

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 30/09/2023



Colas used Recycol to renovate the RD 926 road at Septfonds in France

Making progress become reality

CONTENTS

NOTE 1	SIGNIFICANT EVENTS	3
NOTE 2	GROUP ACCOUNTING POLICIES.....	10
NOTE 3	NON-CURRENT ASSETS	12
NOTE 4	CONSOLIDATED SHAREHOLDERS' EQUITY	13
NOTE 5	NON-CURRENT AND CURRENT PROVISIONS.....	14
NOTE 6	NON-CURRENT AND CURRENT DEBT	15
NOTE 7	CHANGE IN NET DEBT	16
NOTE 8	SALES.....	16
NOTE 9	OPERATING PROFIT/(LOSS).....	17
NOTE 10	INCOME TAXES	18
NOTE 11	SEGMENT INFORMATION	19
NOTE 12	OFF BALANCE SHEET COMMITMENTS	24
NOTE 13	RELATED PARTY INFORMATION	24

Note 1 Significant events

1.1 Significant events of the first nine months of 2023

The principal corporate actions of the first nine months of 2023 are described below:

- On 4 January 2023, Bouygues Construction transferred to Equans all of its shares comprising the capital of its Energies & Services operations (i.e. the entities Bouygues Energies & Services and Kraftanlagen Energies & Services GmbH). All the Equans shares received by Bouygues Construction as consideration for the transfer were distributed to its shareholders (i.e. Bouygues SA and SFPG).

The Energies & Services operations of Bouygues, which were part of Bouygues Construction during the 2022 financial year, have been included within the “Equans” IFRS 8 operating segment since the beginning of January 2023. The contribution of the Equans operating segment to the Bouygues group consolidated financial statements as of 30 September 2023 is disclosed in Note 11.

The transfer was carried out on the basis of the historical carrying amount of the Energies & Services operations in the books of Bouygues Construction as a business combination under common control, and has no impact on the Bouygues consolidated financial statements.

- In October 2019, Free Mobile brought an unfair competition action against Bouygues Telecom in the Paris Commercial Court, alleging that some of Bouygues Telecom’s former mobile telephony offers combining a phone plan and the purchase of a handset were allegedly consumer credit transactions and misleading practices. On 9 February 2023, the Paris Commercial Court ordered Bouygues Telecom to pay Free Mobile €308 million in damages and also stated that there must be immediate execution of the ruling; Bouygues Telecom argued that this was incorrect, as the proceedings had been initiated prior to 1 January 2020. Free Mobile decided to enforce the immediate execution of the ruling. As a result, on 16 May 2023 Bouygues Telecom paid Free Mobile the sum of €308 million plus statutory interest, making a total of €310 million. Bouygues Telecom contests the ruling of the Paris Commercial Court and its immediate execution, and has lodged an appeal with the Paris Court of Appeal. The amount paid was classified within “Other non-current financial assets” in the balance sheet as of 30 September 2023, and the cash outflow is presented within “Other cash flows from investing activities” in the consolidated cash flow statement.
- On 15 February 2023, the France Télévisions, M6 and TF1 groups announced that they had decided to shut down the Salto platform, and to initiate winding-up proceedings with a view to dissolving the company. Salto discontinued its service on 27 March 2023. As of 31 December 2022, the accumulated losses arising since the incorporation of Salto were offset in the first instance against the short-term cash advances held in its shareholder current account (regarded as a component of the investment in Salto), with the residual losses recognised as a provision for charges. This position did not change during the first nine months of 2023.
- On 27 June 2023, Bouygues carried out a capital increase of €150 million (inclusive of share premium) in connection with the Bouygues Confiance n°12 employee share ownership plan.

The capital increase was reserved for employees of French companies belonging to the Group; it was effected via a dedicated mutual fund (“FCPE”), the units in which are subject to a lock-up period of five years except in circumstances where early release is allowed under the law. It led to the issuance of 6,845,564 new Bouygues shares (see Note 4) at a subscription price of €21.912.

- On 3 July 2019, the Singapore Appeal Court upheld the decision at first instance ordering Bouygues Construction subsidiary Dragages Singapore to meet the costs of refurbishing all the cladding on the facades of the Centennial Tower (delivered in 1997) following incidents in 2004, and again in 2011, when cladding panels fell from the tower. On 19 April 2023, Dragages Singapore was ordered by the Singapore High Court to pay €39 million.

On 26 June 2023, under the terms of an appeal procedure and negotiations with the customer, Dragages Singapore signed an agreement in final settlement of the dispute for an amount of €37 million, which was paid during the second quarter of 2023.

- Further to the selection of the TF1 channel by Arcom on 22 February 2023 in the call for bids for a DTT broadcasting licence, TF1 signed a new agreement with Arcom on 27 April 2023 under which it will be able to use the DTT spectrum for a period of ten years starting on 6 May 2023.
- Following a Competition Council ruling on 9 May 2007, the Île-de-France Regional Authority (the “Region”) led a series of proceedings in 2008 seeking compensation for losses it claimed to have incurred as a result of anti-competitive practices by construction companies in connection with the award of public works contracts for the renovation of secondary school buildings in the region.

As the Conflicts Court decided on 16 November 2015 that this dispute came within the jurisdiction of the Administrative Courts, the Region brought a case in the Paris Administrative Court on 28 March 2017, with claims for damages for each school, and for all jointly liable defendants to jointly and severally pay an indemnity of 16.4% of the price paid for each secondary school.

The Paris Administrative Court ruled that the indemnity claims were time-barred in several judgments dated 29 July 2019.

The Region appealed, and the Administrative Court of Appeal held in two rulings dated 19 February 2021 that the Region’s claim was not time-barred and ordered the losses to be assessed by a court-appointed expert. In two rulings dated 17 May 2023, the *Conseil d’État* (Supreme Administrative Court) rejected appeals lodged by Bouygues group companies against the aforementioned rulings from the Administrative Court of Appeal. The expert assessment ordered by the Administrative Court of Appeal in 2021, which had been suspended pending a decision from the *Conseil d’État* ruling, has resumed.

- During the second quarter of 2023, Bouygues implemented a one-off Performance Management Plan (PMP) designed to incentivise selected Equans managers and to align their interests with the financial objectives set by Bouygues for Equans through to 2027.

The PMP gives entitlement to performance bonuses and to the allotment of Equans shares free of charge:

- The expense recognised under IFRS 2 for the allotment of Equans shares free of charge was recognised in equity in the books of Equans (equity-settled plan), and as a liability to employees within the Bouygues group consolidated financial statements (cash-settled plan) given that Bouygues SA will underwrite the liquidity of the shares. On that basis, an expense of €24 million for the PMP was recognised in the Equans financial statements in the first nine months of 2023, within “Other operating expenses” (see Note 9). That expense is based on the fair value of the Equans shares as of the date of grant (15 May 2023), and is the same as the fair value of the Bouygues SA liquidity guarantee in respect of the PMP.
The expense recognised by Equans may be adjusted at each quarterly close for the purposes of the Bouygues group consolidated financial statements, solely to reflect the impact of changes in the fair value of the Equans shares since the date of grant (and hence to reflect the Bouygues SA liquidity guarantee). That adjustment is presented within “Bouygues SA & Other” for segment reporting purposes, although the amount was zero as of 30 September 2023.
- Performance bonuses have been recognised with effect from the third quarter of 2023 (when the relevant employees have been informed), within “Other operating expenses” (see Note 9); an amount of €2 million was recognised in the third quarter of 2023. They are recognised in profit or loss in line with the pattern of service rendered by the beneficiaries.

In addition, selected managers have an option to invest in Equans shares alongside Bouygues SA up to a maximum overall amount of €15 million. Under that scheme, Bouygues SA sold those managers Equans shares for a total of €12 million in the second quarter of 2023 and €3 million in the third quarter of 2023.

Because the sale of the shares was accompanied by a commitment to repurchase, an employee liability of the same amount was recognised as of 30 September 2023, with the opposite entry representing the cash received. That liability may be readjusted to reflect the fair value of the Equans shares.

