Operating & Financial Review

Consolidated Financial Statements at September 30, 2024

VEOLIA

OPERATING AND FINANCIAL REVIEW

Message from the Chief Executive Officer

Estelle Brachlianoff, Chief Executive Officer of the Group, commented:

"Driven by a sustained growth and a solid operational performance, our results demonstrate the robustness of our value-creation model and our ability to move forward with agility, even in an uncertain environment. The increase in EBITDA and the steady improvement in our margin are in line with GreenUp program objectives and confirm the relevance of our strategic orientations.

The relevance of our positioning also translates into the growth of our boosters activities, up +6.9%[(1)], driven by innovative offerings in water technologies and good momentum in hazardous waste treatment, notably in Europe.

Our new BeyondPFAS offering, which will enable us to target one billion euros sales by 2030 in the fight against micropollutants, particularly PFAS, is a perfect illustration of this. It is based on our unique ability to combine all our expertise across the entire value chain, particularly in pollution treatment.

In addition to this momentum, strict operational management has enabled us to move ahead with our synergies plan faster than expected and to raise our annual ambition.

Building on these strengths and bolstered by the underlying trends driving demand in our sector, we continue to grow, confirming all our objectives - 2024 and GreenUp - while dynamically adapting to the challenges of the current economic climate."

(1) At constant scope and exchange rates and excluding energy prices

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MAJOR EVENTS OF THE PERIOD

1 Major events of the period

1.1 GREENUP - THE NEW 2024-2027 STRATEGIC PLAN

On February 29, 2024, the Group unveiled GreenUp, its new 2024-2027 Strategic Plan. Ideally positioned in this booming ecological transformation market, estimated to be worth around €2,500 billion, Veolia is accelerating the profitable growth of its activities worldwide with its new GreenUp plan. At the same time, it is reinforcing its decarbonization commitments by focusing primarily on its high-impact solutions, or boosters. These are the most essential and transformative solutions in the fields of water, energy and waste.

Their rapid, large-scale deployment will help erase 18 million metric tons of scope 4[1] CO_2 emissions by 2027 and preserve 1.5 billion cubic meters of water. This impact demonstrates the importance of dedicating efforts to greening, transformation, and not just to what is already "green".

This is the most effective way to reconcile economy and ecology, and that is precisely the objective of GreenUp. Veolia is also accelerating its own decarbonization trajectory, with a reduction in emissions (Scope 1 & 2) of -50% by 2032, compatible with the 1.5°C warming trajectory of the Paris Agreement. Veolia is poised to obtain the benefits offered by growth opportunities, capitalize on its key position in the market, and thus benefit from the advantage of being the market leader.

The Group is targeting more than €8 billion in EBITDA by 2027 and an average of 10% annual growth in its current net income during the 2023-2027 period.

To achieve its growth, Veolia acts as a solutions integrator, combining its different businesses – water, waste and energy – to help its customers decarbonize, depollute and regenerate resources. To achieve this, the Group relies on the combination of its core businesses ("strongholds") with growth boosters, and its presence in different geographies in order to duplicate proven solutions in one of the 44 countries where it operates.

Boosters and development of digital & technological innovation

Spearhead of Veolia's growth, the boosters are strategic activities to which the Group will devote a major share of its resources, as part of its GreenUp plan. These already account for 30% of its revenue and will generate 70% of its growth between 2024 and 2027. Veolia will allocate half of its growth investments to these activities, i.e. €2 billion, as much as for all the activities in the previous strategic plan.

GreenUp's boosters are:

- **decarbonizing local energy** through bioenergies, energy efficiency in buildings and industries, and electrical flexibility,
- **water technologies and new solutions** to preserve water resources and treat new pollutants,
- **hazardous waste treatment**, to treat the most toxic and harmful elements to protect ecosystems and public health.

Already a leading player in the research and development of environmental solutions, with 14 research centers worldwide, the Group will significantly step up its investment in innovation with an additional €200 million to design the technologies of the future.

Veolia also plans to increase the efficiency gains offered by digital technology and artificial intelligence as part of its annual savings plan, to optimize its customers' water and energy consumption, as well as waste sorting and recycling, and strengthen predictive maintenance.

Strongholds

The acceleration of GreenUp will rely on the Group's strongholds, the soil on which these boosters can grow. These currently account for 70% of Veolia's activity and will continue to fuel its growth, representing 30% by 2027 with €2 billion of investment as part of the plan.

These are the robust foundations of essential services to the territories or to industry, often comparable to infrastructures. For these activities, such as heating networks, municipal water and solid waste management, Veolia is working to maintain its operational excellence and pursue its innovation efforts.

GreenUp's commitments for 2024-2027

- Solid revenue growth (1)
- €350 million savings per year
- over €8 billion of EBITDA by 2027
- Annual growth in current net income of around 10% during the 2023-2027 period (2)
- Financial leverage less than or equal to 3x
- Dividend growth in line with current EPS
- €4 billion in growth investments, of which €2 billion prioritized for three growth boosters
- Decarbonization: 18 million metric tons of CO_2 erased in 2027 (scope 4) & emission reduction trajectory compatible with 1.5°C warming (scopes 1 & 2)
- Regeneration: 1.5 billion m^3 of fresh water saved in 2027
- Depollution: 10 million metric tons of hazardous waste and pollutants treated in 2027

(1) Excluding energy prices
(2) At constant exchange rates

[1] *The introduction of a scope 4 indicator is designed to measure and recognize the ecological transformation, and in particular the decarbonization of industrial and economic activities. Scope 4 avoided emissions, which quantify the CO_2 that would have been released into the atmosphere, correspond to the positive impact of the decarbonization solutions put in place. Complementary to scopes 1, 2 and3, scope 4 would help steer economic, financial and regulatory decisions toward true global and collective decarbonization of the planet.*

1.2 BUSINESS AND INCOME TRENDS

Sustained growth dynamic and solid operational performance confirming the good start to the GreenUp strategic program

The results for the first nine months of 2024 show strong growth compared with the first nine months of 2023.

This solid increase in revenue stems from the growth of the Water and Waste strongholds and from the significant expansion of boosters, particularly Water Technologies and Hazardous Waste. Growth by geography shows sustained growth in France and strong growth in the booster geographies of the Pacific, the United States and the Middle East.

These results confirm the strength of the Group's business model and its ability to deliver solid organic growth, owing to its leadership position in its main countries of operation, a balanced geographical footprint and a portfolio of diversified, complementary activities.

			2024 / 2023 Change	
(€ million)	**30 September 2023**	**30 September 2024**	Δ at constant exchange rates	Δ at constant exchange rates & scope
Revenue	33,161	32,543	-0.1 %	1.7 %
EBITDA	4,793	4,936	5.5 %	5.6 %
Current EBIT (1)	2,518	2,601	6.4 %	6.4 %
Net Financial Debt [1]	-18,881	-18,892		

[1] *The indicators are defined in Section 5.2 below.*

Revenue as of September 30, 2024 was €32,543 million, a change of +1.7% at constant scope and exchange rates. Excluding energy prices, revenue rose +5.1% at constant scope and exchange rates.

- **Water activities** recorded organic growth of +6.5% due to excellent activity levels in Water Technologies and tariff reviews, benefiting from robust construction activity levels and an increase in volumes;
- **Waste activities** grew +6.4%, driven by price reviews, the rise in prices of recyclate, slightly higher volumes and solid performance of hazardous waste treatment activities;
- **Energy activities** were down -12.1% due to a -12.9% drop in energy prices and, to a lesser extent, an adverse weather impact of -1.5%. They benefited from strong commercial momentum in energy efficiency services in Belgium, the Middle East and Hong Kong. Excluding energy prices, Energy revenue was up +0.8%.

