ANNUAL FINANCIAL REPORT

COGELEC GROUP

2022

CONTENTS

THE MANAGEMENT COMMITTEE

Roger LECLERC,
Chairman and Chief Executive Officer

Victor d’ALLANCE,
Director of International Development

Véronique POCHET,
Chief Financial Officer

Norbert MARCHAL,
Head of advanced research and mechatronic projects

Laurent CARAMELLE,
Director of the Research & Development program

Xavier BENAITEAU,
Industrial Manager

Anne FONTENEAU,
Head of Human Resources

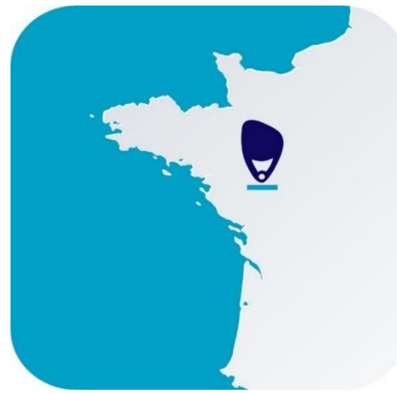
Jean-Philippe HERVOUET,
IT Manager

THE COMPANY AND ITS ACTIVITIES

Founded in 2000 in Mortagne-sur-Sèvre (85), COGELEC is a group that is revolutionising access control.

Founded on values of innovation and service quality, the company achieves its primary objective day after day: putting technology to work for its customers and users to make their daily lives easier and more secure.

COGELEC designs and manufactures all of its ranges in France, on its premises, divided between its head office in Vendée, its Research and Development office in Nantes, and its European subsidiaries.



Our mission

Offer our customers and our networks complete, simple and economical solutions.

Simplify the daily lives of installers, managers and users.

Our DNA

Create to innovate

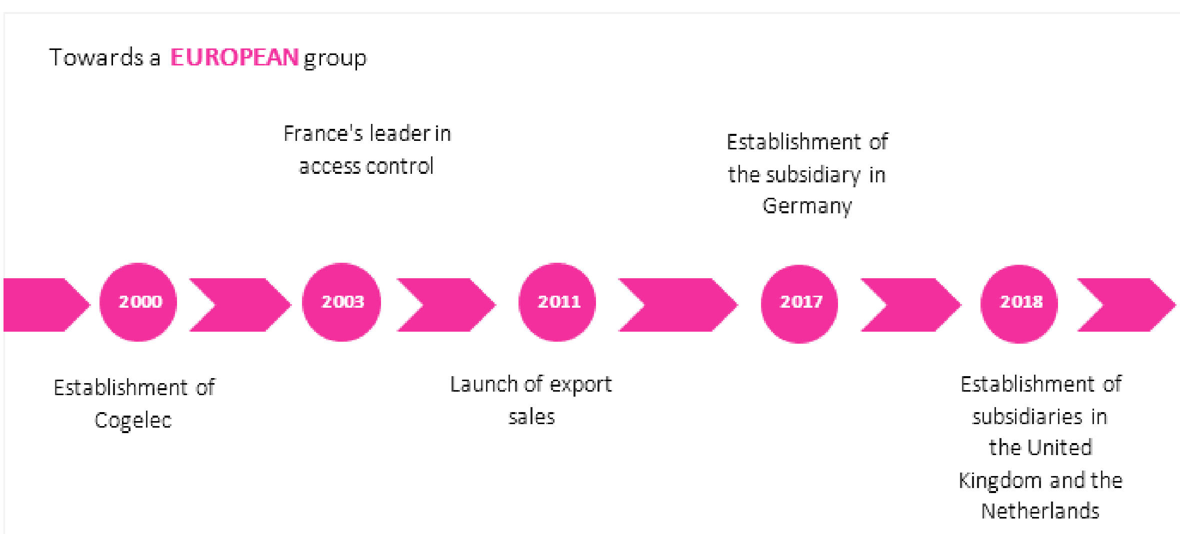
Be as close as possible to our customers to understand and anticipate their needs and meet them in the best possible way.

Cogelec has filed over 40 patents and launches a new product or service on the market about every two month.

Our values

The trust established with our customers is our driving force.

Team flexibility and availability is proof of their reliability and responsiveness.



THE COMPANY, ITS BRANDS, PRODUCTS AND SERVICES

ITS BRANDS

COGELEC covers the entire access control market (collective and individual housing, tertiary sector and local authorities) through the products of its four brands:

ITS PRODUCTS AND SERVICES to meet all its customers' needs

KEY MANAGEMENT

Remote key management solutions

INTERCOMS and ACCESS CONTROL

A complete range of products to secure exteriors of residences

NOTICE BOARD

Solutions to communicate effectively and in real time to all or part of a residence

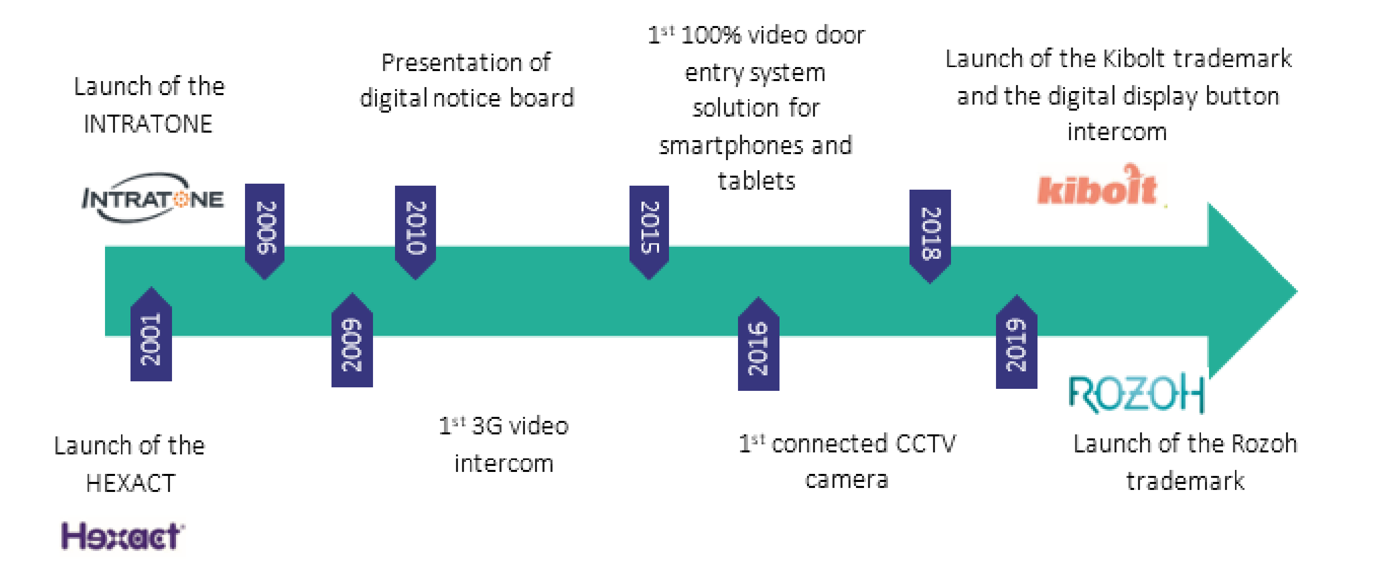
SOFTWARE AND APPLICATIONS

Cogelec provides its customers and partners with free applications and software for the real-time and remote management of all products.

SERVICES

Cogelec has developed numerous services to support its customers and partners on a daily basis: site programming, training, a hotline, on-site intervention.

ITS HISTORY



SOCIAL POLICY AND QUALITY OF LIFE AT WORK

COGELEC places the employee at the centre of the company's success

Freedom for everyone to express their talents

A pleasant and friendly environment

A leading group with dynamic growth

Which offers a thriving working environment

- *Relaxing areas and meals*
- *On-site sports activities during lunch break*
- *Corporate concierge*
- *Individualised schedules*
- *Wellness breaks (monthly "sitting massage" appointments, etc.)*
- *Annual Team building*
- *Support for sports projects supported by employees*

AN ENVIRONMENTAL APPROACH

By developing new uses

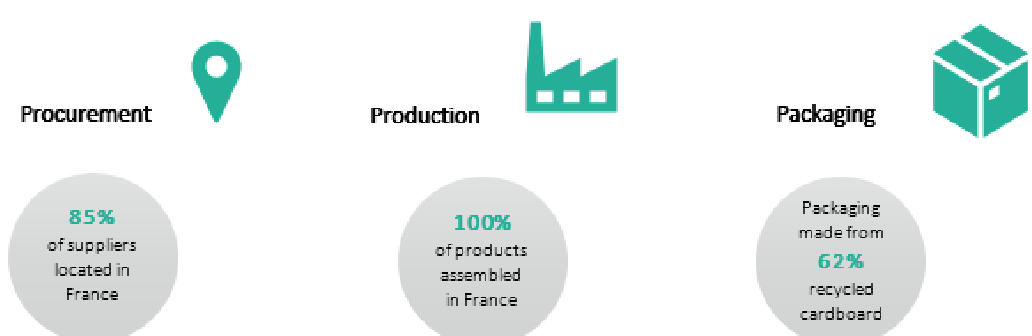
COGELEC develops and designs products that enable the development of new ways of using and acting in line with its social and environmental commitment.

The GSM solution applied to intercom systems supports this environmental approach, and does not require handsets or wiring in homes to be installed.

Each year, 700,000 combined wired intercoms are installed in France, so wireless solutions will avoid tonnes of potential copper and plastic waste.

Likewise, in use, the GSM solution offers remote information display and update features that reduce travel to sites and the associated CO^2 emissions.

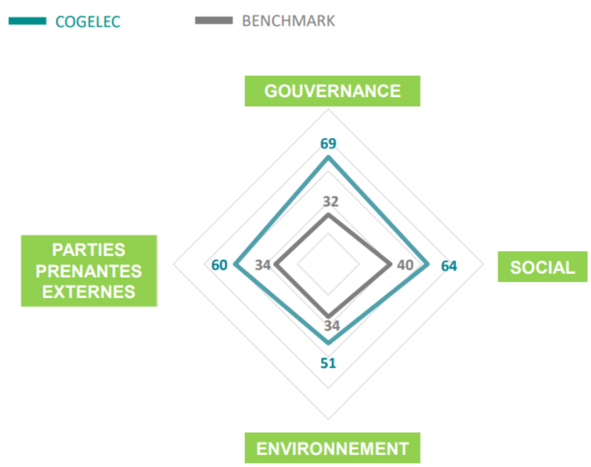
Across the entire product value chain



AN ESG APPROACH:

After an initial audit campaign on the data collected by COGELEC in 2019, an overall score of 56/100 was awarded to COGELEC in March 2021. In May 2022, following a second audit campaign, COGELEC received a score of 57/100 on the data collected in 2021.

This score corresponds to a higher level of ESG maturity compared to comparable companies used in the benchmark.



On the four main CSR issues, COGELEC's scores are all above the average of the companies included in the benchmark panel, given the many initiatives already undertaken within COGELEC to meet CSR requirements. The following elements stand out in particular:

- **Governance:** Founded by 6 employee shareholders, COGELEC's governance has been structured with the establishment in 2018 of a Board of Directors including independent directors to support the Group's growth in France and internationally.

- **Social issues**: COGELEC has initiated various QWL measures, with a view to retaining loyalty and optimising working conditions, and pays particular attention to developing employees' skills to support its innovative dynamic.

- **Environment:** The Group places great importance on the best maintenance actions for combating obsolescence. Its R&D policy focuses in particular on reducing material consumption, managing and reducing waste in an ongoing effort to reduce the environmental footprint of its products.

- **External stakeholders:** The Group prioritises local procurement and has developed a close relationship and partnership with its suppliers and subcontractors. It focuses its development on high-quality and secure products, while taking into account the changing demands and needs of its customers.

Areas for rapid improvement have been identified for future financial years and include the establishment of a dedicated reference body to manage the various extra-financial performance criteria within the Group. This measure, accompanied by the formalisation of initiatives in various fields, will help to build a coherent framework between the many initiatives already carried out within the Group and to roll out a strategic non-financial vision.

1. Management report

1.1 KEY EVENTS

The company opened a showroom in central Paris in June 2022 in order to improve its visibility on the market and provide training to its customers.

In order to finance the commercial development of its subsidiaries, COGELEC granted an advance of €5.4 million in respect of 2022, i.e. a cumulative amount of €28 million at 31 December 2022. These advances are subject to a depreciation of €23.1 million in the parent company financial statements and relate to receivables related to the English and German subsidiaries.

The Group has little exposure to the consequences of the conflict in Ukraine. As such, the Company has not identified any specific risk specific to this event.
Nevertheless, tensions on supply and the inflationary environment are a concern for management, which remains attentive to the preservation of margins and the maintenance of activity. The Group remains attentive to the situation in its activities in France and Europe.

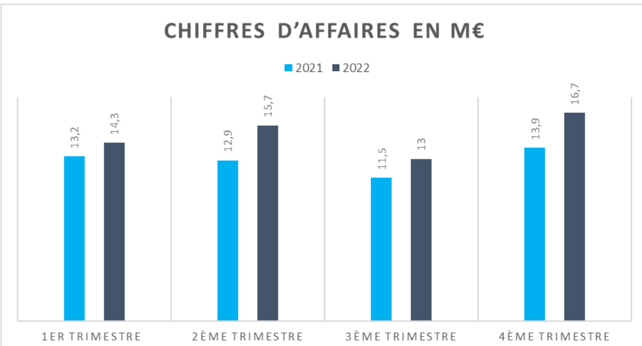
At 31 December 2022, the Group recorded a net loss of €0.935m in its corporate and consolidated financial statements. The changes in the mechanical design of the Kibolt key resulted in the disposal in Q4 2022 of €0.935m of parts and components that were held in stock at 31 December 2021 but which could not be used for version 2. These residual costs are recognised in other non-current income and expenses in the consolidated financial statements and operating income in the parent company financial statements.
The new generation of Kibolt keys will be marketed in 2023.

1.2 INFORMATION ON THE GROUP

1.2.1 2022 ACTIVITY REPORT

Sales

In 2022, the Group continued its sales momentum in France and Europe and saw an increase of 15.9% in its annual turnover. Turnover breaks down as follows:



In Q4, COGELEC's business volume reached €16.7m, up +20.1%. This performance reflects the growth in recurring turnover underlying the COGELEC model and reflects the growth in Intratone's market share with landlords, developers and trustees.

In 2022, the Group's turnover benefited in addition to growth in its GSM market and from price increases applied during the year.

In €m	2,022	2021	Change in %
1st quarter	14.3	13.2	+8.3%
2nd quarter	15.7	12.9	+21.7%
3rd quarter	13.0	11.5	+13%
4th quarter	16.7	13.9	+20.1%
TOTAL	**59.7**	**51.5**	**+15.9%**

Human resources

At 31 December 2022, the number of Group employees stood at 330, including 66 employees in the 3 subsidiaries. The workforce varied by 21 people, reflecting in particular the increase in the headcount of the sales, customers and the group's design division directly linked to the strong growth of the business.

1.2.2 CONSOLIDATED TURNOVER

For the full year, turnover amounted to €59.7m, up +15.9% compared to 2021, still driven by continued growth in Intratone sales in France and strong sales momentum in Europe. In France, business increased by +15.1% to €52 million. In Europe, this increase in business came to +21.6% for €7.7 million.

In thousands of euros	31/12/2022	31/12/2021
Equipment sales	43,122	37,830
Sales of services	16,610	13,719
TOTAL	**59,731**	**51,549**

In thousands of euros	31/12/2022	31/12/2021
France	52,022	45,206
Export	7,709	6,342
TOTAL	**59731**	**51,549**

Subscriptions continued to grow at €16.6m (+21.1%), accounting for 27.8% of turnover for the full year 2022. The cancellation rate remains very low.

1.2.3 KEY INDICATORS

Gross margin

Despite sharp price disruptions on the global commodity and electronic components market, the consolidated gross margin remained virtually stable for the third year in a row, confirming the resilience of the model. This stability is explained by a good anticipation of component purchases, which helped contain the impacts of the increase in supplier prices amplified by the negative effect of the dollar and the price increase on the prices of equipment sold.

In thousands of euros	31/12/2022	31/12/2021
Turnover	**59,731**	**51,549**
Other operating revenue	16	5
Purchases used	-20,158	-19278
Change in inventories of goods in progress and finished	(752)	1,327
GROSS MARGIN	**38,838**	**33604**
As a percentage of turnover	***65.0%***	***65.2%***

EBITDA

In a disrupted economic environment, the Group posted a very largely positive EBITDA, up sharply while continuing its investment in the subsidiaries for nearly €5.8 million.

In thousands of euros	31/12/2022	31/12/2021
Operating profit/loss	2,345	-2,569
Depreciation allowance	4,368	4,157
Depreciation of assets net of write-backs	419	-232
EBITDA	**7,133**	**1,356**
As a percentage of turnover	***11.9%***	***2.6%***

1.2.4 CONSOLIDATED INCOME STATEMENT

At 31 December 2022, the Group's current operating income amounted to €3,529k versus €2,335k the previous year. This sharp improvement in operating income is mainly due to the increase in gross margin driven by business volume and the control of current operating expenses.

In thousands of euros	31/12/2022	31/12/2021
Turnover	**59,731**	**51,549**
% change in turnover	+15.9%	+27.5%
Current operating profit/loss	3,529	2,335
Operating profit/loss	2,345	-2,569
Income tax	-2,035	-923
Consolidated net profit/loss	**-292**	**-3,280**

1.2.5 FINANCIAL STRUCTURE

The balance sheet total amounted to €85.58 million as at 31 December 2022, compared with €74.23 million as at 31 December 2021.

Simplified balance sheet as at 31 December 2022

ASSETS in thousands of euros	31/12/2022	31/12/2021
Intangible assets	7,307	6,857
Property, plant and equipment	12,950	11,794
Other financial assets	611	550
Other non-current assets	6,355	5,804
Total non-current assets	**27,222**	**25,006**
Inventories and work in	16,011	15,293
Trade receivables	14,977	11,904
Other current assets	3,935	3,104
Current tax assets		147
Cash and cash equivalents	23,439	18,779
Total current assets	**58,361**	**49,226**
TOTAL ASSETS	**85,584**	**74,232**

LIABILITIES in thousands of	31/12/2022	31/12/2021
Total equity	**7,069**	**6,782**
Borrowings and long-term	21,268	20,607
Provisions for pension benefits	372	690
Other long-term provisions	1,684	1,830
Other non-current liabilities	30,265	26,007
Non-current tax liabilities	291	343
Total non-current liabilities	**53,880**	**49,477**
Borrowings and long-term	5,649	3,834
Trade payables	5,448	5,412
Other current liabilities	12,145	8,727
Current tax liabilities	1,392	
Total current liabilities	**24,635**	**17,973**
TOTAL LIABILITIES	**85,584**	**74,232**

Fixed assets and investments

In 2022, the Group made investments in the amount of €6.3 million

Intangible investments accounted for 40.7% of investments, i.e. €2.6m. These correspond to development costs on new products or technologies and investments in IT solutions. In addition, investments in property, plant and equipment in 2022 include in particular the final fittings for the extension programme for its buildings in Mortagne-sur-Sèvre, which began in 2020, as well as the fitting out of the commercial showroom in Paris.

Main investments in €K	31/12/2022	31/12/2021
Intangible assets	**2,581**	**2,074**
O/w development costs	59	447
O/w intangible assets in progress	1,947	1,421
O/w other intangible assets	575	206
Property, plant and equipment	**3,763**	**5,163**
O/w property complexes	663	1,179
O/w assets in progress	828	2,999
O/w technical installations, equipment and tools	571	407
O/w other property, plant and equipment	1,702	579
Total investments	**6,344**	**7,237**

Shareholders' equity

At 31 December 2022, the Group's shareholders' equity stood at €7.699 million compared with €6.782 million at 31 December 2021, an increase of €0.287 million.

1.2.6 NET FINANCIAL DEBT

At 31 December 2022, gearing (net financial debt to equity ratio) stood at 49%, compared with 83% at 31 December 2021.

In thousands of euros	31/12/2022	31/12/2021
Long-term portion of financial debt	21,268	20,607
Short-term portion of financial debt	5,648	3,818
Loans due in less than one year and lending banks	1	15
Total gross debt	**26,918**	**24,441**
Cash and cash equivalents	**23,439**	**18,779**
TOTAL NET DEBT	**3,479**	**5,662**

1.2.7 CASH FLOW

Cash increased by €4.8 million, while Cogelec continued to significantly support the development of its subsidiaries for around €5.4 million, thanks in particular to the very strong growth of our pre-paid offers.

In thousands of euros	2022	2021
Opening cash position	18,763	12,056
Closing cash position	23,438	18,763
Change in foreign exchange unrealised gains	97	-43
Change in cash and cash equivalents	4,771	6,664

1.3 COMPANY INFORMATION

1.3.1 COGELEC TUNROVER

COGELEC's turnover grew by 16.17% to €57.246 million as at31 December 2022, compared with €49.277 million at 31 December 2021.

1.3.2 INCOME

At 31 December 2022, operating income amounted to €6.402 million, up 34.3% compared with the previous financial year. However, net income for 2022 posted a loss of €11.315 million, being mainly impacted by the recognition of a depreciation of €16.1 million in receivables related to equity investments.

1.3.3 RESEARCH AND DEVELOPMENT ACTIVITY

Information on research and development

In keeping with its strategy, the Company continues to invest heavily in innovation, product improvement and new product development. The development teams are divided into two design offices and represent 14% of the Group's workforce. The main areas of R&D are technical innovation, the development of new products, services and concepts as well as the development of existing ranges.

New products

In 2022, Intratone offered a customisable intercom in the colour of the residence. This intercom makes room for aesthetics and offers all the features of the Intratone solution enabled by GSM technology. Colour, pattern or visual, the front of the intercom adapts to residents' desires. Intratone has had a Paris-based shop window since June 2022, with a showroom of more than 400 m² dedicated to presenting its offers and its intercom and access control solutions, and to training its installer and manager customers in several modules: getting to know the offers, training on our management software and a technical module.

Information on patents and licences

The Company has a set of patents protecting the innovations implemented by its various design offices.

At the end of 2022, the Company held 55 valid patent families, 35 brands and 21 models. The Company filed 5 patents during the financial year 2022.

No patent is individually strategic for the Company and therefore does not result in significant dependence.

1.3.4 NON-TAX DEDUCTIBLE EXPENSES

The expenses not deducted for tax purposes, in accordance with the provisions of Article 223 quater of the *Code Général des Impôts* [French General Tax Code], are:

- non-deductible lease payments on vehicles amounting to €193,211, and the corresponding tax of €48.303;
- corporate vehicle tax of €20,388 and the corresponding tax of €5,097;
- remuneration of non-tax-deductible directors of €0.

1.3.5 INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TERMS

Invoices received and issued not yet paid as at 31 December 2022 break down as follows:

	Invoices received but not paid at 31 December 2022 whose term has expired						Invoices issued but not paid at 31 December 2022 whose term has expired					
In days	0	1.30	31 60	61.90	91 and more	Total (1 and more)	0	1.30	31 60	61 90	91 and more	Total (1 and more)
Late payment tranches												
Number of invoices concerned	16	37	6	4	50	97	1,086	1,121	1,084	387	2,137	4,729
Amount of invoices concerned (incl. VAT in €k)	61	224	40	1	40	305	2,278	561	507	115	527	1,709
% of total amount of purchases for the financial year (incl. VAT)	0.13%	0.46%	0.08%	0.00%	0.08%	0.63%						
% of turnover for the financial year (incl. VAT)							2.92%	0.72%	0.65%	0.15%	0.67%	2.19%
Excluded invoices relating to disputed or unrecognised debts and receivables												
Number of excluded invoices	0											
Total amount of excluded invoices (incl. VAT in €k)	0											
Reference payment periods used (contractual or legal - Article L441-14 or Article L443-1 of the *Code de commerce* [French Commercial Code])												
Payment terms used to calculate late payments	Contractual deadlines: 30 days end of month Legal deadlines: 60 days from invoice issue date						Contractual deadlines: Receipt of invoices and 45 days end-of-month Legal deadlines: 30 days from the date of performance of the service					

1.4 STOCK MARKET INFORMATION

1.4.1 COGELEC SHARE MARKET

COGELEC shares have been listed on the Euronext Growth Paris market since 7 December 2020. Previously, COGELEC shares were listed on the regulated market of Euronext Paris, section C.

The number of shares outstanding amounted to 8,898.048 at 31 December 2022.

1.4.2 CHANGE IN SHARE PRICE IN 2022

The share price at 31 December 2022 was €6.66.

Month	Highest price	Lowest price	Latest Price
January 2022	7.38	6.96	6.96
February 2022	8.18	6.94	7.62
March 2022	7.74	6.94	7.60
April 2022	7.80	7.56	7.64
May 2022	7.90	7.60	7.86
June 2022	8.46	7.12	7.12
July 2022	8.40	6.76	7.26
August 2022	7.62	7.16	7.38
September 2022	7.50	6.08	6.30
October 2022	6.52	6.10	6.44
November 2022	7.18	6.44	7.16
December 2022	7.76	6.50	6.66

1.4.3 SHARE BUYBACKS

Summary of purchases and sales of shares for the 2022 financial year

During the 2022 financial year, the Company purchased and sold COGELEC shares under a liquidity agreement entered into on 25 June 2018 with Louis Capital Markets UK LLP and a share buyback agreement dated 30 October 2018 also entered into with Louis Capital Markets UK LLP, on the basis of which the Board of Directors met on 16 November 2022 to implement a new share buyback programme to cover future free share allocation plans, with redemptions being carried out by TP ICAP MidCap, appointed for this purpose. The details of these purchases and sales are shown below.

	Number of shares	Value of shares
Shares held at 31/12/2022	401,451	€2,367,733
Shares acquired during 2022	42,875	€311,625
Shares sold during 2022	48,061	€350,302

The new share buyback programme was implemented in accordance with the authorisation granted by the 7th resolution approved by the General Meeting of Shareholders of 23 June 2022. As a reminder, the maximum number of shares likely to be redeemed by the Company may not exceed 10% of the share capital on the date of these purchases. The maximum purchase price by the Company of its own shares may not exceed €23.50 per share and the total amount allocated to this programme may not exceed €5,000,000.

The share buyback programmes launched in 2018 and 2022, respectively, resulted in the buyback of 380,160 and 21,291 shares at 31 December 2022.

During the 2022 financial year, the Company did not award, cancel or reallocate shares.

Dividend per share

In accordance with the provisions of Article 243 bis of the *Code Général des Impôts* [French General Tax Code], the amount of dividends distributed in respect of the previous three financial years is as follows

Financial year	Number of shares	Net dividends per share
2019	8,898.048	0
2020	8,898.048	0
2021	8,898.048	0

1.5 SUBSIDIARIES AND EQUITY INTERESTS

The Company holds 100% of the capital and voting rights of INTRATONE GMBH in Düsseldorf. In 2022, INTRATONE GMBH continued to grow and its headcount was stable. This subsidiary does not hold any interests in the Company or in any other company. At 31 December 2022, INTRATONE GMBH's share capital was €25k.

A second subsidiary, INTRATONE Ltd, whose capital is wholly owned by the Company, was created in London in February 2018. In 2022, this company continued to grow, and its headcount was stable. This subsidiary does not hold any interests in the Company or in any other company. As at 31 December 2022, the share capital of INTRATONE Ltd was £100.

A third subsidiary, INTRATONE BV, whose capital is wholly owned by the Company, was created in Amsterdam in October 2018. In 2022, this company continued to grow, and its headcount increased slightly. This subsidiary does not hold any interests in the Company or in any other company. As at 31 December 2022, the share capital of INTRATONE BV was €10k.

Below is a summary of the parent company financial statements of the subsidiaries for the past period:

Companies	Method of consolidation	2021 turnover excl. VAT	Income/loss for
INTRATONE GMBH	IG	€1,126 k	€(3 076) k
INTRATONE UK	IG	£1,673 k	£(2,004) k
INTRATONE BV	IG	€3,212 k	€(937) k

There are no cross-holdings within the Group.

1.6 BRANCHES

The Company has no branches.

1.7 POST-CLOSING EVENTS AND OUTLOOK

1.7 POST-CLOSING EVENTS

On 1 February 2023, COGELEC announced a collaboration agreement with KONE to develop the roll-out of a new connected services offering combining their two smart technologies, including new connected solutions in residences. As part of this new collaboration, COGELEC under its Intratone brand and KONE, the global leader in mobility in cities, will roll out a joint offering for collective housing that offers four specific features: connectivity between the entrance hall door and lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone and connectivity between the resident and the lift in the event of a breakdown.