The impact of the sale of the shares is classified within the line item “Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders” in the consolidated cash flow statement.

- On 30 May 2023, Bouygues announced that it had successfully placed a bond issue of €1 billion with an 8-year maturity (maturing 17 July 2031), bearing interest at 3.875%. The economic cost to the Bouygues group after taking account of pre-hedging is slightly below 1.95%.
- During the first nine months of 2023, Bouygues repaid €1,950 million of the syndicated loan (see Note 6) contracted in connection with the Equans acquisition (see Note 1.2); the residual balance as of 30 September 2023 is €500 million.
- As mentioned in Note 1.2, on 3 November 2015 Bouygues E&S Contracting UK Limited (BYES Contracting) and Full Circle Generation Limited (FCG) signed (i) an engineering, procurement and construction contract (EPCC) and (ii) an operation & maintenance contract (OMC) relating to an Energy from Waste facility in the port of Belfast. The facility was commissioned on 26 March 2020. FCG considers that performance tests conducted since then have proved inconclusive. FCG terminated the EPCC for breach of contract on 5 July 2021, and terminated the OMC on the same grounds on 6 July 2021. BYES Contracting is contesting FCG’s right to terminate.

On 28 March 2022, FCG initiated arbitration seeking compensation for underperformance of the facility. In a submission to the arbitration tribunal on 30 June 2023, FCG valued that compensation at €323.8 million for the EPCC and €88.5 million for the OMC, excluding interest. Proceedings are ongoing, and BYES Contracting contests the FCG claim.

- On 15 September 2023, Equans signed an agreement with the Swiss Life Asset Managers and Schroders Greencoat consortium for the sale of its district heating and cooling networks activities in the UK for a cumulative enterprise value of approximately £260 million (£270 million including IFRS 16 liabilities). The business to be sold, which operates under the name Equans Urban Energy, comprises East London Energy Limited and Equans DE Holding Company Limited. Humber Energy will also be included in the sale.

The sale is in line with the Equans strategic plan presented at the Capital Markets Day on 23 February 2023, under which its asset-based activities are to be divested. It will have no impact on the revenue and ROCA trajectory of Equans as presented at the Capital Markets Day.

On 10 October 2023, Equans signed an agreement with Essent for the sale of its Aquifer Thermal Energy Storage (ATES) activities in the Netherlands.

Completion of those two sale transactions is expected in the fourth quarter of 2023, subject to obtaining the necessary clearances.

Because those operations were held for sale as of 30 September 2023, all of the related assets and liabilities have been reclassified to “Held-for-sale assets and operations” and “Liabilities related to held-for-sale operations” in accordance with IFRS 5, for amounts of €411 million and €99 million respectively. The estimated fair value of the held-for-sale assets exceeds their carrying amount, so no impairment was recognised against those assets in the consolidated financial statements as of 30 September 2023.

- On 20 September 2023, following a Board meeting held on 17 September 2023, Bouygues filed with the Autorité des Marchés Financiers (AMF) a draft public tender offer followed by a squeeze-out for the Colas shares not already held by Bouygues at a price of €175 per share, and a draft offer document (collectively the “Offer”). On completion of the Offer, Colas will be withdrawn from listing. The price of €175 per Colas share, representing a total amount of approximately €180 million and payable exclusively in cash, builds in the following levels of premium:
 - 54.2% to the quoted market price of Colas shares at close of business on 15 September 2023; and

- 52.2%, 50.1% and 50.4% to the volume-weighted average price of Colas shares on the last 60, 120 and 240 trading days respectively preceding announcement of the Offer.

This transaction is intended to simplify the ownership structure of Colas and of the Bouygues group.

The draft squeeze-out and draft offer document have been filed but remain subject to review by the AMF.

The commitment to buy out the non-controlling interests has been recognised as a current financial liability, with the corresponding entry recognised in equity within “Acquisitions and disposals with no change of control” in the consolidated statement of changes in shareholders’ equity.

1.2 Significant events of 2022

The principal corporate actions and acquisitions of 2022 are described below:

- Acquisition of Equans by Bouygues

- Description of the acquisition process

On 5 November 2021, the Bouygues and Engie groups signed a purchase agreement under which Bouygues agreed to acquire all of the Equans group, based on an enterprise value of €6.7 billion.

On 12 May 2022, Bouygues signed the Equans Share Purchase Agreement with Engie, following the issuance of all the opinions of the relevant employee representative bodies of Equans and Engie.

On 19 July 2022, the European Commission authorised the acquisition of Equans by Bouygues, subject to compliance with the undertakings made by Bouygues to divest Colas Rail Belgium; that divestment was completed on 30 September 2022.

Also on 19 July 2022, the UK Competition and Markets Authority (CMA) issued an opinion indicating that its concerns around competition were limited to the ongoing tendering process for catenary systems for the High Speed 2 (HS2) railway line. On 26 July 2022, Bouygues submitted its proposed remedies, on the basis of which the CMA authorised the transaction on 27 September 2022.

On 4 October 2022, Bouygues SA completed the acquisition of Equans, a key milestone in its development. The final purchase price for 100% of the shares of Equans was €6.1 billion (of which €130 million had been paid to Engie on 12 May 2022 when the Share Purchase Agreement was signed). As of the date control was obtained and after the purchase price allocation, provisional goodwill of €5,209 million was recognised; the impact on the net debt of Bouygues was €6.5 billion, after factoring in the €0.4 billion net debt of Equans as of the acquisition date. As of 30 September 2023, the provisional goodwill had been finalised, at an amount of €5,205 million (see Note 3).

- Financing of the acquisition

On 3 December 2021, Bouygues contracted a €6 billion syndicated loan facility to finance the acquisition of Equans. 16 banks participated in the facility, which expires on the earlier of (i) 24 months after closing of the acquisition or (ii) 31 March 2025. The intention was that the facility would be refinanced by bond issues before 2024. Having been initially reduced to €4.7 billion as a result of the bond issues carried out by Bouygues on 17 May 2022, the syndicated loan facility was drawn down in full on completion of the acquisition, before being partially refinanced by further bond issues totalling €2.25 billion on 24 October 2022. As of 31 December 2022, the residual syndicated loan facility was drawn down in full, and amounted to €2.45 billion. The economic cost of the Equans financing is approximately 2%. Details of the refinancing are provided below.

On 17 May 2022, Bouygues carried out two bond issues totalling €2 billion with an effective date of 24 May 2022. The issues comprise a 7-year €1 billion tranche bearing interest at 2.25%, and a 15-year €1 billion tranche bearing interest at 3.25%.

On 24 October 2022, Bouygues carried out two bond issues totalling €2.25 billion, with an effective date of 3 November 2022. The issues comprise a 10-year tranche of €1.25 billion bearing interest at a rate of 4.625%, and a 20-year tranche of €1 billion bearing interest at a rate of 5.375%.

As of 31 December 2022, the fair value of the pre-hedging swaps contracted in connection with the acquisition of Equans amounted to €1,015 million before deferred taxes. Of that amount, €146 million was recognised as an asset in the balance sheet within “Financial instruments – Hedging of debt”, and €869 million within “Cash and cash equivalents” following receipt of the upfront cash payments on the May 2022 and November 2022 bond issues. As of 30 September 2022, the fair value of the pre-hedging swaps recognised as an asset in the balance sheet within “Financial instruments – Hedging of debt” was €931 million, before deferred tax liabilities of €240 million.

As of 31 December 2021, the fair value of the pre-hedging swaps contracted in connection with the acquisition of Equans was €38 million before deferred taxes. The change in fair value of the pre-hedging swaps during 2022 (€977 million) was recognised within “Income and expense recognised directly in equity”. That fair value will be released to profit or loss in line with the pattern of amortisation of the hedged bond issues. The change in fair value of the pre-hedging swaps during the first nine months of 2022 was €893 million.