EBITDA as of September 30, 2024 stood at €4,936 million, an increase of +5.6% at constant scope and exchange rates. The lower energy prices that impacted revenue did not affect EBITDA due to a fall in energy purchase costs. EBITDA also benefited in the first nine months from the gains generated by operating efficiency programs (€296 million), ahead of the annual target of €350 million.

With €96 million in synergies related to the integration of Suez, completed at the end of September 2024, the Group has raised its target to €430 million aggregated by the end of 2024.

Current EBIT was €2,601 million, up +6.4% at constant scope and exchange rates compared to September 30, 2023.

Net financial debt amounted to €18,892 million as of September 30, 2024, stable compared with September 30, 2023. This stability is due to the reversal of the change in working capital requirements (impacted by advances received in 2023 in connection with Water Technologies projects and German operations, and greater disbursements during the first nine months for purchases of CO_2 allowances) as well as by the redemption of a hybrid debt, offset by net financial investments and the Sequoia 2024 employee shareholding scheme implemented during the year.

1.3 ESG ACHIEVEMENTS AS PART OF OUR MULTIFACETED PERFORMANCE

Veolia, as a leading ESG company, will continue its multifaceted performance as part of GreenUp, the new strategic program. GreenUp is an effective tool for monitoring all aspects of performance (in relation to employees, society, the planet, customers and shareholders). Veolia has redefined its main objectives for multifaceted performance over the next four years.

In the spirit of simplification, in order to improve take-up and alignment with GreenUp, the new strategic program, the multifaceted performance framework was reduced to 15 targets, along with the number of associated Group performance indicators.

Environmental Commitments

2050 Net Zero Carbon Commitment

- On February 29, 2024, Veolia published its Climate report, which contains details of the net zero pathway to 2050 and forecasts a 50% reduction in scope 1 and 2 emissions by 2032, relative to 2021. The reduction of scopes 1 and 2 is one of the 15 multifaceted performance indicators used for GreenUp.
- As part of GreenUp, Veolia has confirmed its commitment to phase out the use of coal in Europe, with a massive investment program of €1.6 billion by 2030, leading to a reduction of 2.7 million metric tons of CO_2 emitted. As of September 30, 2024, Veolia had invested a total of €627 million, net of subsidies, in decarbonization projects in Central and Eastern Europe.
- Veolia is also committed to the decarbonization of its customers, setting a target of generating 18 million metric tons of CO_2 equivalent emissions avoided (scope 4) by 2027.
- In France, Veolia is accelerating the roll-out of local decarbonized energy with the installation of solar panels at post-operation landfill sites. The Group plans to start developing more than 40 solar projects on non-hazardous waste landfill sites. This will create installed capacity of 300 MW of renewable energy, equivalent to the consumption of around 130,000 inhabitants. The first plants will be operational by 2027.
- On July 29, 2024, the Science-based target initiative (SBTi) validated Veolia's short-term emissions reduction target (-50% by 2032) and registered the Group's commitment to reduce its long-term emissions to achieve the target of net zero emissions by 2050. The international rating agency Moody's also analysed and recognized the quality of Veolia's transition plan, awarding the company an overall score of NZ-2, praising in particular the ambition and solidity of its short-term implementation. This is based in particular on the use of proven technologies by the Group and above average return on transition investments.
- In September 2024, Veolia participated in Climate Week NYC, where it reiterated its 2050 Net Zero Carbon commitments.

"Net Zero Water": sustainable management of water resources

- Veolia is also committed to preserving fresh water and regenerating resources. The target is to preserve 1.5 billion cubic meters of fresh water by 2027. This is based on reducing leaks from drinking water networks and using alternative water sources (reuse of treated wastewater or seawater desalination).

Environmental protection and biodiversity:

- Veolia is also committed to speeding up environmental depollution and protecting biodiversity. The Group has updated the map of its sensitive sites and is currently rolling out action plans for each one. The aim is to have at least 85% of them done by 2027. At the 2024 Davos Forum, the Group was also recognized as an "early adopter" of the Taskforce on Nature-related Financial Disclosures (TNFD).
- On May 22, 2024, Veolia announced the renewal of its biodiversity commitments as part of the Act4nature International initiative.
- The Group is committed to combating pollution and safeguarding public health under its GreenUp strategic plan. Its aim is to process 10 million metric tons of hazardous waste over the plan's lifetime.
- Veolia published its biodiversity report to coincide with the launch of COP 16 Biodiversity in Cali, Colombia on October 21, 2024. The report describes how its activities and solutions contribute to environmental conservation and regeneration. It also illustrates the Group's commitment to exemplary management of its industrial facilities.

Social Commitments

- The Group has renewed its social and societal commitments under the GreenUp program.
- For employee health, safety and wellbeing, Veolia has pledged to reduce its lost-time accident frequency rate by nearly 1 percentage point (from 5.0 to 4.1) by 2027.
- Veolia is committed to diversity and inclusion targets, for example by continuing to increase the proportion of female executives on the Group's Management Committee (to exceed 30% from 2026).
- Veolia raised the target for its employee engagement rate by 5 percentage points to 85% from 2024, as validated by an independent survey.
- In terms of social responsibility in the territories where the Group operates, Veolia is committed to supporting local communities. The Group has set a target for 2027 of 8.4 million people to have inclusive access to an essential service (water, sanitation, energy, waste management) as a result of the Group's actions.

Governance Commitments

- Veolia has reiterated its ambitious target for business ethics and integrity as part of its new strategic program.
- On March 18, 2024, the Group launched Terra Academia school in France, whose mission is to advance the way Veolia designs and disseminates knowledge about environmental professions and to accelerate training to meet today's and tomorrow's needs. Veolia, a member at the initiative of this first territorial school, will contribute its knowledge of the sector and solutions for decarbonization, depollution and resource regeneration, as well as its long-standing commitment to the environment. After opening its first branch in Arras, Terra Academia announced in July 2024 its launch in Normandy, and in October 2024 the inauguration of its new campus in Ile-de-France, Paris.
- At the close of the Combined General Meeting of April 25, 2024, the Board of Directors comprised 14 directors and 1 non-voting member (*censeur*). The Board has 5 members who are foreign nationals, 73% of the Board are independent directors and 54.5% are women (excluding the 2 directors representing employees and the director representing employee shareholders).

1.4 CHANGES IN GROUP STRUCTURE - STRATEGIC PROGRAM

1.4.1 Innovations and commercial developments

In 2024, the Group pursued its innovations and commercial developments, for both its strongholds and its growth boosters, as defined under its new GreenUp strategic program. At the end of September 2024, both strongholds and boosters benefited from strong sales momentum.

Strongholds

- **SEDIF: an offer combining Water, Water Technologies and Hazardous Waste**

On January 25, 2024, the Greater Paris Water Authority (SEDIF) selected Veolia for the management of its public drinking water service from 2025 to 2036, considering their offer as the best and most suitable for the challenges defined in their specifications. The contract, with a total value of €4 billion over 12 years, covers the water distribution for 4 million inhabitants in 133 municipalities in the Ile-de-France region. Veolia's bid includes groundbreaking solutions, such as advanced membrane filtration combining nanofiltration and reverse osmosis to treat micropollutants, and decarbonization of the water supply using low-carbon energy.

- **Saint Fons: an innovative Water - Energy offering**

In 2024, Veolia won the contract from the Metropolis of Lyon for the management of the Saint Fons wastewater treatment plant (France). This particularly innovative contract includes the treatment of PFAS (persistent pollutants), as well as the reuse of sludge to produce energy. It is worth €100 million over six years.

