



02

2022 ANNUAL REPORT

2.1 Comments on activity and results	106
2.2 Consolidated financial position	118
2.3 Cash, financing and capital	120
2.4 Expected developments, future prospects and significant post-balance sheet events	125
2.5 Parent company financial statements and appropriation of income	128
2.6 Information on dividends	130
2.7 Risk factors	131

2.1 COMMENTS ON ACTIVITY AND RESULTS

2.1.1 HIGHLIGHTS OF THE PERIOD

For the year ended December 31, 2022, Séché Environnement reported consolidated revenue of €895.3 million, up +21.7% compared to 2021.

The Group pursued a dynamic external growth policy in 2022, with the acquisition of around €90 million in revenue over the full year. It also expanded its offering by integrating new activities in the circular economy and environmental services.

Over the period, Séché Environnement posted sustained organic growth in France and a strong rebound in its international activities, generating a further significant rise in its consolidated results.

As such, the Group has strengthened its financial position and established new financial resources to sustain its growth momentum.

2.1.1.1 Continuation of a dynamic acquisition policy

Expansion in the sanitation markets: integration of Séché Assainissement and additional acquisitions in France

The operations of the eight Osis-IDF branches, which were wholly acquired as announced in Q3 2021¹, were consolidated under the name Séché Assainissement from January 1, 2022. With this acquisition, Séché Environnement rounded out its range of environmental services with new promising business activities on its target markets (industrial and public sector clients), while extending its geographical coverage in France.

With more than 200 highly qualified employees and a fleet of the most innovative technical equipment, Séché Assainissement has established itself as a specialist in the maintenance of sanitation networks and facilities and a leading operator on extremely technical markets.

Séché Assainissement will leverage its existing portfolio of secure, recurring contracts and further acquisitions of local companies to expand its sanitation activity across France.

As such, on July 6, 2022, Séché Environnement acquired Assainissement 34, a regional player in sanitation, property hygiene and network maintenance. This new service activity strengthens Séché Environnement's footprint in the region, where it is already present in Villeneuve-lès-Béziers through Triadis Services, a specialist in hazardous waste sorting and consolidation. With annual revenue of around €4 million, this new entity was consolidated with effect from July 1, 2022. This acquisition involved the disbursement of approximately €6 million, financed from the Group's available cash. The company was renamed Séché Assainissement 34.

Deployment in the circular economy and chemical purification markets with the acquisition of All'Chem

Séché Environnement acquired All'Chem, a French specialist in fine chemicals for the pharmaceutical, agrochemical and veterinary industries.

With some sixty employees, the company operates at a versatile production site in Montluçon (Allier) and produces around fifty products for top-tier clients including BASF, Boehringer Ingelheim and Sanofi.

Its know-how and production capabilities complement Speichim Processing's expertise and production facilities on the dynamic fine chemicals markets, particularly in high value-added niche activities with high technological content for the manufacture of active ingredients and fine chemicals.

With this acquisition, the Group bolstered its Regeneration-Purification division by increasing its capacity to propose solutions incorporating pre- and post-distillation reactions. It also strengthened its capacity to implement dedicated circular economy solutions for chemicals with the possibility of transforming products for subsequent recovery through distillation.

The company is wholly owned by Speichim Processing and was included in the consolidation scope on June 10, 2022.

¹ See press release of August 2, 2021

Acquisition of a major position in industrial water cycle markets: purchase of a portfolio of Industrial Water businesses

On November 30, 2022, Séché Environnement finalized the acquisition from Veolia Group of a portfolio of Industrial Water activities under the unilateral purchase agreement signed in May 2022¹.

With this acquisition, Séché Environnement strengthened its expertise in the industrial water cycle and expanded its range of services for industrial clients, fully complementing its industrial effluent management businesses.

The assets acquired include a portfolio of contracts signed with more than 120 manufacturers and a network of twenty branches in France. The acquisition of this portfolio led to the transfer of some 350 employees specialists in the industrial water cycle.

These activities have strong technological content and draw on scarce expertise. They enhance Séché Environnement's outsourcing offering as part of its Comprehensive Service offering for industrial clients.

The contracts cover all aspects of the industrial water cycle (effluent treatment, supplying of recycled process water, facility management - including waste management - and maintenance operations), allowing Séché Environnement to fully meet the requirements of large industrial clients in terms of delegated water and waste management.

This acquisition gives Séché Environnement a leading position in recurring markets in France with high barriers to entry and strong potential.

Around €38 million in full-year revenues was transferred to Séché Environnement at December 31, 2022. Other contracts will be transferred in the first half of 2023.

At the date the acquisition was finalized, the amount paid by Séché Environnement initially amounted to approximately €31 million.

Increase in the interest in Solarca SLU

On June 15, 2022, Séché Environnement exercised its purchase options to acquire the remaining 9% stake in Solarca SLU for €2.8 million. The Group's ownership interest increased from 91% to 100%.

2.1.1.2 A new revolving credit facility with sustainability performance criteria

On March 31, 2022, Séché Environnement refinanced its revolving credit facility (RCF) maturing in 2023 with a pool of French and international banks.

With a maturity extended to 2027, this new RCF will finance the Group's general needs. It includes improved refinancing conditions and more flexible terms of use, as well as offering a significantly higher amount than the previous facility, of €200 million compared with €150 million.

The RCF has three sustainability performance criteria:

- 10% reduction in greenhouse gas emissions by 2025, compared with 2020 (scopes 1 and 2, in France and at constant scope);
- 40% increase in greenhouse gases avoided by the Group's clients thanks to recycling activities by 2025, compared with 2020 (in France and at constant scope);
- decrease in the frequency of workplace accidents by 7 points by 2025 (versus 2019), with the severity rate maintained at or below 1 over the period (in France).

The interest margin on the RCF will be adjusted according to the number of criteria achieved in 2025 in the following proportions:

- 5 basis points if all three criteria are met.
- 2.5 basis points if two criteria are met.
- +2.5 basis points if only one criterion is met.
- +5 basis points if no criteria are met.

€33.0 million was drawn down in connection with the acquisition of the "Industrial Water" business portfolio from Veolia.

¹ See press release of May 24, 2022

2.1.1.3 Solid organic growth for all scopes

In 2022, Séché Environnement posted sustained growth in revenue of +14.4% at constant scope and exchange rates compared to 2021. In France, this growth was driven by robust sales in buoyant markets, while International revenue was up sharply in all the regions in which the Group is present, accentuated by the rebound in the activities of certain subsidiaries that were still affected by the consequences of the pandemic in 2021.

France: robust sales in buoyant markets

In France, Séché Environnement, an integrated operator in the circular economy and environmental services businesses, is active on markets driven by regulatory changes fostering the circular economy and efforts to combat climate change.

In 2022, the energy and commodities crisis supported growth by making the Group's recovery solutions more attractive in terms of the major challenges facing industrial and local authority clients in accessing available resources, materials, and energy at a competitive price.

The Group's organic growth was also bolstered by market opportunities and major one-off contracts in the decontamination and environmental emergencies business lines, totaling around €10 million, which accelerated growth over the first half of the year in particular.

Overall, in France, Séché Environnement posted very strong organic growth of 10.9% compared with the previous year, illustrating the relevance of its commercial offering in light of long-term societal challenges and short-term imperatives in terms of access to resources, materials and energy.

International: strong performance in all regions

In 2022, the international markets saw very favorable trends in all regions, underpinned by the good performance of local economies and/or strong levels of activity for local industrial clients, which benefited from their exposure to the commodities and energy sectors.

In addition, growth during the period was partially due to the strong rebound in Solarca's activities and subsidiaries in Latin America (Peru and Chile), which were still heavily penalized by the consequences of the pandemic in 2021.

Lastly, international growth included the contribution of major spot contracts in the decontamination and environmental emergencies businesses, particularly in Peru (Kanay) and South Africa (Spill Tech). These one-off contracts contributed approximately €15 million to growth.

International activities posted very strong growth of +23.4% at constant scope and exchange rates.

2.1.1.4 Significant growth in operating results

The 2022 financial year showed a further increase in consolidated operating income and continued improvements in gross and current operating margin at constant scope.

EBITDA rose sharply, by +18.4% year on year, to €201.6 million, or 22.6% of contributed revenue (vs. €170.3 million, or 23.1% of contributed revenue, a year earlier).

At constant scope, this was up +15.2 % (at constant exchange rates) €197.5 million, or 23.3% of contributed revenue.

This improvement in gross operating margin at constant scope compared to the previous year reflects the solid contribution of the France scope and the sharp improvement in gross operating margin for the International scope:

- **EBITDA in France** rose by 11.0% to €146.9 million, or 24.9% of contributed revenues, with a margin identical to last year. It benefits from favorable commercial effects (positive volume effects, mix effects and price effects) and from the positive effects of the industrial efficiency policy on capacity availability. However, it contributed approximately -€6.0 million to the capping of infra-marginal profits of electricity producers implemented retroactively by the Finance Act for 2023. Excluding this impact, and all other things being equal, EBITDA in France would have amounted to 25.9% of contributed revenue (vs. 24.9% a year earlier), demonstrating the resilience of the gross operating margin in an inflationary environment.
- **International EBITDA** increased +29.7% (at constant exchange rates) and came to €50.6 million, or 19.7% of contributed revenue (vs. €37.9 million or 18.6% of contributed revenue in 2021), driven by the improvement in activity levels (volume and mix effects) across all regions, particularly in Latin America and for Solarca.

Current operating income totaled €91.3 million, or 10.2% of contributed revenue, representing a sharp increase of +27.7% in reported data on the previous year (€71.5 million, or 9.7% of contributed revenue).

