.5	-
Amount after offsetting	7.9	(10.2)	-	(0.1)	49.3	(18.1)	1.5	-

[(a)] Gross amounts of financial assets and liabilities recognized.

6.3 Management of risks arising from financial instruments

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

6.3.1 Commodity market risks

6.3.1.1 Hedging operation

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.

6.3.1.2 Fair value of commodity derivative instruments

The fair value of derivative instruments linked to commodities as at December 31, 2023 is presented in the table below:

	December 31, 2023				December 31, 2022 restated			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash flow hedges	-	-	-	0.1	1.5	-	-	-
Total	-	-	-	0.1	1.5	-	-	-

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

	December 31, 2023				December 31, 2022 restated			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Oil	**-**	**-**	**-**	**0.1**	**1.5**	**-**	**-**	**-**
Swaps	-	-	-	0.1	1.5	-	-	-
Total	-	-	-	0.1	1.5	-	-	-

6.3.2 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.

6.3.2.1 Financial instruments by currency

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

Outstanding borrowings

	December 31, 2023		December 31, 2022 restated	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	87%	87%	97%	97%
USD zone	1%	2%	0%	0%
GBP zone	9%	7%	0%	1%
AUD	0%	0%	0%	0%
MOP	1%	1%	1%	1%
ZAR	1%	1%	1%	1%
Other currencies	1%	2%	1%	0%
Total	100%	100%	100%	100%

Net debt

	December 31, 2023		December 31, 2022 restated	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	88%	89%	106%	106%
USD zone	0%	1%	-1%	-1%
GBP zone	14%	11%	-3%	-2%
AUD	0%	0%	0%	-1%
MOP	1%	1%	1%	1%
ZAR	1%	1%	1%	1%
Other currencies	-4%	-3%	-4%	-4%
Total	100%	100%	100%	100%

6.3.2.2 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 7.4 million.

Impact on equity after taking into account foreign exchange derivatives

At December 31, 2023, a uniform variation of plus or minus 10% in exchange rates against the euro would generate a negative or positive impact of EUR 1.7 million on equity.

6.3.3 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 monthly) 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 and sterling pound, which represent almost all the net debt as of December 31, 2023.

6.3.3.1 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

	December 31, 2023		December 31, 2022 restated	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	3%	3%	24%	23%
Fixed rate	97%	97%	76%	77%

Net debt

	December 31, 2023		December 31, 2022 restated	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	-22%	-23%	-9%	-11%
Fixed rate	122%	123%	109%	111%

As of December 31, 2023, the negative variable portion of the net financial debt is attributed to the inclusion of the cash and cash equivalents line item, amounting to EUR 1,203.8 million is presented in Note 6.2.1

6.3.3.2 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 9.2 million.

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 not qualifying 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 0.2 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 0.2 million.

6.3.3.3 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

	December 31, 2023		December 31, 2022 restated	
(in millions of euros)	Total market value	Total nominal value	Total market value	Total nominal value
Fair-value hedges	1.8	268.8	(0.6)	163.6
Cash-flow hedges	(3.0)	30.9	36.2	68.2
Derivative instruments not qualifying for hedge accounting	(0.2)	402.2	2.8	1,901.2
Total	**(1.4)**	**701.9**	**38.4**	**2,133.0**

Interest rate derivatives

(in millions of euros)	December 31, 2023 Total market value	December 31, 2023 Total nominal value	December 31, 2022 restated Total market value	December 31, 2022 restated Total nominal value
Fair-value hedges	-	-	-	-
Cash-flow hedges	0.6	13.9	(5.4)	1,183.0
Derivative instruments not qualifying for hedge accounting	-	-	-	-
Total	0.6	13.9	(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, primarily consisting of intra-group loans that the Group may grant to subsidiaries in their local currency. Furthermore, the effect of foreign currency derivatives is almost entirely offset by translation adjustments on the hedged items.

Fair value hedges

The maturity distribution of the fair market values of foreign exchange derivative financial instruments entering a fair value hedging relationship is as follows:

At December 31, 2023 *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Fair value of derivatives by maturity date	1.9	0.3	0.8	0.8	-

At December 31, 2022 restated *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Fair value of derivatives by maturity date	(0.6)	(0.6)	-	-	-

As of December 31, 2023 the net impact of fair value hedges recognised in the income is EUR 9.2 million.

Cash flow hedges

The maturity distribution of the fair market values of interest rate and foreign exchange derivative financial instruments entering a cash flow hedging relationship is as follows:

December 31, 2023 *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Fair value of derivatives by maturity date	(2.4)	0.0	(1.9)	(0.5)	-

December 31, 2022 *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Fair value of derivatives by maturity date	30.8	38.3	-	(1.0)	(6.5)

The unrealized gains and losses directly recognised in shareholders' equity, Group share in 2023 amount to EUR (22.3) million (including impacts on associates).

In 2023, the Group utilized deferred start interest rate hedging instruments to hedge against an increase in interest rates for highly probable bond refinancing. A portion of these hedging instruments was unwound following the bond issuances in 2023, resulting in a consideration of EUR 33.2 million. This realized gain of EUR 33.2 million recorded in equity is recycled into the income statement over the life of the underlying bonds. The ineffective portion recognized in the income statement for this cash flow hedge is EUR 2.5 million.

As of December 31, 2023, the gains realized and recorded in equity amount to EUR 270,4 million. For 2023, EUR 36.8 million are recycled into income statement.

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

6.3.4 Counterparty risk

The Group is exposed, through its operational and financial activities, to counterparty default risks (customers, suppliers, partners, intermediaries, banks) when they are unable to fulfill their contractual obligations. This risk arises from a combination of payment risk (non-payment for services rendered or deliveries made), delivery risk (non-delivery of services or supplies paid for), and the risk of replacing default contracts (referred to as Mark to Market exposure corresponding to replacement under different conditions than originally envisaged).

6.3.4.1 Operating activities

The portion of impaired assets remains insignificant compared to the total amount of the item. Additionally, the Group believes it is not exposed to counterparty risk on these assets.

6.3.4.2 Financial activities

The Group's maximum exposure to counterparty risk on financial activities can be assessed up to the carrying value of financial assets excluding non-current financial assets at fair value through income / equity, and the fair value of derivatives recorded on the asset side of the financial position statement (i.e., EUR 4,808.7 million as of December 31, 2023).

Counterparty risk arising from loans and receivables carried at amortized cost

Following the application of IFRS 9 and in accordance with the method detailed in Note 6.3, 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 de 60 à 180 jours	Overdues of more than 180 days	December 31, 2023 Total
Loans, deposits and guarantees - gross	571.4	0.5	118.8	690.7
Loans, deposits and guarantees - impairment	(184.7)	-	(0.1)	(184.8)

Loans and receivables carried at amortized cost do not include accrued interest (EUR 0.2 million).
Changes in impairment losses and amortized costs are presented in Note 6.2.2.3 "Loans and receivables at amortized cost".

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 most 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.

As of December 31, 2023, "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, 2023				December 31, 2022 restated			
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 (c)	1,034.1	98%	2%	0%	1,793.8	95%	2%	3%

(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.
(c) The current accounts with non-consolidated related parties amount to EUR 176,0 million are excluded from the exposure.

6.3.5 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.

6.3.5.1 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, 2023, the Group's total net cash stood at EUR 1,210.7 million, consisting of cash and cash equivalents of EUR 1,203.8 million and debt-related derivatives recorded as assets for EUR 6.9 million.

In addition, as at December 31, 2023, the Group specifically had EUR 775.3 million in confirmed credit facilities, including EUR 12.9 million already drawn; ; unused credit facilities therefore amount EUR 762.4 million, of which 5.0 million will be maturing in 2025.

As of December 31, 2023, bank funding accounted for 3.2 % 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 94.9 % of the outstanding borrowings (excluding bank overdrafts and liability current accounts).

Available cash, composed of cash and cash equivalents (EUR 1,203.8 million), net of bank overdrafts and liability current accounts (EUR 31.7 million), amount to EUR 1,172.1 million as at December 31, 2023.

6.3.5.2 Contractual flows not discounted to financial activities

To best reflect the current economic circumstances of operations, cash flows related to derivatives recognized 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:

December 31, 2023 *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Bonds issues	*5,490.4*	*-*	*-*	*1,550.0*	*3,940.4*
Draw downs on credit facilities	*12.9*	*-*	*-*	*-*	*12.9*
Other bank borrowings	*171.2*	*45.0*	*33.8*	*90.8*	*1.6*
Other borrowings	*82.2*	*9.8*	*18.6*	*18.1*	*35.7*
Borrowings	**5,756.7**	**54.8**	**52.4**	**1,658.9**	**3,990.6**
Overdrafts and current accounts	31.7	31.7	-	-	-
Outstanding borrowings	**5,788.4**	**86.5**	**52.4**	**1,658.9**	**3,990.6**
Financial assets measured at fair value through income	-				
Other cash and cash equivalents	(1,203.8)	(1,203.8)			
Net debt excluding lease liabilities and excluding amortized cost and impact of derivative financial instruments	**4,584.6**	**(1,117.3)**	**52.4**	**1,658.9**	**3,990.6**

December 31, 2022 restated *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Bonds issues	*4,300.0*	*-*	*-*	*750.0*	*3,550.0*
Draw downs on credit facilities	*14.8*	*-*	*-*	*-*	*14.8*
Other bank borrowings	*1,357.7*	*21.2*	*27.2*	*1,306.8*	*2.5*
Other borrowings	*118.3*	*33.4*	*36.9*	*9.5*	*38.5*
Borrowings	**5,790.8**	**54.6**	**64.1**	**2,066.3**	**3,605.8**
Overdrafts and current accounts	24.3	24.3	-	-	-
Outstanding borrowings	**5,815.1**	**78.9**	**64.1**	**2,066.3**	**3,605.8**
Financial assets measured at fair value through income	-				
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**	**2,066.3**	**3,605.8**

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

December 31, 2023 *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Undiscounted contractual interest payments on outstanding borrowings	2,292.4	219.7	220.6	652.4	1,199.7

December 31, 2022 restated *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Undiscounted contractual interest payments on outstanding borrowings	1,452.7	198.9	204.5	512.0	537.3

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

December 31, 2023 *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Derivatives (excluding commodities)	(7.0)	(0.1)	(1.6)	(5.1)	(0.2)

December 31, 2022 restated *(in millions of euros)*	Total	**< 1 year**	**[1 à 2 years[**	**[2 à 5 years[**	**> 5 years**
Derivatives (excluding commodities)	17.4	33.8	4.7	1.2	(22.3)

To best reflect the current economic circumstances of operations, cash flows related to derivatives recognized 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:

December 31, 2023 *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Credit facilities	762.4	-	5.0	757.4	-

December 31, 2023 restated *(in millions of euros)*	Total	< 1 year	[1 à 2 years[	[2 à 5 years[	> 5 years
Credit facilities	772.8	2.8	-	755.0	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 2026 and two one-year extension options, one of which was exercised in January 2023, positioning the new maturity at 2027 since then.

6.3.5.3 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. 1.6% of borrowings exceeding EUR 20 million were subject to financial covenants as of December 31, 2023. Failure to comply with these covenants could lead lenders to declare a covenant event of default and demand early repayment. Suez believes that the existence of these covenants does not have a material risk on the Group's financial position. As of December 31, 2023, none of these clauses has been activated.

The following table shows borrowings contracted by the Group as of December 31, 2023, in excess of EUR 20 million:

Type	Fixed / Floating rate	Total amount of lines as of Decembrer 31, 2023 (en millions d'euros)	Amount used as of Decembrer 31, 2023 (en millions d'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
Bond issues	Fixed rate	690.4	690.4	2043	No
Bond issues	Fixed rate	500.0	500.0	2027	No
Others borrowings (Italy)	Floating rate	21.0	21.0	2026	Yes
Others borrowings (South Africa)	Floating rate	60.3	60.3	2027	Yes
Others borrowings (Macau)	Floating rate	45.0	45.0	2027	No
Others borrowings (Australia)	Floating rate	25.0	25.0	2034	No

Note 7 Income tax

The tax expense for the year includes both current tax expense and deferred tax expense. It incorporates the amount recognized in France for the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE), as the Group considers it to meet the definition of an income tax as per IAS 12 – Income Taxes.

In accordance with IAS 12, temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases give rise to the recognition of deferred tax using the liability method, based on the tax rates enacted or substantially enacted at the reporting date.

However, as per the provisions of IAS 12, no deferred tax is recognized for temporary differences arising from goodwill impairment that is not tax deductible or from the initial recognition of an asset or liability in a transaction that is not a business combination, which does not affect either accounting profit or taxable profit at the transaction date and does not give rise to equal taxable and deductible temporary differences.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit against which deductible temporary differences can be utilized will be available.

