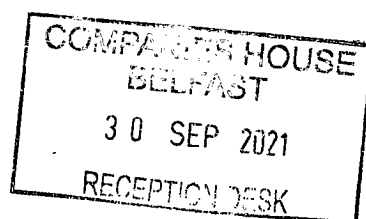


SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**Annual Report and Financial Statements
For the Year Ended 31 December 2020**



Company Information

Directors

R J Brook
C A Campbell

Company secretary

Oakwood Corporate Secretary Limited

Registered number

00950340

Registered office

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

Independent auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

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**Directors' Report
For the Year Ended 31 December 2020**

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The company is an investment holding company.

The immediate parent of the company is Ondeo Industrial Solutions UK Limited, the ultimate parent is SUEZ Water Technologies and Solutions (S.A.).

Results and dividends

The loss for the year, after taxation, amounted to £2,963,000 (2019 - loss £2,823,000).

The directors do not recommend the payment of a dividend (2019: £Nil).

Directors of the company

The directors who held office during the year and up to the date of directors' report were as follows :

R J Brook
C A Campbell

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Principal risks and uncertainties

The Covid-19 pandemic, which the World Health Organization declared a public health emergency on January 30, 2020, had a significant impact on the economies of the countries where SUEZ operates over the year, and especially during the second quarter.

The UK has now lifted lockdown restrictions, which continue to have an impact on the UK economy. Even though there is a growing optimism for the future outlook of the economy following the development, regulatory approval and rollout of vaccines it is anticipated that the Covid-19 pandemic will continue to have an impact on the upcoming financial years.

Essential and vital public service missions have been fulfilled in all regions. The Group has set up the necessary measures to enable all of its teams and subcontractors to work without jeopardizing their safety or their clients' safety.

Against a particularly difficult backdrop, SUEZ has strengthened its financial structure by keeping a very large liquidity position with the issuance of nearly EUR 2 billion in long-term debt, equalling all long-term debt maturing by June 2022.

The company is a holding company and is supported by affiliated companies in the SUEZ group. Accordingly the directors expect that the company will be able to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Therefore, the company is expected to continue as a going concern in the foreseeable future, in spite of COVID-19.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

In line with the Group internal policies the company's measures to identify and monitor risks create an adequate support system to resolve and react to emerging risks and develop appropriate solutions case by case, mitigating the exposure to risks that could affect continuity of operations.

Business Impact in Relation to Brexit

The United Kingdom (UK) withdrew from the European Union (EU) on 31 January 2020. The transition period has completed on 31 December 2020. The company is a holding and Brexit is not expected to have a significant impact in its activities.

Going concern

For the year ended 31 December 2020 the company incurred a loss of £2,963,000 and as at 31 December 2020, the company has net current liabilities of £25,770,000 and net liabilities of £20,905,000. For this reason the directors have obtained a letter of support from the ultimate parent entity, SUEZ Water Technologies and Solutions (S.A.). The letter of support confirms that the ultimate parent entity will provide financial support to assist the company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet its liabilities. This commitment of support is for the period to 31 October 2022, which is consistent with the directors going concern assessment period and is at least 12 months from the date of approval of this report. The directors have assessed the ability of the ultimate parent entity to provide this support and are satisfied that there are no concerns. Therefore, the directors have a reasonable expectation that the company can continue as a going concern for a period to at least 31 October 2022. Accordingly, the financial statements have been prepared on a going concern basis.

Post balance sheet events

On April 12, 2021, Veolia and SUEZ, the ultimate parent company, announced that, on April 11, 2021, their respective Boards of Directors came to an initial agreement on the main terms and conditions of the merger between the two Groups. The two Groups agreed a takeover bid from Veolia at a price of EUR 20.50 per SUEZ share (coupon attached) subject to the conclusion of the definitive merger agreement, which the parties signed on May 14, 2021.

The agreement is expected to enable:

- the creation of a new SUEZ composed of assets forming a coherent and sustainable entity from an industrial and social perspective, with real growth potential and revenues of around EUR 7 billion;
- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of around EUR 37 billion, through the SUEZ takeover bid, which is to include all strategic assets identified by Veolia;
- the reiteration of Veolia's Social commitments for four years after the agreement is finalized;
- The new SUEZ resulting from this agreement is expected to be owned by a group of shareholders including the employees and financial partners of the two Groups. The majority of the shareholders of the new SUEZ are expected to be French.

On May 14, 2021, Veolia and SUEZ signed a merger agreement and then a Memorandum of Understanding with Meridiam, Caisse des Dépôts et Consignations, CNP Assurances and Global Infrastructure Partners (the "Consortium"). Prior to the signing, the merger agreement and the Memorandum of Understanding were approved by the Boards of Directors of Veolia and SUEZ. The SUEZ Board also viewed the proposed merger between the two Groups favorably.

The merger agreement entered into by Veolia and SUEZ details the terms and conditions of the implementation of the offer and establishes the general principles for the creation of the "new SUEZ" via the sale by SUEZ to the Consortium of its Water and Waste activities (excluding hazardous waste) in France and of certain international operations (the "Perimeter Divestment").

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

On June 29, 2021, after reading the opinion of the SUEZ Group works council on the offer dated June 21, 2021 and the report of the independent expert (Finexsi) on the financial terms of the offer dated June 29, 2021, the SUEZ Board of Directors decided that the offer was in the interest of SUEZ, its shareholders and its employees, and recommended that shareholders tender their SUEZ shares to the offer. The report of the independent expert concluded that the offer price is fair from a financial standpoint for SUEZ shareholders.

In accordance with the terms of the merger agreement, Veolia therefore decided to raise the price of the proposed offer, as announced, from EUR 18 per share (cum dividend) to EUR 20.50 per share (cum dividend), informed the AMF of said price increase, and filed the corresponding draft amended offering circular. The proposed offer as raised and the draft amended offering circular were filed with the AMF on June 30, 2021.

Readers are reminded that, following the detachment of the dividend of EUR 0.65 per share approved by the annual SUEZ shareholders' meeting on June 30, 2021, the price of EUR 20.50 per share (cum dividend) was automatically reduced by EUR 0.65 to EUR 19.85 per share (cum distribution rights).

On July 20, 2021, the French Financial Markets Authority (Autorité des marchés financiers – AMF) approved the proposed takeover bid and granted visa no. 21-338(2) the AMF granted visa no. 21-339 to the draft response prepared by SUEZ.

This merger remains subject to various approvals from antitrust and regulatory authorities in different geographies.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006. Advantage has been taken of the exemption under section 414B of the Companies Act 2006 from the requirement to prepare a Strategic Report.

Disclosure of information to auditors

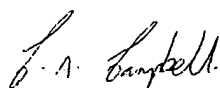
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

Approved by the Board on ^{29/09/2021} and signed on its behalf by:

C A Campbell
Director



**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

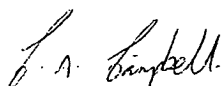
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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.

Approved by the Board on 29/09/2021 and signed on its behalf by:



C A Campbell
Director

SUEZ Water Technologies & Solutions United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Opinion

We have audited the financial statements of SUEZ Water Technologies & Solutions United Kingdom for the year ended 31 December 2020 which comprise the Profit and Loss Account and other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, 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 2020 and of its loss 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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 31 October 2022, which is at least 12 months from when the financial statements are authorised for issue.

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.

