HOLDING D’INFRASTRUCTURES DES METIERS DE L’ENVIRONNEMENT

Société par actions simplifiée

11, Chemin de Bretagne

92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2023

This is a translation into English of the statutory auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors’ report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG S.A.
Tour Eqho
2, avenue Gambetta
CS 60055
92006 Paris-La Défense Cedex
S.A. au capital de € 5 497 100
775 726 417 RCS Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre
Société de Commissariat aux Comptes
inscrite à la Compagnie Régionale de
Versailles et du Centre

HOLDING D'INFRASTRUCTURES DES METIERS DE L'ENVIRONNEMENT

Société par actions simplifiée

11, Chemin de Bretagne

92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2023

To the shareholders of HOLDING D'INFRASTRUCTURES DES METIERS DE L'ENVIRONNEMENT,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of HOLDING D'INFRASTRUCTURES DES METIERS DE L'ENVIRONNEMENT for the year ended December 31st, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2023 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Goodwill, which at December 31, 2023 had a net book value of €1,549 million, has been tested for impairment as described in note 5 to the consolidated financial statements;
- A provision for renewals has been set aside (€62 million at December 31, 2023) in accordance with the procedures described in note 13.1 to the consolidated financial statements;
- Revenue recognition related to water distribution estimated in accordance with the procedures presented in Note 20 to the consolidated financial statements.

Our work consisted of assessing the appropriateness of these methods, evaluating the data and hypothesis on which the estimates used were based and verifying the appropriateness of the disclosures given in the notes to the consolidated financial statements.

Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Chairman.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris-La Défense, March 27, 2024

The Statutory Auditors

French original signed by

KPMG S.A.	**Deloitte & Associés**
Bertrand de NUCÉ	Xavier LEFEVRE

HIME Group

Consolidated financial statements
as of
December 31, 2023

(IFRS standards)

Consolidated statement of financial position

ASSETS			
Goodwill	**5**	1 549 384	1 538 416
Intangible fixed assets	**4**	997 375	931 439
Tangible fixed assets	**6**	330 465	289 919
Rights of use	**7**	106 492	95 765
Interests in joint ventures and in equity affiliates	**8**	134 580	137 463
Non-current financial assets	**9**	31 375	30 676
Non-current derivative financial instruments assets	**26**	596	1 658
Deferred tax assets	**18**	4 771	5 369
NON-CURRENT ASSETS		**3 155 038**	**3 030 705**
Inventories and work in progress	**10**	63 734	46 242
Trade receivables and related accounts	**10**	1 475 223	1 405 019
Other current assets	**10**	168 370	139 492
Current derivative financial instruments assets	**26**	1 505	1 283
Cash and cash equivalents	**11**	323 587	278 206
CURRENT ASSETS		**2 032 419**	**1 870 242**
TOTAL ASSETS		**5 187 457**	**4 900 947**
LIABILITIES			
Share capital	**12.1**	544 842	538 802
Share premiums		1 442 953	1 448 993
Consolidated reserves	**12.2**	(837 590)	(865 516)
Profit (loss) for the period		(56 596)	26 933
Foreign exchange reserve	**12.3**	(6 523)	(3 473)
SHAREHOLDER EQUITY (Group share)		**1 087 086**	**1 145 740**
Non-controlling interests		35 661	39 680
SHAREHOLDER EQUITY		**1 122 746**	**1 185 420**
Non-current provisions	**13.1**	118 575	118 997
Provisions for pensions and post-employment benefits	**14**	46 805	46 490
Non-current financial liabilities	**15**	1 273 183	983 534
Non-current lease liabilities	**15**	70 672	62 679
Other non-current liabilities		148 038	96 980
Non-current derivative financial instruments liabilities	**26**	8 734	185
Deferred tax liabilities	**18**	59 352	65 286
NON-CURRENT LIABILITIES		**1 725 359**	**1 374 151**
Current provisions	**13.2**	9 742	16 715
Current financial liabilities	**15**	160 519	166 888
Current lease liabilities	**15**	36 191	32 817
Cash liabilities	**11**	16 665	36 471
Other current liabilities	**16**	2 115 710	2 088 211
Current Derivative financial instruments liabilities	**26**	525	275
CURRENT LIABILITIES		**2 339 352**	**2 341 377**
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		**5 187 457**	**4 900 947**

Consolidated income statement

In thousands of euros	Notes	31 December 2023	31 December 2022
REVENUE	3 - 20	2 091 867	1 934 751
Other income from ordinary activities	20	38 500	20 207
INCOME FROM ORDINARY ACTIVITIES		**2 130 368**	**1 954 959**
Purchases		(997 923)	(804 679)
Personnel expenses		(680 968)	(619 875)
External expenses		(168 312)	(209 835)
Taxes and duties		(24 987)	(25 041)
Net depreciation		(186 153)	(149 927)
Amortisation of intangible assets recognised in respect of business combinations		(32 602)	(33 331)
Net provisions		10 437	36 850
Other current operating income and expenses	21	(63 461)	(97 338)
CURRENT OPERATING PROFIT (LOSS)	22	**(13 602)**	**51 782**
Profit (loss) from asset disposals		(3 307)	7 350
Other non-recurring operating income and expenses	23	(3 527)	(50 732)
OPERATING PROFIT (LOSS)		**(20 435)**	**8 399**
Share of net income of equity-accounted companies in the extension of the Group's operations	8	9 143	7 724
OPERATING PROFIT (LOSS) after share of net income of equity-accounted companies in the extension of the Group's activity		**(11 292)**	**16 124**
Net borrowing cost	24	(27 769)	(16 435)
Other net financial income (expenses)	24	(10 307)	5 620
FINANCIAL PROFIT (LOSS)		**(38 076)**	**(10 815)**
Corporate income tax	25	(5 324)	(4 619)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(54 692)**	**689**
Net income from discontinued operations (a)	19		22 205
NET PROFIT (LOSS)		**(54 692)**	**22 894**
Net income - Group share		**(56 596)**	**26 933**
Net income - Share of non-controlling interests		**1 905**	**(4 039)**

(a) Leisure operating segment companies are presented in discontinued operations in December 2022, see Note 19.

Statement of comprehensive income

In thousands of euros	31 December 2023	31 December 2022
NET PROFIT (LOSS) FOR THE PERIOD	**(54 692)**	**22 894**
Change in fair value of derivative financial instruments	(2 768)	5 026
Deferred taxes on the above item	197	(1 138)
Foreign exchange gains and losses	(3 153)	(703)
Total other comprehensive income recyclable to profit or loss	**(5 724)**	**3 185**
Actuarial gains and losses on employee benefits	1 403	9 416
Deferred taxes on the above items	(232)	(2 376)
Total other comprehensive income not recyclable to profit or loss	**1 171**	**7 040**
Total other comprehensive income	**(4 553)**	**10 225**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(59 245)**	**33 119**
of which Group share	(61 217)	36 781
portion attributable to non-controlling interests	1 972	(3 662)

Statement of changes in consolidated shareholder equity

In thousands of euros	HIME share capital	Premiums	Consolidated reserves	Fair value reserves	Translation reserves	Shareholder equity (Group share)	Non-controlling interests	Total shareholder equity
TOTAL SHAREHOLDER EQUITY AT 01/01/2022	**491 664**	**1 296 528**	**(871 823)**	**(639)**	**(6 034)**	**909 696**	**45 492**	**955 188**
Other comprehensive income, net of taxes			6 885	3 882	(920)	**9 847**	378	**10 225**
Profit (loss) for the period			26 933			**26 933**	(4 039)	**22 894**
Comprehensive income			**33 819**	**3 882**	**(920)**	**36 781**	**(3 662)**	**33 119**
Capital increase	47 138	152 946				**200 084**	3 148	**203 232**
Change in scope			(3 780)		3 481	**(299)**	(3 527)	**(3 826)**
Other changes (a)		(481)	(41)			**(522)**	(11)	**(533)**
Dividends paid to non-controlling interests							(1 760)	**(1 760)**
TOTAL SHAREHOLDER EQUITY AT 31/12/2022	**538 802**	**1 448 993**	**(841 825)**	**3 243**	**(3 473)**	**1 145 740**	**39 680**	**1 185 420**
TOTAL SHAREHOLDER EQUITY AT 01/01/2023	**538 802**	**1 448 993**	**(841 825)**	**3 243**	**(3 473)**	**1 145 740**	**39 680**	**1 185 420**
Other comprehensive income, net of taxes			997	(2 568)	(3 050)	**(4 621)**	68	**(4 553)**
Profit (loss) for the period			(56 596)			**(56 596)**	1 904	**(54 692)**
Comprehensive income			**(55 599)**	**(2 568)**	**(3 050)**	**(61 217)**	**1 972**	**(59 245)**
Capital increase	6 040	(6 040)						
Change in scope			641			**641**	(5 569)	**(4 928)**
Other changes (a)			1 922			**1 922**	3	**1 925**
Dividends paid to non-controlling interests							(425)	**(425)**
TOTAL SHAREHOLDER EQUITY AT 31/12/2023	**544 842**	**1 442 953**	**(894 862)**	**675**	**(6 523)**	**1 087 085**	**35 661**	**1 122 746**

(a) Including the impact in 2023 of -€0.6 million in treasury shares and +€2.5 million related to the IFRS 2 expense on the allocation of free shares and the impact in 2022 of -€0.7 million in treasury shares

Consolidated statement of cash flows

In thousands of euros	Notes	31 December 2023	31 December 2022
A – OPERATING ACTIVITIES			
Consolidated net income		(54 692)	22 894
Share of net income of joint ventures, net of dividends received		(1 855)	(1 020)
Net allowances for amortisation, depreciation and provisions		216 473	181 776
Change in deferred taxes		(8 078)	(7 697)
Profit (loss) on disposal of assets		3 222	(25 053)
Investment grants		(1 525)	(1 336)
Other components	(b)	6 588	15 007
Net borrowing cost		23 033	13 791
Taxes		13 401	12 962
Cash flow from operating activities before change in working capital requirements and income taxes paid		**196 568**	**211 325**
Change in working capital requirements	17	(92 740)	71 497
Income taxes paid		(9 543)	(13 948)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)		**94 285**	**268 873**
Of which NET CASH FLOWS FROM CONTINUING OPERATIONS		**94 285**	**259 935**
Of which NET CASH FLOWS FROM DISCONTINUED OPERATIONS	**(a)**		**8 938**
B – INVESTING ACTIVITIES			
Purchase costs of intangible and tangible assets	3	(212 021)	(184 807)
Disposal price of intangible and tangible assets		3 225	2 397
Net debt on intangible and tangible assets held		(3 905)	(2 265)
Subtotal of cash flows from intangible and tangible assets		**(212 702)**	**(184 675)**
Purchase costs of non-consolidated securities and other long-term investments		131	486
Proceeds from the sale of non-consolidated securities and other long-term investments		2 112	139
Dividends received from non-consolidated companies		580	470
Subtotal of cash flows from non-consolidated securities and other long-term investments		**2 823**	**1 095**
Purchase costs of consolidated securities		(24 591)	(393 182)
Disposal price of consolidated securities			45 027
Net debt on consolidated securities			(880)
Changes in cash flow related to purchase costs of consolidates securitites		1 085	35 869
Subtotal of cash flows from consolidated securities		**(23 506)**	**(313 167)**
Change in other financial assets		(939)	(659)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)		**(234 324)**	**(497 405)**
Of which NET CASH FLOWS FROM INVESTING ACTIVITIES IN CONTINUING OPERATIONS		**(234 324)**	**(535 403)**
Of which NET CASH FLOWS FROM INVESTING ACTIVITIES IN DISCONTINUED OPERATIONS	**(a)**		**37 998**
C – FINANCING ACTIVITIES			
Increase/decrease in share capital of HIME		0	200 084
Dividends paid to non-controlling interests		(425)	(1 760)
Other changes in equity			3 148
Change in financial liabilities	15.4	265 815	116 224
Repayments of lease liabilities	15	(48 039)	(42 897)
Interest (paid) received - excluding lease liabilities		(10 602)	(12 495)
Financial interest on lease liabilities		(2 061)	(1 879)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)		**204 686**	**260 425**
Of which NET CASH FLOWS FROM FINANCING ACTIVITIES IN CONTINUING OPERATIONS		**204 686**	**262 097**
Of which NET CASH FLOWS FROM FINANCING ACTIVITIES IN DISCONTINUED OPERATIONS	**(a)**		**(1 672)**
D – IMPACT ON CASH FLOWS OF EXCHANGE RATE FLUCTUATIONS		**539**	**(3 804)**
CHANGE IN CASH FLOW (A+B+C+D)		**65 187**	**28 089**
Opening cash position		241 735	213 646
Net cash flows for the year		65 187	28 089
Closing cash position	**11**	**306 922**	**241 735**

a) Net cash flows in discontinued operations relate to the Leisure activity for the period ended December 31, 2022
(b) The other components relate mainly to the derivative financial instruments fair value for the period ended December 31, 2023

Notes appended to the consolidated financial statements

General company information

As an exclusive player in water and essential water services, the Group works to protect the environment at the heart of the regions it serves. The Saur Group has always acted to offer an equal quality of service to small communities as to large cities, guided by its mission: defend water. Internationally, the Group is present in Saudi Arabia, Cyprus, Spain, the United States, the United Kingdom, Italy, the Netherlands, Poland and Portugal, the United Arab Emirates, Finland, Sweden, Singapore, Chile, Germany and Belgium.

HIME (Holding d'Infrastructures des Métiers de l'Environnement), parent company of Saur Group, is a French simplified joint-stock company (*SAS*), registered in France under number RCS 495137077, created on March 29, 2007.
The consolidated financial statements for the 2022 financial year were approved by the Chairman of HIME on March 27, 2024.

Note 1 – Key events for 2023 and post-balance sheet events

1.1 – Key events

Indirect entry of PGGM and DIF Capital Partners into the capital of HIME, head of the Saur Group

In order to guarantee long-term stability and additional investment capacity for Saur Group's growth, EQT Infrastructure has sold to PGGM and DIF Capital Partners 50% of its indirect stake in HIME, the parent company of the SAUR Group. EQT is and will remain a key shareholder of the Saur Group to continue to support value creation in the years to come.

PGGM and DIF Capital Partners, respectively one of the largest pension funds in the Netherlands and a specialized infrastructure fund, share Saur's values and vision and will commit to supporting Saur's development over the long term to accelerate its growth and development.

A capital increase of €6 million has been carried out on June 6, 2023 by way of incorporating the premiums to capital.

Issue of €300 million sustainability-linked bond on April 6, 2023

The Group issued a €300 million sustainability-linked bond, a further step in aligning the company's ESG and financing strategies. The bond, issued at a price of 99.603 %, has an annual coupon of 4.5% and is rated BBB-/Stable by S&P and Fitch, in line with the company ratings. With a significant level of oversubscription (close to 3x), the transaction confirms once again the resilience of the Group's business profile in a difficult economic climate. The proceeds of the bond will be used for general corporate purposes including the repayment of existing drawn down revolving credit facility.

1.2 – Reminder of key events 2022

Acquisition of Aqua-Chem in 2022

The acquisition and taking control of the Aqua-Chem Group completed on May 18, 2022.

Based in Knoxville, Tennessee (USA), Aqua-Chem is a company specialized in water purification, with market leading technologies in vapor compression distillers, reverse osmosis, pure steam generation and pre- treatment solutions. Aqua-Chem primarily targets the North American market, which generates around 70% of its revenues. The company employs 165 people worldwide and works with a highly diversified customer base of more than 300 customers across its four end markets: pharmaceuticals and biotechnology, beverage production, energy and military.

The Group acquired 100% of Aqua-Chem Group which is fully consolidated in the Group's financial statements since May 18, 2022 for €152.6 million.

Goodwill allocation

After allocation to the identified assets and liabilities and taking into account the final valuation of the land and buildings, the final goodwill amounts to €84.4 million at December 31, 2023 (detailed in Note 5.2).

Acquisition of the European division of Veolia Mobile Water Services (MWS) in 2022

The acquisition of the European division of Mobile Water Services (MWS) completed on November 30, 2022.

Preliminary goodwill :

Goodwill at the end of 2023 remains preliminary and amounts to €151.3 million at December 31, 2023 after preliminary recognition of acquired customer relationships (detailed in Note 5.2). The allocation of preliminary goodwill will be completed during the first half of 2024, with a potential impact on the amount of goodwill currently recognised.

Sale of golf business (Leisure activity) in 2022

On February 15, 2022, the Group announced it signed a contract to sell Blue Green, its golf business, to Group Duval. This deal was completed on June 29, 2022.

The consideration price of Blue Green amounted to €10 million. The net loss of €3.6 million resulting from the disposal and related costs is recognized in "Net income from discontinued operations" in the income statement as at December 31, 2022.

Conflict in Eastern Europe

Since the emergence of the conflict in Eastern Europe, the Group has been closely monitoring developments. These activities are not significant at December 31, 2022 and December 31, 2023.

Aguas do Sado concession in Portugal

A 25-year concession contract ended on December 31, 2022 and will not be renewed. The municipality of Setubal and the concessionaire Águas do Sado have failed to define the terms of the contract's termination and have made arbitration requests. At December 31, 2022, €12.6 million performance bond payment instruction triggered to recognize a non-recurring cost in "Other non-recurring operating income and expenses" in the consolidated Group income statement.
The arbitration court did not Issue any ruling in 2023.