A deferred tax liability is recognized for all taxable temporary differences related to investments in subsidiaries, associates, joint ventures, and branches, unless the Group can control the reversal date of the temporary difference and it is probable that the reversal will not occur in the foreseeable future.

A significant deferred tax liability is recognized for temporary differences for which the Group can control the reversal date, to the extent that it is probable that the difference will reverse in the foreseeable future.

Deferred tax balances are determined based on the tax position of each company or the combined results of companies included in the relevant tax consolidation group and are presented as assets or liabilities in the statement of financial position for their net position by tax entity.

Deferred taxes are reviewed at each reporting date to reflect changes in tax legislation and the likelihood of recovering deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

Suez S.A. and a major part of its French subsidiaries are part of a tax consolidation group with Suez Holding as the parent company, established in October 2021.

7.1 Income tax expense

7.1.1 Breakdown of the income tax expense

The tax expense recognized in the income statement for the year amounts to €49.5 million in 2023, compared to a tax income of €3.3 million in 2022. The breakdown of this tax expense is as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Current income tax	(84.2)	(115.2)
Deferred taxes	34.7	118.5
Total income tax expense recognized in income	**(49.5)**	**3.3**

7.1.2 Reconciliation between theoretical and actual income tax expense

The reconciliation between the theoretical tax (expense) / income and the tax (expense) / income recognized is presented in the following table:

(in millions of euros)	Notes	December 31, 2023	December 31, 2022 restated
Net income		**(117.3)**	**6.8**
- Share in net income of associates and joint ventures		170.2	137.5
- Income tax expense		(49.5)	3.3
Income before income tax and share in net income of associates and joint ventures (A)		**(238.0)**	**(134.0)**
Of which French companies		*(323.1)*	*(178.1)*
Of which companies outside France		*85.1*	*44.2*
Statutory income tax rate of SUEZ (B)		25.83%	25.83%
Theoretical tax (expense) / income (C) = (A) x (B)		**61.5**	**34.6**
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)	(8.2)
Permanent differences	(b)	(15.5)	(12.8)
Income taxed at a reduced rate or tax-exempt	(c)	5.4	4.0
Additional tax expense	(d)	(44.8)	(16.0)
Effect of unrecognized deferred tax assets on tax loss carryforwards and on other tax-deductible temporary differences	(e)	(66.8)	(13.0)
Recognition or utilization of tax assets on previously unrecognized tax loss carryforwards and other tax-deductible temporary differences	(f)	9.4	4.2
Impact of changes in tax rates	(g)	(0.8)	(0.1)
Tax savings and credits	(h)	0.6	5.5
Other	(i)	9.8	5.1
Tax (expense) / income in the income statement		**(49.5)**	**3.3**
Effective tax rate (actual income tax expense divided by income before income tax and share in net income of associates and joint ventures)		**-20.84%**	**2.46%**

(a) In 2023, the amount mainly corresponds to the tax calculated on branches for (7.7) million euros.
(b) In 2023, permanent differences mainly include recognized deferred taxes on prior losses for (3.0) million euros, updating the value of the GO SUEZ plans for (3.5) million euros, impairment losses on property, plant, and equipment for (4.2) million euros, and restructuring charges for (1.0) million euros.
(c) In 2023, items taxed at reduced or zero rates mainly correspond to the reduced tax rate on one of the activities (high and new technology) of a Chinese entity.
(d) In 2023, mainly include the share of expenses and charges, withholding taxes on received dividends, and the effect of recognizing CVAE in corporate tax.
(e) In 2023, includes deferred tax adjustments amounting to (54.0) million euros on French entities members of the tax consolidation, (7.1) million euros on Asia, and the rest corresponds to individually insignificant adjustments.
(f) In 2023, recognition of individually significant deferred tax assets, including 8.9 million euros in France.
(g) In 2023, effects of individually insignificant changes in tax rates.
(h) In 2023, individually insignificant tax credits.
(i) In 2023, this amount mainly corresponds to corrections of tax on previous results.

7.2 Deferred tax assets and liabilities

The evolution of deferred tax assets and liabilities by nature during the year 2023 is as follows:

(in millions of euros)	December 31, 2022 restated	Scope effects	P&L impact	Other comprehensive income	Other impacts, include exchange	December 31, 2023
Deferred tax assets						
Tangible and intangible assets - PPA	11.3	-	-	-	(0.4)	10.9
Loss carry-forwards and tax credit	87.4	2.7	11.3	-	(0.7)	100.7
Pension obligations	58.1	-	(1.7)	9.6	(1.8)	64.2
Concessions arrangements	13.7	-	4.7	-	0.7	19.1
Non-deductible provisions	152.0	0.5	(30.1)	-	(9.0)	113.4
Differences between the carrying amount of PPE and their tax bases	19.6	-	3.8	-	180.9	204.3
Measurement of financial instruments at fair value	87.5	-	(1.9)	0.4	(6.4)	79.5
Other	64.2	0.1	(3.6)	-	0.8	61.6
Deferred tax netting effect	*(94.0)*	-	-	-	*61.2*	*(32.7)*
TOTAL	**399.8**	**3.3**	**(17.5)**	**10.0**	**225.3**	**621.0**
Deferred tax liabilities						
Tangible and intangible assets - PPA	(760.8)	(12.4)	52.1	-	(38.3)	(759.4)
Differences between the carrying amount of PPE and their tax bases	(58.1)	(4.7)	(9.6)	-	(166.8)	(239.2)
Concessions arrangements	(78.8)	-	10.4	-	4.3	(64.1)
Tax-driven provisions	(25.6)	-	1.1	-	0.1	(24.4)
Measurement of assets and liabilities at fair value	(86.9)	-	(0.5)	16.5	35.1	(35.8)
Other	(92.6)	0.7	(1.3)	-	4.6	(88.6)
Deferred tax netting effect	*94.0*	-	-	-	*(61.2)*	*32.8*
TOTAL	**(1,008.8)**	**(16.4)**	**52.2**	**16.5**	**(222.2)**	**(1,178.7)**
Net Deferred Taxes	(609.0)	(13.1)	34.7	26.5	3.1	(557.7)

In 2023, the EUR (13.1) million entry in the scope is mainly due to the acquisition in October 2023 of the remaining 50% of the entity Vissershok in South Africa for EUR (12.9) million.

In 2023, the variation in deferred tax related to income is mainly explained by the recognition of deferred taxes on deficits as well as the reversal of deferred taxes related to the amortization of PPAs.

In 2023, the tax effect recognized in "other comprehensive income" is explained by:

- The recognition in OCI of cash received upon the settlement of pre-hedged swaps, classified as Cash Flow Hedges. These swaps are held in OCI and then amortized to the income statement over the life of the underlying (bonds).
- The variation in actuarial gains and losses related to pension obligations.

Other flows mainly include the effects of exchange rate fluctuations.

Unrecognized deferred tax assets

At each year-end, the Group reviews the recoverable amount of deferred tax assets related to significant carryforward tax losses. Deferred tax assets related to these tax losses are no longer recognized or are reduced when facts and circumstances specific to each company or tax group concerned require it, especially when:

- The forecast horizon and uncertainties of the economic environment no longer allow the level of probability attached to their utilization to be assessed.
- Companies have not started using these losses.

As of December 31, 2023, unrecognized deferred tax assets amount to EUR 144.4 million, of which EUR 137.3 million comes from tax losses and EUR 4.7 million from temporary differences.

As of December 31, 2022, unrecognized deferred tax assets amounted to EUR 89.3 million, of which EUR 74.3 million came from tax losses and EUR 5.6 million from temporary differences.

Note 8 Goodwills

<u>Recognition of goodwill</u>

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".

<u>Measurement of goodwill</u>

Goodwill, as all intangible and tangible fixed asset with a indefinite useful life, is not amortized but is tested for impairment once a year, or more frequently when an indication of impairment is identified.

The main indicators of impairment likely to be identified by the Group are as follows:

- *external indicators:*
  - *significant changes in the economic, technological, political or market environment in which the company operates or to which the asset is assigned.*
  - *a drop in demand.*
- *internal indicators:*
  - *obsolescence or material deterioration not provided for in the depreciation schedule,*
  - *lower-than-expected performance.*

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 8.3 « Impairment test ».

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

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 based on 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.

8.1 Movements in the carrying amount

(in millions of euros)	**Gross amount**	**Impairment Losses**	**Carrying amount**
December 31, 2021	**-**	**-**	**-**
Scope variations	4,526.5	-	4,526.5
Impairment losses	-	-	-
Translation differences	(67.2)	-	(67.2)
Others	-	-	-
December 31, 2022 restated	**4,459.3**	**-**	**4,459.3**
Scope variations	112.0	-	112.0
Impairment losses	-	-	-
Translation differences	(29.2)	-	(29.2)
Others	-	-	-
December 31, 2023	**4,542.1**	**-**	**4,542.1**

As of December 31, 2023:

Changes in the scope over 2023 mainly relate to the acquisition of:

- Devon Contract Waste and F&R Cawley Ltd on R&R UK perimeter for EUR 80.1 million
- Scori on IWS perimeter for EUR 36.7 million
- Sotreco and Nextri on R&R France perimeter for EUR 11.4 million
- Other non-significant acquisition for EUR 8.1 million

These acquisitions were partly offset by the disposal of CDES, Evolis and EQM UK within the Digital Solutions (ex SES) perimeter for a total of EUR 24.4 million.

The translation differences mainly concern the yuan and the pound sterling for EUR (47,0) millions and EUR +20,8 million respectively.

As of December 31, 2022:

In 2022, the net change in goodwill is explained by the acquisitions of the Suez activities from Veolia (EUR 3,152.6 million), Suez R&R UK (EUR 1,121.3 million), IWS (EUR 288.9 million) and EnviroServ (EUR 7.0 million). Goodwill amounts were recognised at the date of acquisition in foreign currencies and translated at the exchange rate at that date.

8.2 Main Cash Generating Units (CGUs to which goodwill is allocated)

The breakdown of goodwill by CGU goodwill is as follows:

(in millions of euros)	**Operating segments**	December 31, 2023	**December 31, 2022 restated**
CGU			
Water France	Water	1,329.2	1,314.6
Water Asia	Water	766.8	813.9
Water Southern Europe	Water	60.0	60.0
Water Europe Centrale	Water	59.1	60.6
Water AMECAI	Water	210.0	210.0
Water Australie	Water	19.7	20.4
Consulting	Water	19.7	16.3
Digital Solutions	Other activities	33.2	75.4
R&R France	Recyclage and Recovery	563.7	546.3
R&R UK	Recyclage and Recovery	1,147.1	1,046.1
IWS	Recyclage and Recovery	325.7	288.9
Enviroserv	Recyclage and Recovery	7.9	6.8
Total		4,542.1	4,459.3

8.3 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).

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 prospects of the markets.
- a terminal value, for the period beyond the MTP, determined by applying the long-term growth rate of 2.0 %, to the normative "Free Cash Flow" (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 2023 are between 5.2 % and 9.8 %.

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	Measurement method	Discount rates	Growth rate of normalized Free Cash Flow
Water France	DCF	5.8%	2.0%
Water Asia	DCF & market price*	6.0%	2.0%
Water Southern Europe	DCF & market price*	6.5%	2.0%
Water Europe Centrale	DCF	6.1%	2.0%
Water AMECAI	DCF	8.8%	2.0%
Water Australie	DCF	5.2%	2.0%
Consulting	DCF	6.2%	2.0%
Digital Solutions	DCF	8.7%	2.0%
R&R France	DCF	6.6%	2.0%
R&R UK	DCF	6.6%	2.0%
IWS	DCF	6.5%	2.0%
Enviroserv	DCF	9.8%	2.0%

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

Impairment test results

Impairment tests were carried out on all CGUs. No impairment loss was recognised in 2023.

8.4 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 excess of recoverable value over book value	Discount rates		Growth rate of normalized Free Cash Flow	
	- 50 bp	+ 50 bp	- 20 bp	+ 20 bp
Water France	67%	-51%	-20%	22%
Water Asia	48%	-38%	-14%	16%
Water Southern Europe	125%	-100%	-42%	46%
Water Europe Centrale	98%	-76%	-31%	34%
Water AMECAI	28%	-24%	-8%	9%
Water Australie	21%	-15%	-6%	7%
Consulting	25%	-20%	-8%	8%
Digital Solutions	13%	-11%	-4%	4%
R&R France	52%	-42%	-16%	18%
R&R UK	172%	-138%	-52%	56%
IWS	45%	-36%	-13%	14%
Enviroserv	14%	-13%	-4%	5%

An increase of 50 basis points in the discount rates highlights one sensitive CGU: R&R UK. In this scenario, the recoverable amount of this CGU would be less than its book value of EUR 80 million.