SUEZ Water Technologies & Solutions United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM (CONTINUED)

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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirements to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM (CONTINUED)

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.

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 those that relate to the reporting framework (the Companies Act 2006 and FRS 101 'Reduced Disclosure Framework') and relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations that may have an indirect effect on the determination of the amounts and disclosures in the financial statements. These are those laws and regulations relating to employee matters, health and safety and bribery and corruption practices.
- We understood how the company is complying with those frameworks by performing enquiries of management. We corroborated our enquiries by performing a review of the company's board minutes as well as any applicable correspondence from regulatory bodies. We noted no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management across the business to understand where they considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings and how they would achieve that.
- Based on this understanding we designed audit procedures to identify noncompliance with laws and regulations. We considered the risk of fraud through management override of controls and designed testing over manual journals entries as part of our audit approach. We used data analysis to select manual journals with specific risk criteria and obtained supporting evidence for the journals selected. We also assessed that the valuation of investments in subsidiaries was a judgemental area of the audit which is more susceptible to fraud. We obtained an understanding of the controls over this process and tested managements valuation. We compared the carrying value of the Investment as at 31 December 2020 to the recoverable amount of the investment, being the higher of fair value less cost of disposal and value in use.

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.

SUEZ Water Technologies & Solutions United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM (CONTINUED)

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.

Ernst & Young LLP

Neil Corry (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 30 September 2021

Profit and Loss Account and Other Comprehensive Income
For the Year Ended 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Administrative expenses		(494)	(323)
Other income	4	2	527
Operating (loss)/profit		<u>(492)</u>	<u>204</u>
Impairment of fixed asset investments	8	(2,213)	(2,428)
Interest receivable and similar income	5	2	493
Interest payable and similar expenses	6	(260)	(1,090)
Loss before taxation		<u>(2,963)</u>	<u>(2,821)</u>
Tax on loss	7	—	(2)
Loss for the financial year		<u>(2,963)</u>	<u>(2,823)</u>
Total comprehensive loss for the financial year		<u><u>(2,963)</u></u>	<u><u>(2,823)</u></u>

The above results were derived from continuing operations.

The notes on pages 12 to 21 form an integral part of these financial statements.

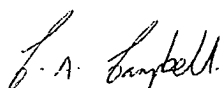
SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Investments	8	4,873	7,086
		<u>4,873</u>	<u>7,086</u>
Current assets			
Debtors: amounts falling due within one year	9	686	1,306
Cash at bank	10	398	398
		<u>1,084</u>	<u>1,704</u>
Creditors: amounts falling due within one year	11	<u>(26,861)</u>	<u>(26,731)</u>
Net current liabilities		<u>(25,777)</u>	<u>(25,027)</u>
Total assets less current liabilities		(20,904)	(17,941)
Creditors - amounts falling due after more than one year		(1)	(1)
Net liabilities		<u><u>(20,905)</u></u>	<u><u>(17,942)</u></u>
Capital and reserves			
Called-up share capital	13	—	—
Share premium account		12,810	12,810
Profit and loss account		(33,715)	(30,752)
Shareholders' deficit		<u><u>(20,905)</u></u>	<u><u>(17,942)</u></u>

Approved by the Board on 29/09/2021

and signed on its behalf by:



C A Campbell
Director

The notes on pages 12 to 21 form an integral part of these financial statements.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total Shareholders deficit
	£000	£000	£000	£000
At 1 January 2020	—	12,810	(30,752)	(17,942)
Comprehensive loss for the financial year				
Loss for the financial year	—	—	(2,963)	(2,963)
Total comprehensive loss for the financial year	—	—	(2,963)	(2,963)
At 31 December 2020	—	12,810	(33,715)	(20,905)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total Shareholders deficit
	£000	£000	£000	£000
At 1 January 2019	—	12,810	(27,929)	(15,119)
Comprehensive loss for the financial year				
Loss for the year	—	—	(2,823)	(2,823)
Total comprehensive loss for the financial year	—	—	(2,823)	(2,823)
At 31 December 2019	—	12,810	(30,752)	(17,942)

The notes on pages 12 to 21 form an integral part of these financial statements.

Called up share capital

Called up share capital represents the issued and fully paid up equity share capital of the company.

Share premium account

Share premium account includes any premiums received on the share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Profit and loss includes all current and prior period profit and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor 1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2. Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are presented in Pound Sterling and are rounded to nearest thousand.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

The name of the ultimate parent company is SUEZ Water Technologies and Solutions (S.A.). The Group's headquarter is in the CB21 Tower, 16 Place De L'Iris, 92040 Paris La Defense, France. The consolidated financial statements of this company are available to the public and may be obtained from www.suez.com.

2.3 Exemption from preparing group accounts

The company is a subsidiary company and is exempt from the requirement to prepare group accounts 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Summary of disclosure exemptions

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

- 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 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.

2.5 Going concern

For the year ended 31 December 2020 the company incurred a loss of £2,963,000 and as at 31 December 2020, the company has net current liabilities of £25,770,000 and net liabilities of £20,905,000. For this reason the directors have obtained a letter of support from the ultimate parent entity, SUEZ Water Technologies and Solutions (S.A.). The letter of support confirms that the ultimate parent entity will provide financial support to assist the company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet its liabilities. This commitment of support is for the period to 31 October 2022, which is consistent with the directors going concern assessment period and is at least 12 months from the date of approval of this report. The directors have assessed the ability of the ultimate parent entity to provide this support and are satisfied that there are no concerns. Therefore, the directors have a reasonable expectation that the company can continue as a going concern for a period to at least 31 October 2022. Accordingly, the financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Taxation

Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2.7 Investments

Investment in subsidiary and associate undertakings are shown at cost less provision for impairment.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its fair value less costs of disposal (for which its net asset value may be used as a reasonable proxy) and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in Profit and Loss Account in the period.

2.8 Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency in thousands.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

2.9 Debtors

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

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairment of investments

The principal activity of the company is to act as a holding company for underlying subsidiaries and associates. As a result the main risk facing the company is the underlying trade of the investments not supporting the carrying value.

Investments are subject to impairment when there are indicators, such as, the net assets of the underlying company being less than the carrying value of the investments, adverse trade conditions in the underlying investments, cessation of trade in the underlying investments, significant losses in the year in the underlying investments and impairment of fixed assets in the underlying investments in the year.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the investments to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Impairment losses arising in respect of investments are not reversed once recognised.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2020	2019
	£000	£000
Bank charges	—	(1)
Foreign exchange (gain)/loss	<u>(485)</u>	<u>527</u>

5. Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable from other group companies	2	10
Interest income on bank deposits	—	483
	<u>2</u>	<u>493</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Interest payable and similar expenses

	2020	2019
	£000	£000
Other interest payable	260	1,090
	<u>260</u>	<u>1,090</u>

7. Tax on loss

Tax charged in the Profit and Loss Account

	2020	2019
	£000	£000
Current taxation		
UK corporation tax	—	—
Adjustments in respect of previous periods	<u>—</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Tax on loss (continued)**Factors affecting tax charge for the year**