- **New Orleans: Renewal combining water management and energy efficiency**

In 2024, Veolia successfully renewed for an additional 6 years, an operation and maintenance contract for a wastewater treatment plant in New Orleans, representing 84 million US dollars. This contract will be the opportunity to deploy for the first time within American municipal activities, Hubgrade, the Group's energy efficiency tool.

- **Successful launch of a new plastics recycling plant in Japan**

In 2024, Veolia commissioned its new Circular-PET (C-PET) plant in partnership with the conglomerate Mitsui and the Japanese distribution group Seven & i. C-PET is a new recycled plastics production plant in Japan. It is an example of a circular business model in which used PET bottles are collected and recycled as raw materials to make new PET bottles. The plant has an annual capacity of 25,000 metric tons and will result in 27,500 metric tons of avoided CO2 emissions.

- **Decarbonization of the municipal heating network with energy from waste in London**

Veolia, Europe's leader in decarbonizing local energy, is constructing a new district heating network in London that will deliver heat from an energy recovery facility, working in partnership with Southwark Council. By using 75 GWh per year of low-carbon heat obtained from generating electricity from non-recyclable household waste, the network will supply nearly 5,000 homes across 11 social housing units and schools in the district.

- **Waste-to-energy production in Brive (France)**

Veolia will build and operate a new Waste-to-Energy Plant in Brive (France) for a period of 25 years, for an amount of € 440 million. The facility will supply locally produced energy from waste to nearly 3,000 households with electricity and 6,500 households with district heating. .

Boosters

- **Construction of the Hassyan desalination plant in Dubai**

Veolia was awarded the contract for the construction of the Hassyan seawater desalination plant in Dubai. This US$ 320 million project, commissioned by Dubai Electricity and Water Authority (DEWA) and ACWA Power, will supply the region with drinking water using state-of-the-art, energy-efficient reverse osmosis technology. The Hassyan plant will be one of the largest desalination facilities in the world, with a production capacity of 818 000 cubic meters of drinking water per day.

- **Acquisition of Uniper's assets in Hungary**

In February 2024, Veolia, through its Hungarian subsidiary, signed an agreement with Uniper for the acquisition of a power plant with an installed capacity of around 430 MW. The completion of the transaction remains subject to obtaining the necessary authorizations. This facility will complement Veolia's flexible energy portfolio to meet the needs of resilient power systems.

- **Contract won with the Prince of Wales Hospital in Hong Kong**

In 2024, Veolia won a new energy efficiency contract with the Prince of Wales Hospital in Hong Kong. This contract is worth €185 million.

- **Strategic partnership with the Kingdom of Morocco for the largest desalination project in Africa**

On October 29, 2024, Veolia and the Kingdom of Morocco signed a master of agreement to establish a strategic partnership aimed at exclusively developing a seawater desalination project that will be the largest in Africa and the second largest in the world. The project will include the construction, financing and operation, by Veolia for 35 years, of a seawater desalination plant. With a capacity of 822,000 cubic meters of drinking water per day or 300 million cubic meters per year, it will cover the water needs of nearly 9.3 million inhabitants.

Veolia's unique positioning as illustrated by recent PFAS-related developments

Emerging regulations on PFAS (persistent pollutants) in the United States are opening up a market estimated to be worth US$200 billion. This will be addressed with innovative solutions to protect drinking water, process wastewater and clean up contaminated sites, drawing on the advanced technologies at the Group's disposal, such as membrane filtration and hazardous waste management.

In France, Veolia conducted a campaign on an unprecedented scale to detect the presence of PFAS in drinking water. In that respect, Veolia has assessed the levels of the 20 regulated PFAS in drinking water in France, in anticipation of the health authorities' requirement. The Group has analyzed more than 2,400 drinking water production points it manages, covering more than a third of the French population. Veolia has decided to invest in an unparalleled pool of advanced solutions, comprising more than 30 mobile treatment units, to provide an effective response in the event of pollution emerging in a given area.

On October 17, Veolia announced the launch of a pioneering offer for the treatment of regulated PFAS. The "Beyond PFAS" offer represents a major advance against PFAS globally, and combines the skills of the Group's three businesses to ensure the detection, treatment and sustainable elimination of pollutants.

1.4.2 Changes in Group structure

The main changes in scope as of September 30, 2024 were as follows:

- **Acquisition of Hofmann (Germany)**

On March 1, 2024, the Group finalized the acquisition of the recycling and waste management operations of Friedrich Hofmann GmbH for €315 million.

This allows the Group to expand its geographic coverage in the German market. The Hofmann Group is active in Southeast Germany, particularly in the Nuremberg region. The company is mainly involved in the collection, sorting, recovery, recycling and trading of secondary raw materials.

- **Disposal of SADE (France)**

On February 16, 2024, the Group signed an agreement for NGE, an independent public works group, to acquire SADE, its wholly owned subsidiary specializing in the construction and repair of water and infrastructure networks. The financial transaction was closed on February 29, 2024. The transaction was valued at €198 million, including a deferred payment of €20 million.

As a reminder, SADE's activities, mostly consisting of civil engineering works and network construction in the water sector, generated annual revenue of €1.1 billion in 2023. It has a workforce of around 6,900 employees.

As of December 31, 2023, SADE's assets and liabilities had been reclassified as assets and liabilities held for sale.

- **Disposal of Haikou (China)**

On December 25, 2023, Veolia China signed an agreement of intent with the city of Haikou with a view to it buying out the Group's 49% interest in the Haikou water concession for 620 million Chinese yuan (€79 million).

All the requirements for the closing were met on June 26, 2024, putting the sale into effect.

- **Sale of Lydec (Morocco)**

On March 28, 2024, the Moroccan Competition Council closed the investigation into Veolia, ratifying the proposed sale of Lydec to the Moroccan state and confirming a fine of €9 million.

On July 5, 2024, in accordance with commitments made to the Moroccan authorities, Veolia announced that it had reached an agreement with the Moroccan authorities for the sale to Société Régionale Multiservices Casablanca-Settat of its entire stake in Lydec, acquired when Veolia took control of Suez in 2022.

The financial transaction was closed on September 4, 2024 for €149 million, including the collection of dividends paid to the shareholders prior to the disposal.

- **Sale of RGS (North America)**

On August 1, 2024, the Group sold its subsidiary Veolia North America Regeneration Services, which includes its sulfuric acid and hydrofluoric acid regeneration activities for refineries in the United States, for US$624 million (€577 million).

This disposal is in line with the Group policy of continuously reshaping its portfolio of assets in line with the strategic priorities of GreenUp plan whilst maintaining a strict balance sheet discipline.

These activities represented revenues of around US$ 350 million in 2023.

1.5 GROUP FINANCING

1.5.1 Changes in Group debt

Net financial debt is €18,892 million as of September 30, 2024. 90% of the debt is at a fixed rate.

The level of cash as of September 30, 2024 stands at €9,672 million, after the repayments of bond debts and the remaining balance of a hybrid bond line occurred in 2024, net of a new issue, for a total amount of €914 million.

The Group has liquidity lines totaling €5,869 million[1], providing it with a strong net liquidity position, which amounts to €6,835 million on September 30, 2024.

1.5.2 Bond management

On August 2, 2024, Veolia Environnement successfully repurchased some of its bonds with an option to be converted into and/or exchanged for new or existing shares maturing on January 1, 2025, for €364 million. The remaining nominal amount following this transaction is around €336 million.

On September 9, 2024, the Group issued €500 million of bonds maturing in September 2034. These bonds bear a coupon of 3.571% and were issued at par.