1.7.2 OUTLOOK

With continued growth in its installed base, an innovative range of services meeting the current concerns of residents in collective buildings and a change in its product mix for more recurrence, COGELEC is confirming its 2023 aim for a new year of double-digit turnover growth, accompanied by an improvement in EBITDA/turnover ratio and the marketing of Kibolt over the current financial year.

1.8 RISK MANAGEMENT

1.8.1 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FACED BY THE GROUP

General Management has conducted a review of risks that could have a material adverse effect on its business, financial position or results (or on its ability to achieve its objectives) and considers that there are no other significant risks identified at the date of this annual financial report.

In accordance with the provisions of Article L. 225-100-1 of the Code de Commerce [French Commercial Code], in addition to the main risks presented below, you will find an overview of interest rate, exchange rate and liquidity risks in section "3. CONSOLIDATED STATEMENTS NOTE 3.6.2 "Assessment of risk factors" of this annual financial report.

In accordance with the provisions of Regulation (EU) No. 2017/1129 (the so-called "Prospectus 3" Regulation) and Delegated Regulation (EU) No. 2019/980, only those risks that are specific to the Company and the Group and that are material to making an informed investment decision are outlined in this section. The most significant risks in each risk category are presented first.

For each of the risks set out below, the Company has performed as follows:

- presentation of the gross risk, as it exists in the course of the Company's business;
- presentation of the measures implemented by the Company for the purposes of managing such risk.

The application of these measures to gross risk allows the Company to analyse a net risk. The Company has assessed the degree of criticality of the net risk, which is based on the joint analysis of two criteria: (i) the likelihood of the risk occurring and (ii) the estimated extent of its negative impact. The level of criticality of each risk is set out below.

Summary table:

Nature of the risk	Degree of criticality of the net risk
Emerging risks	
– COVID-19 health crisis	Moderate
– Risks related to the overall rise in prices due to the war in Ukraine and the macroeconomic environment	Moderate
Risks related to the Company's business and market	
– Dependence on telephone operators	Moderate
– Technological failures	Moderate
– Dependence on subcontractors	Moderate
– Dependence on suppliers	Moderate
– Dependence on key persons	Moderate
– Competition	Moderate
– Technological breakthrough	Moderate
– Corporate Reputation	Moderate
– International development	Moderate
Legal risks	
– Intellectual property	Moderate
Financial risks	
– Financing needs	Moderate

RISKS RELATED TO THE COVID-19 HEALTH CRISIS

It is recalled that in 2020, the COGELEC Group's performance was impacted by the global crisis and the national lockdown decreed over the period from March to May 2020. This crisis had a negative impact on growth in 2020. COGELEC had measured the impacts on the main aggregates of the parent company financial statements of COGELEC SA by comparing equipment sales over the period March to May 2020 with the same period in 2019.

As a result, Cogelec SA's turnover for 2020 was impacted in the amount of approximately -€2.9m and the associated direct margin of -€1.6m.

Due to the health crisis linked to the spread of Covid-19, which was still very critical at the beginning of 2021, the Company had taken out a state-guaranteed loan agreement (PGE) in April 2021 for up to nine million euros in order to maintain its cash flow. In addition, the Group had not requested any postponement of its social security and tax and credit deadlines. It should be noted that some European countries, particularly Germany and the United Kingdom, were more broadly impacted by the various lockdowns at the beginning of 2021.

Since the start of the 2022 financial year, the Company has almost no longer felt the effects of the health crisis, as business has returned to a normal pace.

However, while the virus in circulation is less dangerous and the French economy is no longer really impacted by the Covid-19 health crisis, the risk of the emergence of new dangerous variants of the virus, which would lead to the implementation of new restrictive government measures to slow down overall economic activity, cannot be completely ruled out and still generates uncertainty. With regard to these elements, the net criticality of this risk is considered by the Company to be moderate.

RISKS LINKED TO THE OVERALL RISE IN PRICES DUE TO THE WAR IN UKRAINE AND THE MACROECONOMIC ENVIRONMENT

The Group does not operate in the countries affected by the war in Ukraine, which began in February 2022 and is not directly impacted to date without it being possible to accurately quantify the potential impacts due to the unpredictability of the evolution of this crisis.
Nevertheless, the Company remains particularly vigilant to preserving margins and maintaining activity due to the impacts of inflation, potential supply chain disruptions and rising interest rates in a geopolitical and economic environment that remains uncertain.
With regard to these elements, the net criticality of this risk is considered by the Company to be moderate.

Risks related to the Company's business and market

RISKS RELATED TO DEPENDENCE ON TELEPHONE OPERATORS

Due to the nature of its activities, the Company is dependent on its relationship with telephone operators and the agreements entered into with them (agreements are currently in force with Orange, SFR and Bouygues Telecom).

Due to its dependence on the aforementioned telephone operators, the Company identifies the following risks, which could have a significant adverse effect on the Company or its business, financial situation, results, development and prospects:

- loss of a telecommunications operator’s licence by one or more operators;
- loss of one or more frequencies by one or more operators;
- unavailability of one or more networks at the same time;
- deterioration of existing networks and/or of the quality of services linked to these networks;
- termination of an agreement with the Company, by one operator or simultaneously by several operators;
- sharp increase in the pricing conditions negotiated with one or more operators.

In order to limit the impact of these risks, the Company has chosen to enter into agreements with several operators and not one. Thus, the Company may replace one operator with another depending on the specific needs of its projects.

In addition, the risk associated with a possible increase in the pricing conditions negotiated with one or more operators is mitigated because the Company has the ability to pass on these increases to its end customers.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- dependence on telephone operators is extremely important;
- although dependence on telephone operators is mitigated by spreading the risks associated with this dependence among a number of operators, several operators could be faced at the same time with the risks set out (e.g. unavailability of several networks at the same time, loss of frequencies of several operators, deterioration of existing networks managed by several different operators).

RISKS RELATED TO TECHNOLOGICAL FAILURES

Disruptions that may affect the Group's operations have a variety of origins, many of which are beyond the Group's control, including: loss of power and failure of telecommunications systems; software and hardware errors, failures, defects or crashes; computer viruses and other similar disruptive problems; fires, floods and other natural disasters; network attacks or damage to business intelligence tools, software and systems introduced by hackers or cybercriminals; and the performance of third-party suppliers.

The Company has taken measures (security systems, data backup procedure, access protection and contingency plan) to ensure the reliability and security of its IT systems, both for internal (Design office, sales, marketing, production and accounting) and external IT resources, with a view to ensuring business continuity should one of the aforementioned risks occur.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the Company has put in place security measures concerning any failures that may occur, but the prevention of such technological failures depends on the know-how of third-party organisations whose activity is the core business;
- if, in the future, the Company is unable to deal with any of the risks related to the management of IT systems, its business, results, financial position, development and prospects could be affected.

RISKS RELATED TO DEPENDENCY ON SUBCONTRACTORS

As part of its cost control policy, the Company subcontracts the manufacture of the electronic boards in its products. The entire production of electronic boards is subcontracted to two companies located as close as possible to the Company, in the Pays de la Loire region, in order to promote responsiveness and fluidity of exchanges.

The Company ensures that its subcontractors have sufficient material and human resources to keep up with its developments and/or diversify its sources of supply. Despite these measures, the Company may face longer delivery times compared to the initial schedule. Such a delay could in turn lead to a delay in achieving the turnover of the products concerned.

The Company has not put in place any specific contractual provisions with its subcontractors (such as volume commitments).

The Company is currently planning to double the number of its subcontractors in order to limit the risks inherent in production while having additional production capacity, which it may or may not use, in whole or in part, depending on how quickly it develops.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the Company cannot provide a guarantee that its subcontractors will continue their commercial relations with it over the long term or will maintain an operational level in line with its needs and in the event of failure of subcontractors, the Company may not be able to replace them quickly;

– the occurrence of the events described in this section could have a high negative impact on the activity of all the Company's subcontractors at the same time despite the increase in the number of subcontractors that the Company uses.

SUPPLIER DEPENDENCE RISKS

The Company relies on a large number of components supplied by different suppliers, most of which are interchangeable, to manufacture its products. The Company's main procurement markets are Europe and Asia (which entails foreign exchange risk, described in section 3. CONSOLIDATED STATEMENTS NOTE 3.6.2 "Assessment of risk factors" of this annual financial report).

While the Company attaches great importance to the quality of its suppliers, the use of suppliers involves a number of risks, including supply disruption, insufficient quality of components, product origin or non-compliance with applicable regulations and intellectual property rights of third parties. The use of suppliers may therefore lead to financial risks and risks to the Company's reputation, particularly in the event that these suppliers do not themselves comply with the regulations applicable in particular to product safety.

The occurrence of one or more of these risks could have a material adverse effect on the Company, its business, its financial position, its results, its development and its prospects. The Company considers that the level of criticality of this net risk is moderate, it being considered that:

– the Company cannot provide any guarantee that its suppliers will continue their business relationships with it over the long term or maintain an operational level in line with its needs and in the event of supplier failure, the Company may not be able to replace them promptly;
– the occurrence of the events described in this section could have a high negative impact on the business of all of the Company's suppliers which the Company uses.

RISKS RELATED TO DEPENDENCY ON KEY PERSONS

The Group relies on key personnel within the Management and the rest of the staff. In this sense, any departure of said members of management or of said staff could cause harm to the Group's activities.

The Group also faces the challenge of attracting, training and retaining qualified personnel while controlling its labour costs. The Group's ability to support its strategy may be limited by its ability to recruit, train, motivate and retain a sufficient number of qualified employees.

The Company's inability to attract and retain these key persons could prevent it from achieving its objectives and thus have a significant adverse effect on its business, results, financial position, development and prospects.

The Company considers that the degree of criticality of this net risk is moderate, it being considered that the occurrence of the events described in this section could have a high negative impact on the Company (non-methodical of the Company's objectives, disorganisation, impact on turnover and profitability).

COMPETITION-RELATED RISKS

COGELEC faces active competition, mainly on price but also on the ability to offer GSM. Innovations demonstrated by competing companies could affect the future growth of the Company. Generally speaking, it is highly likely that the vast majority of market players will soon launch systems similar to those developed by the Company.

In response, COGELEC is making significant investments in innovation.

Faced with this competition, COGELEC may need to reposition its strategy in order to maintain its market share and margin.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the effectiveness of the measures put in place by the Company to understand the enhanced competitive environment in which it operates can be mitigated (in the event of delays in the development of innovative projects or in the event of the development of new products competing with those proposed by the Company);

- the occurrence of the events described in this section could have a significant negative impact on the Company (impact on the Company's turnover and level of profitability).

RISKS OF TECHNOLOGICAL DISRUPTION

Innovative technologies under development, which are potentially more efficient, safer and/or less costly, or other techniques not yet known to date, could, in the near future, be marketed.

In order to anticipate these technological developments, the Company has a team in charge of monitoring technological developments and keeps abreast of recent research and the latest advances in its fields of activity.

However, the Company may fail to properly assess the technological, IT and business opportunities that these new technologies have to offer, and potentially fall behind the competition.

The Company considers that the degree of criticality of this net risk is moderate, it being considered that the occurrence of the events described in this section could have a high negative impact on the Company (impact on the Company's turnover and level of profitability).

REPUTATIONAL RISK

The Company's reputation is essential in the presentation of its products and services, as well as as part of its strategy of customer loyalty and winning new markets. The Company's success over the next few years will be largely linked to its reputation and reliability in terms of the quality of the products and services that the Company will offer. This reputation has already enabled the Company to consolidate its market share and has made a significant contribution to its development.

The Company could find itself vulnerable if a poor experience of one or more customers were to spread online or through other information channels such as social media, which is extremely difficult to control.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the Company believes that the dissemination of criticisms relating to the Company is likely, but that the Company will be able to react effectively through the monitoring of Internet tools and social networks;
- the occurrence of the events described in this section could have a negative impact on the Company (deterioration of the Company's reputation, loss of attractiveness of the Group's products, impact on the Company's turnover and level of profitability).

RISKS RELATED TO INTERNATIONAL DEVELOPMENT

The Company makes its international development an important part of its growth strategy. To expand its leadership in Europe, the Company, which offers solutions in 10 European countries, has established its first foreign subsidiaries in Germany (Düsseldorf), the United Kingdom (London region) and the Netherlands (Amsterdam). The international scope of the Company's activities is an element of complexity that increases the risks inherent in its business. Various risks are associated with this international expansion, including:

- submission to different legal and regulatory requirements, taxation or commercial laws;
- the possible occurrence of unexpected changes in the legal, political or economic framework of the countries in which the Company procures or sells its products;

- the difficulty of identifying, recruiting and retaining talented and skilled employees in foreign countries;
- the need to adapt product offerings to the local market and adapt to local practices and cultural standards, and the need to be competitive with other competitors potentially having better knowledge of the local market;
- differences in social regulations from one country to another;
- limitations on the Company's ability to reinvest the profits of its operations in one country to finance the capital requirements of its operations in other countries;
- fluctuations in currency exchange rates against the euro for the Company's activities outside the eurozone);
- the increase in costs related to the Company's international presence;
- evolving regulations from one country or region to another regarding data security, unauthorised access and use of business and personal information;
- limited or unfavourable protection of intellectual property in certain countries.

The Company considers that the degree of criticality of this net risk is moderate, it being considered that the occurrence of the events described in this section could have a negative impact on the Company (deterioration of the Company's reputation, loss of attractiveness of the Group's products, impact on the Company's turnover and level of profitability, as well as its development and outlook).

Legal risks

INTELLECTUAL PROPERTY RISKS

The Company currently holds 55 patent families, 35 trademarks and 21 designs. It has also obtained several VIGIK brand licences for products it designs, manufactures and sells. The Company’s success hinges in particular on its ability to obtain, maintain and protect its patents, trademarks and designs as well as its other intellectual property rights or similar rights (such as its trade secrets and know-how).

The Company takes a very proactive approach to the protection of its intellectual property rights, and relies on the advice of two law firms specialising in this field, one dealing with patents and the other with trademarks, designs and logos.

Furthermore, as part of its projects under development, the Company cannot be certain that the confidentiality of its non-patented technologies or trade secrets will be effectively guaranteed by the safeguards put in place and that, in the event of a breach, satisfactory remedies may be taken. In such cases, the Company requires the signing of confidentiality agreements (particularly in the context of partnership agreements). The technologies, processes, know-how and proprietary data that are not patented and/or not patentable are considered trade secrets which the Company attempts to protect in part through such confidentiality agreements, where applicable.

Intellectual property claims by a third party or the Group’s failure or inability to protect its intellectual property rights could diminish the value of the Group’s brand and undermine its competitive position.

However, to limit the above-mentioned risks, the Company always begins an R&D project with a state of the art analysis, in particular with a review of existing patents that could be linked to the project, with a view to always ensuring that, if it succeeds in knocking down the technological barriers identified, the Company will have the freedom to exploit its innovation. Next, after obtaining approval for the patents filed, it launches its new products and services on the market.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the number of patents filed in its sector of activity is very high, with high levels of technical complexity on similar technologies, which increases the likelihood of being faced with complaints for unauthorised use of third-party patents;
- the occurrence of the events described in this section could have a significant negative impact on the Company (loss of competitive advantages, impact on the Company's turnover and level of profitability, litigation risks).

Financial risks

RISK ON FINANCING NEEDS

The Company's annual cash requirements have so far been met thanks to tools such as the capital increase, public innovation assistance (BPI repayable advance), the Research Tax Credit, the Innovation Tax Credit and bank borrowing.

In the future, the Company will continue to have significant financing needs for the development and marketing of its products. The Company may be unable to self-finance its growth, which would lead it to seek sources of financing, in particular through the use of bank financing enabling leverage, through the issuance of financial instruments classified as financial liabilities or through the issue of new shares.

The Company's ability to raise additional funds will depend on financial, economic and economic conditions, as well as other factors, over which it exercises no control or limited control. In addition, the Company cannot guarantee that additional funds will be made available to it when necessary and, where applicable, that such funds will be available on acceptable terms.

If the necessary funds were not available, the Company may, in particular, have to limit the development of new products or delay or renounce marketing in new markets.

In addition, to the extent that the Company raises capital by issuing new shares or other financial instruments that may give access to the Company's capital in the future, its shareholders could be diluted.

The Company considers that the level of criticality of this net risk is moderate, it being considered that:

- the Company takes steps to obtain the financing necessary for the development of its business;
- the occurrence of the events described in this section could have a high negative impact on the Company (breach in the development of the Company's activities, impact on the Company's turnover and level of profitability).

1.8.2 INSURANCE AND RISK COVERAGE

The Company has put in place a policy to cover the main insurable risks with amounts of guarantee that it considers compatible with the nature of its business.

The amount of expenses borne by the Company in respect of all insurance policies amounted to €157k for the year ended 31 December 2021 and €175k for the year ended 31 December 2022.

The Company's main policies, taken out with insurance companies, are as follows:

Type of insurance	Main cover
Transport of goods	Purchasing supplies Sales Own account
Buildings	Property damage to insured property Loss of rent and/or loss of use/financial losses Costs and losses (including insured surveyor's fees, excavation costs, security costs) Responsibilities
Car fleet	Company fleet One-off assignments with use of a personal vehicle
Multi-risk	Fires and related risks Theft Glass breakage Machinery breakage Operating losses
Professional public liability	Damage before delivery, during and after Defence Remedy
Global secure	Employee travel assistance
Key men	Death and Permanent Disability (DPD) Accident/Sickness Total Permanent Disability cover
Public liability	Corporate officers Directors
Theft of data/hacking and cyber-attacks	Personal data breach Breach of confidential data Operating loss Cyber-responsibility Virus

A detailed summary of the policies taken out is set out in section 4.8 of the Company's core document, available on the Company's website.

1.9 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

1.9.1 INTERNAL CONTROL OBJECTIVES

The internal control system implemented in Group companies aims to ensure:

- compliance with laws and regulations,
- the application of instructions and guidelines set by senior management,
- the proper functioning of processes, particularly those contributing to the safeguarding of assets,
- the reliability of financial information, and
- in general, the system contributes to the control of activities, the effectiveness of operations and the efficient use of resources.

Like any control system, this system cannot guarantee in an absolute manner that all risks are managed. Above all, it aims to reduce their likelihood of occurrence and their potential impact, through the deployment of appropriate actions.

1.9.2 PREPARATION OF FINANCIAL INFORMATION

Planning, steering and reporting process

The budget preparation and monthly monitoring procedures are presented as follows:

- at the end of the year, a detailed budget is prepared for the following year by senior management. This budget is then presented to the Board of Directors.
- A monthly Executive Committee meeting is intended to monitor and measure budget deviations and determine corrective actions to be implemented.

Account closing procedures

The Group prepares a monthly statement of certain key indicators and the half-yearly closing of its complete consolidated financial statements. These transactions are carried out by the accounting firm which has supported the Company since its creation.

An accountant is involved in preparing the tax return, the consolidated financial statements and the IFRS consolidation package. The financial statements are then audited by the statutory auditors and approved by the Board of Directors.

Applicable standards

In general, all of the Company's accounting options are defined by management and then discussed with the statutory auditors. The Group's consolidated financial statements are prepared in accordance with IFRS. The Company's financial statements are prepared in accordance with French rules.

1.10 ELEMENTS OF THE MANAGEMENT REPORT PRESENTED IN OTHER PARTS OF THE ANNUAL FINANCIAL REPORT

The elements of the management report are covered in full through various sections of this document:

- interest rate and exchange rate risk hedging policy and risk factors - Section 3.6.2 of the chapter on the consolidated financial statements;
- information on corporate governance - section 2.1 of the chapter on the corporate governance report;
- table of profits and losses for the last 5 years - section 4.4 of the chapter on the Company's annual financial statements;
- information on share capital, shareholders and transactions on treasury shares - Section 2.4 of the chapter on the corporate governance report;
- statement of employee shareholding on the last day of the financial year - section 2.4.10 of the chapter on the corporate governance report.

2. REPORT ON CORPORATE GOVERNANCE

2.1 CORPORATE GOVERNANCE

In accordance with the provisions of Article L. 225-37 of the Code de Commerce [French Commercial Code] and in addition to the management report, the purpose of this report by the Board of Directors on corporate governance is to report to the shareholders:

- the composition, operation and powers of the Board;
- the conditions for preparing and organising the Board's work;
- the compensation of corporate officers;
- agreements entered into between a senior manager or a significant shareholder and a subsidiary;
- the terms and conditions relating to the participation of shareholders at the general meeting.

Since June 2018, the Company has referred to the MiddleNext Corporate Governance Code. The Code is available on the website www.middleNext.com.

In addition, in accordance with recommendation R22 of the Middlenext Code, updated in September 2021, the Board of Directors took note of the items presented in the "points of vigilance" section, which are the essential provisions of the Code, and declares that it has reviewed it during the preparation of this report.

All the recommendations of the code have been examined and the Company complies with it or provides detailed explanations.

For the financial year ended 31 December 2022, in addition to the information contained in this report, the status of application of the recommendations of the Reference Code is as follows:

MiddleNext Code recommendations	Compliant	Plans to comply	Considers not appropriate
R1: Compliance of Board members	X		
R2: Conflicts of interest	X (1)		
R3: Composition of the Board - Presence of independent members on the Board		X(2)	
R4: Information for Board members	X		
R5: Training of Board members	X (3)		
R6: Organisation of Board and Committee meetings	X		
R7: Establishment of committees	X		
R8: Establishment of a specialised committee on corporate social/social and environmental responsibility (CSR)	X (4)		
R9: Implementation of the Board's internal rules	X		
R10: Choice of each director	x		
R11: Term of office of Board members	X		
R12: Directors' remuneration	X		
R13: Implementation of an assessment of the Board's work	X		
R14: Relations with "shareholders"	X (5)		
R15: Diversity and equity policy within the company	X (6)		
R16: Definition and transparency of the compensation of executive corporate officers	X		
R17: Preparation of the succession of "managers"	X		
R18: Combination of employment contract and corporate office	X		
R19: Severance pay	X		
R20: Supplementary pension plans	X		
R21: Stock options and free allocation of shares	X (7)		
R22: Review of points of vigilance	X		

(1) In accordance with recommendation R2 of the Middlenext Code, updated in September 2021, the Board of Directors meeting on 30 March 2022 included Article 9.4 in the Board of Directors' Internal Rules relating to the establishment of a procedure for the disclosure and monitoring of conflicts of interest, which consists in the Secretary in charge of preparing the minutes of the Board of Directors, at the beginning of each meeting of the Board of Directors to approve the annual financial statements, openly ask all the directors whether or not they are in a conflict of interest situation and to remind them of their duty, where applicable, to refrain from participating in the deliberations or voting. In the event of doubt as to whether or not a conflict of interest exists, the non-affected directors may deliberate and vote by show of hands on the need to remove the director in a conflict of interest from the room. In the event of a tie, the independent director shall have a casting vote. In addition to strengthening the disclosure of these conflicts, and in order to ensure their follow-up, the Board of Directors will deliberate annually in order to carry out an assessment of the existence of such conflicts of interest and, where applicable, to manage them.

(2) The Board of Directors is composed of a single independent director, Lydie Delebarre, whose term of office expires at the 2023 Ordinary General Shareholders' Meeting. The Company does not rule out proposing the appointment of other independent directors at the 2023 Ordinary General Meeting in order to comply with the recommendation R3 of the Middlenext Code updated in September 2021.

(3) In accordance with recommendation R5 of the Middlenext Code, updated in September 2021, the Board of Directors meeting on 30 March 2022 included Article 11 in the Board of Directors' internal rules of procedure aimed at implementing a director training plan which consists in (i) granting all directors who request it no more than 3 days of training during their term of office on specific financial and legal topics, and (ii) organise an annual visit to one or more Cogelec Group sites to train them and raise awareness of the Company's operational activity.

(4) .In accordance with recommendation R8 of the Middlenext Code, updated in September 2021, the Board of Directors, meeting on 30 March 2022, decided that the Board will meet in the form of a CSR Committee as often as necessary, and at least once a year, (ii) that the Board will be chaired on this occasion by Mr Patrice Guyet and (iii) to amend Article 10 of the Board of Directors' Internal Rules.

(5) In accordance with recommendation R14 of the Middlenext Code updated in September 2021, the Board of Directors meeting on 25 April 2023 paid particular attention to negative votes and analysed the votes of minority shareholders on the resolutions of the General Meeting held on 23 June 2022.

(6) In accordance with recommendation R15 of the Middlenext Code, updated in September 2021, the Board of Directors, meeting on 25 April 2023, took note of the report sent by the Company's Human Resources Department on the policy undertaken in terms of professional and wage equality as well as diversity and equity, particularly with regard to gender balance and the results obtained during the financial year ended 31 December 2022. It has carried out the verifications and resources implemented within the Company to achieve gender balance and the fairness put in place within the Company.

(7) No allocation has been made to date.

2.1.1 THE BOARD OF DIRECTORS

Composition of the Board of Directors

Since 23 June 2022, the Board of Directors has been composed of four members as follows:

Last Name, First Name.	Member Independent	Date of 1st appointment	Expiry of the	Strategy committee	Experience and expertise provided
Roger Leclerc, Chair	No	23 April 2018	2024		Chair and Chief Executive Officer since the creation of the Company Research and development
Lydie Delebarre	Yes	23 April 2018	2023	Chair	Member of the Management Committee Finance, Audit and Risk Management Corporate Restructuring M&A
Patrick Fruneau	No	23 April 2018	2025	Member	Technical expertise Research and development
Patrice Guyet	No	23 April 2018	2023		Production and Finance

Table relating to the composition of the Board of Directors and the Committees, in accordance with recommendation R3 of the MiddleNext Code updated in September 2021. The maximum term of office is 3 years. Some directors were appointed for a shorter term, in accordance with the Company's statutory provisions, in order to allow for staggering of terms of office in accordance with recommendation R11 of the MiddleNext Code updated in September 2021.

Roger Leclerc's term of office as director was renewed for a period of 3 years at the General Meeting of 24 June 2021 convened to approve the financial statements for the fiscal year ended 31 December 2020 and his term as Chair and Chief Executive Officer renewed for the entire period of his term of office as director by the Board of Directors meeting on 24 June 2021.

Patrick Fruneau's term of office as director expired at the General Meeting of 23 June 2022 convened to approve the financial statements for the financial year ended 31 December 2021 and was renewed for a period of 3 years.

LIST OF OFFICES AND POSITIONS HELD AT 31 DECEMBER 2022 BY EACH MEMBER OF THE BOARD OF DIRECTORS

Name	Company	Position/Office
Roger Leclerc	COGELEC SA	Chair of the Board of Directors and Chief Executive Officer
	COGELEC DEVELOPPEMENT	Chair
	INTRATONE GMBH	Chair
	INTRATONE UK	Chair
	INTRATONE BV	Chair
	SRC	Chair of HRC, Chair of SRC
	HRC	Chair
	SCI La Crume	Manager
Lydie Delebarre	COGELEC SA	Director
Patrick Fruneau	COGELEC SA	Director
Patrice Guyet	SC PRONOIA	Manager
	COGELEC SA	Director

INDEPENDENCE OF DIRECTORS

Lydie Delebarre has been the only independent director of the Board since the General Meeting of 24 June 2021. She meets the five criteria of independence as defined by the MiddleNext Code.

The Company does not rule out proposing the appointment of other independent directors at the 2023 Annual General Meeting in order to comply with the R3 recommendation of the Middlenext Code updated in September 2021, which recommends that the Board include at least two independent directors.

ABSENCE OF CONVICTIONS FOR FRAUD

To the best of the Company's knowledge and on the date of preparation of this report:

- no convictions for fraud have been handed down in the last five years against any of the members of the Board of Directors;
- no official public incrimination and/or sanction has been imposed on any of the members of the Board of Directors of the Company by statutory or regulatory authorities (including designated professional bodies);
- no director has been prevented by a court from acting as a member of an administrative, management or supervisory body or from intervening in the management or conduct of an issuer's affairs.

ABSENCE OF POTENTIAL CONFLICTS OF INTEREST

To the best of the Company's knowledge, there are no potential conflicts of interest between the duties, with respect to the Company, of the members of the administrative bodies and senior management and their private interests.

The Board's remit

The remit of the Board of Directors complies with Article L. 225-35 of the *Code de Commerce* [French Commercial Code].