The tax assessed for the period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Loss before tax	<u>(2,963)</u>	<u>(2,821)</u>
Corporation tax at the standard rate of 19% (2019 - 19%)	(563)	(537)
Total tax charge per income statement	—	2
Effects of:		
Expenses not deductible for tax purposes	422	537
Movement on deferred tax not provided	—	—
Partnership allocation	(483)	—
Amounts not recognised	624	—
Total tax charge/(credit)	<u>—</u>	<u>2</u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 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 is due to be effective from 1 April 2023.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £385,000 of deductible temporary differences (2019: £185,000) and £1,901,000 (2019:£1,216,000) of unused tax losses for which no deferred tax asset is recognised in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Fixed asset investment

	Investments in subsidiary companies £000	Investments in associates undertakings £000	Total £000
Cost			
At 1 January 2020	22,318	13,720	36,038
At 31 December 2020	<u>22,318</u>	<u>13,720</u>	<u>36,038</u>
Accumulated impairment			
At 1 January 2020	22,315	6,637	28,952
Charge for the period	—	2,213	2,213
At 31 December 2020	<u>22,315</u>	<u>8,850</u>	<u>31,165</u>
Net book value			
At 31 December 2020	<u>3</u>	<u>4,870</u>	<u>4,873</u>
At 31 December 2019	<u>3</u>	<u>7,083</u>	<u>7,086</u>

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2020. This has resulted in a write-off of £2,213,000 (2019: £2,428,000), the investment having been valued at the company's share of the net asset of the group undertaking.

Details of the statutory undertakings as at 31 December 2020 are as follows:

Name of subsidiary	Principal Activity	Registered office	Class of shares held	Proportion of ownership interest
Monsal Holdings Limited	Holding entity activities	1 Ashley Road, 3rd Floor, Altrincham, Cheshire, WA14 2DT, United Kingdom	Ordinary	100%
Monsal Limited*	Trading activities	1 Ashley Road, 3rd Floor, Altrincham, Cheshire, WA14 2DT, United Kingdom	Ordinary	100%

*Indirect holding

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Fixed asset investment (continued)

Details of the associate undertaking as at 31 December 2020 are as follows:

Name of associate	Principal Activity	Registered Office	Proportion of ownership interest
SUEZ Water Technologies & Solutions (UK) Limited Partnership	Manufacturing and sales activity	Hydro House, Newcombe Way, Peterborough, PE2 6SE, Cambridgeshire	47.21%

9. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	686	1,306
	686	1,306

Cash pool amounts owed by group undertakings of £550,000 (2019: £1,297,000) are interest bearing, unsecured and repayable on demand at a 3% annual interest rate. Other amounts owed by group undertakings of £136,000 (2019: £9,000) are interest free, unsecured and repayable on demand.

10. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank	398	398

11. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Bank loans	—	62
Amounts owed to group undertakings	26,861	26,667
Corporation tax	—	2
	26,861	26,731

Loans owed to group undertakings of £26,708,000 (2019: £26,666,000) are unsecured and repayable on demand at a variable interest rate of three months Libor plus 178 base points - three months Euribor plus 236 base points. Other amounts owed to group undertakings of £153,000 (2019: £1,000) are interest free, unsecured and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Accruals and deferred income	1	1
	<u>1</u>	<u>1</u>

13. Called up share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary Shares of £1 each	<u>310</u>	<u>310</u>	<u>310</u>	<u>310</u>

The Company is owned 100% by Ondeo Industrial Solutions UK Limited.

14. Auditors' remuneration

Remuneration of £4,500 paid to the auditors for their services in current year. Remuneration of £4,300 was paid in 2019 and this was borne by a fellow group undertaking.

15. Directors' remuneration

No directors received any remuneration in respect of services to the company during the current or preceding financial year.

All of the directors are/were also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. It was not possible to determine an appropriate proportion of their services on behalf of the company.

16. Staff costs

The company had no employees during the year (2019: Nil).

17. Post balance sheet events

On April 12, 2021, Veolia and SUEZ announced that, on April 11, 2021, their respective Boards of Directors came to an initial agreement on the main terms and conditions of the merger between the two Groups. The two Groups agreed a takeover bid from Veolia at a price of EUR 20.50 per SUEZ share (coupon attached) subject to the conclusion of the definitive merger agreement, which the parties signed on May 14, 2021.

The agreement is expected to enable:

- the creation of a new SUEZ composed of assets forming a coherent and sustainable entity from an industrial and social perspective, with real growth potential and revenues of around EUR 7 billion;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Post balance sheet events(Continued)

- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of around EUR 37 billion, through the SUEZ takeover bid, which is to include all strategic assets identified by Veolia;
- the reiteration of Veolia's Social commitments for four years after the agreement is finalized;
- The new SUEZ resulting from this agreement is expected to be owned by a group of shareholders including the employees and financial partners of the two Groups. The majority of the shareholders of the new SUEZ are expected to be French.

On May 14, 2021, Veolia and SUEZ signed a merger agreement and then a Memorandum of Understanding with Meridiam, Caisse des Dépôts et Consignations, CNP Assurances and Global Infrastructure Partners (the "Consortium"). Prior to the signing, the merger agreement and the Memorandum of Understanding were approved by the Boards of Directors of Veolia and SUEZ. The SUEZ Board also viewed the proposed merger between the two Groups favourably.

The merger agreement entered into by Veolia and SUEZ details the terms and conditions of the implementation of the offer and establishes the general principles for the creation of the "new SUEZ" via the sale by SUEZ to the Consortium of its Water and Waste activities (excluding hazardous waste) in France and of certain international operations (the "Perimeter Divestment").

On June 29, 2021, after reading the opinion of the SUEZ Group works council on the offer dated June 21, 2021 and the report of the independent expert (Finexsi) on the financial terms of the offer dated June 29, 2021, the SUEZ Board of Directors decided that the offer was in the interest of SUEZ, its shareholders and its employees, and recommended that shareholders tender their SUEZ shares to the offer. The report of the independent expert concluded that the offer price is fair from a financial standpoint for SUEZ shareholders.

In accordance with the terms of the merger agreement, Veolia therefore decided to raise the price of the proposed offer, as announced, from EUR 18 per share (cum dividend) to EUR 20.50 per share (cum dividend), informed the AMF of said price increase, and filed the corresponding draft amended offering circular. The proposed offer as raised and the draft amended offering circular were filed with the AMF on June 30, 2021.

Readers are reminded that, following the detachment of the dividend of EUR 0.65 per share approved by the annual SUEZ shareholders' meeting on June 30, 2021, the price of EUR 20.50 per share (cum dividend) was automatically reduced by EUR 0.65 to EUR 19.85 per share (cum distribution rights).

On July 20, 2021, the French Financial Markets Authority (Autorité des marchés financiers – AMF) approved the proposed takeover bid and granted visa no. 21-338(2) the AMF granted visa no. 21-339 to the draft response prepared by SUEZ.

This merger remains subject to various approvals from antitrust and regulatory authorities in different geographies.

18. Ultimate parent undertaking and controlling party

The company's immediate parent is Ondeo Industrial Solutions UK Limited, a company registered at Suez House, Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1ES.

