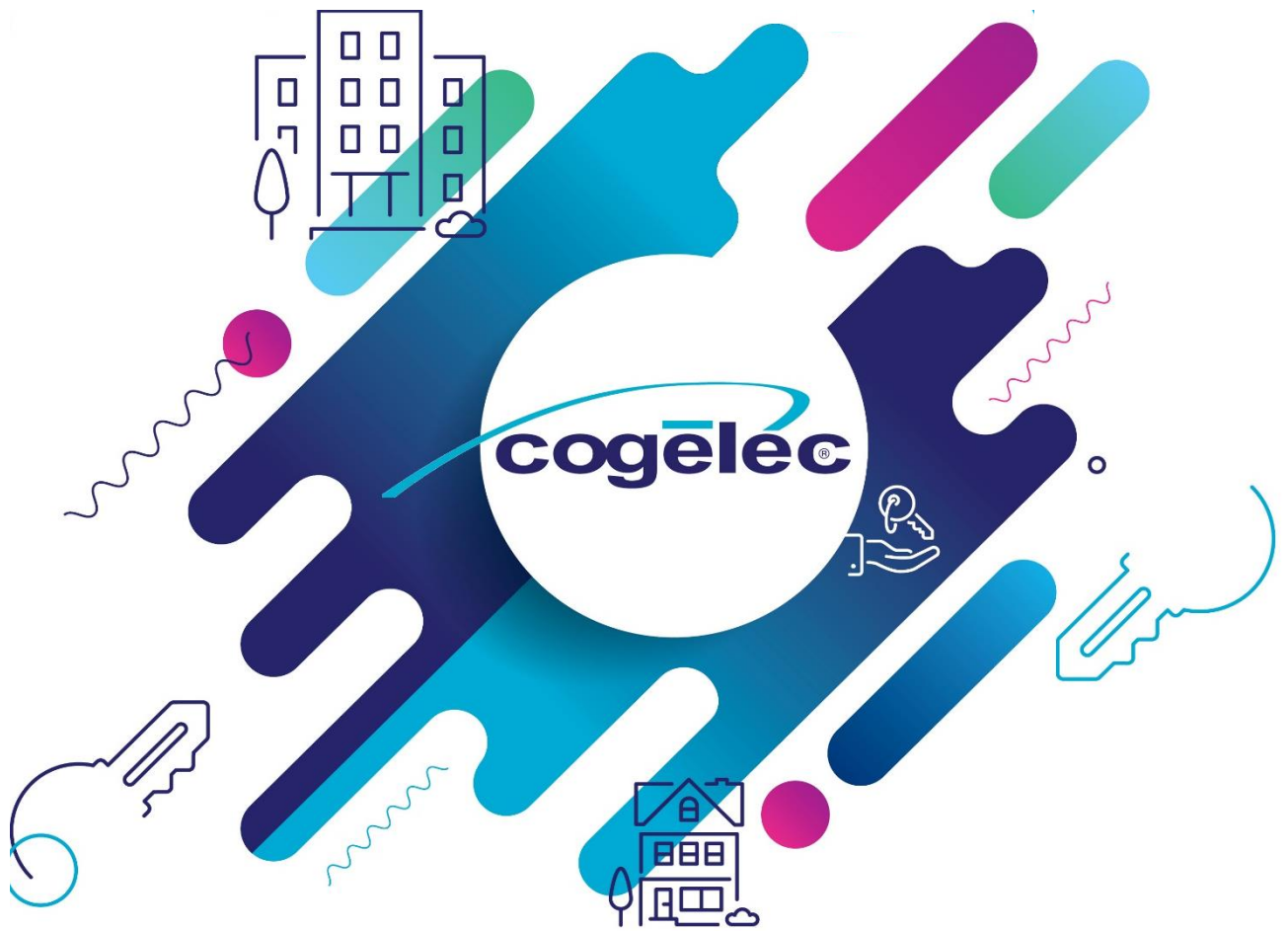


INTERIM FINANCIAL REPORT
COGELEC GROUP

30 JUNE 2020



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IN RELATION TO COGELEC

COGELEC is a French manufacturer of intercom systems and access control solutions for residential apartment buildings and single-family dwellings.

COGELEC is still currently in an international growth phase. After having created its German subsidiary, INTRATONE GMBH, at end-2017, the company created a UK subsidiary, INTRATONE UK, at the end of the first half of 2018 and another subsidiary, INTRATONE BV, at the end of 2018. These companies were created to facilitate the marketing of INTRATONE products globally. These subsidiaries are currently in their launch phase and generated losses of €3.1m in the first half of 2020, compared to €3.2m in the first half of 2019.

COGELEC generated revenue of €40.0m in 2019. With the roll-out of new subsidiaries internationally, this revenue is expected to grow significantly in the coming years.

STATEMENT OF RESPONSIBILITY

“I certify, to the best of my knowledge, that the condensed consolidated financial statements for the first half were prepared under applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of all the companies included in the consolidation, and that the interim management report presents an accurate picture of the significant events that occurred during the first six months of the financial year, their impact on the interim financial statements and the main related party transactions, and that it describes the principal risks and uncertainties for the remaining six months of the financial year.”