The Board of Directors:

- appoints and dismisses the Chair and the Chief Executive Officer, sets the amount of their remuneration and the scope and duration of their powers;
- appoints the members of the specialised committees reporting to it;
- examines and approves the Company's business strategies and ensures that they are implemented, deals with any questions relating to the smooth running of the Company and settles the matters relating to it through its deliberations;
- carries out such audits and checks as it considers appropriate;
- reviews and approves the plans put in place to address the Company's main risks, as well as internal control plans, regularly monitors the Company's activity and performance and ensures transparency in the communication of information;
- establishes and monitors limitations on the powers of executive corporate officers.

Functioning of the Board

In accordance with the recommendation R9 of the Middlenext Code updated in September 2021, the Board of Directors has established rules of procedure, the last update of which was approved on 30 March 2022. The rules of procedure are available on the Company's website.

In accordance with recommendation R1 of the Middlenext Code updated in September 2021, each member of the Board is made aware of the responsibilities and obligations incumbent upon him/her, particularly at the time of his/her appointment, by providing him/her with the rules of procedure recalling all the rights and duties of the Board members, the operating procedures of the Board and the rules of ethics that they must apply.

DUTIES OF THE CHAIR OF THE BOARD OF DIRECTORS

The Chair of the Board of Directors organises and directs the work of the Board, on which he/she reports to the General Meeting. He/she ensures the proper functioning of the Company's bodies and ensures, in particular, that the directors are able to fulfil their duties.

FREQUENCY OF MEETINGS

The Board meets as often as required by the Company's interests or as required by law and at least once a quarter. During the past financial year, it met four times.

The average attendance rate observed during the 4 meetings held during the 2022 financial year was 93.75%. Meetings of the Board were held, at the invitation of the Chair, at the registered office. In addition, and in accordance with recommendation R6 of the Middlenext Code updated in September 2021, members of the Board regularly and informally exchange views with each other outside the framework of meetings.

During the 2022 financial year, the Board examined and approved the half-yearly and annual financial statements, authorised the tacit renewal of the service agreement entered into with HRC S.A.S., amended the rules of procedure of the Board of Directors in order to comply with the revised version of the Middlenext Code of September 2021 and launched a new share buyback programme to cover future free share allocation plans.

NOTICE OF MEETINGS TO DIRECTORS

Directors are notified of meetings by e-mail (and given advance notice by telephone). An agenda is attached to the invitation and a set of working documents is sent by e-mail prior to the meeting.

INFORMATION FOR DIRECTORS

In accordance with recommendation R4 of the MiddleNext Code updated in September 2021, and in accordance with the conditions specified in the rules of procedure, members of the Board receive, prior to meetings, the documents necessary for their tasks in sufficient time, and operating reports are regularly sent to them.

MINUTES OF MEETINGS

Minutes of Board meetings are prepared at the end of each meeting and approved during the next Board meeting.

2.1.2 COMMITTEES OF THE BOARD OF DIRECTORS

The Board has set up a Strategy Committee and has decided to meet at least once a year as a CSR Committee. The Strategy Committee and the CSR Committee's training meeting are intended to improve its operation and effectively contribute to the preparation of its decisions.

Strategy Committee

On 7 December 2020, COGELEC shares were transferred from the regulated market of Euronext Paris to the Euronext Growth Paris market, so that since that date, the Company has not been subject to the obligation to set up an audit committee, in accordance with the provisions of Articles L. 823-19 and L. 823-20 of the *Code de commerce* [French Commercial Code]. Furthermore, the so-called say on pay regulations relating to the remuneration of corporate officers are also no longer applicable to the Company due to the above-mentioned transfer making the meeting of the Appointments and Compensation Committee less necessary.

In this context, the Board of Directors, at its meeting of 24 June 2021, decided to remove these two committees and to amend Article 10 of the Board of Directors' Internal Rules in order to create a legal framework for the establishment of a Strategy Committee.

The role of the Strategy Committee is to support and guide the company's strategy for short, medium and long-term projects. It submits the reports, studies or other investigations it has carried out to the Board of Directors and, where appropriate, formulates any opinion or recommendation, it being the Board of Directors' responsibility to assess the action it intends to take.

The Strategy Committee is composed of two members, Patrick Fruneau and Lydie Delebarre, the latter being appointed as Chair of the Committee, for the entire duration of their term of office as Director.

The Strategy Committee meets under the terms of Article 10 of the Board of Directors' rules of procedure, as often as necessary at the invitation of its Chair.

Setting up meetings of the Board of Directors as a CSR committee

In accordance with recommendation R8 of the Middlenext Code, updated in September 2021, the Board of Directors decided to set up meetings of the Board of Directors in the form of a CSR committee, without creating an ad hoc committee insofar as the Board is restricted and has had only 4 directors since 24 June 2021.

The Board of Directors meets in the form of a CSR committee to reflect on the sharing of value and, in particular, on the balance between the level of remuneration of all employees, the compensation for shareholder risk-taking and the investments necessary to ensure the sustainability of the company.

The Board of Directors, meeting in the form of a CSR committee, has as Chair Patrice Guyet, who, although not qualified as an independent director, has full knowledge of the Company.

The Board of Directors meets in the form of a CSR Committee in accordance with the terms of Article 10 of the Board of Directors' rules of procedure, as often as necessary, and at least once a year. The members of the Board of Directors called to meet in the form of a CSR Committee met on 6 September 2022 at a working meeting in order to prepare for the first effective meeting of the Board of Directors in CSR training, which will take place during 2023.

2.1.3 GROUP GENERAL MANAGEMENT

General Management provides its expertise to the Board of Directors in the development and monitoring of the strategy validated by the Board. It makes every effort to ensure the proper management of the company and the implementation of the budget approved by the Board of Directors.

Chief Executive Officer

At the meeting of the Board of Directors on 23 April 2018, it was decided to combine the roles of Chair and Chief Executive Officer.

The Chair and Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He/she exercises these powers within the limits of the company objects, subject to those powers expressly assigned by the *Code de commerce* [French Commercial Code] to Shareholders' Meetings and to the Board of Directors. He/she represents the Company in its dealings with third parties.

In addition, the rules of procedure list a number of transactions for which the Chair and Chief Executive Officer must obtain prior authorisation from the Board as follows:

- acquiring or disposing of all direct or indirect holdings of the Company in any companies created or to be created, participating in the creation of all companies, groups and organisations, subscribing to all issues of shares, corporate units or bonds, when the financial exposure of the Company exceeds five million euros (€5,000,000) for the transaction in question;
- granting all contributions or exchanges relating to goods, securities or values (excluding any current account contribution by the Company to its subsidiaries), for an amount exceeding five million euros (€5,000,000);

- in the event of a dispute, entering into all agreements and transactions, accepting all special agreements, for an amount exceeding one million euros (€1,000,000);
- any acquisition or disposal of properties in excess of three million euros (€3,000,000);
- granting or contracting of any loans, borrowings, loans and advances by the Company, or for this purpose authorising the Company's subsidiaries, for an amount exceeding five million euros (€5,000,000);
- acquiring or assigning, by any means, all receivables, for an amount exceeding one million euros (€1,000,000);
- granting all guarantees, sureties and endorsements for an amount exceeding one million euros (€1,000,000).

Management Committee

The Executive Committee must first and foremost implement the company's vision and strategy. It is, of course, the body where decisions, guided by this vision, are made in order to optimise the management and growth of the company. It enables important issues requiring management decisions to be dealt with, strategic communications issues to be discussed, the opportunity for structuring information to be fed back and forth, and also a meeting to analyse key figures from departments and projects.

It is made up of 8 members:

- Victor d'Allance, International Development Manager;
- Xavier Benaiteau, Industrial Manager;
- Laurent Caramelle, Director of the Research & Development programme;
- Roger Leclerc, Chair and Chief Executive Officer;
- Norbert Marchal, Head of Advanced Research and Mechatronics Projects;
- Véronique Pochet, Chief Financial Officer;
- Anne Fonteneau, Head of Human Resources;
- Jean-Philippe Hervouet, Head of IT.

2.2 INFORMATION ON REMUNERATION

2.2.1 REMUNERATION OF EXECUTIVE CORPORATE OFFICERS

Remuneration awarded to the Chair and Chief Executive Officer, Roger Leclerc

	Remuneration awarded in respect of 2021	Remuneration awarded in respect of 2022
Fixed	€300,000	€300,000
Variable	None	None
Exceptional	None	None
Total	€300,000	€300,000

The performance targets (EBITDA of at least €10m) conditional on the activation of Roger Leclerc's variable portion have not been met. As a result, the variable portion was not activated in 2022.

2.2.2 REMUNERATION OF OTHER CORPORATE OFFICERS

Remuneration awarded to members of the Board of Directors

	Remuneration awarded in respect of 2021	Remuneration awarded in respect of 2022
Roger Leclerc	None	None
Lydie Delebarre	€11,000	€11,000
Patrick Fruneau	None	None
Patrice Guyet	None	None
Total	€11,000	€11,000

Under the terms of Resolution 6 of the General Meeting of 23 June 2022, the shareholders of the Company set the total remuneration of the directors to be distributed among the members of the Board of Directors and/or the ad hoc committees at €20,000 for the financial year ending 31 December 2022.

At its meeting of 26 April 2022, the Board of Directors decided to allocate, for the 2021 financial year, to:

- Lydie Delebarre, Director and Chair of the Strategy Committee, the sum of €11,000;
- Cécile Vacher, Director until 29 June 2021, the sum of €9,000.

The other members of the Board of Directors do not receive any remuneration as corporate officers.

2.3 OTHER ELEMENTS OF THE CORPORATE GOVERNANCE REPORT

2.3.1 AGREEMENTS ENTERED INTO BETWEEN THE COMPANY'S SENIOR MANAGERS OR MAJOR SHAREHOLDERS AND SUBSIDIARIES

No agreement was concluded during the financial year 2022 between an officer or a significant shareholder of the Company and a company controlled by the Company within the meaning of Article L. 233-3 of the *Code de Commerce* [French Commercial Code].

2.3.2 REGULATED AGREEMENTS

A regulated agreement was entered into during the 2022 financial year. This is the agreement entered into between COGELEC and HRC S.A.S., on 23 April 2018 and tacitly renewed with the prior authorisation of the Board of Directors on 18 April 2019, 21 April 2020, 20 April 2021 and 30 March 2022. This is an agreement under which HRC S.A.S. provides commercial and technical services.

No other regulated agreement, entered into during a previous financial year and the performance of which would have continued during the financial year, is in force within the Company.

2.3.3 GENERAL MEETINGS

General Meetings are convened under the conditions laid down by law and regulations. They shall be held at the registered office or at any other location in accordance with the instructions set out in the notices of meetings.

The right to participate in General Meetings is justified by the registration of shares in the accounts under the conditions and deadlines provided for by the regulations.

Meetings shall be held and conducted in accordance with the law and regulations.

In addition, the management team is always available to shareholders who wish to discuss matters or obtain information outside General Meetings, in accordance with recommendation R14 of the MiddleNext Code updated in September 2021. The Board of Directors also pays particular attention to and analyses annually the way in which the majority of minority shareholders expressed themselves at the Annual General Meeting.

2.3.4 AGREEMENTS ENTERED INTO BY THE COMPANY AND AMENDED IN THE EVENT OF A CHANGE IN CONTROL

The Company entered into a “machine-to-machine” partnership and services agreement with Société Française du Radiotéléphone (SFR) on 18 October 2011, which was subsequently amended by a number of addenda.

The purpose of this agreement is to provide the Group with SIM cards and related services to equip the products sold by the Group, in return for payment of a price by the Company in accordance with the pricing conditions set out in the agreement. The agreement provides geographical coverage of more than 50 geographical areas in addition to France.

The agreement was concluded for an initial term expiring on 31 December 2012. It has since been tacitly renewed for a period of 12 months, unless terminated by either party. The agreement also provides for several cases of termination by SFR (e.g. misuse of SIM cards, term or withdrawal of SFR's authorisation to establish and operate, court-ordered liquidation, low rate of achievement of objectives by the Company, change in control of the Company or acquisition of a stake in the Company by a competitor of SFR).

2.4 INFORMATION ON SHARE CAPITAL

2.4.1 SHARE CAPITAL

At 31 December 2022, the share capital amounted to 4,04,121.60 euros consisting of 8,89,848 shares with a par value of 0.45 euros, all of the same category and fully paid up.

	01/01/2022	31/12/2022
Number of shares	8,898,048	8,898,048
O/w shares with single voting rights	3,550,670	3,550,963
O/w shares with double voting rights	5,347,378	5,347,085
Par value in €	€0.45	€0.45
Share capital in euros	**4,004,122**	**4,004,122**

2.4.2 CHANGE IN SHARE CAPITAL

The Company did not enter into any capital transactions during the financial year 2022.

2.4.3 SHARE CAPITAL STRUCTURE AND NUMBER OF VOTING RIGHTS AS OF 31 DECEMBER 2022

As of 31 December 2022				
Distribution of share capital and voting rights	**Number of shares**	**% of share capital**	**Number of voting rights**	**% of voting rights**
SAS SRC(1)	5,347.065	60.09%	10,694,130	77.25%
PUBLIC	3,149,512	35.40%	3,149,512	22.75%
SAS HRC(2)	20	0.00%	40	0.00%
COGELEC(3)	401,451	4.51%	0	0.00%
TOTAL	8,898,048	100%	13,843,682	100%

(1) A *société par actions simplifiée* [French simplified company limited by shares] with a share capital of €2,808,326, whose registered office is located at 370 rue de Maunit, 85290 Mortagne-sur-Sèvre, registered with the Trade and Companies Register of La Roche-sur-Yon under number 802 817 585.
(2) A *société par actions simplifiée* [French simplified company limited by shares] with a share capital of €2,126,576, whose registered office is located in Chambrette, 85130 Les Landes-Genusson, registered with the Roche-sur-Yon Trade and Companies Register under number 451 628 309. The majority shareholder of HRC is Roger Leclerc.
(3) Treasury shares

2.4.4 OWNERSHIP AND CONTROL

The Company is currently controlled by the company SRC, which is itself wholly owned by the company Cogelec Développement. The Company has not put in place any specific measures to ensure that this control is not abused.

The implementation of the recommendations of the MiddleNext Code and, in particular, the composition of the strategic committee ensures the protection of the interests of minority shareholders.

2.4.5 MANAGEMENT TRANSACTIONS

In accordance with Article L.621-18-2 of the *Code Monétaire et Financier* [French Monetary and Financial Code] and Article 19 of EU Regulation No. 596/2014 of 16 April 2014 on market abuse, it is hereby specified that no transaction was carried out by the Company's managers, or a related person, on the COGELEC share during the 2022 financial year

2.4.6 SHAREHOLDERS' AGREEMENT

A shareholders' agreement was signed on 22 July 2021 between the seven shareholders of Cogelec Développement. The main provisions of this agreement are described in the AMF's decision of 21 July 2021 under number 221C1838 [AMF - French financial market authority].

2.4.7 COLLECTIVE COMMITMENTS

To the best of the Company's knowledge, no collective commitment to hold Cogelec shares is currently in force.

2.4.8 SHAREHOLDING THRESHOLDS

Any natural person or legal entity acting alone or in conjunction with others who comes to own a number of shares or voting rights exceeding one of the thresholds set by the law must comply with the disclosure requirements set out in the law within the prescribed period. The same information is also given when the shareholding in capital or voting rights falls below the legal thresholds.

In the absence of having been declared under the conditions above, the shares exceeding the fraction that should have been declared are deprived of voting rights, under the conditions provided for by the provisions of the *Code de commerce* [French Commercial Code].

2.4.9 DELEGATIONS AND AUTHORISATIONS FOR CHANGES IN CAPITAL

In accordance with the provisions of Article L. 225-37-4, 3° of the *Code de commerce* [French Commercial Code], the table below summarises the delegations currently valid as at 31 December 2021 in terms of capital increases and the use made of these delegations during the fiscal year ended 31 December 2021.

The General Shareholders' Meeting of 23 June 2022 granted the Board of Directors certain delegations authorising it to increase the Company's share capital, with the option of sub-delegation under the conditions provided for by law:

Subject	Date of General Meeting	Term of the delegation	Cap/Limit	Use made of these delegations
Authorisation to be granted to the Board of Directors to trade in the Company's shares	23/06/2022	18 months	€5,000,000 10% of the share capital	Delegation used by the Board of Directors on 16 November 2022 to implement a buyback programme to cover future free share allocation plans (see section 1.4.3 of the management report).
Delegation of authority granted to the Board of Directors to issue, with preferential subscription rights, shares and/or securities giving access to new Company shares	23/06/2022	26 months	€2,300,000*	None
Delegation of authority to the Board of Directors to issue, without preferential subscription rights, shares and/or securities giving access to new Company shares in accordance with Article L.225-136 of the *Code de commerce* [French Commercial Code], particularly as part of a public offering	23 June 2022	26 months	€2,300,000*	None
Delegation of authority to the Board of Directors to issue shares and/or securities giving access to new shares, without preferential subscription rights in favour of a category of persons**	23 June 2022	18 months	€2,300,000*	None

Subject	Date of General Meeting	Term of the delegation	Cap/Limit	Use made of these delegations
Authorization to be granted to the Board of Directors to increase, in accordance with Article L.225-135-1 of the *Code de commerce* [French Commercial Code], the number of securities to be issued in connection with issues carried out with or without preferential subscription rights	23/06/2022	26 months	€2,300,000*	None
Delegation of authority to be granted to the Board of Directors for the purpose of issuing shares and/or securities giving access to new shares of the Company reserved for employees who are members of a company savings plan, with cancellation of the preferential subscription right in favour of the latter, in accordance with Article L. 225-129-6 of the *Code de Commerce* [French Commercial Code]	23/06/2022	26 months	1% of the share capital*	None
Delegation of powers to the Board of Directors to issue securities giving access to new Company shares, without preferential subscription rights, as part of an exchange of financial securities	23/06/2022	18 months	Capital increases likely to be carried out in the future under this delegation may lead the Company to double its capital	None
Authorisation to be granted to the Board of Directors to grant free shares without preferential subscription rights to eligible employees or corporate officers of the Company and related companies	23/06/2022	38 months	10% of the share capital	None
Authorisation to the Board of Directors to grant share subscription or purchase options without preferential subscription rights to eligible employees or corporate officers of the Company or related companies	23/06/2022	38 months	10% of the share capital	None
Delegation of powers to the Board of Directors to increase the share capital by incorporation of reserves, premiums, profits or other items in accordance with Article L.225-130 of the *Code de commerce* [French Commercial Code]	23/06/2022	26 months	The increase in the share capital may be carried out in one or more instalments and in the proportions and at the times that the Board of Directors may determine	None
Authorisation to be given to the Board of Directors to reduce share capital by cancelling shares	23/06/2022	24 months	10% of share capital per 24-month period	None

*the maximum nominal amount of capital increases, either immediately or in the future, that may be carried out is deducted from the overall limit on authorisations for issue in cash of €2,300,000 (13th resolution of the General Meeting of 23 June 2022).

**definition of the categories of persons: (I) French or foreign investment companies or collective savings management funds, investing on a regular basis or having invested over the last 36 months more than €5 million in mid- and small-cap companies operating in the security and/or new technologies sectors, or (ii) French or foreign companies or groups with an operational activity in these sectors, or (iii) French or foreign companies or groups that have established a partnership with the Company in connection with the conduct of its business, or (iv) or creditors holding liquid debt, whether or not they are due, in respect of the Company having expressed their wish to have their debt converted into shares of the Company and for which the Company's Board of Directors deems it appropriate to offset their debt against shares of the Company.

2.4.10 STATEMENT OF EMPLOYEES' SHAREHOLDINGS AS AT THE LAST DAY OF THE FINANCIAL YEAR

The Company has set up a company savings plan.

As the Company has exceeded the threshold of 50 employees, a statutory employee profit-sharing is calculated based on the year's income.

3. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT 31 DECEMBER 2022

In all the financial statements and notes, the amounts are indicated in thousands of euros (€k), unless otherwise stated, and the differences of €±1k are due to rounding.

3.1 CONSOLIDATED BALANCE SHEET

ACTIF 3.1. 1

A S S E T S	Notes	31/12/2022	31/12/2021
Intangible assets	**3.6.7.1**	7,307	6,857
Property, plant and equipment	**3.6.7.2**	12,950	11,794
Other financial assets	**3.6.7.3**	611	550
Other non-current assets	**3.6.7.4**	6,355	5,804
Non-current tax assets	**3.6.7.5**		
Total non-current assets		**27,222**	**25,006**
Inventories and work in progress	**3.6.7.6**	16,011	15,293
Trade notes and accounts receivable	**3.6.7.7**	14,977	11,904
Other current assets	**3.6.7.7**	3,935	3,104
Current tax assets	**3.6.10.1**		147
Cash and cash equivalents	**3.6.7.8**	23,439	18,779
Total current assets		**58,361**	**49,226**
TOTAL ASSETS		**85,584**	**74,232**

PASSIF 3.1. 2

L I A B I L I T I E S	Notes	31/12/2022	31/12/2021
Share capital	**3.6.7.9 and**	4,004	4,004
Share premium	**3.5**	18,551	18,551
Other comprehensive income	**3.5**	541	-327
Consolidated reserves, group share	**3.5**	-15,735	-12,167
Consolidated income, group share	**3.5**	-292	-3,280
Shareholders' equity, group share	**3.5**	**7,069**	**6,782**
Consolidated reserves, minority interest	**3.5**		
Consolidated income, minority interest	**3.5**		
Shareholders' equity, minority interest	**3.5**		
Total equity		**7,069**	**6,782**
Borrowings and long-term debts	**3.6.7.10**	21,268	20,607
Provisions for pension benefits	**3.6.7.12**	372	690
Other long-term provisions	**3.6.7.13**	1,684	1,830
Other non-current liabilities	**3.6.7.15**	30,265	26,007
Non-current tax liabilities	**3.6.7.5**	291	343
Total non-current liabilities		**53,880**	**49,477**
Borrowings and long-term debts	**3.6.7.10**	5,649	3,834
Trade notes and accounts payable	**3.6.7.15**	5,448	5,412
Other current liabilities	**3.6.7.15**	12,145	8,727
Current tax liabilities	**3.6.10.1**	1,392	
Total current liabilities		**24,635**	**17,973**
TOTAL LIABILITIES		**85,584**	**74,232**

3.2 CONSOLIDATED INCOME STATEMENT

	Notes	31/12/2022	31/12/2021
TURNOVER	**3.6.8.1**	**59,731**	**51,549**
Other operating income		16	5
Purchases used	**3.6.8.2**	-20,158	-19,278
Personnel expenses	**3.6.8.3**	-19,282	-18,060
External charges	**3.6.8.4**	-11,010	-8,977
Taxes and duties		-777	-541
Depreciation allowance/recapture	**3.6.7.1 and**	-4,368	-4,157
Provisions and Write-backs of provisions and depreciation		-343	232
Change in inventories of goods in progress and finished goods		(752)	1,327
Other current operating income and expenses	**3.6.8.5**	472	236
CURRENT OPERATING INCOME/LOSS		**3,529**	**2,335**
Other operating income and expenses	**3.6.8.6**	-1,184	-4,904
OPERATING INCOME/LOSS	**3.6.4.25**	**2,345**	**-2,569**
Income from cash and cash equivalents		80	22
Cost of gross financial debt		-332	-224
Cost of net financial debt	**3.6.4.25 and 3.6.8.7**	**-253**	**-203**
Other financial income and expenses	**3.6.8.7**	-350	416
Income tax expenses	**3.6.10.1**	-2,035	-923
Share in net income of equity affiliates			
CONSOLIDATED NET INCOME/LOSS		**-292**	**-3280**
Group share		-292	-3,280
Minority interests			
BASIC NET EARNINGS PER SHARE in €	**3.6.4.26**	-0.0344	-0.3862
DILUTED NET EARNINGS PER SHARE in €	**3.6.4.26**	-0.0344	-0.3862

3.3 COMPREHENSIVE INCOME

	31/12/2022	31/12/2021
INCOME/LOSS FOR THE PERIOD	**-292**	**-3,280**
Items that can be "recycled" in the profit and loss statement		
Foreign exchange unrealised gains and losses	386	-389
Tax on items recognised directly in equity		
Items that cannot be "recycled" in the profit and loss statement		
Tax on items recognised directly in equity	-54	-22
Actuarial gains and losses	208	84
Income and expenses recognised directly in equity		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**541**	**-327**
COMPREHENSIVE INCOME/LOSS FOR THE PERIOD	**249**	**-3,606**
Group share	249	-3,606
Minority interests		

3.4 CONSOLIDATED CASH FLOW STATEMENT

	Notes	31/12/2022	31/12/2021
CASH FLOW FROM OPERATIONS			
Net income from continuing operations	**3.2**	**-292**	**-3,280**
Net depreciation, amortisation and provisions	**3.6.7.1-3.2-3.3-3.7-3.12-**	4,102	5,104
Write-back of grants	**3.6.8.5**	-526	-579
Portion of pre-paid income written back to income	**3.6.7.15**	-3,332	-2,850
Capital gains and losses on disposals	**3.6.9.1**	281	1,531
Exchange rate differences on reciprocal transactions		440	-417
Cash flow after cost of net financial debt and tax		**673**	**-491**
Cost of net financial debt	**3.6.8.7**	253	203
Tax expense (including deferred taxes)	**3.6.9.2**	1,820	747
Cash flow before cost of net financial debt and tax		**2,746**	**459**
Taxes paid	**3.6.9.3**	-387	-647
Change in working capital requirements attributable to			
- Other non-current assets	**3.6.7.4**	-556	-1,139
- Inventories	**3.6.9.4**	-718	-2,049
- Customers	**3.6.9.5**	-3,096	-573
- Other current assets (excluding loans and guarantees)	**3.6.9.6**	-779	-234
- Other non-current liabilities	**3.6.9.7**	4,258	3,864
- Suppliers	**3.6.9.8**	79	1,350

- Other current liabilities	**3.6.9.9**	7,335	3,588
	Total	**6,523**	**4,808**
Net cash flow from operating activities		**8,882**	**4,620**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of fixed assets	**3.6.9.10**	-4,201	-4,789
Disposal of fixed assets	**3.6.9.11**	—	12
Change in outstanding loans and advances	**3.6.9.12**	-121	-99
Net cash flow from investing activities		**-4,322**	**-4,876**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the parent company	**3.5**		
Capital increase in cash	**3.5**		
Treasury shares	**3.5**	39	-64
Debt issuance	**3.6.9.13**	4,620	11,228
Loan repayments	**3.6.7.14**	-4,194	-4,041
Cost of net financial debt	**3.6.8.7**	-253	-203
Net cash flow from financing activities		**212**	**6,920**
CHANGE IN CASH AND CASH EQUIVALENTS		**4,772**	**6,664**
Opening cash position		18,763	12,056
Closing cash position	**3.6.7.8**	23,438	18,763
Change in foreign exchange unrealised gains and losses		97	-43
Change in cash and cash equivalents		**4,771**	**6,664**

In accordance with IAS 7, investment and financing flows related to finance leases and leases are considered non-cash and therefore excluded from this statement of cash flows (see Notes 3.6.9.10 and 3.6.9.13).

3.5 STATEMENT OF CHANGES IN EQUITY

	Share capital	Premiums	Other comprehensive income	Reserves	Income/loss for the financial year	Total equity. equity.	Minority interests	Group equity.
As of 31 December 2020	**4,004**	**18,551**	**189**	**-8277**	**-4,020**	**10,447**	**0**	**10,447**
Movements:								
N-1 net income appropriation			-189	-3,832	4,020			
Treasury shares				-59		-59		-59
Actuarial gains and losses			+62			62		62
Exchange rate difference			-389			-389		-389
Consolidated income/loss					-3,280	-3,280		-3,280
As of 31 December 2021	**4,004**	**18,551**	**-327**	**-12,167**	**-3,280**	**6,782**	**0**	**6,782**
Movements:								
N-1 net income appropriation			327	-3,606	3,280			
Treasury shares				38		38		38
Actuarial gains and losses			+154			154		154
Exchange rate difference			386			386		386
Consolidated income/loss					-292	-292		-292
As of 31 December 2022	**4,004**	**18,551**	**541**	**-15,735**	**-292**	**7,069**	**0**	**7,069**

The capital increase on 13 June 2018, linked to the Company's IPO, generated a share premium of €20,110k, to which IPO costs net of corporation tax amounted to €1,558k.

Treasury shares are restated in accordance with Note 3.6.7.9.

3.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.6.1. OVERVIEW OF GROUP AND MAJOR EVENTS

3.6.1.1 Information relating to the Company and its activity

COGELEC is a *Société Anonyme* (SA - French public limited company). The IFRS financial statements include the parent company COGELEC and its subsidiaries.