1.5.3 Confirmation of the credit outlook

On September 10, 2024, Standard and Poor's confirmed Veolia Environnement's credit rating at A-2/BBB with a stable outlook. On April 10, 2024, Moody's confirmed the Group's rating at P-2/Baa1 with a stable outlook.

1.5.4 Dividend payment

The Combined General Meeting of April 25, 2024 approved payment of a dividend of €1.25 per share for 2023, payable in cash. The 2023 dividend was paid from May 10, 2024 for a total amount of €895 million.

1.6 PERFORMANCE SHARE PLANS AND GROUP SAVINGS

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement Combined General Meeting, the Board of Directors decided on May 13, 2024, at the recommendation of the Compensation Committee, to grant 1,082,914 performance shares (representing approximately 0.15% of the share capital out of a General Meeting authorization of 0.35%) to approximately 550 beneficiaries, made up of senior executives, high potential employees and key contributors of the Group, including the Chief Executive Officer. The vesting of these shares is subject to presence and performance conditions. The detailed features of these plans can be found in Chapter 3, Section 3.4.3 of the 2023 Universal Registration Document.

In addition, at Veolia Environnement's Combined General Meeting on April 25, 2024, and in line with the transactions conducted annually since 2018, the Company confirmed its plans to involve its employees in the development of their company and its value creation by launching a new employee shareholding scheme. On June 3, 2024, the Group announced the launch of an employee shareholding scheme open to around 179,000 Group employees. The subscription rate was close to 45%, with nearly 80,000 employees choosing to subscribe. With this new scheme, the Group's employees will strengthen their position as Veolia's largest shareholder, holding more than 9% of the Company's share capital at present. This success testifies to the commitment of the Group's employees to the new objectives set out in the GreenUp 24-27 strategic plan. This transaction resulted in a capital increase of nearly €356 million (including share premium). Settlement and delivery of the new shares took place on September 13, 2024.

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1 *The Group has a €4,500 million syndicated credit facility, plus bilateral credit facilities totaling €1,369 million.*

1.7 CHANGES IN GOVERNANCE

As part of the annual re-election of the Board, the Board of Directors' meeting of March 12, 2024 noted the expiration of the terms of office of three directors at the end of the General Meeting of April 25, 2024 (Mrs. Isabelle Courville, Mrs. Nathalie Rachou and Mr. Guillaume Texier) and that Mrs. Nathalie Rachou did not seek the renewal of her term of office at the end of that General Meeting. At the recommendation of the Nominations Committee, the same Board of Directors' meeting decided to ask the General Meeting to renew the term of office of Mrs. Isabelle Courville and Mr. Guillaume Texier as directors and appoint Mrs. Julia Marton-Lefèvre as director.

The Veolia Environnement Combined General Meeting of April 25, 2024:

- renewed the term of office of Mrs. Isabelle Courville and the term of office of Mr. Guillaume Texier as directors; and
- appointed Mrs. Julia Marton-Lefèvre as director;

for a four-year period expiring at the end of the General Meeting called to approve the financial statements for the year ending December 31, 2027.

At the date of this management report, the Veolia Environnement Board of Directors had fourteen directors, 73% of whom were independent directors (excluding the two directors representing employees and the director representing employee shareholders), 54.5%[1] of whom were women, and one non-voting member (*censeur*):

- Mr. Antoine Frérot, Chairman of the Board of Directors;
- Mrs. Estelle Brachlianoff, *Chief Executive Officer*;
- Mr. Pierre-André de Chalendar*; *Senior Independent Director*,
- Mr. Olivier Andriès*;
- Mrs. Maryse Aulagnon;
- Mrs. Véronique Bédague*;
- Mrs. Isabelle Courville*;
- Mrs. Marion Guillou*;
- Mr. Franck Le Roux, *Director representing employees*;
- Mrs Julia Marton-Lefèvre* ;
- Mrs. Agata Mazurek- Bąk, *Director representing employee shareholders*;
- Mr. Pavel Páša, *Director representing employees*;
- Mr. Francisco Reynés*;
- Mr. Guillaume Texier*;
- Mr. Enric Xavier Amiguet i Rovira, *non-voting member (censeur)*.

* *Independent member.*

The composition of the Board Committees is:

- **Accounts and Audit Committee:** Mr. Guillaume Texier (chairman), Mr. Olivier Andriès, Mrs. Véronique Bédague, Mr. Franck Le Roux, and Mrs. Agata Mazurek-Bąk.
- **Nominations Committee:** Mr. Pierre-André de Chalendar (chairman), Mrs. Maryse Aulagnon, Mrs. Isabelle Courville and Mr. Antoine Frérot.
- **Compensation Committee:** Mr. Olivier Andriès (chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar, Mrs. Marion Guillou, Mr. Franck Le Roux and Mr. Francisco Reynés.
- **Research, Innovation and Sustainable Development Committee:** Mrs. Isabelle Courville (chairwoman), Mrs. Marion Guillou, Mrs. Julia Marton-Lefèvre, Mr. Pavel Páša and Mr. Guillaume Texier. Mr. Enric Amiguet i Rovira is a permanent guest of this committee.
- **Purpose Committee:** Mr. Antoine Frérot (chairman), Mr. Olivier Andriès, Mr. Pierre-André de Chalendar, Mrs. Isabelle Courville, Mr. Franck Le Roux and Mr. Guillaume Texier.

The Chief Executive Officer is assisted in the performance of her duties by an Executive Committee, a discussion, consultation and general policy decision-making body which seeks to implement the Group's strategic direction. The Committee is also consulted on major issues concerning the Group's corporate life.

The Executive Committee meets monthly.

As of the date of this management report, the Company's Executive Committee had 14 members:

- Mrs. Estelle Brachlianoff, Chief Executive Officer;
- Mrs. Isabelle Calvez, Senior Executive Vice President, Human Resources;
- Mr. Sébastien Daziano, Senior Executive Vice President, Strategy and Innovation;
- Mr. Gavin Graveson, Senior Executive Vice President, Northern Europe;
- Mr. Philippe Guitard, Senior Executive Vice President, Central and Eastern Europe;
- Mr. Éric Haza, Chief Legal Officer;
- Mrs. Anne Le Guennec, Senior Executive Vice President, Worldwide Water Technologies;
- Mr. Christophe Maquet, Senior Executive Vice President, Asia and Pacific;
- Mrs. Emmanuelle Menning, Deputy Chief Executive Officer Finance and Purchasing[2];
- Mr. Gustavo Migues, Senior Executive Vice President, Iberia and Latin America;
- Mr. Jean-François Nogrette, Senior Executive Vice President, France and Special Waste Europe;
- Mr. Laurent Obadia, Senior Executive Vice President, Stakeholders and Communications, Advisor to the Chairman;
- Mr. Helman le Pas de Sécheval, General Counsel;
- Mr. Frédéric Van Heems, Senior Executive Vice President, North America.

In addition, Management Committee meetings bring together, each quarter, all the Group's functions and geographies to share and commit to the Group's challenges and outlook. At the date of this management report, this Committee had 37 members, including the 14 members of the Executive Committee; its composition can be viewed on Veolia's website (www.veolia.com).

[1] *Excluding the two Directors representing employees and the Director representing employee shareholders in accordance with Articles L. 225-27-1 and L. 22-10-7 of the French Commercial Code (Code de commerce).*

[2] *On July 22, 2024, Veolia Environment announced the appointment of Emmanuelle Menning as Deputy General Manager in charge of finance and purchasing, effective from September 1, 2024.*

2

ACCOUNTING AND FINANCIAL INFORMATION

2 Accounting and financial information

2.1 KEY FIGURES

Group key figures are presented in accordance with the definitions as described in the publication of the financial statements for the year ended December 31, 2023 (see Chapter 5.1 – Definitions).

