Operating & Financial Review

Consolidated Financial Statements at March 31, 2023

(not audited)

CONTENTS

Message from the Chief Executive Officer

Estelle Brachlianoff, Chief Executive Officer of the Group, commented: « 2023 has started perfectly for Veolia and builds on the excellent trends of the end of 2022. Our organic revenue growth was 19.9%. In terms of results, the group's EBITDA grew by +8% and our recurring EBIT by +14%. This performance again illustrates our low sensitivity to the economic cycle and our ability to pass on cost increases in our prices. Our commercial successes confirm the relevance of our Decarbonisation, Depollution and Resource Regeneration service offerings and our strong differentiation in serving our clients, as we have just done with major contracts in Lille, Istanbul and Gold Coast. As a global leader with strong positions in all key geographies, Veolia is ideally positioned to seize the opportunities of the ecological transformation market, which makes us very confident in our ability to pursue solid growth in the years to come.

We are therefore starting fiscal year 2023 at full speed, perfectly launched for another year of strong growth, and fully confirm our objectives. »

1

MAJOR EVENTS OF THE PERIOD

1 Major events of the period

1.1 BUSINESS AND INCOME TRENDS

An excellent start to the year with strong growth in Q1 2023 results

The strong growth in Q1 2023 results reflects an excellent start to the year, confirming solid activity levels, favorable price indexation, improved operating performance and synergies generated by the integration of Suez in line with objectives.

			2023 / 2022 Change	
Change at constant exchange rates (€ million)	31 March 2022	31 March 2023	Δ at constant exchange rates	Δ at constant exchange rates & scope
Revenue	9,935	12,007	21.9 %	19.9 %
EBITDA	1,456	1,574	8.6 %	8.0 %
Current EBIT	711	788	12.3 %	14.0 %

Q1 2023 revenue is €12,007 million, up significantly year-on-year: +19.9% at constant scope and exchange rates. This growth is mainly driven by higher energy prices and tariff reviews, resilient waste volumes offset by a negative weather effect and lower recyclate prices compared to Q1 2022.

All business lines reported growth in the first quarter:

- **Water** activities reported organic growth of +9.9%, driven by good activity levels in Water technologies and tariff reviews;
- **Waste** activities increased by +3.2%, and +5.7% excluding the change in recyclate prices;
- The **Energy businesses grew significantly** (+53.9% organic growth), benefiting from further increases in heating tariffs and electricity selling prices, reflecting the higher cost of purchased energy.

Revenue growth excluding the increase in energy prices amounted to +6.3% at constant scope and exchange rates.

Q1 2023 **EBITDA** is €1,574 million, up +8.0% at constant scope and exchange rates. EBITDA growth outpaced revenue growth restated for the increase in energy prices (+6.3%), reflecting excellent operating performance. During the quarter, operating efficiency programs generated €87 million and the Suez integration synergies plan €43 million, in line with objectives.

Current EBIT is €788 million, up 14.0% at constant scope and exchange rates year-on-year.

Net Financial Debt is €18,727 million as of March 31, 2023 compared with €18,138 million as of December 31, 2022 and mainly includes the effect of net free cash flow before financial investments of -€482 million, due to seasonal impacts on working capital requirements in the first quarter and a negative foreign exchange impact of -€167 million.

1.2 CHANGES IN GROUP STRUCTURE - STRATEGIC PROGRAM

1.2.1 Innovations and commercial developments

The Group's commercial innovations and developments continued in Q1 2023 in line with the Impact 2023 program, confirming the Group's ability to renew its offers and services.

Decarbonization

- **Turkey: Veolia becomes the operator of the first waste-to-energy production site**

Veolia has been awarded the contract to operate and maintain Turkey's first waste-to-energy plant, the largest in Europe, in Istanbul. With a treatment capacity of approximately 1.1 million metric tons of non-recyclable household waste per year, the plant will allow nearly 1.5 million metric tons of carbon emissions to be saved annually, notably through the production of 560,000 MWh of electricity, equivalent to the consumption of 1.4 million inhabitants of the metropolitan area.

- **Latin America: acceleration of biogas capture from landfills sites**

Veolia aims to decarbonize and reduce its greenhouse gas emissions, while promoting access to locally sourced energy. The Group has committed to a €70 million investment plan to capture gas at landfill sites in Latin America. These investments will enable CO_2 emissions to be reduced by 1.5 million metric tons per year.

- **Germany: successful start-up of the Braunschweig biomass plant (BVAG)**

Veolia successfully launched operations at the Braunschweig biomass plant, which will produce 800 GWh of heat per year to supply 68,000 homes. This plant has allowed Veolia to replace the use of coal with a mix of biomass and gas, generating 25% green electricity and reducing the carbon footprint by 50%.