Note 9 Intangible and tangible assets

Initial recognition and subsequent measurement

Intangible and tangible assets are recognized at cost less accumulated depreciation and any impairment losses.

Tangible assets are recognized at their historical acquisition, production, or entry cost into the Group, net of accumulated depreciation and impairment losses.

The carrying amount of tangible assets is not revalued, as the Group has not chosen the alternative method allowing for regular revaluation of one or more categories of tangible assets.

Investment subsidies are deducted from the gross value of assets for which they have been received.

In accordance with IAS 16, the cost of the asset includes, at initial recognition, the site restoration costs provided there is, at the date of acquisition, a current, legal, or implicit obligation to restore the site. A provision is then recognized as a component of the asset.

The Group applies IAS 23, which involves capitalizing borrowing costs incurred during the construction period of the qualifying asset.

Development costs

Research costs are recognized as expenses in the period in which they are incurred.

Development costs are recognized as assets when the recognition criteria for an asset as set out in IAS 38 are met. In such cases, the intangible asset resulting from the development is amortized over its useful life. Given the Group's activities, the amounts recognized as development costs in the balance sheet are immaterial.

Software

- *Software excluding SaaS contracts (Software as a Service): Direct internal and external costs incurred in the purchase or development of software are capitalized as intangible assets, including subsequent enhancements, when it is probable that they will generate future economic benefits attributable to the Group. Software is amortized on a straight-line basis over periods ranging from one to eight years, unless otherwise stated.*
- *SaaS Contracts: A SaaS contract allows an entity to access, via an internet connection and for a specified duration, software functionalities hosted on infrastructure operated by an external provider. If the Group does not control a SaaS solution, development costs (internal and external) are accounted for as follows: (a) expensed when incurred for internal costs and costs of an integrator not related to the SaaS publisher, and (b) expensed over the term of the SaaS contract for costs of the SaaS publisher or its subcontractor. If the Group controls a SaaS solution, costs are capitalized if they meet the criteria of IAS 38; otherwise, they are expensed when incurred.*

Other acquired or produced intangible assets

Other intangible assets include:

- *Concession assets: the right to bill users in connection with construction and infrastructure extension works.*
- *Rights to use infrastructure made available by the grantor to carry out public service missions for a fixed payment.*
- *Customer portfolios acquired in business combinations.*
- *Rights related to prefectural authorizations allowing the operation of waste landfill sites.*
- *Rights to surface and underground water extraction, which are not amortized as they are not subject to any time limitation on allocation.*

Depreciation

Using a component-based approach, the Group uses different depreciation periods for each significant component of the same fixed asset when one of these components has a significantly different useful life than the main asset to which it relates.

Depreciation is generally calculated on a straight-line basis over the useful life of the asset.

The main useful life periods identified 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.

For assets recognized in connection with site restoration provisions, they are amortized using the method specified in Note 13.4.

The amortization of intangible assets is recognized based on the expected pattern of consumption of future economic benefits of the asset. The amortization periods selected 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 (such as water rights), with an indefinite useful life, are not amortized but are subject to an annual impairment test.

Impairment of tangible and intangible assets

In accordance with IAS 36, when events or changes in market conditions or internal factors indicate a risk of impairment of tangible and intangible assets, they are subject to an impairment test. For intangible assets with an indefinite useful life, impairment tests are conducted annually, whether or not an impairment indicator has been identified.

For tangible and intangible assets with a definite useful life, this impairment test is performed only when there are indicators revealing a deterioration in their value. This generally arises from significant changes in the operating environment of the assets or from economic performance lower than expected.

The main indicators of impairment that may be identified by the Group are presented in Note 8.

Tangible or intangible assets are tested at the level of the relevant asset grouping (individual asset or Cash Generating Unit) determined in accordance with the provisions of IAS 36. In cases where the recoverable amount is less than the carrying amount, an impairment loss is recognized for the difference between these two amounts. The recognition of an impairment loss results in a reassessment of the carrying amount and possibly the amortization plan of the assets concerned.

Impairment losses related to tangible or intangible assets may be reversed if the recoverable amount subsequently becomes higher than the carrying amount. The asset value after reversal of the impairment loss is capped at the carrying amount that would have been determined net of amortization if no impairment loss had been recognized in previous periods.

Impairment losses recognized on goodwill are permanent and cannot be reversed subsequently.

To assess the recoverable amount of tangible assets, intangible assets, and goodwill, they are, if applicable, grouped into Cash Generating Units (CGUs) whose carrying amounts and recoverable amounts can be compared. The determination of recoverable amounts is presented in Note 8.

Regarding assets for which a decision to sell has been made within the meaning of IFRS 5, they are evaluated and recognized at the lower of their carrying amount and their market value less the costs necessary to complete the sale. In cases where negotiations are underway, this is determined by reference to the best estimate that can be made as of the closing date of their outcome.

In the event of impairment, it is recognized in the "Impairment loss on assets" line of the income statement.

9.1 Intangible assets evolution

The evolution of intangible assets is as follows:

(in millions of euros)	Softwares	Intagible rights arising on concession contracts	Customer relationship	Other [(a)]	Total
A. Gross amount					
At December 31, 2021	**-**	**-**	**-**	**-**	**-**
Changes in scope of consolidation	141.3	896.9	2,743.3	556.0	4,337.5
Acquisitions	27.8	57.3	-	17.5	102.6
Disposals	(1.1)	(0.5)	-	(2.9)	(4.5)
Translation adjustments	-	1.8	(35.6)	(1.8)	(35.6)
Other	30.0	(29.8)	-	(8.7)	(8.5)
At Decembre 31, 2022 restated	**198.0**	**925.7**	**2,707.7**	**560.1**	**4,391.5**
Changes in scope of consolidation	(6.5)	-	2.7	42.2	38.4
Acquisitions	25.7	197.9	-	32.3	255.9
Disposals	(32.7)	(34.5)	-	-	(67.2)
Translation adjustments	(0.1)	(7.9)	(8.6)	(3.1)	(19.7)
Other	34.7	18.2	-	(19.1)	33.8
Assets relating to discontinued operations	-	-	-	-	-
At December 31, 2023	**219.1**	**1,099.4**	**2,701.8**	**612.4**	**4,632.7**
B. Accumulated depreciation and impairment					
At December 31, 2021					
Depreciation	(34.5)	(127.9)	(100.8)	(39.6)	(302.8)
Impairment losses	-	-	-	(0.1)	(0.1)
Disposals	0.7	0.4	-	0.1	1.2
Translation adjustments	-	0.4	1.6	0.9	2.9
Changes in scope of consolidation	-	-	-	3.4	3.4
Other	0.9	(1.8)	0.1	0.2	(0.6)
At Decembre 31, 2022 restated	**(32.9)**	**(128.9)**	**(99.1)**	**(35.1)**	**(296.0)**
Depreciation	(45.4)	(142.1)	(143.8)	(45.5)	(376.8)
Impairment losses	1.2	1.7	-	0.9	3.8
Disposals	32.3	33.7	-	(0.3)	65.7
Translation adjustments	0.1	(0.3)	2.4	(0.3)	1.9
Changes in scope of consolidation	6.0	-	0.3	0.1	6.4
Other	(1.2)	23.7	-	(4.0)	18.5
Assets relating to discontinued operations	-	-	-	-	-
At December 31, 2023	**(39.9)**	**(212.2)**	**(240.2)**	**(84.2)**	**(576.5)**
C. Carrying Amount					
At December 31, 2021	**-**	**-**		**-**	**-**
At Decembre 31, 2022 restated	165.1	796.8	2,608.6	525.0	4,095.5
At December 31, 2023	**179.2**	**887.2**	**2,461.6**	**528.2**	**4,056.2**

(a) Includes mainly the Suez brand, rights related to prefectural authorizations allowing the operation of waste disposal centers.

The variation in intangible assets is mainly explained by:

- Acquisitions in the 2023 fiscal year for EUR 256 million, mainly in the Czech Republic for EUR 108.1 million and in Eau France for EUR 63 million.
- Amortizations for the 2023 fiscal year amounting to EUR (376.8) million.
- The addition of Vissershok to the scope for EUR 43.2 million.
- Movements in the "other" category correspond to the application of IFRIC 12 for several projects underway in the Czech Republic for EUR 22.7 million.
- Exchange rate variances on the net value of intangible assets due to the impact of the Yuan's depreciation for EUR (12.6) million.

Customer Relationships

As of December 31, 2023, customer relationships amount to EUR 2,701.8 million and stem from purchase price allocation exercises performed in 2022 (New Suez) and 2023 (IWS, Scori, Suez R&R UK and EnviroServ).

Intangible Rights on Concession Contracts

The Group manages concession contracts within the scope of interpretation IFRIC12 in the areas of drinking water distribution, sanitation, and waste treatment. The rights granted to the Group as a concessionaire, over the infrastructure falling within the scope of IFRIC 12 and corresponding to the intangible model, are accounted for under this heading. They notably include the rights to bill users under the intangible active model of IFRIC 12 (see Note 5.3). In 2023, concession contracts represent EUR +841.5 million.

Non-Amortizable Intangible Assets

As of December 31, 2023, the value of non-amortizable intangible assets, included in the "Other" column, amounts to EUR 143 million, consisting mainly of the Suez brand.

Research and Development Expenses

Research and Development activities involve various studies related to technological innovation, improving facility efficiency, safety, environmental protection, and service quality.

Expenses related to internal projects in the development phase meeting the recognition criteria of an intangible asset amount to only EUR 1.2 million for the fiscal year 2022 and EUR 6.9 million in 2023, and are presented in the "Other" column of the intangible assets variation table, compared to EUR 60.5 million in 2022 and EUR 63 million in 2023 for Research and Development expenses not meeting the evaluation criteria defined by IAS 38 and thus recorded as expenses in the income statement.

9.2 Tangible assets evolution

The evolution of tangible assets is as follows:

(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	-	-	-	-	-	-	-	-
Changes in scope of consolidation	382.6	378.7	986.0	46.3	874.3	328.5	34.1	3,030.5
Acquisitions	10.0	7.0	0.3	4.7	-	184.7	5.4	212.1
Disposals	(29.1)	(7.7)	(8.3)	(2.5)	-	-	(1.2)	(48.8)
Translation adjustments	(4.3)	(1.8)	(11.2)	(0.5)	(0.3)	(1.1)	(0.5)	(19.7)
Other	51.4	60.5	105.6	4.0	(31.6)	(184.0)	3.1	9.0
At Decembre 31, 2022 restated	**410.6**	**436.7**	**1,072.4**	**52.0**	**842.4**	**328.1**	**40.9**	**3,183.1**
Changes in scope of consolidation	21.9	15.2	54.1	11.0	-	3.1	(3.2)	102.1
Acquisitions	4.7	39.7	78.3	8.2	-	235.0	5.5	371.4
Disposals	(3.6)	(9.7)	(40.9)	(3.0)	-	-	(2.8)	(60.0)
Translation adjustments	3.1	1.3	3.2	1.1	3.1	(0.3)	0.5	12.0
Other	32.7	74.7	48.0	14.2	(35.6)	(197.7)	3.9	(59.8)
Assets relating to discontinued operations	-	-	-	-	-	-	-	-
At December 31, 2023	**469.4**	**557.9**	**1,215.1**	**83.5**	**809.9**	**368.2**	**44.8**	**3,548.8**
B. Accumulated depreciation and impairment								
At December 31, 2021	-	-	-	-	-	-	-	-
Depreciation	(31.5)	(38.4)	(131.4)	(11.2)	-		(8.6)	(221.1)
Impairment losses	(1.6)	-	(0.4)	-	-	0.1	(0.1)	(2.0)
Disposals	(0.1)	0.2	0.3	0.7	-	1.7	1.2	4.0
Translation adjustments	0.1	0.3	1.6	0.1	0.3	-	0.1	2.5
Changes in scope of consolidation	-	-	-	-	(873.9)	-	-	(873.9)
Other	10.1	0.4	(19.2)	0.2	31.6	-	(0.5)	22.6
At Decembre 31, 2022 restated	**(23.0)**	**(37.5)**	**(149.1)**	**(10.2)**	**(842.0)**	**1.8**	**(7.9)**	**(1,067.9)**
Depreciation	(55.4)	(58.9)	(171.6)	(16.2)	(0.1)		(11.1)	(313.3)
Impairment losses	(0.5)	(2.9)	(4.3)	(0.8)		-	(0.2)	(8.7)
Disposals	2.1	2.7	26.8	1.8	-	0.1	2.7	36.2
Translation adjustments	(7.1)	(1.7)	(10.9)	(1.2)	(3.1)	-	(0.5)	(24.5)
Changes in scope of consolidation	(7.7)	0.1	(28.9)	(6.2)	-	-	2.0	(40.7)
Other	(0.2)	(2.1)	2.3	0.9	35.6	(1.8)	(0.1)	34.6
Assets relating to discontinued operations	-	-	-	-	-	-	-	-
At December 31, 2023	**(91.8)**	**(100.3)**	**(335.7)**	**(31.9)**	**(809.6)**	**0.1**	**(15.1)**	**(1,384.3)**
C. Carrying Amount								
At December 31, 2021	-	-	-	-	-	-	-	-
At Decembre 31, 2022 restated	387.6	399.2	923.3	41.8	0.4	329.9	33.0	2,115.2
At December 31, 2023	**377.6**	**457.6**	**879.4**	**51.6**	**0.3**	**368.3**	**29.7**	**2,164.5**

The variation in tangible assets is primarily linked to:

- Acquisitions in the 2023 fiscal year amounting to EUR 371.4 million, mainly concerning R&R France for EUR 160.6 million and Water France for EUR 44.5 million.
- Depreciation for the 2023 fiscal year totaling EUR (313.3) million.
- In-scope additions of Scori for EUR 14.1 million, Valor Pole for EUR 18.3 million, Devon Contract Waste and F&R Cawley Ltd for EUR 12.5 million.
- Conversion differences on the net value of tangible assets recorded against the Yuan for EUR (8.2) million.
- Decommissioning costs represent obligations related to the acquisition date for the reconditioning and long-term monitoring of waste storage center sites.