29 September 2020
Mr Roger Leclerc
Chairman and Chief Executive Officer

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS AT 30 JUNE 2020

1.1 CONSOLIDATED BALANCE SHEET

1.1.1 ASSETS

ASSETS	Notes	30/06/2020	31/12/2019
Intangible assets	2.3.1	8,180	8,205
Property, plant and equipment	2.3.2	8,403	8,157
Other financial assets	2.3.3	268	264
Other non-current assets	2.3.4	4,233	4,108
Non-current tax assets	2.4.8		
Total non-current assets		21,085	20,734
Inventories and work in progress	2.3.5	14,052	10,511
Trade and other receivables	2.3.6	7,948	9,811
Other current assets	2.3.7	2,284	2,196
Current tax assets		67	
Cash and cash equivalents	2.3.8	13,047	17,371
Total current assets		37,398	39,889
TOTAL ASSETS		58,483	60,624

1.1.2 LIABILITIES

LIABILITIES	Notes	30/06/2020	31/12/2019
Share capital	1.4 and 2.3.9	4,004	4,004
Share premium	1.4	18,551	18,551
Other comprehensive income	1.4	133	-159
Consolidated reserves, group share	1.4	-7,994	-3,681
Consolidated income, group share	1.4	-1,817	-2,862
Equity, group share	1.4	12,877	15,853
Consolidated reserves - Minority interests	1.4		
Consolidated income - Minority interests	1.4		
Shareholders' equity - minority interests	1.4		
Total equity		12,877	15,853
Borrowings and financial liabilities	2.3.10	7,440	8,885
Provisions for pension obligations	2.3.11	722	606
Other long-term provisions	2.3.11	1,014	1,043
Other non-current liabilities	2.3.12.1	20,351	19,419
Non-current tax liabilities	2.4.8	254	134
Total non-current liabilities		29,783	30,087
Borrowings and financial liabilities	2.3.10	3,026	3,191
Trade payables and related accounts	2.3.12.2	5,589	2,803
Other current liabilities	2.3.12.3	7,208	7,205
Current tax liabilities			1,485
Total current liabilities		15,823	14,683
TOTAL LIABILITIES		58,483	60,624

1.2 CONSOLIDATED INCOME STATEMENT

	Notes	30/06/2020	30/06/2019
REVENUE	2.4.1.1	17,683	19,005
Other operating income		2	2
Purchases consumed	2.4.2	-7,363	-8,038
Personnel expenses	2.4.3	-7,191	-7,000
External expenses	2.4.4	-3,389	-3,840
Taxes and charges		-257	-294
Allocation to/reversal of depreciation and amortisation	2.3.1 and 2.3.2	-1,882	-1,424
Allocation to/reversal of provisions and impairments		-154	-69
Change in work in progress and finished product inventories	2.3.5 and 2.4.1.2	1,525	1,010
Other current operating income and expenses	2.4.5	247	180
CURRENT OPERATING INCOME		-781	-467
Other operating income and expenses	2.4.6	-241	13
OPERATING PROFIT		-1,022	-454
Income from cash and cash equivalents		14	15
Cost of gross financial debt		-85	-124
Cost of net financial debt	2.4.7.1	-71	-109
Other financial income and expenses	2.4.7.2	-115	29
Tax expenses		-610	-877
AFTER-TAX INCOME FROM CONTINUING OPERATIONS		-1,817	-1,411
Profit or loss from discontinued operations			
Tax charge relating to discontinued operations			
Net profit or loss from discontinued operations			
CONSOLIDATED NET INCOME		-1,817	-1,411
Group share		-1,817	-1,411
Attributable to minority interests			
BASIC EARNINGS PER SHARE	2.4.9	- 0.2043	- 0.1586
DILUTED EARNINGS PER SHARE	2.4.9	- 0.2043	- 0.1586

1.3 STATEMENT OF COMPREHENSIVE INCOME

	30/06/2020	30/06/2019
PROFIT OR LOSS FOR THE PERIOD	-1,817	-1,411
Items that may be reclassified subsequently to profit or loss		
Exchange rate differences	261	
Tax on items recognised directly in equity		
Items that may not be reclassified subsequently to profit or loss		
Tax on items recognised directly in equity	-11	20
Actuarial gains or losses	42	-76
Income and expenses recognised directly in equity		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	292	-56
TOTAL PROFIT OR LOSS FOR THE PERIOD	-1,525	-1,467
Group share	-1,525	-1,467
Attributable to minority interests		

1.4 TABLE OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Additional paid-in capital	Other comprehensive income	Reserves	Profit or loss for the financial year	Total equity	Minority interests	Group equity
At 31 December 2018	4,004	18,551	4	-2,005	-1,064	19,490	0	19,490
Changes:								
Allocation of prior year retained earnings				-1,064	1,064			
Dividends paid to affiliates of the parent company								
Dividends paid to minority shareholders of subsidiaries								
Treasury shares				-248		-248		-248
Actuarial gains or losses			-56			-56		-56
Consolidated profit or loss					-1,411	-1,411		-1,411
At 30 June 2018	4,004	18,551	-53	-3,316	-1,411	17,776	0	17,776
At 31 December 2019	4,004	18,551	-159	-3,681	-2,862	15,853	0	15,853
Changes:								
Allocation of prior year retained earnings				-2,862	2,862			
Dividends paid to affiliates of the parent company								
Dividends paid to minority shareholders of subsidiaries								
Treasury shares				-1,451		-1,451		-1,451
Actuarial gains or losses			31			31		31
Foreign exchange gains and losses			261			261		261
Consolidated profit or loss					-1,817	-1,817		-1,817
At 30 June 2020	4,004	18,551	133	-7,994	-1,817	12,877	0	12,877