Decontamination

- **Australia: first integrated waste management contract in the country, in the Gold Coast**

Veolia secured an integrated waste management contract in the Gold Coast, Australia's second largest regional authority and sixth largest city. The contract has an initial term of 7 years with options to extend to 18 years, which would represent around €500 million for the full extended term of the contract. This new contract combines the management of facilities, collection and recovery and will optimize the implementation of existing infrastructure across the entire waste treatment value chain. It will also reduce CO_2 emissions by around 77,000 metric tons per year.

Regeneration

- **Spain: new plastic recycling assets (La Red)**

Veolia completed the acquisition of the La Red Group in Spain, which specializes in the collection and recovery of non-hazardous waste and plastic recycling. With annual revenue of €40 million, La Red manages 322,000 metric tons of waste per year.

- **Successful renewal of the Lille water distribution contract**

Veolia has successfully renewed the Lille water distribution contract for a period of 10 years and combined revenue of €700 million. Through an innovative contract focused on resource conservation, 65 million cubic meters of water will be saved over the duration of the contract.

1.2.2 Changes in Group structure

The main changes in scope in Q1 2023 were as follow:

- **Consolidation of Lydec securities (Morocco)**

Lydec is a Moroccan company that manages water and electricity distribution, wastewater and rainwater collection and public lighting in the city of Casablanca.

It is recalled that, as of January 1, 2023, the local authorizations necessary for the transfer of the Lydec securities had not been obtained, rendering the sale provided for in the Share and Asset Purchase Agreement (SAPA) null and void. Discussions between the Group and the relevant local authorities are ongoing, in accordance with Moroccan laws. At the same time there were a number of changes to Lydec's governance, with the resignation of the Suez (Consortium) representatives, effective January 25, 2023. Pursuant to IFRS, this event and the rights and obligations under the Moroccan *hold separate* status led to the consolidation of Lydec's contribution from this date.

The impact in financial investments corresponds to the consolidation of net debt for €65 million before the remeasurement of assets and liabilities.

- **Acquisition of the subsidiaries Reciclados La Red and Banales III (Spain)**

On January 10, 2023, the Group acquired the subsidiaries Reciclados La Red S.LL and Banales III located in Madrid and Seville, respectively, for a total of €51 million. These subsidiaries are active in the recovery and recycling of plastic in Spain.

- **Divestiture of Advanced Solutions (USA)**

Suez Water Advanced Solutions is a wholly-owned subsidiary that provides water infrastructure and asset management services to municipal and commercial customers across the United States. On February 23, 2023, six of the twelve entities were sold for a total of €84 million.

This activity is recorded in assets and liabilities classified as held for sale as of December 31, 2022.

- **Completion of the divestiture of Suez hazardous waste activities (France)**

Following the signature of a partnership agreement on January 27, 2023, the sale of the final activities by SARPI to Suez was completed for a consideration of €49 million. This transaction completes the divestitures required under the antitrust remedies agreed with the European Commission in the context of the Veolia-Suez merger.

- **Divestiture of WTS's O&M activities (United Kingdom)**

The divestiture of Suez's industrial water operations and maintenance business in the United Kingdom to SAUR was completed on February 15, 2023.

1.3 GROUP FINANCING

1.3.1 Evolution of the Group's debt

Net financial debt is €18,727 million as of March 31, 2023, while cash and cash equivalents total €9.7 billion.

The Group has syndicated credit facilities totaling €5,436 million[1], providing it with a strong net liquidity position.

The foreign exchange impact on net financial debt, including fair value adjustments, is -€167 million as of March 31, 2023.

1.3.2 Bonds issue

Veolia Environnement SA did not need to issue new bonds as of March 31, 2023, as its liquidity position was sufficient to cover its maturities.

1.3.3 Confirmation of the credit

On April 20, 2023, Standard and Poor's confirmed Veolia Environnement's credit rating at A-2/BBB with a stable outlook. On April 28, 2023, Moody's confirmed the Group's rating at P-2/Baa1 with a stable outlook.

1.3.4 Dividend payment

The Combined General Meeting of April 27, 2023 approved payment of a dividend of €1.12 per share for 2022, payable in cash. The ex-dividend date has been set at May 9, 2023 and the 2022 dividend will be paid from May 11, 2023.

[1] *The Group has a €4,500 million syndicated credit facility, plus bilateral credit facilities totaling €936 million.*

1.4 CHANGES IN GOVERNANCE

As part of the annual renewal of the Board, the Board of Directors' meeting of March 14, 2023 noted the expiry of the terms of office of three directors at the end of the General Meeting of April 27, 2023 (Mrs. Maryse Aulagnon, Mrs. Clara Gaymard and Mr. Louis Schweitzer) and that Mrs. Clara Gaymard and Mr. Louis Schweitzer did not seek the renewal of their terms 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. Maryse Aulagnon as director and appoint Mr. Olivier Andriès, Mrs. Véronique Bédague and Mr. Francisco Reynés as directors.