9.3 Intangible and tangible assets pledged as collateral

The intangible and tangible assets pledged as collateral to cover financial debts amount to EUR 86.3 million as of December 31, 2023.

9.4 Contractual commitments for the acquisition of tangible assets

As part of their normal activities, certain companies within the Group have committed to invest in technical installations that the respective third parties undertake to deliver to them in return.

The contractual commitments for investment in intangible and tangible assets undertaken by the Group amount to EUR 144.9 million as of December 31, 2023.

Note 10 Lease contracts

The lease contracts, signed by the Group as the lessee, mainly concern real estate, vehicles, and construction machinery. The duration of the contracts varies greatly depending on the nature of the leased assets.

The accounting treatment involves recording, at the commencement date of a given lease contract:

- *Lease liabilities in the liability section of the financial position.*
- *Right-of-use assets in the asset section of the financial position.*
- *Amortization of right-of-use assets in the income statement.*
- *Financial interest in the income statement, and principal repayments of the lease liability, the sum of which corresponds to the rent paid to the lessor.*

The lease liability equals the present value of future lease payments.

The lease payments included in the calculation of the liability encompass fixed payments, fixed payments in substance, meaning unavoidable fixed payments, variable payments whose variability is solely due to an index or rate effect, the exercise price of a purchase option if the Group has reasonable certainty that it will exercise this option, or early termination penalties if the lease term includes this event.

The Group also pays variable lease payments, which vary based on the extent of use of the leased assets. These variable lease payments are recognized as operating expenses in the period in which the event or condition triggering the obligation occurs.

IFRS 16 recommends discounting future lease payments using the implicit interest rate of the contract if this rate can be easily determined, or alternatively, using the lessee entity's marginal borrowing rate for the leases concerned.

As the implicit interest rates of the contracts are not readily determinable, the Group generally uses the marginal borrowing rates of the entities holding the lease contracts to calculate the lease liability. To determine the marginal borrowing rate, Suez determines the group's bond credit spread, adjusts this spread by maturity, and adds sovereign interest rates by country for each maturity. The interest rates thus determined are those of amortizable debts. After the contracts take effect, lease liabilities are increased by financial interest and reduced by lease payments.

The carrying amounts of the liabilities are reassessed whenever an amendment to a lease contract or a significant change in facts and circumstances in the lessee's hands leads to a change:

- *in the lease term.*
- *in the number or nature of leased assets.*
- *in the lease payment amount.*
- *in the evaluation of exercising a purchase option for the leased asset.*

The Group recognizes right-of-use assets at their initial cost, at the commencement date of lease contracts.

The initial cost of right-of-use assets mainly includes the amount of the lease liability, marginal initial direct costs disbursed to obtain the contracts, and prepaid rents. It is reduced by benefits received from lessors at the commencement date of the contracts.

After the commencement date, right-of-use assets are amortized on a straight-line basis over the lease term. However, a right-of-use asset is amortized over the useful life of the leased asset if the Group has reasonable certainty of exercising a purchase option for that asset.

The carrying amount of right-of-use assets is adjusted when a reassessment of lease liability is performed.

Right-of-use assets are impaired as a standalone asset if there is an indication of impairment or at the cash-generating unit's boundaries, following the same criteria applied to other depreciable fixed assets.

Exemptions

The Group has chosen to apply the exemptions offered by IFRS 16, i.e., not to apply the single lessee accounting model for the following lease types:

- *leases with a term of 12 months or less if these leases do not include options to purchase the leased assets.*
- *leases for assets with a single-unit fair value of less than €5,000.*
- *the Group has recognized a right-of-use asset and lease liability for all future cash outflows under transport equipment lease contracts signed as a lessee, including non-lease components of maintenance and repair of these vehicles. However, as the Group has not applied this simplification to lease contracts for other types of leased assets, only the lease components of these contracts have been restated.*

Lease payments benefiting from these exemptions are recognized as operating expenses when incurred.

Judgment exercised to determine the lease term

The lease term under IFRS 16 corresponds to the non-cancellable term of the lease plus:

- *the period of extension of the contract if the contract includes an extension option at the lessee's discretion and the lessee has reasonable certainty of exercising it.*
- *the period during which the lessee can exercise a contract termination option if the lessee has reasonable certainty of not exercising this option.*

The lease term thus ranges from the non-cancellable term to the executory period of the contract.

The Group has the right to exercise extension or termination options for certain lease contracts signed as a lessee. The Group exercises judgment to determine whether it has strong economic incentives to exercise or not to exercise them.

- *After the commencement of a lease contract, the Group reassesses its lease term if there is a contract modification or if a significant change in circumstances occurs and:*
- *it is at the lessee's discretion.*
- *and affects the Group's reasonably certain exercise (or non-exercise) of one of its options.*

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

As specified by the IFRIC, penalties to be considered in determining the executory term of a contract include economic penalties, notably the net carrying amount of fixtures inseparable from the leased assets, paid by the Group, and which it would lose if it terminated the relevant lease contract. The Group therefore includes the existence of partially unamortized fixtures that would be abandoned in case of lease termination in the assessment of the lease's executory term.

The following analyses present the main items related to lease contracts.

10.1 Rights of use

The following chart details the different categories of rights of use:

(in millions of euros)	Lands	Buildings	Plant machinery and technical equipment	Vehicles	Others	Total
Au 31 décembre 2021	**-**	**-**	**-**	**-**	**-**	**-**
Scope effects	54.7	186.1	25.7	202.6	1.4	470.6
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)	(145.9)
Termination	(11.9)	(24.1)	(0.0)	(1.4)	(0.0)	(37.4)
Translation effects	0.0	(1.1)	(0.4)	(0.3)	0.0	(1.8)
Other	(0.0)	0.0	0.0	(0.0)	-	0.0
At December 31, 2022	**37.1**	**252.6**	**22.9**	**221.4**	**1.1**	**535.1**
Scope effects	-	(2.7)	(1.9)	1.6	-	(3.0)
Asset inflows	0.0	54.3	(4.0)	189.8	0.1	240.2
Impairment loss	-	0.2	-	-	-	0.2
Amortization	(8.7)	(76.8)	(4.3)	(92.7)	(0.6)	(183.1)
Termination	-	(11.1)	(2.3)	(23.6)	(0.0)	(37.0)
Translation effects	(0.1)	0.2	0.1	0.1	(0.0)	0.3
Other	0.0	(0.0)	0.0	(0.0)	-	(0.0)
At December 31, 2023	**28.3**	**216.7**	**10.6**	**296.6**	**0.6**	**552.8**

Excluding lease-financed assets.

10.2 Lease debt

As of December 31, 2023, the discounted cash flows on the outstanding lease liability by maturity date are broken down as follows:

(in millions of euros)	Total	< 1 year	[1 to 2 years]	[2 to 5 years]	> 5 years
At December 31, 2023	560.2	153.1	97.1	170.9	139.2
At December 31, 2022	536.0	140.0	123.6	156.6	115.8

Cash outflows related to lease contracts, post-acquisition date, are broken down as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Repayment of the lease debt	176.5	140.4
Interest expense related to lease liabilities	6.0	-1.0
Rental expenses benefiting from exemptions under IFRS 16	131.6	83.6
Cash outflows related to leases	**314.1**	**223.0**

10.3 Lease expenses benefiting from exemptions under IFRS 16

As of December 31, 2023, the following items remain presented as lease expenses:

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Short term leases	67.9	38.5
Leases of low value assets	15.0	25.9
Expenses on variable leases	1.9	1.2
Non lease components and others	46.9	18.0
Total	**131.6**	**83.6**

Note 11 Investments in joint ventures and associates

(in millions of euros)	Investments in joint-ventures	Investments in associates	Total
December 31, 2021	**-**	**-**	**-**
Acquisitions and capital increases	640.1	2,087.0	2,727.1
Disposals	(0.1)	(0.9)	(1.0)
Dividends	(39.1)	(81.9)	(121.0)
Net income	46.3	91.2	137.5
Translation adjustments	(25.7)	(33.6)	(59.3)
Other	1.2	5.5	6.7
December 31, 2022 restated	**622.7**	**2,067.3**	**2,690.0**
Acquisitions and capital increases	3.2	8.9	12.1
Disposals	(10.4)	-	(10.4)
Dividends	(27.1)	(117.5)	(144.6)
Net income	46.6	123.6	170.2
Translation adjustments	(33.9)	(43.7)	(77.6)
Other	(0.3)	(35.1)	(35.4)
December 31, 2023	**600.8**	**2,003.5**	**2,604.3**

11.1 Investments in joint ventures

As of December 31, 2023, the most significant holdings are the Chinese joint ventures jointly owned by local concession-granting authorities. They encompass 36 different legal entities, with 3 entities representing over 50% of the amount presented in joint ventures investments.

(in millions of euros)	Carrying amount of investments in joint ventures		Share in net income/ (loss) of joint ventures	
	December 31, 2023	December 31, 2022 restated	December 31, 2023	December 31, 2022 restated
Chinese JVs	558.9	573.4	49.2	46.8
Other (individual contribution < 1.5% of the total amount)	41.9	49.3	(2.6)	(0.5)
Total	**600.8**	**622.7**	**46.6**	**46.3**

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Net income	46.6	46.3
Other comprehensive income (OCI)	(33.2)	(25.7)
Comprehensive income	**13.4**	**20.6**

11.2 Investments in associates

The equity interests and share in net income in associated companies are broken down as follows:

(in millions of euros)	Carrying amount of investments in associates		Share in net income/ (loss) of associates	
	December 31, 2023	December 31, 2022 restated	December 31, 2023	December 31, 2022 restated
Acea Group	898.1	883.8	62.8	35.7
Suyu Group	635.4	673.5	32.4	45.8
Other (individual contribution < 10% of the total amount)	470.0	510.0	28.4	9.7
Total	**2,003.5**	**2,067.3**	**123.6**	**91.2**

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Net income	123.6	91.2
Other comprehensive income (OCI)	(59.4)	(16.8)
Comprehensive income	**64.2**	**74.4**

The most significant equity investments in associated companies are the Acea Group and the Suyu Group.

The Acea Group, in which Groupe Suez holds a 23.33% stake, is listed on the Milan Stock Exchange. As of December 31, 2023, the carrying amount of Acea in the Group's financial position is EUR 898.1 million. This value considers the impacts related to the allocation of the acquisition price performed in 2022. The equivalent market value of the Acea Group amounts to EUR 687.2 million as of the end of December 2023. However, no impairment loss was recorded in the accounts of Groupe Suez in 2023, considering the results of impairment tests conducted at the year-end.