At constant scope, growth remained very strong (+26.0% at constant exchange rates) and brought COI to €90.7 million, or 10.7% of contributed revenue. This increase is the result of the good performance of the French and International scopes:

- **in France, current operating income** stood at €63.1 million, or 10.7% of contributed revenue, reflecting organic growth in EBITDA minus, in particular, the increase in depreciation related to recent investments, particularly in Hazard Management businesses.
- **international current operating income** came to €27.6 million, 10.7% of contributed revenue (vs. €16.8 million, or 8.2% of contributed revenue, in 2021). This sharp improvement (+59.5% at constant exchange rates) corresponds to the growth in EBITDA for this scope and includes the increase in depreciation due to the ramp-up of new capacity for Interwaste and Mecomer.

Operating income totaled €87.0 million, or 9.7% of contributed revenue, up +26.6% at constant exchange rates compared to the previous year. This increase reflects the increase in current operating income less the effects of business combinations, in the amount of -€4.5 million, vs. -€0.9 million in 2021.

2.1.1.5 Sharp increase in profit of the period (attributable to the owners of the parent) - Increase in dividend

Net financial income

At December 31, 2022, net financial income came to -€18.5 million, compared to -€24.1 million at the end of 2021.

This improvement reflects a slight fall in the cost of net debt to -€17.8 million, compared with -€18.4 million in 2021, with the cost of gross debt at 2.56% (vs. 2.76% in 2021), and in particular the significant reduction in "Other financial income and expenses" to -€0.9 million vs. -€4.7 million in 2021. In 2021, this item included early repayment penalties on the senior bank debt and certain euro-PPs maturing in 2023, amounting to -€4.4 million.

Income tax

At December 31, 2022, the "Income tax" item was -€19.2 million, vs. -€14.1 million in 2021, i.e. an effective tax rate of 28.1% vs. 31.5%.

Consolidated net income for the year

After recognizing the share of profit of equity-accounted investees in the amount of -€1.3 million at December 31, 2022, vs. -€0.9 million one year earlier, profit of the period before non-controlling interests came to €47.9 million, vs. €29.6 million in 2021.

Net of the share attributable to non-controlling interests totaling -€3.3 million, **net income of the year (attributable to the owners of the parent)** amounted to €44.6 million, representing 5.0% of contributed revenue at December 31, 2022 (vs. €28.4 million, or 3.9% of contributed revenue, in 2021).

Net income for the year per share amounted to €5.72 vs. €3.64 for the year ended December 31, 2021. The **dividend** was increased from €1.00 to €1.10 per share. The ex-dividend date is set at July 7, 2023 and the dividend will be paid from July 11, 2023.

2.1.1.6 Solid financial position

In 2022, **industrial investments** amounted to €105.0 million, or 11.7% of contributed revenue (vs. €92.4 million, or 12.6% of contributed revenue, in 2021):

- maintenance investments were carefully managed, at €57.4 million, representing 6.4% of contributed revenue (vs. €50.4 million, or 6.8% of contributed revenue, in 2021), mainly due to the effects of the industrial efficiency policy;
- development investments totaled €47.6 million, or 5.3% of contributed revenue (vs. €42.0 million, or 5.7% of contributed revenue in 2021), and mainly related to growth investments in Services activities and thermal treatment tools (Hazard Management).

Free operating cash flow amounted to €78.4 million (vs. €77.8 million in 2021), producing a ratio of free cash flow to EBITDA of 39% (vs. 46% one year earlier). This change is linked in particular to the change in the working capital requirement, adversely affected in 2022, in the amount of -€5.8 million, by the consolidation and development of the "Sanitation" activities.

The cash balance amounted to €126.2 million, vs. €172.2 million one year earlier, reflecting the financing of acquisitions made in 2022. The **liquidity position** was €313.1 million for the year ended December 31, 2022 vs. €342.2 million at year-end 2021. **Net financial debt** stood at €587.4 million (vs. €474.9 million for the year ended December 31, 2021). This change reflects, in the amount of around +€100 million, the scope effects (disbursements of the fair value of securities, WCR and financial leases of acquired companies) and in the amount of around +€27 million, the non-cash variation – at constant scope – related in particular to leases (IFRS 16).

2.1.2 COMMENTS ON 2022 ACTIVITY AND RESULTS

2.1.2.1 Selected financial information on the Group's results

Excerpts from the consolidated primary financial statements

<i>In millions of euros</i>	2021	2022	Gross change
Revenue (reported)	790.1	972.7	+23.1%
o/w contributed revenue	735.8	895.3	+21.7%
EBITDA	170.3	201.6	+18.4%
<i>Gross operating margin as % of contributed revenue</i>	23.1%	22.6%	
Current operating income	71.5	91.3	+27.7%
<i>Current operating margin as % of contributed revenue</i>	9.7%	10.2%	
Operating income	68.7	87.0	+26.6%
Net financial income	(24.1)	(18.5)	-23.2%
Income tax	(14.1)	(19.2)	+36.2%
Share of profit of equity-accounted investees	(0.9)	(1.3)	
Profit of the period before non-controlling interests	29.6	47.9	+61.8%
o/w attributable to non-controlling interests	(1.2)	(3.3)	
o/w attributable to the owners of the parent	28.4	44.6	+57.0%
Earnings per share (€)	3.64	5.72	+57.0%
Recurring operating cash flow	139.5	179.1	+28.4%
Net paid industrial investments	87.4	95.7	+9.5%
Free operating cash flow	77.8	78.4	+0.8%
Cash and cash equivalents	172.2	126.2	-26.7%
Net financial debt under IFRS	474.9	587.4	+23.7%
Financial leverage ratio	2.7x	2.8x	+0.1x

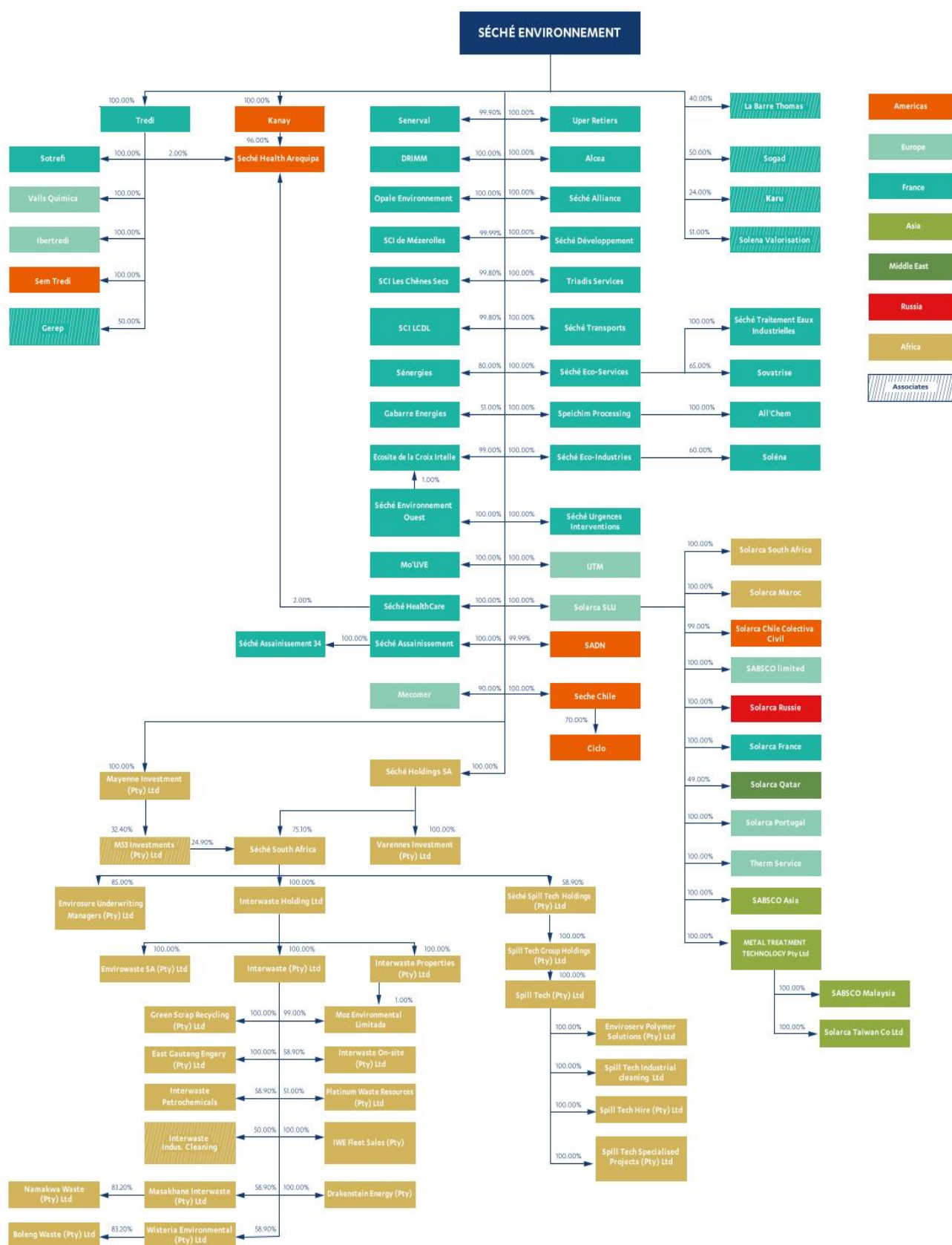
Definitions

Contributed revenue: reported consolidated revenue net of 1/ IFRIC 12 revenue representing investments in assets under concession arrangements, which are recognized as revenue in accordance with IFRIC 12; 2/ the impact of the general tax on polluting activities (TGAP) paid by the waste producer and collected on behalf of the State by waste treatment operators.

Recurring operating cash flow: EBITDA plus dividends received from equity investments and the balance of other cash operating income and expenses (including net foreign exchange gains or losses) less rehabilitation and maintenance expenses for waste treatment sites and assets under concession arrangements (including major maintenance and renewal contracts).

Free operating cash flow: recurring operating cash flow less changes in working capital requirements, tax expenses, net interest payments (including interest on finance leases) and recurring industrial investments (maintenance), and before development investments, financial investments, dividends and financing.

