

Registered number: 04513466

**EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN
ENERGY GROUP LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

WEDNESDAY



AC66C3LC

A22

21/06/2023

#23

COMPANIES HOUSE

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

COMPANY INFORMATION

DIRECTORS	B Lala J-P Loiseau J Graham
COMPANY SECRETARY	P Moens
REGISTERED NUMBER	04513466
REGISTERED OFFICE	EQUANS Q10 Office Quorum Business Park Benton Lane Newcastle-upon-Tyne Tyne and Wear NE12 8BU
INDEPENDENT AUDITOR	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne NE1 4JD

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Income statement	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 24

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

INTRODUCTION

The Directors present their strategic report for the year ended 31 December 2021.

The Company changed its name from ENGIE Urban Energy Group Limited to EQUANS Urban Energy Group Limited on 4 April 2022.

PRINCIPAL ACTIVITIES

The principal activity of EQUANS Urban Energy Group Limited (formerly ENGIE Urban Energy Group Limited) ("the Company") is that of a holding company.

BUSINESS REVIEW

The world continued to face the COVID-19 pandemic, albeit the UK transitioned towards living with the virus during the year, resulting in a reduced health and economic impact on the EQUANS UK Business Unit ("EQUANS UK") business, of which the Company is part.

In response to the crisis, both the Company and the EQUANS group have continued taking numerous actions to help mitigate the impact of the pandemic. The Company's and the EQUANS group's top priority is clearly the health and safety of all its stakeholders, especially its employees.

Given the activities of the Company, there has been no impact of the pandemic on the results or position of the Company during the financial year.

The Company and the EQUANS group have no experience of a similar crisis, although the Company is confident it has the financial support of the EQUANS group in relation to both short-term liquidity and longer term financing solutions to help overcome any financial challenges that may arise. The situation is, of course, under continual review.

PRINCIPAL RISKS AND UNCERTAINTIES

The identification, assessment, pursuit and management of opportunities and the associated risks is an integral part of the management and processes of the Company. The Company has rigorous processes in place for managing the exposure within a specified opportunities and risk management framework that applies to all activities of the Company, including:

Investment risk

The Company acts as a holding company of investments. The main risk facing the Company is a deterioration in the recoverable amount of its investments in subsidiary undertakings, which reflects their underlying performance and future prospects. The Directors assess the recoverable amounts of investments annually or when indicators of impairment exist, by performing an impairment test, comparing for each investment the recoverable amount with its carrying value. Only if there is an impairment loss is the carrying value reduced to the recoverable amount.

FINANCIAL KEY PERFORMANCE INDICATORS

Owing to the Company's activities, being that of a holding company, financial and other key performance indicators are not considered necessary for an understanding of the development, performance or position of the Company. The EQUANS group manages its business and measures the delivery of its strategic objectives through the application of KPIs at operating business, business unit and group level.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

**DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE
COMPANY (UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006)**

Long term consequences of decisions made in year

The Company is a holding company and therefore the key stakeholders have been determined to be the Company's parent and subsidiary undertakings. The decisions made in the year have been outlined within the business review and have been made with a view to strengthening the position of the Company and its subsidiary undertakings going forward. There are no KPI's used by the Company in measuring performance.

Fostering business relationships with suppliers, customers and other stakeholders

The Company's commitments are governed by the Responsible Business Charter. The Charter is in itself underpinned by standards such as the ISO 20400 Sustainable Procurement Standard for responsible procurement and ISO 37001:2016 Standard for anti-corruption management system which guide engagement with key stakeholders.

The Company's relationship with its parent and subsidiary undertakings is managed at an EQUANS UK level to ensure the success of EQUANS UK and the ENGIE group overall.

Impact of the Company's operations on the community and environment

As a holding company, the Company's impact on the community and environment is minimal, however the ENGIE group strategy overall is heavily focused on leading in the zero-carbon transition. More information on this can be found at <https://www.equans.com/en/group/our-vision/our-strategy>.

The maintenance of high standards of conduct

The UK Directors maintain high standards of business conduct by ensuring that activities of EQUANS UK are in line with the EQUANS' Ethics Charter, policies and codes of conduct. The overarching Ethics Charter includes a zero tolerance for all forms of corruption and is supplemented with a range of more specific policies and practical guidelines which deal with areas such as supplier relationships, conflicts of interest and gifts and hospitality. All Board members have received training in this respect. The Directors' actions are also guided by the EQUANS' group's core values: Innovative, Demanding, Accountable, Client-focused, Goodwill and One Team, which help define the EQUANS companies' strategies and targets. Additionally, EQUANS UK has issued a Responsible Business Charter, which aims to ensure that EQUANS UK operates to the highest economic, social and environmental standards while building and maintaining public trust.