Summary of the financial position of the Acea Group

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Non-current assets	9,193.0	8,560.4
Current assets	2,575.8	2,759.0
of which Cash and cash equivalents	*359.4*	*559.9*
Assets related to discontinued operations	18.3	19.1
Total Assets	**11,787.1**	**11,338.5**
Shareholders' equity, Group share	2,377.3	2,291.3
Non-controlling interests	445.8	463.9
Total Shareholders' equity	**2,823.1**	**2,755.2**
Non-current liabilities	5,615.5	5,452.9
Current liabilities	3,348.3	3,128.5
Liabilities directly associated with assets related to discontinued operations	0.2	1.9
Total Liabilities and Shareholders' equity	**11,787.1**	**11,338.5**
Dividends paid as of previous fiscal year	**180.6**	**180.6**

Summary income statement of the Acea Group

(in millions of euros)	December 31, 2023	December 31, 2022
Revenues	4,430.3	4 957.0
Gross operating profit	1,390.9	1 305.0
Operating profit /(loss)	612.3	565.9
Net income - group share	293.9	279.7
Net income - non-controlling interests	33.5	31.4
Net income	**327.4**	**311.1**
Other comprehensive income (OCI)	(55.5)	76.9
Comprehensive income	**271.9**	**388.0**

The other significant equity investment in associated companies as of December 31, 2023, is Derun Environment, in which Suyu Group, wholly owned by the Group, holds a 25.1% stake.

Summary of the financial position of the Suyu Group

(in millions of euros)	December 31, 2023	December 31, 2022
Non-current assets	737.0	782.9
Current assets	0.5	1.4
of which Cash and cash equivalents	*0.5*	*1.4*
Total assets	**737.5**	**784.3**
Shareholders' equity, Group share	651.1	676.2
Non-controlling interests	-	-
Total shareholders' equity	**651.1**	**676.2**
Non-current liabilities	63.8	67.8
Current liabilities	22.6	40.3
Total shareholders' equity and liabilities	**737.5**	**784.3**
100% dividends paid in the previous financial year	**6.3**	**-**

The "Non-current Assets" item of Suyu includes equity investments accounted for using the equity method in "Derun Environment" amounting to EUR 737.0 million as of the end of 2023, compared to EUR 782.9 million as of the end of 2022.

Summary income statement of the Suyu Group

(in millions of euros)	December 31, 2023	December 31, 2022
Revenues	-	-
Gross operating profit	0.1	1.0
Operating profit /(loss)	0.1	1.0
Net income - group share	30.9	48.5
Net income - non-controlling interests	-	-
Net income	**30.9**	**48.5**
Other comprehensive income (OCI)	(66.6)	(24.0)
Comprehensive income	**(35.7)**	**24.5**

Note 12 Shareholders’ equity

12.1 Equity management

Suez continuously seeks to optimize its financial structure by balancing its net financial debt with its total equity as shown in the consolidated financial position statement. The Group's primary objective in managing its financial structure is to maximize shareholder value, reduce the cost of capital, maintain a strong credit rating, and ensure the desired financial flexibility to seize value-creating external growth opportunities. The Group manages its financial structure and adjusts in response to evolving economic conditions.

12.2 Share capital

As of December 31, 2023, the individual share capital of Suez S.A. consists of 6,326,512,514 ordinary shares and 51,800,662 preference shares with a nominal value of EUR 0.01 each. Out of this total number of shares, 146,096,556 ordinary shares and 51,800,662 preference shares are considered debt instruments in the consolidated accounts.

				Value *(in milions of euros)*	
	Number of shares (incl. own shares)	**Ordianry shares**	**Preference shares**	**Share capital**	**Additional paid-in capital**
Nb of shares part of the statutory share capital	6,272,840,147	6,221,039,485	51,800,662	62.7	6,154.6
Employee share plan (reclassification in debt instruments)	(94,967,881)	(43,167,219)	(51,800,662)	(1.0)	(42.2)
At December 31, 2022	**6,177,872,266**	**6,177,872,266**	**-**	**61.7**	**6,112.4**
Capital increase of January 6, 2023 (a)	102,929,337	102,929,337	-	1.0	96.2
Employee share plan (reclassification in debt instruments)	(102,929,337)	(102,929,337)	-	(1.0)	(96.2)
Capital increase of June 5, 2023 (b)	1,000,000	1,000,000	-	0.0	1.0
Capital increase of July, 20 2023	1,543,692	1,543,692	-	-	-
Allocation of prior year retained earnings	-	-	-	-	(62.4)
Allocation of net income 2022	-	-	-	-	(243.0)
At December 31, 2023	**6,180,415,958**	**6,180,415,958**	**-**	**61.7**	**5,808.0**

(a) On January 6, 2023, as part of the "Go Suez Classique" and "Go Suez Multiple" employee share ownership plan described in Note 15.2, a capital increase was carried out through the issuance of ordinary shares for a total amount of EUR 97.2 million including share premiums. These ordinary shares are considered as debt instruments rather than equity instruments and therefore are not included in the consolidated equity of the group.
(b) On June 5, 2023, a capital increase was realized with the removal of the preferential subscription right in favor of the Chief Executive Officer of the group, for an amount of EUR 1 million, including share premium.

12.3 Dividend distribution

In accordance with the resolutions passed by the General Meeting of Shareholders of Suez S.A. on June 15, 2023, no dividend was paid by Suez S.A. in 2023.

It will be proposed to the General Meeting of Shareholders of Suez S.A., which will approve the financial statements for the year ended December 31, 2023, not to pay a dividend.

12.4 Other comprehensive income

Other comprehensive income – Group share

(in millions of euros)	December 31, 2023	Change	December 31, 2022 Restated
Cash-flow hedges (excluding commodities) [(a)]	245.0	(20.8)	265.8
Commodity cash-flow hedges	(0.1)	(1.5)	1.4
Deferred taxes on items above	(42.6)	23.4	(66.0)
Translation adjustments [(b)]	(267.4)	(118.9)	(148.5)
Total reclassifiable items	**(65.1)**	**(117.8)**	**52.7**
Of which share of joint ventures in reclassifiable items, net of taxes	(58.9)	(33.2)	(25.7)
Of which share of associates in reclassifiable items, net of taxes	(73.6)	(55.7)	(17.9)
Actuarial gains and losses	21.6	(36.0)	57.6
Deferred taxes on actuarial gains and losses	(4.5)	9.7	(14.2)
Equity instruments	(11.4)	(3.6)	(7.8)
Deferred taxes on equity instruments	-	-	-
Total non-reclassifiable items	**5.7**	**(29.9)**	**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	(2.6)	(3.7)	1.1
Total	(59.4)	(147.7)	88.3

(a) As part of the bond refinancings carried out in 2022 and 2023, the Group utilized deferred start rate hedging instruments. The gains of EUR 314.7 million were recorded in equity. It is recycled into income over the lifespan of the underlying bonds. As of December 31, 2023, the closing balance amounts to EUR 270.4 million.
(b) As of December 31, 2023, the EUR (267.4) million translation differences primarily originate from the Chinese Yuan, accounting for EUR (155.1) million, and the Hong Kong dollar, accounting for EUR (81.9) million, with their respective variations amounting to EUR (87.5) million and EUR (49.5) million.

Other comprehensive income – Non controlling interests

(in millions of euros)	December 31, 2023	Change	December 31, 2022 Restated
Cash-flow hedges (excluding commodities)	0.5	(0.4)	0.9
Commodity cash-flow hedges	-	-	-
Deferred taxes on items above	(0.3)	(0.1)	(0.2)
Translation adjustments [(a)]	(20.7)	(15.9)	(4.8)
Total reclassifiable items	**(20.5)**	**(16.4)**	**(4.1)**
Actuarial gains and losses	0.4	0.1	0.3
Total non-reclassifiable items	**0.4**	**0.1**	**0.3**
Total	(20.1)	(16.3)	(3.8)

(a) As of December 31, 2023, the EUR (20.7) million translation differences primarily originate from the Chinese Yuan, amounting to EUR (17.5) million, with a variation of EUR (17.5) million.

12.5 Non-controlling interests

In accordance with IFRS 10, non-controlling interests in subsidiaries consolidated using the full consolidation method are considered elements of equity.

The "Non-controlling interests" amount to EUR 423.8 million as of December 31, 2023, and are broken down as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 Restated
Macau Water & Shanghai Chemicals industrial (Asia Pacific)	154.6	150.7
Nuove Acque (Italy)	63.4	62.1
Prospect Water Partnership (Australia)	59.2	63.9
Boone Comenor	51.8	51.8
Czech Republic	45.6	47.2
EnviroServ (South Africa)	27.9	27.2
Other	21.3	20.9
TOTAL	**423.8**	**423.7**

The non-controlling interests primarily arise from the acquisition of Suez's activities from Veolia completed on January 31, 2022.

The Asia Pacific line corresponds to (i) the 15% minority interest in Macao Water, which manages the water supply concession contract with the Government of Macao SAR to provide the city with comprehensive water management services; and (ii) the 50% minority interest in Shanghai Chemical Industrial Park SFWD, a company responsible for industrial water supply and wastewater treatment for Shanghai Chemical Industry Park. The minority interest amounts presented above include the reassessment of the minority stake related to the work carried out on the allocation of the acquisition price of Suez's activities from Veolia in January 2022.

The Nuove Acque line corresponds to the minority interests held by public shareholders of Nuove Acque for 53.84%. It is also held by the private shareholder Intesa Aretina Scarl for 46.16%. Intesa Aretina Scarl is 61% owned by Suez Group. Nuove Acque S.p.A. was established in 1999 to manage the integrated water service in the A.T.O. (Ambito Territoriale Ottimale) No. 4 Alto Valdarno, which includes 30 municipalities in the province of Arezzo and 5 in the province of Siena.

The Prospect Water Partnership line corresponds to the 49% minority interests in UniSuper. Operated by SUEZ since 1993 under an extended build-operate-transfer contract currently running until 2035, PWFP is Australia's largest water filtration plant and provides drinking water to 85% of Sydney's population, approximately four million people.

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

The Czech Republic line corresponds to minority interests in Czech entities (overall owned 50% by Suez) as well as the reassessment of these interests conducted as part of the allocation of the acquisition price of Suez's activities acquired from Veolia in January 2022.

The Enviroserv line corresponds to the 49% acquired by Suez's partners (RBH and AIIM) as well as the amount allocated to minorities on reassessments recorded as part of the acquisition price allocation in 2023 (see Note 2.4).

Note 13 Provisions and contingent liabilities

The Group recognizes a provision when there is, at the reporting date, a present obligation (legal or implicit) towards a third party resulting from a past event, and it is probable that an outflow of resources will be required to settle this obligation without any expected return.

A provision for restructuring is recognized when the general criteria for establishing a provision are met, there is a detailed formalized plan, and the Group has created, among those affected, a well-founded expectation that it will implement the restructuring, either by commencing the execution of the plan or by announcing its main characteristics to them.

Provisions with a maturity exceeding 12 months are discounted if the effect of discounting is significant. The discount rates used reflect current assessments of the time value of money and specific risks associated with the liability. Effects related to the unwinding of the provisions are recognized in the consolidated income statement under "Other financial income and expenses."

The main types of long-term provisions, excluding provisions for post-employment benefits, are provisions for site restoration (Recycling and Recovery activity). The discount rates used reflect current market assessments of the time value of money and specific risks associated with the liability. Charges related to the unwinding of long-term provisions are recognized in financial income (under "other financial income and expenses").

Whenever there is a current, legal, or implicit obligation to restore a site, the Group recognizes a provision for site restoration. The corresponding amount of the provision for restoration is included in the carrying amount of the asset concerned. Adjustments to the amount of the provision following a subsequent revision of the outflow of resources, the occurrence date of the restoration, or the discount rate are symmetrically offset against or added to the cost of the corresponding asset.

13.1 Provisions evolution

The evolution of current and non-current provisions during the year 2023 is as follows:

In millions d'euros	December 31, 2022 Restated	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Impact unwinding discount adjustments (a)	Reclassification	Translation adjustments	Scope effects	Others	December 31, 2023
Post-employment benefit obligations and other long-term	250.8	9.5	(25.4)	-	8.9	(4.1)	(0.5)	(0.2)	35.4	274.4
Sector-related risks	16.4	1.1	(1.1)	-	-	(0.8)	-	-	-	15.5
Warranties	5.9	5.5	(5.9)	-	-	1.0	-	1.1	-	7.6
Tax risks, other disputes and claims	36.2	24.3	(13.0)	(1.7)	-	0.5	0.2	1.1	-	47.6
Site restoration (b)	850.4	86.1	(101.8)	-	(36.5)	-	1.4	5.4	-	804.9
Restructuring costs (c)	13.7	10.9	(5.6)	(0.1)	-	(0.1)	-	0.4	-	19.0
Reinsurance activity (d)	56.2	3.2	-	-	-	-	-	-	-	59.3
Other contingencies (e)	77.0	38.8	(30.5)	(10.0)	0.4	11.3	0.1	3.2	-	90.3
Total Provisions	**1,306.4**	**179.4**	**(183.3)**	**(11.8)**	**(27.2)**	**7.7**	**1.2**	**11.1**	**35.4**	**1,318.7**
Total current provisions	119.3	79.4	(55.7)	(11.5)	0.2	13.0	-	4.5	(0.3)	149.0
Total non-current provisions	1,187.1	100.0	(127.7)	(0.3)	(27.4)	(5.4)	1.1	6.6	35.7	1,169.8

NB: The values shown in the tables are expressed in millions of euros. In some cases, rounding may lead to a non-significant deviation from the totals or variations.