1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	30/06/2020	30/06/2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit or loss from continuing operations	1.4	-1,817	-1,411
Net allocation to amortisation, depreciation and provisions	2.3.1-2-11	2,012	1,498
Grant reversals	2.4.5	-238	-176
Share of prepaid income recognised in profit and loss	2.3.12.3	-1,069	-1,046
Gains or losses on disposals	2.4.6	278	-21
Exchange rate differences on reciprocities		289	29
Cash flow after cost of net financial debt and tax		-545	-1,127
Cost of net financial debt	2.4.7.1	71	109
Tax expense (including deferred taxes)		470	740
Cash flow before cost of net financial debt and tax		-4	-278
Tax paid		-1,914	564
Change in operating working capital:			
- Other non-current assets		-126	-283
- Inventories		-3,522	-2,663
- Trade receivables		1,850	-310
- Other current assets (excluding loans and guarantees)		-118	-484
- Other non-current liabilities		950	2,081
- Trade payables		2,647	1,229
- Other current liabilities		1,314	2,028
Total		2,996	1,599
Net cash flow from operating activities		1,078	1,884
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of fixed assets ⁽¹⁾		-2,199	-1,684
Disposals of fixed assets	2.4.6	23	24
Change in loans and advances granted		15	-19
Net cash flow from investing activities		-2,160	-1,680
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the parent company	1.4		
Capital increase in cash	1.4		
Treasury shares	1.4	-1,451	-248
Debt issues ⁽¹⁾	2.3.10		
Repayment of borrowings	2.3.10	-1,650	-1,308
Cost of net financial debt	2.4.7.1	-71	-109
Net cash flow from financing activities		-3,171	-1,665
CHANGE IN CASH AND CASH EQUIVALENTS			
Opening cash	2.3.8	17,371	16,353
Cash and cash equivalents at end of period	2.3.8	13,047	14,863
Change in exchange rate differences		71	30
Change in cash and cash equivalents		-4,254	-1,460

⁽¹⁾ Excluding new operating leases for €59K at 30/06/2020 and €2,014K at 30/06/2019.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise stated, the amounts indicated in these notes are in thousands of euros)

2.1 NOTE 1. OVERVIEW OF THE BUSINESS AND SIGNIFICANT EVENTS

2.1.1 Information about the Company and its business

COGELEC is a French public limited company (Société Anonyme – SA). These financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), comprise the parent company COGELEC and its subsidiaries.

The reporting period covers the six months from 1 January to 30 June.

Registered office: 370 rue Maunit, Mortagne-sur-Sèvre (85290), France.

Trade and Companies Register number: 433 034 782.

COGELEC is a French manufacturer of intercom systems and access control solutions.

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

As part of its international expansion, on 4 December 2017, COGELEC subscribed to 100% of the share capital of INTRATONE GmbH. INTRATONE GmbH was incorporated on 28 December 2017 and its registered office is in Düsseldorf. On 12 February 2018, COGELEC subscribed to the share capital of INTRATONE UK Ltd, whose registered office is in London. On 29 October 2018, COGELEC subscribed to the share capital of INTRATONE BV, whose registered office is in Amsterdam.

2.1.2 Significant events during the first half of 2020

2.1.2.1 First half of 2020 income

After a first quarter that was partly affected by the health situation, but was up 4.2%, revenue for the second quarter of the year was fully impacted by the consequences of the health crisis. As anticipated, revenue for the first half of 2020 was down 7% to €17.8m, compared to €19m for the first half of 2019. The decline occurred mainly in France (-9.1%). After a month of April with a decline of over 40%, sales gradually recovered starting in May, with growth in June. The deployment of the international sales force made it possible to continue growth in business activity (+14.8%). For the half-year as a whole, subscriptions grew by 14.1% to €5.5m, demonstrating the good resilience of the subscription model.

COGELEC now services over 1,200,000 homes. The gross margin was €11.8m, or 67% of revenue, compared to 63% in 2019. This margin growth was driven by the share of subscriptions in total revenue.

With the combined effect of the increase in the average workforce and the payment by the government of compensation covering partial activity related to the COVID-19 epidemic, the first half of 2020 showed a slight increase in personnel expenses to €7.2m, compared to €7m a year earlier. COGELEC had a total of 271 employees at 30 June 2020 vs. 233 employees at 30 June 2019.

Starting in March 2020, COGELEC took measures to reduce costs, which had an effect on external expenses in particular, which fell by €0.5m to €3.4m.

EBITDA came out at €1.0m and operating income at -€1.0m. Net income showed a loss of -€1.8m.

At 30 June 2020, shareholders' equity stood at €12.9m vs. €15.9m at 31 December 2019. Financial debt was down to €10.5m vs. €12.1m at 31 December 2019, integrating €1.5m pursuant to the implementation of IFRS 16 vs. €1.9m at 31 December 2019. The Group ended H1 2020 with a gross cash position of €13.0m.

2.1.2.2 COVID-19

The state of health emergency due to the COVID-19 epidemic adopted in March 2020 in France is disrupting the Group's business, but it is not possible to quantify the impact at the date of preparation of these consolidated financial statements due to the unpredictability of developments in this crisis.

The Group is very attentive to the situation and has taken appropriate measures to limit the negative impacts that could result, in particular through the implementation in France of partial activity for part of the workforce between 17 March 2020 and 11 May 2020.

The Group notes that it has not applied for a State-guaranteed loan, nor has it requested an extension of its social security, tax and credit maturities.

2.1.2.3 Overview and outlook

In the context of the COVID-19 epidemic, COGELEC has reviewed its 2021 objectives.

In France, the Group expects its activity to remain stable in 2020, as was confirmed by the first signs of recovery in the third quarter despite the postponement of General Meetings of social housing organisations. Internationally, COGELEC is forecasting double-digit growth with an intense recovery in commercial activity. As regards Kibolt, the Group noted an industrial delay in the production of its key, due to complications during assembly and the shutdown of two subcontractors due to the COVID-19 epidemic. The massive and intensive launch remains deferred to the first quarter of 2021. This weak growth in activity expected in 2020 should nevertheless be accompanied by positive EBITDA.