Consolidation organizational chart



2.1.2.2 Comments on business activity in 2022¹

Reported revenue and contributed revenue - Scope effect

For the year ended December 31, 2022, Séché Environnement reported **consolidated revenue** of €972.7 million, vs. €790.1 million a year earlier. This includes non-

contributed revenue of €77.4 million (vs. €54.3 million at December 31, 2021) broken down as follows:

At December 31	2021	2022
IFRIC 12 investments ²	8.7	21.7
TGAP ³	45.6	55.7
Non-contributed revenue	54.3	77.4

Consolidated figures in millions of euros

Net of non-contributed revenue, **contributed revenue** totaled €895.3 million for the year ended December 31, 2022, up by +21.7% at constant exchange rates from December 31, 2021 (€735.8 million).

This increase includes a **scope effect** of €48.3 million, broken down as follows:

- Spill Tech (South Africa), consolidated from March 1, 2021: €8.5 million;
- Séché Assainissement (France), consolidated from January 1, 2022: €26.8 million;
- All'Chem (France), consolidated from June 10, 2022: €8.8 million;
- Séché Assainissement 34 (France), consolidated from July 6, 2022: €2.0 million;
- Séché Traitement Eaux Industrielles (France), consolidated from November 30, 2022: €2.3 million.

At December 31, 2022	France	International	Total
Hazardous Waste division	11.1	8.5	19.6
Non-Hazardous Waste division	28.7	-	28.7
Total scope effect	39.8	8.5	48.3

At constant scope, contributed revenue amounted to €847.0 million, up sharply by +15.1% on December 31, 2021 (reported data), and +14.4% at constant exchange rates.

Breakdown of contributed revenue by geographic region

At December 31	2021		2022		Gross change
	In €m	As a %	In €m	As a %	As a %
Subsidiaries in France	531.7	72.3%	629.3	70.3%	+18.4%
o/w scope effect	-	-	39.8	-	-
International subsidiaries	204.1	27.7%	266.0	29.7%	+30.3%
o/w scope effect	34.0	-	8.5	-	-
TOTAL CONTRIBUTED REVENUE	735.8	100.0%	895.3	100.0%	+21.4%

Consolidated data at current exchange rates. At constant exchange rates, contributed revenue for the year ended December 31, 2021 came to €740.3 million, reflecting a positive foreign exchange effect of +€4.5 million.

¹ Unless explicitly stated otherwise, the comments below relate to contributed revenue.

² Investments made for assets under concession arrangements, recognized as revenue and operating expenses in EBITDA in accordance with IFRIC 12. In 2022, they mainly represented investments in the Mo'UVE incinerator in Montauban.

³ General Tax on Polluting Activities, paid by the waste producer and then transferred to the government by Séché Environnement in respect of some of its activities in France.

In 2022, the Group confirmed its high level of activity in France and internationally, where it also saw a sharp rebound in revenue on markets that were still affected by the fallout from the Covid crisis in 2021:

- **in France**, contributed revenue rose sharply (+18.4%) to €629.3 million, vs. €531.7 million at December 31, 2021. This increase includes a scope effect of €39.8 million (see above).

At constant scope, contributed revenue generated by the French subsidiaries amounted to €589.5 million, an increase of +10.9% year on year.

Séché Environnement benefited from industrial and local authority markets driven by the circular economy and services activities. This sales momentum enabled the Group to enjoy favorable volume and price effects, while Service activities saw strong growth, bolstered by exceptionally large contracts in the environmental emergencies business lines, amounting to around €10 million.

Revenue earned in France accounted for 70.3% of contributed revenue at December 31, 2022 (vs. 72.3% one year earlier);

- **internationally**, contributed revenue totaled €266.0 million, vs. €204.1 million for the year ended December 31, 2021, an increase of +30.3% (reported data).

International revenue included a scope effect of +€8.5 million (see above). It also recorded a positive exchange rate effect of €5.0 million mainly due to the appreciation of the South African rand and, to a lesser extent, the Peruvian sol.

At constant scope and exchange rates, international revenue increased by +23.4% (at constant exchange rates) over the period, reflecting the return to strong growth in most geographical regions:

- Europe, excluding Solarca (revenue: €81.4 million, up +15.6%), recorded a significant increase in revenue for Mecomer (hazardous waste platform activity in Italy), which benefited from the ramp-up of its new capacities, and the strong performance of Valls Quimica (solvent regeneration in Spain), which is positioned on the circular economy applied to chemicals;
- South Africa (revenue: €116.3 million, up +11.6% at constant exchange rates): Interwaste confirmed its solid performance on its waste management markets, while Spill Tech continued its strong growth on the environmental emergencies markets with exceptionally large contracts. Note the positive foreign exchange effect of +€3.2 million linked to the appreciation of the rand against the euro over the financial year;
- Latin America (revenue: €28.7 million, up 85.6% at constant exchange rates) has shown a rebound in an improved market environment after two years adversely affected by the consequences of the pandemic. The region is also benefiting from the momentum of the environmental emergencies activities with exceptionally large contracts (Peru);
- Solarca - Europe and the Rest of the World (revenue: €31.1 million, up +66.3%) experienced a strong and lasting recovery in its activity after two years heavily affected by the Covid crisis.

Revenue earned by international subsidiaries accounted for 29.7% of contributed revenue for the year ended December 31, 2022 (vs. 27.7% one year earlier).

Breakdown of contributed revenue by activity

At December 31	2021		2022		Gross change
	In €m	As a %	In €m	As a %	As a %
Services	301.4	41.0%	405.9	45.3%	+34.7%
o/w scope effect	34.0	-	39.5	-	
Circular economy and decarbonization	243.1	33.0%	286.0	32.0%	+17.6%
o/w scope effect	-	-	8.8	-	
Hazard Management	191.3	26.0%	203.4	22.7%	+6.3%
o/w scope effect	-	-	-	-	
TOTAL CONTRIBUTED REVENUE	735.8	100.0%	895.3	100.0%	+21.4%

Consolidated data at current exchange rates.

Service activities and those related to the circular economy and decarbonization drove growth in 2022.

Service activities posted revenue of €405.9 million for the year ended December 31, 2022, an increase of +34.7% (reported data).

This increase includes a scope effect of €39.5 million linked to the consolidation of new sanitation and industrial effluent management activities as well as Spill Tech's contribution over two additional months in 2022.

At constant scope, Service activities achieved strong growth of +18.9% (at constant exchange rates) year on year.

They benefited from:

- in **France** (revenue: €196.6 million, up +13.0%), the contribution of Key Account Services, in particular "comprehensive services", which meet clients' growing long-term needs to outsource their sustainable development issues, and the good performance of Environmental Services (decontamination, emergency response), in particular in the first part of the year, which recorded exceptionally large contracts worth around €10 million;
- **internationally** (revenue: €169.8 million, up +26.0% at constant scope), the return to growth for Solarca and the dynamism of the environmental emergencies business in South Africa and Peru, which also recorded exceptional contracts of around €15 million in the first half of 2022.

Service activities accounted for 45.3% of contributed revenue at December 31, 2022 (vs. 41.0% one year earlier).

Activities related to the circular economy and decarbonization posted €286.0 million in revenue at December 31, 2022, an increase of +17.6% (reported data).

At constant scope, growth came to +14.0% for the period.

This increase reflects:

- in **France** (revenue: €198.8 million, up +12.8%), the strong performance in material recovery activities, driven by the implementation of regulations for the circular economy, and in energy recovery activities, underpinned by high energy prices. Revenue from energy sales includes, for around €10 million, the proceeds from sales of electricity at prices of more than €175/MWh, which were subject to an exceptional tax recorded under "Taxes" the amount of around -€6.0 million;
- **internationally** (revenue: €78.3 million, up +17.2% at constant exchange rates), the good performance of Valls Quimica (chemical regeneration in Spain).

Activities related to the circular economy and decarbonization accounted for 32.0% of contributed revenue at December 31, 2022 (vs. 33.0% one year earlier).

Hazard Management activities generated revenue of €203.4 million, up +6.3% year on year (reported data) and +7.3% at constant exchange rates:

- in **France**, hazard management activities increased by +6.9% to €194.0 million. They were boosted by volume effects and, above all, by positive price effects on markets with high capacity utilization;
- **internationally**, at €9.4 million, these activities increased +14.6% at constant exchange rates, reflecting the good performance of the markets in Latin America in particular.

Hazard Management activities accounted for 22.7% of contributed revenue at December 31, 2022 (vs. 26.0% one year earlier).

Breakdown of contributed revenue by division

At December 31	2021		2022		Gross change
	In €m	As a %	In €m	As a %	As a %
Hazardous Waste division	483.9	65.8%	568.8	63.5%	+17.5%
o/w scope effect	34.0	-	19.6		
Non-Hazardous Waste division	251.9	34.2%	326.5	36.5%	+29.6%
o/w scope effect	-	-	28.7		
TOTAL CONTRIBUTED REVENUE	735.8	100.0%	895.3	100.0%	+21.7%

Consolidated data at current exchange rates.

The **Hazardous Waste (HW)** division, which accounted for 63.5% of consolidated contributed revenue (vs. 65.8% a year earlier), generated revenue of €568.8 million, up +17.5% compared to December 31, 2021. The impact of changes in scope was €19.6 million (see above).

At constant scope, this division's revenue was up +10.4% (at constant exchange rates), driven by momentum in industrial markets in most of the regions in which the Group operates:

- in **France**, this division generated €364.0 million in revenue, an increase of +9.2% from 2021. Over the period, the division was driven by circular economy activities (material and energy recovery) and its services activities (comprehensive services, environmental emergencies).
- **internationally**, the division's revenue amounted to €185.1 million at December 31, 2022, an increase of +12.8% at constant exchange rates, illustrating the strong dynamics of the Services (environmental emergencies) and Hazard Management markets over the period.

The **Non-Hazardous Waste (NHW)** division, which accounted for 36.5% of contributed revenue (vs. 34.2% a year earlier), generated contributed revenue of €326.5 million, up +29.6% year on year in reported data.

This increase includes a scope effect of €28.7 million (see above).