The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is SUEZ Water Technologies and Solutions (S.A.), which is incorporated in France. Copies of consolidated financial statements are available to the public from SUEZ Water Technologies and Solutions (S.A.), CB21 Tower, 16 Place De L'Iris, 92040 Paris La Defense, France.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Annual Report and Financial Statements

For the Year Ended 31 December 2020

SUEZ Water Technologies & Solutions (UK) Limited Partnership

COMPANY INFORMATION

Directors

R Gray
R Brook
J Hunt
A Stewart
A R Dias
S Gare
C A Campbell

Company secretary

Oakwood Corporate Secretary Limited

Registered number

LP009326

Registered office

Hydro House
Newcombe Way
Orton Southgate
Peterborough
Cambridgeshire
PE2 6SE

Independent auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

SUEZ Water Technologies & Solutions (UK) Limited Partnership

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SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report

The partners present their Strategic Report for the year ended 31 December 2020.

Fair review of the business

The results for the year and the financial position of the partnership are shown in the financial statements and notes on pages 14 to 32.

The Partnership measures its financial performance by reference to turnover and operating profit margin.

The revenue of the Partnership in 2020 was £52,783,000 (2019: £55,965,000). Gross profit margin decreased to 35.80% (2019: 37.5%) due to a high increase in the cost of sales for ultra-filter membrane projects.

The Partnership's loss for the financial year increased in the year and amounted to £5,977,000 (2019: Loss of £4,081,000).

The Partnership's key financial and other performance indicators during the year were as follows:

	2020	2019	Definition, method of calculation
Turnover (%)	-5.69%	8.65 %	Year on year growth in sales expressed as a percentage.
Operating Margin (%)	-12.13%	-4.99 %	Operating margin is the ratio of operating loss/ profit to sales expressed as a percentage.

Turnover decreased by 5.69% due to several factors. Project revenues decreased from £19,986,000 to £8,524,000 (-57%) as they relate to significant, one-off projects which are not recurring and where large fluctuations are natural. On the other hand, revenue from the sale of chemicals and related services increased from £20,562,000 to £23,512,000 (+14%). Services and recharges to other Suez companies also increased from £4,292,000 to £9,766,000 (128%). Revenue from the sale of membranes, services remained relatively consistent going from £11,125,000 to £10,981,000 (-1%).

Operating loss compared to Sales decreased from -4.99% to -12.13%. The main factor in this is, administrative expenses increasing from £20,728,000 (37% of Sales) to £23,897,000 (45% of Sales).

Principal risks and uncertainties

The Covid-19 pandemic, which the World Health Organization declared a public health emergency on January 30, 2020, had a significant impact on the economies of the countries where SUEZ operates over the year, and especially during the second quarter of that year.

The UK has now lifted lockdown restrictions, which continue to have an impact on the UK economy. Even though there is a growing optimism for the future outlook of the economy following the development, regulatory approval and rollout of vaccines it is anticipated that the Covid-19 pandemic will continue to have an impact on the upcoming financial years.

Essential and vital public service missions have been fulfilled in all regions. The Group has set up the necessary measures to enable all of its teams and subcontractors to work without jeopardizing their safety or their clients' safety.

Against a particularly difficult backdrop, SUEZ has strengthened its financial structure by keeping a very large liquidity position with the issuance of nearly EUR 2 billion in long-term debt, equalling all long-term debt maturing by June 2022.

The partnership is a holding partnership and is supported by SUEZ Water Technologies and Solutions (S.A.) (note 2.3).

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report (continued)

Principal risks and uncertainties (continued)

The ultimate parent entity, SUEZ Water Technologies and Solutions (S.A.), will continue to provide the financial support outlined above for a period up to 31 October 2022, which is at least 12 months from the date of signing the partnership's accounts. Accordingly they expect that the partnership will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements. The directors are satisfied that the ultimate parent company is capable of providing this financial support if required.

In line with the Group internal policies the partnership's measures to identify and monitor risks create an adequate support system to resolve and react to emerging risks and develop appropriate solutions case by case, mitigating the exposure to risks that could affect continuity of operations.

Therefore, the partnership is expected to continue as a going concern for a period of at least 12 months from the approval date of the financial statements in spite of COVID-19.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and financial investments in equity instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Partnership's exposure to the risk of changes in market interest rates is limited, as the Partnership does not hold external long-term debt obligations and all financial instruments that accrue interest are at a fixed rate.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Partnership is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments including the loans from other related party group companies. The Partnership's exposure to credit risk is limited as nearly all significant transactions are carried out with related parties, where the risk of default is considered low. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Partnership monitors its risk of a shortage of funds. The Partnership's objective is to maintain a balance between continuity of funding and flexibility through the use of both loans and equity. The Partnership has access to a sufficient variety of sources of funding and can rely on the financial support of its ultimate parent and the other entities in the group.

Furthermore, given that the repayments on the loan borrowings held by the Partnership comprise only interest payments up until the maturity date, the Partnership has elected not to present the undiscounted future cash flows of the loan given that the capital amount owing at the maturity date would approximate the current value.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report (continued)

Section 172 Report

The Companies (Miscellaneous Reporting) Regulations 2018 (the “**Regulations**”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require the Partnership to report how the members of the Partnership have considered their duties under section 172 (of the Companies Act 2006 (the “**Act**”)) (“**Section 172**”), to promote the success of the Partnership, during the reporting period.

The Partnership is part of the SUEZ Water Technologies & Solutions sub-group of companies in the UK and is ultimately owned by SUEZ Water Technologies & Solutions S.A., a company which in itself is a joint venture between SUEZ SA and Caisse de dépôt et placement du Québec (CDPQ). SUEZ Water Technologies & Solutions S.A. and its subsidiaries are referred to as the **Group**. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of both the immediate entity and the wider Group. The Partnership’s corporate purpose is to be the main Group entity in the UK providing various chemical and equipment technologies, solutions and services within the UK. A key principle applied by our members and the key management personnel is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Partnership for the benefit of the shareholder, and ultimately SUEZ Water Technologies & Solutions.

As part of the overall governance approach, the Group operates a matrix organisation with the relevant key management positions throughout the Group having appropriate levels of governance across all subsidiaries as part of its approach to risk mitigation. The Group maintains strong levels of governance at both an enterprise wide and legal entity level.

Decision making and corporate governance process

The Group has put in place a matrix organisation with key operational and functional management having clear processes to follow when considering decisions, including principal decisions, which are strategically and commercially material decisions which impact the Partnership’s key stakeholders. Responsibility for decision making on certain decisions, including principal decisions, is delegated to the key operational and functional management with the Group except where they cannot be delegated under the Act. The Board confirms and ratifies any decisions made on its behalf.

As part of the governance process, decision paper preparers must ensure sufficient information is provided to the appropriate decision makers with high levels of quality and integrity. The governance process provides a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the directors are obligated to consider in the decision making process and applicable regulations, in order to be able to provide relevant information and therefore lead to effective decision making.

Directors’ and Key Management Personnels Training

The Group’s Legal and Compliance programmes support the Group in operating sustainably and consistently with its values which includes leading with integrity and building enduring relationships. The Group’s Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report (continued)

Employees and directors of the Group, which include the members of the Partnership, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business to the highest ethical, moral and legal standards when making decisions and putting the Group's core ethical values of integrity, honesty and respect for the law into practice in their daily duties.

Board Composition

The Partnership's Board, which comprises 7 directors representing the relevant partner entities, collectively have a broad range of skills, knowledge and industry experience and are supported with Group experts on finance and legal matters to enable the Partnership to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making and align the decisions to the corporate purpose of the Partnership in providing financial support to other companies within the Group.

Before any director is to be appointed to the Board, consultation with the Group is undertaken to ensure the composition of the Board is appropriate, taking into consideration the skills and experience of the appointee and the overall diversity mix.