The tax payable on receipt of the upfront payments on the pre-hedging swaps was €224 million as of 31 December 2022; this was partially offset against the entire tax losses arising within the Bouygues SA group tax election, such that a net amount of €146 million was paid in tax in this respect at the end of 2022.

- Financial information as of 31 December 2022

Equans is consolidated in the Bouygues financial statements from the start of October 2022. The activities of the Energies & Services arm of Bouygues, which remained part of Bouygues Construction up to and including 31 December 2022, became part of the Equans IFRS 8 operating segment with effect from the start of January 2023 (see Note 1.1). The contribution for the 2022 financial year from the Equans operating segment and the Energies & Services activities housed within Bouygues Construction was disclosed in Note 17 to the consolidated financial statements for the year ended 31 December 2022.

The acquisition costs incurred in connection with Equans are recognised within “Other operating expenses” in the consolidated income statement; they amounted to €71 million in the year ended 31 December 2022, €62 million in the first nine months of 2022, and €17 million in the year ended 31 December 2021.

If Bouygues had obtained control of Equans and financed the acquisition as of 1 January 2022, the Bouygues group would have recorded sales of €54,385 million, current operating profit of €2,069 million, and a net profit of €1,127 million.

- On 23 February 2022, Bouygues Telecom and Cellnex signed an agreement to set up a new company to roll out up to approximately 1,350 new mobile sites in France outside very dense areas. The new company, controlled by Cellnex, will own and manage the sites. Bouygues Telecom will have a call option over Cellnex’s shares exercisable between 1 July and 31 December 2045, 2050 and 2055, which would give Bouygues Telecom control over the new company.
- On 23 February 2022, Bouygues Telecom and Phoenix Tower International (a Blackstone portfolio company based in the United States, specialising in mobile infrastructure construction) and Phoenix France Infrastructures signed an agreement to set up a new company to acquire 2,000 new mobile sites in very dense areas, and to roll out up to 400 additional sites. The new company, a directly owned subsidiary of Phoenix France Infrastructures, will own and manage the sites. Bouygues Telecom will have a call option over the shares of Phoenix France Infrastructures exercisable between 15 January and 15 July 2038 and at two-year intervals to 2051, which would give Bouygues Telecom control over the two companies.
- On 24 February 2022, a military conflict broke out between Russia and Ukraine. Because Bouygues has only very limited operations in those two countries (2021 revenue of €123,000 in Russia and €24,000 in Ukraine), it is not directly impacted by the ongoing conflict.

In 2022, no sales were generated in either country. However, the Group is paying very close attention to macro-economic trends and to the direct and indirect repercussions for the Group's operations and profits.

- On 28 February 2022, TF1 announced that Altice Media had entered into a purchase agreement in respect of the TFX channel (DTT channel 11), and that Altice Media had been granted an exclusivity clause. On 8 April 2022, TF1 announced the finalisation of the agreements with Altice relating to the sale of TFX.
- On 3 November 2015, Bouygues E&S Contracting UK Limited and Full Circle Generation Limited entered into (i) an engineering, procurement and construction contract (EPCC) and (ii) an operation & maintenance contract (OMC) relating to a biomass energy generation facility in Belfast. The facility was commissioned on 26 March 2020. Performance tests conducted since then have proved inconclusive. The customer terminated the EPC for breach of contract on 5 July 2021, and terminated the OMC on the same grounds on 6 July 2021.

On 28 March 2022, the customer initiated arbitration proceedings under the EPCC seeking compensation for underperformance of the facility (preliminary claim of approximately £12.4 million in principal, equivalent to €14 million). On 3 February 2023, the customer submitted a statement of account in respect of the alleged breaches, which is contested by Bouygues E&S Contracting UK Limited.

- On 24 March 2022, the TF1 group and the M6 group signed an agreement with France Télévisions relating to the buyout of the 33.33% equity interest held by France Télévisions in Salto (the subscription video on demand service owned in equal shares by France Télévisions, TF1 and M6). Under the terms of the agreement, the TF1 and M6 groups undertook that if their merger were completed, they would buy out the 33.33% equity interest held by France Télévisions at a definitive value of €45 million. Completion of both of those transactions was subject to completion of the proposed merger between the TF1 group and the M6 group, which was abandoned during the second half of 2022.
- On 26 July 2022, Bouygues announced that the French competition authority (ADLC) investigation teams had issued their report on the proposed merger between the TF1 group and the M6 group. In that report, which was without prejudice to the final decision of the ADLC board, the investigation teams took the view that the deal raised a number of significant competition concerns (especially in relation to the advertising market). The nature and extent of the remedies required in the report would mean that the merger plans would no longer be meaningful for the parties involved, who would therefore abandon them.
- On 16 September 2022, Bouygues, RTL Group, TF1 and the M6 group halted the proposed merger between the TF1 and M6 groups (announced on 17 May 2021). This decision came after the parties appeared at the hearings of the ADLC board on 5 and 6 September 2022 to argue in favour of the benefits and necessity of the merger. Following discussions with the ADLC, and despite the additional remedies proposed, it became clear that only structural remedies involving as a minimum the divestment of either the TF1 TV channel or the M6 TV channel would have been sufficient for the merger to have been approved. The parties therefore concluded that the proposed merger no longer had any strategic rationale. Consequently, the parties agreed to end the ADLC review of the transaction. As a result, the sale agreements entered into with Altice (relating to TFX) and with France Télévisions (relating to the buyout of the residual equity interest in Salto) lapsed.
- On 6 April 2022, Bouygues Telecom and Vauban Infrastructures Partners (a BPCE group company) announced the signature of a strategic agreement to ramp up the roll-out of FTTH to property operators in medium dense areas (AMII) and less dense areas (AMEL/PIN), representing around 21 million premises. Bouygues Telecom created a special purpose vehicle called Société de Développement de la Fibre Au Service des Territoires (SDFAST) and Vauban Infrastructure Partners, acting on behalf of its funds, was chosen to be SDFAST's majority shareholder. The primary purpose of SDFAST is to acquire long-term access rights from property operators, helping to co-finance fibre optics alongside the main French telecoms operators. Approximately €2 billion will be invested over the next five years.

When SDFAST was created, Vauban Infrastructure Partners and Bouygues Telecom undertook to subscribe to the capital of the company. Bouygues Telecom also contributed (i) a service contract that includes a commitment to source FTTH connections solely from SDFAST for a period of 35 years at a pre-set tariff and (ii) supply contracts enabling SDFAST to acquire FTTH connections from building operators. SDFAST will also be able to offer the same access services to third-party operators.

The transactions valued Bouygues Telecom's 49% equity interest in SDFAST at €585 million as of 6 April 2022, including €535 million for the contracts contributed (which will be recognised in current operating profit over the life of the contract) and €50 million for the capital increase to be carried out by Bouygues Telecom. As of 30 September 2022 and 31 December 2022, Bouygues Telecom's equity interest in SDFAST was valued at €612 million and €603 million respectively.

Bouygues Telecom has an option to take control of SDFAST exercisable between 31 July and 31 December each year from 2031 to 2033, and then every five years from 2036 to 2056.