Virtual Power Purchase Agreement

The Group signed on July 20, 2022, a Virtual Power Purchase Agreement (VPPA), as part of its sustainability strategy, with a Spanish solar farm. The impacts on the Group's financial statements as of December 31, 2023 are described in Note 26.3.

1.3 – Subsequent events

The Group is entering a new phase of transformation, with the aim of accelerating synergies from both technical and geographical perspective.

On January 1,2024, the water France segment was reorganised, with the activities of the French overseas territories transferred to the Water International segment.

On January 16, 2024, Saur Group announced the acquisition of Natural Systems Utilities (NSU) for $50.9 million, a leading provider of turnkey water treatment and Treated Wastewater Reuse (TWR) solutions in the United States with over 270 systems currently in service.

On February 2, 2024, Saur Group is expanding its activities in Poland with the acquisition of Ekos Poznań for €16 million. Ekos Poznań is a leading company that will bring its expertise in separator maintenance, sewer network cleaning and wastewater treatment facilities.

No other significant post-closing events have occurred since December 31, 2023.

Note 2 – Accounting Rules and Methods

2.1 – Financial reporting framework

The consolidated financial statements for the year ended December 31, 2023 are produced in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable as of December 31, 2023.
These standards and interpretations are consistently applied to the financial years presented, with the exception of the items mentioned below in paragraph 2.1.1.

2.1.1 – Main compulsory standards, amendments, and interpretations applicable from January 1, 2023

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

► IFRS 17 and related amendments – Insurance Contracts
► IFRS 17 and IFRS 9 - Initial Application of IFRS 17 and IFRS 9 – Comparative Information
► amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

► amendments to IAS 8 – Definition of accounting estimates
► amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
► amendments to IAS 12 - Income taxes: International Tax Reform – Pillar Two Model Rules.

The OECD reform establishing a minimum country tax of 15% for large companies with a turnover of at least €750 million (Pillar 2 rules) has been transposed into an EU directive and French national legislation, in force since January 1, 2024.
As the Group has annual turnover in excess of €750 million and entities located in at least two countries, the group will be affected by the GloBE declaration. The Group is currently analysing the impact of the global minimum tax.

The exception for non-recognition of deferred tax relating to Pillar 2, permitted by the draft amendment to IAS 12 "Income Taxes" approved by the IASB in May 2023, has been applied by the Group.

The other standards, amendments, and interpretations that came into force on January 1, 2023 did not have a significant impact on the Group's financial statements.

2.1.2 – Main compulsory standards, amendments, and interpretations applicable from January 1, 2024 subject to adoption by the European Union

The Group has not opted for the early adoption of any of the new standards and interpretations referred to below that were not mandatory as of January 1, 2023:
► amendment to IAS 7 and IFRS 7 – Supplier finance arrangements
► amendment to IFRS 16 – Lease liability in a sale and leaseback
► amendment to IAS 1 – Classification of liabilities as Current or Non-current
► amendment to IAS 1 – Non-current Liabilities with Covenants

A study of the impacts and practical consequences of applying these provisions is underway. The Group does not anticipate any significant impact from these new standards, amendments and interpretations.

2.2 – Principles used when preparing the financial statements

General principles
The financial Instruments are presented at historical cost, except for assets and liabilities held for sale that are measured in accordance with IFRS 5 and financial instruments that are recorded in accordance with the treatment of various categories of financial assets and liabilities defined in IFRS 9.

Basis of preparation
The consolidated financial statements are presented in thousands of euros, unless stated otherwise.

The consolidated financial statements include the financial statements of HIME, the entities it controls (its subsidiaries) and those over which it exercises considerable influence. The financial statements of the subsidiaries are prepared for the same reference period as those of the parent company, from January 1 to December 31, 2023, using consistent accounting policies.

2.3 – Consolidation methods

The consolidation methods used by the Group are specified below. All the internal transactions and positions are eliminated in the consolidated financial statements.

The list of companies that have been consolidated, whether by full consolidation, equity method or in proportion to the Group's direct rights to assets, and direct obligations for liabilities (joint operations), is presented in Note 34 at December 31, 2023 and in Note 33 of the financial statements at December 31, 2022.

2.3.1 – Controlled entities

The Group fully consolidates entities over which it has direct or indirect control.

Control definition
Control exists when the Group (i) holds power over an entity, (ii) is exposed to risks or entitled to variable returns from its relationship with the entity and (iii) has the ability to influence the amount of those returns because of its power over the entity.

Full consolidation method
A subsidiary is included in the Group's consolidated financial statements from the date on which the Group takes control and ceases to be consolidated on the date on which the Group loses control of that entity.
Non-controlling interests represent the portion of interest that is not directly or indirectly attributable to the Group.

Profits or losses and each component of other comprehensive income are allocated between the Group and its non-controlling interests. The profit or loss of subsidiaries is allocated between the Group and its non-controlling interests even if this results in the recognition of losses to non-controlling interests.

Changes in the percentage of interest in subsidiaries that do not result in a change in the method of control are treated as equity transactions, as they are transactions with shareholders acting in this capacity. The effects of these transactions are recognized in equity for their amount net of tax and therefore have no impact on the Group's consolidated income statement. These transactions are also presented in the cash flow statement under investing activities.

2.3.2 – Interests in associates and joint ventures

Definition

An associate is an entity over which the Group exercises considerable influence. Notable influence is characterised by the power to participate in decisions relating to the financial and operational policies of the entity, without controlling or jointly controlling these policies.

A joint venture is a partnership in which the parties who exercise joint control over the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an entity, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity accounting method

Income, assets and liabilities on interests in associates or joint ventures are accounted for in the Group's consolidated financial statements using the equity method, except when the investment is classified as held for sale. It is then recorded according to the provisions of IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*".

The equity accounting method presumes that the investment in an associate or joint venture is initially recognised at its acquisition cost and subsequently adjusted for the Group share in the income and other components of the comprehensive income of the associate or joint venture.

An investment is accounted for using the equity accounting method from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the Group's share in the net fair value of the entity's identifiable assets and liabilities is recognised in goodwill, included in the line "Interests in joint ventures". When the net fair value of the entity's identifiable assets and liabilities exceeds the cost of investment, the difference is recognised in the income statement.

Impairment tests

In accordance with IAS 36, an impairment test for its investment in an associate or joint venture is carried out when there is an objective indicator of impairment loss.

Loss of notable influence or joint control

When the investment is no longer an associate or joint venture, the equity method is no longer applied. If the Group retains a residual interest in the entity and that interest is a financial asset, this financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

In cases where an associate becomes an investment in a joint venture, or vice versa, the equity method continues to be applied, and these changes in ownership interest do not trigger a remeasurement at fair value.

2.3.3 – Interests in joint operations

Definition

A joint operation is a partnership in which parties exercising joint control over the entity have rights to the assets, and obligations for the liabilities, relating to that entity.

Accounting method for joint operations

As a joint operator, the Group accounts for the assets, liabilities, revenue and expenses related to its interests in the joint operation, in accordance with the IFRS standards applicable to these assets, liabilities, revenue and expenses.

2.4 – Elimination of intercompany transactions

All intercompany balances, intercompany transactions as well as income, expenses and results included in the carrying amount of assets, arising from internal transactions, are eliminated.

When a Group entity enters into a transaction with a joint venture or associate of the Group, the gains and losses resulting from the transaction with the joint venture or associate are recognized in the Group's consolidated financial statements only to the extent of the interests held by third parties in the joint venture or associate.

2.5 – Conversion method

Conversion of foreign currency financial statements

Financial statements of foreign companies prepared in their functional currency are converted in the currency of presentation of the consolidated financial statements (euro) using the following exchange rates:

• balance sheet: all assets and liabilities are converted at year-end closing rate;

• income statement and statement of cash flow: the average rate for the period is used as long as it is not affected by significant exchange rate changes.

Differences resulting from the conversion of foreign currency financial statements of consolidated companies are directly recorded in "Foreign exchange gains and losses" within other elements of comprehensive income.

In addition, goodwill relating to foreign entities whose functional currency is not the euro is considered as part of the assets and liabilities acquired and, as such, is converted at the exchange rate prevailing at the closing date.

Translation of foreign currency transactions

Transactions in foreign currencies are converted into the operating currency at the exchange rate on the date of the transaction. At year-end, any items in monetary assets and liabilities expressed in a foreign currency are converted into euros at the rate as of the closing date. Any resulting exchange gain or losses are recorded in the income statement in "other net financial charges".

2.6 – Estimates and assumptions

In accordance with the rules established by the IFRS, the preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative impact of events at the closing date and to present the income and expenses of the period. These estimates are based on the principle of continuing operations and use the information available at the time of preparation. The estimates may be revised if the circumstances on which they are based change or if new information becomes available, up to the accounts settlement date. Due to the uncertainties inherent to any valuation process, the Group regularly updates its information and revises its estimates accordingly.

The future results of the transactions may therefore differ from these estimates.

The key estimates made by the Group in preparing its consolidated financial statements relate mainly to:

- the measurement of the recoverable amount of goodwill, tangible and intangible assets;
- the valuation of provisions and in particular provisions for guarantees and, since December 31, 2020, the provision for restructuring of the Water France sector;
- pension and similar commitments
- the realized and unmetered revenue, called "*metered water*";
- measuring capitalised tax-loss carry forwards.

2.7 – Assessment of the effects of climate change

Given the nature of its activities, the Group's exposure to the consequences of climate change is considered limited.

limited. Nevertheless, the Saur Group is paying close attention to climatic events and is preparing a full range of adaptation measures to ensure business continuity.

In 2023, the Group is pursuing its sustainable approach, built around the following pillars, among others:

- investment strategy ;
- sustainable financing strategy ;
- expenditure specifically incurred to address environmental issues.

The deployment of the initiatives listed above is reflected in the Group's financial statements through operating expenses and investments made during the year and has been taken into account, where appropriate, in the accounting estimates made by Management in the preparation of these financial statements.

No other significant impact relating to climate change is reflected in the 2023 financial statements.

2.8 – Concessions - IFRS notion

Interpretation of SIC 29 "*Service Concession Arrangements – Disclosures*" deals with information about concession contracts to be disclosed in the notes to the financial statements, while IFRIC 12 deals with the recognition of certain concession contracts by the concession holder.

These interpretations specify the common characteristics to concession contracts:
• the supply of a public service and the management of the associated infrastructure are entrusted to the concession holder with more or less extensive extension and replacement obligations;
• the grantor has the obligation to provide the public service covered by the concession (determining criterion);
• the concession holder is the entity in charge of operation and not a simple agent acting on order;
• the price and the price adjustment conditions are fixed at the origin of the contract.

In order for a concession contract to be included within the scope of interpretation of IFRIC 12, the use of the infrastructure must be controlled by the grantor, and the following criteria must be met:
• the grantor controls or regulates the public service, i.e., it controls or regulates the services that must be rendered thanks to the infrastructure covered by the concession and determines to whom and at what price they must be rendered; and
• the grantor controls the infrastructure, i.e., it has the right to take over the infrastructure at the end of the contract.

This IFRS concept of concession is independent of the legal qualification of contract, which can take different forms in France (leasing, concession, management). However, there has been a convergence since the reform of the Concession Ordinance applicable from April 1, 2016: the term “concession” has become legally more generic and encompasses any type of Public Service Delegation, without distinguishing according to whether the concession holder builds the initial assets (building no longer carries a specific legal distinction). Within the Group, most of its delegated public service contracts are of the operate and maintain type.

Accounting for concession contracts

The concession operator’s rights over the infrastructures of concession contracts are recorded according to the nature of the remuneration to be received. Thus:
• the “*financial asset*” model is applicable when the concession holder obtains an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly through the guarantees given by the grantor on the amount of receipts from public service users, i.e., paid in substance by the grantor;
• in other cases, the “*intangible asset*” model is applicable: the concession holder then has a simple right to invoice public service users; the concession holder is paid in substance by the user.
The term "in substance" means that the identity of the payer is not in itself the determining criterion, but that it is in fact necessary to determine who the true ultimate debtor is.

In application of these principles:

• fixed assets received free of charge from the grantor, as infrastructure elements for which access is granted to the concession holder for the purposes of the service agreement, which cannot be assigned and are returned to the grantor free of charge at the end of the contract, are not recorded in the statement of financial position. In particular, the infrastructure elements entrusted by the grantor to the concession holder for the duration of the contract for upkeep and maintenance are not recorded in the statement of financial position;

Infrastructure elements constructed by the concession holder are recorded as follows:
• if the “*intangible asset*” model is applied, the fair value of the works represents the acquisition cost of the intangible asset recorded at the time of the construction of the structures when such works generate future economic benefits (for example, network extension),
• if the “*financial asset*” model is applied, the grantor’s receivable is recorded at the time of the construction of the works at the fair value of the works

In addition to the transfer of the sums collected from users of the service for the benefit of the grantor, the Group may be required to make payments to the grantor. If these payments are not made in exchange for goods or services separate from the concession contract or rights of use characteristic of a lease separate from the rights granted by the concession contract, these payments constitute:
• a reduction of the selling price of the infrastructure if the “financial asset” model is applied,
• an increase in the intangible asset for fixed payments if the “intangible asset” model is applied. The offset is recorded in “*Other non-current liabilities*” in the consolidated statement of financial position.

Replacement expenses correspond to contractual obligations whose terms may differ (general replacement obligation in case of failure, contractual renewal plan, contractual tracking account, etc.). They are recorded either as assets in the financial statements as an intangible asset or as a financial asset according to the model applicable to the contract if they generate future economic benefits (improving replacement) or in expenses in the opposite case (identical replacement). Expenses for identical replacement are recorded as an asset or a liability for replacement when, at a given date, there is a time lag between the contractual commitment and its realisation.

2.9 – General presentation principles

2.9.1 – Current/non-current classification in the consolidated statement of financial position

In accordance with IAS 1, the Group separates its current and non-current assets and its current and non-current liabilities on its balance sheet. For the majority of the Group's activities, the difference lies in the time expected to realise the asset or settle the liability: if less than 12 months, the item is current, or if more than 12 months, the item is non-current.

Assets and liabilities that are part of the working capital used in the entity's normal operating cycle are classified as current. Those not part of the operating cycle are classified as current when the entities intend to realise these assets or settle these liabilities within 12 months following the financial year closing date. Conversely, they are classified as non-current whenever the asset (or liability) is to be realised (settled) beyond 12 months following the financial year closing date.
Fixed assets are non-current, except for financial assets, which may be current or non-current. Current financial assets primarily comprise financial assets that the Group is holding for sale or realisation within 12 months as well as the part of any long-term receivables and loans maturing within one year.

Provisions that are part of the operating cycle and any other provisions maturing within one year are also classified as current. Provisions that do not meet these criteria are classified as non-current liabilities.

Financial liabilities due within 12 months of the financial year closing date are classified as current. Conversely, financial liabilities maturing beyond 12 months are classified as non-current.

Deferred tax is presented entirely as non-current assets and liabilities.

2.9.2 – Aggregates of the income statement

Current Operating Income (COI)
Current operating income is an indicator used by the Group to present a level of operational performance that can be used as part of an approach to forecast recurring performance. This indicator facilitates better understanding of the Group's performance by excluding elements that are unusual, irregular, or non-recurring in nature.

Other non-current operating income and expenses
This item includes components of income which, due to their nature, amount or recurrence, cannot be considered part of the Group's operating income on ordinary activities. Details are provided in Note 23.

These expenses included restructuring costs and expenses incurred in connection with the Group's external growth operations. The restructuring costs stemmed from a programme planned and controlled by management, which significantly alters either the company's scope of activity or how this activity is managed, according to the criteria set out in IAS 37.

Note 3 – Segment reporting

The Group presents information in accordance with IFRS 8. Operating results by sector correspond to the ones which are regularly reviewed by Management to assess the Group's performance.

In accordance with the provisions of the standard, six operating segments comprising the activities of the various regions and/or activities were selected to present the Group's segment information and were identified on the basis of internal reports, particularly those monitored during the monthly Board meetings attended by the Group's operating main decision-makers:

► Water France
► Water International
► Industrial Water
► Engineering & Works
► Leisure, activity sold in 2022
► Global structures

3.1 – Operating segments

The Group's subsidiaries are divided into the following operating segments:

► Water France: water distribution and treatment services, particularly under concession contracts (water management). They are delivered to individuals, local authorities or businesses;

► Water International: mainly drinking water and wastewater management in various countries such as Spain, Portugal, Saudi Arabia, Qatar, the United Kingdom, Poland and Cyprus;

► Industry: provides engineering, procurement and construction services ("EPC"), turnkey solutions and systems, mobile solutions, operating and maintenance services ("O&M") as well as rental solutions in the field of industrial water and wastewater treatment in various market segments; these include food & beverages, personal care and pharmaceuticals, refineries and chemicals as well as renewable energy, infrastructure and utilities, with sales and service centres in the Netherlands, the United Kingdom, France, Poland, Germany, Russia, the United Arab Emirates, Saudi Arabia, Sweden, Singapore, Chile, Finland , Italy, Mexico and the United States;

► Engineering: engineering and construction of wastewater and drinking water treatment plants, installation of pipes, sanitation and maintenance;

► Leisure: management of campsites and golf courses (activity recognised as available-for-sale assets - then sold in 2022, see note 19);

► The Global Structures sector is mainly made up of holding companies, including HIME SAS.