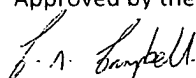
Stakeholder Engagement

The Partnership's key stakeholders are its shareholder, creditors and other Group companies which it provides support to. As part of the Group, the Board must consider how the decisions made on behalf of the Partnership affect both the shareholder and the other Group companies to ensure the success of the Partnership and value creation for the shareholder and ultimately, SUEZ Water Technologies & Solutions S.A.. The Group's treasury activities are coordinated through a central function who manage the financial risks of the Group and secure funding for the Group. On behalf of the Partnership, the Group frequently engages with its creditors and credit agencies as part of the Group's financial risk management processes and to ensure the Partnership's levels of borrowings are appropriate for its needs.

Where a principal decision is to be made, an impact assessment will be undertaken through the matrix organisation, the results of which will be documented for recommendation to the Board or appropriate matrixed management function, where the decision has been delegated. The impact assessment will provide an assessment of the impact of the principal decision on key stakeholders, how each key stakeholders' interest was considered throughout the assessment process, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks and consideration of any potential impacts on the Partnership's reputation and how that impact will be monitored.

30/09/2021

Approved by the partners on _____ and signed on its behalf by:



.....
C A Campbell
Partner

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Members' Report

The partners present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the partnership is the manufacturing and sale of chemicals for water treatment.

Partners and partners' interest

The partners who held office during the year and up to the date of signing the partners' report were as follows:

Ionics (U.K.) Limited

SUEZ Water Technologies & Solutions Holdings UK

SUEZ Water Technologies & Solutions United Kingdom

SUEZ Water Technologies & Solutions Services UK Limited

Results and dividends

The loss for the year, after taxation, amounted to £5,977,000 (2019: Loss of £4,081,000).

The management committee have not authorized any drawings (2019: £nil).

As at 31 December 2020, the respective interests of the partners were as follows:

SUEZ Water Technologies & Solutions United Kingdom (being entitled to 47.21% of the profits of the partnership).

SUEZ Water Technologies & Solutions Holdings UK (being entitled to 0.01% of the profits of the partnership).

Ionics (U.K.) Limited (being entitled to 26.39% of the profits of the partnership).

SUEZ Water Technologies & Solutions Services UK Limited (being entitled to 26.39% of the profits of the partnership).

Going concern

For the year ended 31 December 2020 the partnership incurred a loss of £5,977,000 and as at 31 December 2020, net current liabilities of £15,306,000 and net assets of £10,316,000 (2019: net current liabilities of £10,519,000 and net assets of £16,293,000). For this reason the partners have obtained a letter of support from the ultimate parent entity, SUEZ Water Technologies & Solutions S.A.. The letter of support confirms that the ultimate parent entity will provide financial support to assist the partnership to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the partnership to meet its liabilities. This commitment of support is for the period to 31 October 2022, which is consistent with the partners going concern assessment period and is at least 12 months from the date of approval of this report. The partners have assessed the ability of the ultimate parent entity to provide this support and are satisfied that there are no concerns. Therefore, the partners have a reasonable expectation that the partnership can continue as a going concern for a period to at least 31 October 2022. Accordingly, the financial statements have been prepared on a going concern basis.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Members' Report (continued)

Greenhouse gas emissions

The environmental performance has been reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Scope 2 Guidance and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The Scope 2 emissions have been calculated according to the dual reporting principles of the Greenhouse Gas Protocol Scope 2 Guidance (market and location based method). In our total carbon footprint calculations, the market-based Scope 2 emissions are used.

The greenhouse gas emissions calculation has been conducted based on actual vehicle fleet fuel consumption, facilities' energy consumption and waste generation in our operations. Data on business air travel emissions have been collected centrally through a global travel agency.

Greenhouse gas emissions in tCO₂e

	2020	2019
Scope 1 - Direct emissions	232.00	246.00
Scope 2 - Indirect emissions	35.00	36.00
Scope 3 - Other indirect emissions	337.00	297.00
Total	604.00	579.00

Greenhouse gas emissions in tCO₂e per employee

	2020	2019
Scope 1 - Direct emissions	0.97	1.07
Scope 2 - Indirect emissions	0.14	0.16
Scope 3 - Other indirect emissions	1.41	1.29
Total	2.52	2.52

Energy consumption

	2020	2019
Energy consumption in MWh	135.26	140.57

Employees

	2020	2019
Average monthly number of employees, including Directors	239	230

Detailed information on Suez's global approach to sustainability and further analysis of our Greenhouse gas emissions and energy consumption can be found in the Sustainability Report available at www.suez.com.

Post balance sheet events

On April 12, 2021, Veolia and SUEZ announced that, on April 11, 2021, their respective Boards of Directors came to an initial agreement on the main terms and conditions of the merger between the two Groups. The two Groups agreed a takeover bid from Veolia at a price of EUR 20.50 per SUEZ share (coupon attached) subject to the conclusion of the definitive merger agreement, which the parties signed on May 14, 2021.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Members' Report (continued)

The agreement is expected to enable:

- the creation of a new SUEZ composed of assets forming a coherent and sustainable entity from an industrial and social perspective, with real growth potential and revenues of around EUR 7 billion;
- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of around EUR 37 billion, through the SUEZ takeover bid, which is to include all strategic assets identified by Veolia;
- the reiteration of Veolia's Social commitments for four years after the agreement is finalized;
- The new SUEZ resulting from this agreement is expected to be owned by a group of shareholders including the employees and financial partners of the two Groups. The majority of the shareholders of the new SUEZ are expected to be French

On May 14, 2021, Veolia and SUEZ signed a merger agreement and then a Memorandum of Understanding with Meridiam, Caisse des Dépôts et Consignations, CNP Assurances and Global Infrastructure Partners (the "Consortium"). Prior to the signing, the merger agreement and the Memorandum of Understanding were approved by the Boards of Directors of Veolia and SUEZ. The SUEZ Board also viewed the proposed merger between the two Groups favorably.

The merger agreement entered into by Veolia and SUEZ details the terms and conditions of the implementation of the offer and establishes the general principles for the creation of the "new SUEZ" via the sale by SUEZ to the Consortium of its Water and Waste activities (excluding hazardous waste) in France and of certain international operations (the "Perimeter Divestment").

On June 29, 2021, after reading the opinion of the SUEZ Group works council on the offer dated June 21, 2021 and the report of the independent expert (Finexsi) on the financial terms of the offer dated June 29, 2021, the SUEZ Board of Directors decided that the offer was in the interest of SUEZ, its shareholders and its employees, and recommended that shareholders tender their SUEZ shares to the offer. The report of the independent expert concluded that the offer price is fair from a financial standpoint for SUEZ shareholders.

In accordance with the terms of the merger agreement, Veolia therefore decided to raise the price of the proposed offer, as announced, from EUR 18 per share (cum dividend) to EUR 20.50 per share (cum dividend), informed the AMF of said price increase, and filed the corresponding draft amended offering circular. The proposed offer as raised and the draft amended offering circular were filed with the AMF on June 30, 2021⁽¹⁾

Readers are reminded that, following the detachment of the dividend of EUR 0.65 per share approved by the annual SUEZ shareholders' meeting on June 30, 2021, the price of EUR 20.50 per share (cum dividend) was automatically reduced by EUR 0.65 to EUR 19.85 per share (cum distribution rights).