Address of the registered office: 370 Rue Maunit, Mortagne-sur-Sèvre (85290), France.

Trade and Companies Register number: 433,034,782

COGELEC is a French manufacturer of telephone intercoms and access control solutions in collective and individual housing. The Company is organised to provide its customers with the best overall offering and to develop new products, by investing in research and development.

COGELEC and its subsidiaries are hereinafter referred to as the "Company" or the "Group".

On 4 December 2017, COGELEC subscribed to the capital of INTRATONE Gmbh as part of its export development. Its registered office is in Düsseldorf and the company was registered on 28 December 2017. On 12 February 2018, COGELEC subscribed to the capital of INTRATONE UK Limited, a company with its registered office in London. On 29 October 2018, COGELEC subscribed to the capital of INTRATONE BV, a company with its registered office in Amsterdam. These companies were created to facilitate the marketing of INTRATONE products internationally. They are currently in the launch phase and have generated €5.8m in consolidated losses in 2022, broken down as follows:

- INTRATONE GMBH: -€3.0m
- INTRATONE UK: -€2.1m
- INTRATONE BV: -€0.7m

The German subsidiary INTRATONE GmbH makes use of the exemption regarding the publication of its annual accounts 2022 as provided for in Article 37 of the Single Accounting Directive No. 2013/34/EU which was transposed into German law in 2015.

3.6.1.2 Key events in 2022

The company opened a showroom in central Paris in June 2022 in order to improve its visibility on the market and provide training to its customers.

In order to finance the commercial development of its subsidiaries, COGELEC granted an advance of €5.4 million in respect of 2022, i.e. a cumulative amount of €28 million at 31 December 2022. These advances are subject to a depreciation of €23.1 million in the parent company financial statements and relate to receivables related to the English and German subsidiaries.

The Group has little exposure to the consequences of the conflict in Ukraine. As such, the Company has not identified any specific risk specific to this event.

Nevertheless, tensions on supply and the inflationary environment are a concern for management, which remains attentive to the preservation of margins and the maintenance of activity. The Group remains attentive to the situation in its activities in France and Europe.

At 31 December 2022, the Group recorded a net loss of €0.935m in its consolidated financial statements. The changes in the mechanical design of the Kibolt key resulted in the disposal in Q4 2022 of €0.935m of parts and components that were held in stock at 31 December 2021 but which could not be used for version 2. These residual costs are recognised in other non-current income and expenses.
The new generation of Kibolt keys will be marketed in 2023.

3.6.1.3 Summary and outlook

With continued growth in its installed base, an innovative range of services meeting the current concerns of residents in collective buildings, a change in its product mix for more recurrence, COGELEC is confirming its 2023 aim for a new year of double-digit turnover growth, accompanied by an improvement in the EBITDA/turnover ratio and the marketing of Kibolt over the current financial year.

3.6.2 ASSESSMENT OF RISK FACTORS

COGELEC may be exposed to different types of financial risk: market risk, credit risk and liquidity risk. Where applicable, COGELEC implements simple and proportionate means to minimise the potentially adverse effects of these risks on financial performance. COGELEC's policy is not to subscribe to financial instruments for speculative purposes.

- *Credit risk*

Credit risk represents the risk of financial loss for the Group in the event that a client or a counterparty to a financial instrument fails to meet its contractual obligations.

The Group is not exposed to significant credit risk, which is mainly concentrated on trade receivables. The net carrying amount of the receivables recognised reflects the fair value of the net flows receivable estimated by Management, based on the information at the reporting date.

With regard to trade receivables, the Company conducts regular internal assessments of customer credit risk and the financial position of its customers. It is specified that the accounts receivable consists of a very large number of invoices of small amounts spread over many different third parties. This configuration tends to limit the risk in question.

- *Liquidity risk*

The Group's cash and cash equivalents amounted to €23,438k at 31 December 2022.

Available cash is mainly invested in (i) bank accounts and (ii) short-term investment accounts (term accounts) which are highly liquid and easily convertible at a maturity of less than 3 months into a known amount of cash and whose value is very little exposed to risks of variation.

The Company is not exposed to liquidity risk resulting from the possible implementation of early repayment clauses on bank loans.

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future obligations over a 12-month period.

A significant liquidity risk would be that the clients concerned would simultaneously request the termination of their pre-paid subscription contracts and require repayment of the amounts received in advance by the Company (pre-paid income). However, the likelihood of this risk occurring is considered low by the Company.

- *Foreign exchange risk*

The Group's strategy is to favour the Euro as a currency when signing its agreements.

The Group is exposed to foreign exchange risks as part of its purchases of components in the United States and Asia (purchases made in dollars). These foreign currency purchases amounted to $7.1m in 2022 compared with $8.0m in 2021.

The Group manages, with its banking partners, its exposure to foreign exchange risk, mainly the US dollar (USD), by carrying out forward purchases.

- *Interest rate risk*

As at 31 December 2022, the Company's financial liabilities are not subject to interest rate volatility risk as the Company has fixed-rate debt.

- *Market risk*

Market financial risks (own equity risks) are monitored by an external service provider. For details of transactions for the year, see note 3.6.7.9.

3.6.3 POST-CLOSING EVENTS 2022

With regard to the war in Ukraine declared at the end of February 2022, the Group does not operate in the countries concerned and has not been directly impacted to date, although it is not possible to put a precise figure on the potential impact due to the unpredictability of the developments in this crisis.

However, the Group remains attentive to the situation and its potential consequences in its activities in France and Europe.

On 1 February 2023, COGELEC announced a collaboration agreement with KONE to develop the roll-out of a new connected services offering combining their two smart technologies, including new connected solutions in residences. As part of this new collaboration, COGELEC under its Intratone brand and KONE, the global leader in mobility in cities, will roll out a joint offering for collective housing that offers four specific features: connectivity between the entrance hall door and lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone and connectivity between the resident and the lift in the event of a breakdown.

3.6.4 ACCOUNTING PRINCIPLES, POLICIES AND METHODS

The financial statements are presented in thousands of euros unless otherwise stated. Rounding is made for the calculation of certain financial data and other information contained in these financial statements. As a result, the figures shown as totals in some tables may not be the exact sum of the preceding figures.

3.6.4.1 Declaration of compliance

The Company has prepared its financial statements, approved by the Board of Directors on 25 April 2023, in accordance with the standards and interpretations published by the International Accounting Standards Boards (IASB) and adopted by the European Union on the date of preparation of the financial statements, and presented for comparative purposes, the 2021 financial year drawn up according to the same standards.

This framework, which is available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes International Accounting Standards (IAS) and

International Financial Reporting Standards (IFRS), interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The general principles, accounting methods and options adopted by the Group are described below.

3.6.4.2 Preparation of the financial statements

The Group's IFRS accounts have been prepared under the historical cost convention with the exception of certain categories of assets and liabilities in accordance with IFRS: employee benefits measured using the projected unit credit method, and loans and borrowings measured using the amortised cost method (see Note 3.6.11.3).

3.6.4.3 Going Concern

The Board of Directors has adopted the going concern principle.

3.6.4.4 Accounting policies

The accounting principles used are identical to those used to prepare the annual IFRS financial statements for the financial year ended 31 December 2021, with the exception of the application of new standards, amendments to standards and subsequent interpretations adopted by the European Union, which are mandatory for the Group at 1 January 2022.

Standards, amendments to standards and interpretations applicable from the financial year beginning on 1 January 2022

. Amendments to IAS 16 - Proceeds before intended use
. Amendments to IAS 37 - Onerous Contracts - Cost of fulfilling a contract
. Amendments to IFRS 3 - Reference to the conceptual framework
. Annual improvements (2018-2020 cycle) - Annual improvements to IFRS 2018-2020 cycle (Standards concerned: IFRS 1, IFRS 9, IFRS 16 and IAS 41)

These amendments to standards have no impact on the Group's financial statements.

Standards, amendments to standards and interpretations published but not applied early by the Group:

. Amendments to IAS 1 and the Statement of Practice under IFRS 2 - Disclosure of Accounting Policies
. Amendments to IAS 8 - Definition of an accounting estimate
. Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
. IFRS 17 - Insurance Contracts
. Amendments to IFRS 17 - Modification of IFRS 17
. Amendments to IFRS 17 - First application of IFRS 17 and IFRS 9 - Comparative disclosures

These amendments to standards have no impact on the Group's financial statements.

3.6.4.5 Consolidation method

The Group applies IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements" and IFRS 12, "Disclosure of Interests in Other Entities".

IFRS 10, which deals with the recognition of consolidated financial statements, presents a single consolidation model that identifies control as the criterion to be met in order to consolidate an entity. An investor exercises control over an entity held, if it has power over that entity, whether it is exposed to the entity's variable returns, or has rights over those variable returns due to its involvement in that entity, and has the ability to use its power over the entity to influence the amount of those returns.

Subsidiaries are the entities over which the Group exercises control.

3.6.4.6 Use of judgements and estimates affecting assets and liabilities

The company's Management reviews its estimates and judgements on a regular basis, based on past experience and various other factors deemed reasonable in the circumstances. These form the basis for its assessments of the book value of income and expenses and assets and liabilities. These estimates have an impact on the amounts of income and expenses and on the values of assets and liabilities. It is possible that the actual amounts may subsequently be different from the estimates used.

The main elements requiring estimates made at the balance sheet date based on assumptions of future changes and for which there is a significant risk of a material change in their value as recorded on the balance sheet at the balance sheet date relate to:

- The valuation of intangible assets related to developments (see Notes 3.6.6.1 and 3.6.7.1)
- Inventory valuation (see Notes 3.6.4.11 and 3.6.7.6)
- The valuation of provisions for pension commitments (see Notes 3.6.4.15 and 3.6.7.12)
- Provisions for expenses (see Notes 3.6.4.16 and 3.6.7.13)
- The research tax credit (see Note 3.6.4.19).
- The valuation of non-current assets (see Notes 3.6.4.10 and 3.6.7.4)

3.6.4.7 Breakdown of current/non-current assets and liabilities

In accordance with IAS 1, the Company presents its assets and liabilities by distinguishing between current and non-current items:

- The assets and liabilities constituting the working capital requirement within the normal operating cycle of the business concerned are classified as current.
- Fixed assets are classified as non-current, with the exception of financial assets, which are broken down as current and non-current.
- Provisions on liabilities that fall within the normal operating cycle of the business in question and the portion of other provisions at less than one year are classified as current. Provisions that do not meet these criteria are classified as non-current liabilities.
- Financial liabilities that must be settled within 12 months of the balance sheet date are classified as current. Conversely, the portion of financial debt with a maturity of more than 12 months is classified as non-current liabilities.
- Deferred tax assets and liabilities are presented in full as non-current assets and liabilities.

3.6.4.8 Intangible assets

Intangible assets mainly consist of development costs and fixed assets under construction. Fixed assets under construction consist of expenses incurred for projects not yet activated.

Development costs are essentially costs incurred to develop products that give rise to one or more patents.

Development costs are therefore capitalised insofar as the six criteria defined by IAS 38 are met:

- Technical feasibility for commissioning or sale,
- Intention to complete and use or sell it,
- Ability to use or sell it,
- Probable economic benefits,
- Availability of resources to complete development and use or sell,
- Ability to reliably measure the expenditure attributable to the various projects.

The activated development costs are costs directly attributable to a project, as they result from the monitoring of costs per project. The share of the research tax credit linked to activated projects is restated as deferred income.

The implementation of IAS 23 Interest on Borrowing did not result in the inclusion of interest in development costs.

The company regularly analyses compliance with the activation criteria. These costs are maintained in assets as long as the company retains most of the benefits and risks associated with the projects, particularly when the company retains intellectual property and has granted a temporary right to use and/or exploit the results of the development phases.

Development projects in progress are subject to depreciation tests in accordance with the procedures defined in Note3.6.1.

The activated costs are amortised on a straight-line basis over the useful life expected by the company, over a period of five years, from the launch of their marketing.

Intangible assets also consist of costs to obtain the contract. In accordance with IFRS 15, these costs related to contracts including benefits over several fiscal years are capitalised and amortised over the term of each contract.

Finally, intangible assets include software and licences, depreciated over a period of between 1 and 5 years. Rights of use are depreciated over the term of the lease, i.e. a term of 2 to 5 years.

3.6.4.9 Property, plant and equipment

Property, plant and equipment mainly consists of land and buildings, general facilities and fixtures, equipment and tools, transport, office and IT equipment, and furniture. In accordance with IAS 16, they are measured at cost and amortised over their estimated useful life on acquisition and reviewed each year.

Components have been identified for the property portfolio. Each component has been amortised over an appropriate useful life:

- Structural work: 35 years
- Cladding: 20 years
- General fittings: 15 years
- Fixtures and fittings: 10 years

For other property, plant and equipment, the depreciation periods used are as follows:

– General installations and fittings:	2 to 10 years
– Equipment and tools:	1 to 10 years
– Transport equipment:	2 to 5 years
– Office equipment:	3 to 5 years
– Computer hardware:	2 to 5 years
– Furniture:	3 to 10 years

Rights of use are depreciated over the term of the lease, i.e. a period of between 2 and 9 years.

Depreciation plans and residual values, if any, are reviewed each year.

3.6.4.10 Monitoring the value of non-current assets (excluding financial assets)

Reviews of the valuation of non-current assets (intangible assets and property, plant and equipment) are performed annually, or more frequently if internal or external events or circumstances indicate that an impairment may have occurred.

The recoverable amount of an asset is the higher of fair value and value in use.

The value in use of assets to which independent cash flows can be attached is determined according to the following principles:

- The cash flows are derived from 5-year projected results developed by the group's management, combined with the determination of a terminal value (discounted cash flow to infinite amounts).
- The discount rate is determined on the basis of a weighted average cost of capital.

In order to determine the value in use, the intangible and tangible assets to which it is not possible to directly link independent cash flows are grouped together within the Cash Generating Unit (CGU) to which they belong. The recoverable amount of the CGU is determined using the discounted cash flow (DCF) method based on the same principles as those detailed above.

The recoverable amount of the Cash Generating Unit thus determined is then compared with the contribution value on the consolidated balance sheet of its fixed assets.

Impairment losses are recognised when it appears that the carrying amount of an asset is significantly higher than its recoverable amount.

3.6.4.11 Inventories

Inventories are recognised at cost or net realisable value, if less. Net realisable value represents the estimated selling price under normal business conditions, less marketing costs.

Inventory acquisition costs include the purchase price, customs duties and other taxes, excluding taxes subsequently recoverable by the entity from tax authorities, as well as transportation, handling and other costs directly attributable to the cost of raw materials, goods, outstanding production and finished goods. Commercial discounts, discounts, settlement discounts and other similar items are deducted to determine acquisition costs.

The products manufactured are valued at the cost of production including consumption, direct and indirect production expenses and depreciation of goods contributing to production. The cost of the sub-activity is excluded from the value of inventories. Interest is excluded for the valuation of inventories. Inventories are valued using the first in, first out method.

A depreciation of inventories equal to the difference between the gross value determined in accordance with the procedures indicated above and the day's price or the realisable value less proportional selling costs, is taken into account when this gross value is greater than the other term stated.

3.6.4.12 Trade receivables and other receivables

Trade receivables and other receivables are measured at their nominal value less impairment, where applicable. The amount of the depreciation is recognised in the profit and loss statement. It is established when there is an objective indicator of the Group's inability to recover all or part of its debt.

Management regularly reviews and assesses the recoverable amount of trade receivables. When the recoverable amount is less than the net book value, a depreciation or loss on irrecoverable loans is recognised in net income. This assessment of credit risk is based on past experience in debt collection and payment defaults, the level of history of loans with past due dates, as well as the payment terms granted.

Receivables include receivables related to equipment leases to customers.

Receivables are commercial and, as such, the Group has opted for simplification measures applicable to the calculation of the expected loss provision recommended by IFRS 9.

All receivables over one year are presented in other non-current assets.

3.6.4.13 Financial assets and liabilities

Financial assets

Financial assets include loans, bank shares and deposits and guarantees.

The Group applies IAS 32, IFRS 9 and IFRS 7. IFRS 9 defines two categories of financial assets:

- financial assets at fair value, the changes of which are recognised either in the profit and loss statement if they are held in the short term or in equity if they correspond to a long-term investment;
- financial assets recognised at amortised cost such as loans and receivables.

In any event, COGELEC values financial assets at cost less any impairment.

Financial liabilities

All interest-bearing borrowings or debts are initially recorded at the fair value of the amount received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities, except where the group has an unconditional right to defer payment of the debt to at least 12 months after the balance sheet date, in which case these borrowings are classified as non-current liabilities. The portion of borrowings and financial liabilities at less than one year is presented as current liabilities.

3.6.4.14 Cash and cash equivalents

Cash and cash equivalents consist of highly liquid and easily convertible short-term investment accounts (term accounts) of less than 3 months in a known amount of cash and the value of which is very little exposed to variation risks.

The cash flow statement is presented using the indirect method in accordance with IAS 7. The tax expense is presented overall in operating flows. Financial interest paid is recorded as a financing flow. Dividends paid are classified as financing flows.

3.6.4.15 Employee benefits

Employee benefits are recognised in accordance with IAS 19. COGELEC's pension, supplemental pension and retirement benefit obligations are those imposed by the laws applicable in France. Pension and supplementary pension obligations are fully covered by payments to bodies that relieve the employer of any further obligation; the body takes care of paying the amounts due to the employees. These include French public pension schemes.

There is no employee benefit with respect to foreign companies.

Post-employment benefits

Retirement benefits are paid to employees at the time of retirement depending on their length of service and salary at retirement age. These benefits are covered by the defined benefit plan. As a result, the method used to measure the amount of the Company's liability for retirement benefits is the retrospective projected unit credit method.

It represents the probable present value of the vested benefits, assessed taking into account salary increases up to retirement age, departure and survival probabilities.

The past commitment formula can be broken down into four main terms as follows:

The main assumptions used for this estimate are as follows:

Assumptions	31/12/2022	31/12/2021
Discount rate reference	IBOXX corporate yield AA + 10 years	
Discount rate	3.16%	0.87%
Mortality table	INSEE 2016—2018	INSEE 2014—2016
Wage growth	4% degressive	4% degressive
Average turnover rate	2.90%	3.00%
Retirement age	65 years	65 years

Actuarial gains and losses are recognised in other comprehensive income.

Other post-employment benefits

These benefits are mainly based on the defined-contribution plan (general scheme).

Under this scheme, the Company has no obligation other than the payment of contributions; the expense corresponding to the contributions paid is taken into account in the income statement for the year.

Other long-term benefits

The Company has set up a company savings plan. Short-term benefits include in particular the profit-sharing agreement according to the legal formula, which is calculated on the basis of taxable income. Long-service awards are negligible. Where applicable, provisions are made for severance payments.

There are no other long-term benefits granted within the group.

3.6.4.16 Provisions and contingent liabilities

In accordance with IAS 37, a provision is recognised when an obligation to a third party is certain or probable to result in an outflow of resources without at least equivalent consideration. The provision is maintained as long as the maturity date and the amount of the outflow of resources are not precisely fixed. The amount of the provision is the best possible estimate of the outflow of resources necessary to settle the obligation.

A contingent liability is based on a potential obligation resulting from past events and whose existence will only be confirmed by the occurrence (or not) of one or more uncertain future events that are not fully under the control of the company. A contingent liability is also a current obligation resulting from past events but is not recognised because, on the one hand, it is not likely that an outflow of resources representing economic benefits will be required to settle the obligation and, on the other hand, the amount of the obligation cannot be measured with sufficient reliability.

In accordance with IAS 37, the Company is required to establish a provision for "after-sales service". After-sales service costs have been provisioned on the basis of the product warranty period, i.e. 3 to 10 years depending on the product. The rates used for the calculation were determined on the basis of the costs observed over the last 7 years and were related to the turnover of the year of sale of the products concerned by the after-sales expenses incurred. The costs incurred include labour costs and spare parts.

3.6.4.17 Taxes

Deferred tax assets and liabilities are accounted for using the liability method in the amount of temporary differences between the tax base of assets and liabilities and their accounting basis in the consolidated financial statements.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of some or all of these deferred tax assets to be utilised. Deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it becomes probable that future taxable profits will recover them.

Deferred tax assets and liabilities are measured at the tax rate adopted or virtually adopted at each balance sheet date and whose application is expected to be applied in the year in which the asset is realised or the liability settled for each tax regulation. The tax rates used are as follows:

	31/12/2022	31/12/2021
French rate	25.825%	25.825%
German rate	31.225%	31.225%
UK rate	19.000%	19.000%
Netherlands rate	15.000%	15.000%

Taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss statement.

Deferred tax assets are recognised only to the extent that the realisation of a future taxable profit, which will make it possible to offset temporary differences, is probable.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when they relate to the same tax entity and the same rate.

They are presented in a manner that is offset on the Group's balance sheet and justified by proof of tax (see 3.16.10.1).

In the profit and loss statement, the Business Value Added Contribution (CVAE) is included in the Tax Expense line.

3.6.4.18 Recognition of income

Income from ordinary activities is recognised when the Group fulfils a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of the asset.

The income from the Company's operations corresponds to the fair value of the consideration received or receivable for goods and services sold in the ordinary course of the Company's business. These revenues are net of value added tax, return of goods, discounts and discounts and deductions from intragroup sales.

Maintenance services cover periods of more than 12 months. These services are recorded on a straight-line basis over time, as costs are incurred at this frequency.

Sales of equipment result in the recognition of the product on the delivery date. It is considered that it was on this date that the customer accepted the characteristics of the goods delivered. A receivable is recognised when the goods are delivered, i.e. when the consideration is unconditional, because only the passage of time is sufficient to make the payment of the consideration payable.

There are 2 types of income:

1/ sales of equipment immediately recognised in profit or loss.

For this type of contract, each delivery is considered to be a separate performance obligation, the recognition of which is carried out on the date of delivery.

The contracts to which it is subject are:

– Contracts for the sale of equipment to distributors.
– Equipment sales associated with pre-paid offers. This equipment corresponds with the intercom panel, the control unit and the data transmission module.
– Income from financial lease agreements as part of “global offer” agreements (see detailed comments in point i) below).

2/ Service agreements.

Services turnover is represented by 3 major families:

Pre-paid offers: all equipment accompanying these offers is sold to COGELEC's customers. These offers are entered into as part of access control without intercom solutions (so-called “pre-paid data” offers) or as part of access control associated with intercom solutions (“pre-paid voice” offers) These offers are invoiced all at once for a period of 10 or 15 years (sometimes less). When COGELEC sells "pre-paid kits", the company separately recognises the sale of equipment at its selling price and the provision of related services.

Turnover relating to the hardware portion is recognised immediately in income on the delivery date.

The provision of services includes access to web management applications developed by COGELEC, the maintenance of these applications, training for managers, etc.

The provision of services related to these offers is recognised on a straight-line basis over the term of the contract, as costs are stable from one year to the next, in accordance with IFRS 15.

Subscription offers:

These offers include:

Global subscription offers: these cover the rental of equipment (intercom panels, etc.) and the provision of services. These global offers are available with a fixed or open-ended commitment. The service includes the provision of a transmission module, maintenance of the rented equipment, as well as access to the web-based management applications developed by COGELEC, maintenance of these applications, training of managers, etc.

Leased equipment is treated as a finance lease in accordance with IFRS 16 (discounted payments covering the fair value of the leased asset). Thus, income is recognised as equipment turnover on the delivery date for an amount corresponding to the present value of future payments.

The provision of services related to these offers is recognised on a straight-line basis over the term of the contract, as costs are stable from one year to the next, in accordance with IFRS 15.

Standard subscription offers: Since 2017, these offers have been without commitment and open-ended (so-called Standard offer). Turnover relating to the hardware portion (intercom panels, etc.) is recognised immediately in income on the delivery date.

The service includes the provision of a transmission module, maintenance of the rented equipment, as well as access to the web-based management applications developed by COGELEC, maintenance of these applications, training of managers, etc.

The provision of services related to these offers is recognised on a straight-line basis over the term of the contract, in accordance with IFRS 15.

Mixed subscription offers (“Jumbo” offer)

These offers are entered into for an unlimited duration, without any commitment period. Some of the equipment is sold to the customer (intercom panels, etc.). Turnover relating to this hardware portion is recognised immediately in income, on the delivery date. Another part of the equipment, in particular the Display board, is made available to the customer and remains the property of COGELEC.

The service includes the provision of a transmission module, maintenance of the rented equipment, as well as access to the web-based management applications developed by COGELEC, maintenance of these applications, training of managers, etc.

The services (including the provision of the display table) related to these offers are recognised on a straight-line basis over the term of the contract in accordance with IFRS 15 in line with the costs incurred.

All of these subscription offers constitute recurring business for COGELEC. Non-fulfilled obligations under fixed-term or open-ended tenders with a term commitment are presented in the table below. The remaining performance obligations correspond to the services that the Group is required to provide to clients during the remaining firm term of the contract.

Unlimited-term offers with no commitment or due commitment constitute a significant part of COGELEC's potential portfolio but by definition do not appear in the above-mentioned unfulfilled obligations.

Other services : these include after-sales service services, for example, or any other services that do not fall within the scope of the offers mentioned below.

Turnover is explained in point 3.6.8.1.

Contract assets are transferred to trade receivables when this right to payment becomes unconditional. Contract liabilities relate to advance payments received from Group customers, for which turnover is recognised when performing maintenance services.

Contract assets and liabilities are explained in points 3.6.7.4, 3.6.7.7 and 3.6.7.15.

Three types of turnover will be recorded over the coming years:

- Non-fulfilled obligations under fixed-term or open-ended tenders with a term commitment
- Turnover already invoiced and collected on pre-paid offer contracts in the portfolio (currently in deferred income)
- Turnover to be invoiced and collected from contracts without commitment or with a commitment due not terminated to date.

The table below only shows turnover from pre-paid offers and non-fulfilled obligations of offers with commitment:

Types of contracts	Details	Note	TOTAL	2023	2024	2025	2026	2027	Beyond
Global Offers Contracts	Turnover remaining to be invoiced on services	3.6.4.18	2,464	802	648	530	361	90	34
Pre-paid Offers Contracts	Deferred income	3.6.7.15	32,862	3,365	3,321	3,274	3,195	3,056	16,650
Total			**35,325**	**4,167**	**3,969**	**3,803**	**3,556**	**3,146**	**16,684**

For the preparation of this table, the residual term of contracts with commitment is used, i.e.

- Premium: 5 and 10 years.
- Pre-paid: 15 years

The company incurs costs for obtaining contracts, in the form of commissions. Fees and commissions related to the sale of equipment are recognised immediately in expenses and commissions related to services are classified as intangible assets.

	31/12/2022	31/12/2021
Gross values	786	739
Depreciation and amortisation	494	401
Net values	**292**	**339**

Fees and commissions are amortised over a period of 5 or 10 years, in accordance with the duration of the contracts to which they relate. There is no need to depreciate these assets.

3.6.4.19 Subsidies

State subsidies are state aid in the form of transfers of resources to an entity, in exchange for the fact that it has complied with or will comply with certain conditions related to its operational activities. According to IAS 20, asset-related subsidies are state subsidies whose main condition is that an entity meeting the conditions for obtaining must purchase, build or acquire long-term assets by any other means.

State subsidies are recognised in profit or loss on a systematic basis for the periods in which the entity recognises the costs that the subsidies are supposed to offset as an expense. Thus, subsidies related to assets are presented on the balance sheet as deferred income and amortised over the same period as the subsidised fixed asset.

The company also benefits from research tax credit and innovation tax credit. These amounts are recorded as a subsidy in the income statement at the same rate as the amortisation of development costs related to each project.

These subsidies are recorded in deferred income.

3.6.4.20 Leases

Under IFRS 16, any agreement giving the right to use an identified asset for a given period of time in exchange for a periodic payment is considered to be a lease.

Lessee

For the lessee, IFRS 16 no longer makes a distinction between finance leases and operating leases. Leases are now recognised as assets through the recognition of a right-of-use asset and a liability corresponding to the present value of future payments. Each lease payment is broken down between the financial expense and the amortisation of the balance of the debt in order to obtain a constant periodic interest rate on the outstanding balance. The discount rate used corresponds to the financing rate that banks would grant for each of the leases.

Rights to use intangible and property, plant and equipment are amortised over the term of the lease.

Property, plant and equipment acquired under a finance lease are amortised over the useful life of the asset.

Entry costs and depreciation periods are explained in points 3.6.4.8 and 3.6.4.9.

As permitted by legislation, the Group has chosen not to restate leases with a duration of less than 12 months and those with a value of less than €5,000 in order to simplify matters.

Lessor

Assets held under a finance lease are presented as receivables for an amount equal to the net investment in the lease.