At constant scope, growth in this division came out at +22.4% (at constant exchange rates), reflecting:

- in **France** (revenue of €225.4 million, up +13.6%), strong growth in activities related to the circular economy (particularly energy recovery), and the good performance of Hazard Management activities.
- **internationally** (revenue at €72.4 million, up +61.2% at constant exchange rates), the good performance in South Africa and Chile.

2.1.2.3 Comments on 2022 results

EBITDA

At December 31, 2022, EBITDA was up sharply, by +18.4% in reported data year on year, to €201.6 million, or 22.6% of contributed revenue (vs. €170.3 million, or 23.1% of contributed revenue, a year earlier).

This increase includes a scope effect of +€4.1 million linked to the consolidation of Spill Tech over an additional two months in 2022 and the pro rata contribution of the companies added to the scope of consolidation in 2022. The foreign exchange effect was positive at +€1.1 million.

At constant scope, EBITDA increased by 15.2% (at constant exchange rates) over the period to €197.5 million, or 23.3% of contributed revenue.

The increase in EBITDA (+€27.2 million) mainly reflects:

- positive volume and mix effects in both France and the International scope, amounting to +€77.8 million, thanks to very strong sales momentum and the industrial efficiency policy, which optimizes waste treatment capacity.
- positive price effects, for +€67.9 million, in line with the high capacity utilization in France.

This increase was partially offset by trends in:

- variable operating expenses (+€74.2 million), reflecting the impact of the rebound in international business (+€37.8 million) and the rise in energy costs (+€18.7 million).
- fixed costs (+€38.8 million), due in particular to higher maintenance costs and increased personnel costs.
- various expenses (+€5.5 million), including, for around €6.0 million, the impact of measures introduced by the 2023 Finance Act in France, which retroactively caps electricity producers' inframarginal profits. Excluding this impact, and all other things being equal, EBITDA would have amounted to 24.0% of contributed revenue (vs. 23.1% a year earlier), demonstrating the strong resilience of the gross operating margin in an inflationary environment.

Breakdown of EBITDA by geographic scope

At December 31	2021			2022		
In millions of euros	Consolidated	France	International	Consolidated	France	International
Contributed revenue	735.8	531.7	204.1	895.3	629.3	266.0
EBITDA	170.3	132.4	37.9	201.6	148.7	52.9
% of contributed revenue	23.1%	24.9%	18.6%	22.6%	23.6%	19.9%

Consolidated data at current exchange rates.

For each geographic scope, the main changes were:

- **in France**, EBITDA totaled €148.7 million, or 23.6% of contributed revenue (vs. €132.4 million, or 24.9% of contributed revenue, in 2021).

This increase includes a scope effect of €1.8 million corresponding to the pro rata contribution of newly consolidated entities in 2022.

At constant scope, EBITDA in France amounted to €146.9 million, or 24.9% of contributed revenue, at the same level as the previous year, mainly due to:

- favorable commercial effects (volumes and mix), amounting to +€18.1 million, in connection with the good market trends in France and the positive effects of the industrial efficiency policy on capacity availability and the efficiency of processes (logistics in particular);
- positive price effects, for +€63.6 million, illustrating the high capacity utilization.
- the €63.6 million increase in variable operating expenses, part of which reflects higher energy and raw materials costs.
- the increase in fixed expenses (+€25.3 million), in line with the increase in maintenance costs and higher payroll costs.
- the €5.5 million increase in various expenses, including the measures introduced by the 2023 Finance Act in France, which retroactively caps electricity producers' inframarginal profits, which impacted this item in the amount of around €6.0 million. Excluding this impact, and all other things being equal, EBITDA in France would have come to nearly 25.9% of contributed revenue, demonstrating the strong resilience of the EBITDA margin for this scope in an inflationary environment.

- **Internationally**, EBITDA totaled €52.9 million, or 19.9% of contributed revenue. This increase includes a scope effect of +€2.3 million due to the consolidation of Spill Tech over two additional months in 2022. The foreign exchange effect was positive at +€1.1 million.

At constant scope, EBITDA rose sharply by 29.7% (at constant exchange rates), amounting to €50.6 million, or 19.7% of contributed revenue (vs. €37.9 million, or 18.6% of contributed revenue, in 2021).

This change (+€12.7 million) mainly reflects:

- favorable volume and mix effects of +€59.8 million reflecting the increase in business compared with 2021, particularly in Latin America and at Solarca.
- positive price effects for +€4.3 million.
- an increase in variable operating expenses of €37.8 million, in line with activity.
- the increase in fixed expenses of +€13.6 million, mainly due to personnel expenses.

Current operating income

For the year ended December 31, 2022, current operating income was €91.3 million, or 10.2% of contributed revenue, up by +27.7% in reported data on the previous year (€71.5 million, or 9.7% of contributed revenue).

This includes a scope effect of €2.0 million, linked to the consolidation of Spill Tech over an additional two months and the pro rata consolidation of the newly-acquired businesses in 2022. The foreign exchange effect came to approximately +€0.5 million.

At constant scope, current operating income rose sharply (+26.0% at constant exchange rates), amounting to €90.7 million, or 10.7% of contributed revenue. This improvement mainly reflects the organic increase in EBITDA (+€28.4 million) and the moderate increase in depreciation in France and internationally.

Breakdown of current operating income by geographic scope

At December 31	2021			2022		
In millions of euros	Consolidated	France	International	Consolidated	France	International
Contributed revenue	735.8	531.7	204.1	895.3	629.3	266.0
Current operating income	71.5	54.7	16.8	91.3	61.7	29.6
% of contributed revenue	9.7%	10.3%	8.2%	10.2%	9.8%	11.1%
Consolidated data at current exchange rate						

For each geographic scope, the main changes were:

- **in France**, current operating income totaled €61.7 million, or 9.8% of contributed revenue (vs. €54.7 million, or 10.3% of revenue one year earlier), representing an increase of +12.8% compared to 2021. This increase includes a scope effect of -€1.4 million relating to the pro rata contribution of newly consolidated activities in 2022.

At constant scope, current operating income in France amounted to €63.1 million or 10.7% of revenue. This good performance reflects the organic growth in EBITDA in France (+€14.5 million) minus the increase in depreciation linked to the start-up of new facilities in the Hazard Management business;

- **internationally**, current operating income was up significantly by +76.2% in reported data, to €29.6 million or 11.1% of contributed revenue. This increase incorporates a €2.0 million scope effect related to the contribution of Spill Tech over two additional months in 2022 and a positive currency effect of +€0.5 million.

At constant scope, current operating income rose sharply (+59.5%), amounting to €27.6 million, or 10.7% of revenue (vs. €16.8 million, or 8.2% of revenue, in 2021).

This performance mainly reflects the improvement in International EBITDA at constant scope and exchange rates (+€11.6 million), less the increase in depreciation due to new capacity at Mecomer and Interwaste.

Operating income

Operating income totaled €87.0 million, or 9.7% of contributed revenue, up +26.6% at constant exchange rates compared to the previous year.

This increase mainly reflects the increase in current operating income less the effects of business combinations, in the amount of -€4.5 million, vs. -€0.9 million in 2021.

Net financial income

At December 31, 2022, net financial income came to -€18.5 million compared to -€24.1 million in 2021.

This improvement reflects in particular:

- a slight fall in the **cost of gross net debt** to -€17.8 million (vs. -€18.4 million a year earlier, since although average gross financial debt increased over the period, the cost of borrowing was reduced to 2.56% (vs. 2.76% in 2021), mainly due to the bond issue carried out at the end of 2021.
- the significant decline in **"Other financial income and expenses"**, to -€0.9 million vs. -€4.7 million in 2021. In 2021, this item included early repayment penalties on the senior bank debt and certain euro-PPs maturing in 2023, for -€4.4 million.

Income tax

At December 31, 2022, the "Income tax" item was -€19.2 million, vs. -€14.1 million a year earlier. It breaks down as follows:

- **for France**, -€12.1 million, including -€5.6 million in deferred tax, vs. -€9.7 million, including -€2.2 million in deferred taxes, a year earlier.
- **for the International scope**, -€7.1 million, including €1.2 million in deferred tax, vs. -€4.4 million euros, including +€2.1 million in deferred tax, a year earlier.

The effective tax rate was 28.1% (vs. 31.5% for the year ended December 31, 2021).

Share of profit of equity accounted investees

The share of profit of equity accounted investees was primarily composed of the Group's share in the income of Gerep and Sogad. It stood at -€1.3 million for the year ended December 31, 2022, vs. -€0.9 million a year earlier.

Consolidated profit of the period

For the year ended December 31, 2022, profit of the period before non-controlling interests came to €47.9 million vs. €29.6 million a year earlier.

After recognizing net income attributable to non-controlling interests, in the amount of -€3.3 million vs. -€1.2 million in 2021, **profit of the period (attributable to the owners of the parent)** came to €44.6 million at December 31, 2022, or

5.0% of contributed revenue (vs. €28.4 million, or 3.9% of contributed revenue, a year earlier).

Profit of the period per share amounted to €5.72 vs. €3.64 for the year ended December 31, 2021.