On July 20, 2021, the French Financial Markets Authority (Autorité des marchés financiers – AMF) approved the proposed takeover bid and granted visa no. 21-338(2) the AMF granted visa no. 21-339 to the draft response prepared by SUEZ.

This merger remains subject to various approvals from antitrust and regulatory authorities in different geographies.

Disclosure of information to the auditors

Each partner has taken steps that they ought to have taken as a partner in order to make themselves aware of any relevant audit information and to establish that the limited partnership's auditor is aware of that information. The partners confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

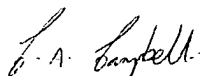
The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Members' Report (continued)

30/09/2021

Approved by the partners on _____ and signed on its behalf by:



.....
C A Campbell
Partner

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Members' Responsibilities

The partners are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the partners to prepare financial statements for each financial year. Under those regulations the partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under the Partnership (Accounts) Regulations 2008 the partners 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the partners are required to:

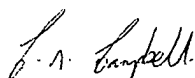
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
-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

The partners are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Partnership (Accounts) Regulations 2008. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The partners are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

30/09/2021

Approved by the partners on _____ and signed on its behalf by:



.....
C A Campbell
Partner

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of SUEZ Water Technologies & Solutions (UK) Limited Partnership

Opinion

We have audited the financial statements of SUEZ Water Technologies & Solutions (UK) Limited Partnership for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 state of the qualifying partnership's affairs as at 31 December 2020 and of its loss 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 as applied to qualifying partnerships.

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 below. We are independent of the qualifying partnership 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period to 31 October 2022.

Our responsibilities and the responsibilities of the members 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 qualifying partnership's ability to continue as a going concern.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of SUEZ Water Technologies & Solutions (UK) Limited Partnership

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 members are responsible for the other information contained with 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.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Members' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of SUEZ Water Technologies & Solutions (UK) Limited Partnership

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities set out on page 9, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership 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.

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 qualifying partnership and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the partnership and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and FRS 101 'Reduced Disclosure Framework'). In addition, we concluded that there are certain significant laws and regulations that may have an indirect effect on the determination of the amounts and disclosures in the financial statements. These are those laws and regulations relating to employee matters, health and safety and bribery and corruption practices.
- We understood how the partnership is complying with those frameworks by performing enquiries of management. We corroborated our enquiries by performing a review of the partnership's board minutes as well as any applicable correspondence from regulatory bodies. We noted no contradictory evidence.
- We assessed the susceptibility of the partnership's financial statements to material misstatement, including how fraud might occur by meeting with management across the business to understand where they considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings and how they would achieve that.
- Based on this understanding we designed audit procedures to identify noncompliance with laws and regulations. We considered the risk of fraud through management override of controls and designed testing over manual journals entries as part of our audit approach. We used data analysis to select manual journals with specific risk criteria and obtained supporting evidence for the journals selected.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

- We also assessed that revenue was a judgemental area of the audit which is more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and performed testing of these controls. We tested, the occurrence of the revenue recorded in the financial statements and any manual adjustments to revenue that met specific risk criteria. These procedures included tracing transactions and manual adjustments back to source documentation.

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 qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG LLP

Neil Corry (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 30 September 2021

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	52,783	55,965
Cost of sales		(33,889)	(34,980)
Gross profit		<u>18,894</u>	<u>20,985</u>
Distribution costs		(4,154)	(3,108)
Administrative expenses		(23,897)	(20,728)
Other operating income	5	2,752	59
Operating loss	6	<u>(6,405)</u>	<u>(2,792)</u>
Interest receivable and similar income	7	966	459
Interest payable and similar expenses	8	(538)	(1,748)
Loss for the financial year		<u>(5,977)</u>	<u>(4,081)</u>
Other comprehensive income		—	—
Total comprehensive loss for the year		<u><u>(5,977)</u></u>	<u><u>(4,081)</u></u>

The above results were derived from continuing operations.

The notes on pages 18 to 32 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Registration number: LP009326

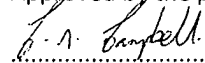
Balance Sheet

as at 31 December 2020

	Note	2020 £000	2019 £000 <i>As restated</i>
Fixed assets			
Intangible assets	11	2,101	2,700
Tangible assets	12	26,667	26,387
		<u>28,768</u>	<u>29,087</u>
Current assets			
Stocks	13	2,288	2,888
Debtors: amounts falling due within one year	14	17,821	35,190
Cash at bank		932	893
		<u>21,041</u>	<u>38,971</u>
Creditors: amounts falling due within one year	15	<u>(36,347)</u>	<u>(49,490)</u>
Net current liabilities		<u>(15,306)</u>	<u>(10,519)</u>
Total assets less current liabilities		<u>13,462</u>	<u>18,568</u>
Creditors: amounts falling due after more than one year	15	(738)	(601)
Provisions for liabilities	16	(2,408)	(1,674)
Net assets		<u>10,316</u>	<u>16,293</u>
Capital and reserves			
Partners' capital contribution accounts		66,982	66,982
Other reserves		320	320
Limited partners' income account		(56,986)	(51,009)
Partners' funds		<u>10,316</u>	<u>16,293</u>

30/09/2021

Approved by the partners on _____ and signed on its behalf by:



C A Campbell
Partner

The notes on pages 18 to 32 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Changes in Equity

for the Year Ended 31 December 2020

	Partners' capital contribution accounts	Other reserves	Limited partners' income account	Partners' funds
	£000	£000	£000	£000
At 1 January 2020 (as restated)	66,982	320	(51,009)	16,293
Comprehensive loss for the year				
Loss for the financial year	—	—	(5,977)	(5,977)
Total comprehensive loss for the year	—	—	(5,977)	(5,977)
At 31 December 2020	66,982	320	(56,986)	10,316

Partners' capital contribution accounts

In business and partnership law, contribution refers to a capital contribution, which is an amount of money or assets given to a business or partnership by one of the owners or partners. The capital contribution increases the owner or partner's equity interest in the entity.

Other reserves

Other reserves includes employee share based payment reserve.

Limited partners' income account

Retained earnings includes all current and prior period profit and losses.

The notes on pages 18 to 32 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Changes in Equity

for the Year Ended 31 December 2019

	Partners' capital contribution accounts	Other reserves	Limited partners' income account	Partners' funds
	£000	£000	£000	£000
At 1 January 2019	65,694	320	(46,928)	19,086
Comprehensive loss for the year				
Loss for the financial year	—	—	(4,081)	(4,081)
Total comprehensive loss for the year	—	—	(4,081)	(4,081)
Capital contribution	1,288	—	—	1,288
31 December 2019 (as restated)	66,982	320	(51,009)	16,293

The notes on pages 18 to 32 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

1. General information

The partnership is a limited partnership incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Hydro House
Newcombe Way
Orton Southgate
Peterborough
Cambridgeshire
PE2 6SE

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 as applied to qualifying partnerships.

In preparing these financial statements, the partnership applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 as applied to qualifying Partnerships and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

The Suez Groupe headquarter is in the CB21 tower - 16, place de l'Iris - 92040 Paris-La Défense - France. The consolidated financial statements of this company are available to the public and may be obtained from www.suez.com.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

2. Accounting policies (continued)

2.2 Summary of disclosure exemptions

The partnership 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets, and
- 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 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;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £15,306,000 and net assets of £10,316,000 (2019: net current liabilities of £10,519,000 and net assets of £16,293,000).