Summary of methods used by the Directors to engage with stakeholders and understanding issues relevant to key decisions

The Directors utilise a full range of communication channels managed at the EQUANS UK level to engage with stakeholders. These include face to face meetings (virtual and in person), forums and events, reports and other written materials, as well as through public relations activity, targeted digital content and social media.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

GOING CONCERN

During 2022, the EQUANS group commenced a strategic review of the district heating and electric vehicle charging activities in the United Kingdom. The strategic review is incomplete at the date of this report. There is a possibility that during the period to 30 June 2024 (the going concern assessment period), the strategic review could conclude that a disposal of these businesses is the preferred route, which would result in control of the Company passing to an acquirer. Therefore, the Directors are unable to control all scenarios for the Company's future, including its funding arrangements, if there were to be a disposal. However, in the Directors' view, if a sale were to occur, the acquirer would ensure that suitable liquidity would be made available to the Company to meet its obligations and to fund its growth. This view is predicated on an acquirer being required to purchase any intra-group debt payable by the Company and acquirer's aim to recover its purchase price through profits and cash flow.

Until the date of any possible disposal within the period to 30 June 2024, the Directors are confident that suitable liquidity is available to ensure that the business can fund its growth and operations. However, given the uncertainty surrounding the possible conclusion of the strategic review during the period to 30 June 2024, the Directors have accepted, for that reason only, that there is a requirement to provide disclosure in this respect. Such a change is considered a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company was unable to continue as a going concern.

The Directors have considered the budgets, liquidity and financial arrangements available to the Company, including its access to the group cash pool maintained by EQUANS S.A.S., as well as the letter of support provided by EQUANS Holding UK Limited and confirm that there is a reasonable expectation that the Company has adequate resources to pay its liabilities as they fall due during the period to 30 June 2024. However, as the Directors have no control over the plans of any buyer, should the strategic review result in a disposal of the business, disclosure has been included herein in relation to that matter.

This report was approved by the Board on 19 June 2023 and signed on its behalf.

DocuSigned by:

James Graham

391D4DBE97874CF...

J Graham
Director

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £nil (2020: £353,000).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: £nil).

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were:

L Kitchen (resigned 30 June 2021)
A Hart (resigned 30 June 2021)
B Lala (appointed 5 August 2021)
S Hockman (appointed 5 August 2021, resigned 28 February 2022)
J-P Loiseau (appointed 1 March 2022)
J Graham (appointed 24 May 2022)

FUTURE DEVELOPMENTS

The Directors expect there to be no changes in the future activities or prospects of the Company. The Company will continue to act as a holding company for the EQUANS Urban Energy companies.

FINANCIAL INSTRUMENTS

The Company monitors its exposure to risk on an ongoing basis. The Company's activities do not expose it to any material price risk, cash flow risk or foreign exchange risk. Owing to the nature of the Company's business and the assets and liabilities contained within the balance sheet, the financial risks the Directors consider relevant to the Company are credit risk and liquidity risk. The Company has not used financial instruments to manage its exposure to these risks.

Credit risk

Credit risk arises on the Company's principal financial assets, which are amounts owed by related parties. The credit risk on amounts owed by related parties is not considered to be significant, given the strong credit rating of the counterparty.

Liquidity risk

The Company has no significant exposure to liquidity risk, as the financial liabilities of the Company are amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, which is particularly important given the ongoing economic crisis, the Company benefits from access to both short-term liquidity and longer-term financing support from the EQUANS group.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The information in respect of business relationships has been disclosed in the strategic report.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:


- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

The Company changed its name from ENGIE Urban Energy Group Limited to EQUANS Urban Energy Group Limited on 4 April 2022.

On 4 October 2022, Bouygues S.A. became the Company's ultimate controlling parent following the sale of EQUANS S.A.S. by ENGIE S.A. to Bouygues S.A.

This report was approved by the Board on 19 June 2023 and signed on its behalf.

DocuSigned by:

391D4DBE97874CF...