The Veolia Environnement Combined General Meeting of April 27, 2023:

- renewed the term of office of Mrs. Maryse Aulagnon as director; and
- appointed Mrs. Véronique Bédague, Mr. Olivier Andriès and Mr. Francisco Reynés as directors;

for a four-year period expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2026.

At the date of this management report, the Veolia Environnement Board of Directors had fourteen directors, 82% of whom were independent directors (excluding the two directors representing employees and the director representing employee shareholders), and 54.5%[2] 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;
- Mrs. Maryse Aulagnon*, Vice-Chairwoman and Senior Independent Director;
- Mr. Olivier Andriès*;
- Mrs. Véronique Bédague*;
- Mr. Pierre-André de Chalendar*;
- Mrs. Isabelle Courville*;
- Mrs. Marion Guillou*;
- Mr. Franck Le Roux, Director representing employees;
- Mrs. Agata Mazurek-Bąk, Director representing employee shareholders;
- Mr. Pavel Páša, Director representing employees;
- Mrs. Nathalie Rachou*;
- Mr. Francisco Reynés*;
- Mr. Guillaume Texier*;
- Mr. Enric Amiguet i Rovira, non-voting member (censeur).

* Independent member.

The composition of the Board Committees is:

- **Accounts and Audit Committee**: Mrs. Nathalie Rachou (Chairwoman), Mr. Olivier Andriès, Mrs. Véronique Bédague, Mr. Franck Le Roux, Mrs. Agata Mazurek-Bąk and Mr. Guillaume Texier.
- **Nominations Committee**: Mr. Pierre-André de Chalendar (Chairman), Mrs. Maryse Aulagnon, Mr. Antoine Frérot and Mrs. Isabelle Courville.
- **Compensation Committee**: Mrs. Maryse Aulagnon (Chairwoman), Mr. Olivier Andriès, Mr. Pierre-André de Chalendar, Mrs. Marion Guillou and Mr. Franck Le Roux.
- **Research, Innovation and Sustainable Development Committee**: Mrs. Isabelle Courville (Chairwoman), Mrs. Marion Guillou, Mr. Pavel Páša, Mr. Francisco Reynés and Mr. Guillaume Texier.
- **Purpose Committee**: Mr. Antoine Frérot (Chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar, Mrs. Isabelle Courville, Mr. Franck Le Roux and Mrs. Nathalie Rachou.

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;
- Mr. Claude Laruelle, Deputy Chief Executive Officer Finance, Digital and Purchasing;
- Mrs. Anne Le Guennec, Senior Executive Vice President, Worldwide Water Technologies;
- Mr. Christophe Maquet, Senior Executive Vice President, Asia and Pacific;
- 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. Angel Simon, Senior Executive Vice President, Iberia and Latin America;
- 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 39 members, including the 14 members of the Executive Committee; its composition can be viewed on Veolia's website (www.veolia.com).

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

2

ACCOUNTING AND FINANCIAL INFORMATION

2 Accounting and financial information

2.1 KEY FIGURES

Group key figures are presented in accordance with the new definitions for Current EBIT and Net financial debt adopted since the publication of the financial statements for the year ended December 31, 2022 (see Chapter 5.1 - Definitions).

			2023 / 2022 Change		
(€ million)	March 31, 2022	March 31,2023	Δ	Δ at constant exchange rates	Δ at constant scope & exchange rates
Revenue	**9,935**	**12,007**	**20.9%**	**21.9%**	**19.9%**
EBITDA (1)	**1,456**	**1,574**	**8.1%**	**8.6%**	**8.0%**
Current EBIT (2)(3)	**711**	**788**	**10.8%**	**12.3%**	**14.0%**
Net industrial investments	-475	-894			
Net free cash-flow	-451	-482			
Net financial debt - Closing (4)	**-21,284**	**-18,727**			

(1) The indicators are defined in Section 5.1 below.
(2) Including the share of current net income of joint ventures and associates viewed as core Company activities.
(3) Re-presented for depreciation of remeasured assets, identified during the Suez purchase price allocation
(4) Net financial debt excludes the remeasurement of financial liabilities in the context of the Suez purchase price allocation as defined in Section 5.1 below.

The main foreign exchange impacts between March 31, 2022 and March 31, 2023 are as follows:

FX impacts for the year ended March 31, 2023 (vs March 31, 2022)	%	*(€ million)*
Revenue	-1.0%	-106
EBITDA	-0.5%	-7
Current EBIT	-1.5%	-10
Net financial debt (1)	-0.9%	-167

(1) including fair value adjustment.

2.2 GROUP REVENUE

2.2.1 Revenues by operating segment

Consolidated revenue totaled €12,007 million for the three months ended March 31, 2023, compared with €9,935 million for the three months ended March 31, 2022.