The Partners have reviewed the financial position of the Partnership, including the arrangements with group undertakings. The Partners have considered the financial position of the Partnership's immediate group and ultimate parent.

For the year ended 31 December 2020 the partnership incurred a loss of £5,977,000 and as at 31 December 2020, net current liabilities of £15,306,000 and net assets of £10,316,000 (2019: net current liabilities of £10,519,000 and net assets of £16,293,000). For this reason the partners have obtained a letter of support from the ultimate parent entity, SUEZ Water Technologies & Solutions S.A.. The letter of support confirms that the ultimate parent entity will provide financial support to assist the partnership to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the partnership to meet its liabilities. This commitment of support is for the period to 31 October 2022, which is consistent with the partners going concern assessment period and is at least 12 months from the date of approval of this report. The partners have assessed the ability of the ultimate parent entity to provide this support and are satisfied that there are no concerns. Therefore, the partners have a reasonable expectation that the partnership can continue as a going concern for a period to at least 31 October 2022. Accordingly, the financial statements have been prepared on a going concern basis.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover comprises revenue recognised by the Partnership in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Statement of Comprehensive Income turnover and related costs as contract activity progresses. When a contract is split into phases, turnover and profit may be recognised separately within each phase.

Turnover is calculated as that proportion of contract phase value, which costs to date bear to total expected costs for that phase of the contract.

2.5 Foreign currency transactions and balances

The accounts are presented in sterling which is the Partnership's functional and presentational currency. The accounts are presented in thousands.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Statement of Comprehensive Income.

2.6 Tax

The partnership is not a taxable entity for the purpose of direct tax and accordingly no provision is made in these financial statements for corporation taxation in respect of the partnership.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated losses.

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Asset class	Depreciation method and rate
Buildings and site improvements	20 to 25 years straight line
Plant and machinery	3 to 20 years straight line
Freehold land is not depreciated	
Right of use assets	Over the operating lease period

The right-of-use asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

2.8 Intangible assets

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

To assess potential impairment of the goodwill carrying value at the balance sheet date, the partners consider if there has been any material change in the underlying customer relationships in relation to the acquired business. This is considered by reviewing the ongoing business and attrition rates of the acquired customer relationships.

Customer lists

Customer lists are stated at cost less accumulated amortisation. Customer lists have a finite useful life of 5 years and are carried at cost less accumulated amortisation.

2.9 Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.10 Long-term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for the contingencies and anticipated future losses on contracts, less amounts

received as progress payments on account. Excess progress payments are included in creditors as payments on account.

2.11 Pensions

The partnership is a member of a larger group pension scheme providing benefits based on final pensionable pay. The group pension scheme, SUEZ Pension Plan, covers a number of United Kingdom entities of SUEZ. Because the partnership is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 'Employee Benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

2. Accounting policies (continued)

2.11 Pensions(continued)

The Partnership also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the partnership in an independently administered fund. The amount charged to the Statement of Comprehensive Income account represents the contributions payable to the scheme in respect of the accounting period.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the partnership a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the partnership becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13 Cash and cash equivalents

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.14 Trade and other receivables

Trade and other receivables are measured at fair value, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 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.

2.16 Leases

The Partnership leases various offices, warehouse and equipment.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Partnership, except for short term leases of 12 months or less and low value asset lease which are expensed off in the statement of profit or loss on a straight-line basis over the lease term.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

2. Accounting policies (continued)

2.16 Leases (continued)

The right-of-use asset is depreciated over the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator, as for owned assets.

Right-of-use assets are included in the headings "right of use assets" and the lease liabilities in the headings "Creditors amounts falling due within one year" and "Creditors amounts falling due after more than one year".

2.17 Prior year adjustments

The partnership had a liability in 2019 of £1,288,000. It has come to the light that this liability was settled by the ultimate parent entity before 31 December 2019 and subsequently waived. As this liability was waived by the ultimate parent, the liability should not have been recorded in the 2019 financial statements and so the comparatives have been restated to remove this and include as a contribution from the ultimate parent (In equity). The table below details the relevant adjustments.

Line item description	Balance as previously reported £000	Adjustments £000	Balance as restated £000
Creditors: Amounts falling due within one year			
Trade creditors	8,313	(1,288)	7,025
Partners's capital contribution accounts	65,694	1,288	66,982

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the partners to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the partners' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Goodwill

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by the use of and, if applicable, the eventual disposal of goodwill as well as other factors to determine the fair value. Management periodically evaluates and updates the estimates based on the conditions which influence these variables.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the goodwill to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax.

Useful economic lives of fixed assets

In the application of the partnership's accounting policy, judgement is exercised by management in the determination of residual values and useful lives.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

4. Turnover

The analysis of the partnership's turnover for the year from continuing operations is as follows:

	2020	2019
	£ 000	£ 000
Sale of goods	52,783	55,965

A geographical analysis of turnover is as follows:

	2020	2019
	£ 000	£ 000
United Kingdom	40,815	33,012
Rest of European Union	8,189	14,194
Rest of the world	3,779	8,759
	52,783	55,965

5. Other operating income

The analysis of the Partnership's other operating income for the year is as follows:

	2020	2019
	£000	£000
Gain on sale of fixed assets	2,463	792
Income from key account management charges	467	555
Operating lease expense	—	500
Payroll tax recovery	9	25
Difference on foreign exchange	(187)	(1,813)
	2,752	59

6. Operating loss

Operating loss is stated after charging :

	2020	2019
	£000	£000
Depreciation expense	3,127	2,946
Amortisation of right of use assets	63	394
Amortisation of intangible fixed assets (note 11)	599	567
Operating lease expense - plant and machinery	—	827

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements (continued)

7. Interest receivable and similar income

	2020	2019
	£000	£000
Interest income on bank deposits	—	14
Other interest receivable	966	445
Other financial income not related to net debt	—	—
	<u>966</u>	<u>459</u>

8. Interest payable and similar charges

	2020	2019
	£000	£000
Other interest payable	<u>538</u>	<u>1,748</u>

The interest payable is generated from cash pool accounts with intercompany entities.

9. Staff costs

Staff costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	12,445	11,695
Social security costs	1,541	1,323
Pension costs, defined benefit scheme	<u>1,724</u>	<u>1,496</u>
	<u>15,710</u>	<u>14,514</u>

The average number of persons employed by the partnership during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Production	5	6
Sales and administration	<u>234</u>	<u>224</u>
	<u>239</u>	<u>230</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements (continued)

10. Auditor's remuneration

	2020	2019
	£000	£000
Audit of financial statements	21	21
	<u>21</u>	<u>21</u>

11. Intangible fixed assets

	Customer lists acquired £000	Goodwill £000	Total £000
Cost			
At 1 January 2020	2,993	44,870	47,863
Additions	—	—	—
Transfers	—	—	—
At 31 December 2020	<u>2,993</u>	<u>44,870</u>	<u>47,863</u>
Accumulated amortisation/ impairment			
At 1 January 2020	1,129	44,034	45,163
Charge for the year	599	—	599
At 31 December 2020	<u>1,728</u>	<u>44,034</u>	<u>45,762</u>
Carrying amount			
At 31 December 2020	<u>1,265</u>	<u>836</u>	<u>2,101</u>
At 31 December 2019	<u>1,864</u>	<u>836</u>	<u>2,700</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements(continued)