(€ million)	September 30, 2023	September 30,2024	2024 / 2023 Change Δ	Δ at constant exchange rates	Δ at constant scope & exchange rates
Revenue	**33,161**	**32,543**	**-1.9%**	**-0.1%**	**1.7%**
EBITDA [1]	**4,793**	**4,936**	**3.0%**	**5.5%**	**5.6%**
Current EBIT [2] [3]	**2,518**	**2,601**	**3.3%**	**6.4%**	**6.4%**
Net industrial investments (including new operating financial assets)	-2,532	-2,609			
Net free cash-flow	357	-147			
Net financial debt - Closing [4]	**-18,881**	**-18,892**			

(1) The indicators are defined in Section.5.1 below.
(2) Including the share of current net income of joint ventures and associates.
(3) Re-presented for depreciation of remeasured assets, identified during the Suez purchase price allocation, of €132 million as of September 30, 2023 and €139 million as of September 30, 2024, as defined in Section 5.1 below.
(4) Net financial debt excludes the remeasurement of financial liabilities during the Suez purchase price allocation as defined in Section 5.1 below.

The main foreign exchange impacts between September 30, 2024 and September 30, 2023 are as follows:

FX impacts as of September 30, 2024 (vs September 30, 2023)	%	*(€ million)*
Revenue	-1.8%	-586
EBITDA	-2.5%	-121
Current EBIT	-3.2%	-80
Net financial debt (1)	-0.1%	15

(1) including fair value adjustment.

2.2 GROUP REVENUE

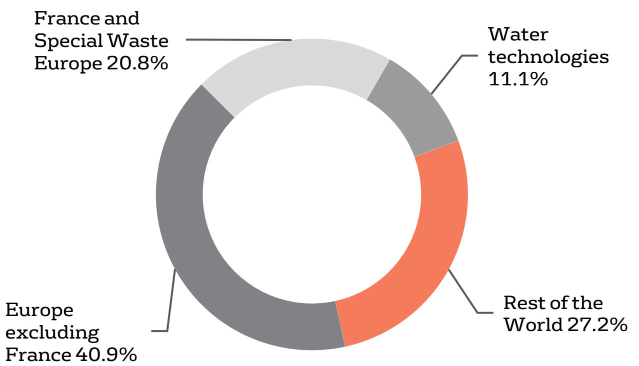
2.2.1 Revenues by operating segment

Consolidated revenue totaled €32,543 million for the period ended September 30, 2024, compared with €33,161 million for the period ended September 30, 2023. The increase was +1.7% at constant scope and exchange rates and +5.1% excluding the effect of energy prices, which mainly affects Europe excluding France.

(€ million)	September 30,2023	September 30,2024	2024/2023 change Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France and Special Waste Europe	7,244	6,783	-6.4%	-6.4%	3.0%
Europe excluding France	13,708	13,305	-2.9%	-3.3%	-4.4%
Rest of the World	8,861	8,853	-0.1%	5.0%	5.6%
Water technologies	3,336	3,598	7.9%	13.5%	13.5%
Other	12	4	-	-	-
GROUP	33,161	32,543	-1.9%	-0.1%	1.7%

As of September 30, 2024, revenue by operating segment breaks down as follows:

Revenue as of September 30,2024: 32,543 M€



Compared with September 30, 2023, the revenue increase as of September 30, 2024 was 1.7% at constant scope and exchange rates. It increased significantly in the Water Technologies segment, grew steadily in the Rest of the World segment and rose moderately in France and Special Waste Europe. It decreased in the Europe excluding France segment due to lower energy prices than in 2023:

- Water technologies +13.5%;
- Rest of the world +5.6%;
- France and Special Waste Europe +3.0%, and
- Europe excluding France -4.4%, and +3.7% excluding energy prices.

Revenue for the **France and Special Waste Europe** segment totaled €6,783 million, with organic growth of +3.0% at constant scope and exchange rates compared with September 30, 2023:

- **Water France** revenue rose +3.8% at constant scope and exchange rates to €2,310 million, mainly fueled by the +4.5% positive effect of tariff reviews.
- **Waste France** revenue stood at €2,222 million. It rose by +2.1% at constant scope and exchange rates, owing to the positive effect of indexation and tariff reviews and from the increase in recycled material prices since April, which compensate of volumes impacted by commercial selectivity, in order to improve margins.
- **Special Waste Europe** revenue stood at €1,680 million, a rise of +8.4% at constant scope and exchange rates. This was mainly affected by the increase in tariffs for hazardous waste treatment and sanitation maintenance activities, offsetting the impact of lower oil prices. Volumes for the first nine months are broadly resilient compared with 2023.

Revenue for the **Europe excluding France** segment totaled €13,305 million as of September 30, 2024, with organic change of -4.4% due to lower energy prices than in 2023. Excluding energy prices, revenue increased +3.7%.

- In **Central and Eastern Europe,** revenue stood at €7,467 million. It was down -9.7% at constant scope and exchange rates, having been significantly affected by lower energy prices, and to a lesser extent, by an unfavorable weather impact (-€122 million) due to a milder winter than last year in the first semester. Water activities benefit from an increase in volumes of 3.2% and tariff indexing, while the Waste activity in Germany benefited from good commercial and industrial waste volumes and higher recycled cardboard prices.
- In **Northern Europe**, revenue rose +4.1% at constant scope and exchange rates to €3,172 million. This increase was mainly attributable to the change in revenue in the **United Kingdom**, up +4.2% at constant scope and exchange rates. This was predominantly in the Waste activity, which benefited from tariff indexation and an increase in volumes processed, particularly in incineration, as a result of good plant availability.
- In **Iberia,** revenue stood at €2,003 million, up +4.1% at constant scope and exchange rates. Water activities mainly benefited from tariff increases, although volumes were down slightly due to drought episodes ; Energy activities were impacted by the drop in prices.
- **Italy** generated revenue of €664 million, down -3.6% at constant scope and exchange rates, mainly due to the drop in energy prices. Profitability was not affected due to a parallel decrease in energy purchase costs.

In the **Rest of the world**, revenue totaled €8,853 million. This equated to organic growth of +5.6%, increasing across all geographies excluding Asia:

- Revenue stood at €1,390 million in **Latin America**, up +22.8% at constant scope and exchange rates. This was mostly due to high waste volumes, particularly in Brazil and Colombia, the effect of tariff reviews on water activities in Chile, and the impact of hyperinflation in Argentina (offset by the devaluation of the Argentine peso).
- In **Africa Middle-East**, revenue rose +3.7% at constant scope and exchange rates to €1 653 million, mainly driven by the growth of energy services in the Middle East and the increase in activity in Morocco.
- In **North America**, revenue rose +2.5% at constant scope and exchange rates to €2,515 million. The Hazardous Waste activity performed strongly, mainly boosted by price increases. The Water activity benefited from tariff increases, with increased volumes in the "regulated water" activity.
- Revenue in **Asia** fell -2.0% to €1,739 million, mainly due to reduced activity at hazardous waste treatment plants in China and India. These effects were partially offset by good commercial momentum in energy efficiency in Hong Kong and water in Japan.
- In the **Pacific**, revenue increased +6.3% at constant scope and exchange rates to €1,557 million, mainly driven by tariff reviews and higher volumes of waste processed, as well as good commercial momentum in industrial maintenance.