The accounting and valuation methods used to prepare internal reporting are identical to those used to prepare the consolidated financial statements. Revenue, Reported EBITDA and CAPEX indicators (i.e. Investments) are reconciled with the consolidated financial statements.

3.2 – Key indicators by operating segment

The information is provided as at December 31, 2023 with comparison at December 31, 2022.

Revenue

	12/2023	%	12/2022	%
Water France	1 272 405	*60,8%*	1 176 339	*60,8%*
Water International	218 585	*10,4%*	301 618	*15,6%*
Industrial Water	444 943	*21,3%*	308 783	*16,0%*
Engineering & Works	155 934	*7,5%*	148 011	*7,7%*
TOTAL Revenue	**2 091 867**	***100,0%***	**1 934 751**	***100,0%***

The Leisure operating segment is presented as a discontinued activity in 2022 as provided for in IFRS 5 (see Note 19). For information purposes only, the revenue of the "Leisure" operating segment amounted to €46.8 million in 2022 if it had not been presented as a discontinued activity. The "Global Structures" operating segment recorded no revenue over the two periods.

EBITDA Reported

	12/2023	%	*12/2022 Published*	*Global structures allocation*	12/2022	%
Water France	119 129	*54,2%*	177 464	2 622	180 086	*71,0%*
Water International	28 523	*13,0%*	37 837	(4 694)	33 143	*13,1%*
Industrial Water	63 252	*28,8%*	37 620	(5 297)	32 323	*12,8%*
Engineering & Works	8 982	*4,1%*	8 389	(453)	7 936	*3,1%*
Global structures	0	*0,0%*	(7 822)	7 822	0	*0,0%*
TOTAL EBITDA Reported	**219 886**	***100,0%***	**253 488**	**0**	**253 488**	***100,0%***

As with revenue, the Leisure operating segment is presented as a discontinued activity in 2022. For information purposes only, the EBITDA of the Leisure operating segment would have amounted to €13 million in 2022 if it had not been presented as a discontinued activity.
The Global Structures operating segment is fully allocated to the other operating segments.

CAPEX ("Purchase costs of intangible and tangible fixed assets" line in the statement of cash flows)

	12/2023	%	12/2022	%
Water France	96 027	*45,3%*	73 298	*39,7%*
Water International	15 601	*7,4%*	19 080	*10,3%*
Industrial Water	74 920	*35,3%*	47 615	*25,8%*
Engineering & Works	806	*0,4%*	2 245	*1,2%*
Global structures	24 667	*11,6%*	35 966	*19,5%*
TOTAL CAPEX from continuing operations	**212 021**	***100,0%***	**178 204**	***96,4%***
Leisure	0	*0,0%*	6 603	*3,6%*
TOTAL CAPEX	**212 021**	***100,0%***	**184 807**	***100,0%***

Note 4 – Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance.

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

If the intangible asset has a definite useful life, it is amortised. Assets with an indefinite useful life are not amortised but are tested for impairment at each annual closing and whenever there is an indication that they may be impaired.

The Group's intangible assets comprise mainly amortisable items such as software, operating rights, client contracts and concession works.

Research and development costs

Development costs are recognised as assets whenever the criteria for recognising them as an asset according to IAS 38 are met. In this case, the intangible asset generated from the development is amortised over its useful life. The amounts recognised as development costs on the assets side of the balance sheet relate mainly to the Industry operating segment.

Software

Software and IT developments specific to the Group's core businesses are amortised using the straight-line method over periods of between 3 and 7 years.

Operating rights

This item in particular includes amounts paid to local authorities by way of operating royalties and funding for works. They are amortised using the straight-line method over the remaining term of the contracts.

Concession works

Saur and its water distribution subsidiaries, which delegate public services, are in charge of managing the installations incorporated into local authorities.
These installations are not entered in the balance sheet as assets, and their renewal is recognised in expenses.

On the other hand, improving concessions works funded by the Group and falling within the scope of IFRIC 12 are are recorded as intangible assets in the balance sheet. They are amortised over the term of the contract.

Impairment tests

Intangible assets with an indefinite useful life undergo an impairment test as described in Note 5.1.

	R&D expenses	Softwares, Patents and similar rights	Operating rights	Client contracts	Concession works	Other intangibles	TOTAL
I - GROSS							
1st January 2022	**7 536**	**291 764**	**144 314**	**739 256**	**489 578**	**100 717**	**1 773 165**
Change in scope	204	(1 016)	(561)	77 667	(4)	6 862	83 152
Invest. and other increases	3 078	2 876	1 270		14 369	44 183	65 776
Disposals and misc. reductions		(9)	(36 457)		(54 555)	(31)	(91 052)
Foreign exchange differences	(79)	(19)	(63)	4 806		(5 771)	(1 126)
Line-to-line transfers and others	1 579	35 363	950		20 101	(37 584)	20 409
31 December 2022	**12 318**	**328 959**	**109 453**	**821 729**	**469 489**	**108 376**	**1 850 324**
Change in scope	110			8 602		1 981	10 693
Invest. and other increases	3 778	7 079	2 318		47 123	25 453	85 751
Disposals and misc. reductions	(110)	(24 599)	(5 851)		(88 565)	(3 354)	(122 479)
Foreign exchange differences	22	9		(2 804)		57	(2 716)
Line-to-line transfers and others **(1)**	52	34 444	646	(2)	100 821	(35 295)	100 666
31 December 2023	**16 170**	**345 892**	**106 566**	**827 525**	**528 868**	**97 218**	**1 922 239**
II - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES							
1st January 2022	**(1 964)**	**(140 676)**	**(91 278)**	**(391 035)**	**(256 192)**	**(20 451)**	**(901 596)**
Change in scope		1 020	111	(2 826)		(205)	(1 900)
Invest. and other increases		9	36 446		54 547	31	91 033
Disposals and misc. reductions	(955)	(41 045)	(5 916)	(16 345)	(39 837)	(2 091)	(106 189)
Foreign exchange differences	15	17	2	86		2	122
Line-to-line transfers and others		(73)	(4)		(2)	(276)	(355)
31 December 2022	**(2 904)**	**(180 748)**	**(60 639)**	**(410 120)**	**(241 484)**	**(22 990)**	**(918 885)**
Disposals and misc. reductions	110	24 404	5 835		86 238	587	117 174
Allowances and reversals	(1 372)	(41 268)	(5 445)	(21 498)	(51 666)	(2 008)	(123 257)
Foreign exchange differences	8	(7)		140		(8)	133
Line-to-line transfers and others **(1)**	(3)	38				(64)	(29)
31 December 2023	**(4 161)**	**(197 581)**	**(60 249)**	**(431 478)**	**(206 912)**	**(24 483)**	**(924 864)**
III - NET CARRYING AMOUNT							
1 January 2022	**5 572**	**151 088**	**53 036**	**348 221**	**233 386**	**80 266**	**871 569**
31 December 2022	**9 414**	**148 211**	**48 814**	**411 609**	**228 005**	**85 386**	**931 439**
31 December 2023	**12 009**	**148 311**	**46 317**	**396 047**	**321 956**	**72 735**	**997 375**

(1) Other movements on intangible assets :

	NBV
- IFRIC12 reclassification of tangible assets under construction as intangible assets	39 308
- IFRIC12 accounting for new contracts	61 513
- Other reclassifications	(184)
	100 637

Note 5 – Goodwill

5.1 – General accounting principle

A. Principle

When control is acquired, the assets and liabilities of the acquired company, including any intangible elements that meet the definition of identifiable assets or liabilities, are recognised at their fair value as of the purchase date.
The fair value is the amount that may be obtained from the sale of an asset or a Cash-Generating Unit (CGUs) in transactions under normal competitive conditions between informed and consenting parties.

According to revised IFRS 3, positive goodwill is recognised as an asset and recorded in the balance sheet, and negative goodwill is credited to the income statement in the year of acquisition.

The fair value of the assets, liabilities and contingent liabilities of the acquired company may be adjusted within twelve months following the acquisition; after this time, the goodwill can only be changed in order to correct errors.

Determination of goodwill
The application of IFRS 3 (revised) on January 1, 2010 requires the Group to identify business combinations carried out before or after that date.

Business combinations completed before January 1, 2010
Goodwill represents the difference between the cost of the business combination (acquisition price of shares plus any costs directly attributable to the acquisition) and the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company as of the date of takeover (unless the takeover is achieved in stages).

In the case of an acquisition of control by successive purchases of a subsidiary's shares, the Group determines a goodwill for each transaction based on the fair value of identifiable assets, liabilities and contingent liabilities acquired at the date of each exchange.

Business combinations completed after January 1, 2010
Goodwill is measured as the excess of the total of:

i. the transferred consideration;
ii. the amount of any non-controlling interest in the acquired company; and
iii. in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquired company;

compared with the net balance of the identifiable assets acquired and liabilities assumed.

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

B. Measurement of goodwill

Goodwill is not amortised but is tested for impairment each year, or more frequently when an indication of impairment is identified. These 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.

C. Impairment of goodwill, intangible assets and tangible assets

The Group regularly analyses the carrying amount of its goodwill, tangible assets and intangible assets in order to assess whether there is any indication of an impairment loss, especially in the event of the appearance of unfavorable performance indicators. If such indication exists, the recoverable amount of the asset is estimated in order to compare it with its carrying amount.

The recoverable amount of goodwill and intangible assets with a definite useful life is estimated on each annual closing date, regardless of whether there are any indications of an impairment loss.

When the recoverable amount is less than the carrying amount, an impairment loss is recorded in the income statement. When it relates to goodwill, the impairment loss is final and cannot be reversed during a later period.

The recoverable amount of an asset or CGU is defined as the higher of the fair value less costs to sell and the value in use:

- The value in use is determined using the discounted future cash flows generated by the asset or CGU to which it belongs;

- The fair value less costs to sell is determined using the market comparables approach or, in the absence of such method, based on recent market transactions involving comparable assets.

If the discounted future cash flow approach is used, these cash flows must be taken from the three- to five-year budget and forecasts prepared by management and reviewed by the Group's supervisory and control bodies.

- The terminal value is calculated by adding the discounted cash flows to infinity, calculated on the basis of a normalised flow and a perpetual growth rate.

- This growth rate is consistent with the potential for growth on the markets in which the business line in question operates, as well as with its competitive position on these markets;

- Discount rates, long-term growth rates and cash flows used to calculate the recoverable amounts of fixed assets are determined in the light of the economic environment at the time and the Group's activities. Any change in these assumptions could have a significant effect on the recoverable amount and lead to changes in the impairment losses to be recorded.

The determined recoverable amount, whether by reference to the value in use or to the fair value, is then compared with the value contributing to the consolidated balance sheet. An impairment loss is recognised in non-current income, where applicable, if this value in the balance sheet is greater than the recoverable amount and allocated first to goodwill, then to intangible assets, and finally to tangible assets.

5.2 – Change in net value of Goodwill

	Gross value	Impairment losses	Net value
31 December 2022	**2 351 455**	**(813 039)**	**1 538 416**
Change in scope (1)	11 768		**11 768**
Foreign exchange differences	(799)		**(799)**
31 December 2023	**2 362 424**	**(813 039)**	**1 549 385**

(1) Change in scope	**2023**	**2022**
- NSI Industrial O&M Solutions	8 627	
- CirTec	11 278	
- Aqua-chem Group	(464)	82 578
- Mobile Water Services	(7 716)	158 766
- Sodai		12 136
- Flootech Group		21 836
- PWNT Group		3 424
- Byosis Group		7 966
- La Toja		507
- Others	43	23
	11 768	**287 236**

The increase in goodwill comes from the acquisition of NSI Industrial O&M Solutions Ltd in the UK and CirTec in the Netherlands.

Goodwill on Mobile Water Services remains preliminary, amounting to €151 million at 31 December 2023 after preliminary recognition of customer relationships acquired. The final allocation of preliminary goodwill will be made in the first half of 2024.

The change in Aqua-Chem goodwill results from the finalisation of the allocation of the purchase price to identifiable assets and liabilities.

The goodwill relating to these two acquisitions is detailed below:

Identified assets and liabilities and final goodwill for Aqua-Chem at December 31, 2023:

in K€	Consideration paid	Fair value at date of acquisition	Fair value adjustment 2023	Foreign exchange differences	Final fair value at 31 December 2023
Consideration paid (A)	**147 321**				
Net assets at fair value		**64 743**	**464**	**-2 925**	**62 282**
Intangible fixed assets		83 655	-1 653	-3 818	78 184
Tangible fixed assets		5 121	2 106	-281	6 946
Non-current financial assets		204		-9	195
NON-CURRENT ASSETS		**88 980**	**453**	**-4 108**	**85 325**
Inventories and work in progress		8 676		-400	8 276
Trade receivables and related accounts		13 027		-600	12 427
Other current assets		373		-17	356
Cash and cash equivalents		4 385		-202	4 183
CURRENT ASSETS		**26 460**	**0**	**-1 219**	**25 241**
TOTAL ASSETS (B)		**115 440**	**453**	**(5 327)**	**110 566**
Non-current financial liabilities		24 589		-1 132	23 457
Deferred tax liabilities		9 627	-11	-511	9 105
NON-CURRENT LIABILITIES		**34 216**	**-11**	**-1 643**	**32 562**
Current financial liabilities		2 083		-96	1 987
Other current liabilities		14 398		-663	13 735
CURRENT LIABILITIES		**16 481**	**0**	**-759**	**15 722**
TOTAL LIABILITIES (C)		**50 697**	**(11)**	**(2 402)**	**48 284**
Foreign exchange differences goodwill (D)				**(661)**	**(661)**
Goodwill (A-B+C+D)		**82 578**	**(464)**	**2 264**	**84 378**

The final fair value of net assets acquired is €62,282 thousand, after adjusting for the value of customer relationships and tangible assets acquired.

Identified assets and liabilities and preliminary goodwill for Mobile Water Service at December 31, 2023:

in K€	Consideration paid	Fair value at date of acquisition	Fair value adjustment 2023	Foreign exchange differences	Final fair value at 31 December 2023
Consideration paid (A)	**189 069**				
Net assets at fair value		**30 303**	**7 716**	**1**	**38 020**
Intangible fixed assets			10 253	0	10 253
Tangible fixed assets		32 021		-6	32 015
Non-current financial assets				0	0
NON-CURRENT ASSETS		**32 021**	**10 253**	**-6**	**42 268**
Inventories and work in progress				0	0
Trade receivables and related accounts				0	0
Other current assets				0	0
Cash and cash equivalents				0	0
CURRENT ASSETS		**0**	**0**	**0**	**0**
TOTAL ASSETS (B)		**32 021**	**10 253**	**(6)**	**42 268**
Non-current financial liabilities		0		0	0
Deferred tax liabilities		0	2 537	0	2 537
NON-CURRENT LIABILITIES		**0**	**2 537**	**0**	**2 537**
Current financial liabilities		0		0	0
Other current liabilities		1 718		-7	1 711
CURRENT LIABILITIES		**1 718**	**0**	**-7**	**1 711**
TOTAL LIABILITIES (C)		**1 718**	**2 537**	**(7)**	**4 248**
Foreign exchange differences goodwill (D)		**0**	**0**	**266**	**266**
Goodwill (A-B+C+D)		**158 766**	**(7 716)**	**265**	**151 315**

The final fair value of net assets acquired is €38,020 thousand, after adjusting for the value of customer relationships acquired.

5.3 – Presentation of the net value of goodwill by CGU

	31 December 2023	31 december 2022
CGU Water France	1 052 130	1 056 058
CGU Industrial Water	400 308	385 760
CGU Water International	96 947	96 598
TOTAL	**1 549 385**	**1 538 416**

5.4 – Goodwill impairment test

Goodwill is subject to systematic impairment tests annually and whenever there is evidence of impairment.

However, IAS 36 specifies that the recoverable amount is either the value in use (determined using the discounted cash flow method), or the fair value, which for the year ended 31 December 2023 is the one that should be used and which corresponds to an observable market value, particularly during a transaction between shareholders in 2023.

As the transaction value between EQT and PGGM/DIF is higher than the enterprise value determined using the DCF method at 31/12/2022, we conclude that there is no indication of impairment at 31 December 2023.

In view of changes in the economic environment and in discount rates, the Group has tested goodwill at 31 December 2023 for each CGU (see note 3) by reference to a value in use determined according to the discounted cash flow method (DCF) based on the 2024 budget and the 2025-2027 forecasts without taking external growth prospects into account. These forecasts are tied to the operating conditions of the continued activities foreseen by Management, notably the duration and renewal of contracts, price changes and future market prospects. These forecasts have been prepared at the level of each of the Group's operating segments and are based on the latest available information on future trends in the markets in which these activities are carried out. In connection with this approach, a terminal value for the period beyond 2027 was determined by applying a long-term growth rate adapted to each of the tested normalised cash flow operations in the last year of projections. The discount rate used (WACC) was similarly determined according to the inherent risks to each of the Group's operating segments. According to the operating segments concerned, the table of WACC used is as follows:

	31 december 2023		31 december 2022	
	WACC	Long Term Growth	WACC	Long Term Growth
Water France	6,0%	1,75%	7,0%	1,75%
Industrial Water	7,9%	1,85%	8,5%	1,75%
Water International	6,8%	1,85%	7,5%	1,85%
Engineering	6,0%	1,75%	7,0%	1,75%

Sensitivity tests were performed on the results obtained with regard to the discount rate and the long-term growth rate applied to the normalised free cash flow. This analysis based on DCF flows demonstrated that there is no reason to recognise an impairment of the goodwill presented in the statement of financial position at December 31, 2023.