(a) The unwinding effect related to post-employment benefits and other long-term benefits corresponds to the interest expense calculated on the net amount of retirement obligations and the fair value of hedging assets, in accordance with revised IAS 19.
(b) Provisions for site restoration include provisions for dismantling and provisions for site reinstatement.
(c) See Note 5.2.2.
(d) Corresponds to the reinsurance activity of Suez Re.
(e) See Note 13.1.4.

The provisions amount to EUR 1,318.8 million as of December 31, 2023, including EUR 722 million for R&R France, EUR 136.6 million for Hazardous Waste activity, and EUR 134.4 million for Water France.

The variation in provisions is mainly explained by actuarial gains and losses amounting to EUR 35.4 million, the unwinding effect of EUR (27.2) million, and the net reversal of provisions for EUR (15.8) million.

The flows of provisions, reversals, and changes related to the unwinding of provisions presented in the table above are broken down as follows in the consolidated income statement as of December 31, 2023:

ı millions of euros)	(Reversals) net 2023	(Reversals) net 2022
Income from operating activities	(15.8)	(97.1)
Other financial income and expenses	(27.2)	(14.6)
Total	**(43.0)**	**(111.7)**

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

13.1.1 Post-employment and other long-term benefits

The evolution of this item is presented in Note 14.

13.1.2 Tax risks, other disputes, and claims

This item includes provisions related to ongoing proceedings concerning personnel or social organizations (e.g., adjustments on social security contributions), ongoing disputes related to the Company's normal business activities (customer claims, supplier disputes), tax adjustments, and tax disputes.

The Group is involved in the normal course of its activities in several disputes and arbitrations with third parties or with tax authorities in certain countries. Provisions are established for these disputes and arbitrations when there is an obligation (legal, contractual, or implicit) at the reporting date, it is probable that an outflow of resources without compensation is necessary to settle the obligation, and the amount of this outflow can be estimated reliably.

The provisions established for this purpose as of December 31, 2023, amounts to EUR 47.6 million, including:

- EUR 8.5 million for tax disputes excluding corporate income tax,
- EUR 30.3 million for numerous disputes regarding contracts and agreements mainly in France and the United Kingdom,
- EUR 8.8 million related to disputes with personnel and social organizations mainly in France.

13.1.3 Sites reconstruction

Regarding the accounting of provisions for reclamation and long-term monitoring, they are calculated on a site-by-site basis and are established during the site's operating period in proportion to the consumption of void space (allocation of expenses and revenues). These costs, which will be incurred upon the closure of the site or during the long-term monitoring period (generally 30 years within the European Union after site closure, 20 years in France in accordance with the ministerial decree of February 15, 2016, followed by a renewable surveillance period of 5 years, and 60 years in Great Britain), are discounted. An asset is recognized as a counterpart to the provision and is amortized at the rate of void space consumption or coverage need, i.e., annually.

The calculation of the provision for reclamation (upon closure of the landfill) depends on the type of cover chosen semi-permeable, semi-permeable with drainage, or impermeable. This choice has a significant impact on future leachate production levels and consequently on future treatment costs of these effluents. The calculation of this provision requires an assessment of the reclamation cost of the remaining area to be covered. The provision recorded in the financial position statement at the end of the period must allow for the reclamation of the untreated portion (difference between the fill rate and the percentage of the site area already reclaimed). Each year, the provision is reassessed based on completed and planned works.

The calculation of the provision for long-term monitoring depends on the costs related to leachate and biogas production. The main items of long-term monitoring expenses are:

- construction of infrastructure (biogas valorization unit, leachate treatment installation) and demolition works of facilities used during the operating period.
- maintenance and repair of the cover and infrastructure (surface water collection).
- monitoring and control of surface water, groundwater, and leachate.
- replacement and repair of monitoring points (piezometers).
- leachate treatment costs.
- expenses related to biogas collection and treatment.

The provision for long-term monitoring recorded in the consolidated financial position statement at the end of the period depends on the fill rate of the landfill at the period-end, estimated total annual expenses per item (based on standard or specific costs), the expected closure date of the site, and the discount rate used for each site (according to its residual life expectancy).

As of December 31, 2023, these provisions mainly concern R&R France entities for EUR 550.1 million, Suez R&R UK for EUR 142.1 million, IWS entities for EUR 94.1 million, and EnviroServ for EUR 17.7 million.

13.1.4 Other risks

This item mainly comprises provisions for various risks related to personnel, the environment, and various business risks. As of December 31, 2023, these mainly include:

- EUR 15.1 million for termination losses, primarily in the United Kingdom.
- EUR 7.8 million for dismantling costs.
- Provisions for various risks amounting to EUR 62.0 million, of which EUR 28.4 million is related to the Waste activity and EUR 26.5 million is related to the Water activity.

13.2 Contingent liabilities

The Group is not aware of any contingent liabilities that could significantly and with serious probability affect the results, financial position, assets, or operations of the Group.

Note 14 Post-employment benefit obligations and other long-term benefits

Suez and its subsidiaries have implemented several retirement and similar benefit schemes:

- ***Defined Contribution Plans**: These are plans for which the Group (or a Group entity) pays a specified contribution to a separate entity, relieving it of any potential additional payments. These obligations are recognized as expenses when due.*
- ***Defined Benefit Plans**: These are plans that do not meet the definition of a defined contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered in the current period and in past periods. The obligation amount is discounted, and the fair value of retirement assets is deducted.*

The assessment and accounting principles followed by the Group regarding retirement commitments and other personnel benefits are those dictated by IAS 19. Accordingly:

- *The cost of defined contribution plans is recorded as expenses based on the contributions due for the period.*
- *The valuation of retirement and similar benefit commitments, when representative of defined benefits, is carried out based on actuarial valuations. These calculations incorporate assumptions regarding mortality, employee turnover, and salary projections, considering the economic conditions specific to each country and company. Discount rates are determined with reference to the yield, at the valuation date, of bonds issued by top-tier companies (or by the government if there is no representative market for private loans) in the relevant area. A discount rate curve is chosen for each monetary zone and applied to the debt as well as to the components of the current charge (Service Cost and Net Interest).*

Amounts related to plans where the commitments reduced by the unrecognized past service costs exceed the fair value of the covering assets are shown in liabilities as provisions. When the value of covering assets (capped, if applicable) exceeds the commitments, the relevant amount is included in assets in the financial position statement among "Other current" or "Non-current assets."

The Group directly accounts for actuarial gains and losses resulting from changes in actuarial assumptions and adjustments related to experience within the consolidated statement of comprehensive income. Where applicable, adjustments resulting from the capping of net assets related to overfunded schemes follow the same method. For other long-term benefits such as service awards, actuarial differences continue to be immediately recognized in income.

The net interest (income) expense for defined benefit plans is recorded in financial results.

14.1 Description of the main pension plans and related benefits

Most companies within the Group provide their employees with post-employment benefits (retirement plans, end-of-career indemnities, medical coverage, fringe benefits, etc.), as well as other long-term benefits such as service awards and seniority bonuses.

14.1.1 Main pension plans

In France

Employees benefit from defined contribution pension schemes such as the basic social security system or supplementary pension schemes. Some employees also benefit from optional pension schemes, some of which are defined benefit schemes through which the employer undertakes to pay its employees, or a category of its employees, retirement pensions whose amount is contractually determined.

As of December 31, 2023, the actuarial liability related to the executive pension schemes, known as "1991" and "1998" schemes, which were closed in 2019 in accordance with the Pacte law, amounts to EUR 3 million. The rights of beneficiaries born in 1962 or earlier were frozen as of July 4, 2019. The duration of the actuarial liability for the executive pension schemes is 3 years. It should be noted that these schemes are partially prefunded (2% of the gross liability as of December 31, 2023).

All employees receive retirement severance payments (IDR), the amount of which is paid in a lump sum on the effective retirement date of the employee. These IDR correspond to defined benefit schemes.

Outside of France, the main retirement and similar schemes concern the companies in the United Kingdom.

In the United Kingdom

Suez R&R UK operates several defined benefit pension plans. As part of its expansion, Suez R&R UK has acquired various entities across the United Kingdom. These entities were often public companies before their acquisition, and their personnel were affiliated with Local Government Pension Schemes (LGPS), which Suez R&R UK is required to maintain. As of December 31, 2023, the actuarial liability related to Suez R&R UK's pension schemes amounts to €91 million. The duration of the actuarial liability for Suez R&R UK's schemes is 12 years. These schemes are prefunded to 97% as of December 31, 2023.

Personnel hired after the closure date of the defined benefit plans are covered by a defined contribution plan, the Sita Stakeholder pension plan.

As mentioned above, defined benefit schemes may be partially or fully prefunded by contributions paid into a pension fund (United Kingdom) or into a segregated fund managed by an insurance company (France). These funds are funded by contributions from the company and, in some cases, from employees.

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

In addition to the retirement supplements mentioned above, most entities within the Group grant their employees service awards, which correspond to bonuses paid during the period of employment to eligible employees when they meet certain seniority conditions. Furthermore, several companies within the Group commit to financing a portion of the expenses incurred by their employees and/or retirees in the event of specific events (illness, etc.), in addition to the amounts paid under defined contribution schemes.

These commitments fall under defined benefit schemes. They are presented in the tables below as "other post-employment benefits" and "other long-term benefits".

14.2 Defined benefit plans

14.2.1 Amounts presented in the income statement

The expenses recognized for retirement and similar defined benefit obligations in 2023 are broken down as follows:

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Current service cost	(13.7)	(15.2)
Net interest expense on the net defined benefit liability	(8.9)	(3.2)
Actuarial gains or losses	(0.4)	1.5
Past service cost / amendments	3.7	(1.3)
Gains or losses on pension plan curtailments, terminations and settlements	5.2	8.2
Total	**(14.1)**	**(10.0)**
Of which recognized in current operating income	*(5.2)*	*(6.8)*
Of which recognized in financial income/(loss)	*(8.9)*	*(3.2)*

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

The variations in provisions for retirement and similar obligations, as well as assets of the scheme recognized in the statement of financial position, are as follows:

(in millions of euros)	Assets	Liabilities	Total
Balance at December 31, 2022 restated	**11.2**	**(250.5)**	**(239.3)**
Translation gains and losses	0.1	0.5	0.6
Actuarial gains and losses [(a)]	(5.3)	(30.4)	(35.7)
Changes in scope of consolidation and other	0.3	(0.3)	-
Expense of the period [(b)]	(0.2)	(13.9)	(14.1)
Contributions	1.5	19.9	21.4
Balance at December 31, 2023	**7.6**	**(274.7)**	**(267.1)**

(a) Actuarial gains and losses on post-employment benefits.
(b) Including actuarial gains and losses on long-term benefits (e.g., service awards).

The impact for the year 2023 results in an expense of EUR (14.1) million. The main components of this expense in 2023 are presented in Note 14.2.1.

The cumulative actuarial gains and losses on post-employment benefits recognized in equity amount to EUR 22.5 million as of December 31, 2023. They are presented here excluding foreign currency translation differences and tax effects, which are separately disclosed in the statement of comprehensive income.

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Opening balance	**57.9**	**-**
Actuarial gains and (losses) generated during the year [a]	(35.8)	57.0
Changes in scope of consolidation and other	0.4	0.9
Closing balance	22.5	57.9

(a) On post-employment benefits.

The closing balance of actuarial gains and losses presented above includes the actuarial gains and losses recognized in equity-accounted investees.

14.2.3 Evolution of obligations and plan assets

The table below presents the amount of actuarial liabilities and cover assets of the Suez group, their evolution during the fiscal year, as well as a reconciliation with the amounts recognized in the statement of financial position.