The **Water technologies** activity reported a revenue increase of +13.5% at constant scope and exchange rates to €3,598 million, driven by growth in WTS's Engineering Systems and Chemical Solutions activities and VWT's Project activities.

2.2.2 Revenues by business line

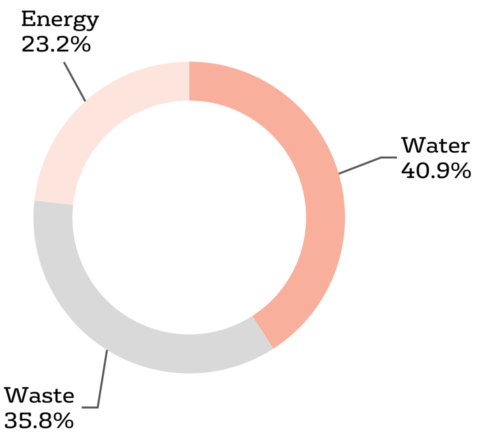
Compared with September 30, 2023, revenue was up +1.7% at constant scope and exchange rates. Excluding energy prices, revenue increased +5.1%. The change in revenue by business is due to the following:

- growth in **Water** activities, up +6.5% due to the increase in Water Operations (+3.8%) and growth in Technology and Construction (+10.9%);
- +6.4% growth in the **Waste** activity;
- -12.1% change in **Energy**; excluding energy prices and weather impact, Energy revenue slightly increases (+2.3% compared with September 30, 2023).

(in € million)	September 30, 2023	September 30,2024	2024/2023 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Water	13,538	13,324	-1.6%	0.9%	6.5%
of which Water Operations	*9,403*	*9,561*	*1.7%*	*3.2%*	*3.8%*
of which Technology and Construction	*4,135*	*3,763*	*-9.0%*	*-4.5%*	*10.9%*
Waste	10,992	11,656	6.0%	8.2%	6.4%
Energy	8,632	7,563	-12.4%	-12.1%	-12.1%
GROUP	**33,161**	**32,543**	**-1.9%**	**-0.1%**	**1.7%**

Revenue for the period ended September 30, 2024 breaks down by business as follows:

Revenue as of September 30,2024: 32,543 M€



The main changes in revenue by business at constant scope and exchange rates compared with figures for the period ended September 30, 2023 break down as follows.

Water revenue

Water revenue rose +6.5%. **Water Operations** revenue climbed +3.8%, with tariff increases across all geographies (particularly in France and in Central and Eastern Europe), a good level of construction activity and increasing volumes, mainly in Central and Eastern Europe (+3.2%) and the United States (+3.1%), offsetting declines in France (-0.5%) due to higher rainfall, Spain (-0.6%) due to drought-related restrictions, and Chile (-0.1%). **Technology and Construction** revenue rose +10.9%, mainly driven by Water Technologies activities.

Waste revenue

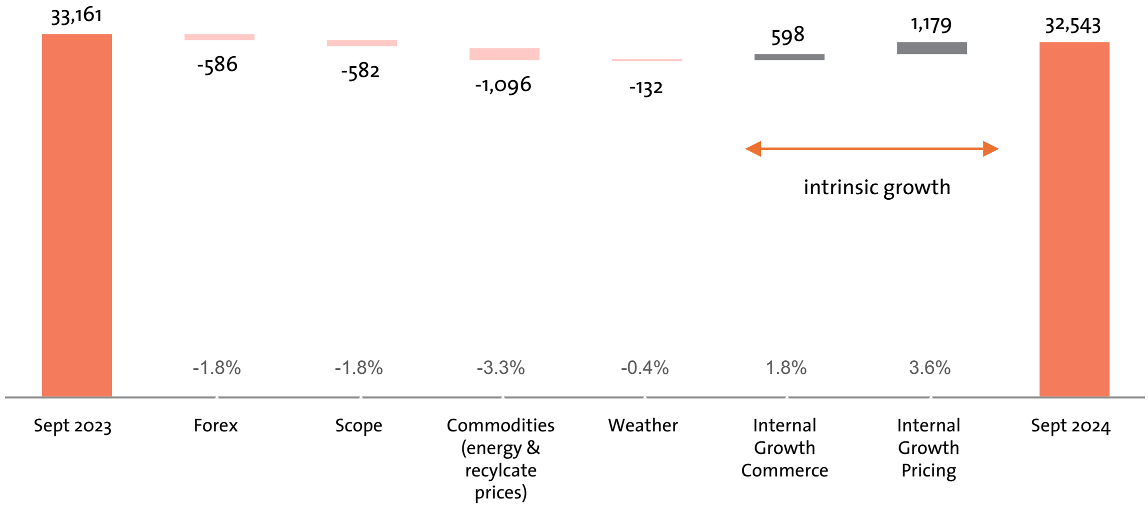
Waste activity revenue increased +6.4%. It benefited from favorable tariff reviews (+4.8%). The price of recyclate (mainly paper) increased slightly in the third quarter; it represents a +0.5% increase in revenue compared with the first nine months of 2023. The Commerce/Volume/Works impact was positive (+1.2%), with an increase in volumes, particularly in the United Kingdom, Germany and Australia. They benefit from a good commercial dynamic on commercial and industrial waste, which compensates for the effect of selectivity in municipal collection. The Hazardous Waste activity continues to progress, in all geographies outside of Asia.

Energy revenue

Energy revenue was down -12.1% owing to the drop in energy prices, impacted by the price of electricity, while heating tariffs rose. The unfavorable weather impact in the first half of 2024 accounted for -1.5% of revenue due to a milder winter. Energy services revenue was boosted by solid commercial activity, in particular in Belgium, the Middle East and Hong Kong. Excluding energy prices and weather impact, energy revenue increased by +2.3%.

2.2.3 Analysis of changes in Group revenues

Revenue was up +1.7% at constant scope and exchange rates, and +5.1% excluding energy prices. It breaks down as follows:



The **foreign exchange** impact of -€586 million (-1.8%) mainly reflects the depreciation of the Argentine, Chilean and Czech currencies, partially offset by the appreciation of the Polish currency(1).

The **scope effect** of -582 million euros (-1.8%) mainly includes the impact of the disposals of SADE on February 29, 2024, of RGS (North America) on August 1, 2024, and of Lydec on September 4, 2024, partially offset by the acquisition of Hofmann (Germany) in the first quarter of 2024.

External factors negatively impact the turnover:

Commodities had a -€1,096 million (-3.3%) impact, corresponding to movements in energy and recyclate prices. This was due to lower electric prices (-€1,152 million), mainly in Central and Eastern Europe, cushioned slightly by the positive effect of recyclate prices (+€56 million).

The **weather** impact of -€132 million (-0.4%) mainly concerns Central and Eastern Europe, where energy activities were impacted by a milder winter in first semester than in 2023, without negative impact on the third quarter.