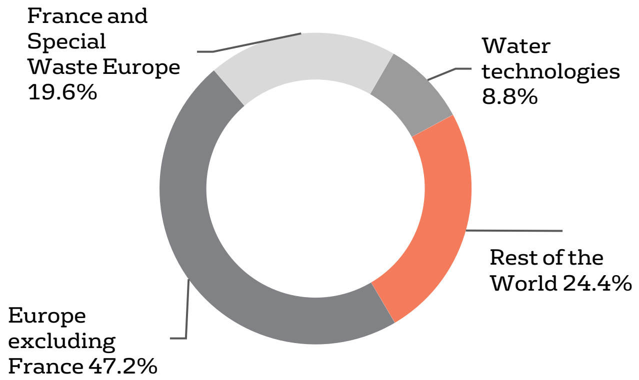
All operating segments reported growth in 2023.

(€ million)	March 31,2022	March 31,2023	2023/2022 change Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France and Special Waste Europe	2,298	2,354	2.5 %	2.4 %	3.0 %
Europe excluding France	4,523	5,664	25.2 %	26.8 %	32.6 %
Rest of the World	2,575	2,924	13.6 %	14.7 %	11.2 %
Water technologies	938	1,059	13.0 %	13.6 %	14.7 %
Other (1)	-399	5	-	-	-
GROUP	9,935	12,007	20.9 %	21.9 %	19.9 %

(1) For 2022, including impacts of the restatement of the first 17 days of the contribution of Suez activities.

Q1 2023 revenue breaks down by operating segment as follows:

Q1 2023 Group revenue: 12,007M€



Compared with figures for the three months ended March 31, 2022, revenue rose 19.9% at constant scope and exchange rates, increasing across all operating segments:

- Europe excluding France +32.6%, mainly driven by Energy activities;
- Water technologies +14.7%;
- Rest of the world +11.2%; and
- France and Special Waste Europe +3.0%.

Revenue for the **France and Special Waste Europe** segment totaled €2,354 million, with organic growth of 3.0% compared with March 31, 2022:

- Water France revenue increased +1.5%, mainly fueled by the +6.1% positive effect of tariff reviews which offset the return to public management of the Greater Lyon water contract and slightly lower volumes (-0.6%).
- Waste France revenue fell -1.1%, impacted by lower recyclate selling prices, largely offset by higher tariffs and electricity selling prices. Lower volumes due to commercial selectivity were partly offset by improved construction activity.
- Special Waste activities in Europe increased by +5.8%, boosted by the positive effect of tariff reviews in the oil and lubricant treatment business, as well as good commercial development in industrial maintenance activities.
- SADE reported growth of +4.3%, thanks to strong commercial momentum in France.

Revenue for the **Europe excluding France** segment totaled €5,664 million for the three months ended March 31, 2023, with organic growth of +32.6% mainly due to higher energy prices.

- In **Central and Eastern Europe**, revenue rose +57.3% to €3,786 million. Momentum was strong during the period, largely driven by higher electricity prices and heating tariff reviews (Poland, Hungary, Czech Republic, Slovakia, and Germany), despite an unfavorable weather effect (-€35 million).
- In **Northern Europe**, revenue rose +6.1% to €973 million. This growth was mainly attributable to the United Kingdom, up +8.9% at constant scope and exchange rates, due, in waste, to good commercial development in municipal and tertiary collection, and in energy, to the start-up of new contracts linked to the launch of the UK government decarbonizing plan.
- Revenue fell -14.5% in **Italy** to €290 million following a drop in energy selling prices. Profitability was not, however, affected due to a parallel decrease in energy purchase costs and the selling price indexation mechanism.
- In **Iberia**, revenue increased by +11.0%, driven primarily by strong water activities in Spain, which enjoyed increased tariffs as well as higher volumes (+0.5% compared to 2022).

In the **Rest of the world**, revenue totaled €2,924 million, representing organic growth of +11.2% across all geographies:

- Revenue increased +26.7% in **Latin America**, driven notably by tariff indexation, primarily in water activities in Chile.
- In **Africa Middle East**, revenue increased +18.4%, mainly boosted by growth in energy services and new contract wins in water in the Middle East, as well as progress with water contracts in Morocco thanks to higher volumes and robust construction activity.
- In **North America**, revenue rose +8.3% to €769 million. Growth is mainly driven by sustained activity in hazardous waste with tariff increases and a good mix of waste processed, and, in water activities, by the favorable effect of tariff reviews, offsetting lower volumes (-1.1% compared to March 31, 2022).
- Revenue in **Asia** grew by +8.2%, mainly driven by the Energy business in China, as well as good construction levels in Japan, Taiwan and South Korea.

- In the **Pacific**, revenue increased +1.7%, thanks to strong Water performance and tariff increases in Waste, which offset lower volumes following the removal of assets sold to Remondis in 2022.