Financial income is recognised on the basis of a constant periodic rate of return on the lessor's net investment in the finance lease.

3.6.4.21 Net financial debt

Long-term financial liabilities include loans taken out with credit institutions and loans recognised in exchange for the recognition of a right-of-use asset under leases. These long-term liabilities are classified as non-current liabilities at more than one year and are measured at amortised cost at the balance sheet date using the effective interest rate method, with an amortisation of issue costs, when these costs are significant. All these debts are at a fixed rate at the balance sheet date.

Short-term financial liabilities include the short-term portion of long-term borrowings as well as bank loans and other short-term bank debt.

Net financial debt consists of the borrowings defined above less cash and cash equivalents.

The cost of net financial debt includes interest on loans and other financial debts offset by income on term accounts.

3.6.4.22 Translation of transactions in foreign currencies

Items included in the financial statements are measured using the currency of the main economic environment in which the entity operates ("Functional Currency"). The consolidated financial statements are presented in euros, which is the presentation currency of COGELEC.

According to IAS 21, monetary items of entities consolidated in foreign currencies are translated using the closing rate. Non-monetary items are measured at historical cost using the exchange rate in effect on the date the transaction was initially recognised. Income and expenses are translated at the average exchange rate for the year ended. Translation differences resulting from this treatment are recognised in profit or loss except for those relating to non-monetary items, which are recognised in other comprehensive income.

3.6.4.23 Segment information

The main operating decision maker only monitors performance at Group level; the application of IFRS 8 led the company to present only one operating segment.

3.6.4.24 Shareholders' equity

Shareholders' equity consists of the share capital of the parent company, a share premium, reserves and income. Consolidated reserves and income correspond to the company's share of accumulated consolidated earnings net of dividend distributions.

Treasury shares held are deducted from consolidated shareholders' equity; no expense or income resulting from the cancellation affects the profit and loss statement.

Minority interests are defined as the share of net income or assets of a subsidiary that is not directly owned by COGELEC or indirectly through another subsidiary controlled by COGELEC.

3.6.4.25 Overview of the profit and loss statement

The Group presents its profit and loss statement by type.

Purchasing and subcontracting costs

The cost of purchasing and subcontracting mainly consists of:

- purchases of components and other products necessary for the production of the goods sold;
- the provision of third-party services for the manufacture, assembly and testing of the goods sold;
- customs duties, transport costs and other taxes directly attributable to such purchases;

Gross margin

The gross margin is an indicator defined by COGELEC as turnover plus other income from the activity, less purchases consumed, and corrected for stored production.

The indicator is presented in Note 3.6.10.5.

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortisation) is an indicator defined by COGELEC as operating income before depreciation, amortisation and impairment of assets net of write-backs.

The indicator is presented in Note 3.6.10.5.

Operating profit/loss

Operating profit/loss includes all income and costs directly related to the Group's activities, whether these income and expenses are recurring (current operating income) or resulting from one-off decisions or transactions (non-current operating income).

The indicator is presented in Note 3.2.

Cost of net financial debt

All income and expenses resulting from net financial debt for the period (see Note 3.6.8.7) represents the company's overall cost of financing, excluding the cost of equity.

3.6.4.26 Methods for calculating earnings per share

Earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the impact of the conversion of dilutive instruments into ordinary shares. The company does not have any dilutive instruments.

During the 2022 and 2021 financial years, the weighted average number of ordinary shares was:

	Number of ordinary shares	Treasury shares	Number of ordinary shares excluding treasury shares
As at 31/12/2022	8,898,048	401,451	8,496,597
As at 31/12/2021	8,898,048	406,637	8,491,411

3.6.5 CONSOLIDATION SCOPE

Unless expressly stated, the percentages of voting rights are identical to the share held in the capital.

2022 scope

Entities	Methods of consolidation	% interest	% control	Registered office	Country
COGELEC	IG	100.00%	100.00%	MORTAGNE SUR SEVRE	France
INTRATONE GMBH	IG	100.00%	100.00%	DÜSSELDORF	Germany
INTRATONE UK	IG	100.00%	100.00%	LONDON	UK
INTRATONE BV	IG	100.00%	100.00%	AMSTERDAM	Netherlands

2021 scope

Entities	Methods of consolidation	% interest	% control	Registered office	Country
COGELEC	IG	100.00%	100.00%	MORTAGNE SUR SEVRE	France
INTRATONE GMBH	IG	100.00%	100.00%	DÜSSELDORF	Germany
INTRATONE UK	IG	100.00%	100.00%	LONDON	UK
INTRATONE BV	IG	100.00%	100.00%	AMSTERDAM	Netherlands

3.6.6 DEPRECIATION OF ASSETS

3.6.6.1 Depreciation of non-financial assets

Impairment tests are performed for tangible and intangible fixed assets with a defined life when there is an indication of impairment. These tests consist of reconciling the net book value of the assets with their recoverable amount corresponding to the higher of their market value less costs of disposal and their value in use estimated using the DCF (discounted cash flows) method.

Cash flows are discounted over a period limited to 5 years and the discount rate used corresponds to the weighted average cost of capital of the entity concerned.

The weighted average cost of capital used for 2022 is 13.15%.

Intangible assets that are not yet ready for use are subject to depreciation testing at least once a year and whenever there is an indication that the asset may have depreciated.

For intangible assets for which the useful life is indefinite, depreciation tests are carried out at least once a year on a fixed date and between two dates if there is an indication of impairment.

The depreciation tests, carried out according to the methodology described above, led the Group to write down €122k in intangible assets and €82k in tangible assets, with a positive impact of €33k on income for the financial year for intangible assets and a negative impact of €61k for tangible assets. These depreciations relate to the Exit Button project for Persons with Reduced Mobility. Depreciation is reversed as development costs are amortised in the assets. The additional depreciation on tangible assets corresponds to the recognition of non-significant equipment, related to this project, which was omitted in the previous year.

3.6.6.2 Depreciation of financial assets

At each reporting date, the Group assesses whether there is an objective indicator of depreciation of a financial asset or group of financial assets

BILAN 3.6. 7

3.6.7.1 Intangible assets

Change in gross intangible assets (in thousands of euros)

Gross values	Cost of development	Other intangible fixed assets	Intangible fixed assets under	TOTAL
As of 31 December 2020	**15,905**	**1,780**	**1,479**	**19,165**
Acquisitions	447	206	1,421	2,074
Disposals	-1,687	-20	-24	-1,731
Transfer from item to item	382	-48	-334	
Change in scope				
As of 31 December 2021	**15,046**	**1,919**	**2,542**	**19,507**
Acquisitions	59	575	1,947	2,581
Disposals		-59	-243	-302
Transfer from item to item	898	18	-915	
Change in scope				
As of 31 December 2022	**16,003**	**2,452**	**3,331**	**21,786**

Change in amortisation of intangible assets (in thousands of euros)

Amortisation	Cost of development	Other intangible assets	Intangible assets under	TOTAL
As of 31 December 2020	**10,523**	**992**		**11,516**
Allowances	1,571	290		1,861
Write-backs	(732)	-20		-752
Depreciation	26			26
Transfer from item to item	37	(37)		
Change in scope				
As of 31 December 2021	**11,425**	**1,225**		**12,650**
Allowances	1,484	398		1,882
Write-backs		-20		(20)
Depreciation	(33)			(33)
Transfer from item to item				
Change in scope				
As of 31 December 2022	**12,875**	**1,603**		**14,479**

Change in net intangible assets (in thousands of euros)

Net values	Cost of development	Other intangible assets	Intangible assets under	TOTAL
As of 31 December 2020	5,382	788	1,479	**7,649**
As of 31 December 2021	3,622	694	2,542	**6,857**
As of 31 December 2022	3,128	849	3,331	**7,307**

The effective lives used to amortise identifiable intangible assets are as follows:

- Software 1 to 3 years
- Research and development costs 5 years

As a reminder, following the technical difficulties encountered during 2021 on version 1 of the Kibolt project, the group had scrapped €955K in development costs.

During the 2022 financial year, the Group commissioned four new projects worth €0.9m. In addition, the Group incurred €1.9 million in costs related to the development of new projects, and recorded in fixed assets in progress at 31 December 2022. The intangible assets in progress also include the Kihome website and the Sonnette + Carillon project. The commissioning of these various projects is planned in the next 2 years.

At 31 December 2022, Management conducted value tests in accordance with IAS 36, which led it to take over part of the depreciation recorded on its intangible assets resulting from development in the amount of €33k, bringing the depreciation to €122k. The Exit Button project for Persons with Reduced Mobility had been depreciated at 100% as at 31 December 2021. Depreciation is reversed as development costs are amortised in the assets.

Flows on intangible assets recognised in accordance with IFRS 16 are as follows:

Gross values	Cost of development	Other intangible assets	TOTAL
As of 31 December 2020		**219**	**219**
Acquisitions		70	70
Disposals		-20	-20
Transfer from item to item			
Change in scope			
As of 31 December 2021		**269**	**269**
Acquisitions		486	486
Disposals		-59	-59
Transfer from item to item			
Change in scope			
As of 31 December 2022		**696**	**696**

Amortisation	Cost of development	Other intangible assets	TOTAL
As of 31 December 2020		**35**	**35**
Allowances		82	82
Write-backs		-20	-20
Transfer from item to item			
Change in scope			
As of 31 December 2021		**97**	**97**
Allowances		188	188
Write-backs		-20	-20
Transfer from item to item			
Change in scope			
As of 31 December 2022		**266**	**266**

Net values	Cost of development	Other intangible assets	TOTAL
As of 31 December 2020		**184**	**184**
As of 31 December 2021		**172**	**172**
As of 31 December 2022		**430**	**430**

3.6.7.2 Property, plant and equipment

Change in gross property, plant and equipment (in thousands of euros)

Gross values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2020	**213**	**5,097**	**6,040**	**3,687**	**1,574**	**16,610**
Acquisitions		1,179	407	579	2,999	5,163
Disposals			-1,243	-350	-5	-1,598
Transfer from item to item			850	29	-923	(44)
Change in scope						
As of 31 December 2021	**213**	**6,276**	**6,054**	**3,944**	**3,645**	**20,132**
Acquisitions		663	571	1,702	828	3,763
Disposals		(29)		-476		(505)
Transfer from item to item		3,613	138	45	-3,796	—
Change in scope						
As of 31 December 2022	**213**	**10,523**	**6,762**	**5,215**	**677**	**23,390**

Change in depreciation of property, plant and equipment (in thousands of euros)

Amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property,plant and equipment under construction	TOTAL
As of 31 December 2020		**1,530**	**3,624**	**1,887**		**7,041**
Allowances		527	941	828		2,297
Write-backs			-685	-292		-978
Depreciation			21			21
Transfer from item to item				-44		-44
Change in scope						
As of 31 December 2021		**2,057**	**3,901**	**2,379**		**8,337**
Allowances		778	870	838		2,486
Write-backs		-29		-415		-444
Depreciation			61			61
Transfer from item to item						
Change in scope						
As of 31 December 2022		**2,807**	**4,832**	**2,803**		**10,441**

Change in net property, plant and equipment (in thousands of euros)

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2020	213	3,567	2,416	1,800	1,574	**9,569**
As of 31 December 2021	213	4,218	2,153	1,565	3,645	**11,794**
As of 31 December 2022	213	7,716	1,931	2,413	677	**12,950**

During the 2021 financial year, the Company signed a new commercial lease in Paris to create a showroom, which explains the change in the construction item compared to the 2021 financial year.

In addition, at 31 December 2021, the Company had discarded Kibolt V1 equipment for an amount of €542k.

During the 2022 financial year, COGELEC SA commissioned the expansion of the plant based in Mortagne-sur-Sèvre, financed by a leasing organisation, for a total amount of €3,613k. The work was included in fixed assets under construction for €3,233k at 31 December 2021.

Due to the high probability of not terminating the Nantes commercial lease at the end of the six-year term as initially projected, a new debt of €264k was recorded to extend its maturity to 30 June 2027, i.e. the lease end date. In addition, as the lease attached to the premises leased in Germany expires on 30 April 2023, the renewal was signed during the 2022 financial year, for a period of 5 years, and the Group recorded a new debt of €395k to take this new commitment into account.

Finally, in connection with the value tests carried out by Management in accordance with IAS 36, the property, plant and equipment relating to the Exit Button project for Persons with Reduced Mobility were impaired for €82k, of which €61k impacted the income for the financial year.

Flows on property, plant and equipment recognised in accordance with IFRS 16 are as follows:

Gross values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under	TOTAL
As of 31 December 2020	**213**	**5,097**	**25**	**1,621**		**6,956**
Acquisitions		1,179		425	1,008	2,611
Disposals				-347		-347
Transfer from item to item					2,225	2,225
Change in scope						
As of 31 December 2021	**213**	**6,276**	**25**	**1,698**	**3,233**	**11,444**
Acquisitions		663		655	380	1,698
Disposals		(29)		-473		(501)
Transfer from item to item		3,613			(3,613)	—
Change in scope						
As of 31 December 2022	**213**	**10,523**	**25**	**1,880**	**—**	**12,640**

Amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under	TOTAL
As of 31 December 2020		**1,530**	**25**	**720**		**2,275**
Allowances		527		533		1,060
Write-backs				-292		-292
Transfer from item to item						
Change in scope						
As of 31 December 2021		**2,057**	**25**	**961**		**3,044**
Allowances		778		523		1,301
Write-backs		(29)		-412		(441)
Transfer from item to item						
Change in scope						
As of 31 December 2022		**2,807**	**25**	**1,072**		**3,904**

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under	TOTAL
As of 31 December 2020	213	3,567		901		**4,681**
As of 31 December 2021	213	4,218		737	3,233	**8,400**
As of 31 December 2022	213	7,716		808		**8,736**

3.6.7.3 Other financial assets

In thousands of euros	31/12/2022	31/12/2021
Other long-term investments (1)	200	200
Loans (2)	2	38
Loan depreciation (2)		-38
Deposits and guarantees (3)	409	350
TOTAL	**611**	**550**

(1) Bank shares
(2) DIAMO loan for €38k in N-1. The loan was settled and the depreciation write-back on N.
(3) Deposits and guarantees correspond to sums paid on BPI loans and rent guarantees.

The new deposits correspond to the deposit paid as security for the new BPI loan of €2.3m.

3.6.7.4 Other non-current assets

In thousands of euros	31/12/2022	31/12/2021
Customers > 1 year	3,991	3,459
Depreciation of customers	-8	-92
Pre-paid expenses > 1 year	2,373	2,437
TOTAL	**6,355**	**5,804**

Breakdown of trade receivables net of depreciation

	31/12/2022	31/12/2021
Doubtful debts	**10**	**110**
Depreciation of doubtful debts	-8	-92
Trade receivables on leases	3,981	3,349
TOTAL	**3,982**	**3,367**

Doubtful debts are 100% depreciated.

The decrease in the item is explained by the balance of the doubtful customer Diamo in irrecoverable receivables following the ruling of its court-ordered liquidation, with write-back of the related depreciation.

Pre-paid expenses

For pre-paid expenses, these correspond to SIM cards purchased under global offer contracts (Note 3.6.4.18). These purchases are spread over the duration of the commitment, corresponding to the subscription fees.

3.6.7.5 Deferred taxes

	31/12/2022		31/12/2021	
	Basis	Tax	Basis	Tax
Temporary deferrals				
Deficit activation	1,310	273	793	170
C3S	71	18	62	16
Employee share-ownership scheme	840	217		
Tax depreciation	-136	-26	-84	-16
Provision for dismantling	-29	-6	-29	-6
Repurchase agreements	8	1	5	1
Restatements				
Exchange difference on reciprocity in the balance sheet				
Intercompany adjustment			-2	-1
Advanced exchanges not returned	13	3	14	3
IFRS 16 leases	-822	-212	-673	-174
Operating leases under IFRS 16	64	17	73	17
Leases	-3,208	-771	-2,506	-615
Internal disposal of CG-IT property	2	1	3	1
CG-IT UK internal stock margins	7	2	9	2
SIM card internal margins	34	10	23	7
Internal disposal of demo equipment to subsidiaries	65	16	51	12
Customer guarantee provision	130	34	109	28
Alignment of amortisation methods	54	10	21	3
Business provider fees	97	25	113	29
Depreciation of treasury shares				
Pension liabilities	372	96	690	178
TOTAL	**-1128**	**-291**	**-1,327**	**-343**

Proof of tax can be found in point 3.6.10.1.

The losses that have not been activated since the start of the subsidiaries are as follows:

Company	31/12/2022
IT BV	4,464
IT GMBH	14,813
IT UK	8,647
Total	**27,924**

According to IAS 12, the tax schedule at 31 December 2022 shows the timing of deferred tax liabilities:

In thousands of euros	Share within 1 year	Share at more than 1 year and less than 2 years	Share at more than 2 years and less than 3 years	Share at more than 3 years and less than 4 years	Share at more than 4 years and less than 5 years	Share at more than 5 years	TOTAL
Losses	44	15	11	8	3	193	273
C3S	18						18
Employee share-ownership	217						217
Tax depreciation	-26						-26
Provision for dismantling	-6						-6
Repurchase agreements	1						1
Advanced exchanges not returned	3						3
Leases	46	51	58	66	40	-473	-212
Operating leases	3	2	3	3	4	0	17
Leases	-259	-220	-176	-116	-39	39	-771
CG-IT internal disposals	0	0	0	0			1
CG-IT UK internal stock margins	2						2
SIM card internal margins	1	1	1	1	1	7	10
Internal property disposals	5	5	4	2	1	0	16
Customer guarantee provision	5	4	4	4	4	12	34
Alignment of amortisation methods	-7	-6	-6	-7	-5	40	10
Business provider fees	8	7	5	3	1	1	25
Pension liabilities						96	96
TOTAL	**57**	**-140**	**-96**	**-36**	**9**	**-86**	**-291**

3.6.7.6 Inventories and work-in-progress

Change in net inventories and work-in-progress

In thousands of euros	31/12/2022	31/12/2021
Raw materials and other supplies	10,927	8,369
Production in progress	4,094	4,290
Intermediate and finished products	1,873	3,083
Depreciation allowance	-883	-450
TOTAL	**16,011**	**15,293**

Changes in provisions for depreciation	31/12/2022	31/12/2021
Opening value	450	726
Increase	507	140
Decrease	-75	-415
Closing value	**883**	**450**

Raw materials and other supplies are made up of components.

Outstanding loans consist of subsets (electronic cards, etc.) intended to be incorporated into equipment sold or incorporated into contracts.

Finished products include equipment (intercom panels, remote controls, modules, etc.) that are sold separately or incorporated into a comprehensive range of contracts (hardware and services).

The increase in raw materials stocks can be explained on the one hand by the increase in components to cope with a possible shortage and, on the other hand, by the anticipation of a price increase in connection with the increase in the labour force at subcontractors.

3.6.7.7 Trade receivables and other current receivables

Receivables

In thousands of euros	31/12/2022	31/12/2021
Gross trade receivables	14,992	11,916
Depreciation allowance	-15	-13
TOTAL	**14,977**	**11,904**

Breakdown of trade receivables net of depreciation:

In thousands of euros	31/12/2022	31/12/2021
Ordinary trade receivables	13,053	10,283
Depreciation of ordinary trade receivables	(15)	(13)
Trade receivables on leases	1,939	1,634
TOTAL	**14,977**	**11,904**

The increase in trade receivables is linked to the increase in turnover.

Other current assets

In thousands of euros	31/12/2022	31/12/2021
Loans	17	2
Deposits and guarantees	50	5
Advances and down payments	164	92
Social security receivables	25	66
Tax receivables	2,210	1,533
Other operating receivables	393	510
Pre-paid expenses	1,077	895
TOTAL	**3,935**	**3,104**

Trade and other receivables are valued at their par value less provisions calculated on the basis of actual collectability.

The increase in tax receivables is linked to deductible VAT on purchases.

The maturity of the receivables is presented in Table 3.6.11.2.

The loans are detailed as follows:

Loans	31/12/2022	31/12/2021
Staff loans	17	2
TOTAL	**17**	**2**

Other receivables are detailed as follows:

Other receivables	31/12/2022	31/12/2021
Receivables related to CIR and CII	315	379
Debtor and AAR suppliers	70	132
Sundry debtors	8	
TOTAL	**393**	**510**

Current assets include the amounts obtained each year for CIRs and CIIs. The amount of 2021 was repaid by the State; that of 2022 remains to be collected in 2023.

Trade receivables schedule

The breakdown of trade receivables by maturity is as follows:

			Expired		
A S S E T S (in €k)	On-balance sheet value	Not yet due	< 90 days	> 90 days < 6 months	> 6 months
Trade receivables (non-current assets)	**3,982**	3,981			2
Trade receivables (current assets)	**14,977**	10,833	3,746	158	256
TOTAL	**18,959**	**14,813**	**3,746**	**158**	**257**

3.6.7.8 Cash and cash equivalents

In thousands of euros	31/12/2022	31/12/2021
Time-deposit accounts	17,353	6,950
Cash and cash equivalents:	6,086	11,829
Total closing cash	**23,439**	**18,779**
Bank overdrafts	-1	-15
Total net cash at year-end	**23,438**	**18,763**

Cash includes cash and cash equivalents and time-deposit accounts. These are classified as cash equivalents when they meet the definition of cash provided by IAS 7. As a result, time-deposit accounts with negligible risk and low liquidity maturity, which are subscribed by COGELEC, are classified as cash equivalents. Term accounts may be terminated at any time.

3.6.7.9 Share capital

Change in share capital

As of 31 December 2022

COGELEC's share capital consists of 8,898,048 shares, the changes in which during the financial year were as follows:

	01/01/2022	Increase	Reduction	31/12/2022
Number of shares	8,898,048			8,898,048
O/w ordinary shares	3,550,963			3,550,963
O/w shares with double voting rights	5,347,085			5,347,085
Par value in €	0.45			0.45
Share capital in euros	**4,004,122**			**4,004,122**

Information on capital

Shareholding of COGELEC

Holders	Number of shares	% of share capital	Number of voting rights	% of voting rights
H.R.C. SAS	20	0.00%	40	0.00%
S.R.C. SAS	5,347,065	60.09%	10,694,130	77.25%
Public	3,149,512	35.40%	3,149,512	22.75%
SA COGELEC *	**401,451**	**4.51%**		
Total	**8,898,048**	**100.00%**	**13,843,682**	**100.00%**

*- Treasury shares

Capital management and dividend distribution

No dividend payments were made in 2022.

Treasury shares

On closing, the Company holds 401,451 treasury shares, acquired for €2,368k under the two share buyback programmes implemented by the Board of Directors on 24 October 2018 and 16 November 2022 respectively. Treasury shares acquired are deducted from consolidated shareholders' equity. No profit or loss resulting from the purchase, sale or cancellation of the shares affects the profit and loss statement.

- Number of treasury shares held at 31/12/2022: 401,451 shares
- Value of treasury shares held at 31/12/2022: €2,367,733
- Number of treasury shares acquired in 2022: 42,875 shares
- Value of treasury shares acquired in 2022: €311,625
- Number of treasury shares sold in 2022: 48,061 shares
- Value of treasury shares sold in 2022: €350,302

3.6.7.10 Financial liabilities

Non-current/current borrowings and financial debts

In thousands of euros	31/12/2022	31/12/2021
Bank loans	14,621	14,200
Lease liabilities	4,454	4,571
Liabilities on operating leases	2,193	1,836
Non-current borrowings and financial debts	**21,268**	**20,607**
Bank loans	3,930	2,301
OSEO borrowings	8	3
Accrued interest not yet due	1	15
Lease liabilities	563	495
Liabilities on operating leases	1,146	1,020
Current loans and financial debts	**5,649**	**3,834**
TOTAL	**26,918**	**24,441**

During the 2022 financial year, the Company took out two bank loans for a total amount of €2.3 million and a loan from BPI for €2.3 million as well.

Due to the high probability of not terminating the Nantes commercial lease at the end of the six-year term as initially projected, a new debt of €264k was recorded to extend its maturity to 30 June 2027, i.e. the lease end date. In addition, as the lease attached to the premises leased in Germany expires on 30 April 2023, the renewal was signed during the 2022 financial year, for a period of 5 years, and the Group recorded a new debt of €395k to take this new commitment into account.

Non-current/current borrowings and financial debt flows

Gross values	Bank borrowing	OSEO borrowing	Accrued interest not yet due	Bank overdrafts	Lease liabilities	Liabilities on operating leases	Miscellaneous financial debt	TOTAL
As of 31 December 2020	**10,305**	**0**	**4**	**0**	**2,136**	**2,140**	**0**	**14,584**
New	9,000		3		3,233	1,674		13,909
Redemptions	-2,804		-4		-302	-987		-4,098
Change during the year				15				15
Exchange rate difference					0	29		29
As of 31 December 2021	**16,501**	**0**	**3**	**15**	**5,066**	**2,856**	**0**	**24,441**
New	4,611		8		380	1,803		6,803
Redemptions	-2,560		-3		-429	-1,303		-4,295
Change during the year				-14				-14
Exchange rate difference						-17		-17
As of 31 December 2022	**18,551**	**0**	**8**	**1**	**5,018**	**3,339**	**0**	**26,918**

Term of the remaining borrowings at 31 December 2022

In thousands of euros	Share at less than 1 year	Share at more than 1 year and less than 2 years	Share at more than 2 years and less than 3 years	Share at more than 3 years and less than 4 years	Share at more than 4 years and less than 5 years	Share at more than 5 years	TOTAL
As of 31 December 2022							
Bank loans	3,930	4,679	4,000	3,301	1,552	1,090	18,551
Accrued interest not yet due	8						8
Bank overdrafts	1						1
Lease liabilities	563	583	604	625	465	2,177	5,018
Liabilities on operating leases	1,146	888	578	405	286	36	3,339
Borrowings and long-term debts	**5,649**	**6,149**	**5,182**	**4,331**	**2,304**	**3,303**	**26,918**
Trade payables	5,448						5,448
Tax and social security debts	5,850						5,850
Other debts	2,363						2,363
Deferred income	3,932	3,642	3,445	3,317	3,153	16,708	34,197
Other liabilities	**17,593**	**3,642**	**3,445**	**3,317**	**3,153**	**16,708**	**47,858**
TOTAL	**23,243**	**9,791**	**8,627**	**7,648**	**5,457**	**20,011**	**74,776**

3.6.7.11 Analysis of net financial debt

Change in net financial debt

In thousands of euros	31/12/2022	31/12/2021
Long-term portion of financial debt	21,268	20,607
Short-term portion of financial debt	5,648	3,818
Loans due in less than one year and lending banks	1	15
Total gross debt	**26,918**	**24,441**
Cash and cash equivalents	**23,439**	**18,779**
TOTAL NET DEBT	**3,479**	**5,662**

Details of gross debts are presented in point 3.6.7.10.

Financing of WCR

	31/12/2022		31/12/2021	
	Jobs	**Resources**	**Jobs**	**Resources**
Inventories	16,011		15,293	
Net trade receivables	18,959		15,270	
Net trade payables		5,448		5,412
Social security and tax receivables and		5,299		2,064
Other receivables & payables		32,554		27,332
WCR		**8,331**		**4,245**
Financing of WCR	**8,331**		**4,245**	
Working capital	-15,107		-14,519	
Cash and cash equivalents	23,439		18,779	
Current bank overdrafts	-1		-15	

In 2021 and 2022, the Company generated working capital resources of around €4.2m and €8.3m, respectively, due mainly to the proportion of pre-paid employees.

In 2022, with working capital of €15.1m, cash was €23.4m.

3.6.7.12 Provision for pension liabilities

Change in commitment

In thousands of euros	Pension liabilities
At 31 December 2020 after change in method	**766**
Allowances	8
Write-backs	
Change in scope	
Actuarial gains and losses	-84
As of 31 December 2021	**690**
As of 31 December 2021	
Allowances	
Write-backs	-110
Change in scope	
Actuarial gains and losses	-208
As of 31 December 2022	**372**

Pension commitments fell sharply, in line with the increase in the discount rate from 0.87% to 3.16%.

3.6.7.13 Other provisions

In thousands of euros	Provision for After-Sales	Provision for taxes	Provisions for disputes	TOTAL
As of 31 December 2020	**589**	**13**	**335**	**937**
Allowances	48	0	1,059	1,107
Write-backs	-21	-13	-180	-214
Change in scope	0	0	0	0
As of 31 December 2021	**616**	**0**	**1,214**	**1,830**
Allowances	116	0	0	116
Write-backs	0	0	-262	-262
Change in scope	0	0	0	0
As of 31 December 2022	**732**	**0**	**952**	**1,684**

Provisions for disputes concern labour and commercial disputes.