- On 28 June 2022, TF1 signed an agreement with a view to selling its Digital Media arm's Publishers business – including the aufeminin, Marmiton, Doctissimo, and Les Numériques brands – to the Reworld Media group. Completion of the sale was announced on 18 October 2022.
- On 21 July 2022, TF1 signed an agreement to enter into exclusive negotiations with Future Technology Retail with a view to the sale of the influence marketing operations carried on by the Ykone entities. Completion of the sale was announced on 27 July 2022.
- On 9 August 2022, Colas Rail signed an agreement to acquire a 100% equity interest in the Hasselmann group, which is based in Thuringia and specialises in the construction of rail track and rail infrastructures. Hasselmann is a family-owned group, made up of three companies: Hasselmann GmbH (rail infrastructure), NTG GmbH (rail track), and LGM Logistik GmbH (rail safety). It currently employs nearly 300 people, and generated sales of €70 million in 2021. Effective completion of the deal took place on 4 October 2022, after clearance from the competition authorities. As of the date control was obtained, and pending completion of the purchase price allocation, provisional goodwill of €46 million was recognised, and the impact on net debt was €63 million. As of 30 September 2023, the provisional goodwill had been finalised, at an amount of €44 million (see Note 3).
- In the fourth quarter of 2022, Colas divested 39 sites in France for €70 million, and a site in Australia for the equivalent of €35 million. Those divestments were recognised as sales within the meaning of IFRS 15. Some of the sites were immediately leased back, and consequently part of the gain on disposal has been reversed out in accordance with IFRS 16.
- On 17 November 2022, following the abandonment of the proposed M6/TF1 merger and in the absence of any satisfactory offers to buy the Salto platform, TF1 and M6 formally notified a Supervisory Board meeting of their withdrawal from Salto. The costs of the withdrawal for each of the partners were recognised by way of provisions as of 31 December 2022, over and above their share of Salto's net loss for the year. The Group's share of net losses from Salto for 2022 was €46 million (see Note 3.2.6.2 to the 2022 consolidated financial statements), including €22 million of provisions incurred to cover the costs of the liquidation. The excess of the accumulated losses arising since the incorporation of Salto (including the €46 million loss for 2022) over the carrying amount of the Group's equity interest in Salto has been offset against short-term cash advances held in its shareholder current account (regarded as a component of the investment in Salto), with the residual €15 million recognised as a provision for charges. In addition, on 29 March 2022 the Group subscribed €41 million to a capital increase at Salto via offset of short-term cash advances held in its shareholder current account.
- During 2022, Bouygues Telecom sold to Towerlink the buildings and passive infrastructure of four data centres (MSC – Mobile Switching Centres) for €102 million. The €52 million gain on the sale was recognised in "Other operating income" for the year ended 31 December 2022.

1.3 Significant events and changes in scope of consolidation subsequent to 30 September 2023

- On 2 October 2023, Bouygues raised €450 million via tap issues from two existing bonds (€250 million of nominal value tapped from the bond issue maturing 7 June 2027, and €200 million in nominal value tapped from the bond issue maturing 11 February 2030). The total cash proceeds were €390 million, after a discount of €60 million reflecting movements in interest rates since the initial issue. Following these two tap issues, the average maturity of the Group's bond issues is 8.5 years, at an average interest rate of 3.01% (and an average effective interest rate of 2.26%). The maturity schedule is well spread over time.
- On 4 October 2023, the syndicated loan contracted to finance the Equans acquisition, which amounted to €500 million as of 30 September 2023 (see Note 1.1), was repaid in full.

Note 2 Group accounting policies

2.1 Declaration of compliance

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (“the Group”) for the nine months ended 30 September 2023 were prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year consolidated financial statements of the Bouygues group for the year ended 31 December 2022 as presented in the Universal Registration Document filed with the AMF on 22 March 2023.

The financial statements were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 September 2023. Those standards (collectively referred to as “IFRS”) comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of 30 September 2023 any standard or interpretation not endorsed by the European Union.

Unless otherwise indicated, the financial statements are presented in millions of euros, the currency in which the majority of the Group’s transactions are denominated; they comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders’ equity, the cash flow statement, and the notes to the financial statements.

2.2 Basis of preparation of the financial statements

The Bouygues group condensed interim consolidated financial statements include the financial statements of Bouygues SA and its six business segments.

They were closed off by the Board of Directors on 30 October 2023.

The interim condensed consolidated financial statements for the nine months ended 30 September 2023 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is required under IFRS. They include comparatives with the financial statements for the year ended 31 December 2022 and the nine months ended 30 September 2022.

The effects of the Equans final purchase price allocation on the 2022 financial statements are presented in Note 3.

In preparing the interim condensed consolidated financial statements, management used estimates and assumptions as described in Note 2.2 to the consolidated financial statements for the year ended 31 December 2022.

Accounting policies specific to the interim condensed consolidated financial statements are as follows:

- Income tax expense for interim periods is measured in accordance with IAS 34 by applying the best estimate of the average annual effective income tax rate for the full year to the pre-tax profit of the interim period (except for French entities in the Bouygues SA group tax election, for which income tax expense is measured on the basis of the actual tax position at the end of the period).
- Employee benefit expenses for interim periods are recognised pro rata based on the estimated expense for the full year, calculated using the actuarial assumptions and projections applied as of 31 December 2022. Employee headcount, salaries and actuarial assumptions may be revised where the impact is material.

As of 30 September 2023, an increase of 44 basis points in the discount rate used for lump-sum retirement benefits relative to 31 December 2022 was identified, but was not recognised in the first nine months of 2023. The rates used for pensions are relatively stable compared with 31 December 2022.

The impact on provisions of an increase or decrease in discount rates within and outside France would be as follows:

	Assumption	Increase	Decrease
Lump-sum retirement benefits (France)	70 basis points	(38)	44
Pensions (outside France)	50 basis points	(86)	88

In addition, a rise of 50 basis points in the salary inflation rate used in France would result in an increase of €22 million in the provision.

Those impacts would also be recognised in the statement of recognised income and expense.

On 15 April 2023, pension reforms that would raise the statutory retirement age in France to 64 were published in the Official Journal. The impact of the reforms on the Bouygues group is estimated at €29 million; it relates mainly to Bouygues Construction, TF1, Equans and Bouygues Telecom, and was recognised within “Other operating income” and “Other operating expenses” in the consolidated income statement in the second quarter of 2023 (see Note 9).

2.3 New IFRS standards and interpretations

The Bouygues group applied the same standards, interpretations and accounting policies in the nine months ended 30 September 2023 as were applied in its consolidated financial statements for the year ended 31 December 2022, except for changes required to meet new IFRS requirements applicable as of 1 January 2023 (see below).

- Principal amendments effective within the European Union and mandatorily applicable as of 1 January 2023
 - Amendments to IAS 12

On 7 May 2021, the IASB issued amendments to IAS 12 on the initial recognition of deferred taxes on assets and liabilities arising from a single transaction. The amendments apply to transactions in which an entity recognises both an asset and a liability, such as when accounting for a lease or a decommissioning obligation, and were endorsed by the European Union on 11 August 2022. An impact analysis is ongoing, and is due to be completed during 2023. At this stage, the impact on the Group would appear to be immaterial.
 - Global Minimum Tax (Pillar 2)

Bouygues is affected by the Global Minimum Tax, and has initiated a project to compile of the data needed to quantify the impact. However, it is unlikely to be material at the level of the taxes actually paid by the Group (€518 million in 2022, €397 million in 2021).

The non-recognition exception for deferred taxes arising under Pillar 2, as permitted under the amendment to IAS 12 (“Income Taxes”) approved by the IASB in May 2023, is applied by Bouygues.

Note 3 Non-current assets

3.1 Goodwill

3.1.1 Movement in the carrying amount of goodwill in the first nine months of 2023

	Carrying amount
31/12/2022 restated *	12,622
Changes in scope of consolidation	28
Impairment losses charged during the period	(2)
Other movements (including translation adjustments)	16
30/09/2023	12,664

(a) Goodwill as of 31 December 2022 has been adjusted following the finalisation of the Equans opening balance sheet.

The final goodwill recognised on the Equans acquisition amounts to €5,205 million and mainly represents (i) the value of paid-for synergies; (ii) contracts and future customer relationships; and (iii) the workforce and its expertise.

The final goodwill is €4 million lower than the amount reported as of 31 December 2022, following the finalisation of the Equans opening balance sheet during the third quarter of 2023 in light of further information obtained about facts and circumstances that existed at the acquisition date. In accordance with the revised IFRS 3, the assets and liabilities recognised at the acquisition date may be adjusted retrospectively during the 12 months following the acquisition date.