For 2021, if the COVID-19 health crisis is over (implying a normal upturn in activity both within the Group and with its partners), the Group should return to its strong level of growth both in France and internationally and benefit from the take-off of Kibolt. COGELEC should also reach an EBITDA level of between 15% and 20%.

2.1.3 Principal risks and future uncertainties

The assessment of risks, referring to the information mentioned in the annual financial report on the 2019 financial statements, in Section 6.2 "Assessment of risk factors", and in Section 1.8 "Risk management", remains unchanged. The Covid-19 epidemic does not significantly modify the Group's risk mapping.

2.1.4 Subsequent events

COGELEC is considering transferring the listing of its shares from the regulated market of Euronext Paris to Euronext Growth Paris, without the issue of new shares, to enable the Company to be listed on a market more appropriate to the size of the company, thereby easing the regulatory constraints imposed on COGELEC and reducing the costs associated with listing, while continuing to offer it the advantages of the financial markets. The main consequences of this proposed transfer are detailed in a press release published on the Company's website on 31 July 2020. The effective transfer of the listing of COGELEC shares remains subject to the approval of the General Meeting of Shareholders to be held on 1 October 2020, as well as the approval of Euronext Paris. In any event, the effective transfer of the listing of COGELEC shares from the regulated market of Euronext Paris to Euronext Growth Paris would take place at the earliest on 1 December 2020.

No other subsequent events occurred after the closing.

2.2 NOTE 2. PRINCIPLES, RULES AND ACCOUNTING POLICIES

The financial statements are presented in thousands of euros, unless otherwise stated. Rounding is applied for the calculation of some financial data and other information contained in these financial statements. Consequently, the totals in some tables might not be the exact sum of the preceding figures.

2.2.1 Basis of presentation of the Group's first consolidated financial statements under IFRS Statement of compliance

The Company has prepared its financial statements, which were adopted by the Board of Directors on 29 September 2020, in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union at the reporting date. These financial statements are presented with comparative information for the 2019 financial year, prepared according to the same standards.

These standards, which can be found on the European Commission's website

(http://ec.europa.eu/internal_market/accounting/ias_fr.htm), comprise the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

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

2.2.1.1 Basis of presentation of the interim financial statements

The interim financial statements, presented in condensed form, have been prepared in accordance with IAS 34 ("Interim Financial Reporting"), as adopted by the European Union. This standard requires the inclusion of selected explanatory notes.

Because they are condensed, the interim financial statements do not include all the information and notes as presented in the annual financial statements.

Condensed financial statements do not include all of the information required by IFRS and must be read in accordance with the Group's annual consolidated financial statements as at 31 December 2019. With the exception of the specificities of IAS 34 and the new standards applicable on 1 January 2020 listed below, the accounting principles applied for the preparation of the condensed interim consolidated financial statements at 30 June 2020 are identical to those applied in the annual consolidated financial statements at 31 December 2019. The main areas where judgements and estimates are used for the preparation of the condensed interim financial statements are identical to those detailed in the 2019 consolidated financial statements.

The Company's financial statements were prepared on a historical cost basis, except for certain categories of assets and liabilities in accordance with IFRS provisions. The categories concerned are mentioned in the following notes.

2.2.1.2 Going concern basis

The Board of Directors chose the going concern basis given that the cash and cash equivalents available at 30 June 2020 are expected to cover its projected cash flow requirements for the next 12 months.

2.2.1.3 Accounting methods

The accounting principles applied are identical to those used for the preparation of the IFRS annual financial statements for the year ended 31 December 2019. The exceptions are the following new standards, amendments and interpretations adopted by the European Union, which the Company is required to apply with effect from 1 January 2020.

Standards, amendments to standards and interpretations applicable for financial years beginning on or after 1 January 2020

- Amendments to IAS 1 and IAS 8 – Definition of Material;
- Amendments to IAS 39, IFRS 7 and IFRS 9 – Reference Interest Rate Reform

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

Standards, amendments and interpretations applicable in advance on an optional basis

The Group has not applied the following standards, interpretations and amendments in advance, and their application is not mandatory at 30 June 2020:

- Amendments to IFRS 4 – Extension of the temporary exemption from the application of IFRS 9
- Amendments to IFRS 16 – Rental relief for COVID-19
- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Modifications of IFRS 17

2.2.1.4 Estimates and assumptions

The Company's Management regularly reviews its estimates and judgements on the basis of past experience and various other factors deemed reasonable in the circumstances. These form the basis for its estimates of the carrying amount of income and expenses and assets and liabilities. These estimates affect income and expense amounts and asset and liability values. It is possible that the actual amounts may subsequently prove to be different from the estimates used.

2.2.1.5 Group Companies at 30 June 2020

At 30 June 2020, the Group consists of four fully consolidated entities.

Entities	Consolidation methods	% interest	% control	Registered office	Country
COGELEC	FC	100.00%	100.00%	MORTAGNE SUR SEVRE	France
INTRATONE GMBH	FC	100.00%	100.00%	DÜSSELDORF	Germany
INTRATONE UK	FC	100.00%	100.00%	LONDON	United Kingdom
INTRATONE BV	FC	100.00%	100.00%	AMSTERDAM	The Netherlands

2.3 NOTE 3. DETAILED STATEMENT OF FINANCIAL POSITION

2.3.1 Intangible assets

The following tables illustrate the changes that have occurred during the two financial years presented:

Gross value	Development expenses	Other intangible assets	Intangible assets in progress	TOTAL
At 31 December 2018	9,655	1,195	4,564	15,415
Acquisitions	308	118	664	1,090
Disposals				
Change in scope				
Transfers between items	3,616	21	-3,636	
At 30 June 2019	13,579	1,334	1,592	16,505
At 31 December 2019	14,102	1,408	2,247	17,757
Acquisitions	231	118	768	1,116
Disposals		-13	-280	-293
Change in scope				
Transfers between items	290	241	-531	
At 30 June 2020	14,622	1,753	2,204	18,580