		December 31, 2023				December 31, 2022 restated			
(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		**(301.6)**	**(33.1)**	**(8.5)**	**(343.2)**	**-**	**-**	**-**	**-**
Service Cost		(13.1)	(0.1)	(0.7)	(13.9)	(14.3)	(0.1)	(0.8)	(15.2)
Interest cost		(12.2)	(1.1)	(0.3)	(13.6)	(3.2)	(0.5)	(0.1)	(3.8)
Contributions paid		(0.2)	-	-	(0.2)	-	-	-	-
Amendments		4.3	-	(0.6)	3.7	(1.3)	-	-	(1.3)
Acquisitions/Disposals of subsidiaries		(1.0)	-	(0.1)	(1.1)	(7.5)	-	(0.5)	(8.0)
Curtailments/settlements		-	-	-	-	(354.5)	(45.6)	(9.8)	(409.9)
Special terminations		4.9	0.2	0.2	5.3	8.2	-	0.4	8.6
Financial actuarial gains and losses		(19.2)	(1.5)	(0.4)	(21.1)	62.9	11.0	1.6	75.5
Demographic actuarial gains and losses		(5.9)	(1.7)	-	(7.6)	(6.1)	(0.3)	(0.1)	(6.5)
Benefits paid		20.1	2.4	0.9	23.4	10.7	2.2	0.8	13.7
Other		(1.1)	-	-	(1.1)	3.5	0.2	-	3.7
Projected benefit obligation at the end of period	**(A)**	**(325.0)**	**(34.9)**	**(9.5)**	**(369.4)**	**(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		**103.8**	**-**	**-**	**103.8**	**-**	**-**	**-**	**-**
Expected return on plan assets		4.7	-	-	4.7	0.6	-	-	0.6
Contributions received		16.7	2.4	0.8	19.9	9.3	2.2	0.8	12.3
Acquisitions/Disposals of subsidiaries		-	-	-	-	117.1	-	(0.8)	116.3
Curtailments/settlements		(0.1)	-	-	(0.1)	(0.4)	-	0.8	0.4
Actuarial gains and losses		(7.1)	-	-	(7.1)	(10.5)	-	-	(10.5)
Benefits paid		(18.6)	(2.4)	(0.8)	(21.8)	(9.6)	(2.2)	(0.8)	(12.6)
Other		2.9	-	-	2.9	(2.7)	-	-	(2.7)
Fair value of plan assets at the end of period	**(B)**	**102.3**	**-**	**-**	**102.3**	**103.8**	**-**	**-**	**103.8**
Funded status	**(A+B)**	**(222.7)**	**(34.9)**	**(9.5)**	**(267.1)**	**(197.8)**	**(33.1)**	**(8.5)**	**(239.4)**
Net benefit obligation		**(222.7)**	**(34.9)**	**(9.5)**	**(267.1)**	**(197.8)**	**(33.1)**	**(8.5)**	**(239.4)**
Total Liabilities		(230.0)	(35.0)	(9.7)	(274.7)	(209.0)	(33.1)	(8.6)	(250.7)
Total Assets		7.3	0.1	0.2	7.6	11.2	-	0.1	11.3

(a) Retirement pensions and retirement severance indemnities.
(b) Provident schemes, gratuities, and other post-employment benefits.
(c) Service awards and other long-term benefits.
(d) Including EUR 313.8 million related to the New Suez impact and EUR 96.1 million related to IWS and Suez R&R UK for the fiscal year 2022.
(e) Including EUR 12 million related to the New Suez impact and EUR 104.3 million related to IWS and Suez R&R UK for the fiscal year 2022.

14.2.4 Policy and Strategy for Covering Retirement and Similar Commitments

When defined benefit plans are financially covered, assets are invested through pension funds and/or insurance companies. The allocation between these major categories varies for each plan depending on the investment practices specific to the countries involved. The investment strategies of defined benefit plans aim to strike a balance between return on investment and associated risks.

The investment objectives are:

- To maintain a sufficient level of liquidity to pay retirement pensions or other lump-sum payments.
- Within a controlled risk framework, to achieve a long-term return rate that compensates for the discount rate or, if applicable, is at least equal to future required returns.

When assets are invested through pension funds, the allocations and investment behaviors are determined by the management bodies of these funds. Regarding French plans, when assets are invested via an insurance company, the latter manages the investment portfolio under unit-linked contracts and, where applicable for euro-denominated contracts, guarantees a rate of return on the assets. These diversified funds are characterized by active management referencing composite indices, tailored to the long-term horizon of liabilities, and considering government bonds from the Eurozone as well as stocks of the largest companies within and outside the Eurozone. The only obligation of the insurance company is a minimum fixed return rate in the case of funds in euros.

The coverage of commitments is analyzed as follows:

(in millions of euros)	Present benefit obligation	Fair value of plan assets	Cost of unrecognized past service	Limit on defined benefit assets and supplementary provision	Total net obligation
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 restated	**(343.1)**	**103.8**	**-**	**-**	**(239.3)**
Underfunded plans	(94.0)	65.9	-	-	(28.1)
Overfunded plans	(32.3)	36.4	-	-	4.1
Unfunded plans	(243.1)	-	-	-	(243.1)
Total December 31, 2023	**(369.4)**	**102.3**	**-**	**-**	**(267.1)**

The breakdown of cover assets by major asset categories is as follows:

	2023	2022 Restated
Securities	10%	7%
Bonds	80%	81%
Real Estate	0%	2%
Other (including money market securities)	10%	10%
Total	**100%**	**100%**

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

	Europe	Amérique du Nord	Asie Océanie	Autres
Securities	6.5	0.2	0.0	0.0
Bonds	83.3	0.6	0.0	0.2
Real Estate	1.5	0.1	0.8	0.0
Other (including money market securities)	6.7	0.0	0.1	2.3
Total	**98.00**	**0.90**	**0.90**	**2.50**

14.2.5 Actuarial Assumptions and Sensitivity Analysis

The actuarial assumptions have been determined on a country and company basis, in consultation with independent actuaries.

The weighted average rates are presented as follows:

	Pensions		Other post-employment benefits		Long-term benefits		Total benefit obligation	
	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Discount rate	4.2%	3.7%	3.8%	0.7%	3.7%	2.9%	4.1%	3.5%
of witch Euro Zone	*3.8%*	*3.1%*	-	*0.2%*	-	*2.9%*	*4.1%*	*3.5%*
of witch United Kingdom	*5.4%*	*5.0%*	-	-	-	-	-	-
Estimated future increase in salaries	2.8%	2.4%	2.3%	0.5%	2.0%	1.9%	2.7%	2.2%
Inflation Rate	2.2%	2.1%	2.0%	0.5%	1.9%	1.9%	2.2%	2.1%
of witch Euro Zone	*2.0%*	*1.9%*	*2.0%*	*0.3%*	*1.9%*	*0.1%*	*2.0%*	*0.1%*
of witch United Kingdom	*3.2%*	*3.0%*	-	-	-	-	-	*3.0%*
Average remaining working lives of participating employees	12 years	10 years	11 years	-	6 years	6 years	11 years	8 years

The discount and wage growth rates are presented including inflation.

The discount rate is determined by reference to the yield, as of the valuation date, of bonds issued by top-rated companies, for a term corresponding to the duration of the obligation.

As of December 31, 2023, the rates were determined for each monetary zone (euro and pound sterling) based on data on the yield of high-quality corporate bonds, or on the yield of government bonds for countries where there is no deep market for high-quality corporate bonds. A discount rate curve was selected for each monetary zone and applied to the debt as well as to the components of the current charge (Service Cost and Net Interest).

According to the estimates established by the Group, a variation of plus or minus 1% in the discount rate would result in a variation of the actuarial debt of approximately 11%.

The inflation rates were determined for each monetary zone. A variation in the inflation rate of plus or minus 1% would result in a variation of the actuarial debt of 10%.

14.2.6 Geographic Distribution of Liabilities

In 2023, the geographic distribution of the main liabilities and the actuarial assumptions (including inflation) related to them are as follows:

	Euro Zone		United Kingdom		Rest of the World	
(in millions of euros)	**Pensions**	**Other benefit obligations**	**Pensions**	**Other benefit obligations**	**Pensions**	**Other benefit obligations**
Funded status [(a)]	(201.7)	(41.8)	(8.1)	-	(18.0)	(2.8)
Discount rate	3.8%	0.9%	5.4%	-	3.5%	4.6%
Estimated future increase in salaries	2.0%	1.9%	4.2%	-	4.0%	5.3%
Inflation Rate	2.0%	2.0%	3.2%	-	0.5%	2.5%
Average remaining working lives of participating employees	12 years	9 years	12 years	0 years	11 years	12 years

(a) Net obligations correspond to the difference between the actuarial liability and the fair value of the coverage assets.

The net retirement obligations "rest of the world" particularly concern Asia.

14.2.7 Expected Payments in 2024

The Group anticipates making contributions to funds and direct benefits to beneficiaries totaling approximately EUR 19.6 million during the fiscal year 2024 for its defined benefit plans.

14.3 Defined Contribution Plans

In 2023, the Suez Group recorded an expense of EUR 2.5 million (EUR 2.3 million in 2022) for defined contribution plans within the Group. These contributions are presented in the "personnel expenses" in the income statement.

Note 15 Share based payments

IFRS 2 prescribes accounting for services received from employees, compensated by granting equity-settled share-based payments. Share-based payments can be settled either in equity instruments or in cash. In the case of settlement in equity, the services received are measured by reference to the fair value of the equity instruments granted.

Share-based payments within the Group consist of stock option plans and employee stock ownership plans, which are settled in cash. Their fair value is recognized as an expense over the vesting period in exchange for a liability to employees. The change in fair value of the liability is recognized in the income statement each period.

The amounts recognized for share-based payments are as follows:

	(Expense) for the period	
(in millions of euros)	December 31, 2023	December 31, 2022 restated
Free share allocation plans	(14.3)	(3.2)
Employees share issues	(13.3)	(36.6)
Total	(27.6)	(39.8)

15.1 Stock-Based Compensation Plans

The expense recognized as of December 31, 2023, for the stock-based compensation plans - recorded as personnel expenses in the consolidated income statement - is broken down as follows:

	(Expense) for the period	
(in millions of euros)	December 31, 2023	December 31, 2022 restated
Free share allocation plan 2022	(9.4)	(3.2)
Free share allocation plan 2023	(4.9)	-
Total	(14.3)	(3.2)

The Board of Directors of Suez S.A. on July 20, 2022, utilizing the delegation granted by the General Meeting on June 28, 2022, decided to grant performance-based free 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 case of outperformance), subject to a condition of presence and several performance conditions.

The definitive acquisition of these shares can only take place at the end of a three-year acquisition period (from the date of the Board of Directors' decision to implement the plan), followed by a two-year retention period from the date of delivery of the shares. The number of shares definitively acquired will depend on the fulfillment of various performance conditions assessed over 3 years:

- - Financial performance conditions (EBITDA and Free Cash Flow evolution) for 80%
- - 3 conditions related to Corporate Social Responsibility for 20%.

The Board of Directors of Suez S.A. on July 19, 2023, utilizing the delegation granted by the General Meeting on June 15, 2023, decided to grant performance-based free shares to certain employees and/or corporate officers of Suez group companies. This plan covers a maximum number of 23,531,944 shares (which may be increased to a maximum of 30,808,796 shares in case of outperformance), subject to a condition of presence and several performance conditions.

The definitive acquisition of these shares can only take place at the end of a three-year acquisition period (from the date of the Board of Directors' decision to implement the plan), followed by a two-year retention period from the date of delivery of the shares.

The number of shares definitively acquired will depend on the fulfillment of various performance conditions assessed over 3 years:

- - Financial performance conditions (EBITDA and Free Cash Flow evolution) for 80%
- - 3 conditions related to Corporate Social Responsibility for 20%.

Furthermore, it was decided to grant free shares subject solely to presence conditions:

- Decision by the Board of Directors of Suez S.A. dated July 20, 2022, to grant, in favor of a designated beneficiary, 2,542,668 free shares, the acquisition of which is subject to a presence condition: (i) one year from the date of allocation for 1,543,692 shares, and (ii) two years from the date of allocation for 998,976 shares.
- Decision dated July 5, 2023, by the CEO acting under the sub-delegation of authority granted by the Board of Directors on February 7, 2023, to grant 500,000 free shares of the Company to a designated beneficiary. The definitive acquisition of these shares can only take place at the end of a one-year acquisition period from the date of allocation of the plan.
- Decision by the Board of Directors of Suez S.A., dated July 19, 2023, to grant:
    - 750,000 free shares to certain employees in the United Kingdom, the acquisition of which is subject to a presence condition of two years.
    - 175,926 free shares to an employee, the acquisition of which is subject to a presence condition extending until November 1, 2023.