The principal adjustments made for the purposes of the final purchase price allocation, as compared with the provisional allocation reported as of 31 December 2022, are as follows:

- Current and non-current provisions, and contingent liabilities: review of the assumptions used to measure the risks covered, and alignment of accounting policies and methods, with an impact of €94 million.
- Equans concession assets: remeasurement with an impact of €92 million, including assets relating to the district heating and cooling networks activities in the UK and the Aquifer Thermal Energy Storage activities in the Netherlands, which were classified as held-for-sale as of 30 September 2023 (see Note 1.1).

The updating of the purchase price allocation had no material impact on the income statement either for the fourth quarter of 2022, or for the previously-published interim periods of 2023.

The opening balances of the balance sheet line items affected by these adjustments have been restated in the notes to the condensed consolidated financial statements for the nine months ended 30 September 2023.

	31/12/2022	Adjustments to opening balance sheet	30/09/2023
Purchase price (I)	6,146	(20)	6,126
Net assets acquired, excluding goodwill (II)	(160)	92	(68)
Non-current assets	(1,803)	15	(1,788)
<i>of which property, plant & equipment, right-of-use assets and intangible assets</i>	<i>(1,341)</i>	<i>5</i>	<i>(1,336)</i>
Current assets	(6,331)	(15)	(6,346)
<i>of which trade receivables</i>	<i>(2,218)</i>	<i>(8)</i>	<i>(2,226)</i>
<i>of which customer contract assets</i>	<i>(2,483)</i>	<i>(3)</i>	<i>(2,486)</i>
Non-current liabilities	669	25	694
<i>of which non-current provisions</i>	<i>294</i>	<i>25</i>	<i>319</i>
Current liabilities	7,305	67	7,372
<i>of which current provisions</i>	<i>592</i>	<i>69</i>	<i>661</i>
<i>of which trade payables</i>	<i>2,179</i>		<i>2,179</i>
<i>of which customer contract liabilities</i>	<i>1,922</i>		<i>1,922</i>
Purchase price allocation (III)	(783)	(76)	(859)
Remeasurement of acquired intangible assets	(989) ^a	(92)	(1,081) ^a
<i>of which brands</i>	<i>(419)</i>		<i>(419)</i>
<i>of which internally developed technology</i>	<i>(10)</i>		<i>(10)</i>
<i>of which order backlogs</i>	<i>(78)</i>		<i>(78)</i>
<i>of which customer relationships</i>	<i>(482)</i>		<i>(482)</i>
<i>of which concession assets</i>		<i>(92)</i>	<i>(92)</i>
Remeasurement of acquired property, plant and equipment	(30) ^a		(30) ^a
Other remeasurements (including deferred taxes)	236	16	252
Unacquired portion (IV)	6		6
Goodwill (I)+(II)+(III)+(IV)	5,209	(4)	5,205
Translation adjustments			
Goodwill recognised	5,209	(4)	5,205

(a) The fair values of the assets acquired were determined using the methods described below:

Assets acquired	Valuation method
Intangible assets relating to brands and internally developed technologies	Relief from royalty method This approach is based on the present value of the royalties that are saved by owning the brands or technologies outright, and that would have been invoiced in a transaction negotiated between independent parties.
Intangible assets relating to order backlogs and customer relationships	Super profits valuation method This approach is based on the present value of the expected future cash flows from customer contracts or customer relationships, net of the return on the assets that contribute to executing the contracts.
Property, plant and equipment	Valuation of property, plant and equipment based on independent expert reports and historical valuations for comparable assets.
Investments in joint ventures and associates	Discounted cash flow method

The intangible assets and property, plant and equipment identified in the Equans purchase price allocation are amortised or depreciated on a straight line basis over their estimated useful lives except for brands, which are not amortised to the extent that Equans has decided to use them.

In accordance with the revised IFRS 3 and IAS 12, Bouygues has measured and recognised deferred tax assets and liabilities using the tax rate applicable in each entity or region in which the relevant asset or liability is located. The main deferred tax impacts are (i) deferred tax assets in respect of future tax savings and (ii) deferred tax liabilities arising from remeasurement of acquired assets.

The goodwill relating to the Hasselmann acquisition became final as of 30 September 2023, and was determined as follows:

	Hasselmann
CGU	Colas
Purchase price (I)	71
Net assets acquired, excluding goodwill (II)	(27)
Non-current assets	(11)
Current assets	(35)
Non-current liabilities	8
Current liabilities	11
Purchase price allocation (III)	
Remeasurement of acquired intangible assets	
Remeasurement of acquired property, plant and equipment	
Other remeasurements (including deferred taxes)	
Unacquired portion (IV)	
Goodwill (I)+(II)+(III)+(IV)	44
Translation adjustments	
Goodwill at 30/09/2023	44

3.1.2 Allocation of goodwill by Cash Generating Unit (CGU)

CGU	30/09/2023		31/12/2022 restated ^a	
	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction ^b	229	100.00	1,160	100.00
Colas ^c	1,555	96.85	1,562	96.85
Equans ^d	6,174	100.00	5,205	100.00
TF1 ^c	1,305	45.38	1,299	44.51
Bouygues Telecom ^c	3,401	90.53	3,396	90.53
TOTAL	12,664		12,622	

(a) Goodwill as of 31 December 2022 has been restated following the finalisation of the Equans opening balance sheet.

(b) Only includes goodwill on subsidiaries acquired by the CGU.

(c) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU.

(d) Goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU. With effect from 1 January 2023, includes the goodwill of the Energies & Services activities transferred to Equans by Bouygues Construction on 4 January 2023 (see Note 1.1), which were included in the Bouygues Construction financial statements for the year ended 31 December 2022.

In the absence of any indication of potential impairment, the goodwill as of 30 September 2023 was not subject to any further impairment testing.

3.2 Investments in joint ventures and associates

An analysis by business segment of the share of net profits/losses of joint ventures and associates is provided in Note 11.

	Carrying amount
31/12/2022	1,686
Share of net profit/(loss) for the period	50
Translation adjustments	(3)
Other income and expense recognised directly in equity	(3)
Net profit/(loss) and other recognised income and expense	44
Appropriation of prior-year profit, dividends distributed, acquisitions and capital increases, disposals, transfers and other movements	66
30/09/2023	1,796

Note 4 Consolidated shareholders' equity

Share capital of Bouygues SA

As of 30 September 2023, the share capital of Bouygues SA consisted of 381,487,835 shares with a par value of €1. That includes 3,416,735 treasury shares, of which 1,591,735 were acquired during the first nine months of 2023 for €51 million. Of the treasury shares held, 3,266,735 (valued at €46 million) are being held with a view to their cancellation, and 150,000 (valued at €5 million) are being held to service performance share plans.

	31/12/2022	Movements during the first nine months of 2023		30/09/2023
		Increases	Reductions	
Shares	374,486,777	7,001,058 ^a		381,487,835
NUMBER OF SHARES	374,486,777	7,001,058		381,487,835
Par value	€1			€1
SHARE CAPITAL (€)	374,486,777	7,001,058		381,487,835

(a) Includes 6,845,564 new Bouygues shares issued in connection with the Bouygues Confiance n°12 employee share ownership plan (see Note 1.1).

Note 5 Non-current and current provisions

5.1 Non-current provisions

	Employee benefits ^b	Litigation and claims ^c	Guarantees given ^d	Other non-current provisions ^e	Total
31/12/2022 restated ^a	788	327	507	653	2,275
Translation adjustments			7	(1)	6
Charges to provisions	76	21	85	33	215
Reversals of utilised provisions	(76)	(26)	(39)	(34)	(175)
Reversals of unutilised provisions	(28)	(10)	(7)	(34)	(79)
Actuarial gains and losses	13				13 ^f
Transfers and other movements	4	(8)	(1)	3	(2)
30/09/2023	776	305	553	620	2,254 ^g

Provisions for litigation and claims relate mainly to Bouygues Telecom, Bouygues Construction and Colas. Individual project provisions are not disclosed for confidentiality reasons.

(a) Non-current provisions as of 31 December 2022 have been restated following the finalisation of the Equans opening balance sheet (see Note 3.1).