Depreciation and amortisation	Development expenses	Other intangible assets	Intangible assets in progress	TOTAL
At 31 December 2018	7,413	614		8,027
Allocations	579	87		667
Reversals				
Transfers between items				
Change in scope				
At 30 June 2019	7,993	701		8,694
At 31 December 2019	8,758	794		9,552
Allocations	766	95		861
Reversals		-13		-13
Transfers between items				
Change in scope				
At 30 June 2020	9,524	876		10,400

Net values	Development expenses	Other intangible assets	Intangible assets in progress	TOTAL
At 31 December 2018	2,242	581	4,564	7,387
At 30 June 2019	5,586	633	1,592	7,811
At 31 December 2019	5,344	614	2,247	8,205
At 30 June 2020	5,098	878	2,204	8,180

Intangible assets do not include any assets with an indefinite useful life.

The integrated electronic cannon project was commissioned on 1 May 2019. For that reason, €3.9m of expenses were activated for the first half of 2019, of which €3.6m were transferred from intangible assets in progress. The remaining intangible assets in progress involve various projects whose commissioning is expected within the next three years.

At the 31 December 2019 financial year-end, Management performed impairment tests in accordance with IAS 36, which did not result in the identification of any impairment losses on its intangible assets arising from development.

In the first half of 2020, Management was of the opinion that the COVID-19 health crisis and the industrial delay in the production of Kibolt were indications of impairment, and as such performed new impairment tests. However, these tests did not result in the identification of any impairment losses on its intangible assets arising from development.

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

Gross value	Development expenses	Other intangible assets	TOTAL
At 31 December 2018			
Acquisitions		33	33
Disposals			
Change in scope			
Transfers between items			
At 30 June 2019		33	33
At 31 December 2019		33	33
Acquisitions		17	17
Disposals		-13	-13
Change in scope			
Transfers between items			
At 30 June 2020		37	37

Depreciation and amortisation	Development expenses	Other intangible assets	TOTAL
At 31 December 2018			
Allocations		9	9
Reversals			
Transfers between items			
Change in scope			
At 30 June 2019		9	9
At 31 December 2019		19	19
Allocations		8	8
Reversals		-13	-13
Transfers between items			
Change in scope			
At 30 June 2020		14	14

Net values	Development expenses	Other intangible assets	TOTAL
At 31 December 2018			
		24	24
		14	14
		23	23

2.3.2 Property, plant and equipment

The following table illustrates the changes over the periods presented:

Gross value	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2018						
	213	3,449	3,331	1,489	1,009	9,491
Acquisitions		1,082	386	1,122	118	2,708
Disposals			-1	-45		-47
Change in scope						
Transfers between items			957	9	-966	0
At 30 June 2019						
	213	4,531	4,673	2,574	162	12,052
At 31 December 2019						
	213	4,574	4,988	3,208	257	13,240
Acquisitions		-5	252	206	836	1,289
Disposals				-110		-110
Change in scope						
Transfers between items			127		-127	
At 30 June 2020						
	213	4,569	5,366	3,304	966	14,418

Depreciation and amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2018						
		582	2,143	662		3,387
Allocations		224	275	258		757
Reversals			0	-44		-44
Change in scope						
Transfers between items						
At 30 June 2019						
		806	2,418	877		4,100
At 31 December 2019						
		1,055	2,746	1,281		5,082
Allocations		238	395	388		1,021
Reversals				-88		-88
Change in scope						
Transfers between items						
At 30 June 2020						
		1,294	3,142	1,580		6,015

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2018	213	2,867	1,188	827	1,009	6,104
At 30 June 2019	213	3,725	2,255	1,698	162	8,052
At 31 December 2019	213	3,519	2,241	1,928	257	8,157
At 30 June 2020	213	3,276	2,225	1,724	966	8,403

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

Gross value	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2018	213	3,449	25	179	3,866
Acquisitions		1,082		900	
Disposals				-44	
Change in scope					
Transfers between items					
At 30 June 2019	213	4,531	25	1,035	5,803
At 31 December 2019	213	4,574	25	1,453	6,265
Acquisitions		-5		47	42
Disposals				-109	-109
Change in scope					
Transfers between items					
At 30 June 2020	213	4,569	25	1,391	6,198

Depreciation and amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2018		582	21	137	740
Allocations		224	1	143	757
Reversals				-43	-44
Change in scope					
Transfers between items					
At 30 June 2019		806	23	236	1,065
At 31 December 2019		1,055	24	424	1,503
Allocations		238	1	239	478
Reversals				-87	-87
Change in scope					
Transfers between items					
At 30 June 2020		1,294	25	575	1,894

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2018	213	2,867	4	42	3,126
At 30 June 2019	213	3,725	3	798	4,738
At 31 December 2019	213	3,519	1	1,030	4,762
At 30 June 2020	213	3,276		816	4,304

2.3.3 Other financial assets

In thousands of euros	30/06/2020	31/12/2019
Other long-term investments ⁽¹⁾	16	16
Loans ⁽²⁾	38	38
Loan impairment ⁽²⁾	-38	-38
Deposits and guarantees ⁽³⁾	252	247
TOTAL	268	264

⁽¹⁾ Bank shares.

⁽²⁾ DIAMO loan.

⁽³⁾ Deposits and guarantees correspond to amounts paid on BPI loans and rental guarantees.