J Graham
Director

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUANS URBAN ENERGY GROUP LIMITED

Opinion

We have audited the financial statements of Equans Urban Energy Group Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw your attention to note 2.3 to the financial statements, which explains that the directors have prepared the financial statements on a going concern basis, as they have cashpooling facilities and a parental support letter from Equans Holdings UK Limited forming part of their going concern assessment. That support is conditional on the company remaining part of the Equans group, however the Equans group has initiated a Strategic Review of its Urban Energy business line, of which the company is a component, which may result in the company no longer being part of the Equans group. As stated in note 2.3, these events or conditions, along with the other matters set forth in note 2.3, indicate a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUANS URBAN ENERGY GROUP LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUANS URBAN ENERGY GROUP LIMITED
(CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

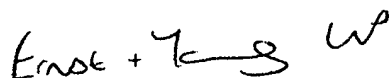
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
 - Companies Act 2006 and FRS101
 - Tax legislation (governed by HM Revenue & Customs) and including furlough legislation
 - Health and Safety legislation
- We understood how Equans Urban Energy Group Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment. We made enquiries of the Company's legal counsel and senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing. We also considered the oversight procedures of the Company's parent entity at a UK level through the "Executive Board".
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the UK Chief Financial Officer, the UK Deputy Chief Financial Officer, the UK Group Financial Controller. We obtained details of incidents and allegations of fraud raised internally and investigated by the Company's ethics and compliance team. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement, recognition of revenue and profits on contracts, to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board meetings and other committee minutes, including the Risk Management Committee, and incident registers to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing and data analytics, as set out above. Our testing also included consideration of compliance of employees with policies and codes of conduct at a contract level, for a sample of contracts, based on their size and complexity.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
19 June 2023

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Administrative expenses		-	(36)
Operating profit/(loss)	4	-	(36)
Income from shares in group undertakings		-	382
Interest receivable and similar income	5	91	143
Interest payable and similar expenses	6	(91)	(143)
Profit before tax		-	346
Tax on profit	7	-	7
Profit for the financial year		-	353

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement and therefore no statement of comprehensive income has been presented.

The notes on pages 13 to 24 form part of these financial statements.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)
REGISTERED NUMBER: 04513466

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	8	3,697	3,697
		<u>3,697</u>	<u>3,697</u>
Current assets			
Debtors: amounts falling due after more than one year	9	5,192	5,649
Debtors: amounts falling due within one year	9	265	229
		<u>5,457</u>	<u>5,878</u>
Creditors: amounts falling due within one year	10	(3,066)	(3,030)
Net current assets		<u>2,391</u>	<u>2,848</u>
Total assets less current liabilities		<u>6,088</u>	<u>6,545</u>
Creditors: amounts falling due after more than one year	11	(5,185)	(5,642)
Net assets		<u>903</u>	<u>903</u>
Capital and reserves			
Called up share capital	15	550	550
Profit and loss account	16	353	353
Total equity		<u>903</u>	<u>903</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 19 June 2023.

DocuSigned by:

James Graham

391D4DBE97874CF...

J Graham

Director

The notes on pages 13 to 24 form part of these financial statements.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	550	-	550
Comprehensive income for the year			
Profit for the financial year	-	353	353
Total comprehensive income for the year	-	353	353
At 1 January 2021	550	353	903
At 31 December 2021	550	353	903

The notes on pages 13 to 24 form part of these financial statements.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. GENERAL INFORMATION

The financial statements of EQUANS Urban Energy Group Limited for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 19 June 2023 and the statement of financial position was signed on the Board's behalf by J Graham.

The Company changed its name from ENGIE Urban Energy Group Limited to EQUANS Urban Energy Group Limited on 4 April 2022.

The Company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is EQUANS, Q10 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8BU.

The results of the Company for the year ended 31 December 2021 are included in the consolidated financial statements of ENGIE S.A., which are available from ENGIE, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The functional and presentation currency of the Company is Pounds Sterling ("£") and all values in these financial statements are rounded to the nearest thousand pounds ("£000") except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is itself a subsidiary company and is exempt from the requirement to prepare consolidated financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

During 2022, the EQUANS group commenced a strategic review of the district heating and electric vehicle charging activities in the United Kingdom. The strategic review is incomplete at the date of this report. There is a possibility that during the period to 30 June 2024 (the going concern assessment period), the strategic review could conclude that a disposal of these businesses is the preferred route, which would result in control of the Company passing to an acquirer. Therefore, the Directors are unable to control all scenarios for the Company's future, including its funding arrangements, if there were to be a disposal. However, in the Directors' view, if a sale were to occur, the acquirer would ensure that suitable liquidity would be made available to the Company to meet its obligations and to fund its growth. This view is predicated on an acquirer being required to purchase any intra-group debt payable by the Company and acquirer's aim to recover its purchase price through profits and cash flow.