12. Tangible fixed assets

	Freehold land £000	Building and site improvements £000	Plant & machinery £000	Right of use assets £000	Total £000
Cost					
At 1 January 2020	2,000	3,047	41,208	599	44,854
Additions	—	51	5,899	176	6,126
Disposals	—	—	(4,296)	—	(4,296)
Transfers	—	—	—	—	—
At 31 December 2020	<u>2,000</u>	<u>3,098</u>	<u>42,811</u>	<u>775</u>	<u>46,684</u>
Accumulated depreciation					
At 1 January 2020	—	1,822	18,251	394	20,467
Charge for the year	—	61	3,066	63	3,190
Disposals	—	—	(1,640)	—	(1,640)
At 31 December 2020	<u>—</u>	<u>1,883</u>	<u>19,677</u>	<u>457</u>	<u>22,017</u>
Carrying amount					
At 31 December 2020	<u>2,000</u>	<u>1,215</u>	<u>23,134</u>	<u>318</u>	<u>26,667</u>
At 31 December 2019	<u>2,000</u>	<u>1,225</u>	<u>22,957</u>	<u>205</u>	<u>26,387</u>

13. Stocks

	2020 £000	2019 £000
Raw materials and consumables	1,056	1,409
Work in progress	702	887
Finished goods and goods for resale	530	592
	<u>2,288</u>	<u>2,888</u>

In 2020 the cost of goods sold amounted to £33,889,000 related to the costs incurred with production inventory in the normal course of the business.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

14. Debtors

	2020	2019
	£000	£000
Due within one year		
Trade debtors	6,788	9,447
Amounts owed by group undertakings	6,056	19,495
Tax receivable	—	113
Prepayments and accrued income	4,932	5,862
Other debtors	45	237
Value added tax	—	36
	<u>17,821</u>	<u>35,190</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements (continued)

15. Creditors

	2020 £000	2019 £000 <i>As restated</i>
Due to more than one year		
Amounts owed to group undertakings	738	601
	<u>738</u>	<u>601</u>
Due to within one year		
Trade creditors	3,822	7,025
Accruals and deferred income	1,878	285
Amounts owed to group undertakings	28,704	37,976
Social security and other taxes	406	1,993
Other creditors	438	760
Other provisions	189	248
Payments received on account	484	1,203
Value added tax	426	—
	<u>36,347</u>	<u>49,490</u>

Cash pool amounts owed to group undertakings of £2,460,000 in 2020 (2019: £6,186,000) are interest bearing, unsecured and repayable on demand at a 3% monthly interest rate. Other amounts owed to group undertakings are interest free, unsecured and repayable on demand.

16. Provision for liabilities

	Other provisions £000
As at 1 January 2020	1,674
Additions during the year	734
As at 31 December 2020	<u>2,408</u>

Provision for future possible project losses, expected to be used in 12 months.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements (continued)

17. Pension commitments

The partnership is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, SUEZ Pension Plan, covers a number of United Kingdom entities of SUEZ. Because the partnership is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 "Employee Benefits", the scheme had been accounted for in the financial statements as if the scheme was a defined contribution scheme. The funding surplus/deficit in respect of this scheme is disclosed in the financial statements of SUEZ Water Technologies & Solutions S.A., a company registered in France.

The partnership also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the partnership in an independently administered fund. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £1,724,000 (2019: £1,496,000), including £1,724,000 (2019: £1,496,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

18. Ultimate parent undertaking and controlling party

At 31 December 2020, SUEZ Water Technologies & Solutions United Kingdom was entitled to 47.21% of the profits of the partnership, with SUEZ Water Technologies & Solutions Holdings UK entitled to 0.01%, Ionics (U.K.) Limited entitled to 26.39% and SUEZ Water Technologies & Solutions Services UK Limited entitled to 26.39%.

The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Partnership is a member and for which group financial statements are drawn up is SUEZ Water Technologies & Solutions S.A., which is incorporated in France. Copies of consolidated financial statements are available to the public from SUEZ Groupe, the CB21 tower - 16, place de l'Iris - 92040 Paris-La Défense - France.

19. Post balance sheet events

On April 12, 2021, Veolia and SUEZ announced that, on April 11, 2021, their respective Boards of Directors came to an initial agreement on the main terms and conditions of the merger between the two Groups. The two Groups agreed a takeover bid from Veolia at a price of EUR 20.50 per SUEZ share (coupon attached) subject to the conclusion of the definitive merger agreement, which the parties signed on May 14, 2021.

The agreement is expected to enable:

- the creation of a new SUEZ composed of assets forming a coherent and sustainable entity from an industrial and social perspective, with real growth potential and revenues of around EUR 7 billion;
- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of around EUR 37 billion, through the SUEZ takeover bid, which is to include all strategic assets identified by Veolia;
- the reiteration of Veolia's Social commitments for four years after the agreement is finalized;
- The new SUEZ resulting from this agreement is expected to be owned by a group of shareholders including the employees and financial partners of the two Groups. The majority of the shareholders of the new SUEZ are expected to be French

SUEZ Water Technologies & Solutions (UK) Limited Partnership

19. Post balance sheet events (continued)

On May 14, 2021, Veolia and SUEZ signed a merger agreement and then a Memorandum of Understanding with Meridiam, Caisse des Dépôts et Consignations, CNP Assurances and Global Infrastructure Partners (the "Consortium"). Prior to the signing, the merger agreement and the Memorandum of Understanding were approved by the Boards of Directors of Veolia and SUEZ. The SUEZ Board also viewed the proposed merger between the two Groups favorably.

The merger agreement entered into by Veolia and SUEZ details the terms and conditions of the implementation of the offer and establishes the general principles for the creation of the "new SUEZ" via the sale by SUEZ to the Consortium of its Water and Waste activities (excluding hazardous waste) in France and of certain international operations (the "Perimeter Divestment").

On June 29, 2021, after reading the opinion of the SUEZ Group works council on the offer dated June 21, 2021 and the report of the independent expert (Finexsi) on the financial terms of the offer dated June 29, 2021, the SUEZ Board of Directors decided that the offer was in the interest of SUEZ, its shareholders and its employees, and recommended that shareholders tender their SUEZ shares to the offer. The report of the independent expert concluded that the offer price is fair from a financial standpoint for SUEZ shareholders.

In accordance with the terms of the merger agreement, Veolia therefore decided to raise the price of the proposed offer, as announced, from EUR 18 per share (cum dividend) to EUR 20.50 per share (cum dividend), informed the AMF of said price increase, and filed the corresponding draft amended offering circular. The proposed offer as raised and the draft amended offering circular were filed with the AMF on June 30, 2021(1)

Readers are reminded that, following the detachment of the dividend of EUR 0.65 per share approved by the annual SUEZ shareholders' meeting on June 30, 2021, the price of EUR 20.50 per share (cum dividend) was automatically reduced by EUR 0.65 to EUR 19.85 per share (cum distribution rights).

On July 20, 2021, the French Financial Markets Authority (Autorité des marchés financiers – AMF) approved the proposed takeover bid and granted visa no. 21-338(2) the AMF granted visa no. 21-339 to the draft response prepared by SUEZ.

This merger remains subject to various approvals from antitrust and regulatory authorities in different geographies.