2.2 CONSOLIDATED FINANCIAL POSITION

Simplified consolidated balance sheet

In millions of euros

	2021	2022
	Actual	Actual
Non-current assets	809.8	963.3
Current assets (excluding cash and cash equivalents)	242.8	315.0
Cash and cash equivalents	172.2	126.2
Assets held for sale	-	-
Share capital (including non-controlling interests)	274.9	317.4
Non-current liabilities	634.6	660.8
Current liabilities	315.3	426.4
Liabilities held for sale	-	-

2.2.1 NON-CURRENT ASSETS

Total non-current assets increased by €153.5 million in relation to December 31, 2021, mainly due to changes in:

- "Property, plant and equipment and intangible assets": totaling €880.3 million, an increase of +€132.5 million, including:
 - the +€68.1 million increase in intangible assets, mainly related to the rise in goodwill following the acquisition of Sarp-Osis-IDF and Assainissement 34 and the recognition of provisional goodwill on the Industrial Waters business acquired from Veolia.
 - the +€64.4 million increase in property, plant and equipment, which includes a scope effect of +€27.4 million due to the full recognition at fair value of the assets of Sarp-Osis IDF and Assainissement 34, as well as the provisional recognition at fair value of the assets of the Industrial Water business.
- "Investments in equity accounted investees": +€1.1 million due to the consolidation of Solena Valorisation under the equity method following the loss of control in December 2022.
- "Other non-current financial assets": +€21.9 million; this item includes, among other items, the increase in operating receivables related to assets managed under concession arrangements (+€18.9 million) for works carried out to modernize the Mo'UVE energy recovery facility in Montauban.
- "Other non-current assets": +€3.3 million. This item mainly consists of the loan due by Eurométropole de Strasbourg (EMS) to Sénerval.
- deferred tax assets, which declined by €6.0 million.

2.2.2 CURRENT ASSETS (EXCL. CASH AND CASH EQUIVALENTS)

Current assets excluding cash and cash equivalents amounted to €315.0 million, up by €72.3 million in relation to December 31, 2021.

This change essentially reflects changes in Inventories and Client accounts receivable, as well as VAT receivables.

2.2.3 SHAREHOLDERS' EQUITY

The change in equity attributable to company shareholders in 2022 breaks down as follows¹:

(In millions of euros)	Group	Attributable to non-controlling interests	Total shareholders' equity
Equity at January 1, 2022	269.5	5.4	274.9
Other comprehensive income	6.3	ns	6.3
Profit attributable to company shareholders	44.6	3.3	47.9
Capital increase	-	0.6	0.6
Dividends paid	(7.8)	(1.0)	(8.8)
Treasury shares	0.1	-	0.1
Business combinations	-	-	-
Transactions between shareholders	(2.6)	(1.0)	(3.6)
Other changes	ns	-	ns
SHARE CAPITAL AT DECEMBER 31, 2022	310.1	7.3	317.4

2.2.4 CURRENT AND NON-CURRENT LIABILITIES

Current and non-current liabilities are shown in Note 3.2.4.6 of this document and break down as follows:

(In millions of euros)	2021			2022		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Hedging instruments	-	-	-	10.3	-	10.3
Provisions	46.9	1.8	48.7	53.1	2.7	55.8
Other liabilities	4.7	248.5	253.2	4.8	311.2	316.0
Income tax payable	-	0.9	0.9	-	1.1	1.1
Total (excl. financial debt)	51.6	251.2	302.8	68.2	315.0	383.2
Financial debt	583.0	64.1	647.1	592.6	111.5	704.1
TOTAL	634.6	315.3	949.9	660.8	426.5	1087.3

Current and non-current liabilities excluding financial debt amounted to €383.2 million, up +€80.4 million, reflecting mainly:

- for +€11.0 million, the change in "Liabilities on the acquisition of fixed assets", corresponding to the earnout on the Chilean company Ciclo for €4.2 million, and the increase in liabilities related to investment projects in France, for the remainder.
- for +€8.1 million, the increase in "Social security payables" due to the recognition of the employee liabilities of the acquired companies.
- for +€13.4 million, the increase amounts payable to the State (excluding income tax), including €7.0 million in VAT, and approximately €6.0 million for the tax aimed at capping the inframarginal profits of electricity producers introduced by the French Finance Act for 2023.
- the balance reflects changes in other liabilities and more specifically in current liabilities such as "Trade payables" (+€27.8 million).

Changes in the Group's net financial debt are presented in chapter 2.3.2.

¹ See Note 3.2.4.13 of this document

2.3 CASH, FINANCING AND CAPITAL

2.3.1 CASH FLOW

2.3.1.1 Summary consolidated statement of cash flows

<i>In millions of euros</i>	2021	2022
Cash flow from operating activities	142.3	148.1
Cash flows from investments	(117.6)	(189.5)
Cash flows from financing activities	47.0	(5.2)
<i>Change in cash from continuing operations</i>	71.6	(46.6)
<i>Change in cash flow from discontinued operations</i>	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	71.6	(46.6)

During the period, cash and cash equivalents fell from +€71.6 million to -€46.6 million.

This contraction of -€118.2 million essentially reflects:

- the increase in cash flows generated by operating activities: +€5.8 million.
- the increase in cash flows related to investments: +€71.9 million.
- changes in cash flows related to financing activities: -€52.2 million.

2.3.1.2 Cash flows from operating activities

In 2022, the Group generated €148.1 million in cash flows from operating activities (vs. €142.3 million one year earlier), an increase of +€5.8 million.

This change reflects the combined effect of:

- cash flows from operating activities before taxes and financing costs: +€35.8 million to €188.9 million (vs. €153.1 million in 2021).
- the working capital requirement: -€25.0 million vs. -€0.6 million in 2021.
- taxes paid: -€15.8 million vs. -€10.1 million in 2021.

2.3.1.3 Cash flows from investments

<i>(In millions of euros)</i>	2021	2022
Industrial investments (excl. IFRIC 12 investments)	92.4	105.0
Financial investments	1.2	0.2
INVESTMENTS RECORDED	93.6	105.2
Industrial investments	87.4	95.7
Financial investments	0.8	3.0
Acquisition of subsidiaries - Net cash flow	29.4	77.7
INVESTMENTS PAID OUT	117.6	176.4

Industrial investments amounted to €105.0 million in 2022 (vs. €92.4 million in 2021), breaking down as follows:

- **maintenance investments** totaling €57.4 million, representing 6.4% of contributed revenue (vs. €50.4 million, or 6.8% of contributed revenue, in 2021), mainly due to the effects of the industrial efficiency policy.

- **development investments** totaling €47.6 million, or 5.3% of contributed revenue (vs. €42.0 million in 2021, or 5.7% of contributed revenue). These mainly concern growth investments in Services activities and thermal treatment tools (Hazard Management).

By type, industrial investments can be broken down as follows¹:

- €9.8 million in category two expenses for major maintenance and renewal (vs. €14.0 million in 2021).
- €18.0 million for energy storage and production facilities (vs. €18.7 million in 2021).
- €16.8 million for thermal treatment systems (vs. €16.1 million in 2021).
- €6.2 million for recovery facilities (vs. €3.9 million in 2021).
- €17.7 million for eco-service systems, including the vehicle fleet (vs. €11.5 million in 2021).
- €20.9 million for holding company activities, covering information systems, regulatory investments, and development investments in subsidiaries (vs. €16.9 million in 2021).
- €15.6 million in miscellaneous recurring investments (vs. €11.3 million in 2021).

By division, industrial investments (excluding IFRIC 12 investments) can be broken down as follows:

	2021		2022	
	€m	%	€m	%
Hazardous Waste division	51.4	55.6%	69.7	66.4%
Non-Hazardous Waste division	41.0	44.4%	35.3	33.6%
Total	92.4	100.0%	105.0	100.0%

By geographic region, the breakdown of industrial investments (excluding IFRIC 12 investments) demonstrates the preponderance of investments made in France and

abroad and by the main subsidiaries in Italy, South Africa and Spain:

	2021		2022	
	€m	%	€m	%
France	74.3	80.4%	78.7	75.0%
Germany	0.1	0.1%	0.1	0.1%
Spain ²	0.8	0.9%	5.5	5.2%
Italy	8.5	9.2%	9.9	9.3%
Argentina	ns	ns	ns	ns
Chile	0.7	0.8%	0.9	0.9%
Mexico	ns	ns	ns	ns
Peru	0.5	0.5%	0.9	0.9%
South Africa	7.5	8.1%	9.0	8.6%
International total	18.1	19.6%	26.3	25.0%
Consolidated total (excl. IFRIC 12)	92.4	100.0%	105.0	100.0%

In terms of future investments, management only makes firm commitments for investments in concessions, which are

financed by bank loans take out by the entity that holds the public service delegation.

¹ Certain categories of investments were subject to a scope adjustment in 2022 compared to 2021.

² Investments by Solarca are entirely recorded under "Spain".

The Group's use of cash to self-finance its investments (excluding investments in concessions, which are fully funded by bank loans) is presented below:

(In millions of euros)	2021	2022
EBITDA	170.3	201.6
Rehabilitation and maintenance expenses for waste treatment sites and assets under concession arrangements	(10.7)	(11.0)
Other operating income and expenses (including foreign exchange gain/loss)	(6.9)	(1.7)
Cash flow before tax and financial expenses	152.7	188.9
Change in WCR	(0.6)	(25.0)
Tax paid	(10.1)	(15.8)
Operating cash flow (A)	142.0	148.1
Net investments paid out (B)	(87.4)	(95.7)
Operating balance	54.6	52.4
(B)/(A)	61%	65%
Financial investments (C)	(30.2)	(80.7)
Balance after investments	24.4	(28.3)
(B+C)/A	83%	128%

N.B. Investments in concessions (IFRIC 12 investments) are financed by specific secured financing lines.

2.3.1.4 Cash flow from financing activities

Total net cash relating to financing activities amounted to -€5.2 million in 2022, reflecting:

- **flows from new borrowings:** €104.8 million vs. €385.6 million in 2021. In 2021, this line included a €50 million euro-PP issue carried out in March 2021 and a €300 million senior bond issue in November 2021.
- **flows from loan repayments:** -€60.7 million vs. -€293.8 million in 2021. In 2021, these flows mainly included the early repayment of the senior bank loan and of certain euro-PP bonds maturing in 2023.
- **the interest expense:** -€14.6 million vs. -€15.3 million in 2021.
- **flows from dividends** paid to the owners of the parent and non-controlling interests: -€8.8 million vs. -€8.5 million in 2021.
- **cash flows without gain of control:** -€3.0 million vs. -€2.1 million in 2021, mostly representing the impact of the acquisition of an additional 9% interest in Solarca.
- **changes in treasury shares** in the amount of €0.1 million, vs. €0.2 million in 2021.
- **the payment of lease liabilities** for -€23.5 million, including lease interest payments for -€2.4 million, vs. -€19.2 million, with interest payments on leases of -€1.3 million, in 2021.