The **Water Technologies** activity reported an increase of +14.7%, driven by growth in WTS's Engineering Systems and Chemical Solutions activities and VWT's Services and Technology activities. VWT bookings totaled €378 million as of March 31, 2023, compared with €330 million one year earlier. WTS bookings totaled €407 million as of March 31, 2023, compared with €387 million one year earlier.

2.2.2 Revenues by business line

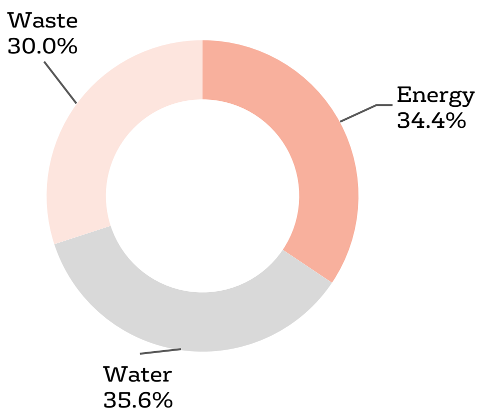
Compared with figures for the three months ended March 31, 2022, revenue by business rose +19.9% at constant scope and exchange rates, driven mainly by:

- strong growth in **Energy** of +53.9%, underpinned by higher electricity prices and tariff reviews for heating sales;
- growth in **Water** activities of 9.9%, due to contract tariff indexation across all geographies and slightly higher volumes, as well as double-digit growth in Water technology activities (+12.6%);
- growth in **Waste** activities of +3.2% due to favorable tariff reviews and resilient volumes, offsetting lower recyclate prices.

(in € million)	March 31, 2022	March 31,2023	2023/2022 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Water	3,820	4,270	11.8 %	11.5 %	9.9 %
of which Water Operations	2,639	2,961	12.2 %	11.6 %	8.8 %
of which Technology and Construction	1,181	1,310	10.9 %	11.4 %	12.6 %
Waste	3,785	3,603	(4.8)%	(3.4)%	3.2 %
Energy	2,731	4,133	51.4 %	53.8 %	53.9 %
Other	-400	-	-	-	-
GROUP	9,935	12,007	20.9 %	21.9 %	19.9 %

Q1 2023 revenue breaks down by business as follows:

2023 March Group's revenues: €12,007 million



The main changes in revenue by business at constant scope and exchange rates **compared with figures for the three months ended March 31, 2022** break down as follows.

Water revenue

Water revenue increased +9.9% with good commercial development in Asia and Africa/Middle East, strong construction activity and tariff rises across all geographies.

Technology and Construction revenue rose +12.6%.

Energy revenue

Energy revenue rose +53.9%. The strong activity growth is founded on positive price effects (+49.8%), mainly in Central and Eastern Europe, as well as good electricity volumes. The unfavorable weather effect in Q1 2023 was -1.3% of revenue.

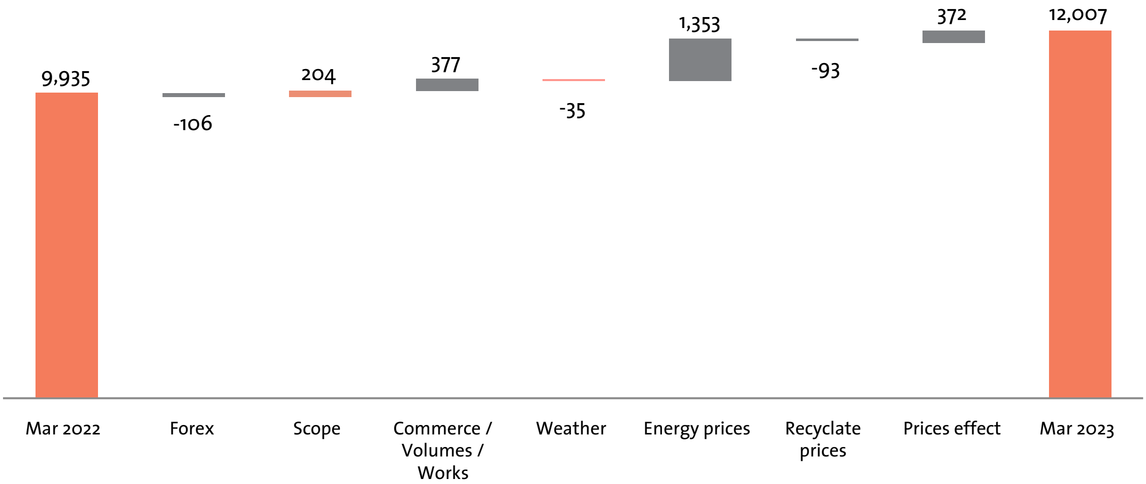
Waste revenue

Waste revenue increased +3.2%, benefiting from favorable tariff reviews (+4.1%), offsetting lower recyclate prices (-2.5% in revenue) observed in France, Germany and Northern Europe.