At the end of December 2021, COGELEC had to terminate the contract awarded to a general contractor for the construction of the extension to its premises, as Cogelec noted that its subcontractors had stopped working on its site. This stoppage of work was due to the general contractor's failure to pay for work carried out by subcontractors on the Cogelec site that had not been completed by the end of 2021. Given the complex legal context and the uncertain outcome of this case, the Group has established a provision for risks of €1,059k at the end of 2021, which was adjusted to €797k at the end of 2022. In exchange, a receivable of €120k was fully depreciated over the period, bringing the positive impact on income to €142k.

3.6.7.14 Contingent assets and liabilities

No contingent assets or liabilities have been recognised by the Company.

3.6.7.15 Trade payables and other payables

Breakdown by type of trade payables and other payables

Trade payables

In thousands of euros	31/12/2022	31/12/2021
Trade payables	5,309	5,232
Fixed asset liabilities	139	180
TOTAL	**5,448**	**5,412**

Other non-current liabilities

In thousands of euros	31/12/2022	31/12/2021
Social and fiscal debts		
Advances and down payments received		
Other debts		
Pre-paid income [1]	30,265	26,007
TOTAL	**30,265**	**26,007**
[1] O/w		
Pre-paid contract liabilities	29,490	24,972
Subscription contract liabilities	6	23
CIR and CII	754	987
Investment subsidies	15	25
	30,265	**26,007**

For the settlement of pre-paid income, see Note 3.6.11.2.

Other current liabilities

In thousands of euros	31/12/2022	31/12/2021
Social and fiscal debts	5,850	3,468
Advances and down payments received		
Other debts	2,363	1,964
Deferred income	3,932	3,296
TOTAL	**12,145**	**8,727**
O/w pre-paid contract liabilities	**3,365**	**2,753**
O/w write-back of liabilities of pre-paid	3,332	2,850
O/w new pre-paid contract liabilities	8,463	7,360

The increase in social security and tax debts is linked on the one hand to the employee profit-sharing recorded in COGELEC SA for €1,008K, including the social security contribution, and the increase in VAT.

The increase in other debts was mainly justified by the increase in year-end rebates and, to a lesser extent, by double customer payments.

3.6.8 PROFIT AND LOSS STATEMENT

3.6.8.1 TURNOVER

Turnover includes the sale of products and services. It is measured at the fair value of the consideration expected, net of any discounts, discounts and rebates, excluding VAT and other taxes.

In thousands of euros	31/12/2022	31/12/2021
Equipment sales	43,122	37,830
Sales of services	16,610	13,719
TOTAL	**59,731**	**51,549**

Sales of services include €12,105k in subscription turnover, known as "no commitment or with a commitment due" in 2022, compared with €9,191k in 2021.

For the full year, turnover amounted to €59.7m, up +15.9% compared to 2021, still driven by continued growth in Intratone sales in France and strong sales momentum in Europe. In France, business increased by +15.1% to €52m. In Europe, this increase in business came to +21.6% for €7.7m. Equipment was up +14.0%.

Subscriptions continued to grow at €16.6m (+21.1%), accounting for 27.8% of turnover for the full year 2022. The cancellation rate remains very low.

In thousands of euros	31/12/2022	31/12/2021
France	52,022	45,206
Export	7,709	6,342
TOTAL	**59,731**	**51,549**

Hardware sales include both sales to distributors (materials only) and the "sales" components of equipment (intercom panels, etc.) of global contracts for offers such as Standard and Premium.

These sales correspond to performance obligations recognised at a specific time corresponding to the delivery date of the equipment in question.

Services include maintenance and access security management services, which include the provision of a SIM card, in order to give access to access control management services (access to web applications developed internally and made available to managers, training of these managers, telephone assistance, maintenance of these applications, etc.).

These services constitute multi-year benefit obligations recognised in advance, according to the costs incurred in accordance with IFRS 15. Given the structure and pace of commitment of expenses incurred to provide services (stable expenses from one year to the next), the progress method used corresponds to the amount of the transaction price prorated over the term of the contract (income recognised on a straight-line basis over the term of the contract). Furthermore, as the transaction price is not subject to any variability, the degree of uncertainty over the total turnover amount and therefore the progress at the closing date is zero.

3.6.8.2 Purchases consumed

In thousands of euros	31/12/2022	31/12/2021
Purchases of raw materials	-19,698	-19,359
Change in inventories of raw materials	2,810	2,852
SIM card purchases	-2,951	-2,411
Purchases not stored	-840	-782
Transport on purchases	-89	-110
Fixed asset production	623	526
Expense transfers	-13	7
TOTAL	**-20,158**	**-19,278**

Unstored purchases mainly include prototypes and small tools for the design office as well as fuel.

3.6.8.3 Personnel expenses and headcount

In thousands of euros	31/12/2022	31/12/2021
Wages	-12,041	-11,928
Change in allowance for paid leave	-105	-112
Premiums & commissions	-2,289	-1,964
Indemnities & miscellaneous benefits	-635	-423
Social security expenses	-5,172	-5,044
Employee share-ownership scheme	-840	
Grants and transfers of personnel expenses	323	336
Fixed asset production	1,477	1,075
TOTAL	**-19,282**	**-18,060**

Group headcount

	31/12/2022	31/12/2021
Managers	93	81
Employees (1)	176	183
Workers	35	36
Apprentices	8	6
TOTAL	**313**	**306**

The workforce presented is an average workforce calculated according to the *Code de la Sécurité Sociale* [French social security code] and does not include temporary workers, if any.

(1) IT GmbH, IT UK and IT BV employed 31, 16 and 18 employees respectively at 31 December 2022 (i.e. an average FTE in 2022 of 26, 18 and 16 employees respectively). In these countries, there are no professional categories as presented above. Employees have been included in the total number of employees for a total of 60.

3.6.8.4 External expenses

In thousands of euros	31/12/2022	31/12/2021
Remuneration of intermediaries and fees	-3,229	-2,564
Advertising	-2,221	-2,285
Temporary and seconded staff	-1,360	-818
Travel, assignments and entertainment	-1,250	-666
Transport on sales	-653	-640
Rentals	-341	-325
Maintenance and repairs	-576	-502
Other items	-1,380	-1,178
TOTAL	**-11,010**	**-8,977**

The fees mainly consist of HRC technical and marketing management services, accounting, legal and advisory fees (particularly for patent studies, calculation of the CIR, IT services, recruitment), sales commissions and brokerage and fees related to the financial markets. Excluding taxes and charges amounted to €855k at 31 December 2022 versus €736k at 31 December 2021 (see Note 3.6.10.2). Part of these fees were offset by capitalised production of €43k at 31 December 2022 and €214k at 31 December 2021. The increase in fees is also linked to the fact that the Group has decided to entrust the accounting of its IT subsidiaries BV and IT GMBH to accounting firms in 2022 and the increase in sales commissions and IT services.

Advertising costs consist of expenses for fairs & exhibitions, insertions in the press and communication/marketing.

Temporary staff costs increased this year with the use of seconded staff: an information systems director, a transition manager in charge of accounting (6-month assignment), an IT consultant and an IT developer assistant.

The increase in travel, assignments and entertainment expenses is mainly related to the travel of sales staff, particularly the Rozoh team, as well as the development of Intratour, during which the number of cities visited doubled during the year.

Finally, other items increased in connection with recruitment fees for salespeople and developers.

3.6.8.5 Breakdown of other current operating income and expenses

In thousands of euros	31/12/2022	31/12/2021
Share of investment subsidy written back to profit or loss (1)	526	579
Other income	83	13
Other costs (2)	-137	-356
TOTAL	**472**	**236**
(1) O/w		
Write-back of CIR and CII subsidy	516	568
Write-back of subsidies on property leasing	11	11
	526	**579**

(2) including €82K in irrecoverable receivables offset by write-backs of depreciation of the same amount. There were €292k of these in 2021.

3.6.8.6 Breakdown of other operating income and expenses

In thousands of euros	31/12/2022	31/12/2021
Sale price of fixed assets sold	100	69
NPV of assets sold (1)	-378	-1,595
Write-backs of exceptional provisions (2)	300	140
Extraordinary provisions (3)	-120	-1,059
Other current operating income and expenses (4)	-1,086	-2,459
TOTAL	**-1,184**	**-4,904**

(1) In 2021, including scrapping of the Kibolt V1 project and related equipment for €1,497k.
(2) In 2022, write-back of a provision for litigation concerning the extension of the factory for €262k and write-back of a depreciation on the DIAMO loan for €38K following the company's compulsory liquidation.
In 2021, write-back of EOZ litigation provision.
(3) In 2021, provision for litigation concerning extension of the plant.
(4) In 2022, Kibolt V1 impact for €935k and foreign VAT lost for €150k.
In 2021, including compensation paid as part of the EOZ dispute for €240k, VAT lost/DDP UK for €94k and Kibolt impact of €2,121k.

3.6.8.7 Cost of net debt

Cost of net financial debt

In thousands of euros	31/12/2022	31/12/2021
Revenue from time-deposit accounts	80	22
Income from cash and cash equivalents	**80**	**22**
Interest on borrowings	-140	-90
Interest on leases	-166	-124
Interest on operating leases	-26	-10
Interest on oseo innovation repayable aid	0	0
Bank interest	0	-1
Interest on other debts	0	0
Cost of gross financial debt	**-332**	**-224**
Cost of net financial debt	**-253**	**-203**

The cost of net financial debt includes interest on loans and other financial debts and investment income.

Other financial income and expenses

In thousands of euros	31/12/2022	31/12/2021
Foreign exchange gains	84	459
Revenue from trade receivables	12	23
Income on other loans	0	0
Other financial income	3	1
Other financial income	**99**	**484**
Foreign exchange losses	-448	-68
Loan depreciation	0	0
Other financial expenses	**-448**	**-68**
TOTAL	**-350**	**416**

Revenue from trade receivables corresponds to the financing portion of rents collected on leases.

3.6.9 CASH FLOW TABLE

The following options have been selected:

- Interest and dividends paid are classified as financing cash flows as they are the cost of obtaining financial resources or returns on investments;
- The impact of increases in the percentage interest and disposals are classified as cash flows related to investment transactions.

The change in cash flow reflects changes in the Group's business.

WCR related to the activity was released in fiscal years 2021 and 2022, in particular because of pre-paid invoices, which are recognised as contract liabilities when invoicing is not acquired. The change in pre-paid contract liabilities is recorded in the following items:

- "other non-current liabilities" for €4,518k in 2022 and €4,036k in 2021
- and "other current liabilities" for €3,945k in 2022 and €3,324k in 2021.

The notes below detail certain items in the cash flow statement.

3.6.9.1			
Transfer price	3.6.8.6	-100	-69
Adjusted sale price		**-100**	**-69**
Net book value	3.6.8.6	381	1,599
Adjusted net book value		**381**	**1,599**
Capital gains and losses on disposals		**281**	**1,531**

3.6.9.2			
Current tax expense		1,926	566
Deferred tax expense		-105	177
Reclassification of corporation tax on treasury shares as equity		-1	5
Tax expense (including deferred taxes)		**1,820**	**747**

3.6.9.3			
Opening tax debt/receivables	**3.6.10.1**	147	66
Current tax expense		-1,926	-566
Closing tax debt/receivables	**3.6.10.1**	1,392	-147
Taxes paid		**-387**	**-647**

3.6.9.4			
Change in inventories	**3.6.7.6**	-718	-2,075
Impact of exchange differences		0	26
Change in inventories in WCR		**-718**	**-2,049**

3.6.9.5			
Change in trade receivables	**3.6.7.7**	-3,073	-594
Impact of exchange differences		-23	20
Change in trade receivables in WCR		**-3,096**	**-573**

3.6.9.6			
Other current assets (excluding loans and guarantees)	**3.6.7.7**	-771	-246
Impact of exchange differences		-8	12
Change in other current assets in WCR		**-779**	**-234**

3.6.9.7			
Change in other non-current liabilities	**3.6.7.15**	4,258	3,864
Impact of exchange differences			
Change in other non-current liabilities in WCR		**4,258**	**3,864**

3.6.9.8			
Change in trade payables	**3.6.7.15**	77	1,359
Impact of exchange differences		24	-20
- Impact of exchange differences on reciprocity		-22	11
Change in supplier debt in WCR		**79**	**1,350**

3.6.9.9			
Write-back of grants	**3.6.8.5**	526	579
Portion of prepaid income written back to income	**3.6.7.15**	3,332	2,850
Change in other current liabilities	**3.6.7.15**	3,418	198
Impact of exchange differences		60	-38
Other current liabilities		**7,335**	**3,588**

3.6.9.10			
Acquisitions of fixed assets	**3.6.7.1 and**	-6,344	-7,237
- New leases	**3.6.7.10**	2,184	2,682
Change in fixed asset liabilities	**3.6.7.15**	-41	-234
Acquisitions of fixed assets		**-4,201**	**-4,789**

3.6.9.11			
Transfer price	**3.6.8.6**	100	69
- Early repayments		-101	-56
Disposal of fixed assets		**-1**	**12**

3.6.9.12			
Other financial assets at beginning of year		550	454
Other financial assets at end of year	**3.6.7.3**	-611	-550
Change in non-current assets		**-61**	**-96**
Neutralisation of depreciation		38	
NPV on deposits and guarantees		-38	
Change in loans and advances granted on non-current assets		**-61**	**-96**
Other opening current assets (financial assets)		7	4
Other current assets at end of year (financial assets)	**3.6.7.7**	-67	-7
Change in current assets		**-60**	**-3**
Neutralisation of depreciation			
Change in loans and advances granted on current assets		**-60**	**-3**
Change in outstanding loans and advances		**-121**	**-99**

3.6.9.13			
New borrowings	**3.6.7.10**	6,803	13,909
- New leases	**3.6.7.10**	-2184	-2,682
New borrowings		**4,620**	**11,228**

3.6.9.14			
Loan repayments	**3.6.7.10**	-4,295	-4,098
- Early repayments		101	56
Loan repayments		**-4,194**	**-4,041**

3.6.10 OTHER INFORMATION

3.6.10.1 Taxes

Balance sheet - Assets (in thousands of euros)

	31/12/2022	31/12/2021
NON-CURRENT ASSETS		
Deferred tax		
Current tax receivable		
CURRENT ASSETS		
Current tax receivable [1]		147
TOTAL ASSETS	**—**	**147**

[1] Tax receivable from parent company financial statements excluding CIR and CII

Balance sheet - Liabilities (in thousands of euros)

	31/12/2022	31/12/2021
NON-CURRENT LIABILITIES		
Deferred tax	291	343
Current tax liability		
CURRENT LIABILITIES		
Current tax liability [1]	1,392	
TOTAL LIABILITIES	**1,683**	**343**

[1] Tax debt from company accounts excluding CIR and CII

Net tax debt (in thousands of euros)

	Current		Non-current	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net current tax receivable	—	147	—	—
Net current tax liability	1,392	—	—	—

Analysis of tax expense (in thousands of euros)

	31/12/2022	31/12/2021
Accounting income before tax	**1,743**	**-2,356**
Theoretical tax expense	450	-608
Impact of permanently non-deductible expenses net of definitively non-taxable income	90	69
Impact of tax credits	-137	-147
Impact of losses for the financial year not activated	1,520	1,455
Impact of tax rate differences	-25	14
Impact of CVAE	159	131
Impact of exchange differences	-23	9
Effective tax expense	**2,035**	**923**

The Group's tax expense in 2022 was €2,035k versus €923k in 2021.

IAS 12 recommends using the last tax rate voted for the calculation of deferred taxes. In France, the tax rate withheld is therefore 25% plus the contribution of 3.3%. Foreign companies are not taxed because of their losses.

3.6.10.2 Related parties

The related parties identified as at 31 December 2022 and 31 December 2021 are as follows:

- The company H.R.C. whose president is Roger LECLERC (himself Chairman and CEO of COGELEC);
- The SRC company, whose president is Cogelec Développement represented by Roger LECLERC (himself Chairman and CEO of COGELEC);
- The company Cogelec Développement, whose chairman is Roger Leclerc (himself Chairman and CEO of COGELEC).

H.R.C. reinvoices the provision of services to COGELEC in the following areas: general policy, investment, commercial policy, marketing and financial policy, project management and the creation of offers.

COGELEC distributed nothing to S.R.C. in the 2022 and 2021 financial years.

The impact of related party relationships on the various balance sheet and profit and loss statement items is as follows:

LIABILITIES	31/12/2022	31/12/2021
Other non-current liabilities		
Total non-current liabilities		
Borrowings and long-term debts		
Trade notes and accounts payable	192	60
Total current liabilities	**192**	**60**
TOTAL LIABILITIES	**192**	**60**

	31/12/2022	31/12/2021
External charges	-855	-736
Taxes and duties		
OPERATING INCOME/LOSS	**-855**	**-736**
Cost of gross financial debt		
CONSOLIDATED NET INCOME/LOSS	**-855**	**-736**

3.6.10.3 Remuneration of key executives

The Group has defined and limited the definition of key executive officers to the Chief Executive Officers, namely Roger Leclerc, Chair and Chief Executive Officer of COGELEC.

The compensation paid to the main executives is analysed as follows (in thousands of euros):

In thousands of euros	31/12/2022	31/12/2021
Wages	300	300
OFFICERS' REMUNERATION	**300**	**300**

An officer does not receive:

- short-term benefits
- post-employment benefits
- other long-term provisions
- termination benefits
- share-based payments

3.6.10.4 Statutory auditors' fees

	ARC			
	31/12/2022		31/12/2021	
	Statutory Auditors (ARC)	Network	Statutory Auditors (ARC)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements				
• Issued by	88		68	
• Fully consolidated subsidiaries				
Sub-total	88		68	
Services other than certification of accounts				
• Issued by	5		6	
• Fully consolidated subsidiaries				
Sub-total	**5**		**6**	
TOTAL statutory auditors' fees	**93**		**74**	

	DELOITTE			
	31/12/2022		31/12/2021	
	Statutory Auditors (Deloitte & Associés)	Network	Statutory Auditors (Deloitte & Associés)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements • Issued by • Fully consolidated subsidiaries	88		68	
Sub-total	88		68	
Services other than certification of accounts • Issued by • Fully consolidated subsidiaries	13		5	
Sub-total	**13**		**5**	
TOTAL statutory auditors' fees	**102**		**74**	

	BRUIJNSE			
	31/12/2022		31/12/2021	
	Statutory Auditors (BRUIJNSE)	Network	Statutory Auditors	Network
Certification and limited half-yearly review of the individual and consolidated financial statements • Issued by • Fully consolidated subsidiaries				
Sub-total	—		—	
Services other than certification of accounts • Issued by • Fully consolidated subsidiaries	20			
Sub-total	20		—	
TOTAL statutory auditors' fees	20		—	

	ALDER SHINE LLP			
	31/12/2022		31/12/2021	
	Statutory Auditors (Adler Shine LLP)	Network	Statutory Auditors (Adler Shine LLP)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements • Issued by • Fully consolidated subsidiaries	12		12	
Sub-total	12		12	
Services other than certification of accounts • Issued by • Fully consolidated subsidiaries				
Sub-total	—		—	
TOTAL statutory auditors' fees	12		12	

	MAZARS			
	31/12/2022		31/12/2021	
	Statutory Auditors (Mazars)	Network	Statutory Auditors (Mazars)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements • Issued by • Fully consolidated subsidiaries			5	
Sub-total			5	
Services other than certification of accounts • Issued by • Fully consolidated subsidiaries			1	
Sub-total			1	
TOTAL statutory auditors' fees			6	

For foreign subsidiaries, only INTRATONE UK has appointed an auditor: ADLER SHINE LLP.

INTRATONE BV requested that a contractual audit be carried out in 2022.

3.6.10.5 Operational performance indicators

Gross margin

	31/12/2022	31/12/2021
Turnover	**59,731**	**51,549**
Other operating revenue	16	5
Purchases used	-20,158	-19,278
Change in inventories of goods in progress and finished	-752	1,327
GROSS MARGIN	**38,838**	**33,604**
As a percentage of turnover	***65.0%***	***65.2%***

The purchases consumed are detailed in point 3.6.8.2.

EBITDA

	31/12/2022	31/12/2021
Operating profit/loss	**2,345**	**-2,569**
Depreciation allowance	4,368	4,157
Depreciation of assets net of write-backs	419	-232
EBITDA [1]	**7,133**	**1,356**
As a percentage of turnover	***11.9%***	***2.6%***

[1] EBITDA: EBITDA is defined by COGELEC as operating income before depreciation, amortisation and impairment of assets net of write-backs.

3.6.11 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

3.6.11.1 Analysis of covenants

The Company was not subject to any covenants in the context of its financing for the 2022 and 2021 financial years.

3.6.11.2 Schedule of financial assets and liabilities

2022

A S S E T S (in €k)	On-balance sheet value	- 1 year	at 2 years	at 3 years	at 4 years	at 5 years	+ 5 years
Other financial assets	**611**						
Long-term investments (EPS units)	200						200
BPI guarantee withholdings	190		75				115
Security deposit on property lease	123						123
UK IT local security deposit	56		56	0			
GMBH IT local security deposit	22		0	22			
BV IT local security deposit	19		0	0	19	0	
Staff loans	2		2				
Other non-current assets	**6,355**						
Trade receivables	2						2
Trade receivables on leases	3,981		1,617	1,274	811	279	0
Pre-paid expenses	2,373		541	482	480	444	426
Non-current financial assets	**6,966**	**0**	**2,290**	**1,778**	**1,310**	**723**	**865**
Inventories and work in progress	**16,011**	16,011					
Trade notes and accounts receivable	**14,977**						
Trade receivables	13,038	13,038					
Trade receivables on leases	1,939	1,939					
Other current assets	**3,935**						
Staff loans	17	17					
BPI guarantee withholdings	50	50					
UK IT security deposits	0	0					
Advances and down payments	164	164					
Social security receivables	25	25					
Tax receivables	2,210	2,210					
Other operating receivables	393	393					
Pre-paid expenses	1,077	1,077					
Cash and cash equivalents	23,439	23,439					
Current financial assets	**58,361**	**58,361**	**0**	**0**	**0**	**0**	**0**
TOTAL FINANCIAL ASSETS	**65,327**	**58,361**	**2,290**	**1,778**	**1,310**	**723**	**865**

2021

A S S E T S (in €k)	On-balance sheet value	- 1 year	at 2 years	at 3 years	at 4 years	at 5 years	+ 5 years
Other financial assets	**550**						
Long-term investments (EPS units)	200						200
BPI guarantee withholdings	125		50	75			
Security deposit on property lease	122						122
UK IT local security deposit	55			55			
GMBH IT local security deposit	22		22				
BV IT security deposit	26					26	
Other non-current assets	**5,804**						
Trade receivables	18						18
Trade receivables on leases	3,349		1,362	1,045	702	238	0
Pre-paid expenses	2,437		463	440	418	416	700
Non-current financial assets	**6,354**	**0**	**1,897**	**1,616**	**1,120**	**681**	**1,040**
Inventories and work in progress	**15,293**	15,293					
Trade notes and accounts receivable	**11,904**						
Trade receivables	10,270	10,270					
Trade receivables on leases	1,634	1,634					
Other current assets	**3,104**						
Staff loans	2	2					

BV IT local security deposit	5	5					
UK IT security deposits	0	0					
Advances and down payments	92	92					
Social security receivables	66	66					
Tax receivables	1,533	1,533					
Other operating receivables	510	510					
Pre-paid expenses	895	895					
Cash and cash equivalents	**18,779**	18,779					
Current financial assets	**49,079**	**49,079**					
TOTAL FINANCIAL ASSETS	**55,433**	**49,079**	**1,897**	**1,616**	**1,120**	**681**	**1,040**

2022

LIABILITIES (in thousands of euros)	On-balance sheet value	- 1 year	at 2 years	at 3 years	at 4 years	at 5 years	+ 5 years
Borrowings and long-term debts	**21,268**						
Bank loans	14,621		4,679	4,000	3,301	1,552	1,090
OSEO Innovation refundable aid	0		0	0	0	0	0
Lease liabilities	4,454		583	604	625	465	2,177
Liabilities on operating leases	2,193		888	578	405	286	36
Other non-current liabilities	**30,265**						
Pre-paid income on pre-paid contracts	29,496		3,321	3,274	3,195	3,056	16,650
CIR and CII	754		315	168	118	95	58
BPI - interest-free advance subsidy	0						
OSEO - Investment subsidies	15		6	3	3	2	0
Non-current financial liabilities	**51,533**	**0**	**9,791**	**8,627**	**7,648**	**5,457**	**20,011**
Borrowings and long-term debts	**5,649**						
Bank loans	3,930	3,930					
Accrued interest not yet due	8	8					
OSEO Innovation refundable aid	0	0					
Bank overdrafts	1	1					
Lease liabilities	563	563					
Miscellaneous financial debt	1,146	1,146					
Trade payables	**5,448**	5,448					
Other current liabilities	**12,145**						
Social and fiscal debts	5,850	5,850					
Other debts	2,363	2,363					
Deferred income	3,932	3,932					
Current financial liabilities	**23,243**	**23,243**					
TOTAL FINANCIAL LIABILITIES	**74,776**	**23,243**	**9,791**	**8,627**	**7,648**	**5,457**	**20,011**

2021

LIABILITIES (in thousands of euros)	On-balance sheet value	- 1 year	at 2 years	at 3 years	at 4 years	at 5 years	+ 5 years
Borrowings and long-term debts	**20,607**						
Bank loans	14,200		3,604	4,120	3,209	2,508	759
Lease liabilities	4,571		569	583	597	612	2,211
Liabilities on operating leases	1,836		780	437	260	209	149
Other non-current liabilities	**26,007**						
Pre-paid income on pre-paid contracts	24,995		2,758	2,715	2,670	2,593	14,258
CIR and CII	987		488	245	123	73	59
BPI - interest-free advance subsidy							
OSEO - Investment subsidies	25		11	6	3	3	2
Non-current financial liabilities	**46,614**	**0**	**8,210**	**8,105**	**6,862**	**5,997**	**17,439**
Borrowings and long-term debts	**3,834**						
Bank loans	2,301	2,301					
Accrued interest not yet due	3	3					
Bank overdrafts	15	15					
Lease liabilities	495	495					
Liabilities on operating leases	1,020	1,020					
Trade payables	**5,412**	5,412					
Other current liabilities	**8,727**						
Social and fiscal debts	3,468	3,468					
Other debts	1,964	1,964					
Deferred income	3,296	3,296					
Current financial liabilities	**17,973**	**17,973**					
TOTAL FINANCIAL LIABILITIES	**64,587**	**17,973**	**8,210**	**8,105**	**6,862**	**5,997**	**17,439**

3.6.11.3 Fair value of financial assets and liabilities

The Group's assets and liabilities are measured as follows for each year according to the valuation categories defined by IFRS 9:

in €K	31/12/2022	Value - statement of financial position under IFRS 9		
Balance sheet items	**Value of statement of financial position**	**Fair value through the profit and loss statement**	**Fair value through other comprehensive income**	**Amortised cost**
Non-current financial assets	611		611	
Trade and other receivables	18,959			18,959
Other receivables	6,308			6,308
Cash and cash equivalents	23,439	23,439		
Total items under an asset heading	**49,316**	**23,439**	**611**	**25,267**
Currently financial debt	5,649			5,649
Non-current financial liabilities	21,268			21,268
Trade notes and accounts payable	5,448			5,448
Other debts	42,410			42,410
Total items under a liability item	**74,776**	**—**	**—**	**74,776**

in €K	31/12/2021	Value - statement of financial position under IFRS 9		
Balance sheet items	**Value of statement of financial position**	**Fair value through the profit and loss statement**	**Fair value through other comprehensive income**	**Amortised cost**
Non-current financial assets	550		550	
Trade and other receivables	15,270			15,270
Other receivables	5,541			5,541
Cash and cash equivalents	18,779	18,779		
Total items under an asset heading	**40,140**	**18,779**	**550**	**20,812**
Currently financial debt	3,834			3,834
Non-current financial liabilities	20,607			20,607
Trade notes and accounts payable	5,412			5,412
Other debts	34,735			34,735
Total items under a liability item	**64,587**	**—**	**—**	**64,587**

3.6.11.4 Off-balance sheet commitments by maturity

Financial commitments at 31 December 2022

In thousands of euros	TOTAL	2023	2024	2025	2026	2027	Beyond
Commitments given							
Real collateral	0	0	0				
Fixed asset orders	307	307					
Supply commitment (1)	2,464	802	648	530	361	90	34
Interest on borrowings	481	157	128	94	70	26	7
Interest on lease financing	1,037	185	165	144	123	101	319
Interest on operating leases	44	18	13	8	4	1	0
Total commitments given	**4,333**	**1,469**	**953**	**776**	**558**	**218**	**360**
Commitments received							
Authorised overdraft limit	1,250	1,250					
Fixed asset orders	1,433	1,433					
Purchase commitment (1)	2,464	802	648	530	361	90	34
Interest on borrowings	481	157	128	94	70	26	7
Interest on lease financing	1,037	185	165	144	123	101	319
Interest on operating leases	44	18	13	8	4	1	0
Total commitments received	**6,709**	**3,845**	**953**	**776**	**558**	**218**	**360**

The decrease in purchase and supply commitments is explained by:

- As contracts with commitments come to an end, they are renewed in non-binding contracts (the termination rate is very low) and are therefore no longer included in off-balance sheet commitments.