2.3.2 DEBT AND FUNDING STRUCTURE

The table below shows the change in net debt:

<i>(in millions of euros)</i>	2021	2022
Bank debt (excl. non-recourse bank loans)	139.1	186.5
Non-bank debt	27.0	24.3
Bonds	425.3	415.8
Lease liabilities	45.7	65.4
Derivatives	-	9.6
Other financial debt	2.3	2.3
Factoring liabilities	5.4	7.0
Short-term bank borrowings and overdrafts	2.3	2.7
TOTAL FINANCIAL DEBT (current and non-current)	647.1	713.6
Cash balance	(172.2)	(126.2)
NET FINANCIAL DEBT	474.9	587.4
<i>o/w due in less than one year (1)</i>	<i>(108.1)</i>	<i>(14.8)</i>
<i>o/w due in more than one year</i>	<i>583.0</i>	<i>602.2</i>

(1) The cash balance is considered over less than one year

Gross financial debt amounted to €713.6 million at December 31, 2022, compared with €647.1 million one year earlier. This +€66.5 million increase mainly reflects:

- the **scope effect** related to the consolidation of companies acquired in 2022: +€16.6 million, including €15.1 million in lease liabilities.

And **at constant scope**, mainly changes in:

- bank debt (excl. non-recourse bank loans): +€47.4 million.
- bond debt: -€9.5 million.
- lease liabilities: +€4.6 million.
- factoring liabilities: +€1.6 million. To enable the comparison of accounts, the line "Short-term bank borrowings and overdrafts" for 2021 has also been restated for the amount of factoring liabilities at December 31, 2021, i.e. €5.4 million.

For the year ended December 31, 2022, 73% of gross financial debt, including lease liabilities and after recognizing hedging instruments, was hedged at fixed rates (vs. 94% in 2021).

The breakdown of gross financial debt (excluding financial instruments) by currency is as follows:

At December 31	2021		2022	
	€m	%	€m	%
Euros	614.7	95.0%	679.5	95.2%
ZAR (South Africa)	15.9	2.5%	15.5	2.2%
PEN (Peru)	12.6	1.9%	14.3	2.1%
USD (USA)	1.2	0.2%	2.1	0.1%
SGD (Singapore)	1.4	0.2%	1.3	0.2%
QAR (Qatar)	0.4	<0.1%	0.3	<0.1%
GBP (UK)	0.3	<0.1%	0.3	<0.1%
CLP (Chile)	0.5	0.1%	0.2	<0.1%
Other currencies	0.1	<0.1%	0.1	<0.1%
CONSOLIDATED TOTAL	647.1	100.0%	713.6	100.0%

For the year ended December 31, 2022, the **cash balance** amounted to €126.2 million (vs. €172.2 million a year earlier). This line was mainly impacted by disbursements for the acquisitions made in 2022.

At this same date, the Group's **net financial debt** amounted to €587.4 million (vs. €474.9 million one year earlier), an increase of +10.3%.

Over the period, it changed as follows:

In millions of euros	12/31/2021	12/31/2022
Net financial debt at opening	450.3	474.9
Cash flows from operating activities	(142.3)	(148.1)
Net industrial investments	87.4	95.7
Net financial investments	1.9	(0.1)
Dividends	8.5	8.8
Net interest payments (including interest on lease liabilities)	16.6	17.0
Change in other financial loans and receivables	0.8	16.1
Capital increase or reduction	-	0.6
Change in net debt at constant scope (before non-cash effects)	423.2	464.9
Scope effect	36.1	80.7
Non-cash change in debt	15.6	41.8
Net financial debt at closing	474.9	587.4

2.4 EXPECTED DEVELOPMENTS, FUTURE PROSPECTS AND SIGNIFICANT POST-BALANCE SHEET EVENTS

2.4.1 POST-BALANCE SHEET EVENTS

2.4.1.1 Acquisition of Assainissement Rhône-Isère (ARI)

On January 16, 2023, Séché Environnement completed the acquisition of Assainissement Rhône-Isère (ARI), since renamed Séché Assainissement Rhône-Isère.

Based in Bonnefamille (Isère) and present throughout the Auvergne-Rhône-Alpes region, this company provides sanitation, industrial cleaning and high-pressure hydrocleaning services. With its two highly qualified employees, it is licensed to work on Seveso sites and generated revenue of around €2 million in 2022.

The acquisition price of around €0.7 million was financed by the Group's cash.

This acquisition complements Séché Environnement's operations in the Rhône-Alpes region.

2.4.1.2 Validation of the decarbonization strategy by the SBTi

In January 2023, the *Science Based Target initiative* (SBTi) approved Séché Environnement's goal of reducing its greenhouse gas emissions. The SBTi acknowledged that Séché Environnement's target is based on scientific criteria and in line with the Paris Agreement on combating global warming.

Séché Environnement's decarbonization strategy targets an absolute reduction of 25% in direct greenhouse gas emissions (Scope 1) and indirect emissions related to energy consumption (Scope 2) between 2020 and 2030.

2.4.1.3 Other material post-balance sheet events

At the time of writing, the Group was not aware of any other significant event occurring after the closing date likely to have a significant impact on its assets, financial position or operating income.

As far as the Group is aware, there were no legal disputes, arbitration or exceptional events occurring after the closing date that are liable to have or to have had in the recent past a significant effect on the financial position, earnings, activity or assets of the Company or the Group.

2.4.2 OUTLOOK FOR 2023

Presence on markets offering strong visibility and lasting positive trends

Positioned on buoyant markets offering strong visibility in the circular economy and the decarbonization of the economy, as well as the protection of the environment, human health and biodiversity, Séché Environnement offers industrial and local ecology solutions aimed at providing its clients with local, sustainable, low-carbon resources and solutions to their challenges of managing industrial and environmental risks.

It addresses the long-term issues of industrial and territorial sustainability, and meets regulatory constraints that require – in France and increasingly around the world – the implementation of restrained industrial and territorial economic policies in terms of material or energy use and the consideration of local living conditions.

In addition, faced with these clients' short-term challenges in managing the energy crisis, the sharp rise in commodity prices, and the already noticeable effects of climate change, Séché Environnement's services meet the urgent need for these clients to find local, low-carbon solutions to ensure the security of their supplies of strategic resources such as energy, raw materials, and water.

Continued organic growth at a steady pace

Contribution from newly consolidated activities

For its **historical scope**¹, after financial year 2022 saw strong organic growth, exceptional environmental emergencies contracts in France and internationally, and the post-Covid rebound in Solarca's activities and Latin America, Séché Environnement anticipates for financial year 2023:

- in **France**, a return to a more normal pace of growth, in line with its sustainable growth levels over the medium term.
- **internationally**, the continuation of significant growth in the main scopes, such as Mecomer and Interwaste, which should continue to benefit from the ramping-up of their new capacities, while Latin America and Solarca are expected to return to pre-pandemic growth rates.

In its **new scope**, the Group will also benefit from the full-year contribution of the subsidiaries consolidated in 2022 and the pro rata contribution of acquisitions made at the beginning of 2023. In these new scopes, it will also benefit from sales momentum resulting from the roll-out of these activities, particularly in sanitation and industrial water management services, and the implementation of their commercial and industrial synergies with the rest of the Group.

Overall, Séché Environnement's contributed revenue is expected to be close to €1 billion in fiscal year 2023.

Solid margins for the historical scope

Increase in profitability for the recently consolidated activities

In its **historical scope**¹, the Group is confident in its ability to continue to grow its EBITDA margin (EBITDA/contributed revenue) compared to 2022:

- in **France**, Séché Environnement will benefit from positive commercial effects on positively oriented markets, as well as the impact of its industrial efficiency strategy based on highly selective investments, improvements in its industrial capacity availability rates and the optimization of its organization;

- **internationally**, the Group should confirm the improvement in its operating margin, driven by the anticipated growth of its main subsidiaries.

For the **new scope** consolidated in 2022, particularly in the sanitation and industrial water businesses, Séché Environnement will work to integrate these activities and implement industrial and commercial synergies with the Group's other business lines in order to gradually bring their EBITDA margin up to Group standards, starting in 2023.

Overall, the EBITDA margin is expected to be close to 22% of consolidated contributed revenue.

Controlled industrial investments

Free cash flow generation and financial flexibility confirmed

Industrial investment is expected to be in line with 2022, in the region of €100 million, or around 10% of contributed revenue, illustrating the Group's return to its target levels of industrial investment after making significant investments in growth in the 2021 and 2022 financial years.

In addition, the Group will focus on maximizing its free operating cash flow generation, for example by aiming to return to a zero change in working capital requirement (excluding acquisitions made in 2023). This will help it meet the goal of achieving a ratio of free cash flow to EBITDA of above 35% and, more broadly, of recording a financial leverage ratio (net financial debt/EBITDA) of 2.7x, excluding acquisitions.

¹ Excluding the scope consolidated in 2022 and 2023

2.4.3 MEDIUM-TERM OUTLOOK

2.4.3.1 Financial outlook

Séché Environnement's financial achievements in 2022 boost the Group's confidence that it will deliver on its objectives by 2025¹.

However, given the significant changes in the scope of consolidation in 2022 and early 2023 – as of the date of writing of this document – the Group expects to update its medium-term outlook in 2023 to take into account the contribution of the new scopes in its three-year forecasts (through to 2026).

2.4.3.2 Non-financial performance outlook

Séché Environnement maintains its **2030 Climate strategy**, which is aligned with the objectives of the 2017 Paris Agreement, under which it will reduce its own greenhouse gas emissions by 10% by 2025 and increase the greenhouse gases avoided by its clients by 40% thanks to its recycling activities.