The commerce and volume effect was positive (+0.6%) despite slightly lower volumes in Europe, offset by other geographies and growth in hazardous waste.

2.2.3 Analysis of changes in Group revenues

The increase in revenue breaks down by main impact as follows:



The **foreign exchange impact** of -€106 million mainly reflects fluctuations in the Argentinian, Hungarian, British, Polish and Japanese currencies, partially offset by an improvement in the American, Czech and Chilean currencies[1].

The **consolidation scope impact** of +€204 million mainly comprises the impact of the remedies imposed by the European Commission and the UK Competition and Markets Authority, completed in 2022. These negative effects are offset by the revenue adjustment for the first 17 days of 2022 for the Suez scope, prior to acquisition of control (+€400 million), as well as the entry into the consolidation scope of Lydec (Morocco).

The **Commerce / Volumes / Works impact** is +€377 million (+3.8%), driven by good volumes in energy, progress with construction work, and growth in Water technology activities.

The **weather impact** of -€35 million (-0.4%) mainly concerns Central and Eastern Europe, where energy activities were impacted by a milder winter than in 2022.

Energy prices had an impact of +€1,353 million (+13.6%), driven by higher heating and electricity tariffs, mainly in Central and Eastern Europe.

Recyclate prices had an impact of -€93 million (-0.9%), reflecting lower prices across all recyclates, with Northern Europe, France and Germany particularly affected.

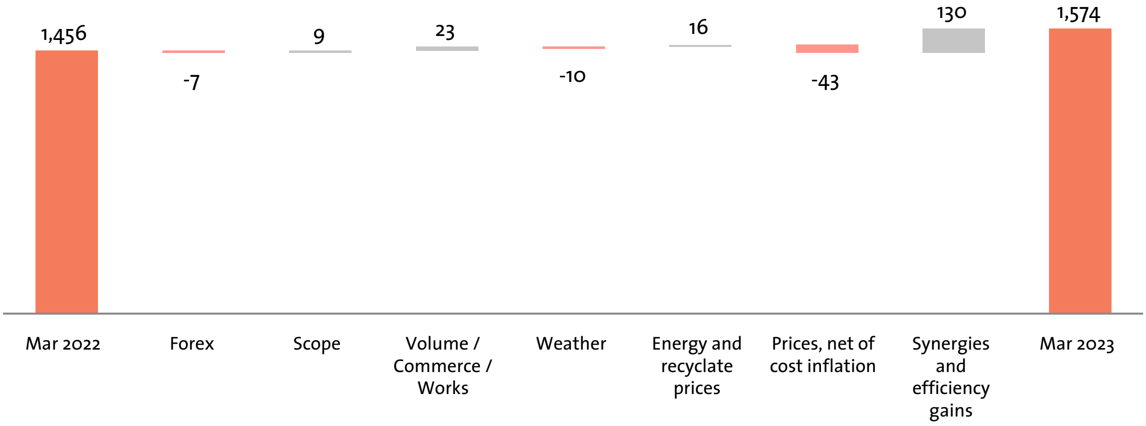
Favorable price effects (+€372 million, or +3.7%) are mainly tied to tariff reviews estimated at +4.1% in waste and 4.6% in water.

[1] *Main foreign exchange impacts by currency: Argentine peso (-€47 million), Hungarian forint (-€44 million), pound sterling (-€38 million), Polish zloty (-€23 million) and Japanese yen (-€13 million), offset by the US dollar (+€52 million), Czech koruna (+€24 million) and Chilean peso (+€10 million).*

2.3 GROUP EBITDA

Group consolidated EBITDA for the three months ended March 31, 2023 was €1,574 million, compared with €1,456 million for the three months ended March 31, 2022.

EBITDA is up +8.0% at constant scope and exchange rate year-on-year. The increase in EBITDA between 2022 and 2023 breaks down by impact as follows:



The **foreign exchange impact** of -€7 million mainly reflects the depreciation of the Argentinian, Hungarian, British, Polish and Japanese currencies, partially offset by an improvement in the American, Czech and Chilean currencies[2].

The **consolidation scope impact** of +€9 million mainly comprises the impact of the remedies imposed by the European Commission and the UK Competition and Markets Authority, completed in 2022. These negative effects are offset by the EBITDA adjustment for the first 17 days of 2022 for the Suez scope, prior to acquisition of control (+€49 million), as well as the entry into the consolidation scope of Lydec.

Favorable **commerce and volume impacts** of +€23 million resulted from the positive impact on revenue.

The **weather impact** is -€10 million and mainly concerns Central and Eastern Europe, where winter was milder than normal.

Recyclate and energy prices had a net favorable impact on EBITDA of + €16 million, mainly tied to increased energy selling prices net of higher purchase costs (including CO_2 and diesel), which offset the unfavorable impact of recyclate prices in France, Northern Europe and Germany.