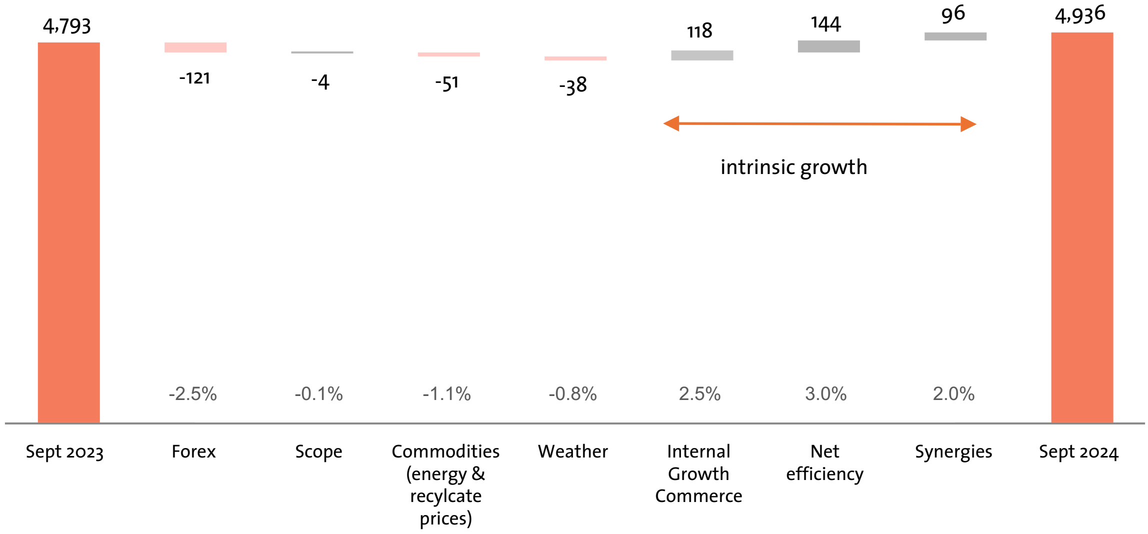
Intrinsic growth was driven by positive commerce and price effects. The **Commerce/Volumes/Works** impact totaled +€598 million (+1.8%), driven by good commercial momentum, higher water and waste volumes, construction work progress and growth in Water Technologies. Favorable **price effects** represented +€1,179 million (+3.6%) and are mainly tied to tariff reviews estimated at +4.8% in waste and +4.0% in water.

1 *Main foreign exchange impacts by currency: Argentinian peso (-€422 million), Chilean peso (-€83 million) and Czech koruna (-€75 million), offset by the Polish zloty (+€127 million) and pound sterling (+€52 million).*

2.3 GROUP EBITDA

Group consolidated EBITDA as of September 30, 2024 was €4,936 million, compared with €4,793 million as of September 30, 2023, an increase of +5.6% at constant scope and exchange rates. EBITDA benefited from revenue growth of +5.1% excluding the impact of energy prices, operating efficiency programs (€296 million in gains generated over the first nine months), as well as synergies generated following the integration of Suez (€96 million over the first nine months).

The change in EBITDA between September 2023 and September 2024 breaks down by impact as follows:



Foreign exchange impact on EBITDA amounted to -€121 million (-2.5%). It mainly reflects the depreciation of the Argentine, Chilean and Czech currencies, partially offset by the appreciation of the Polish currency[1].

The **scope effect** of -4 million euros (-0.1%) mainly includes the impact of the disposals of SADE on February 29, 2024, of RGS (North America) on August 1, 2024, and of Lydec on September 4, 2024, partially offset by the acquisition of Hofmann (Germany) in the first quarter of 2024.

External factors negatively impacted EBITDA:

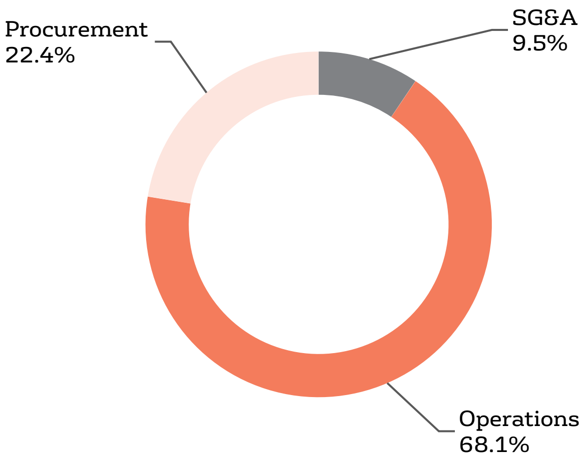
- The change in **commodity prices** (energy and recyclate) had a net unfavorable impact on EBITDA of -€51 million (-1.1%), mainly tied to lower energy selling prices net of the fall in purchase costs, for -€67 million, partially offset by the rise in recyclate prices (+€16 million).
- The **weather** impact was -€38 million (-0.8%), mainly in Central and Eastern Europe, which had a milder winter than in 2023.

Intrinsic growth is due to favorable Commerce/Volumes/Works impacts and to the efficiency gains generated by the Group, 49% of which have been retained, and to the synergies generated following the integration of Suez.

- Favorable **Commerce/Volumes/Works** impacts of +€118 million (+2.5%) resulted from the positive impact on revenue.
- The **efficiencies** generated by the Group, net of gains shared with customers, contract renegotiations and the effect of timing differences on the retrocession of costs, generated €144 million (+3.0%) in additional EBITDA in 2024. It represents a retention rate of 49% of the gains generated by the Group under the efficiency plan.

The gains achieved through the **efficiency plan** contributed €296 million in the first nine months of 2024, ahead of the target of €350 million by 2024. Gains mainly concerned operating efficiency (68%) and purchasing (22%) and were achieved across all geographies: France and Special Waste Europe (23%), Europe excluding France (40%), Rest of the world (30%) and Water Technologies (8%).

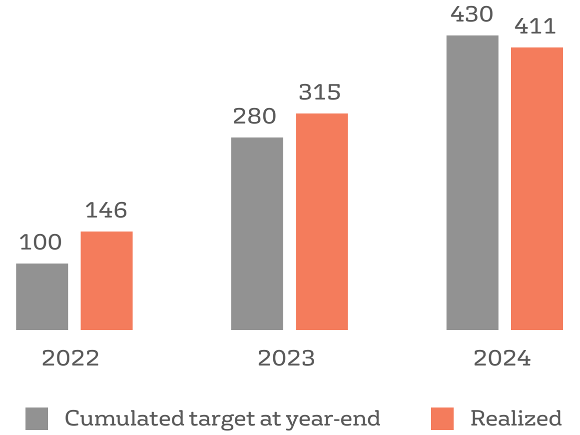
Efficiency plan: 296 M€



1 *Main foreign exchange impacts by currency: Argentine peso (-€66 million), Chilean peso (-€34 million), Czech koruna (-€19 million), offset by the Polish zloty (+€15 million).*

Synergies achieved following the integration of Suez amount to 96 million euros, particularly thanks to the economies of scale achieved in purchasing and in water technology activities. Combined with the synergies already achieved in 2022 and 2023, they amount to 411 million euros, which leads to raising the cumulative target by the end of 2024 to more than 430 million euros.

Cumulated synergies: 411 M€



2.4 OTHER INCOME STATEMENT ITEMS

2.4.1 Current EBIT

Group Current EBIT for the nine months ended September 30, 2024 was €2,601 million, up +6.4% at constant scope and exchange rates on figures for the first nine months ended September 30, 2023.

EBITDA reconciles with Current EBIT as follows:

(€ million)	September 30, 2023	September 30,2024
EBITDA	4,793	4,936
Renewal expenses	-223	-225
Amortizations, including repayment of operational financial assets (1)	-2,271	-2,334
Provisions, capital gain or loss on disposals of fixed assets, and others	129	133
Share of current net income of joint ventures and associates	90	91
Current EBIT	2,518	2,601

The +€162 million (+6.4%) increase in Current EBIT at constant scope and exchange rates compared with figures for the period ended September 30, 2023 is mainly due to:

- robust growth in EBITDA (+€268 million at constant scope and exchange rates);
- an increase in amortization[1], including principal payments on operating financial assets (-€111 million at constant scope and exchange rates), mainly related to Central and Eastern Europe (particularly Uzbekistan);
- the positive impact of provisions net of capital gains on disposals, and others (+€10 million at constant scope and exchange rates); and
- the quasi stability of the share of net income from joint ventures of -3 million euros at constant scope of exchange rate.