The achievement of these objectives will draw on an action plan with **three complementary drivers**:

- **energy restraint**: the Group aims to reduce the amount of energy consumed at each site by at least -10% between 2020 and 2025. With regard to industrial and tertiary buildings, energy reduction actions focus on heating, lighting and office tools. For industrial processes, they target air production, cooling, heat production, leachate and biogas management, as well as the optimization of the use of production and transportation vehicles.
- **energy substitution**: the Group favors low-carbon energy consumption. It primarily seeks to use the energy produced from waste at its sites (biogas, heat, electricity), which has a lower emission factor than energy it purchases. In addition, the Group is stepping up its efforts to replace the fossil fuels it uses with less carbon-intensive energies (from fossil or non-fossil sources).
- **combating fugitive emissions**: Séché Environnement implements policies to combat diffuse biogas emissions and to detect and reduce biogas emissions by continuously carrying out corrective actions and adapting its operations.

01

02

03

04

05

06

¹ See press release of March 8, 2022

2.5 PARENT COMPANY FINANCIAL STATEMENTS AND APPROPRIATION OF INCOME

2.5.1 PRESENTATION OF SÉCHÉ ENVIRONNEMENT SA'S INCOME STATEMENT

(In thousands of euros)	2021	2022	Change
Revenue	13,557	17,834	+31.5%
Operating income	(10,280)	(8,086)	+21.3%
Net financial income	27,349	45,581	+66.7%
Non-recurring income	110	16	-85.5%
Income tax (incl. tax consolidation)	(13,701)	(14,364)	+4.8%
Profit of the period	30880	51875	+68.0%

Séché Environnement SA's profit of the period came to €51.9 million for the year ended December 31, 2022, up by €21.0 million from the previous year (€30.9 million).

This increase was mainly due to the €18.3 million rise in net financial income.

2.5.2 PAYMENT TERMS

Pursuant to the provisions of Article 441 of the French Commercial Code, information about client and supplier payment deadlines is as follows:

	Invoices received and due but not settled at the balance sheet date						Invoices issued and due but not settled at the balance sheet date					
	0 days (indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment details												
Number of invoices concerned	0					29	0					81
Amount incl. tax of invoices concerned (€k)	0	44	37	0	96	176	0	181	116	111	1,679	2,087
Percentage of total amount of purchases incl. tax made during the year	0	0.1%	0.1%	0.0%	0.3%	0.5%						
Percentage of revenue incl. tax for the year	0.0%						0.0%	0.8%	0.5%	0.5%	7.8%	9.7%
(B) Invoices excluded from (A) concerning disputed liabilities or receivables or those not recognized												
Number of invoices excluded	10						None					
Total amount of invoices excluded (€ thousands)	72						None					
The payment deadlines used as reference are those set out in contracts or legal deadlines.												

2.5.3 APPROPRIATION OF INCOME

After noting the profit for the period of €51,874,968.00, the Board of Directors will propose the following appropriation to the General Meeting of Shareholders on April 28, 2023:

- dividend payout of €8,643,505.20.

The dividend payment for the year would therefore be €1.10 per share.

The ex-dividend date is set at July 7, 2023 and the dividend will be paid from July 11, 2023.

When paid to natural persons domiciled in France for tax purposes, the gross dividend amount is subject to a withholding tax at the flat rate of 12.8% (Article 200 A of the French Tax Code) and social security contributions at the rate of 17.2%.

This flat rate withholding tax does not discharge the income tax liability but constitutes an interim income tax, charged to the tax due the following year. On the taxpayer's express, irrevocable request, applicable to all dividends, the dividend may be taxed according to the progressive income tax scale after application of a 40% allowance (Article 200 A, 2, and 158 3-2° of the French Tax Code).

- allocation of €43,231,462.80 to retained earnings, taking the total amount of retained earnings to €148,433,115.81. The amount corresponding to the dividend not paid on shares held by the Company on the ex-dividend date will be allocated to retained earnings on the payment date.

2.5.4 FIVE-YEAR FINANCIAL SUMMARY

(In euros)	2018	2019	2020	2021	2022
Share capital at year-end					
Share capital	1,571,546	1,571,546	1,571,546	1,571,546	1,571,546
Number of ordinary shares outstanding	7,857,732	7,857,732	7,857,732	7,857,732	7,857,732
Operations and income for the year					
Pre-tax revenue	12,152,145	12,434,447	11,466,046	13,557,238	17,833,949
Income before tax, employee profit-sharing, depreciation, impairment and provisions	15,227,544	19,280,638	31,341,958	18,730,057	38,409,558
Income taxes	(9,041,219)	(9,153,472)	(10,385,595)	(13,700,689)	(14,363,802)
Income after tax, employee profit-sharing, depreciation, impairment and provisions	12,461,360	33,387,735	45,515,574	30,880,011	51,874,968
Dividend paid to shareholders	7,464,845	7,464,845	7,464,845	7,857,732	8,643,505
Earnings per share					
Income before tax, employee profit-sharing, depreciation, impairment and provisions	3.09	3.62	5.31	4.13	4.89
Income after tax, employee profit-sharing, depreciation, impairment and provisions	1.59	4.25	5.79	3.93	6.60
Dividend per share	0.95	0.95	0.95	1.00	1.10
Payroll					
Average headcount for the period	29	28	28	29	29
Payroll for the period	3,227,442	3,183,525	3,062,385	3,149,564	3,264,843
Amounts paid for employee benefits during the period (social security, social works)	1,281,416	1,307,225	1,244,415	1,286,437	1,336,634

2.6 INFORMATION ON DIVIDENDS

Dividends are paid annually at the time and locations stipulated by the Annual General Meeting, within nine months of the close of the fiscal year. No recovery of dividends can be demanded from shareholders, except in the event of the distribution of fictitious dividends or fixed or

interim interest, which is prohibited by law. Dividends remaining unclaimed within five years of their allocation for payment are transferred to the State.

Dividends per share paid in respect of the past three years and the corresponding tax credit are shown below:

Year	Income eligible for the 40% allowance		Income not eligible for the 40% allowance
	Dividends	Other distributed income	
2019	€7,464,845.40* or €0.95 per share	None	-
2020	€7,464,845.40 or €0.95 per share	None	-
2021	€7,857,732.00 or €1.00 per share	None	-

2.7 RISK FACTORS

This presentation of risk factors in this Universal Registration Document is made pursuant to the provisions of Article 16 of the European Regulation 2017/1129, known as "Prospectus Regulation 3". The risk mapping only takes into account the risks that appear specific to Séché Environnement. Risks are weighted and ranked to produce a list of risks broken down by severity, frequency and time frame (expected future impact), which is included in this section of the Universal Registration Document.

At the end of 2022, with the assistance of an external consulting firm (TENNAXIA), Séché Environnement conducted a revision of its materiality analysis and its map of non-financial risks to plan ahead for the European Directive known as CSRD. The analysis of non-financial risk factors is detailed in Chapter 1 of this Universal Registration Document (see § 1.3 Materiality analysis, CSR issues and risk factors).

This section of the Universal Registration Document therefore presents the financial risk factors.

The map of financial risks is based on the conduct by Séché Environnement in 2019, according to a standardized methodology and with the assistance of an external third-party consultant TENNAXIA, of a materiality analysis covering both financial and non-financial risks. At the beginning of 2023, an internal update of the financial risk map was carried out.

The gross and net financial risk summary table with the comparison between 2019 and 2022 are shown below. The Prospectus Regulation 3 covers net risks, i.e. the residual risk remaining after applying prevention and mitigation policies.

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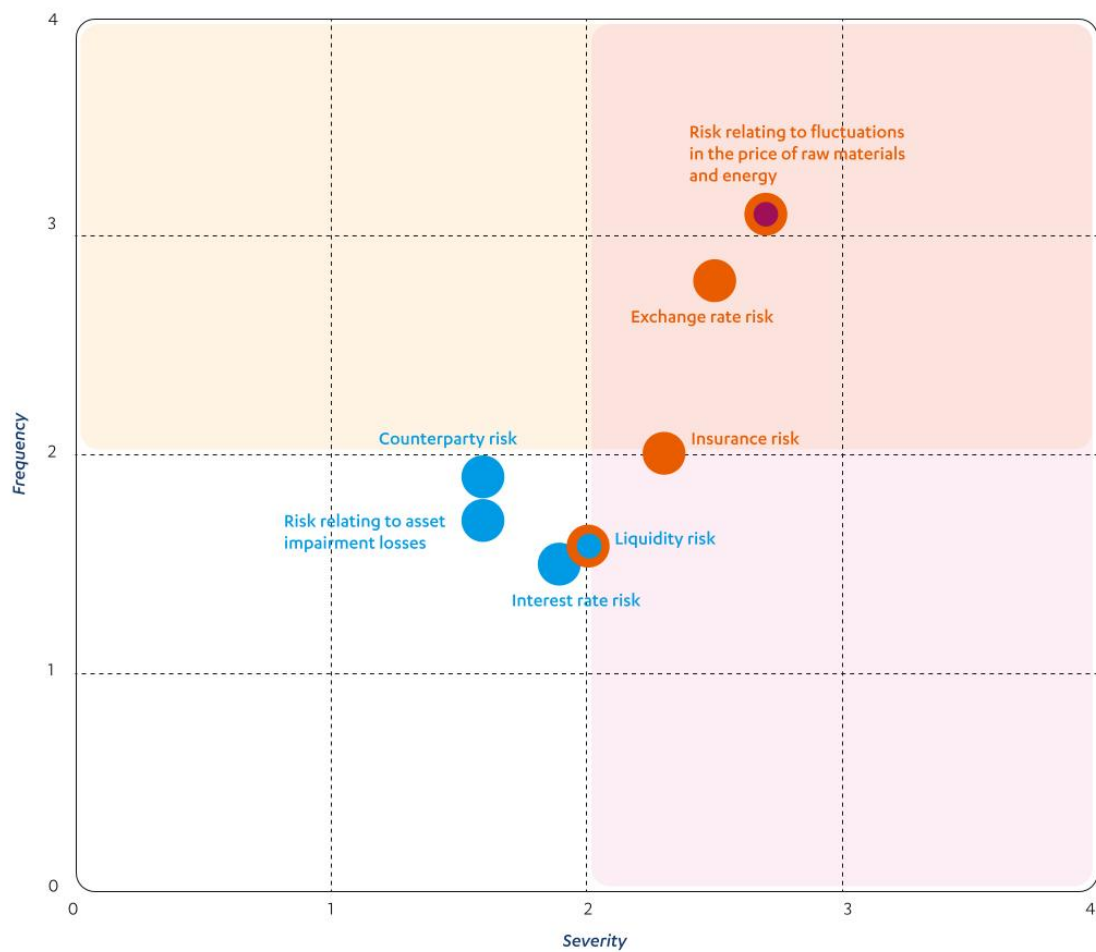
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GROSS					
Risk		Typical severity		Frequency	
		2019	2022	2019	2022
A1	Interest rate risk	1.9	1.9	2	1.5
A2	Foreign exchange risk	2.1	2.5	2.8	2.8
A3	Liquidity risk	1.9	2	1.6	1.6
A4	Counterparty risk	1.4	1.6	1.9	1.9
A5	Risk relating to fluctuations in the price of raw materials and energy	1.7	2.7	2.4	3.1
A6	Risk relating to asset impairment losses	1.6	1.6	1.7	1.7
A7	Insurance risk	2.3	2.3	2	2

GROSS FINANCIAL RISKS 2022



DÉFINITION SEVERITY

Minor (0 - 1) - it will be easy to manage the consequences of the risk.