The **impact of tariff reviews net of cost inflation** was -€43 million.

The **contribution of cost savings plans and synergies** totaled +€130 million at end-March and includes:

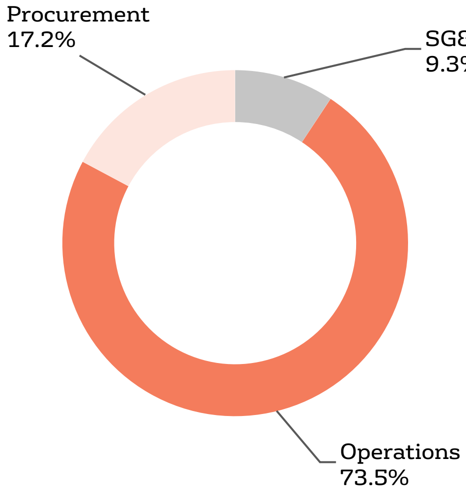
- The efficiency plan for €87 million, mainly concerning operating efficiency (73%) and purchasing (17%) and all geographic zones: France and Special Waste Europe (25%), Europe excluding France (34%), Rest of the world (27%), Water Technologies (9%) and Holding companies (2%).
- Synergies of €43 million generated following the integration of Suez.

Gains generated by the efficiency plan are in line with the €350 million annual objective for 2023. Synergies achieved of €43 million in the first quarter with cumulated synergies of €89 million since the acquisition of Suez, in line with the objective.

Cost-savings plan and synergies

EBITDA impact (€ million)	2023 Objective	Actual end of March 2023
Saving plans	350	87
Synergies	130	43

Operational efficiency
€87 million



[2] *Main foreign exchange impacts by currency: Hungarian forint (-€6 million), Argentine peso (-€5 million), pound sterling (-€5 million), Polish zloty (-€2 million) and Japanese yen (-€1 million), offset by the Czech koruna (+€7 million), US dollar (+€5 million) and Chilean peso (+€5 million).*

2.4 OTHER INCOME STATEMENT ITEMS

2.4.1 Current EBIT

Group Current EBIT for the three months ended March 31, 2023 was €788 million, up +14.0% at constant scope and exchange rates on figures for the three months ended March 31, 2022. EBITDA reconciles with Current EBIT compared with the three months ended March 31, 2022 as follows:

(€ million)	March 31, 2022	March 31,2023
EBITDA	**1,456**	**1,574**
Renewal expenses	-73	-68
Amortizations (1)	-715	-736
Provisions, capital gain or loss on disposals and others	26	-10
Share of current net income of joint ventures and associates	18	28
Current EBIT	**711**	**788**

(1) Including principal payments on operating financial assets.

The +€100 million increase in Current EBIT at constant scope and exchange rates compared with figures for the three months ended March 31, 2022 is mainly due to:

- a marked improvement in EBITDA (+€117 million at constant scope and exchange rates);
- a decrease in provisions net of capital gains on disposals (-€32 million), mainly due to disposal gains recognized in Q1 2022, particularly on the divestiture of the Integrated Waste Services subsidiary in Australia.
- an increase in the Group's share of net income of joint ventures (+€13 million).

The foreign exchange impact on Current EBIT of -€10 million mainly reflects fluctuations in the Hungarian (-€6 million), Argentinian (-€4 million), British (-€3 million) and Polish (-€2 million) currencies, partially offset by an appreciation of the Czech (+€5 million) and Chilean (+€4 million) currencies.

3

FINANCING

3 Financing

3.1 CHANGE IN FREE CASH FLOW AND NET FINANCIAL DEBT

Free cash flow before financial investments and dividends is -€482 million for the three months ended March 31, 2023, compared with -€451 million for the three months ended March 31, 2022.