The foreign exchange impact on Current EBIT is negative at -€80 million and mainly reflects the change in the Argentine (-€53 million) and Chilean (-€21 million) currencies.

[1] *Excluding the Suez purchase price allocation*

3

FINANCING

3 Financing

3.1 CHANGE IN FREE CASH FLOW AND NET FINANCIAL DEBT

Net free cash flow before financial investments and dividends amounted to -147 million euros as of September 30, 2024, compared to +357 million euros as of September 30, 2023.

The change in net free cash flow compared with the half year ended September 30, 2023 reflects:

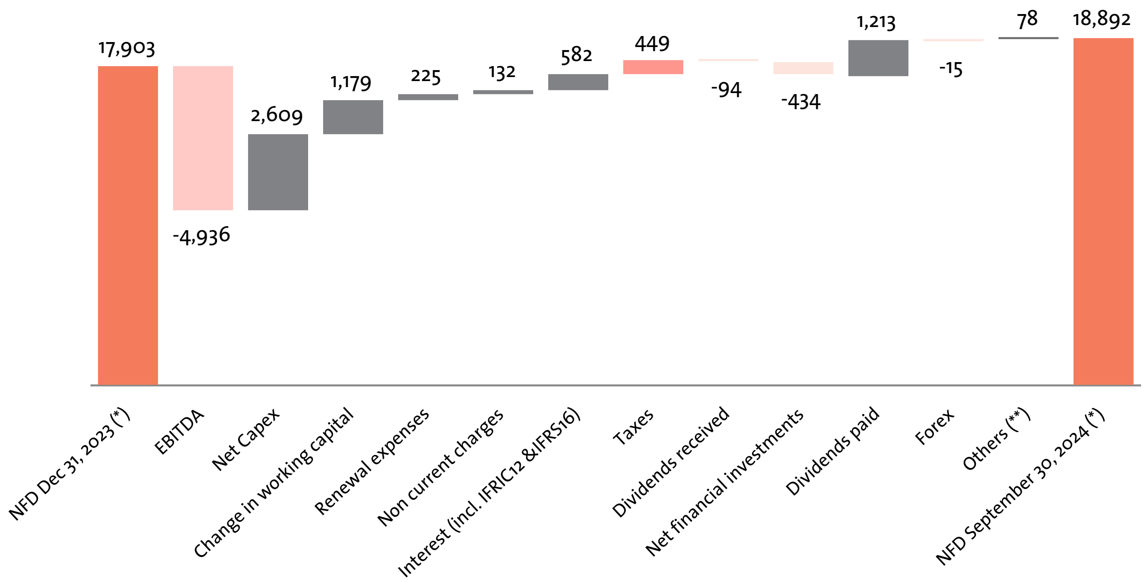
- Higher EBITDA, driven by organic activity growth and gains generated by operating and commercial efficiency plans as well as synergies;
- Net industrial investments of -€2,609 million, up from September 30, 2023 (+4.5% at current exchange rates). They include decarbonization projects underway in Central and Eastern Europe, as well as investments in hazardous waste projects;
- The change in operating working capital to -€1,179 million, which changed by -€435 million compared with September 30, 2023, impacted by advances received in 2023 in connection with Water Technologies projects and Germany operations, and a calendar effect on CO_2 quota purchase payments which were mainly made in the first quarter this year compared to the last quarter in 2023.
- The change in interest and financial charges of -153 million euros compared to September 30, 2023, which is notably due to non-recurring income items in 2023 and the evolution of the balance of financial charges and income from deposits.

Net financial debt amounted to €18,892 million as of September 30, 2024, compared with €17,903 million as of December 31, 2023.

Compared with December 31, 2023, the change in net financial debt is mainly due to:

- net free cash flow of -€147 million;
- net financial investments of +€434 million following the disposal of the subsidiaries RGS, Lydec and SADE and the acquisition of the Hofmann Group (see Section 1.4.2 Changes in Group structure);
- the redemption of the hybrid debt including coupons for -€209 million;
- the payment of the dividends voted by the Combined General Meeting of April 25, 2024 in the amount of -€895 million;
- the capital increase as part of the Sequoia 2024 employee shareholding scheme for a net amount of €337 million.

Net financial debt was also impacted by foreign exchange gains and losses and favorable fair value adjustments of +€15 million as of September 30, 2024.



**Net financial debt excluding the impact of the remeasurement of debt as part of the Suez purchase price allocation, see Section 5.1.*
***Of which €209 million in hybrid debt redemption including coupons and -€337 million linked to the Sequoia scheme.*

4

OTHER ITEMS

4 Other items

4.1 OUTLOOK

2024 guidance fully confirmed

- Solid organic growth in revenue[(1)(2)];
- Efficiency gains exceeding 350 million euros, supplemented by expected synergies for a cumulative amount now exceeding 430 million euros by the end of 2024, in line with the goal of 500 million euros accumulated;
- Organic growth of EBITDA between +5% and +6% [(1)];
- Current net income, Group share above €1.5 billion[(3)];
- Leverage ratio expected below 3x[(3)];
- Dividend growth in line with Current EPS growth.

(1) *At constant scope and exchange rates*
(2) *Excluding energy prices*
(3) *Excluding the impact of the Suez purchase price allocation*

5

APPENDICES

5 Appendices

5.1 DEFINITIONS

No changes have been made to non-GAAP financial indicators used by the Group in the preparation of the financial statements as of December 31, 2023.

5.1.1 Non-Strictly accounting indicators (non GAAP)

The expression "**change at constant exchange rates**" represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

EBITDA comprises the sum of all operating income and expenses received and paid (excluding restructuring costs, non-current working capital impairments, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The **EBITDA margin** is defined as the ratio of EBITDA to revenue.

To calculate **Current EBIT** (which includes the share of current net income of joint ventures viewed as core Group activities, and associates), the following items are deducted from Operating income:

- impairment of goodwill of controlled subsidiaries and equity-accounted entities;
- restructuring charges;
- non-current provisions and impairment;
- non-current and/or significant impairment of non-current assets (property, plant and equipment, intangible assets and operating financial assets);
- depreciation of assets remeasured in the context of the Suez purchase price allocation;
- share acquisition costs.

Net industrial investments, as presented in the statement of changes in net financial debt, include industrial investments (purchases of intangible assets and property, plant and equipment, and operating financial assets), net of industrial asset divestitures.

Net financial investments as presented in the statement of changes in net financial debt include financial investments, net of financial divestitures.

Financial investments include purchases of financial assets, including the net financial debt of companies entering the scope of consolidation, and partial purchases resulting from transactions with shareholders where there is no change in control.

Financial divestitures include disposals of financial assets including the net financial debt of companies leaving the scope of consolidation, and partial divestitures resulting from transactions with shareholders where there is no change in control, as well as issues of share capital by non-controlling interests.

Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less net interest expenses, net industrial investments, taxes paid, renewal expenses, restructuring costs and other non-current expenses.

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items) which includes IFRS 16 lease debt, net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk. Net financial debt excludes the net impact of the remeasurement of debt during the Suez purchase price allocation.

The **financing rate** is defined as the ratio of the cost of net financial debt (excluding IFRS 16 lease debt and fair value adjustments to instruments not qualifying for hedge accounting) to average monthly net financial debt excluding IFRS 16 lease debt for the period, including the cost of net financial debt of discontinued operations.

For the other indicators, please refer to Section 5.5.2 of the 2023 Universal Registration Document.

Resourcing the world

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