Until the date of any possible disposal within the period to 30 June 2024, the Directors are confident that suitable liquidity is available to ensure that the business can fund its growth and operations. However, given the uncertainty surrounding the possible conclusion of the strategic review during the period to 30 June 2024, the Directors have accepted, for that reason only, that there is a requirement to provide disclosure in this respect. Such a change is considered a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would be required if the Company was unable to continue as a going concern.

The Directors have considered the budgets, liquidity and financial arrangements available to the Company, including its access to the group cash pool maintained by EQUANS S.A.S., as well as the letter of support provided by EQUANS Holding UK Limited and confirm that there is a reasonable expectation that the Company has adequate resources to pay its liabilities as they fall due during the period to 30 June 2024. However, as the Directors have no control over the plans of any buyer, should the strategic review result in a disposal of the business, disclosure has been included herein in relation to that matter.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.5 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 DIVIDEND INCOME

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

2.7 TAXATION

The tax for the year comprises current and deferred tax. Tax is recognised in the income statement except that an expense attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less any accumulated impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.9 ASSOCIATES AND JOINT VENTURES

Associates and joint ventures are held at cost less impairment.

2.10 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value in accordance with IFRS 9.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company requires expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. However, the nature of estimation means the actual outcomes could differ from those estimates.

The following judgments, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements:

Carrying value of investments

The carrying values of investments is dependent on the future profits and cash flows of the relevant group companies. The Directors have performed an assessment of the recoverability of both investments and intercompany balances in line with the Company's accounting policy, in light of future projected profitability and cash flows, which requires the use of estimates. The Directors have concluded that the carrying value of investments is supported and that all amounts are fully recoverable.

4. OPERATING PROFIT/(LOSS)

The Company has no employees (2020: none). All Directors' remuneration is paid by fellow group undertakings in respect of their services to group companies. The Directors' services to the Company do not occupy a significant amount of time and consequently no allocation can be made to the Company, nor its subsidiaries, for qualifying services for the year (2020: £nil).

The fees payable to the Company's auditor for the audit of the annual financial statements of the Company, amounting to £3,000 (2020: £3,000), have been borne by the subsidiary undertaking, EQUANS Urban Energy Limited (formerly ENGIE Urban Energy Limited).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Interest receivable from related parties	91	143

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	2020 £000
Interest payable on loans from group undertakings	91	143

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. TAXATION

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences	-	(7)
Total deferred tax	-	(7)
Tax on profit	-	(7)

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed for the year is the same as (2020: *lower than*) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	-	346
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	-	66
Effects of:		
Dividends from UK companies	-	(73)
Total tax credit for the year	-	(7)

FACTORS THAT MAY AFFECT FUTURE TAX EXPENSES

Legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed a planned reduction of the main rate of UK corporation tax, thereby maintaining the current rate of 19%. The Finance (No.2) Bill 2019-2021 (enacted 10 June 2021) included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which came into effect from 1 April 2023. Deferred taxes on the statement of financial position have been measured at the substantively enacted corporation tax rate that will be effective when they are expected to be realised.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost			
At 1 January 2021	3,530	167	3,697
At 31 December 2021	3,530	167	3,697
Net book value			
At 31 December 2021	3,530	167	3,697
At 31 December 2020	3,530	167	3,697

The Directors believe that the carrying value of the investments is supported by their forecast cash flows.

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
EQUANS Urban Energy Limited (formerly ENGIE Urban Energy Limited)	Ordinary	100%
Birmingham District Energy Company Limited	Ordinary	100%
Coventry District Energy Company Limited	Ordinary	100%
Excel District Energy Company Limited	Ordinary	100%
Leicester District Energy Company Limited	Ordinary	100%
Bloomsbury Heat & Power Limited	Ordinary	100%
The Southampton Geothermal Heating Company Limited	Ordinary	100%
Gower Street Heat & Power Limited ^	Ordinary	100%
Industrielle de Chauffage Enterprise United Kingdom Limited * ^	Ordinary	100%
Regenerate Newcastle Supply Co Limited	Ordinary	90%

* These shares are indirectly held by the Company.

^ These companies were dissolved on 10 February 2023.

The subsidiary undertakings are all incorporated in England and Wales and the registered office is EQUANS Q10 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8BU, except in the case of the companies in liquidation, which had a registered office at 30 Finsbury Square, London, EC2A 1AG.