(b) Employee benefits	776
Lump-sum retirement benefits	516
Long-service awards	158
Pensions	102
(c) Litigation and claims	305
Provisions for customer disputes	65
Subcontractor claims	36
Employee-related and other litigation and claims	204
(d) Guarantees given	553
Provisions for 10-year construction guarantees	448
Provisions for additional building/civil engineering/civil works guarantees	105
(e) Other non-current provisions	620
Provisions for miscellaneous foreign risks	34
Provisions for risks on non-controlled entities	128
Dismantling and site rehabilitation	310
Provisions for social security inspections	86
Other non-current provisions	62

(f) Actuarial gains and losses on post-employment benefits as shown in the consolidated statement of recognised income and expense represent a net loss of €22m, which includes a net actuarial loss of €9m on overfunded plans (shown on the assets side of the balance sheet).

(g) Contingent liabilities of Equans included within "Non-current provisions" amounted to €60m as of 31 December 2022, and mainly comprised €51m of provisions for guarantees given (on risks associated with the UK Building Safety Act) and €9m of provisions for litigation and claims. The level of provisions is stable as of 30 September 2023.

5.2 Current provisions

Provisions related to the operating cycle	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for losses to completion	Other current provisions ^b	Total
31/12/2022 restated^a	102	483	770	546	1,901
Translation adjustments			(5)	(1)	(6)
Charges to provisions	13	102	233	147	495
Reversals of utilised provisions	(19)	(98)	(289)	(92)	(498)
Reversals of unutilised provisions	(2)	(27)	(50)	(9)	(88)
Transfers and other movements	2	14	8	8	32
30/09/2023	96	474	667	599	1,836

Provisions for project risks and project completion, and for losses to completion, relate mainly to Bouygues Construction, Colas and Equans. Individual project provisions are not disclosed for confidentiality reasons.

(a) Current provisions as of 31 December 2022 have been restated following the finalisation of the Equans opening balance sheet (see Note 3.1).

(b) Other current provisions:	599
Reinsurance provisions	61
Restructuring provisions	27
Site rehabilitation (current portion)	38
Miscellaneous current provisions	473

(c) Contingent liabilities of Equans included within "Current provisions" amounted to €123m as of 31 December 2022, comprising €47m of miscellaneous current provisions; €35m of provisions for losses to completion; €21m of provisions for project risks and project completion; and €20m of provisions for customer warranties. Reversals of utilised provisions amounting to €26m were recognised in the first nine months of 2023.

Note 6 Non-current and current debt

6.1 Breakdown of debt

	Current debt		Non-current debt	
	30/09/2023	31/12/2022 restated ^a	30/09/2023	31/12/2022
Bond issues	78	785	8,342	7,336
Bank borrowings	536	451	2,237	3,833
Other borrowings	305	140	362	417
TOTAL NON-CURRENT AND CURRENT DEBT	919	1,376	10,941	11,586

(a) Current debt as of 31 December 2022 has been restated following the finalisation of the Equans opening balance sheet (see Note 3.1).

The €1,102 million decrease in current and non-current debt mainly reflects transactions at Bouygues SA level:

- the partial repayment (amounting to €1,950 million) of the syndicated loan used to finance the Equans acquisition (reducing the residual balance on the loan as of 30 September 2023 to €500 million, to be repaid before 4 October 2024), and the redemption of a €700 million bond issue on maturity in January 2023;
- partly offset by the new €1-billion bond issue carried out in the second quarter of 2023 (see Note 1.1); and
- the commitment by Bouygues SA to buy out the non-controlling interests of Colas for €180 million.

The overall reduction of €1,375 million in debt at Bouygues SA was partly offset by an increase in debt of €311 million at Colas.

6.2 Covenants and trigger events

All bond issues contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA contain no financial covenants or trigger event clauses. The same applies to facilities used by Bouygues SA subsidiaries.

6.3 Receivables assignment and reverse factoring programmes

The Bouygues group has implemented a number of receivables assignment programmes. An analysis of the risks and benefits as defined in IFRS 9 has led the Group to derecognise virtually all of the receivables assigned under those programmes. The amount of receivables derecognised was €121 million as of 30 September 2023, versus €406 million as of 31 December 2022. In the cash flow statement, these programmes are presented within “Changes in working capital requirements related to operating activities”.

The Group also operates a trade receivables securitisation programme via its subsidiary Bouygues Telecom, which amounted to €637 million as of 30 September 2023 compared with €531 million as of 31 December 2022. Because this programme does not require deconsolidating, it has no impact on the net debt of the Bouygues group. The cash proceeds received are presented within “Change in current and non-current debt” in the cash flow statement.

At Bouygues Telecom, the Group has implemented reverse factoring programmes, in which trade payables are assigned to financial institutions. Such programmes allow for (i) suppliers to be paid early, sometimes in return for a discount and/or (ii) a negotiated extension of the payment term initially agreed with the supplier. The amount of those programmes was €199 million as of 30 September 2023 (€260 million as of 31 December 2022), of which €47 million comprised invoices issued less than 60 days ago (€62 million as of 31 December 2022) and €152 million comprised invoices issued more than 60 days ago (€198 million as of 31 December 2022). The liabilities covered by those programmes are recognised within “Trade payables”. These programmes have no impact on the cash flow statement. When the liability is extinguished, the payment is presented within “Changes in working capital requirements related to operating activities”.

Note 7 Change in net debt

	31/12/2022 restated ^a	Translation adjustments	Changes in scope of consolidation	Cash flows	Fair value adjustments	Other movements	30/09/2023
Cash and cash equivalents	5,736	(23)	12	(3,600) ^c			2,125
Overdrafts and short-term bank borrowings	(418)	7	(10)	(132)			(553)
NET CASH POSITION (A) ^b	5,318	(16)	2	(3,732)			1,572
Non-current debt	11,586	(11)	4	(734) ^d	44	52	10,941
Current debt	1,376	2	(2)	(511) ^d	4	50	919
Financial instruments, net	(189)	3		1 ^d	135 ^e		(50)
TOTAL DEBT (B)	12,773	(6)	2	(1,244)	183	102 ^f	11,810
NET DEBT (A) - (B)	(7,455)	(10)		(2,488)	(183)	(102)	(10,238)

(a) Net debt has been restated following the finalisation of the Equans opening balance sheet (see Note 3.1).

(b) Decrease of €3,746m in the net cash position in the first nine months of 2023 as analysed in the consolidated cash flow statement.

(c) Includes a cash outflow of €42m representing the difference between (i) the interest paid on bond issues at the coupon rate and (ii) the cost of net debt recognised at the hedged rate as presented in the cash flow statement after cost of net debt, interest expense on lease obligations and taxes paid.

(d) Net cash outflow from financing activities of €1,244m in the first nine months of 2023 as analysed in the consolidated cash flow statement, comprising total inflows of €3,676m and total outflows of €4,920m.

(e) Includes a fair value adjustment of €146m relating to pre-hedging swaps contracted in connection with the financing of the Equans acquisition, following receipt of €138 million for the May 2023 bond issue premium (see Note 1.1) included in “Other cash flows related to financing activities” in the consolidated cash flow statement.

(f) Includes (i) extinguishment of the €47 million BTBD contingent consideration liability recorded at end 2022, payment of which is included in “Net liabilities related to consolidated activities” in the consolidated cash flow statement, and (ii) the commitment by Bouygues SA to buy out the non-controlling interests in Colas for €180 million.