The impairment loss of €813 million in the statement of financial position mainly dates back to 2012 when the financial restructuring led to the recognition of an impairment of goodwill. Impairment losses on goodwill cannot be reversed under IAS 36.

It should be noted that the Leisure business, since its disposal in 2022, is no longer included in the impairment tests using the DCF approach.

Note 6 – Tangible assets

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

Assets and components are amortised on a straight-line basis over their estimated useful life.

Useful life assumptions:

Constructions not in use	**(1)**
Industrial constructions by type	10 to 20 years
Technical installations, equipment and tools	3 to 8 years
Other tangible assets (Transport and office equipment)	3 to 8 years

(1) In accordance with IAS 16, when a fixed asset comprises components with different useful lives, these components are recognised and depreciated as separate items (assessment of a terminal residual value in the calculation of depreciation).

Profits and losses on disposal are calculated as the difference between the proceeds from disposal and the net book value thus determined; they are recorded in "Profit (loss) from asset disposals".

	Land	Constructions	Plant and equipment	Other tangible assets	TOTAL
I - GROSS					
1st January 2022	**9 665**	**76 015**	**293 377**	**255 690**	**634 747**
Change in scope	(1 461)	14 032	11 682	12 923	**37 176**
Investments and other increases	1 914	1 202	25 903	98 348	**127 367**
Disposals and misc. reductions	(1 390)	(9 943)	(6 893)	(4 024)	**(22 250)**
Foreign exchange differences	(19)	(290)	(703)	(343)	**(1 355)**
Line to line transfers and others	(36)	1 634	3 608	(27 198)	**(21 992)**
31 December 2022	**8 673**	**82 650**	**326 974**	**335 396**	**753 693**
Change in scope	240	1 547	2 375	(408)	**3 754**
Investments and other increases	105	2 894	18 959	106 418	**128 376**
Disposals and misc. reductions	(481)	(1 931)	(9 768)	(17 710)	**(29 890)**
Foreign exchange differences	4	437	369	285	**1 095**
Line-to-line transfers and others (1)	702	6 387	6 257	(55 017)	**(41 671)**
31 December 2023	**9 243**	**91 984**	**345 166**	**368 964**	**815 357**
II - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES					
1st January 2022	**(4 021)**	**(57 796)**	**(221 958)**	**(159 768)**	**(443 543)**
Change in scope	144	65	(3 461)	(2 628)	**(5 880)**
Disposals and misc. reductions	1 224	9 487	6 111	3 523	**20 345**
Allowances and reversals	(322)	(2 637)	(19 576)	(13 804)	**(36 339)**
Foreign exchange differences	4	88	429	180	**701**
Line to line transfers and others		35	(3 019)	3 926	**942**
31 December 2022	**(2 971)**	**(50 758)**	**(241 474)**	**(168 571)**	**(463 774)**
Disposals and misc. reductions	429	1 857	7 786	16 691	**26 763**
Allowances and reversals	(304)	(3 251)	(23 520)	(20 192)	**(47 267)**
Foreign exchange differences	(7)	(153)	(260)	(79)	**(499)**
Line-to-line transfers and others (1)	1	(4)	(45)	(67)	**(115)**
31 December 2023	**(2 852)**	**(52 309)**	**(257 513)**	**(172 218)**	**(484 892)**
III - NET CARRYING AMOUNT					
Net value at 1st January 2022	**5 644**	**18 219**	**71 419**	**95 922**	**191 204**
Net value at 31 December 2022	**5 702**	**31 892**	**85 500**	**166 825**	**289 919**
Net value at 31 December 2023	**6 391**	**39 675**	**87 653**	**196 746**	**330 465**

(1) Reclassification of fixed assets

- IFRIC12 reclassification of tangible assets under construction as intangible assets	(39 308)
- Reclassification in stock for sale - Industry activity	(2 673)
- Other reclassifications	195
	(41 786)

Note 7 – Rights of use (IFRS 16)

The Group has a large number of lease contracts concluded as lessee, spread across all the Group subsidiaries. These contracts are mainly composed of building and vehicle leases.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange of consideration. Lease liabilities and right-of-use assets are recognized at the lease commencement date.

As the lessee, the Group applies a single method of accounting for all its leases, considering the exemptions offered by the accounting standard for short-term leases (less than or equal to 12 months) or for leases of low value.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentive received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the related right of use asset) when there is a change in the future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised, resulting from a decision of the Group.

When the Group incurs a material obligation to restore the leased asset to the condition required by the lease terms, these costs are included in the cost of the asset as part of the right of use with a corresponding increase in the lease liability.

Deferred tax is applied to IFRS 16 entries based on local applicable tax rates.

	Property	Vehicles	Other	TOTAL
I - GROSS				
1st January 2022	**95 635**	**49 673**	**808**	**146 116**
Change in scope	2 484	2 278		**4 762**
Investments and other increases	16 018	30 164		**46 182**
Disposals and misc. reductions	(6 118)	(1 131)	(227)	**(7 476)**
Foreign exchange differences	(8)	(73)		**(81)**
Line to line transfers and others				
31 December 2022	**108 011**	**80 911**	**581**	**189 503**
Change in scope	56			**56**
Investments and other increases	33 131	29 012	166	**62 309**
Disposals and misc. reductions	(10 634)	(6 773)	(364)	**(17 771)**
Foreign exchange differences	44	121		**165**
Line to line transfers and others				
31 December 2023	**130 608**	**103 271**	**383**	**234 262**
II - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES				
1st January 2022	**(35 935)**	**(18 795)**	**(755)**	**(55 485)**
Change in scope	(836)	(1 066)		**(1 902)**
Allowances and reversals	(14 180)	(26 775)	(33)	**(40 988)**
Disposals and misc. reductions	3 589	791	227	**4 607**
Foreign exchange differences	2	28		**30**
Line to line transfers and others				
31 December 2022	**(47 360)**	**(45 817)**	**(561)**	**(93 738)**
Allowances and reversals	(17 544)	(30 476)	(62)	**(48 082)**
Disposals and misc. reductions	7 922	5 829	364	**14 115**
Foreign exchange differences	(16)	(49)		**(65)**
Line to line transfers and others				
31 December 2023	**(56 998)**	**(70 513)**	**(259)**	**(127 770)**
III - NET CARRYING AMOUNT				
Net value at 1st January 2022	**59 700**	**30 878**	**53**	**90 631**
Net value at 31 December 2022	**60 651**	**35 094**	**20**	**95 765**
Net value at 31 December 2023	**73 610**	**32 758**	**124**	**106 492**

The breakdown of the IFRS 16 lease liabilities by due date is provided in Note 15.

Note 8 – Equity-accounted investments

	Shareholder equity - Group share		Share of profit (loss)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
ÁGUAS DE CASCAIS	76 698	76 852	4 719	4 387
ÁGUAS DE GONDOMAR	23 980	24 426	1 905	1 326
ÁGUAS DA FIGUEIRA	15 753	15 974	541	598
ÁGUAS DE ALENQUER	13 078	12 762	312	341
IWPC	1 838	1 662	530	597
TAWZEA AQUAPOR	1 420	821	645	217
CASCAIS SEDE NOVA	778	723	180	174
IWPC2	456	339	131	300
CALITI - SEMOP	425	339	86	(27)
EAU DE DINAN - ASSAINISSEMENT	132	15	120	311
Argentina entities	17	43	(26)	(22)
STEREAU IACOUVOU	5	5	0	(2)
CBSE	0	2 401	0	(1)
SEDUD	0	1 101	0	115
AGUAS DEL SUR DEL ATLANTICO	0	0	0	(590)
Total	134 580	137 463	9 143	7 724

Note:

- Eau de Dinan and Caliti are based in mainland France;
- SEDUD and CBSE, based in mainland France were liquidated in 2023;
- Stereau Iacouvou is based in Cyprus;
- The Group's stake in Aguas del Sur Del Atlantico, located in Colombia, was sold in 2022;
- TAWZEA AQUAPOR, AGUAS DE GONDOMAR, AGUAS DE FIGUEIRA, AGUAS DE CASCAIS, AGUAS DE ALENQUER, and CASCAIS DEL SUR DEL ATLANTICO are based in Portugal (joint ventures of Aquapor).

The summarised financial information of the most significant joint ventures is presented below:

Summarized financial information shown at 100% of the entity Aguas de Cascais:

	31/12/2023
BALANCE SHEET	
Non-current assets	70 764
Current assets	33 317
Total assets	**104 081**
Shareholder equity	56 996
Liabilities	47 084
Total shareholder' equity and liabilities	**104 081**
The amounts of assets and liabilities presented below include the following elements:	
- Cash and cash equivalents	22 473
- Current financial liabilities (excluding debts to suppliers, other creditors and provisions)	4 046
- Non-current financial liabilities (excluding debts to suppliers, other creditors and provisions)	10 915
INCOME STATEMENT	
Turnover	63 440
Operating income	15 465
Net income	**9 438**
Including:	
Allowances for amortisation/depreciation	(9 368)
Interest income	0
Interest expenses	0
Tax expenses or income	(3 261)

	31/12/2023
Net assets of the joint venture	56 996
Holding percentage	50%
Revaluation upon acquisition	48 200
Carrying amount of the Group's interests in Aguas de Gondomar	76 698

Summarized financial information shown at 100% of the entity Aguas de Gondomar:

	31/12/2023
BALANCE SHEET	
Non-current assets	49 602
Current assets	19 912
Total assets	**69 514**
Shareholder equity	25 600
Liabilities	43 913
Total shareholder' equity and liabilities	**69 514**
The amounts of assets and liabilities presented below include the following elements:	
- Cash and cash equivalents	12 276
- Current financial liabilities (excluding debts to suppliers, other creditors and provisions)	4 557
- Non-current financial liabilities (excluding debts to suppliers, other creditors and provisions)	25 579
INCOME STATEMENT	
Turnover	24 986
Operating income	7 587
Net income	**4 483**
Including:	
Allowances for amortisation/depreciation	(5 877)
Interest income	0
Interest expenses	0
Tax expenses or income	(1 418)

	31/12/2023
Net assets of the joint venture	25 600
Holding percentage	42,50%
Revaluation upon acquisition	13 100
Carrying amount of the Group's interests in Aguas de Gondomar	23 980

Note 9 – Non-current financial assets

Non-current financial assets include in particular:

- ownership interests in companies over which the Group has neither control nor notable influence, which are not consolidated and are measured at fair value through profit or loss;
- loans and receivables whether or not related to ownership interests, carried at amortised cost;
- miscellaneous financial assets (in particular deposits and guarantees), recognised at amortised cost.

	Non-consolidated ownership interests	Receivables from ownership interests	Other long-term investments	Loans	Other financial assets	Total
I - GROSS						
1st January 2022	**1 331**	**273**	**2 536**	**6 472**	**18 440**	**29 052**
Change in scope			177	134	1 525	**1 836**
Increases		1 229	44	3 300	4 295	**8 868**
Disposals and misc. reductions			(40)	(2 591)	(4 359)	**(6 990)**
Foreign exchange differences		(117)		128	(199)	**(188)**
Line to line transfers and others	(300)		(96)	(2)	335	**(63)**
31 December 2022	**1 031**	**1 385**	**2 621**	**7 441**	**20 037**	**32 515**
Increases			114	3 530	1 229	**4 873**
Disposals and misc. reductions			(61)	(1 322)	(3 580)	**(4 963)**
Foreign exchange differences		(135)		(28)	457	**294**
Line to line transfers and others					496	**496**
31 December 2023	**1 031**	**1 250**	**2 674**	**9 621**	**18 639**	**33 215**
II - IMPAIRMENT						
1st January 2022			**(535)**		**(92)**	**(627)**
Change in scope					13	**13**
Allowances		(1 215)			(10)	**(1 225)**
Reversals						
Foreign exchange differences						
Line to line transfers and others						
31 December 2022		**(1 215)**	**(535)**		**(89)**	**(1 839)**
Allowances						
Reversals						
Foreign exchange differences						
Line to line transfers and others						
31 December 2023		**(1 215)**	**(535)**		**(89)**	**(1 839)**
III - NET CARRYING AMOUNT						
1st January 2022 Net values	**1 331**	**273**	**2 001**	**6 472**	**18 348**	**28 425**
Net value at 31 December 2022	**1 031**	**170**	**2 086**	**7 441**	**19 948**	**30 676**
Net value at 31 December 2023	**1 031**	**35**	**2 139**	**9 621**	**18 550**	**31 376**

Loans

The net carrying amount of €9.6 million includes loans granted to social organizations collecting the contribution to the construction effort.

Other financial assets

They mainly correspond to deposits and guarantees as well as long-term receivables held by the subsidiary Gestagua with certain local authorities.

If necessary, the latter are written down to their recoverable amount.

Note 10 – Inventories, trade receivables and other current receivables

Trade receivables and other receivables

Taking into account the operating and billing cycle of the services (in particular water supply and sanitation, works), this heading includes:

- the invoices and statements issued as the services or work are performed (statements accepted by the project owner),
- invoices to be drawn up corresponding to earned work which could not, for reasons of temporary delay, be invoiced or accepted by the project owner, as well as accrued income specific to the water business (the invoicing period in the water business is governed by contractual rules).

Trade receivables are initially recognised at their transaction price.

The impairment of trade receivables is based on two methods:

- A collective method on a statistical basis to reflect expected credit losses over the life of the receivables, including receivables not yet due, in accordance with IFRS 9;
- An individual method according to which an impairment is recognised when there is an objective indicator of the Group's inability to recover all amounts due under the conditions initially provided for in the transaction.

Inventories and work in progress

Inventories are valued at their acquisition cost (weighted average cost).

When the realisable value of the inventories is less than their cost, impairments are recorded.

	31 December 2022			1st January 2022
	Gross value	Impairment	Net value	Net value
- Inventories	51 136	(4 894)	**46 242**	33 503
- Trade receivables and related accounts	1 493 258	(88 239)	**1 405 019**	1 215 895
- Advances and payments on account paid on orders	8 107	0	**8 107**	5 793
- Operating receivables	79 476	(72)	**79 404**	83 154
- Miscellaneous receivables	6 336	(244)	**6 092**	18 934
- Prepaid expenses	45 889	0	**45 889**	47 647
TOTAL	**1 684 202**	**(93 449)**	**1 590 753**	**1 404 926**

	31 December 2023			31 December 2022
	Gross value	Impairment	Net value	Net value
Inventories	66 831	(3 097)	**63 734**	46 242
Trade receivables and related accounts	1 564 979	(89 756)	**1 475 223**	1 405 019
Advances and payments on account paid on orders	7 542	0	**7 542**	8 107
Operating receivables	95 849	(82)	**95 767**	79 404
Miscellaneous receivables	11 934	(182)	**11 752**	6 092
Prepaid expenses	53 309	0	**53 309**	45 889
TOTAL	**1 800 444**	**(93 117)**	**1 707 327**	**1 590 753**

Trade receivables and other current receivables are due within one year.

Note 11 – Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with an initial maturity of less than three months, which are considered to be liquid, convertible into a known amount of cash and subject to an insignificant risk of change in value in accordance with the criteria set out in IAS7.

Overdrafts are excluded from the scope of cash and cash equivalents and are recognised in cash liabilities.

	Cash	Marketable securities	Cash current accounts	Cash assets	Cash current accounts	Current bank lines	Cash liabilities	Closing cash position
1st January 2022	**236 800**	**8 702**	**9 962**	**255 464**	**12 079**	**29 739**	**41 818**	**213 646**
Change in scope	(746)	(9 849)	(968)	**(11 563)**	(46 936)	(495)	**(47 431)**	**35 868**
Foreign exchange differences	(3 936)	(155)	(136)	**(4 227)**	(406)	(21)	**(427)**	**(3 800)**
Change	42 957	1 303	(5 728)	**38 532**	41 360	1 151	**42 511**	**(3 979)**
31 December 2022	**275 075**	**1**	**3 130**	**278 206**	**6 097**	**30 374**	**36 471**	**241 735**
Change in scope	1 085		0	**1 085**				**1 085**
Foreign exchange differences	340		571	**911**	372		**372**	**539**
Change	41 848		1 537	**43 385**	739	(20 917)	**(20 178)**	**63 563**
31 December 2023	**318 348**	**1**	**5 238**	**323 587**	**7 208**	**9 457**	**16 665**	**306 922**

On the assets side, cash and cash equivalents include cash in hand, demand deposits, cash current accounts with non-consolidated companies and liquid investments in marketable securities.
For a security to be classified as a cash equivalent, it must be easily convertible into a known amount of cash and not be affected by any non-negligible risk of change in value.

Marketable securities belong in the category of financial assets measured at fair value through profit or loss.

On the liabilities side, cash and cash equivalents include current bank overdrafts, cash current accounts with non-consolidated companies and credit bank balances.

Note 12 – Shareholder equity

12.1 – Share capital

The share capital of HIME amounting to €544,841,687 at December 31, 2023 is made up of €544,841,687 shares with a par value of €1 each.