Moderate (1 - 2) - it will take time to mitigate the consequences of the risk.

Major (2 - 3) - the risk will have significant consequences and may cause long-term harm.

Critical (3 - 4) - the risk will have truly harmful consequences and it will probably be difficult to recover.

DÉFINITION FREQUENCY

Rare (0 - 1) - there is little chance of this risk occurring.

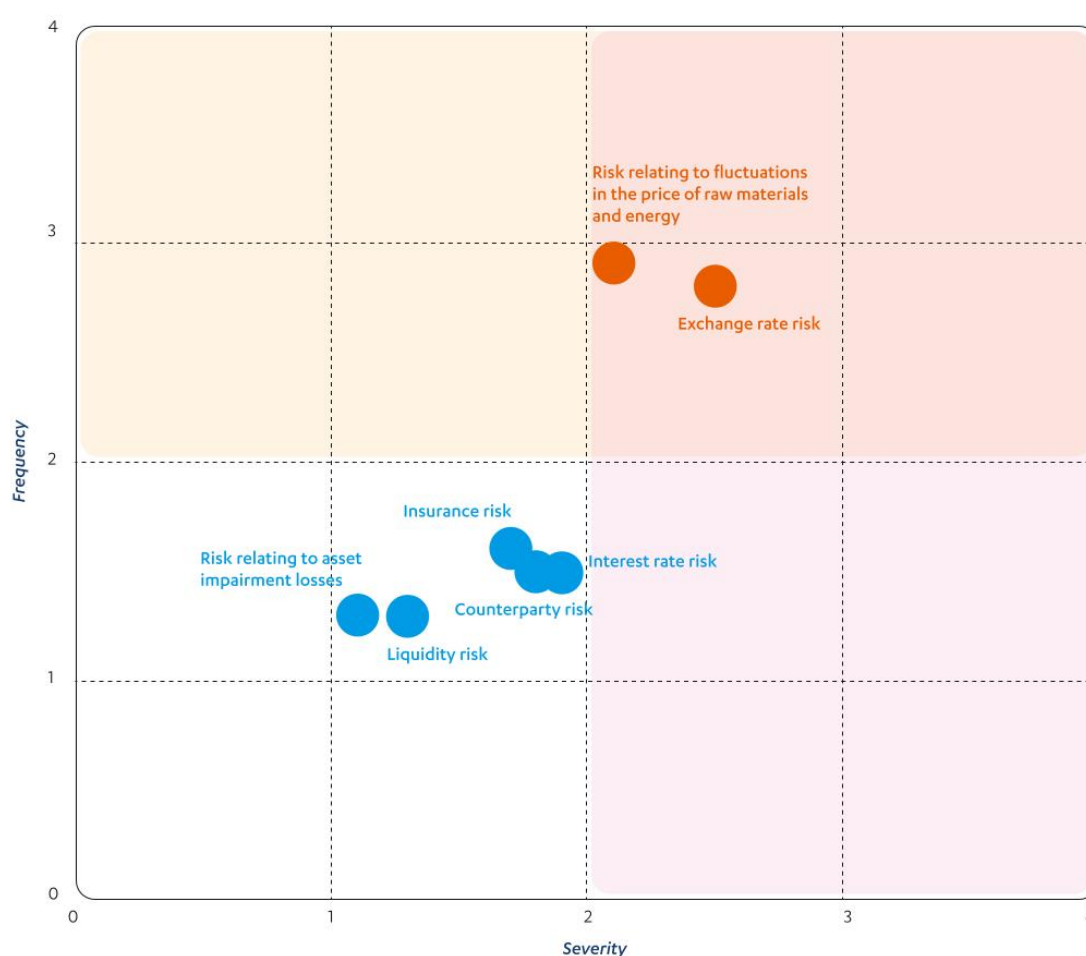
Occasional (1 - 2) - this risk could occur, but not necessarily.

Regular (2 - 3) - there is a good chance that this risk will occur.

Frequent (3 - 4) - this risk will most certainly occur.

NET		Typical severity		Frequency	
Risk		2019	2022	2019	2022
A1	Interest rate risk	1.4	1.9	1.5	1.5
A2	Foreign exchange risk	1.7	2.5	2.3	2.8
A3	Liquidity risk	1.3	1.3	1.3	1.3
A4	Counterparty risk	1.2	1.8	1.1	1.5
A5	Risk relating to fluctuations in the price of raw materials and energy	1.3	2.1	1.9	2.9
A6	Risk relating to asset impairment losses	1.1	1.1	1.3	1.3
A7	Insurance risk	1.7	1.7	1.6	1.6

NET FINANCIAL RISKS 2022



DÉFINITION SEVERITY

Minor (0 - 1) - it will be easy to manage the consequences of the risk.

Moderate (1 - 2) - it will take time to mitigate the consequences of the risk.

Major (2 - 3) - the risk will have significant consequences and may cause long-term harm.

Critical (3 - 4) - the risk will have truly harmful consequences and it will probably be difficult to recover.

DÉFINITION FREQUENCY

Rare (0 - 1) - there is little chance of this risk occurring.

Occasional (1 - 2) - this risk could occur, but not necessarily.

Regular (2 - 3) - there is a good chance that this risk will occur.

Frequent (3 - 4) - this risk will most certainly occur.

A1- Interest rate risk

This risk is detailed in Chapter 3 (Consolidated financial statements) in section 3.2.4.8 (d) "Interest rate risk exposure".

A2 - Foreign exchange risk

This risk is detailed in Chapter 3 (Consolidated financial statements) in section 3.2.4.8 (e) "Foreign exchange risk exposure".

A3 - Liquidity risk

This risk is detailed in Chapter 3 (Consolidated financial statements) in section 3.2.4.8 (b) "Liquidity risk exposure".

A4 - Counterparty risk

This risk is detailed in Chapter 3 (Consolidated financial statements) in section 3.2.4.7 "Net cash – Counterparty risk".

A5 - Risk relating to fluctuations in the price of raw materials and energy

Since the beginning of 2022, the economic context has changed significantly, including inflation in energy and raw material costs.

For energy: 2022 was characterized by a very strong increase in 2023-2024-2025 futures prices, as well as on the spot market during the summer of 2022.

The Séché Environnement Group participates in a natural gas and electricity buying organization for the supply of energy to all its subsidiaries in France. The members of this organization pool their needs to streamline costs and mitigate the risks of consumption variations linked to the contracting of forward volumes. Suppliers are selected through a tender process with the aim of selecting the best performing supplier and the most advantageous contractual framework possible. The 2023 procurement strategy has therefore been adapted accordingly. The buying organization is also considering longer-term supply solutions (10-20 years) to be able to free itself from market volatility.

Concerning the electricity consumed in 2022, more than 75% of the volumes were able to be purchased at fixed prices and the remainder was purchased on the spot market. The risk was therefore incurred on the purchase price of this remainder. For 2023, the Group has secured over 50% of its volumes at fixed prices, with the remainder to be supplied on the SPOT market.

Concerning the natural gas consumed in 2022, over 60% of the volumes were able to be purchased on the futures market at advantageous times. The risk incurred was on the purchase price of the remainder.

Concerning raw materials, in 2022 the Group's approach was to secure its raw materials supplies by expanding its supplier base, particularly regarding the most critical materials. For 2023, the Group plans to continue this redundancy process to use inflation fluctuations to contain or reverse cost increases.

A6 - Risk relating to asset impairment losses

This risk is detailed in Chapter 3 (Consolidated financial statements) in section 3.2.4.1 (c) "Intangible assets - Impairment test".

A7 - Insurance risk

Séché Environnement is insured by several well-known insurance companies, as part of a global program covering all the Group's companies provided that it owns at least 50% of their voting rights and/or share capital (directly or indirectly) and manages them. The terms and conditions of this insurance program are revised and adjusted each year in negotiations in the Group's interests.

The main policies taken out are:

- property damage/operating loss insurance, with a maximum coverage of €150 million based on the value of each site, and limits and/or sub-limits for coverage extensions.
- civil liability and environmental damage insurance with an €65 million coverage limit for all damages and each insurance period, and limits and/or sub-limits for coverage extensions.

Séché Environnement's activities include industrial risks that are comparable to the majority of those encountered in industry, though with an additional risk of pollution based on the nature of the substances being treated, which may cause serious harm to people or the environment. Of particular note is the risk of fire related to the "materials mix". This risk is well known in the profession, particularly at sorting centers and packaging platforms.

The risk of an "accidental" case of pollution is covered by the Group's insurance program (civil liability – environmental harm).