OTHER INVESTMENTS

The Company also indirectly holds 40% of the ordinary share capital of Regenerate Newcastle Asset Co Limited, which is incorporated in England and Wales and the registered office is Democratic Services, Barras Bridge, Newcastle-upon-Tyne, NE99 1RD.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. DEBTORS

	2021	2020
	£000	£000
Due after more than one year		
Amounts owed by related parties	5,185	5,642
Deferred tax asset	7	7
	<u>5,192</u>	<u>5,649</u>
Due within one year		
Amounts owed by related parties	<u>265</u>	<u>229</u>

10. CREDITORS: Amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	<u>3,066</u>	<u>3,030</u>

Amounts owed to group undertakings are unsecured and interest free.

11. CREDITORS: Amounts falling due after more than one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	<u>5,185</u>	<u>5,642</u>

Amounts owed to group undertakings comprise an intercompany balance with EQUANS Urban Energy Limited (formerly ENGIE Urban Energy Limited) of £5,185,000 (2020: £5,642,000), which is unsecured and accrues interest pursuant to the Shareholder Funding Agreements. The loan is repayable as disclosed in note 12.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. LOANS

Analysis of the maturity of loans is given below:

	2021	2020
	£000	£000
Amounts falling due 2-5 years		
Amounts owed to group undertakings	162	-
Amounts falling due after more than 5 years		
Amounts owed to group undertakings	5,023	5,642
	<u>5,185</u>	<u>5,642</u>

13. FINANCIAL INSTRUMENTS

	2021	2020
	£000	£000
Financial assets		
Financial assets measured at amortised cost	5,450	5,871
	<u>5,450</u>	<u>5,871</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(8,251)	(8,672)
	<u>(8,251)</u>	<u>(8,672)</u>

Financial assets measured at amortised cost comprise amounts owed by related parties.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. DEFERRED TAXATION

	2021	2020
	£000	£000
At beginning of year	7	-
Credited to the income statement	-	7
At end of year	7	7

The deferred tax asset is made up as follows:

	2021	2020
	£000	£000
Tax losses carried forward	7	7

15. CALLED UP SHARE CAPITAL

	2021	2020
	£000	£000
Allotted, called up and fully paid		
550,203 (2020: 550,203) Ordinary shares of £1.00 each	550	550

16. RESERVES**Profit and loss account**

The profit and loss account records the cumulative amount of profits and losses less any cumulative distribution of dividends.

17. RELATED PARTY TRANSACTIONS

The Company had an outstanding loan of £5,185,000 (2020: £5,642,000) owed by Regenerate Newcastle Asset Co Limited, which is accruing interest pursuant to the Shareholder Funding Agreements. This is included in note 9.

The Company has recognised interest receivable from Regenerate Newcastle Asset Co Limited of £91,000 (2020: £143,000) during the year. This is included in note 5.

The Company had an outstanding debtor balance of £265,000 (2020: £229,000) relating to accrued interest owed by Regenerate Newcastle Asset Co Limited. This is included in note 9.

EQUANS URBAN ENERGY GROUP LIMITED (FORMERLY ENGIE URBAN ENERGY GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. POST BALANCE SHEET EVENTS

The Company changed its name from ENGIE Urban Energy Group Limited to EQUANS Urban Energy Group Limited on 4 April 2022.

On 4 October 2022, Bouygues S.A. became the Company's ultimate controlling parent following the sale of EQUANS S.A.S. by ENGIE S.A. to Bouygues S.A.

19. CONTROLLING PARTY

The immediate parent company of EQUANS Urban Energy Group Limited (formerly ENGIE Urban Energy Group Limited) is EQUANS DE Holding Company Limited (formerly ENGIE DE Holding Company Limited), a company registered in England and Wales. As of 4 October 2022, the Directors regard Bouygues S.A. to be the ultimate parent company and controlling party of EQUANS Urban Energy Group Limited (formerly ENGIE Urban Energy Group Limited). Bouygues S.A. is registered in France.

As at 31 December 2021, the Directors regarded ENGIE S.A. as the ultimate parent company and controlling party of EQUANS Urban Energy Group Limited (formerly ENGIE Urban Energy Group Limited). ENGIE S.A. is registered in France.

The parent undertaking of the smallest and largest group which includes the Company for which consolidated financial statements are prepared for the year ended 31 December 2021 is ENGIE S.A.

Copies of the consolidated financial statements for the year ended 31 December 2021 may be obtained from ENGIE, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.