- Similarly, new contracts entered into no longer have a firm commitment period and are therefore not included in off-balance sheet commitments.

For these contracts with no commitment in progress at 31 December 2022, the Group expects turnover of €14,071k for 2023.

Financial commitments at 31 December 2021

In thousands of euros	TOTAL	2022	2023	2024	2025	2026	Beyond
Commitments given							
Real collateral	35	35	0				
Fixed asset orders	204	204					
Work related to the extension	517	517					
Supply commitment (1)	2,955	943	713	555	438	274	33
Interest on borrowings	491	87	145	107	77	57	19
Interest on lease financing	521	93	94	80	66	51	137
Interest on operating leases	39	16	10	6	4	2	1
Total commitments given	**4,763**	**1,896**	**962**	**748**	**584**	**384**	**189**
Commitments received							
Authorised overdraft limit	1,250	1,250					
Waiver of debt with Diamo return to profit clause	50						50
Fixed asset orders	1,354	1,354					
Work related to the extension	3,750	3,750					
Purchase commitment (1)	2,955	943	713	555	438	274	33
Interest on borrowings	491	87	145	107	77	57	19
Interest on lease financing	521	93	94	80	66	51	137
Interest on operating leases	39	16	10	6	4	2	1
Total commitments received	**10,411**	**7,494**	**873**	**748**	**584**	**384**	**239**

(1) Lease commitments

Loans granted by OSEO BDPME for a total amount of €4.8 million, benefit from cash collateral of €240k at 31 December 2022.

Loans granted by OSEO BDPME for a total amount of €2.5 million, benefit from cash collateral of €125k at 31 December 2021.

3.6.11.5 Operating segments

The breakdown of turnover between the sales of equipment and services and the breakdown of turnover between France and Export is presented in point 3.8.1.

Assets present abroad are not significant.

In the 2021 and 2022 financial years, no customer accounts for more than 10% of turnover.

4. ANNUAL FINANCIAL STATEMENTS OF THE COMPANY AS AT 31 DECEMBER 2022

In all the financial statements and notes, the amounts are indicated in thousands of euros (€k), unless otherwise stated, and the differences of €±1k are due to rounding.

4.1 PROFIT AND LOSS STATEMENT

In thousands of euros	31/12/2022	31/12/2021
Operating income		
Sales of goods		
Sold production (goods)	38,656	33,359
Sold production (services)	18,589	15,918
Net turnover	57,246	49,277
O/w intra-Community export and delivery	5,765	4,583
Production recognised in inventories	-1,431	1,074
Fixed asset production	3,006	2,707
Operating subsidies	61	64
Write-backs on provisions (&amort), transfer of expenses	825	1,460
Other income	85	11
Total operating income (I)	59,793	54,593
Operating expenses (2)		
Purchases of goods		
Change in inventory		
Purchases of raw materials and other supplies	19,698	19,359
Inventory changes	-2,558	-1,206
Other purchases and external expenses (a)	13,922	11,513
Taxes, duties and similar levies	945	663
Wages and salaries	11,860	10,888
Social security expenses	4,511	4,347
Depreciation and amortisation expense		
- On fixed assets: depreciation and amortisation	3,382	3,553
- On fixed assets: allowances for depreciation	61	176
- On current assets: allowances for depreciation	1,289	148
- For risks and charges: allocations to provisions	137	
Other costs	144	385
Total operating costs (II)	53,391	49,827
OPERATING RESULT (I-II)	**6,402**	**4,765**
Share of profit on operations		
Allocated profit or loss transferred (III)		
Sustained loss or transferred gain (IV)		
Financial income		
Profit-sharing (3)	354	60
Other transferable securities and fixed asset receivables	0	0
Other interest and similar income (3)	82	22
Write-backs of provisions and impairments and transfer of		
Positive exchange differences		48
Net income from the sale of marketable securities		
Total financial income (V)	436	131
Financial expenses		
Depreciation and amortisation expense	15,286	7,859
Interest and similar expenses (4)	140	90
Negative foreign exchange differences	11	
Net expenses on disposal of securities		
Total financial expenses (VI)	15,437	7,949
FINANCIAL INCOME (V-IV)	**-15,002**	**-7,817**
CURRENT INCOME before tax	**-8,599**	**-3,052**

In thousands of Euros	31/12/2022	31/12/2021
Extraordinary income		
On management transactions		
On capital transactions	300	2,327
Write-backs of provisions and deprecation and transfer of	300	140
Total extraordinary income (VII)	599	2,467
Extraordinary expenses		
On management transactions	152	334
On capital transactions	593	3,807
Depreciation, amortisation and provisions	120	1,059
Total extraordinary expenses (VIII)	864	5,200
EXTRAORDINARY PROFIT (LOSS) (VII-VIII)	**-265**	**-2,732**
Employee profit sharing (IX)	840	
Income tax (X)	1,611	187
Total income (I+III+V+VII)	60,828	57,191
Total expenses (II+IV+VI+VIII+IX+X)	72,144	63,163
PROFIT OR LOSS	**-11,315**	**-5,971**
(a) Including:		
- Equipment leasing fees		
– Property lease payments	593	425
(1) O/w income from prior periods		
(2) O/w expenses related to prior periods		
(3) O/w income relating to related entities	354	60
(4) O/w interests in related entities		

4.2 BALANCE SHEET AS AT 31 DECEMBER 2021

ACTIF 4.2. 1

In thousands of Euros	31 December 2022			31 December 2021
	Gross values	Amortisation - Depreciation	Net values	Net values
FIXED ASSETS				
Intangible assets				
Start-up costs				
Research and development costs	16,003	12,753	3,250	3,777
Concessions, patents, licences, software, drts & similar val.	815	742	73	109
Business goodwill (1)	1,927		1,927	1,927
Other intangible assets	3,326	122	3,204	2,380
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Technical fittings, equipment and industrial tooling	14,833	10,870	3,963	4,068
Other property, plant and equipment	2,846	1,311	1,535	718
Property, plant and equipment under construction	677		677	272
Advances and payments on account				138
Financial fixed assets (2)				
Investments (equity method)				
Other participating interests	35		35	35
Receivables related to participating interests	28,004	23,145	4,859	14,748
Other long-term investments	200		200	200
Loans	5		5	2
Other fixed financial assets	2,730		2,730	2,679
TOTAL FIXED ASSETS	71,403	48,943	22,460	31,053
CURRENT ASSETS				
Inventories and work in progress				
Raw materials and other supplies	10,927	407	10,520	8,176
Production in progress (goods and services)	4,094	213	3,881	4,223
Intermediate and finished products	1,762	263	1,499	2,807
Goods				
Advances and deposits paid on orders Receivables (3)	164		164	92
Trade and other receivables	13,012	790	12,222	10,108
Other receivables	1,170	120	1,050	1,616
Subscribed and called capital, not paid				
Miscellaneous				
Marketable securities:	17,353		17,353	6,950
Cash and cash equivalents:	5,454		5,454	11,219
Pre-paid expenses (3)	3,288		3,288	3,403
TOTAL CURRENT ASSETS	57,224	1,793	55,431	48,595
Loan issue costs to be deferred				
Bond redemption premiums				
Unrealised foreign exchange loss				
GENERAL TOTAL	128,627	50,736	77,891	79,648
(1) O/w leasehold rights				
(2) O/w less than one year (gross)			2,421	2,435
(3) O/w over one year (gross)			3,122	2,584

PASSIF 4.2. 2

In thousands of Euros	31 December 2022	31 December 2021
EQUITY		
Share	4,004	4,004
Issue premiums, merger premiums, acquisition premiums, etc.	18,654	18,654
Revaluation difference		
Legal reserve	400	400
Statutory or contractual reserves		
Regulated reserves	6	6
Other reserves	2,833	3,084
Balance brought forward		5,720
INCOME FOR THE FINANCIAL YEAR (profit or loss)	-11,315	-5,971
Investment subsidies	25	36
Regulated provisions		
TOTAL EQUITY	**14,607**	**25,933**
OTHER EQUITY		
Income from issues of participating securities		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for risks	1,554	1,721
Provisions for expenses	153	111
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,707	1,832
DEBTS (1)		
Convertible bond issues		
Other bond issues		
Loans and debts with credit institutions (2)	18,561	16,519
Miscellaneous borrowings and financial debts (3)		
Advance payments received on ongoing orders		
Trade notes and accounts payable	5,059	5,069
Tax and social security debts	5,305	2,450
Fixed asset payables and related payables	54	79
Other debts	2,332	1,759
Deferred income (1)	30,266	26,006
TOTAL DEBTS	61,577	51,883
Exchange rate differences - liabilities		
GENERAL TOTAL	77,891	79,648
(1) O/w more than one year (a)	41,724	37,517
(1) O/w less than one year (a)	19,852	14,366
(2) O/w bank loans and bank credit balances	1	15
(3) O/w participating loans		
a) With the exception of advances and deposits received on contracts in progress		

4.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

4.3.1 KEY EVENTS IN 2022

Key events of the financial year having an accounting impact

The company opened a showroom in central Paris in June 2022 in order to improve its visibility on the market and provide training to its customers.

In order to finance the commercial development of its subsidiaries, COGELEC granted an advance of €5.4 million in respect of 2022, i.e. a cumulative amount of €28 million at 31 December 2022. These advances are subject to a depreciation of €23.1 million in the parent company financial statements and relate to receivables related to the English and German subsidiaries.

The Group has little exposure to the consequences of the conflict in Ukraine. As such, the Company has not identified any specific risk specific to this event.
Nevertheless, tensions on supply and the inflationary environment are a concern for management, which remains attentive to the preservation of margins and the maintenance of activity. The Group remains attentive to the situation in its activities in France and Europe.

At 31 December 2022, the Group recorded a net loss of €0.935m in its corporate and consolidated financial statements. The changes in the mechanical design of the Kibolt key resulted in the disposal in Q4 2022 of €0.935m of parts and components that were held in stock at 31 December 2021 but which could not be used for version 2. These residual costs are recognised in operating income.
The new generation of Kibolt keys will be marketed in 2023.

4.3 ACCOUNTING PRINCIPLES AND METHODS

4.3.2.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are valued at their acquisition cost for assets acquired for consideration, at their cost of production for the assets produced by the company, at their market value for assets acquired free of charge and by exchange.

The cost of a capital asset consists of its purchase price, including non-recoverable customs duties and taxes, after deduction of rebates, commercial discounts and settlement discounts of all directly attributable costs incurred in putting the asset in place and in condition to operate according to the intended use. Transfer duties, fees or commissions and deed costs related to the acquisition are attached to this acquisition cost. All costs that are not part of the purchase price of the capital asset and cannot be directly related to the costs incurred to put the asset in place and in a position to operate in accordance with the intended use, are expensed.

The cost of an asset produced by the company for itself is determined using the same principles as for an acquired asset. This cost of production includes the purchase price of the materials consumed by the costs attributable to the preparation for the intended use after deduction of discounts, discounts and settlement discounts. Interest on loans specific to the production of fixed assets is not included in the cost of production of these fixed assets.

Development costs are essentially costs incurred to develop products that give rise to one or more patents.

Development costs are therefore capitalised insofar as the six defined criteria are met:
- Technical feasibility for commissioning or sale,

- Intention to complete and use or sell it,
- Ability to use or sell it,
- Probable economic benefits,
- Availability of resources to complete the development and use or sell,
- Ability to reliably assess the expenses related to the various projects.

The activated development costs are costs directly attributable to a project, as they result from the monitoring of costs per project.

The company regularly analyses compliance with the activation criteria. These costs are maintained in assets as long as the company retains most of the benefits and risks associated with the projects, particularly when the company retains intellectual property and has granted a temporary right to use and/or exploit the results of the development phases.

Development projects in progress are tested for impairment.

The activated costs are amortised on a straight-line basis over the useful life expected by the company, over a period of five years, from the launch of their marketing.
Project improvements are amortised over the initial amortisation period - the maturity already amortised (minimum 1 year).
Equipment made available to customers under the contracts is capitalised and amortised over the term of the contract.
The equipment is valued at the cost price.

4.3.2.2 Depreciation of non-financial assets

Impairment tests are performed on tangible and intangible fixed assets with a defined useful life whenever there is an indication of impairment. These tests consist of reconciling the net book value of the assets with their recoverable amount corresponding to the higher of their market value less costs of disposal and their value in use estimated using the DCF (discounted cash flows) method. Cash flows are discounted over a period limited to 5 years and the discount rate used corresponds to the weighted average cost of capital of the entity concerned.
The weighted average cost of capital used for 2022 is 13.15%

Intangible assets that are not yet ready for use are subject to depreciation testing at least once a year and whenever there is an indication that the asset may have depreciated.

For intangible assets for which the useful life is indefinite, depreciation tests are carried out at least once a year on a fixed date and between two dates if there is an indication of impairment.

Depreciation tests, performed according to the methodology described above, showed that depreciation was necessary. The sensitivity analysis of the key assumptions (growth rate, EBITDA, discount rate) used to determine the value in use shows an impact on the conclusions of impairment tests conducted. As such, a depreciation was recorded at 31 December 2022 on the Persons with Reduced Mobility Button project for €0.204m.

4.3.2.3 Amortisation

Amortisation for depreciation is calculated on a straight-line basis over the expected life of the asset.

* Concessions, software and patents:	1 to 5 years
* Technical facilities:	1 to 10 years
* Industrial equipment and tools:	1 to 10 years (including intercom panels and GSM units from 5 to 10 years)
* General installations, fixtures and fittings:	2 to 10 years
* Transport equipment:	2 to 5 years
* Computer equipment:	2 to 5 years
* Furniture:	3 to 10 years

The amortisation period used for simplification purposes is the useful life for assets that cannot be broken down at the outset.

The company has assessed at the balance sheet date, taking into account the internal and external information available to it, whether there is any indication that the assets may be materially impaired.

When there is an indication of depreciation, a depreciation test is performed: the net carrying amount of the fixed asset is compared with its present value.

If the current value of a fixed asset falls below its net book value, the latter, if the asset continues to be used, is reduced to the current value by means of a depreciation.

However, when the current value is not considered to be significant, i.e. significantly lower than the net book value, it is maintained on the balance sheet.

The recognition of depreciation changes the amortisable base of the depreciated asset on a prospective basis.

4.3.2.4 Goodwill

As part of the application of ANC Regulation No. 2015-06, the company considers that the use of its goodwill is not limited over time. A depreciation test is performed by comparing the net book value of the goodwill with its market value or the value in use. The market value is determined according to criteria of economic profitability and customs in the profession. A provision for depreciation is recognised where applicable.

4.3.2.5 Equity investments and current account advances

Equity investments are valued at acquisition cost excluding incidental expenses.

The inventory value of the securities corresponds to the value in use for the company. It is determined based on the subsidiary's net assets, profitability and future prospects. When the inventory value is lower than the acquisition cost, a depreciation is made for the amount of the difference.

Depreciation tests are carried out on subsidiaries using the DCF method.

These tests consist of reconciling the net book value of equity investments and the receivables associated with these investments at the value in use estimated using the DCF method (discounted cash flows).

Cash flows are discounted over a period limited to 6 years and the discount rate used corresponds to the weighted average cost of capital of the entity concerned.
The weighted average cost of capital used for 2022 is 13.15%.

Depreciation tests, performed according to the methodology described above, showed that depreciation was necessary. The sensitivity analysis of the key assumptions (growth rate, EBITDA, discount rate) used to determine the value in use shows an impact on the conclusions of impairment tests conducted. At 31 December 2022, a depreciation on receivables related to subsidiaries was recorded in the amount of €23.145m.

4.3.2.6 Inventories

Inventory acquisition costs include the purchase price, customs duties and other taxes, excluding taxes subsequently recoverable by the entity from tax authorities, as well as transportation, handling and other costs directly attributable to the cost of raw materials, goods, outstanding production and finished goods. Commercial discounts, discounts, settlement discounts and other similar items are deducted to determine acquisition costs.

The products manufactured are valued at the cost of production including consumption, direct and indirect production expenses and depreciation of goods contributing to production. The cost of the sub-activity is excluded from the value of inventories. Interest is excluded for the valuation of inventories.

Inventories are valued using the first in, first out method.
A depreciation of inventories equal to the difference between the gross value determined in accordance with the procedures indicated above and the day's price or the realisable value less proportional selling costs, is taken into account when this gross value is greater than the other term stated.

4.3.2.7 Receivables

Receivables are valued at their nominal value. A depreciation is made when the inventory value is lower than the book value.

4.3.2.8 Provisions

Any current obligation resulting from a past event by the company towards a third party, likely to be estimated with sufficient reliability, and covering identified risks, is recognised as a provision.

4.3.2.9 Loan issue costs

Loan issue costs are taken into account immediately in expenses for the financial year.

4.3.2.10 Investment subsidies

Investment subsidies are spread over several years.

4.3.2.11 Extraordinary income and expenses

Extraordinary income and expenses take into account items that are not related to the company's normal activity.

4.3.2.12 Transactions in foreign currencies

When assets are purchased in a foreign currency, the conversion rate used is the exchange rate on the date of entry or, where applicable, that of the hedge if it was taken before the transaction. The costs incurred to set up the hedges are also included in the acquisition cost.

Payables, receivables and cash in foreign currencies appear on the balance sheet at their equivalent value at the year-end exchange rate. The difference resulting from the discounting of foreign currency debts and receivables at the latter exchange rate is recorded in the balance sheet under translation differences.

Unrealised foreign exchange losses not offset are subject to a provision for risks, in full in accordance with regulatory procedures.

4.3.2.13 Pension commitments

The company's retirement benefits commitments are calculated using the projected unit credit method with end-of-career salaries, taking into account the provisions of the Collective Agreement, the probability of life and presence in the company, and a financial update.

The actuarial assumptions used are as follows:

- Discount rate:	3.16%
- Wage growth rate:	4%degressive
- Turnover rate:	average
- Retirement age:	65
- Mortality rate table:	INSEE2016-2018
- Calculation method used:	ANC 2021 method

4.3.3 NOTES TO THE BALANCE SHEET

4.3.3.1 Fixed assets

TABLE OF FIXED ASSETS

In thousands of Euros	At the start of the financial year	Increase	Decrease	At the end of the year
- Start-up and development costs	15,046	957		16,003
- Business goodwill	1,927			1,927
- Other intangible fixed asset items	3,317	1,966	1,141	4,141
Intangible assets	**20,290**	**2,922**	**1,141**	**22,072**
- Land				
- Buildings on own land				
- Buildings on third-party land				
- General buildings, fixtures and fittings				
- Technical installations, equipment and industrial tools	13,303	1,530		14,833
- General buildings, fixtures and fittings	599	804	3	1,400
- Transport equipment	24			24
- Office and computer equipment, furniture	1,151	270		1,421
- Recoverable and miscellaneous packaging				
- Property, plant and equipment under construction	272	788	475	585
- Advances and payments on account	138	100	146	92
Property, plant and equipment	**15,487**	**3,493**	**624**	**18,356**
- Investments valued using the equity method				
- Other participating interests	22,642	5,398		28,039
- Other long-term investments	200			200
- Loans and other financial fixed assets	2,719	123	107	2,735
Financial fixed assets	**25,561**	**5,521**	**107**	**30,974**
FIXED ASSETS	**61,339**	**11,936**	**1,872**	**71,403**

As part of the first application of regulation no. 2015-06 of 23 November 2015, amending regulation no. 2014-03 of the French accounting standards authority (*Autorité des normes comptables*) relating to the General Accounting Plan, the technical merger loss recorded in the balance sheet at the beginning of the financial year under goodwill has been allocated to the underlying assets on which there are reliable and significant unrealised gains, based on the information available at the beginning of the year.

As the technical loss relates exclusively to the subscription contracts entered into by INTRATONE TELECOM, it is therefore fully recorded in the assets of COGELEC in a sub-account of the commercial fund.

The flows are analysed as follows:

In thousands of Euros	Intangible assets	Property, plant and equipment	Financial fixed assets	TOTAL
Breakdown of increases				
Transfers from line to line	898	320		1,218
Transfers of current assets				
Acquisitions	2,025	3,172	5,521	10,718
Contributions				
Creations				
Revaluations				
Increases for the year	**2,922**	**3,493**	**5,521**	**11,936**
Breakdown of decreases				
Transfers from line to line	898	335		1,232
Transfers to current assets				
Disposals		289	69	358
Demergers				
Decommissioning	243		38	281
Decreases for the financial year	**1,141**	**624**	**107**	**1,872**

INTANGIBLE ASSETS

Research and development costs

Intangible assets for which NPV amounted to €8,453k include ongoing R & D projects for €3,203k, R&D projects sold for €3,250k, a commercial fund of €1,927k and patents for €73k at 31/12/2022.

The increase of €2,922k in intangible assets during the year corresponds to:
- recognition in projects in progress for €1,931k
- the commissioning of development projects for €957k
- software commissioning for €34k

In thousands of Euros	Gross amount
Project activation	16,003
Research costs	**16,003**

PROPERTY, PLANT AND EQUIPMENT

The increases for the year, concerning property, plant and equipment, amounted to €3,493k, mainly due to:
- Equipment and tools for €1,530k of which capitalised production of equipment related to conventional and premium contracts for €1,146k
- Facilities, fixtures and fittings +€804k
- Property, plant and equipment under construction + €259k
- Work related to expansion covered by lessor loan +€288k
- IT equipment and furniture +€270k
- Constructions in progress (extension) + €240k
- Advances and down payments on equipment €100k

COGELEC began to repay the property lease related to the expansion of its Mortagne building on Sèvre in July 2022. The remaining amounts under construction for €267k relate to additional works covered by COGELEC.

FINANCIAL FIXED ASSETS

Financial acquisitions amounted to €5,521k, mainly including:
- Advances to subsidiaries for €5,398k
- Deposit and guarantee €116k

AMORTISATION OF FIXED ASSETS

In thousands of Euros	At the start of the financial year	Increase	Decrease	At the end of the financial year
Start-up and development costs	11,269	1,484		12,753
Other intangible fixed assets	672	70		742
Intangible assets	**11.941**	**1.554**		**13.495**
Technical fittings, equipment and industrial tooling	9,215	1,574		10,789
General installations, miscellaneous fixtures and fittings	224	87		311
Transport equipment	16	5		21
Office and computer equipment, furniture	817	162		979
Property, plant and equipment	**10,272**	**1,828**		**12,099**
FIXED ASSETS	**22,213**	**3,382**		**25,594**

4.3.3.2 Current assets

STATEMENTS OF RECEIVABLES

Total receivables at the end of the financial year amounted to €48,159k and the breakdown by maturity is as follows:

In thousands of Euros	Gross amount	Maturities at - 1	Maturities at + 1 year
Receivables in fixed assets			
Receivables related to equity investments	28,004		28,004
Loans	5	3	2
Other	2,730	2,418	313
Receivables on current assets			
Trade notes and accounts receivable	13,012	12,220	792
Other	1,120	1,000	120
Subscribed capital - called up, not paid			
Pre-paid expenses	3,288	1,077	2,211
TOTAL	**48,159**	**16,718**	**31,441**
Loans granted during the year	6		
Loans recovered during the year	41		

Receivables with a total amount of €31,441k over one year are broken down as follows:
- Advances made to subsidiaries €28,004k
- Pre-paid expenses for €2,211k (of which pre-paid expenses on PREMIUM commissions for €275k and SIM cards for €1,905k)
- Doubtful debts for €791k, including intragroup for €780k
- Deposits and sureties for €312k
- Receivables on extension €120k

The amount of receivables at less than one year of €16,718k mainly includes:

– treasury shares for €2,368k,
– deposits and guarantees for €50k
– non-doubtful trade receivables for €12,220k
– deductible VAT for €915k

ACCRUED INCOME

In thousands of euros	Amount
Supplier & advances receivable	20
Accrued interest receivable	80
Total	**101**

ASSET IMPAIRMENT

The flows are analysed as follows:

in thousands of euros	Depreciation at start of year	Allocation for the year	Write-back for the year	Depreciation at year-end
Intangible assets	156		33	122
Property, plant and equipment	21	61		82
Financial fixed assets	7,897	15,286	38	23,145
Inventories	450	507	75	883
Receivables and transferable securities	92	901	83	910
Total	**8,615**	**16,756**	**229**	**25,142**
Breakdown of allocations and write-backs:				
Operation		1,350	191	
Financial		15,286		
Exceptional			38	

Depreciation of fixed assets:

The depreciation of intangible assets concerns the Persons with Reduced Mobility Button R&D project, a project depreciated at 100% of NPV at 31/12/2022, i.e. €122k.

The depreciation of financial assets for a total amount of €15,286k relates to the depreciation of receivables related to equity investments, including:
- GMBH subsidiary: €7,711k
- UK subsidiary: €7,575k

4.3.3.3 Shareholders' equity

COMPOSITION OF SHARE CAPITAL

Share capital of €4,004,121.60 broken down into 8,898,048 shares with a par value of €0.45.

The 8,890,048 shares are broken down into:

- 3,550,963 bearer shares with a single voting right, including 401,451 treasury shares.
- 5,347,085 registered shares, 20 with single voting rights and 5,347,065 shares with double voting rights.

Details of treasury shares bought back by COGELEC:

- Number of treasury shares held at 31/12/2022: 401,451 shares
- Value of treasury shares held at 31/12/2022: €2,367,733
- Number of treasury shares acquired in 2022: 42,875 shares
- Value of treasury shares acquired in 2022: €311,625
- Number of treasury shares sold in 2022: 48,061 shares
- Value of treasury shares sold in 2022: €350,302

All of these shares are recognised in account 277.

Due to the increase in the value of treasury shares, an unrealised capital gain was recognised for tax purposes in the amount of €462,496 (historical value compared to the average value for the month prior to the closing date), compared with an unrealised capital gain of €434,257 at 31 December 2021.

ALLOCATION OF PROFITS/LOSSES

Decision of the General Meeting of 23 June 2022.

In thousands of Euros	Amount
Carried forward from previous financial year	5,720
Profit (loss) for the preceding financial year	-5,971
Deductions from reserves	251
Total origins	
Allocations to reserves	
Distributions	
Other allocations	
Carried forward	
Total allocations	

CHANGES IN EQUITY

in thousands of euros	Balance at 01/01/2022	Allocation of profits (losses)	Increases	Decreases	Balance at 31/12/2022
Share	4,004				4,004
Share premium	18,654				18,654
Legal reserve	400				400
General reserves	3,084	-251		251	2,833
Regulated reserves	6				6
Carried forward	5,720			5,720	
Profit (loss) for the financial year	-5,971	5,971	-11,315	-5,971	-11,315
Investment subsidy	36			11	25
Total Equity	**25,933**	**5,720**	**-11,315**	**11**	**14,607**

4.3.3.4 Provisions

In thousands of euros	Provisions at the beginning of the financial	Allowances for the financial year	Write-backs used for the financial year	Write-backs not used for the financial	Provisions at year-end
Disputes	1,214		262		952
Guarantees given to customers	507	95			602
Losses on futures markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
For tax purposes					
Renewal of fixed assets					
Major maintenance and major revisions					
Social and fiscal charges					
On leave to be paid					
Other provisions for risks and charges	111	42			153
TOTAL	**1,832**	**137**	**262**		**1,707**
Breakdown of allocations and write-backs for the financial year:					
Operation		137			
Financial			262		
Exceptional					

Provision for disputes: At the end of December 2021, COGELEC had to terminate the contract awarded to a general contractor for the construction of the extension to its premises, as Cogelec noted that its subcontractors had stopped working on its site. This stoppage of work was due to the general contractor's failure to pay for work carried out by subcontractors on the Cogelec site that had not been completed by the end of 2021. Given the complex legal context and the uncertain outcome of this case, the Group established a provision for risks of €1,059k at the end of 2021. This provision was updated at 31 December 2022, hence the write-back of €262k, to bring the risk to €797k.