2.3.4 Other non-current assets

In thousands of euros	30/06/2020	31/12/2019
Trade receivables > 1 year	3,103	3,121
Impairment of trade receivables	-379	-380
Various debtors > 1 year		
Prepaid expenses > 1 year	1,509	1,367
TOTAL	4,233	4,108

Details of trade receivables net of impairments

	30/06/2020	31/12/2019
Doubtful debt	454	456
Impairment of doubtful debts	-379	-380
Trade receivables under rental agreements	2,649	2,665
TOTAL	2,724	2,741

Doubtful debts are fully written down.

Prepaid expenses:

These correspond to SIM cards purchased as part of contract packages. The purchases are spread over the term of the commitment, i.e. the subscription plan.

2.3.5 Inventory

The following table illustrates the changes during the two periods presented:

In thousands of euros	30/06/2020	31/12/2019
Raw materials and other supplies	7,551	5,533
Work in progress	5,059	3,707
Intermediate and finished products	2,105	1,932
Provisions for impairment	-663	-660
TOTAL	14,052	10,511

Changes in provisions for impairment

Changes in provisions for impairment	30/06/2020	31/12/2019
Value at start of period	660	545
Increase	188	403
Decrease	-185	-288
Value at end of period	663	660

Raw materials and other supplies consist of components.

The increase in inventory is explained by the increase in the purchase of components to avoid a possible shortage due to the COVID-19 health crisis.

Work in progress consists of sub-assemblies (e.g. circuit boards, etc.) intended to be incorporated into equipment under contract or sold.

Finished products include equipment (e.g. panels, remote controls, modules, etc.) which are sold separately or bundled together in a contract package (equipment and services).

The increase in work-in-progress and finished goods inventories can be explained by the lack of delivery in May due to the COVID-19 health crisis and by the anticipation of production to be able to respond immediately to customer orders.

The provision for impairment of inventories mainly concerns inventories of raw materials and finished products.

2.3.6 Trade and other receivables

In thousands of euros	30/06/2020	31/12/2019
Gross trade receivables	7,948	9,811
Provisions for impairment		
TOTAL	7,948	9,811

Details of trade receivables net of impairments:

	30/06/2020	31/12/2019
Ordinary trade receivables	6,624	8,563
Impairment of ordinary trade receivables		
Trade receivables under rental agreements	1,325	1,248
TOTAL	7,948	9,811

The provision for impairment of trade receivables is mostly recognised on a case-by-case basis, depending on the estimated risk of non-recovery. This credit risk assessment is based on past experience, the ageing of past-due receivables, and the payment terms granted.

The receivables are of a commercial nature and as such, the group has opted for the simplification measures applicable to the calculation of the provision for expected losses and recommended by IFRS 9.

The maturity of trade receivables is as follows:

At 30/06/2020	Balance sheet value	Not due	Past due		
			< 90d	< 90d < 6 months	> 6 months
Trade receivables (non-current assets)	2,724	2,649			75
Trade receivables (current assets)	7,948	6,808	972	87	82
TOTAL	10,673	9,457	972	87	157

At 31/12/2019	Balance sheet value	Not due	Past due		
			< 90d	< 90d < 6 months	> 6 months
Trade receivables (non-current assets)	2,741	2,665			76
Trade receivables (current assets)	9,811	7,759	1,876	71	105
TOTAL	12,551	10,424	1,876	71	181

2.3.7 Other current assets

In thousands of euros	30/06/2020	31/12/2019
Loans	1	1
Deposits and guarantees	17	37
Advances and down payments paid	153	67
Social receivables	62	50
Tax receivables	1,149	1,048
Other operating receivables	310	553
Prepaid expenses	592	441
TOTAL	2,284	2,196

Loans break down as follows:

Loans	30/06/2020	31/12/2019
Loans to staff	1	1
TOTAL	1	1

Other receivables break down as follows:

Other receivables	30/06/2020	31/12/2019
Receivables related to the CIR and the CII	258	518
Advance payments to suppliers and outstanding receivables	33	25
Miscellaneous receivables	19	9
TOTAL	310	553

Other receivables are recorded at face value less any provisions calculated according to the actual probability of recovery.

Tax receivables mainly consist of input VAT and VAT on provisions. Prepaid expenses are recurring expenses which essentially correspond to SIM cards where the subscription plan is spread over the commitment term, insurance premiums and maintenance costs.

Research tax credit ("CIR") and innovation tax credit ("CII")

Cogelec SA qualifies for research and innovation tax credits under Articles 244 quater B and 49 septies F of the French General Tax Code. These are recognised as grants under the headings "Other current liabilities" and "Other non-current liabilities", depending on the timing of the grant reversal. The grant is reversed as the corresponding projects are amortised.

Other current assets have a maturity of less than one year.

2.3.8 Cash and cash equivalents

The Group's net cash position breaks down as follows:

In thousands of euros	30/06/2020	31/12/2019
Term deposits	6,206	8,505
Cash and cash equivalents	6,841	8,866
Total cash and cash equivalents at end of period	13,047	17,371
Bank overdrafts	0	0
Total net cash and cash equivalents at end of period	13,047	17,371

Term accounts are available immediately

2.3.9 Shareholders' equity

2.3.9.1 Share capital

	01/01/2020	Increase	Reduction	30/06/2020
Number of shares	8,898,048			8,898,048
<i>of which ordinary shares</i>	3,550,963			3,550,963
<i>of which shares with double voting rights</i>	5,347,085			5,347,085
Par value (€)	0.45			0.45
Share capital (€)	4,004,122			4,004,122

2.3.9.2 Capital management and distribution of dividends

No dividends were distributed during the period.