The movements recorded during the fiscal year related to these free share grant plans are as follows:

	Free share allocation plan 2022	Free share allocation plan 2022 key executive [(a)]	Free share allocation plan 2023	Free share allocation plan 2023 key executive [(a)]	Total
Number of shares at January 1, 2022	**-**	**-**	**-**	**-**	**-**
Number of shares awarded during the year	19,008,814	2,542,668	-	-	21,551,482
Number of shares delivered during the year	-	-	-	-	-
Number of shares concelled during the year	(523,099)	-	-	-	(523,099)
Number of shares at December 31, 2022	**18,485,715**	**2,542,668**	**-**	**-**	**21,028,383**
Number of shares awarded during the year	-	-	24,457,941	500,000	24,957,941
Number of shares delivered during the year	(18,000)	(1,543,692)	-	-	(1,561,692)
Number of shares concelled during the year	(1,916,500)	-	(808,335)	-	(2,724,835)
Number of shares at December 31, 2023	**16,551,215**	**998,976**	**23,649,606**	**500,000**	**41,699,797**

(a) These are the LTI plans dedicated to executive officers.

The liquidity of the shares, upon delivery, will be provided by Suez S.A. These plans are classified, according to IFRS 2, as cash-settled plans. Consequently, the group recognizes a personnel expense over the vesting period in exchange for a liability measured at fair value at the grant date and at each reporting date until settlement, with the change in fair value of the liability recognized in profit or loss.

The expense and the liability recognized at December 31, 2023, amount to EUR 14.3 million including social charges (EUR 12.3 million excluding social charges) and EUR 17.5 million, based on a fair value of the share estimated at EUR 1.08 as of December 31, 2023.

In terms of sensitivity, a +10% variation in the fair value of all instruments would increase the liability by EUR 1.8 million as of December 31, 2023.

15.2 Employee Share Ownership Plans

The charge recognized as of December 31, 2023, for the employee share ownership plans is broken down as follows:

(in millions of euros)	(Expense) for the period December 31, 2023	December 31, 2022 restated
(i) GO SUEZ Plan - Reinvest formula	(4.3)	(12.6)
(ii) GO SUEZ Plan - Classique formula	(1.4)	(7.0)
(iii) GO SUEZ Plan - Multiple formula	(7.6)	(16.9)
Total	**(13.3)**	**(36.6)**

As a reminder, as part of the implementation of an employee share ownership plan during the 2022 fiscal year, the Board of Directors of Suez S.A. decided on July 17, 2022, to proceed with a capital increase for employees and executive officers of the group by issuing new ordinary shares, along with different forms of employee share ownership plans, the issuance of free preference shares (hereinafter "ADP"), or stock subscription warrants (hereinafter "BSA").

Employees' investments are made through the Go Suez Employee Mutual Fund (hereinafter the "FCPE").

The main characteristics of the plans implemented, and the issuances 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

To enable the FCPE to meet early release cases and, if necessary, to repurchase available assets, Suez S.A. has committed to providing liquidity to the FCPE by repurchasing all securities and ordinary shares that may result from the conversion of the issued instruments.

This plan is classified, according to IFRS 2, as a cash-settled plan. Consequently, the group recognizes a personnel expense in exchange for a liability evaluated at fair value, which is revalued at each closing until the settlement date, with the change in fair value of the liability recognized in the income statement.

As a reminder, as of December 31, 2022, with subscription periods ending on December 8, 2022, the group recognized the following impacts for these employee share ownership plans:

- Recognition of personnel expense for cash discounts, cash matching contributions provided by the employer, as well as free preference shares and stock subscription warrants allocated.
- Recognition of a receivable for subscriptions not yet paid in cash (Go Suez Classic and Go Suez Multiple), with the subscription amount for Go Suez Reinvest being recorded as cash.
- Recognition of a liability (social debts) corresponding to the number of instruments issued evaluated at their fair value at the closing date (fair value of an ordinary share estimated at EUR 1 and fair value of a preference share and a stock subscription warrant estimated at EUR 0.2442).

The liability recognized as of December 31, 2022, amounted to EUR 173.6 million.

As of December 31, 2023, the Group revalued this liability to account for the change in fair value of the instruments at the closing date (fair value of an ordinary share estimated at EUR 1.08, fair value of a preference share estimated at €0.2637, and fair value of a stock subscription warrant estimated at EUR 0.2637), and the number of instruments in circulation at the closing date. The expense and the liability recognized as of December 31, 2023, amounted to EUR 13.3 million and EUR 181.5 million, respectively.

In terms of sensitivity, a +10% variation in the fair value of all instruments would increase the liability by EUR 18.2 million as of December 31, 2023.

Note 16 Related party transactions

The significant transactions between the Group and its related parties are presented in accordance with the revised IAS 24 standard, titled "Related Party Disclosures".

16.1 Transactions with shareholders

As of December 31, 2023, the transactions carried out with Suez Holding company correspond to cash current accounts of EUR 121.3 million, resulting in an interest payment of EUR 3.6 million for the fiscal year 2023.

No other significant transactions were recorded for the year 2023.

16.2 Transactions with joint ventures, joint operations, and associated companies

These transactions involve dealings with associated companies and joint ventures of the Suez group. The amounts of transactions carried out during the 2023 fiscal year with these companies are presented below:

(In millions of euros)	December 31, 2023		December 31, 2023
Transactions with associates		**Transactions with joint-ventures**	
Profit / (losses)	**22,4**	**Profit / (losses)**	**(31,8)**
SARDI	11,7	France Plastique Recyclage	5,5
SEN'EAU	6,2	Nanchang Shuanggang Water Supply	(1,7)
Green Metals	3,9	Boarding Sino French Municipal Engineering	(5,5)
Roanne Bioenergie	2,5	Zhongshan Municipal Dafeng Water Supply	(7,2)
Aquasure Holding	2,1	STV TRI	(9,3)
Biosynergy	(1,6)	Tianjin Sino French Environmental Services	(13,5)
Shanghai Chemical industry Park AnYo	(5,7)	Autres	(0,2)
Autres	(2,2)		
Receivables / Payables	**70,7**	**Receivables / Payables**	**39,9**
Aquasure Holding	30,3	France Plastique Recyclage	22,7
SCIP SITA Waste Services Co. Ltd.	15,8	Re-Source Industries Holding	14,1
SEN'EAU	11,8	Panjin Sino French Water Supply	0,9
SARDI	2,7	Qingdao Sino French Company	0,7
Roanne Bioenergie	2,4	DropMi	0,5
Wuhan Sino French Water Company	1,7	Autres	1,0
Biosynergy	1,6		
Autres	4,5		
Liabilities	-	**Liabilities**	**0,5**
		Autres	0,5

16.3 Transactions with key executives

The key executives refer to the members of the board of directors and/or the executive committee of Suez S.A. who served during the fiscal year 2023.

(in millions of euros)	December 31, 2023	December 31, 2022 restated
Remuneration paid (including allowances)	(8.8)	(2.3)
Avantages en nature	-	-
End of term benefit	-	-
Post-employment benefits (a)	**(8.8)**	**(2.3)**
Post employment benefit	(0.3)	(0.3)
Free shares	(4.6)	(0.3)
Other benefits due to the key executives	**(4.9)**	**(0.6)**

It should be noted that a charge of EUR 6.0 million was also recorded for variable remunerations provisioned as of December 31, 2023.

The key executives present as of December 31, 2023, hold 9,773,520 performance share awards, the acquisition conditions of which are detailed in Note 15.1.

There are no service transactions between the key executives and the entities of the group.

Note 17 Subsequent events

No significant event occurring after the closing date have to be mentioned.

Note 18 AList of the main consolidated companies as at December 31, 2023

The list of entities presented below includes the main holding and operational entities by geographical zone and activities.

The entities listed below cover more than 80% of the following indicators: Revenue, EBITDA, Net profit attributable to the Group, and Net debt.

SUEZ

Names	Headquarters adress	% d'interest Dec 2023	% d'interest Dec 2022 restated	% control Dec 2023	% control Dec 2022 restated	Consolidation methods [(a)] Dec 2023	Consolidation methods [(a)] Dec 2022 restated
Holdings							
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	100,0	100,0	FC	FC
France - Water and Recycling & Recovery							
SUEZ Eau France (et ses filiales)	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100,0	100,0	100,0	100,0	FC	FC
SUEZ R&V France (et ses filiales)	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100,0	100,0	100,0	100,0	FC	FC
IWS France (et ses filiales)	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	100,0	100,0	100,0	100,0	FC	FC
United Kingdom - Recycling & Recovery							
SUEZ Advanced Solutions Holdings UK Ltd	190 Aztec West, Almondsbury BS32 4TP Bristol - Royaume Uni	100,0	100,0	100,0	100,0	FC	FC
SUEZ Recycling and Recovery Holdings UK Ltd	Grenfell road, Maidenhead, Berkshire SL6 1ES - Royaume-Uni	100,0	100,0	100,0	100,0	FC	FC
Europe (excluding United Kingdom) - Water							
ACEA Spa	P.le Ostiense, 2 - 00154 Roma - Italie	23,3	23,3	23,3	23,3	EM	EM
Nuove Acque	Via Montefalco, 55 - 52100 Arezzo - Italie	28,2	28,2	46,2	46,2	FC	FC
Ostravske vodarny a kanalizace, as	Nadrazni 3114/28 - 729 71 Ostrava Moravska Ostrava - République Tchèque	50,1	50,1	50,1	50,1	FC	FC
AquaRD SP.Z O.O.	UL Zlota 61 Warszawa - Pologne	100,0	100,0	100,0	100,0	FC	FC
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	100,0	100,0	FC	FC
Sino French Water Development Company Ltd	Room 701, 7/F, Lee Garden Two 28 Yun Ping Road - Hong-Kong - Chine	100,0	100,0	100,0	100,0	FC	FC
Sociedade de Abastecimento de Aguas de Macau	718 avenida do Conselheiro borja, Macao - Chine	85,0	85,0	85,0	85,0	FC	FC
Chongqing Derun Environment Company Limited	No. 20-1, Block 3, 101 Cypress Road Springfield Road Chongqing - Chine	25,1	25,1	25,1	25,1	EM	EM
SUEZ Water Treatment Company Limited	Room No. 118, Building 23, No.31 North Third Ring Road, Haidian District, Beijing - Chine	100,0	100,0	100,0	100,0	FC	FC
Shangai Chemical Industrial Park Company Limited	No. 168, Mu Hua Road, Shanghai Chemical Industry Park, 201507 Shangai - Chine	50,0	50,0	50,0	50,0	FC	FC
World's other - Water and Recycling & Recovery							
SUEZ ANZ Holdings Pty Ltd (et ses filiales)	3, 3 Rider Boulevard, 2138 Rhodes NSW - Australie	100,0	100,0	100,0	100,0	FC	FC
SUEZ India Private Limited	Unitech Business Park, Tower A, 2nd Floor, South City 1, 122001 Gurgaon - Inde	99,9	99,9	99,9	99,9	FC	FC
Gandharbpur Water Treatment SNC	Tour CB21, 16 Place de l'Iris, 92400 Courbevoie - France	99,0	99,0	99,0	99,0	FC	FC
Umzwilili Environmental Solutions Proprietary Ltd	Central Office Park N°4, 257 Jean Avenue Centurion - 0157 Gauteng - Afrique du Sud	51,0	51,0	51,0	51,0	FC	FC
Enviroserv Holdings Pty Ltd (et ses filiales)	Central Office Park N°4, 257 Jean Avenue Centurion - 0157 Gauteng - Afrique du Sud	51,0	51,0	51,0	51,0	FC	FC
SUEZ Services Maroc	20 Boulevard Rachidi - Casablanca Maroc	100,0	100,0	100,0	100,0	FC	FC
Sen'Eau - Eau du Sénégal	Centre de Hann, Route du Front de Terre BP 4945 - Dakar - Sénégal	45,0	45,0	45,0	45,0	EM	EM
Consulting							
Safège	15, rue du Port, 92022 Nanterre - France	100,0	100,0	100,0	100,0	FC	FC

(a) FC: Full Integration, EM: Equity method

Note 19 Fees of Statutory Auditors and Members of their Networks

The fees of the statutory auditors and members of their networks for the financial year are presented as follows:

	Ernst & Young								Mazars							
	2023				2022				2023				2022			
	Ernst & Young Audit		Network		Ernst & Young Audit		Network		Mazars S.A.		Network		Mazars S.A.		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	627	92%			1,297	80%			758	22%			925	28%		
Fully consolidated subsidiaries and joint operations			3,431	78%			3,133	84%	2,385	70%	1,220	99%	1,956	58%	1,107	100%
Other services																
SUEZ SA	55	8%			325	20%			40	1%			339	10%		
Fully consolidated subsidiaries and joint operations			957	22%			609	16%	210	6%	14	1%	128	4%	4	0%
Total	682	100%	4,388	100%	1,622	100%	3,742	100%	3,394	100%	1,234	100%	3,348	100%	1,111	100%

Services other than the audit of financial statements provided during the fiscal year to the company and the entities it controls include verification work on CSR (Corporate Social Responsibility) information, capital operations, tax filing, and various attestations.