	1st January 2022	Capital increase/ reduction	31 December 2022	Capital increase/ reduction	31 December 2023
Number of shares	491 663 511	47 138 125	538 801 636	6 040 051	544 841 687
Per value in euros	€1	€1	€1	€1	€1
Share capital in euros	**491 663 511**	**47 138 125**	**538 801 636**	**6 040 051**	**544 841 687**

12.2 – Consolidated reserves

	1st January 2022	Change	31 December 2022	Change	31 December 2023
HIME:					
Retained earnings	(1 443 710)	(7 832)	(1 451 542)	60 948	(1 390 594)
Other reserves					
Subtotal	**(1 443 710)**	**(7 832)**	**(1 451 542)**	**60 948**	**(1 390 594)**
Consolidated reserves:					
- consolidation reserves	566 125	16 658	582 783	(30 456)	552 328
- change in fair value	(1 321)	4 564	3 243	(2 568)	675
Total	**(878 906)**	**13 390**	**(865 516)**	**27 925**	**(837 592)**

12.3 – Translation exchange reserve

	1st January 2022	Change	31 December 2022	Change	31 December 2023
US Dollar		84	84	(5 503)	(5 419)
Pound sterling	(1 688)	(1 300)	(3 007)	808	(2 199)
Singapore dollar	(192)	18	(174)	(9)	(183)
Polish zloty	(1 866)	107	(1 759)	1 688	(71)
Russian rouble	346	139	485	(60)	425
Saudi Arabian riyal	734	296	1 030	(70)	960
Colombian peso	(3 262)	3 262			
Other currencies	(106)	(26)	(132)	96	(36)
Total	**(6 034)**	**2 580**	**(3 473)**	**(3 050)**	**(6 523)**

Note 13 – Provisions

In accordance with IAS 37, provisions are recognised:

- when an entity has a legal, contractual or implicit obligation at the closing date as a result of a past event;
- where it is likely that an outflow of resources representing economic benefits will be required to settle the obligation without an equivalent consideration ; and
- when the amount of the obligation can be reliably estimated.

The Group's main provisions relate to contractual obligations to maintain and repair the installations it manages under public service contracts. The two parameters that have a significant influence on the amount of such provisions are level of costs strictly speaking and the payment schedule. These parameters are determined using the information and estimates deemed most relevant by the company on the closing date.

13.1 – Non-current provisions

Non-current provisions mainly include:

- provisions for contractual obligations,
- provisions for employee benefits (see note 14),
- provisions to cover litigation costs.

Contractual replacement obligations

As part of its delegated management of public water and sanitation services, the Group operates the facilities owned by local authorities and has a contractual obligation to provide continuous service.

This obligation may be fulfilled by replacing certain facilities with identical ones. At the end of the contract, ownership of all replaced items is transferred to the local authority at no cost.

There are three types of replacement clause: guarantee, on account and scheduled, although one single contract may include all three types.

1 - Guarantee: contractual obligation to maintain the installations and replace them if necessary in order to ensure continuity of operations. The contract does not contain any replacement budget or schedule and thus provides no reimbursement to the local authority at the end of the contract.

2 - On account: contractual obligation to invest a certain amount each year into replacement equipment. The nature and provisional schedule for these replacements are not specified. At the end of the contract, any un-invested amounts are reimbursed to the local authority.

3 - Scheduled: contractual obligation to invest a certain amount into replacing specific types of equipment according to a given schedule. At the end of the contract, any un-invested amounts are reimbursed to the local authority.

These obligations mean the Group is required to make the necessary provisions each year, in line with applicable contractual rules. The Group recognises two types of liabilities in relation to these replacement obligations:

- a provision for risks and charges:

calculated based on the estimated replacement value known at the end of the period and the theoretical useful life of the equipment. This provision is only made to the extent that the assets are likely to be replaced before the end of the contract. For each contract, it is determined for each piece of equipment separately. The average useful life of equipment is regularly reviewed on the basis of statistical data and updated accordingly.

- an accrued expense in relation to "on account" and "scheduled" obligations:

expenses are recognized progressively as expenses are incurred. Any expenses that are not made in accordance with the annual contractual obligation (determined on a straight-line basis) are recorded as accrued expenses.

	Provisions for contractual obligations (1)	Long-term employee benefits (2)	Other provisions for charges (3)	Litigation (4)	Guarantees given	Other provisions for risks (5)	TOTAL
1st January 2022	**73 180**	**66 804**	**30 250**	**10 191**	**803**	**6 389**	**187 617**
Change in scope		(7 717)	(271)	(39)		(122)	**(8 149)**
Change in other comprehensive income		(9 079)					**(9 079)**
Foreign exchange differences		(136)	(182)	(1)			**(319)**
Line-to-line transfers		(391)	287	(274)	(1)	(22)	**(401)**
Allowances	894	2 445	23 934	4 422	93	2 360	**34 148**
Reversals used	(5 405)	(5 436)	(16 856)	(3 782)	(57)	(531)	**(32 067)**
Reversals not used	(2 494)		(1 186)	(1 547)	(171)	(865)	**(6 263)**
31 December 2022	**66 175**	**46 490**	**35 976**	**8 970**	**667**	**7 209**	**165 487**
Change in other comprehensive income		(906)					**(906)**
Foreign exchange differences			62				**62**
Line-to-line transfers		(2)	6 637	2 022		(2 190)	**6 467**
Allowances	2 907	2 960	11 947	4 378	438	944	**23 574**
Reversals used	(5 143)	(1 735)	(13 199)	(1 470)	(106)	(1 438)	**(23 091)**
Reversals not used	(1 939)	(2)	(3 866)	(328)	(65)	(13)	**(6 213)**
31 December 2023	**62 000**	**46 805**	**37 557**	**13 572**	**934**	**4 512**	**165 380**

(1) - Provisions for replacement/warranty 62 000

(2) - Pensions 41 415
- Second-tier pension for long service life 71
- Long-service awards 5 319

46 805

(3) - Provision for deferred maintenance 9 469
- Other provisions for charges 28 088

37 557

(4) - Provisions for client litigation 834
- Provisions for staff risks 5 710
- Provisions for other litigation 7 028

13 572

(5) - Provision for risk for Argentina 2 878
- Other provisions for risks 1 634

4 512

The provision for renewal has been discounted by €2.1 million in 2023.

13.2 – Current provisions

	Provisions for contract losses	Other provisions for charges	Provisions for worksite risks	Provision for policy excess on accidents	Other provisions	TOTAL
1st January 2022	**37**	**9 216**	**2 905**	**5 200**	**1 375**	**18 733**
Change in scope		(428)				**(428)**
Foreign exchange differences		(7)				**(7)**
Line-to-line transfers				150		**150**
Allowances	112	428		1 269	657	**2 466**
Reversals used	(1)	(403)	(5)	(788)	(283)	**(1 480)**
Reversals not used	(33)		(831)	(1 412)	(443)	**(2 719)**
31 December 2022	**115**	**8 806**	**2 069**	**4 419**	**1 306**	**16 715**
Line-to-line transfers		(6 475)				**(6 475)**
Allowances	66			1 093	400	**1 559**
Reversals used	(79)			(306)	(291)	**(676)**
Reversals not used	(36)			(1 108)	(237)	**(1 381)**
31 December 2023	**66**	**2 331**	**2 069**	**4 098**	**1 178**	**9 742**

In addition to standard operating provisions relating to construction risks and accident deductibles, current provisions include future disbursements in relation to voluntary departures recorded in Water France operating segment under a collective mutually agreed termination mechanism and a dedicated company agreement.

Note 14 – Post-employment benefits

The measurement of employee benefit obligations under defined-benefit plans is based on actuarial calculations. The Group believes that the assumptions used to measure these commitments are appropriate and justified. However, any change in assumption could have a significant impact.

These provisions are measured and recognised in accordance with IAS 19 (revised), which applies to all contractual, informal and customary retirement obligations as well as to long-service awards.

Within the Group, employee benefits primarily include:
1) retirement benefits: determined using "*the projected unit credit method*", each period of service gives rise to an additional benefit entitlement, as defined in the plan's benefit formula, and using a linear effect if the rate at which the entitlement is acquired is not uniform across subsequent periods of service.

The valuation is based on the contracts for each business line and takes account of:

- the status, age and seniority acquired by the various categories of personnel,
- the staff turnover rate, calculated using historic data for the business lines, age ranges and categories,
- average wages and salaries including bonuses, increased by a coefficient representing the applicable rate of employer contributions,
- an inflation rate,
- a rate of salary increase,
- a retirement bonus discount rate,
- a life expectancy calculation, preferably determined using mortality tables.

The actuarial assumptions are specific to each country. This results in provisions being recorded in the balance sheet and any related net expenses being recognised.

Actuarial gains and losses are recognised directly in other comprehensive income.

2) premiums paid out with the issue of long-service awards: a provision is recognised in the consolidated balance sheet to cover probable payments to employees in the company.

This provision is calculated:

- the probability that employees will reach the seniority required for the award of a medal (probability depending on staff turnover and mortality tables),
- taking account bonuses that may be paid,
- taking into account the probability that employees will apply for the medal,
- taking account the discount rate.

This results also in a provision being recorded in the balance sheet and any related net expenses being recognised.

14.1 – Description of pension plans

The Group has the following defined-benefit pension plans:

- A standard retirement benefits plan for companies located in France, Poland, and Italy. The commitment as of December 31, 2023 is €38.9 million for France

- A retirement benefits plan called Trattamento di Fine Rapporto (TFR) in Italy. Every employer is required to set aside a severance payment (TFR) for the employees, and it is paid to the employees when they leave the company. The commitment as of December 31, 2023 is €3 million.

- A plan offering a seniority bonus ("long-service awards") in France. The commitment amounts to €4.5 million as of December 31, 2023

- Lastly, a limited supplementary pension plan, closed for several years, to which some employees of the former company CISE are entitled (only one beneficiary remains at the end of 2023). The commitment amounts to €0.1 million as of December 31, 2023.

It should also be noted that there is a defined-benefit plan for former subsidiaries in the United Kingdom, for which there are no beneficiaries currently working for the Group. This fund is closed. The gross commitment in respect of this plan amounts to £9.7 million as of December 31, 2022, fully covered by a portfolio of low-risk assets dedicated to pension funds and valued at £13.5 million (no surplus assets are recognised).

There is no post-employment benefit for executives in the Group.

14.2 – Benefits expected over the next 10 years for Saur

	Pension plans	Long-service awards	TOTAL
Benefits in 2024	349	408	**757**
Benefits in 2025	446	426	**872**
Benefits in 2026	1 245	442	**1 687**
Benefits in 2027	1 851	445	**2 296**
Benefits in 2028	2 837	453	**3 290**
Benefits 2029 to 2033	17 543	2 027	**19 570**

14.3 – Change in commitments

	Pension plans	Long-service awards	TOTAL
Actuarial liability at 1st January 2022	**52 880**	**13 924**	**66 804**
Change in scope	(2 878)	(4 839)	**(7 717)**
Reclassified in liabilities held for sale			
Service cost	3 762	852	**4 614**
Interest on actuarial liability	371	41	**412**
Actuarial gains and losses	(9 079)		**(9 079)**
Benefits paid	(3 016)	(5 001)	**(8 017)**
Foreign exchange differences	(46)	(90)	**(136)**
Line-to-line transfers		(391)	**(391)**
Actuarial liability at 31 December 2022	**41 994**	**4 496**	**46 490**
Change in scope			
Reclassified in liabilities held for sale			
Service cost	2 082	997	**3 079**
Interest on actuarial liability	1 289	128	**1 417**
Actuarial gains and losses **(1)**	(906)		**(906)**
Benefits paid	(2 973)	(302)	**(3 275)**
Foreign exchange differences			
Line-to-line transfers			
Actuarial liability at 31 December 2023	**41 486**	**5 319**	**46 805**

(1) Experience (gains)/losses	(629)
(Gains)/losses from financial assumptions	(236)
(Gains)/losses from demographic assumptions	(41)
	(906)

The actuarial liability at December 31, 2023 increased by €0.3 million (€46.8 million at December 31, 2023 compared with €46.5 million at December 31, 2022). Actuarial gains amount to €0.9 million.

The breakdown of actuarial liability by country is as follows:

Breakdown by country	Retirement plans	Long-service awards	Total
France	38 936	4 496	43 432
Italy	3 058		3 058
Actuarial liability as at 31 December 2022	**41 994**	**4 496**	**46 490**

Breakdown by country	Retirement plans	Long-service awards	Total
France	38 424	5 319	43 743
Italy	3 062		3 062
Actuarial liability as at 31 December 2023	**41 486**	**5 319**	**46 805**

At December 31, 2023, the actuarial liability (PBO, Projected Benefit Obligation) for pension plans of €41.4 million, all countries included, breaks down into €41.9 million for non-covered defined benefits and €0.1 million for partially covered plans (supplementary pensions concerning 1 beneficiary).

14.4 – Changes in the plan's financial assets

Pension plans	12/2023	12/2022
Opening value of investments	**5**	**123**
Expected return on investments	0	1
Financial Income		
Employer contributions		385
Benefits paid		(504)
Closing value of investments	**5**	**5**

The financial assets are related only to supplementary pension plans.

14.5 – Total recognised expenses

	Pension plans	Long-service awards	TOTAL
Service cost	3 762	852	4 614
Benefits paid	(2 512)	(5 001)	(7 513)
Interest on actuarial liability	371	41	412
Expected return on investments	1	-	1
Employer contributions	(385)	-	(385)
Total expenses recognised as at 31 December 2022	**1 237**	**(4 108)**	**(2 871)**

	Pension plans	Long-service awards	TOTAL
Service cost	2 082	997	3 079
Benefits paid	(2 973)	(302)	(3 275)
Interest on actuarial liability	1 289	128	1 417
Expected return on investments	0	-	0
Employer contributions	-	-	
Total expenses recognised as at 31 December 2023	**398**	**823**	**1 221**

Note: Recognised expenses are presented with a positive sign in this table

14.6 – Actuarial assumptions

At December 31, 2023, the main actuarial assumptions used are the following:

	France	
	12/2023	12/2022
Pension commitments		
Discount rate	3,17 %	3,16 %
Pay increase rate net of inflation	(a)	(a)
Inflation rate	2,1 %	2,1 %
Long service awards		
Discount rate	3,09 %	3,11 %

(a) The Group updated its analyses carried out in 2019 covering the last five years by employee category and relative age group concerning:

- observed wage increases
- observed voluntary departures

These analyses made it possible to determine revaluation and turnover rates that are appropriate for each employee category.

Following the entry into force of the pension reform in France actuarial assumptions have been updated to reflect:

- the gradual increase in the legal retirement age from 62 to 64,
- the abolition of certain special schemes
- and the acceleration of the timetable resulting from the 2014 "Touraine" reform, to gradually reach the 43-year contribution period in 2027 instead of 2035.

The actuarial liability is sensitive to discount rates. Therefore, for companies located in France, a 0.25-point increase in the discount rate would reduce the actuarial liability by €1.2 million. Conversely, a 0.25-point decrease in this rate would result in the actuarial liability rising by €1.2 million.

The returns used for reference are those of Corporates Bonds AA reported by the iBoxx index, which gave a rate of 3.17% for a period of 12 years for retirement bonuses and of 3.09% for a period of 9 years for long-service awards on December 31, 2023.

Note 15 – Financial liabilities

With the exception of derivative liabilities measured at fair value, loans and other financial liabilities are initially measured at fair value less transaction costs, then at their amortised cost calculated using the effective interest rate (EIR).

The EIR is the rate that accurately re-estimates the future cash flows until maturity. This calculation includes all commissions paid or received between the contractual parties.

The portion of financial liabilities due within one year is presented in current liability.

	HIME bonds	Revolving Credit Facility	Other loans and debt	TOTAL	IFRS 16 lease liabilities	TOTAL FINANCIAL LIABILITIES
Non-current financial liabilities	937 353		46 181	**983 534**	62 679	**1 046 213**
Current financial liabilities		150 000	16 888	**166 888**	32 817	**199 705**
31 December 2022	**937 353**	**150 000**	**63 069**	**1 150 422**	**95 496**	**1 245 918**
1st January 2022	**934 796**		**56 508**	**991 304**	**89 803**	**1 081 107**
Change in scope			30 487	**30 487**	2 949	**33 436**
Foreign exchange differences			(1 116)	**(1 116)**	(46)	**(1 162)**
Increase	2 557	150 000	16 008	**168 565**	45 687	**214 252**
Decrease			(38 818)	**(38 818)**	(42 897)	**(81 715)**
31 December 2022	**937 353**	**150 000**	**63 069**	**1 150 422**	**95 496**	**1 245 918**

	HIME bonds	Revolving Credit Facility	Other loans and debt	TOTAL	IFRS 16 lease liabilities	TOTAL FINANCIAL LIABILITIES
Non-current financial liabilities	1 236 701		36 482	**1 273 183**	70 672	**1 343 855**
Current financial liabilities		100 000	60 519	**160 519**	36 191	**196 710**
31 December 2023	**1 236 701**	**100 000**	**97 001**	**1 433 702**	**106 863**	**1 540 565**
1st January 2023	**937 353**	**150 000**	**63 069**	**1 150 422**	**95 496**	**1 245 918**
Change in scope			5 306	**5 306**	56	**5 362**
Foreign exchange differences			254	**254**	80	**334**
Increase	299 348		60 906	**360 254**	63 679	**423 933**
Decrease		(50 000)	(32 534)	**(82 534)**	(52 448)	**(134 982)**
31 December 2023	**1 236 701**	**100 000**	**97 001**	**1 433 702**	**106 863**	**1 540 565**

The increase of €5.3 million in loans in the "change in scope" line is due to the takeover of debt held by NSI Industrial O&M Solutions.