2.3.10 Current and non-current financial liabilities

In thousands of euros	30/06/2020	31/12/2019
Bank borrowings	4,654	5,642
Lease payables	1,986	2,136
Operating lease liabilities	801	1,108
Non-current borrowings and financial liabilities	7,440	8,885
Bank borrowings	2,013	2,079
OSEO loans		30
Lease payables	298	306
Operating lease liabilities	715	776
Current loans and financial liabilities	3,026	3,191
TOTAL	10,466	12,076

Breakdown of financial liabilities by maturity

The maturities of financial debts break down as follows:

Financial liabilities by repayment amount (in € thousands)	Portion due in less than one year	Portion due in one to five years	Portion due in more than five years	TOTAL
At 30 June 2020				
Bank borrowings	2,013	4,269	385	6,667
Finance lease payables	298	1,115	870	2,284
Operating lease liabilities	715	765	35	1,516
Borrowings and financial liabilities	3,026	6,150	1,291	10,466
<i>Current financial debts</i>				3,026
<i>Non-current financial debts</i>				7,440

Financial liabilities by repayment amount (in € thousands)	Portion due in less than one year	Portion due in one to five years	Portion due in more than five years	TOTAL
At 31 December 2019				
Bank borrowings	2,079	5,113	529	7,720
OSEO loans	30			30
Finance lease payables	306	1,265	870	2,442
Operating lease liabilities	776	1,048	60	1,884
Borrowings and financial liabilities	3,191	7,427	1,459	12,076
<i>Current financial debts</i>				3,191
<i>Non-current financial debts</i>				8,885

Reconciliation between carrying amount and repayment amount

Reconciliation between carrying amount and repayment amount (in € thousands)	Repayment amount	Amortised cost	Fair value	Balance sheet value
At 30 June 2020				
Bank borrowings	6,667			6,667
Finance lease payables	2,284			2,284
Operating lease liabilities	1,516			1,516
Borrowings and financial liabilities	10,466			10,466

Reconciliation between carrying amount and repayment amount (in € thousands)	Repayment amount	Amortised cost	Fair value	Balance sheet value
At 31 December 2019				
Bank borrowings	7,720			7,720
OSEO loans	30			30
Finance lease payables	2,442			2,442
Operating lease liabilities	1,884			1,884
Borrowings and financial liabilities	12,076			12,076

Change in financial liabilities

Gross value	Bank borrowings	OSEO loans	Accrued interest (not yet due)	OSEO Innovation repayable grant	Bank overdrafts	Lease payables	Operating lease liabilities	Other financial liabilities	TOTAL
At 31 December 2018	4,871	90	0	253	5	2,736	0	0	7,956
New							2,014		2,014
Repayments	-707	-30		-200		-148	-255		-1,340
Financial expenses				32					32
Changes during the period					-5				-5
At 30 June 2019	4,165	60	0	85	0	2,588	1,759	0	8,657
At 31 December 2019	7,720	30	0	0	0	2,442	1,884	0	12,076
New							59		59
Repayments	-1,054	-30				-158	-407		-1,650
Financial expenses									0
Changes during the period									0
Foreign exchange gains and losses							-19		-19
At 30 June 2020	6,667	0	0	0	0	2,284	1,516	0	10,466

2.3.11 Provisions

Provisions for pension obligations

Personnel obligations consist of the provision for retirement benefits.

This commitment only applies to employees governed by French law. The main actuarial assumptions used in the valuation of retirement benefits are as follows:

Assumptions	30/06/2020	31/12/2019
Reference discounting rate	IBOXX corporate AA + 10 years	
Discounting rate	0.86%	0.60%
Mortality table	INSEE 2010-2012	INSEE 2010-2012
Wage progression	4% declining	4% declining
Turn-over rate	2.44%	2.44%
Age at retirement	65 years old	65 years old

The provision for pension obligations has changed as follows:

In thousands of euros	Retirement commitments
At 31 December 2018	396
Allocations	5
Reversals	
Change in scope	
Actuarial gains and losses	76

At 30 June 2019	476
At 31 December 2019	606
Allocations	159
Reversals	
Change in scope	
Actuarial gains and losses	-42
At 30 June 2020	722

Other long-term provisions

In thousands of euros	ASS provision	Tax provision	Provisions for disputes	TOTAL
At 31 December 2018	554	52	265	871
Allocations	44		25	69
Reversals				
Change in scope				
At 30 June 2019	598	52	290	940
At 31 December 2019	676	52	315	1,043
Allocations	4		20	24
Reversals	-14	-39		-53
Change in scope				
At 30 June 2020	666	13	335	1,014

Following a tax audit, a tax provision was recognised to cover the amount of the adjustment for the 2014 and 2015 financial years. The provision was readjusted at 30 June 2020 based on payments made for €39K.

2.3.12 Other debts

2.3.12.1 Other non-current liabilities

Non-current liabilities mainly comprise deferred income from prepaid contracts.

In thousands of euros	30/06/2020	31/12/2019
Tax and social security liabilities		
Advances and prepayments received		
Other debts		
Prepaid income ⁽¹⁾	20,351	19,419
TOTAL	20,351	19,419
⁽¹⁾ of which		
Liabilities on prepaid contracts*	18,911	17,966
Liabilities on subscription contracts*	18	
CIR and CII	1,381	1,406
Investment grants	41	46
	20,351	19,419

2.3.12.2 Trade and related payables

In thousands of euros	30/06/2020	31/12/2019
Trade payables	5,283	2,644
Fixed asset liabilities	306	159
TOTAL	5,589	2,803

2.3.12.3 Other current liabilities

In thousands of euros	30/06/2020	31/12/2019
Tax and social security liabilities	3,450	3,582
Advances and prepayments received		
Other debts	749	1,210
Prepaid income	3,010	2,413
TOTAL	7,208	7,205
of which liabilities on contracts for prepaid amounts*	2,035	1,952
*of which reversal of prepaid contract liabilities	1,069	1,948
*of which new prepaid contract liabilities	2,097	5,512