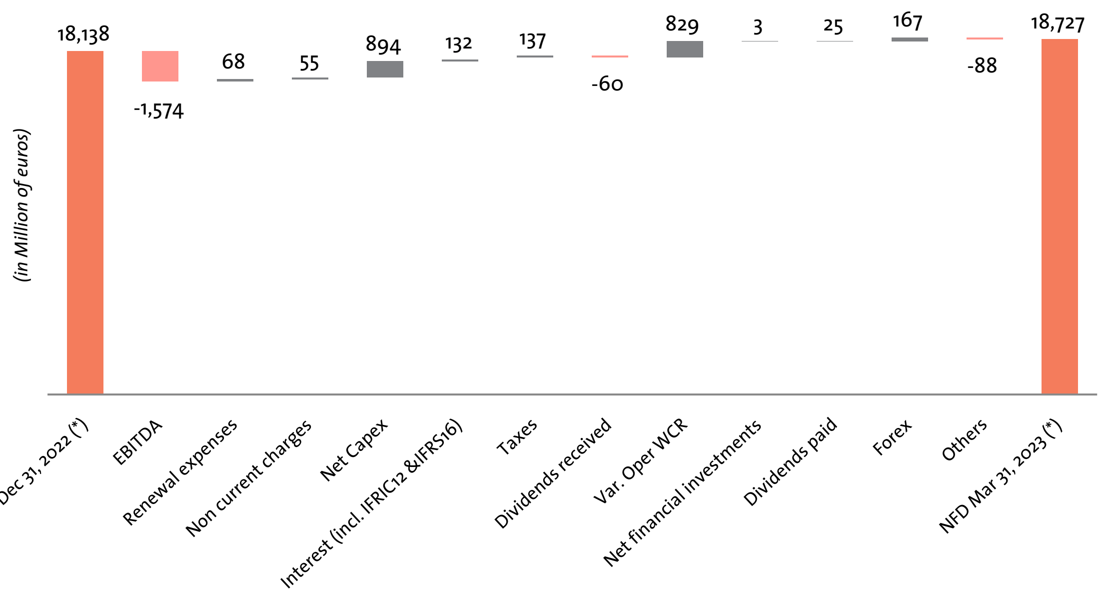
The change in net free cash flow compared with the three months ended March 31, 2022 reflects:

- Higher EBITDA, driven by organic activity growth fueled by favorable price effects and increased energy prices, gains generated by operating and commercial efficiency plans and synergies;
- Net industrial investments of €894 million compared to €475 million in the three months ended March 31, 2022, attributable to gross investments up €208 million compared to 2022, mainly due to decarbonizing projects in Central and Eastern Europe and growth investments in hazardous waste. In addition, Q1 2022 was significantly impacted by industrial divestitures (divestiture of Integrated Waste Services in Australia and OSIS Greater Paris subsidiaries) which are therefore down -€197 million;
- A change in operating working capital requirements which improved by +€45 million compared to March 31, 2022 (+ €95 million after restatement of Q1 2022 for the first 17 days of the year prior to acquisition of control of Suez).

Net financial debt amounted to €18,727 million as of March 31, 2023, compared with €18,138 million as of December 31, 2022. Compared with December 31, 2022, the change in net financial debt is mainly due to:

- net free cash flow for the quarter of -€482 million, mainly impacted by the seasonality of working capital requirements which are higher in the first quarter (-€829 million).
- net financial investments of -€3 million following the entry of Lydec into the consolidation scope, the acquisition of the Spanish subsidiaries La Red et Banales and the divestiture of Advanced Solutions and the final antitrust remedies pursuant to the acquisition of Suez (a hazardous waste subsidiary in France and WTS's O&M activities in the United Kingdom - see 1.2.2 Changes in Group structure).

Net financial debt was also impacted by foreign exchange gains and losses and fair value adjustments of -€167 million as of March 31, 2023.



(*) Net financial debt excluding the impact of the remeasurement of debt as part of the Suez purchase price allocation, see Section 5.1.2

4

OTHER ITEMS

4 Other items

4.1 OUTLOOK

2023 Guidance [(1)] [(2)]

- Solid organic revenue growth;
- Efficiency gains above €350m complemented by additional synergies for a cumulated amount of €280m end-2023, in line with the €500m cumulated objective;
- Organic growth of EBITDA between +5 % and +7 %;
- Current net income group share around €1.3bn;
- Confirmation of the EPS accretion [(3)] of around 40 % in 2024;
- Leverage ratio around 3x;
- Dividend growth in line with current EPS growth.

[1] *At constant forex and without extension of the conflict beyond the Ukrainian territory and without significant change in the energy supply conditions in Europe.*
[2] *Before Suez PPA.*
[3] *Current net income per share after hybrid costs and before Suez PPA.*

5

APPENDICES

5 Appendices

5.1 DÉFINITIONS

No changes have been made to non-GAAP financial indicators used by the Group.

5.1.1 Presentation of Current EBIT at March 31, 2022

Following changes to the financial indicators related to the integration of Suez, Current EBIT was redefined at December 31, 2022 to exclude depreciation of remeasured assets identified during the Suez purchase price allocation. Consequently, the current EBIT published as of March 31, 2022 has been redefined by excluding the amortization of assets revalued during the Suez purchase price allocation as detailed below:

(in € million)	March 31, 2022
Published Current EBIT	**692**
+ Exclusion of depreciation of remeasured assets	20
Redefined Current EBIT	**712**

5.1.2 Non-Strictly accounting indicators (non GAAP)

To calculate **Current EBIT** (which includes the share of current net income of joint ventures 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 as part of the Suez purchase price allocation;
- share acquisition costs.

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 as part of the Suez purchase price allocation.

For the other indicators, please refer to Section 5.6.4 of the 2022 Universal Registration Document.

Resourcing the world

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