During the period, other loans and debt increased by €60.9 million mainly as a result of the subscription to European commercial paper for €40 million.

The decrease of €32.5 million in other loans and debt was due to:

- the repayment by NSI Industrial O&M Solutions of €5.3 million of bank debt existing prior to its acquisition;
- the repayment by Group companies of other borrowings totalling €13.9 million;
- the reduction of put and earn-out liabilities by €13.3 million.

In addition, €50 million were repaid on the revolving credit facility during the year.

15.1 – Main characteristics of financial liabilities

The September 2021 bond financing is characterised by two tranches of senior unsecured sustainability-linked bonds, comprising a €450 million tranche with a 4-year maturity (September 2025) with an annual coupon of 0.125%, and a €500 million tranche with a 7-year maturity (September 2028) with an annual coupon of 0.625%.
In April 2023, the Group issued a sustainability linked bond of €300 million, with a 4-year maturity (March 2027) and an annual coupon of 4.5%.

At December 31, 2021, a €250 million revolving credit line with a final maturity of 4 years (September 2025) was also set up. This line of credit was extended to €300 million as at July 29, 2022, of which €200 million undrawn as of December 31, 2023. This line has a floating interest rate based on the maturity of the drawdowns.

15.2 – Financial liabilities by due date

	Total	< 1 year	1 to 5 years	> 5 years
HIME bonds	1 236 701		736 701	500 000
Revolving Credit Facility	100 000	100 000		
Other loans and debt	96 994	60 505	19 968	16 521
Lease liabilities (IFRS 16)	106 870	36 197	49 254	21 419
TOTAL	**1 540 565**	**196 702**	**805 923**	**537 940**

In other loans and debt, the portion due within one year primarily relates to the €40 million European commercial paper, representing around half of the total of other borrowings.

Other loans and debts include put options on minority interests, earn-out debts and several operating loans carried by the subsidiaries.

15.3 – Financial liabilities by interest rate and currency

Given the Group’s hedging policy, the breakdown of financial debts by type of interest rate is as follows:

	12/2023	12/2022
Fixed-rate debt	90,9%	87,8%
Variable-rate debt	9,1%	12,2%

The fixed-rate debt includes the lease liability resulting from the IFRS 16 restatement.

All financial liabilities recognised in the balance sheet are in euros.

Bonds pay a fixed coupon. However, bond coupon is subject to change depending on meeting ESG criteria defined at the time of the bond issue, which are (i) changes in the annual water deduction rate per subscriber and (ii) carbon intensity.

If the criteria defined at the time of the bond issue are met, the coupon rate paid will not change. Otherwise, it may change as follows:

	Year of issue	Year tested	Coupon	Revised coupon if 1 ESG target is not met	Revised coupon if 2 ESG targets are not met	Years impacted by coupon revision
4-year tranche (Sept. 2025)	2021	2023	0,125%	0,250%	0,375%	2024-2025
7-year tranche (Sept. 2028)	2021	2025	0,625%	0,750%	0,875%	2026-2028
4-year tranche (April 2027)	2023	2025	4,500%	5,000%		2026-2027

The coupon of the new sustainability linked bond issued on April 2023 is also subject to change depending on meeting of only one criteria, the carbon intensity. If the criteria defined at the time of bond issuance is met, the rate of the coupon paid will not change. Otherwise, the revised coupon will be applied

15.4 – Change in net debt

	1st January 2022	Flows for the period	31 December 2022	Flows for the period	31 December 2023
Cash - assets	255 464	22 742	278 206	45 381	323 587
Cash - liabilities	(41 818)	5 347	(36 471)	19 806	(16 665)
Net cash (a)	**213 646**	**28 089**	**241 735**	**65 187**	**306 922**
Non-current financial liabilities	980 207	3 327	983 534	289 649	1 273 183
Current financial liabilities	11 097	155 791	166 888	(6 369)	160 519
Non-current lease liabilities	67 012	(4 333)	62 679	7 993	70 672
Current lease liabilities	22 791	10 026	32 817	3 374	36 191
Total Financial liabilities	**1 081 107**	**164 811**	**1 245 918**	**294 647**	**1 540 565**
Net financial instruments at fair value	2 203	(4 684)	(2 481)	9 639	7 158
Gross debt including net financial instruments at fair value (b)	**1 083 310**	**160 127**	**1 243 437**	**304 286**	**1 547 723**
Net debt (b) - (a)	**869 664**	**132 038**	**1 001 702**	**239 099**	**1 240 801**

Reconciliation of increases and decreases in gross debt with the change in financial debt in the statement of cash flows

	Increases	Decreases	Net change
Increase and decrease of financial debts (Note 14)	**360 254**	**(82 534)**	**277 720**
Non-cash items			
Amortized cost of debt and amortization bond premium	(3 935)		**(3 935)**
Put on minority interests and Earn out	(8 986)	11 377	**2 391**
Accrued interests	(11 419)	1 076	**(10 343)**
Other non-cash items	(19)		**(19)**
Change in financial debt in the Statement of Cash Flows	**335 895**	**(70 081)**	**265 815**

Note 16 – Other current liabilities

	31 December 2023	31 December 2022
Advances and payments on account received	585 965	524 700
Trade payables and related accounts	437 829	506 288
Debt with local authorities	676 229	640 956
Other debts	345 258	345 537
Prepaid income	70 429	70 730
TOTAL OTHER CURRENT LIABILITIES	**2 115 710**	**2 088 211**

Debts to local authorities correspond to the taxes and fees collected from users and payable to the local authorities. These debts are subject to significant seasonality according to the invoicing schedules of water sales to users and then reverse payments to local authorities.

Note 17 – Details of the consolidated statement of cash flows

Change in working capital requirements:

	31 December 2023	31 December 2022
Change in inventories	(14 962)	(4 736)
Change in trade receivables	(65 117)	(177 769)
Change in advances and payments on account received	61 234	20 236
Change in trade payables	(76 152)	132 798
Change in debt with local authorities	35 201	29 335
Change in others current assets and current liabilities	(32 946)	71 633
Change in working capital requirements	**(92 742)**	**71 497**

Note 18 – Deferred tax assets and liabilities

In accordance with the approach established by IAS 12, deferred tax is recorded for a temporary difference between the carrying amount of an asset or liability and its tax base and calculated using the liability method, company by company.

These temporary differences are:

- Either source of future taxation: (deferred tax liabilities) mainly income on which the payment of tax is deferred as well as deferred tax on entries recognised in the context of purchase price allocation exercises;
- or sources of future tax deductions: (deferred tax assets) and mainly concern provisions that are temporarily non-deductible for tax purposes;

Deferred tax assets arising from temporary differences are recognised only to the extent that it is probable :

- - sufficient taxable temporary differences within the same tax entity or tax group that are expected to reverse in equivalent periods;
- - or the Group is likely to generate sufficient future taxable profits against which the asset can be offset.

For the calculation of deferred taxes, the impact of changes in tax rates is taken into account in the year in

which the change in rates is adopted by the government or has a high probability of being adopted in the next reporting period.
Deferred tax liabilities are offset against the assets whenever a particular law allows an entity to establish itself as the sole party liable for the tax of a group of companies (tax consolidation) with comparable payment horizons.

18.1 – Change in deferred tax

	Deferred tax assets	Deferred tax liabilities	TOTAL restated
Deferred taxes at 1st January 2022	**6 675**	**63 691**	**(57 016)**
Change in profit or loss	1 787	(5 858)	7 645
Change in shareholder equity	(3 118)		(3 118)
Change in scope	(2 495)	5 108	(7 603)
Reclassified in assets and liabilities held for sale			
Foreign exchange differences	(147)	(228)	81
DTA/DTL adjustment and reclassifications	2 667	2 573	94
Deferred taxes at 31 December 2022	**5 369**	**65 286**	**(59 917)**
Change in profit or loss	724	(7 353)	8 077
Change in other comprehensive income	(34)		(34)
Change in scope			
Reclassified in assets and liabilities held for sale			
Foreign exchange differences	(20)	(331)	311
DTA/DTL adjustment and reclassifications	(1 268)	1 750	(3 018)
Deferred taxes at 31 December 2023	**4 771**	**59 352**	**(54 581)**

The corporate tax rate used to calculate deferred taxes was 25.83% at December 31, 2023 (identical to that of December 31, 2022). This approaches the last tax rate to be applied in France by 2024 (25%) plus the social welfare tax. To date, no rates have been communicated beyond 2024 by the French government.

18.2 – Breakdown of deferred tax by type

Deferred tax assets	12/2023	12/2022
Employee benefits (IAS 19)	10 039	10 032
Tax losses to be carried forward	42 469	43 639
Temporary differences	7 113	6 778
Other deferred tax assets	7 105	5 083
Reclassification in assets held for sale		
IAS38	1 790	2 330
DTA/DTL adjustment	(63 745)	(62 493)
Total	**4 771**	**5 369**

Deferred tax liabilities	12/2023	12/2022
Client contracts	110 628	115 368
Revaluation of tangible fixed assets		
Debts at amortised cost		
Discounting of provision for replacement/warranty	1 184	1 715
Regulated provisions		
Other deferred tax liabilities	11 285	10 696
Reclassified in liabilities held for sale		
DTA/DTL adjustment	(63 745)	(62 493)
Total	**59 352**	**65 286**

It should be noted that recognised tax losses carried forward by the HIME tax consolidation group are only recognised because of the presence of a deferred tax liability applicable to the amortisation of customer contracts (recognised as part of the purchase price allocation exercise) over the same time horizon.

The deferred tax asset takes into account the current rules of capping the allocation of loss at 50%.

Note 19 – Assets and liabilities held for sale, discontinued operations

IFRS 5, "*Non-current assets held for sale and discontinued operations*", specifies the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations.

The standard notably requires the separate presentation of assets held for sale in the consolidated statement of financial position at the lower of their carrying amount and fair value less transaction costs, where the criteria set out in the standard are satisfied.
When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

In addition, the standard requires the separate presentation in the consolidated income statement of the results of discontinued operations for all comparative periods on a retrospective basis.

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

- represents a distinct major line of business or geographic area;
- is part of a single coordinated plan to dispose of a separate line of business or major geographical area of operations;
- or is a subsidiary acquired exclusively for the purpose of sale.

Finally, flows from discontinued operations including flows from operating activities, investing activities and financing activities must be mentioned, either in the statement of cash flows or the notes to the financial statements.

19.1 – Assets and liabilities held for sale

Assets and liabilities related to discontinued operations are entered separately in the Group's consolidated statement of financial position.

As at December 31, 2023, there were no longer available-for-sale assets and liabilities, as the Leisure business and the Colombian subsidiaries were disposed in 2022.

19.2 – Discontinued operations

The Leisure activity (which corresponds to an operating segment) was one of the Group's discontinued activities as at December 31, 2022. The corresponding items are separately isolated in the income statement and the cash flow table presented in relation to the financial statements.

	31 December 2022
REVENUE	46 803
Other income from ordinary activities	323
INCOME FROM ORDINARY ACTIVITIES	**47 126**
Purchases	(8 823)
Personnel expenses	(15 459)
External expenses	(8 314)
Taxes and duties	(1 135)
Net Amortisation and provisions	(3)
Other current operating income and expenses	(484)
CURRENT OPERATING PROFIT (LOSS)	**12 908**
Profit (loss) from asset disposals	17
Other non-recurring operating income and expenses	
OPERATING PROFIT (LOSS)	**12 925**
Share of net income of equity-accounted companies in the extension of the Group's operations	
OPERATING PROFIT (LOSS) after share of net income of equity-accounted companies in the extension of the Group's activity	**12 925**
Net borrowing cost	(415)
Other net financial expenses	8
FINANCIAL PROFIT (LOSS)	**(407)**
Net losses on disposal of discontinued operation and related disposal costs	10 315
Corporate income tax	(628)
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**22 205**
Of which Group share	**22 150**
Of which Share of non-controlling interests	**55**

Note 20 – Revenue and income from ordinary activities

Consolidated Revenue

The Group’s revenue mainly includes income related to the following business lines:

- Water,
- Engineering contracts, construction contracts and services.

In accordance with IFRS 15, sales are recognized when their amount can be reliably measured, when control over the promised goods and services is transferred to the customer, either at a point in time, generally when the goods are delivered, or over time for service and construction contracts.

Revenue is measured at the transaction price, which is the amount of the offset that the Group expects to receive in exchange for the transfer to the customer of the promised goods or services. When the existence of a deferred payment has a significant effect on the determination of the price of the transaction, the transaction price is taken into account by discounting future payments.

Water

Revenue related to water distribution is recognised on the basis of the volumes delivered to customers, whether these volumes resulted in specific invoicing (“*metered*”) or they were estimated according to the supply network performance (so-called “*unmetered*” revenue). This estimate of "*metered*" water at the end of the year is based on historical data, consumption statistics and sales price estimates.

With regard to wastewater or effluents’ treatment, the price of the service is either included in the water supply invoice or invoiced specifically to the local authority or the industrial customer.

In the case of management contracts, the manager's remuneration is recorded as revenue.

Also note that fees and taxes collected on behalf of local authorities are not included in Revenue to the extent that the Group does not bear the risk of third-party irrecoverability.

Engineering contracts, construction contracts and services

Revenue from engineering contracts and construction contracts, which relate to the design and construction of the equipment necessary for the treatment and distribution of water, is determined by applying the percentage of completion method in accordance with IFRS 15.

Revenue, generated by the engineering and construction services provided by the Group, is measured at the transaction price and recognised on completion only if the Group can reasonably measure this progress in relation to the complete achievement of the performance obligation.

The percentage of completion is determined by the ratio of costs incurred at the balance sheet date to the estimated total contract costs.

When total contract costs exceed total contract revenue, the expected loss is immediately recognized as an expense through the recognition of a provision for loss on completion, regardless of the stage of completion.

Any partial payments received before the corresponding work has been completed are recorded as liabilities in the balance in advances and payments on account received.

Contracts with a rental component

Contracts are signed with industrial customers for assets built, financed, operated and maintained by the Group. These contracts, which do not take the legal form of a lease but give the Group's customers control over the use of a specific asset throughout their term in return for consideration, are treated as leases in accordance with IFRS 16.

These contracts mainly take the form of Design, Build, Finance, Operate and Maintain (DBFOM) or Build, Operate and Transfer (BOT) contracts.

The Group analyses contracts to determine whether the rental component corresponds to:

- An operating lease, where the Group retains a substantial part of the risks and rewards associated with the asset in question,
- A finance lease, where all or substantially all the risks and rewards of ownership are transferred to the lessee.

To date, all the contracts signed by the Group are operating leases.

The Group recognises rental income as revenue on a straight-line basis. Leased assets are included in the Group's property, plant and equipment and depreciated over their useful life.

The leases concerned generally include clauses requiring the customer to pay the Group for maintenance services on the leased assets. These services reduce the risk of a rapid decline in the residual value of the assets and are recognised in revenue over time in accordance with IFRS 15.

	12/2023	% of total	12/2022	% of total
France + overseas departments	1 476 137	70,6%	1 350 449	69,8%
Other countries	615 730	29,4%	584 302	30,2%
TOTAL REVENUE	**2 091 867**	**100,0%**	**1 934 751**	**100,0%**

Income from ordinary activities

Grants

Grants are recorded differently depending on their type:

- investment grants related to tangible assets: these are recorded in "Deferred income" and are recognised in profit or loss at the same rate as the amortisation of the asset with which they are associated, on the line "Other current operating income and expenses".
- - revenue grants: by definition, these relate to operating elements and therefore are recognised under the item "Other income from ordinary activities".

	12/2023	12/2022
Revenue	**2 091 867**	**1 934 751**
Operating subsidies	20 371	3 824
Income from recovery on water sales	18 130	16 383
Other income from ordinary activities	**38 500**	**20 207**
INCOME FROM ORDINARY ACTIVITIES	**2 130 368**	**1 954 959**

Note 21 – Other current operating expenses and income

	12/2023	12/2022
Royalties on concessions and patents	(1 196)	(8 239)
Irrecoverable losses	(11 979)	(23 612)
Staff departures	(12 381)	(19 896)
Other current operating income and expenses	(37 906)	(45 591)
OTHER CURRENT OPERATING INCOME AND EXPENSES	**(63 461)**	**(97 338)**

The staff departures included in this item correspond to departures of staff who are not replaced or were affected by the implementation of the reorganisation of a department or changes in senior management. These expenses are presented in the Group's Current Operating Income on a constant basis. Departures that are part of a larger, more formalized restructuring plan, such as a voluntary redundancy plan, are presented under non-current items (see Note 23).

In June 2023, it was decided to set up a free share allocation plan ("AGA"), providing for the free allocation of 4,643,813 AGAs to certain eligible employees and corporate officers of the Company and the Group. This AGA plan provides for a vesting period of 1 year from the date of this decision and a holding period of 1 year from the expiry of the vesting period. An IFRS 2 expense of €2,876 thousand has been recognised in this respect at 31 December 2023 under "Other current operating income and expenses". The total IFRS 2 expense is spread over the vesting period.