Note 8 Sales

	First nine months of 2023				First nine months of 2022			
	France	International	Total	%	France	International	Total	%
Bouygues Construction	2,816	4,308	7,124	17	3,859	5,716	9,575	32
Bouygues Immobilier	1,022	87	1,109	3	1,288	78	1,366	5
Colas	4,652	7,111	11,763	29	4,602	6,872	11,474	38
Equans	4,485	9,158	13,643	33				
TF1	1,322	197	1,519	4	1,485	224	1,709	6
Bouygues Telecom	5,682		5,682	14	5,515		5,515	19
Bouygues SA & other	8	40	48	0	8	30	38	
CONSOLIDATED SALES	19,987	20,901	40,888	100	16,757	12,920	29,677	100

	3rd quarter of 2023				3rd quarter of 2022			
	France	International	Total	%	France	International	Total	%
Bouygues Construction	900	1,534	2,434	16	1,166	2,048	3,214	29
Bouygues Immobilier	333	33	366	2	468	29	497	4
Colas	1,660	3,342	5,002	34	1,649	3,338	4,987	45
Equans	1,427	3,115	4,542	31				
TF1	431	67	498	3	459	84	543	5
Bouygues Telecom	1,894		1,894	13	1,892		1,892	17
Bouygues SA & other	3	13	16		2	11	13	
CONSOLIDATED SALES	6,648	8,104	14,752	100	5,636	5,510	11,146	100

Refer to Note 11 for an analysis of sales by category and business segment.

The reduction in sales at Bouygues Construction reflects the transfer of the Energies & Services activities, now included within Equans (see Note 1.1).

Note 9 Operating profit/(loss)

	9 months		3rd quarter	
	2023	2022	2023	2022
CURRENT OPERATING PROFIT/(LOSS)	1,546	1,207	865	715
Other operating income	41	17	0	0
Other operating expenses	(187)	(123)	(66)	(62)
OPERATING PROFIT/(LOSS)	1,400	1,101	799	653

Refer to Note 11 for an analysis of current operating profit/(loss) and operating profit/(loss) by segment.

First nine months of 2023

Net other operating expenses for the first nine months of 2023 amounted to €146 million at Group level and mainly comprise €51 million of reorganisation and integration costs, €53 million of provisions for risks, €26 million of costs relating to the Performance Management Plan (see Note 1.1), and €25 million of costs incurred on settlement of the Centennial claim (see Note 1.1), partly offset by a positive impact of €29 million relating to French pension reforms (see Note 2.2).

Net other operating income and expenses by segment are as follows:

- Bouygues Construction: €25 million of costs incurred on settlement of the Centennial claim in Singapore (see Note 1.1), €38 million of provisions for risks related to a change in regulations (as mentioned in the financial statements for the year ended 31 December 2022) and €7 million arising from the signature in May 2023 of a deferred prosecution agreement with the French financial crime prosecutor's office relating to the awarding of public contracts for work on the Annecy Genevois hospital complex, partly offset by €11 million of net reversals of provisions for lump-sum retirement benefits and long-service awards;
- Equans: €26 million in charges relating to the Performance Management Plan (see Note 1.1), €14 million of advisory fees in connection with a strategic business review and €11 million of integration costs, partly offset by €4 million of net reversals of provisions for lump-sum retirement benefits;
- TF1: €31 million of net reorganisation costs, mainly on (i) the new Jobs and Career Management (*Gestion des Emplois et Parcours Professionnels* – GEPP) agreement linked to the 2023 digital acceleration strategy and the associated resource optimisation and (ii) an exceptional long-term incentive plan, partly offset by €6 million of net reversals of provisions for lump-sum retirement benefits;
- Bouygues Telecom: €15 million of provisions for risks and €8 million of network sharing costs, partly offset by €10 million of reversals of impairment losses recognised in the fourth quarter of 2022 against rights of use and €6 million of net reversals of provisions for lump-sum retirement benefits and long-service awards; and
- Colas: €9 million of costs associated with the reorganisation in France, partly offset by €1 million of net reversals of provisions for lump-sum retirement benefits.

First nine months of 2022

Net other operating expenses were €106 million and mainly comprised €62 million of costs relating to the acquisition of Equans, €19 million of costs relating to the proposed merger of TF1 and M6, and €25 million of provisions for risks.

Net other operating income and expenses by segment were as follows:

- Bouygues Telecom: €17 million of gains from sales of data centres, partly offset by €7 million of network sharing costs and €3 million of other operating expenses;
- TF1: €15 million of costs relating to the proposed merger of the operations of TF1 and M6;
- Bouygues Construction: €25 million of provisions for risks related to a change in regulations, €11 million of costs for the Energies & Services arm of Bouygues Construction in connection with the proposed acquisition of Equans by Bouygues SA, and €7 million of other operating expenses; and
- Bouygues SA: €55 million of costs, mainly relating to the acquisition of Equans from Engie and the proposed merger of TF1 and M6.

Note 10 Income taxes

Bouygues recognised a net income tax expense of €363 million in the first nine months of 2023.

	9 months		3rd quarter	
	2023	2022	2023	2022
INCOME TAX GAIN/(EXPENSE)	(363)	(267)	(208)	(164)

The effective tax rate was 33% for the first nine months of 2023, versus 29% for the first nine months of 2022. The main impacts on the 2023 effective tax rate were tax losses outside France for which no deferred tax asset was recognised.

Following tax inspections covering the 2018 and 2019 fiscal years, the national and international inspectorate of the French public finances department issued Bouygues Construction with two proposed rectification notices relating to corporate income taxes, the "CVAE" value added tax for businesses, and withholding taxes. The tax authorities take the view that the amount of royalties received by Bouygues Construction from its subsidiaries for the use of trademark licences should be remeasured. Bouygues Construction contests both the principle and amount of the remeasurement, and has instigated administrative appeal proceedings.

Note 11 Segment information

The Energies & Services activities of Bouygues Construction have been included within the Equans segment since the beginning of January 2023 (see Note 1.1), which impacts the comparability of the Bouygues Construction contribution between 2022 and 2023. The contribution from Bouygues Energies & Services to Bouygues Construction in 2022 is shown at the end of this note.

Equans contributed to the income statement, EBITDA after leases and other financial indicators over all of the first nine months of 2023, but made no contribution in the first nine months of 2022. The tables below show the contribution made by each business segment to key items in the income statement, balance sheet and cash flow statement.

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 9 months 2023								
Advertising					1,097			1,097
Sales of services	607	44	399	3,466	418	4,455	176	9,565
Other sales from construction businesses	6,547	1,065	8,926	9,977				26,515
Other revenues	56		2,480	283	33	1,245		4,097
Total sales	7,210	1,109	11,805	13,726	1,548	5,700	176	41,274
Inter-segment sales	(86)		(42)	(83)	(29)	(18)	(128)	(386)
THIRD-PARTY SALES	7,124	1,109	11,763	13,643	1,519	5,682	48	40,888
CURRENT OPERATING PROFIT/ (LOSS) FROM ACTIVITIES	190	1	308	377	204	585	(42)	1,623
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(6)		(3)	(22)	(46)	(77)
CURRENT OPERATING PROFIT/(LOSS)	190	1	302	377	201	563	(88)	1,546
OPERATING PROFIT/(LOSS)	130	1	295	330	177	556	(89)	1,400
Share of net profits/(losses) of joint ventures and associates	12	8	44	14	1	(32)	3	50
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	130	(2)	160	213	63	279	(178)	665

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 9 months 2022							
Advertising				1143			1,143
Sales of services	3,296	51	407	560	4,279	148	8,741
Other sales from construction businesses	6,298	1315	8,703				16,316
Other revenues	57		2414	37	1252		3,760
Total sales	9,651	1366	11,524	1740	5,531	148	29,960
Inter-segment sales	(76)		(50)	(31)	(16)	(110)	(283)
THIRD-PARTY SALES	9,575	1,366	11,474	1,709	5,515	38	29,677
CURRENT OPERATING PROFIT/ (LOSS) FROM ACTIVITIES	287	17	219	243	522	(48)	1,240
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(6)	(4)	(22)	(1)	(33)
CURRENT OPERATING PROFIT/(LOSS)	287	17	213	239	500	(49)	1,207
OPERATING PROFIT/(LOSS)	244	17	213	224	507	(104)	1,101
Share of net profits/(losses) of joint ventures and associates	5	8	32	(16)	(26)	(10)	(7)
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	187	10	135	67	290	(152)	537