Guaranteed provision for equipment in the Intratone range for a total amount of €602k. After-sales service costs have been provisioned on the basis of the product warranty period, i.e. 3 years. The rates used for the calculation were determined on the 2021 basis of the costs observed over the last 5 years and were related to the turnover of the year of sale of the products concerned by the after-sales expenses incurred.

The provision of the equipment in exchange for after-sales service items resulted in the recognition of a provision for expenses related to the neutralisation of the margin on advanced products pending a return of €153k.

4.3.3.5 Debts

STATEMENT OF DEBTS

Total debts at the end of the financial year amounted to €61,526k and the detailed classification by due date is as follows:

In thousands of euros	Gross amount	Due within one year	Due in more than one year	1 to 5 years
Convertible bond issues (*)				
Other bond issues (*)				
Loans (*) and debts with credit institutions of which:				
- up to 1 year at the outset	1	1		
- more than 1 year at the outset	18,560	3,939	13,532	1,090
Miscellaneous borrowings and financial debts (*) (**)				
Trade notes and accounts payable	5,059	5,059		
Tax and social security debts	5,255	5,255		
Fixed asset payables and related payables	54	54		
Other debts (**)	2,332	2,332		
Deferred revenue	30,266	3,162	11,861	15,242
Total	**61,526**	**19,802**	**25,393**	**16,332**
(*) Borrowings taken out during the financial year	4,611			
(*) Borrowings repaid during the financial year	2,560			
(**) Of which to shareholders				

ACCRUED EXPENSES

in thousands of euros	Amount
Suppliers invoices receivable	2,737
Accrued interest on borrowings	8
Accrued interest payable	1
Accrued liabilities for holiday pay	976
Staff accruals	1,049
Social security contributions payable	389
Social agencies payable	260
Learning Tax	10
Construction effort	51
State accrued expenses	173
Trade discounts, remissions & concessions & advances to be made	1,893
Total	**7,548**

4.3.3.6 Adjustment accounts

Pre-paid expenses

In thousands of euros	Operating expenses	Financial expenses	Extraordinary expenses
Pre-paid expenses	3,288		
TOTAL	**3,288**		

Pre-paid expenses of €3,288k mainly concern:

- SIM cards for €2,346k
- PREMIUM fees for €390k
- Property Leasing for €157k
- 2023 Insurance for €66k
- Software maintenance €59k

Deferred income

In thousands of euros	Operating income	Financial income	Extraordinary income
Deferred income	30,266		
TOTAL	**30,266**		

Deferred income: pre-paid invoicing.

Deferred income is calculated using the following method:

- Spreading of invoicing over the contract's warranty period or over 15 years for pre-paid contracts
- This pre-paid income is reduced by the amount of commercial costs estimated by COGELEC on pre-paid contracts (i.e. impact of €1,762k at 31/12/2022), in order to cover these expenses.

Future expenses, associated directly with contracts invoiced in advance, are estimated at 21.5% of the pre-paid income, i.e. €6.5 million (SIM cards + amortisation of modules).

4.3.4 NOTES ON THE PROFIT AND LOSS STATEMENT

4.3.4.1 Revenue

BREAKDOWN BY BUSINESS SECTOR

In thousands of Euros	31/12/2022
Intratone range turnover	34,257
Intratone subscription sales	17,413
Hexact range turnover	3,650
Services provided	1,165
Rozoh range turnover	773
Kibolt range turnover	-34
Compensation for non-return	9
Residual income	7
Ports	7
TOTAL	**57,246**

Sales of equipment are recognised in the profit and loss statement on the date of delivery. Subscription contracts and global offer contracts (including a sale of equipment and a provision of services) are recognised on a straight-line basis over the duration of the contracts.

Capitalised production

- O/w capitalised production on projects: €1,860,920
- O/w capitalised production on equipment linked to subscription contracts: €1,145,517

Operating and financial income and expenses

Remuneration of statutory auditors

Statutory Auditor

Account certification fees: €151k

These fees are broken down as follows:

- ACCIOR-ARC: €75,500k

- DELOITTE: €75,500k

4.3.4.2 Financial result

In thousands of Euros	31/12/2022	31/12/2021
Financial income from investments	354	60
Income from other securities and fixed-asset receivables	0	0
Other interest and similar income	82	22
Write-backs of provisions and transfers of expenses		
Positive exchange differences		48
Net income on disposals of marketable securities		
Total financial income	**436**	**131**
Financial allocations to depreciation and provisions	15,286	7,859
Interest and similar expenses	140	90
Negative foreign exchange differences	11	
Net expenses on disposals of marketable securities		
Total financial expenses	**15,437**	**7,949**
Financial result	**-15,002**	**-7,817**

Allocations of €15,286k relate to the depreciation of receivables related to subsidiaries.

Related parties

List of significant transactions:

Transactions carried out with related parties that are not concluded under normal market conditions correspond to the technical services and marketing services invoiced by HRC for an amount of €855k.

4.3.4.4 Extraordinary expenses and income

in thousands of euros	Expenses	Income
Penalties, tax and criminal fines	2	
Other non-recurring expenses on management	150	
Book value of assets sold	567	
Other costs	26	
Provisions for risks and charges	120	
Income from disposals of assets		289
Investment subsidies transferred to profit or loss		11
Provisions for risks and charges		262
Depreciation allowance		38
TOTAL	**864**	**599**

Exceptional expenses of €864k mainly include:
- NPV of work related to the expansion and transferred to the lessor for €289k
- NPV for non-capitalisable R&D project €240k
- Dispute provision related to the extension €120k

Exceptional income of €600k takes into account:
- Disposals of works related to the expansion at Batiroc for €289k
- Write-back of the provision related to the extension for €262k

4.3.4.5 Earnings and Income Taxes

EARNINGS AND TAXES ON PROFITS

In thousands of euros	Amount
Tax calculation basis	
Normal rate - 33 1/3%	
Normal rate - 25%	7,569
Reduced rate - 15%	
Long-term capital gains - 15%	
Licensing - 10%	
Rental contribution - 2.5%	
Tax credit	
Employment competitiveness	
Research Credit	315
Management training credit	
Apprenticeship Credit	
Family credit	
Investment in Corsica	
Credit for sponsorship	4
Other allocations	

IMPACT OF SPECIAL TAX VALUATIONS

In thousands of euros	Amount
Profit (loss) for the financial year after tax	**(11,316)**
+ Tax on profits	1,611
+ Additional tax related to distributions	
- Tax on profits receivable	
Pre-tax profit (loss)	**(9,704)**
Change in regulated provisions	
Provision for investments	
Provision for price increases	
Special depreciation and amortisation	
Tax provisions	
Other regulated provisions	
Profit (loss) excluding special tax assessments (before tax)	**(9,704)**

TAX BREAKDOWN

In thousands of euros	Profit (loss) before tax	Corresponding tax (*)	Profit (loss) after Tax
+ Current profit (loss)	**-8,599**	**1,439**	**-10,038**
+ Extraordinary profit (loss)	**-265**	**-38**	**-227**
- Employee share-ownership scheme	**840**	**-210**	**1,050**
Accounting result	**-9,704**	**1,611**	**-11,315**

(*) includes tax credits (amount taken from the "Corresponding tax" column)

The tax of €1,611,011 corresponds to:
The corporate tax expense calculated at 31/12/2022 for €1,929,495 less the research tax credit of €314,884 and the reduction of sponsorship tax of €3,600

Increases and reductions in future tax liabilities

The unrealised tax situation, taking into account a corporate tax rate valued at 25%, shows a future receivable of €222,722. This amount does not take into account any payment of the social security contribution on profits.

Amounts in thousands of euros	Amount
Increases in future tax liabilities	
Related to special depreciation	
Related to provisions for price increases	
Related to capital gains to be reintegrated	
Related to other items	
A. Total bases contributing to increasing future debt	
Reductions in future tax liabilities	
Related to provisions for paid leave	
Related to provisions and non-deductible accrued expenses for the year	911
Related to other items	
B. Total bases contributing to reducing future debt	911
C. Deferrable deficits	
D. Long-term capital losses	
Estimate of the amount of the future receivable	228
Basis = (A-B-C-D)	
Tax valued at the rate of 25%	

Provisions for non-deductible accrued expenses of €911k correspond to:
- shareholding €840k
- organic provision €71k

Post-closing events

On 1 February 2023, COGELEC announced a collaboration agreement with KONE to develop the roll-out of a new connected services offering combining their two smart technologies, including new connected solutions in residences. As part of this new collaboration, COGELEC under its Intratone brand and KONE, the global leader in mobility in cities, will roll out a joint offering for collective housing that offers four specific features: connectivity between the entrance hall door and lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone and connectivity between the resident and the lift in the event of a breakdown.

4.3.4.6 Workforce

Average number of employees: 251 people including 8 apprentices and 3 disabled persons.

Salaried staff	31/12/2022
Managers	94
Supervisors & technicians	46
Employees	75
Workers	36
TOTAL	**251**

4.3.4.7 Other information

SUMMARY AND OUTLOOK

With continued growth in its installed base, an innovative range of services meeting the current concerns of residents in collective buildings and a change in its product mix for more recurrence, COGELEC is confirming its 2023 aim for a new year of double-digit turnover growth, accompanied by an improvement in EBITDA/turnover ratio and the marketing of Kibolt over the current financial year.

INFORMATION ON MANAGERS

Remuneration allocated to members of the management bodies

This information is not mentioned as it would indirectly lead to individual compensation.

A budget of €20k for attendance fees is allocated to members of the Board of Directors.

IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE COMPANY'S ACCOUNTS

Company name: COGELEC DEVELOPPEMENT

Legal status: SAS [French simplified company limited by shares]

SIREN [French business registration no.]: 90148027700010

With a share capital of: €34,568,223

Address of the registered office:
370 RUE DE MAUNIT - ZI DE MAUNIT

85290 MORTAGNE SUR SEVRE

Place where copies of the financial statements can be obtained: COGELEC DEVELOPPEMENT.

COGELEC DEVELOPPEMENT is the group's consolidating parent company, consisting of SAS SRC, SA COGELEC and its 3 subsidiaries:

- INTRATONE GMBH
- INTRATONE UK
- INTRATONE BV

FINANCIAL COMMITMENTS

Commitments given

Amounts in thousands of euros	31 December 2022
Discounted bills not yet due	
Guarantees	
Pension commitments	
Equipment leasing commitments	
Property lease commitments	**6,047**
Interest on borrowings	481
Holdback	240
Turnover on contracts remaining to be invoiced	2,878
Fixed asset orders	105
Work related to the extension	174
Other commitments given	**3,878**
Total	**9,925**
Of which concerning Collateralised commitments	

The holdbacks of €240k correspond to cash collateral, in connection with loans granted by BPI France for a total of €4.8m.

COGELEC supports its foreign subsidiaries, as long as they are part of the Group, in order to enable them to honour their debts on time and to continue their normal activity without any interruption.

Commitments received

Amounts in thousands of euros	31 December 2022
Authorised overdraft limits	**1,250**
Guarantees	
Interest on borrowings	481
Holdback	240
Equipment and property leasing commitment	6,047
Turnover on contracts remaining to be invoiced	2,878
Fixed asset orders	1,065
Work related to the extension	441
Other commitments received	**11,152**
Total	**12,402**

LEASING

Amounts in thousands of euros	Land	Buildings	Equipment and tools	Other	Total
Original value		7,275			7,275
Total of previous years		1,104			1,104
Allowances for the financial year		278			278
Amortisation		1,382			1,382
Total of previous years		2,405			2,405
Financial year		555			555
Royalties paid		2,960			2,960
Up to one year		747			747
Over one year and up to five years		2,805			2,805
More than five years		2,496			2,496
Royalties remaining to be paid		6,047			6,047
Up to one year					
Over one year and up to five years					
More than five years					
Residual value					
Amount paid during the financial year		555			555

Financing of the building through a property lease with a term of 12 years.

Following the amendment signed in October 2016, the property lease table takes into account the definitive data, namely:

- Land acquisition cost: €216k
- Structural work: €1,335k, amortised over 35 years
- Cladding: €586k, amortised over 20 years
- General fittings: €1,386k, amortised over 15 years
- Fixtures and fittings: €139k, amortised over 10 years

A total investment of €3,662k

In terms of expansion, Cogelec paid pre-rents in the amount of €38k in H1 2022. Then, the property lease with a term of 12 years began in July 2022. This second contract takes into account the following data:

- Structural work: €560k, amortised over 35 years
- Cladding: €1,658k, amortised over 20 years
- General fittings: €862k, amortised over 15 years
- Fixtures and fittings: €533k, amortised over 10 years

A total investment of €3,613k

PENSION COMMITMENTS

Amount of commitments in respect of pensions, supplementary retirement benefits and similar indemnities: €372,000

TABLE OF SUBSIDIARIES AND HOLDINGS

Name	Country of registration	Share capital	Shareholders' equity other than share capital	Share of capital held	Gross book value of shares held	Net book value of shares held	Loans and advances granted by the Company	Results	Turnover before tax
INTRATONE GMBH	GERMANY	€25,000	€-15,206,216	100%	€25,000	€25,000	€15,073,559	€-3,075,656	€1,125,811
INTRATONE UK LTD	UK	£100	£-7,606,107	100%	€113	€113	€8,046,522	£-2,004,208	£1,672,564
INTRATONE BV	NETHERLANDS	€10,000	€-5,005,494	100%	€10,000	€10,000	€4,884,023	€-937,110	€3,211,838

4.4 TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS

In thousands of euros	2018	2019	2020	2021	2022
1. Financial position at year-end					
a) Share Capital	4,004	4,004	4,004	4,004	4,004
b) Number of shares	8,898.048	8,898.048	8,898,048	8,898,048	8,898,048
c) Number of bonds convertible into shares	—	—	—	—	
2. Overall profit/loss from actual operations					
a) Turnover before tax	33,741	40,101	40,544	49,277	57,246
b) Profit before tax, amortisation and provisions and profit-sharing	5,369	8,421	6,411	5,940	10,919
c) Tax on profits	306	968	409	187	1,611
d) Employee share-ownership scheme	0	368	147	0	840
e) Profit after taxes, depreciation, amortisation and provisions and profit-sharing	1,802	3,700	2,277	-5971	-11315
f) Amount of distributed profits	2,000	0	0	0	0
3. Result of operations reduced to one share					
a) Profit after tax and profit sharing, but before amortisation and provisions	€0.57	€0.80	€0.66	€0.65	€0.95
b) Profit after tax, amortisation and provisions and profit-sharing	€0.20	€0.42	€0.26	€-0.67	€-1.27
c) Dividend paid to each share	€5.619	€0	€0	€0	€0
4. Staff					
a) Number of employees (average)	155	180	208	236	251
b) Amount of the wage bill	7,288	8,633	9,425	10,888	11,860
c) Amounts paid for social benefits (social security, social welfare, etc.)	2,882	3,427	3,660	4,347	4,511

5. STATUTORY AUDITORS' REPORTS

5.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the General Meeting of COGELEC

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of COGELEC for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS OF THE OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the « Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation and impairment of developed intangible assets

As of December 31, 2022, developed intangible assets, of which the accounting principles are described in Note 6.4.8 “Intangible assets” to the consolidated financial statements, represented a net amount of K€ 6,459 on the Group’s balance sheet, and were tested for impairment according to the procedures described in Notes 6.4.10 “Monitoring of the value of non-current assets (excluding financial assets)” and 6.6.1 “Impairment of non-financial assets” to the consolidated financial statements.

We reviewed the procedures set up to implement these impairment tests based on cash flow forecasts and verified the consistency of the assumptions used with the forecast data taken from the strategic plans prepared under the supervision of the Group’s management. We also verified that the notes to the consolidated financial statements provide appropriate disclosure.

Recognition of revenue

Notes 6.4.18 “Recognition of revenue” and 6.8.1 “Revenue” to the consolidated financial statements describe the accounting rules and methods relating to the recognition of revenue.

As part of our assessment of the accounting policies adopted by your Group, we verified the appropriateness of the aforementioned accounting methods and the disclosures in the notes to the consolidated financial statements as well as their proper application.

SPECIFIC CHECKS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law on the information concerning the Group presented in the Board of Directors’ management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

RESPONSIBILITIES OF THE MANAGING BOARD AND THOSE CHARGED WITH GOVERNANCE OF THE COMPANY REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 it is expected to liquidate the Company or to cease its operations.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITOR REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Executed in La Roche-sur-Yon and St Herblain, April 26, 2023

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

5.2 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the General Meeting of COGELEC

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of COGELEC for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

BASIS OF THE OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2022 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation and impairment of developed intangible assets

The "Accounting policies – Intangible assets and property, plant and equipment" and "Accounting policies – Impairment of non-financial assets" notes to the financial statements set out:

- the criteria for capitalizing the development costs incurred by the Company and their method of amortization;
- the methodology used to conduct impairment tests and an analysis of their sensitivity to key assumptions.

As part of our assessment of the accounting policies adopted by your Company, we reviewed the procedures adopted to capitalize development costs and those used for their amortization. We reviewed the procedures set up to implement impairment tests based on cash flow forecasts and verified the consistency of the assumptions used with the forecast data taken from the strategic plans prepared under the supervision of the Company's management. We also verified that the notes to the financial statements provide appropriate disclosure.

Valuation and impairment of equity interests and related receivables

The "Accounting policies – Equity interests" note to the financial statements sets out the methodology used to conduct impairment tests and an analysis of their sensitivity to key assumptions.

We reviewed the procedures set up to implement these tests based on cash flow forecasts and verified the consistency of the assumptions used with the forecast data taken from the strategic plans prepared under the supervision of the Company's management. We also verified that the notes to the financial statements provide appropriate disclosure.

Recognition of revenue

The "Notes to the income statement – Revenue" note to the financial statements sets out the method of recognizing revenue in income.

As part of our assessment of the accounting policies adopted by your Company, we verified the appropriateness of the aforementioned accounting methods and the disclosures in the notes to the financial statements as well as their proper application.

SPECIFIC CHECKS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' management report on corporate governance contains the information required by Article L. 225-37-4 of the French Commercial Code.

Other disclosures

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the identity of the shareholders and holders of the voting rights.

RESPONSIBILITIES OF THE MANAGING BOARD AND THOSE CHARGED WITH GOVERNANCE OF THE COMPANY REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines 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, management is 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 it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITOR REGARDING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Executed in La Roche-sur-Yon and St Herblain, April 26 2023

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

5.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the Shareholders’ Meeting of COGELEC,

In our capacity as statutory auditors of your Company, we hereby report to you on the regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company’s interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders’ Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements authorized and concluded during the year

Pursuant to Article R.225-40 of the French Commercial Code, we have been informed that the following agreement was previously authorized by your Board of Directors.

Agreement with SAS H.R.C.

Person involved: Roger Leclerc, Chairman and CEO of your Company, and Chairman of SAS H.R.C.

Nature of the agreement: Technical and commercial service agreement

On April 23, 2018, your Company entered into an agreement, which was subsequently amended on May 11, 2018, with SAS H.R.C providing for technical and commercial services as from May 1, 2018.

This agreement was concluded for one year and can be extended by tacit renewal. Your Board of Directors authorized its renewal on April 18, 2019, April 21, 2020, April 20, 2021 and March 30, 2022.

This agreement stipulates a fixed annual compensation of €695,100, excluding tax, that breaks down into technical services for €377,340, excluding tax, and commercial services for €317,760, excluding tax, and a variable compensation related to the performance of commercial services, calculated as follows:

- 2.5% of the portion of annual EBITDA generated by your Company that is lower than or equal to €10,000,000, excluding tax;
- 1.25% of the portion of annual EBITDA generated by your Company exceeding €10,000,000, excluding tax.

The variable portion was capped at a maximum amount of €695,100, excluding tax, but is not subject to any performance conditions.

The Board of Directors justified the renewal of this agreement due to the technical and commercial expertise provided by SAS H.R.C.

Amount expensed during the year in respect of this agreement: €855.100, excluding tax.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement previously approved by the Shareholders' Meeting which continued in effect during the year.

Executed in La Roche-sur-Yon and St Herblain, April 26, 2023

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

6. OTHER INFORMATION

6.1 COMPANY INFORMATION

6.1.1 IDENTITY

COMPANY NAME

COGELEC SA

DATE OF CREATION OF THE COMPANY

10/2000

NATIONALITY

French

LEGAL STATUS

Société Anonyme [French public limited company] with a board of directors

REGISTERED OFFICE

370 Rue de Maunit

85290 Mortagne-sur-Sèvre

Telephone: 02 51 65 05 79

Fax: 02 51 61 45 83

E-mail address:

investors@cogelec.fr

Website: www.cogelec.fr

TRADE AND COMPANIES REGISTER

433 034 782 La Roche-sur-Yon Trade & Companies Register

APE [principal activity] CODE

2630Z (Manufacture of communication equipment)

TERM

The term of the Company is 99 years from the date of its registration with the Trade and Companies Register, except in the case of early winding up or extension.

COMPANY OBJECTS

The Company's objects in France and in any country, directly or indirectly, are:

– the design and manufacture of communications and telecommunications equipment,

– the rental of telecommunications equipment and the provision of subscriptions and related services,

– the Company's participation, by any means, in all transactions that may relate to its purpose by creating new companies, subscribing to or purchasing securities or corporate rights, mergers or otherwise,

– the performance of all commercial, civil, financial, movable or immovable property transactions that may be directly or indirectly related to the foregoing, or likely to promote the development or expansion of the company's business.

FINANCIAL YEAR

From 1 January to 31 December.

CAPITAL AND CHARACTERISTICS

As of 31 December 2022:

The share capital is €4,004,121.60

It is divided into 8,898,048 ordinary shares with a par value of €0.45 each, all of the same category, subscribed and fully paid up.

INITIAL PUBLIC OFFERING

18/06/2018

STOCK MARKET CODES

– ISIN: FR0013335742

– Reuters: ALLEC.PA

– Bloomberg: ALLEC:FP

– Mnemonic Code: ALLEC

EURONEXT PARIS

Listing market: Euronext Growth PARIS

STATUTORY DISTRIBUTION OF PROFITS

The distributable profit is distributed among all shareholders in proportion to the number of shares belonging to each of them.

INFORMATION OFFICER

Christophe De Lylle

ACTIFIN

Tel: 01.56.88.11.11

Documents and information relating to the Company are made available to shareholders and the public at the registered office as well as on the Group's website (investor space): www.cogelec.fr/

6.1.2 BOARD OF DIRECTORS

CHAIR AND CHIEF EXECUTIVE OFFICER

Roger Leclerc

MEMBERS OF THE BOARD OF DIRECTORS

Lydie Delebarre, Patrick Fruneau, Patrice Guyet, Roger Leclerc.

6.1.3 STATUTORY AUDITORS OF THE ACCOUNTS

STATUTORY AUDITORS

ACCIOR - A.R.C., member of the regional company of auditors of the *Cour d'appel Ouest Atlantique* [West Atlantic Court of Appeal],

53 Rue Benjamin Franklin CS 80,654,816 La Roche-sur-Yon Cedex,

Represented by Sébastien Caillaud.

Date of appointment: 24/06/2019

Term of office: 6 years

Expiry date of the term of office: at the General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2024.

Deloitte & Associés, member of the Regional Company of the Statutory Auditors of the *Cour d'appel de Versailles* [Versailles Court of Appeal], 185C avenue Charles de Gaulle 92200 Neuilly,

Represented by Guillaume Radigue.

Date of appointment: 16/01/2018

Term of office: 6 years

Expiry date of the term of office: at the General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2023.

6.1.4 MAJOR CONTRACTS

With the exception of the contracts described below, the Company has not entered into any major contracts other than those entered into in the ordinary course of its business.

6.1.4.1 Contracts with telephone operators

AGREEMENT CONCLUDED WITH ORANGE FRANCE

The Company entered into a framework agreement for the provision of “machine-to-machine” business radiotelephony services with Orange France (following an initial agreement in force between the parties from 2006 to 2010), which was subsequently amended by a number of addenda.

The purpose of this agreement is to provide the Group with SIM cards and related services to equip the products sold by the Group, in return for payment of a price by the Company in accordance with the pricing conditions set out in the agreement. The agreement provides geographical coverage of the 28 countries of the European Union and more than 50 targeted geographical areas, in addition to France.

The initial agreement was concluded for a 60-month term. A 12-month renewal was planned, unless terminated by either party. The subsequent amendments have changed the term of this agreement. A new framework agreement was signed on 29 June 2020; effective 01 July 2020 for a period of 60 months renewable by tacit renewal per 12-month period .

The agreement provides that either party may automatically terminate the framework agreement in the event of a breach by the other party of one of its obligations. It is also provided that the contractual relationship will be terminated automatically in the event of one of the parties ceasing trading or if one of the parties is subject to collective proceedings under which the framework agreement would not be continued or taken over.

AGREEMENT WITH SFR

The Company entered into a "machine-to-machine" partnership and services agreement with Société Française du Radiotéléphone (SFR) on 18 October 2011, which was subsequently amended by a number of addenda.

The purpose of this agreement is to provide the Group with SIM cards and related services to equip the products sold by the Group, in return for payment of a price by the Company in accordance with the pricing conditions set out in the agreement. The agreement provides geographical coverage of more than 50 geographical areas in addition to France.

The agreement was concluded for an initial term expiring on 31 December 2012. It has since been tacitly renewed for a period of 12 months, unless terminated by either party. The agreement also provides for several cases of termination by SFR (e.g. misuse of SIM cards, term or withdrawal of SFR's authorisation to establish and operate, court-ordered liquidation, low rate of achievement of objectives by Cogelec, change in control of Cogelec or acquisition of a stake in Cogelec by a competitor of SFR).

AGREEMENT WITH BOUYGUES TELECOM

The Company entered into an agreement as integrator of the "communicating objects" service with Bouygues Telecom on 21 November 2016.

The purpose of this agreement is to define the conditions under which the "communicating objects" service is provided by the Bouygues Telecom operator to the Company in France and, where appropriate, in other countries (36 countries are covered in addition to France), which can be used by the Company when selling its "machine-to-machine" applications to its end customers. The "communicating objects" service, which consists of supplying SIM cards and data and voice routing, is provided in return for payment of a price by the Company in accordance with the pricing conditions set out in the agreement.

The agreement was concluded for an initial term of 24 months. It is stipulated that in the absence of termination by one of the parties at least 3 months before the expiry of the period of validity, it shall be tacitly renewed for an indefinite period. Either party may terminate the agreement at any time, subject to 3 months' notice.

In the event of non-performance by one of the parties of its essential obligations, the other party shall be entitled to terminate the agreement 15 days after a formal notice has been served but without result. The agreement also provides for several cases of termination by Bouygues Telecom at any time and without notice (e.g. second unsuccessful payment request, abnormal or fraudulent use of the service, modification or suspension of GSM roaming agreements with foreign operators).

Any cancellation or termination shall not affect the validity of orders concluded before that date.

6.1.4.2 VIGIK brand-operating agreements

The Company entered into several brand-operating agreements with La Poste/SRTP Vigik between 2003 and 2006. Each of these agreements relates to the use of the brand for a specific product. In return, the Company declares and pays trademark royalties, which are calculated on the basis of sales made each year at agreed unit rates.

With the exception of one agreement which was concluded for a licence period equivalent to that of the VIGIK compliance of the product, these agreements were concluded for an indefinitely renewable period of 2 years.

The above-mentioned agreements concern non-exclusive licenses.

6.1.4.3 Technological and commercial partnership agreement with Legrand

COGELEC has entered into a partnership with Legrand to incorporate products from the Hexact range, including the Vigik® access control solution, into its BTicino brand, dedicated to access control and intercom systems.

COGELEC and Legrand have jointly carried out the technological developments required to integrate Hexact products into Legrand's BTicino range and proposed a communicating interface, allowing real-time management of badges, accesses and residents' names via the Hexact® Web platform. This new offering is marketed by Legrand's sales forces throughout France to retail customers, installers and specifiers in the collective housing sector.

6.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

6.2 PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Roger Leclerc, Chair and Chief Executive Officer, COGELEC.

6.2.2 STATEMENT BY THE PERSON RESPONSIBLE

I hereby certify that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Financial Report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a detailed picture of the assets, financial position and income of the Company and of all the companies included in the consolidation, and that the management report included in this Annual Financial Report presents a true and fair picture of business development, the results and financial position of the Company and all the companies included in the consolidation as well as a description of the main risks and uncertainties they face.

Mortagne-sur-Sèvre, 26 April 2023

Chief Executive Officer

Roger Leclerc