In 2022, the line item *"Other current operating income and expenses"* includes one-off expenses such as consultant fees that accompany the implementation of organisational changes (with the exception of fees related to restructuring costs recognised as non-current). Most of these expenses are positioned after EBITDA (see note 22).

Note 22 – Reconciliation of current operating income with reported EBITDA and Economic EBITDA

EBITDA is a non-GAAP indicator because it is not standardised under IFRS. However, it is used within the Group to monitor operational performance and is the basis for calculating the consolidated leverage ratio as defined in the implementation of the RCF line in September 2021 simultaneously with the ESG bond issue.

A new aggregate entitled Economic EBITDA was introduced in 2023 to present a better understanding of the underlying operating performance of the Group.
The Economic EBITDA includes the realized gain or loss on the Virtual Power Purchase Agreement (VPPA) signed in July 2022 to benefit from advantageous energy costs in Iberia (difference between the agreed fixed price and the floating price observed in the spot market).

The bridge table between current operating income (COI) as shown in the income statement and the Reported and Economic EBITDA is as follows:

	12/2023	12/2022
CURRENT OPERATING PROFIT (LOSS)	**(13 602)**	**51 782**
(-) Net depreciation	(186 153)	(149 927)
(-) Amortization of intangible assets recognised in business combinations	(32 602)	(33 331)
(-) Net provisions (excluding current assets)	10 909	29 417
(-) Staff departures excluding EBITDA	(12 381)	(19 896)
(-) Other current operating income and expenses excl. EBITDA	(13 260)	(27 969)
REPORTED EBITDA	**219 886**	**253 488**
(+/-) VPPA gain (loss)	2 366	0
ECONOMIC EBITDA	**222 252**	**253 488**

"*Staff departures excluding EBITDA*" and "*Other current operating income and expenses excluding EBITDA*" are presented in Note 21.

Note 23 – Other non-current operating expenses and income

	12/2023	12/2022
Argentina operations	32	(547)
Water France restructuring expenditure (net of reversals)	(1 466)	(14 933)
Company acquisition expenditures	(4 319)	(18 462)
Cost of closed UK pension fund	(1 130)	(1 129)
Performance Bond for Águas Do Sado's concession	0	(12 602)
Other expenses	3 356	(3 059)
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**(3 527)**	**(50 732)**

As of December 31, 2023, this item consists mainly of expenses incurred in connection with the Group's external growth operations and costs related to the Water France Restructuring.

At December 31, 2022, the item mainly consisted of expenses incurred in connection with the Group's external growth operations as well as costs related to the restructuring of the Water France operating segment.
A 25-year concession contract ended on December 31, 2022. The municipality of Setubal and the concessionaire Águas do Sado have failed to define the terms of the contract's termination and have made arbitration requests.

At December 31, 2022, €12.6 million performance bond payment instruction triggered to recognize a non-recurring cost in "Other non-recurring operating income and expenses" in the consolidated Group income statement.

Note 24 – Financial profit (loss)

Net borrowing costs include:
- interest (paid or accrued not yet due) on loans, measured at amortised cost,
- interest expenses included in payments made under a lease,
- interest income or expenses related to cash,
- income and profit/loss on the disposal of marketable securities,
- amortisation of the bond issue premium.

Other financial income and expenses comprise mainly income from financial receivables, dividends received from non-consolidated companies, profit or loss on foreign exchange and impairment losses on financial assets.

	12/2023	12/2022
Interest expenses on financial liabilities	(27 811)	(12 329)
Interest expenses under IFRS 16	(2 061)	(1 879)
Interest income or expenses related to cash	6 038	818
Amortized cost of debt and amortization bond premium	(3 935)	(3 045)
Net borrowing cost	**(27 769)**	**(16 435)**
Net provisions	(3 498)	(1 047)
Exchange rate difference	(1 722)	2 939
Income from equity interests	580	470
Other financial income and expenses	1 084	2 853
Net gain (losses) on derivative instruments	(6 751)	405
Other financial income and expenses	**(10 307)**	**5 620**
FINANCIAL PROFIT (LOSS)	**(38 076)**	**(10 815)**

The net gains and losses on derivatives instruments include gains related to the fair value measurement of the VPPA as at December 31, 2023, a virtual power purchase contract (VPPA) with a solar farm in Spain for a total production of 100 GWh per year for 13 years. This contract, with the exception of the component of certificates of origin acquired, is considered to be a derivative financial instrument within the meaning of IFRS 9, recognised in financial income on the income statement (level 3 fair value, determined using valuation techniques incorporating parameters estimated by the Group in the absence of observable data).

Note 25 – Corporate income tax

Corporate income tax (expense or income) includes the current tax expense (or income) and the deferred tax expense (or income).

Deductible temporary differences and tax losses give rise to deferred tax assets to the extent that it is demonstrated that they will be recovered in future years. Taxable temporary differences result in the recognition of deferred tax liabilities.

Tax consolidation

French companies that are at least 95% directly or indirectly owned are included in the scope of this tax consolidation. The tax expenses are borne by each subsidiary, as if they had been taxed separately, after deducting of any tax credits.

HIME alone is liable for the corporate income tax calculated on the basis of the overall tax return. The potential tax savings are acquired by HIME, head of tax consolidation group, without redistribution to the subsidiaries.

Breakdown of net tax expense

	France	Other countries	12/2023	12/2022
Taxes payable	(7 135)	(4 143)	(11 278)	(7 826)
Deferred tax	5 723	2 355	8 078	7 645
Tax on distribution		(29)	(29)	(59)
Tax credit	259		259	208
CVAE	(2 353)		(2 353)	(4 588)
TOTAL (expense) income	**(3 507)**	**(1 817)**	**(5 324)**	**(4 619)**

Most unrecognised deferred tax assets relate to the HIME tax consolidation group and amount to €134 million at December 31, 2023. As part of the tax consolidation of HIME, the tax savings generated in the year ended December 31, 2023 amounts to €5 million (compared to €7 million in 2022).

The transition from theoretical tax at the current rate to tax expense is explained by:

	12/2023	12/2022
Consolidated net income - Group share	(56 596)	26 933
Minority interests	1 905	(4 039)
Current tax expense (income)	5 324	4 619
Profit (loss) of equity-accounted companies	(9 143)	(7 724)
Profit (loss) net of taxes of discontinued operations		(22 205)
Pre-tax profit (loss)	**(58 511)**	**(2 416)**
Theoretical tax income (expense) at 25.83%	**15 113**	**624**
Permanent differences	(1 041)	2 418
DTA not applied against tax losses **(1)**	(16 722)	(7 368)
Tax credits and other tax reductions	2 556	1 896
Use of tax losses carried forward	155	1 895
Rate differential **(2)**	(2 354)	(3 954)
Other	(3 031)	(130)
Tax income (expense)	**(5 324)**	**(4 619)**
(1) DTA not applied against:		
- tax loss of the HIME tax consolidation	(11 267)	-
- cancellation of previously recognised DTA		(2 373)
- tax losses of foreign subsidiaries	(4 571)	(4 821)
- tax losses of French subsidiaries	(884)	(174)

(2) including the differential related to the CVAE expense, presented on the corporate income taxes line

Note 26 – Hedging financial instruments

		31 December 2023		31 December 2022	
	Notes	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	26.1	715	21	1 399	93
Foreign exchange derivatives	26.2	1 386	525	1 137	367
Commodity derivatives	26.3	0	8 713	405	0
Total Derivatives		**2 101**	**9 259**	**2 941**	**460**
of which non-current derivatives		*596*	*8 734*	*1 658*	*185*
of which current derivatives		*1 505*	*525*	*1283*	*275*

26.1 – Interest rate risk

	31/12/2023	< 1 year	1 to 2 years	2 to 3 years	3 to 10 years	> 10 years
Interest rate swaps						
- on financial assets						
- on financial liabilities (hedged capital)	13 869		2 334			11 535
Caps/floors						
- on financial assets						
- on financial liabilities (notional amount)	2 917				2 917	
TOTAL	**16 786**		**2 334**		**2 917**	**11 535**

The Group's debt is mainly fixed-rate.

Nevertheless, a part of our floating rate debt is hedged for some of our financing transactions.

Interest rate hedging financial instruments are recognised at fair value and amount to €0.7 million as of December 31, 2023 in derivative financial instruments assets in the balance sheet.

26.2 - Foreign exchange risk

Due to its international presence, the Group is naturally exposed to fluctuations in foreign currencies (excluding the euro, its reporting currency) in which its transactions are carried out (transaction and conversion risks) and in which its assets and liabilities are denominated.

At December 31, 2023, the Group has currency hedges (forward currency sales) for a total MTM of €0.9 million.

ands of €	GBP	USD	SEK	JPY	PLN	CHF	AED	SAR	TOTAL
Forward purchases and sales									
- forward purchases (counter-value in euros)				(16)					(16)
- forward sales (counter-value in euros)	(32)	91				(135)			(76)
Currency swaps	34	1 083	(190)		(149)		53	122	953
Foreign exchange options									
- purchased									
- sold									
TOTAL	**2**	**1 174**	**(190)**	**(16)**	**(149)**	**(135)**	**53**	**122**	**861**

26.3 - Raw material risk

Saur is exposed to oil price fluctuations through its fuel consumption activity. However, these fluctuations are taken into account in contractual price adjustment mechanisms with clients.

Saur Group is also exposed due to its electricity consumption, which is necessary for its operation. In terms of electricity, the Group has taken positions in the Water France operating segment in order to cover 100% of its electricity needs.

A total of 326 GWh was reserved for 2023 for an amount of €75.9 million, representing 100% of the energy to be sourced on the market, with the rest of SAUR's electricity requirements covered by the ARENH mechanism.

For 2024, a total of 307 GWh has been reserved for an amount of €85 million representing 100% of the energy to be sourced on the market, with the rest of SAUR's electricity requirements covered by the ARENH mechanism.

For 2025, a total of 244.2 GWh has been reserved for an amount of €36.9 million, representing 80% of the energy to be sourced on the market. The remaining 20% will be covered during 2024; the part not exposed to the market will be covered by the ARENH mechanism.

Furthermore, the VPPA signed by the Group on July 20, 2022 is accounted for as a derivative financial instrument in accordance with IFRS 9.

The market value of the VPPA adjusted for valuation uncertainty was -€9 million. These transactions are recorded on the balance sheet at their fair value defined on the basis of quoted commodity prices for similar maturities and using internal models with unobservable inputs for longer maturities, in the absence of a liquid market.

26.4 - Counterparty risk

Counterparty risk is the risk of financial loss to the Group in the event that a customer or debtor fails to meet its contractual obligations.

The Group’s exposure to counterparty risk results mainly from:
- financial investments to either invest excess cash flow or hedge post-employment benefits;
- hedging agreements under which the counterparty is a financial institution.

The Group minimises its counterparty risk via procedures that limit its choice of counterparties to leading financial institutions and banks.

26.5 - Liquidity risk

At December 31, 2023, the Group's cash position amounted to €306.9 million, including €40 million in European commercial paper (compared to €241.7 million at December 31, 2022), plus €200 million in an undrawn confirmed medium-term revolving bank credit line.
The Group's financing is secured by long-term debt (bank loans and bonds) and short-term financing (short-term negotiable securities), ensuring sufficient financial resources for the continuity of its business.
Although the Group has not identified any other significant need, in an uncertain economic environment, there can be no assurance that the Group will continue to access the financing or refinancing necessary for its day-to-day operations and investments on satisfactory terms.

The long-term credit ratings requested by Saur from the rating agencies are BBB- by Standard & Poor's and Fitch.
In particular, credit agreements include commitments to inform lenders, compliance at the end of each half-year with a solvency ratio (which must be less than or equal to 6.6x) and compliance with certain usual commitments for credit agreements of this nature (in particular maintaining the loan at pari passu ranking).

Note 27 – Commitments

27.1 – Commitments related to the financing of the Group

Financial liabilities

The amount and timing of the Group's financial liabilities at December 31, 2023 are indicated in Note 15.2.

Pledges

No pledges were in place at December 31, 2023.

Revolving credit line

On September 10, 2021, the Group signed a revolving credit line of €250 million maturing in September 2025 to cover the Group's financing needs and the working capital requirements of its subsidiaries. This line of credit was extended to €300 million on July 29, 2022.

27.2 – Contractual investment commitments

In the context of public service contracts concluded with the public entity, the Group may be led to or committed to invest in infrastructure that will then be operated and remunerated under the contract.

Investments in the construction and improvement of the concession network (referred to as "concession works") are examined under interpretation IFRIC 12. The amount of concession work contracted over the duration of the contracts and not yet completed was estimated at approximately €117 million at December 31, 2023, taking into account the long-term contracts in force in the Water France operating segment.

27.3 – Commitments given in respect of operational activities

Parent company guarantees

The Group grants parent company guarantee commitments to some of its subsidiaries or equity interests located outside France in order to permit the continuation or development of their operational activities.

The total guaranteed amount was €132.8 million at December 31, 2023. It relates mainly to the following commitments:

- Saur has issued a parent company guarantee in favour of Scotia Water Dalmuir Ltd for an amount equivalent to £9.4 million (€11 million) as part of the construction, operation and maintenance of a wastewater treatment plant in Scotland. It has been issued on behalf of Saur Glasgow Services to guarantee its obligations under an operate and maintain contract (expires on June 15, 2026).

- Saur has issued a €29.1 million guarantee in favour of CTEP France SNC for the North Field East water treatment project awarded to Unidro. This guarantee has been issued on behalf of Unidro to secure its obligations under each purchase order relating to the project (expiring in October 2024).

- HIME has issued a parent company guarantee in favour of Aqua-Chem for $10 million (€9 million) in connection with the issue of local guarantees by Aqua-Chem (expiring on July 28, 2023).

- HIME has issued a parent company guarantee in favour of Solarpack for a maximum amount of €32 million (amount reduced by €2 million at each anniversary of the PPA starting from January 1, 2024) under the electricity purchase agreement. It has been issued in the name of Saur Relais to secure its obligations to Solarpack.

- Saur SAS has issued a parent company guarantee in favour of NWC for an amount of SAR 24.9 million (approximately €6 million) - the amount for the first year of the contract - in relation to the management, operation and maintenance of the north-west cluster. It has been issued on behalf of Saur Saudi Arabia to secure its obligations under a management, operating and maintenance contract (expiring on December 3, 2027).

- Saur SAS has issued a parent company guarantee in favour of NWC for approximately SAR 27.7 million (€6.7 million) - the amount for the first year of the contract - in relation to the management, operation and maintenance of the Eastern cluster. It has been issued on behalf of Saur Saudi Arabia to secure its obligations under a management, operating and maintenance contract (which expires on November 21, 2028).

- Nijhuis Saur Industry BV has issued a parent company guarantee of €2.6 million in favour of PT Chiyoda International Indonesia for the construction, operation and maintenance of a wastewater treatment plant in Indonesia, for the completion of the Sewage Treatment Package. It has been issued on behalf of Unidro S.R.L to guarantee its obligations under an operating and maintenance contract (due date: July 31, 2026).

- Nijhuis Saur Industry BV has issued a parent company guarantee of €2.3 million in favour of PT Chiyoda International Indonesia for the construction, operation and maintenance of a foundry project in Indonesia, for the completion of the Manyar smelter project. It has been issued on behalf of Unidro S.R.L to guarantee its obligations under an operating and maintenance contract (due May 31, 2026).

- Nijhuis Saur Industry BV has issued a parent company guarantee in favour of South West Water limited for an amount of £13.1 million (€15 million). It was issued on behalf of PWN Technologies B.V. to guarantee its performance obligations under a contract signed to design and construct works at Roborough, Plymouth.

- Saur issued a PCG in favour of Ashghal for SAR 76.4 million (€18.4 million). The PCG is issued to guarantee the execution of the work order concluded in the context of a framework agreement. The amount of the PCG corresponds to 99% (i.e. Saur's share in the consortium) of the amount of the work order CZF 31.

	12/2023	< 1 year	1 to 5 years	> 5 years	12/2022
Parent company guarantees granted	**132 824**	38 142	28 787	65 895	**93 468**

Bank guarantees

In the course of its operational activities, the Group is required to grant bank guarantees. These are guarantees given under contracts, in particular bid bonds, advance payment bonds, completion and performance bonds in connection with the conclusion of contracts or concessions.

Commitments given in this respect amount to €276 million at December 31, 2023 compared with €221 million at December 31, 2022.

Other guarantees

As part of its current operations, the Group grants ten-year and performance guarantees without any quantified value and which are not specifically mentioned, unless they are likely to result in a payment of any type by the Group. In this case, they are recognised as provisions for risks and charges.

27.4 – Other commitments

NSI Industrial O&M Solutions has committed to purchase 10% of the shares in Scarborough Environmental Infrastructure Ltd (SPV) in 2024.

Note 28 – Construction contracts

		31/12/2023	31/12/2022
Construction contracts in progress - assets	(A)	50 132	49 577
Construction contracts in progress - liabilities	(B)	73 798	67 005
Construction contracts in progress - net	**(A) - (B)**	**(23 666)**	**(17 428)**
Costs incurred plus recognised profits and less recognised losses to date	(C)	255 128	184 148
Invoices issued	(D)	278 794	201 576
Construction contracts in progress - net	**(C) - (D)**	**(23 666)**	**(17 428)**
Advance payments received from clients		**19 741**	**41 775**

The costs incurred plus recognised profits less recognised losses (in particular provisions for loss at completion) and interim billings are determined on a contract-by-contract basis.