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 3rd quarter 2023								
Advertising					351			351
Sales of services	206	13	122	916	151	1,507	58	2,973
Other sales from construction businesses	2,253	353	3,774	3,593				9,973
Other revenues	5		1,121	79	8	387		1,600
Total sales	2,464	366	5,017	4,588	510	1,894	58	14,897
Inter-segment sales	(30)		(15)	(46)	(12)		(42)	(145)
THIRD-PARTY SALES	2,434	366	5,002	4,542	498	1,894	16	14,752
CURRENT OPERATING PROFIT/ (LOSS) FROM ACTIVITIES	70	1	435	134	52	219	(15)	896
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(2)		(1)	(8)	(20)	(31)
CURRENT OPERATING PROFIT/(LOSS)	70	1	433	134	51	211	(35)	865
OPERATING PROFIT/(LOSS)	56	1	434	106	46	193	(37)	799
Share of net profits/(losses) of joint ventures and associates	2		11	4	1	(14)		4
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	51	(2)	292	65	17	87	(70)	440

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 3rd quarter 2022							
Advertising				327			327
Sales of services	1,116	24	140	216	1,455	49	3,000
Other sales from construction businesses	2,114	473	3,748				6,335
Other revenues	8		1,119	10	440		1,577
Total sales	3,238	497	5,007	553	1,895	49	11,239
Inter-segment sales	(24)		(20)	(10)	(3)	(36)	(93)
THIRD-PARTY SALES	3,214	497	4,987	543	1,892	13	11,146
CURRENT OPERATING PROFIT/ (LOSS) FROM ACTIVITIES	102	1	375	51	213	(15)	727
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(2)	(1)	(8)	(1)	(12)
CURRENT OPERATING PROFIT/(LOSS)	102	1	373	50	205	(16)	715
OPERATING PROFIT/(LOSS)	72	1	373	42	202	(37)	653
Share of net profits/(losses) of joint ventures and associates	1	5	10	(4)	(12)	1	1
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	52	1	263	11	116	(53)	390

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	190	1	302	377	201	563	(88)	1,546
• Interest expense on lease obligations	(5)	(1)	(21)	(9)	(2)	(23)	2	(59)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:								
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	115	8	270	125	208	889	53	1,668
• Charges to provisions and impairment losses, net of reversals due to utilisation	(11)	6	29	(51)	(22)	33	17	1
Elimination of items included in other income from operations:								
• Reversals of unutilised provisions and impairment and other items	(79)	(22)	(55)		(10)	(11)		(177)
EBITDA AFTER LEASES: 9 months 2023	210	(8)	525	442	375	1,451	(16)	2,979

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	287	17	213	239	500	(49)	1,207
• Interest expense on lease obligations	(6)		(14)	(2)	(19)	(1)	(42)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:							
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	141	8	303	318	814	10	1,594
• Charges to provisions and impairment losses, net of reversals due to utilisation	(130)	8	4	(17)	23	(1)	(113)
Elimination of items included in other income from operations:							
• Reversals of unutilised provisions and impairment and other items	(79)	(13)	(103)	(16)	(10)	(1)	(222)
EBITDA AFTER LEASES: 9 months 2022	213	20	403	522	1,308	(42)	2,424

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	70	1	433	134	51	211	(35)	865
• Interest expense on lease obligations	(2)	(1)	(8)	(4)	(1)	(9)	3	(22)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:								
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	38	3	116	41	63	312	20	593
• Charges to provisions and impairment losses, net of reversals due to utilisation	5	1	19	(15)	(13)	10	14	21
Elimination of items included in other income from operations:								
• Reversals of unutilised provisions and impairment and other items	(32)	(1)	(14)		(2)	(1)		(50)
EBITDA AFTER LEASES: 3rd quarter 2023	79	3	546	156	98	523	2	1,407

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	102	1	373	50	205	(16)	715
• Interest expense on lease obligations	(2)		(5)		(5)	(1)	(13)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:							
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	53	3	128	156	278	(1)	617
• Charges to provisions and impairment losses, net of reversals due to utilisation	(53)	(1)	7	(7)	3	(3)	(54)
Elimination of items included in other income from operations:							
• Reversals of unutilised provisions and impairment and other items	(29)	(5)	(33)	(3)	(3)		(73)
EBITDA AFTER LEASES: 3rd quarter 2022	71	(2)	470	196	478	(21)	1,192

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Financial indicators: balance sheet at 30/09/2023								
NET SURPLUS CASH/(NET DEBT)	2,769	(377)	(815)	(71)	364	(3,045)	(9,063)	(10,238)
Financial indicators: balance sheet at 31/12/2022 restated *								
NET SURPLUS CASH/(NET DEBT)	3,817	(156)	(292)	(24)	326	(2,303)	(8,823)	(7,455)

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 9 months 2023								
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	250	(1)	442	482	316	1,380	(175)	2,694
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(31)	(3)	(94)	(146)	(184)	(1,103)	(46)	(1,607)
Repayment of lease obligations (III)	(34)	(5)	(122)	(115)	(20)	(124)	(2)	(422)
FREE CASH FLOW (I) + (II) + (III)	185	(9)	226	221	112	153	(223)	665
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)	(819)	(198)	(464)	(270)	57	(291)	86	(1,899)

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 9 months 2022							
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	359	20	359	447	1,309	(110)	2,384
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(51)	(2)	(84)	(213)	(1,199)	(20)	(1,569)
Repayment of lease obligations (III)	(53)	(5)	(106)	(16)	(129)		(309)
FREE CASH FLOW (I) + (II) + (III)	255	13	169	218	(19)	(130)	506
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)	(1,116)	(147)	(1,205)	(50)	(242)	(15)	(2,775)

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators:								
3rd quarter 2023								
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	109	4	486	145	88	481	(31)	1,282
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(24)	(2)	(23)	(36)	(72)	(248)	(71)	(476)
Repayment of lease obligations (III)	(12)	(2)	(43)	(46)	(4)	(43)	(2)	(152)
FREE CASH FLOW (I) + (II) + (III)	73		420	63	12	190	(104)	654
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)								
	(36)	(47)	108	23	(6)	40	(21)	61

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 3rd quarter 2022							
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	132	(1)	445	160	468	(46)	1,158
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(28)	(1)	(37)	(74)	(362)	(3)	(505)
Repayment of lease obligations (III)	(18)	(2)	(36)	(5)	(43)	1	(103)
FREE CASH FLOW (I) + (II) + (III)	86	(4)	372	81	63	(48)	550
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)							
	(199)	104	(324)	(37)	(95)	4	(547)

The contribution from Bouygues Construction to key line items in 2022 is shown below:

	Building and Civil Works	Bouygues Energies & Services	Bouygues Construction Total
INCOME STATEMENT: 9 months 2022			
Total sales	6,833	2,818 ^a	9,651
Inter-segment sales	(44)	(32)	(76)
THIRD-PARTY SALES	6,789	2,786	9,575
CURRENT OPERATING PROFIT/(LOSS)	198	89 ^b	287
Other operating income			
Other operating expenses	(32)	(11)	(43)
OPERATING PROFIT/(LOSS)	166	78	244
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	124	63	187
EBITDA AFTER LEASES	171	42	213

(a) After eliminating transactions with Bouygues Construction: -€39m.

(b) After eliminating transactions with Bouygues Construction: -€1m.

	Building and Civil Works	Bouygues Energies & Services	Bouygues Construction Total
BALANCE SHEET AT 31 DECEMBER 2022			
NET SURPLUS CASH/(NET DEBT)	3,612	205	3,817

	Building and Civil Works	Bouygues Energies & Services	Bouygues Construction Total
Other financial indicators: 9 months 2022			
FREE CASH FLOW	200	55	255

Note 12 Off balance sheet commitments

There have been no material changes in off balance sheet commitments since 31 December 2022.

Note 13 Related party information

There have been no material changes in the nature of transactions with related parties since 31 December 2022.