The Group's construction contracts are primarily carried out by the company Stéreau and its subsidiaries, to which should be added, since 2020, the contracts of the Industry activity, in particular those of Unidro in Italy.

Note 29 – Statutory auditors' fees

In thousands of euros	Deloitte	KPMG	Others	TOTAL
Auditing				
Statutory auditing	852	662	15	**1 529**
Other services	52	198		**250**
TOTAL AT 31/12/2023	**904**	**860**	**15**	**1 779**

Note 30 – Workforce

Staff of consolidated companies	12/2023	12/2022
EUROPEAN COMMUNITY		
Mainland France	8 039	7 804
West Indies	98	105
Réunion	221	215
Portugal	841	934
Spain	1 053	975
Poland	173	142
Netherlands	439	353
Italy	293	258
Finland	40	29
Cyprus	9	9
Germany	10	
OUTSIDE THE EUROPEAN COMMUNITY		
USA	227	200
Great Britain	322	174
Russia	28	34
Saudi Arabia	22	18
Other countries	27	14
TOTAL	**11 842**	**11 264**

Note 31 - Related parties

In accordance with the provisions of paragraph 9 of amended IAS 24 "Related Party Disclosures", the Group does not identify related parties other than the Group's senior management.

In this respect, direct and indirect fees of all kinds received by the members of the Group's general management committee from French and foreign companies amount to €7,890 thousand at December 31, 2023.

Note 32 – Main exchange rates

Currency	Closing rate at 31/12/2023	Average rate for 2023	Closing rate at 31/12/2022	Average rate for 2022
US Dollar	0,904977	0,924672	0,937559	0,977541
Pound sterling	1,150682	1,149740	1,127485	1,172803
Polish zloty	0,230441	0,220176	0,213639	0,213428
Argentinian peso	0,001117	0,003128	0,005282	0,007314
Saudi Arabian riyal	0,240912	0,246469	0,249016	0,252793
Colombian peso	0,000233	0,000214	0,000193	0,000224

Note 33 – Dividends

As of the date of the accounts' closing, no dividend distribution is planned for the year ended December 31, 2023.

Note 34 – List of consolidated companies

Name and address	Siren no.	Consolidation method	% of direct and indirect ownership	
			31/12/2023	31/12/2022
HIME 92 - ISSY LES MOULINEAUX	495,137,077	FC	parent	parent
ACCM EAU 13 - Salon-de-Provence	815,356,977	FC	100,0%	100,0%
ACCM ASSAINISSEMENT 13 - Salon-de-Provence	815,357,033	FC	100,0%	100,0%
ALLIANCE ENVIRONNEMENT 30 - LES SALLES DU GARDON	538,019,670	FC	100,0%	100,0%
ALLIANCE ENVIRONNEMENT EXPLOITATION 34 - LUNEL	489,533,059	FC	100,0%	100,0%
AGGLOPOLE PROVENCE ASSAINISSEMENT 13 - Salon-de-Provence	788,938,784	FC	100,0%	100,0%
AQUEO 77 - SERRIS	834,353,153	FC	65,0%	65,0%
ASUR ANALYSES ET MESURES 78 - Maurepas	428,565,741	FC	100,0%	100,0%
BIOVALOR 26 - Pont de l'Isère	452,041,122	FC	100,0%	100,0%
CALITI - SEMOP 78 - SAINT GERMAIN EN LAYE	878,892,710	EM	51,0%	51,0%
CANONGE ET BIALLEZ 30 - SAINT MARTIN DE VALGALGUES	423,602,713	FC	100,0%	100,0%
CBSE 03 - Vichy	352,256,473	Liquidated		50,0%
CER (Cie des Eaux de Royan) 17 - Vaux sur mer	715,550,091	FC	83,6%	83,6%
CERA (Compagnie d'Environnement Royan Atlantique) 17 - VAUX SUR MER	850,690,470	FC	83,6%	83,6%
CITEC ASSAINISSEMENT 34 - ST ANDRE DE SANGONIS	430,417,436	FC	100,0%	100,0%
CDE (Cie Dinardaise des Eaux) 35 - Dinard	380,193,292	FC	100,0%	100,0%
SAUR GUADELOUPE 97 - Basse Terre	330,713,959	FC	100,0%	100,0%
CISE REUNION 97 - Saint-Denis de la Réunion	342,305,554	FC	100,0%	100,0%
CISE TP 92 - ISSY LES MOULINEAUX	428,561,740	FC	100,0%	100,0%
EAU DE DINAN- ASSAINISSEMENT SEMOP 22 - TADEN	843,195,066	EM	60,0%	60,0%
EAU DE GARONNE 47000 - Agen	844,291,542	FC	100,0%	100,0%
ECOSTATION 69 - Limonest	789,877,776	FC	100,0%	100,0%
EVJ-SCET 26 - Chatuzange le Goubet	379,818,487	FC	100,0%	100,0%
FINPEX 92 - ISSY LES MOULINEAUX	347,882,953	FC	100,0%	100,0%
GESTION POUR L'ENVIRONNEMENT DE MONTAUBAN 82 - Montauban	539,047,951	FC	100,0%	100,0%
GESTION DE L'ASSAINISSEMENT DU VALENCIENNOIS 59 - Valenciennes	815,333,190	FC	100,0%	100,0%
GRIM EAU 13 - Salon de Provence	838,299,469	FC	100,0%	100,0%

Name and address	Siren no.	Consolidation method	% of direct and indirect ownership	
			31/12/2023	31/12/2022
GRIM HOLD 92 - ISSY LES MOULINEAUX	838,404,416	FC	100,0%	100,0%
IMAGEAU 30 - Nîmes	504,316,597	FC	100,0%	100,0%
HYDROSERVICES DE L'OUEST 56 - Theix	351,663,794	FC	100,0%	100,0%
ALLIANCE NOUVELLE AQUITAINE 19 - Malemort sur Corrèze	437,630,304	FC	100,0%	100,0%
MARNEO 77 - Saint Thibault Les Vignes	882,411,168	FC	100,0%	100,0%
ODANA 22 - PLUDUNO	879,462,158	FC	100,0%	100,0%
O PERIGORD NONTRONNAIS 24 - LE BOURDEIX	891,806,135	FC	60,0%	60,0%
SATEG 65 - Ibos	672,780,426	FC	100,0%	100,0%
SAUR SAS 92 - ISSY LES MOULINEAUX	339,379,984	FC	100,0%	100,0%
SAUR DERICHEBOURG AQUA 19 - Brive la Gaillarde	749,867,669	FC	51,0%	51,0%
SAUR DERICHEBOURG AQUA OCEAN INDIEN 97 - Saint Leu	809,629,223	FC	51,0%	51,0%
NIJHUIS SAUR INDUSTRIES France 92 - ISSY LES MOULINEAUX	889,918,124	FC	97,9%	97,9%
SAUR INTERNATIONAL 92 - ISSY LES MOULINEAUX	383,056,033	FC	100,0%	100,0%
SAUR RELAIS 92 - ISSY LES MOULINEAUX	384,814,810	FC	100,0%	100,0%
SAUR SMART WATER 92 - ISSY LES MOULINEAUX	878,969,997	FC	100,0%	100,0%
SAUR SUD LOIRE 44 - La Baule	949 867 675	FC	100,0%	
SAINT AFF'O SEMOP 12 - SAINT AFFRIQUE	834,048,936	FC	55,0%	55,0%
SEBRIE 77 - Magny le Hongre	353,502,917	FC	65,0%	65,0%
SEDUD 22 - Dinan	389,469,826	Liquidated		50,0%
SE3R 87 - Isle	824,190,516	FC	100,0%	100,0%
SEP ECOSSIERNES 44 - Saint-Nazaire	520,600,479	EM	35,0%	35,0%
SEP GEDEC 92 - ISSY LES MOULINEAUX	602,011,918	PC	50,0%	50,0%
SEP GEPUR 92 - ISSY LES MOULINEAUX	811,826,874	PC	49,9%	49,9%
SEP GRESILLONS II 78510 Triel sur Seine	508,573,730	EM	47,5%	47,5%
SEP LIVERY 56 - Vannes	484,531,934	EM	45,0%	45,0%
STESUD 91 - ISSY LES MOULINEAUX	897,501,748	FC	100,0%	100,0%
SEPIG 44 - La Baule	542,080,486	FC	89,8%	89,8%
SEPIG ATLANTIQUE EAU SAS 44 - La Baule	507,922,763	FC	89,8%	89,8%

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			31/12/2023	31/12/2022
SEPIG ASSAINISSEMENT 44 - La Baule	981,477,904	FC	100,0%	
SEPIG EAU 44 - La Baule-Escoublac	981,517,378	FC	100,0%	
SEPRA - SOCIETE DE L'EAU POTABLE ROYAN ATLANTIQUE 17 - Vaux sur mer	902,890,045	FC	84,0%	84,0%
SAUR MARTINIQUE 97 - Martinique	322,078,775	FC	100,0%	100,0%
STESAUR 42 - MONTBRISON	602,011,918	FC	100,0%	100,0%
STEREAU 92 - ISSY LES MOULINEAUX	602,011,918	FC	100,0%	100,0%
SUDEAU 97 - Saint Denis de la Réunion	802,080,267	FC	100,0%	100,0%
TECHNI-VISION 26 - Chatuzange le Goubet	432,762,375	FC	100,0%	100,0%
TERRE DES TROIS FRERES 97 - Saint Denis de la Réunion	535,244,255	FC	100,0%	100,0%
Companies operating in Spain				
EMALSA Las Palmas - CANARY ISLANDS		FC	66,0%	66,0%
GESTAGUA Madrid - Spain		FC	100,0%	100,0%
NUINSA INVERSIONES Las Palmas - CANARY ISLANDS		FC	100,0%	100,0%
EMALSA OPERACIONES (formerly SERCANARIAS) Las Palmas - CANARY ISLANDS		FC	66,0%	66,0%
GESTORA INMOBILIARIA LA TOJA Pontevedra - Spain		FC	100,0%	100,0%
NSI MOBILE WATER SOLUTIONS SPAIN SL Madrid - Spain		FC	97,9%	97,9%
Companies operating in Poland				
NIJHUIS INDUSTRIES CENTRAL EUROPE		FC	97,9%	97,9%
NIJHUIS INDUSTRIES CENTRE EUROPE ESS		FC	97,9%	95,0%
SAUR KONSTANCJA		FC	100,0%	100,0%
SAUR HORYZONT		FC	100,0%	100,0%
SAUR POLSKA		FC	100,0%	100,0%
SEPARATOR SERVICE		FC	100,0%	100,0%
NSI MOBILE WATER SOLUTIONS POLAND		FC	97,9%	97,9%
Companies operating in Great Britain				
ECOVERT GROUP		FC	100,0%	100,0%
DEBA UK		FC	97,9%	97,9%
NH20K		FC	97,9%	97,9%
SAUR SERVICES GLASGOW		FC	100,0%	100,0%
SAUR UK		FC	100,0%	100,0%
STEREAU UK		FC	100,0%	100,0%
RIVENTA UK		FC	100,0%	51,0%
NORTECH SOLUTIONS GROUP Ltd		FC	97,9%	97,9%
NORTECH SOLUTIONS Ltd		FC	97,9%	97,9%
NORTECH STAFFING SOLUTIONS Ltd		FC	97,9%	97,9%
NIJHUIS SAUR INDUSTRIES UK & IRELAND Ltd		FC	97,9%	97,9%
NSI INDUSTRIAL O&M SOLUTIONS Ltd		FC	97,9%	
NSI MANUFACTURING UK Ltd (Solys)		FC	97,9%	97,9%
NSI MOBILE WATER SOLUTIONS UK Ltd		FC	97,9%	97,9%

Name and address	Siren no.	Consolidation method	% of direct and indirect ownership 31/12/2023	31/12/2022
Companies operating in Argentina				
AGUAS DE MENDOZA		FC	100,0%	100,0%
INVERSORA DEL ACONCAGUA		EM	24,2%	24,2%
INVERSORAS DE MENDOZA		EM	33,3%	33,3%
OBRAS SANITARIAS MENDOZA		EM	32,1%	32,1%
Companies operating in Germany				
NSI MOBILE WATER SOLUTIONS GERMANY GmbH		FC	97,9%	97,9%
Companies operating in Saudi Arabia				
INTERNATIONAL WATER PARTNERS COMPANY		EM	40,0%	40,0%
INTERNATIONAL WATER PARTNERS 2 COMPANY		EM	35,0%	35,0%
TAWZEA AQUAPOR		EM	30,0%	30,0%
SAUR INTERNATIONAL CONCERTED COMPANY		FC	70,0%	70,0%
SAUR SAUDI ARABIA		FC	100,0%	100,0%
Companies operating in Egypt				
NIJHUIS SAUR EGYPT		FC	97,9%	97,9%
Companies operating in Africa				
STEREAU SENEGAL		FC	100,0%	100,0%
VISAQUA (Mozambique)		EM	49,0%	49,0%
Companies operating in the United Arab Emirates				
NIJHUIS MIDDLE EAST AFRICA WATER TREATMENT & TRADING LLc		FC	97,9%	97,9%
SAUR INTERNATIONAL WATER SERVICES LLc		FC	100,0%	
Companies operating in Cyprus				
STERIAC		FC	80,0%	80,0%
SAUR IACOVOU JV		FC	65,0%	65,0%
STEREAU IACOVOU JV		EM	50,0%	50,0%
Companies operating in Switzerland				
STEREAU SUISSE 1400 - YVERDON-LES-BAINS		FC	100,0%	100,0%
Companies operating in the Netherlands				
CirTec		FC	78,3%	
ECONVERT WATER & ENERGY HOLDING BV		FC	73,4%	73,4%
ECOR		FC	73,4%	73,4%
ECONVERT W&E Projects		FC	73,4%	73,4%
ECONVERT W&E Services		FC	73,4%	73,4%
ECONVERT W&E BV		FC	73,4%	73,4%
NIJHUIS SAUR INDUSTRIES BV		FC	97,9%	97,9%
NIJHUIS INDUSTRIES HOLDING BV		FC	97,9%	97,9%
NIJHUIS OZONE SOLUTIONS BV		FC	97,9%	97,9%
NIJHUIS WATER TECHNOLOGY BV		FC	97,9%	97,9%
NSI BYOSIS BV		FC	97,9%	97,9%
NSI MOBILE WATER SOLUTIONS HOLDING BV		FC	97,9%	97,9%
NSI MOBILE WATER SOLUTIONS NETHERLANDS BV		FC	97,9%	97,9%
PWNT HOLDING BV		FC	97,9%	97,9%
PWNT BV		Merged		97,9%
PWNT R&D BV		Merged		97,9%
Companies operating in Singapore				
NIJHUIS INDUSTRIES ASIA PACIFIC		FC	97,9%	97,9%
Companies operating in Finland				
FLOOTECH OY		FC	97,9%	97,9%
FLOOTECH PRODUCTS OY		Liquidated		97,9%
Companies operating in Sweden				
NSI MOBILE WATER SOLUTIONS SWEDEN AB		FC	97,9%	97,9%
FLOOTECH AB		FC	97,9%	97,9%

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Companies operating in Russia			
NIJHUIS WATER TECHNOLOGY Russia LLC	FC	97,9%	97,9%
Companies operating in the United States			
NIJHUIS WATER TECHNOLOGY Inc	Merged		97,9%
NSI North America	FC	97,9%	97,9%
AQUA-CHEM Inc	FC	97,9%	97,9%
Companies operating in Italy			
UNIDRO SRL	FC	97,9%	97,9%
NSI MOBILE WATER SOLUTIONS ITALY Srl	FC	97,9%	97,9%
SODAÏ SPA	FC	97,9%	97,9%
Companies operating in Korea			
RIVENTA KOREA	FC	100,0%	51,0%
Companies operating in Portugal			
CRIAR	FC	100,0%	100,0%
AQUAPOR - SERVIÇOS, S.A.	FC	100,0%	100,0%
TRATAVE	FC	60,0%	60,0%
ÁGUAS DA AZAMBUJA	FC	75,0%	75,0%
ÁGUAS DE GONDOMAR	EM	42,5%	42,5%
ÁGUAS DO SADO	FC	60,0%	60,0%
ÁGUAS DA FIGUEIRA	EM	50,0%	50,0%
ÁGUAS DE CASCAIS	EM	50,0%	50,0%
ÁGUAS DE ALENQUER	EM	40,0%	40,0%
CASCAIS SEDE NOVA	EM	50,0%	50,0%
ÁGUAS DO LENA	FC	100,0%	100,0%
ÁGUAS DA TEJA	FC	100,0%	100,0%
ÁGUAS DO VOUGA	FC	100,0%	100,0%
ÁGUAS DO PLANALTO	FC	100,0%	100,0%
LUSÁGUA LISBOA	FC	100,0%	100,0%
ÁGUAS DE VILA REAL DE SANTO ANTÓNIO	FC	100,0%	100,0%
LUSÁGUA SERVICOS	FC	100,0%	100,0%
SPHERAA	EM	35,0%	35,0%