2.4 NOTE 4. NOTES TO THE INCOME STATEMENT

2.4.1 Revenue and performance indicators

2.4.1.1 Revenue

Revenue for the two periods presented is as follows:

In thousands of euros	30/06/2020	30/06/2019
Sales of equipment	12,197	14,199
Sales of services	5,486	4,806
TOTAL	17,683	19,005

In thousands of euros	30/06/2020	30/06/2019
France	15,689	17,268
Export	1,994	1,737
TOTAL	17,683	19,005

2.4.1.2 Alternative performance indicators

GROSS MARGIN

	30/06/2020	30/06/2019
Revenue	17,683	19,005
Other operating income	2	2
Purchases consumed	-7,363	-8,038
Change in work in progress and finished product inventories	1,525	1,010
GROSS MARGIN	11,846	11,979
<i>As % of revenue</i>	67.0%	63.0%

EBITDA

	30/06/2020	30/06/2019
Operating income	-1,022	-454
Allocations to depreciation and amortisation	1,882	1,424
Asset impairments net of reversals	154	69
EBITDA ¹	1,015	1,038
<i>As % of revenue</i>	5.7%	5.5%

¹ EBITDA is defined by COGEELEC as operating income/loss before depreciation, amortisation and impairment, net of reversals.

2.4.2 Purchases consumed

In thousands of euros	30/06/2020	30/06/2019
Raw materials purchased	-8,282	-8,372
Change in raw materials inventory	2,018	1,651
Goods purchases		
Change in goods inventory		
SIM card purchases	-1,000	-1,116
Purchases not held in inventory	-272	-346
Freight in	-32	-30
Capitalised production	205	174
TOTAL	-7,363	-8,038

Purchases not held in inventory mainly comprise prototypes and small tooling for the design department as well as fuel.

2.4.3 Personnel expenses and headcount

2.4.3.1 Personnel expenses

In thousands of euros	30/06/2020	30/06/2019
Wages and salaries	-5,490	-5,305
Change in provisions for paid leave	-233	-228
Additional paid-in capital	-81	-1
Bonuses and other benefits	-31	-104
Social security contributions	-2,058	-1,885
Employee profit-sharing	-10	-135
Subsidies and reclassification of employee benefits expense	138	104
Capitalised production	573	554
TOTAL	-7,191	-7,000

2.4.3.2 Headcount

	30/06/2020	30/06/2019
Managers	65	47
Employees ⁽¹⁾	173	151
Operators	26	22
Apprentices	2	2
TOTAL	265	222

The workforce presented is an average workforce calculated in accordance with the French Social Security Code and does not include temporary workers. The interim financial report as at 30 June 2019 included 13 temporary employees.

⁽¹⁾ At 30 June 2020, Intratone GmbH, Intratone UK and Intratone BV had 33, 19 and 14 employees respectively (for an average workforce in 2020 of 33, 19 and 12 employees respectively). In these countries, there are no occupational categories as presented above. Salaried employees were therefore integrated into employees for a total of 64.

2.4.4 External expenses

In thousands of euros	30/06/2020	30/06/2019
Compensation of intermediaries and professional fees	-1,183	-1,042
Advertising expenses	-894	-910
Travel and entertainment expenses	-163	-487
Leases	-118	-279
Freight out	-154	-196
Temporary staff	-192	-222
Other items	-685	-705
TOTAL	-3,389	-3,840

The professional fees are mainly composed of HRC technical and marketing services and accounting, legal and consultancy fees (for the patents office in particular).

HRC services totalled €388k at 30 June 2020 compared to €379k at 30 June 2019 (see Note 2.6.1.1). Some of these fees were offset by capitalised production of €183k at 30 June 2020 and €176k at 30 June 2019.

Advertising expenses are composed of expenses for fairs and exhibitions, media advertisements and marketing/communication.

Travel costs are falling as a result of the COVID-19 health crisis.

2.4.5 Details of other recurring operating income and expenses

In thousands of euros	30/06/2020	30/06/2019
Share of investment grant restated in profit or loss (1)	238	176
Other income	23	35
Other expenses	-14	-32
TOTAL	247	180
⁽¹⁾ of which		
Reversal of CIR and CII grants	233	141
Reversal of subsidised interest-free advance		32
Reversal of grant for property finance lease	2	2
Reversal of grant for Kibolt project	4	1
	238	176

2.4.6 Details of other recurring operating income and expenses

In thousands of euros	30/06/2020	30/06/2019
Proceeds from sale of fixed assets	23	24
Carrying amount of assets sold	-302	-3
Reversal of provision on VAT reassessment (1)	39	
Other non-current income and expenses	-1	-8
TOTAL	-241	13

(1) Offset by the VAT reassessment paid over the period and recognised as a tax charge for the same amount.

2.4.7 Cost of net debt

2.4.7.1 Cost of net financial debt

In thousands of euros	30/06/2020	30/06/2019
Income from term deposits	14	15
Income from cash and cash equivalents	14	15
Interest on borrowings	-46	-49
Interest on leases	-36	-41
Interest on operating leases	-3	-2
Interest on OSEO Innovation repayable grant		-32
Bank interest	0	0
Cost of gross financial debt	-85	-124
Cost of net financial debt	-71	-109

The cost of net financial debt includes interest on borrowings and other financial liabilities, and investment income.

2.4.7.2 Other financial income and expenses

In thousands of euros	30/06/2020	30/06/2019
Foreign exchange gains	17	26
Income from trade receivables	22	36
Other financial income	-	0
Other financial income	39	62
Foreign exchange losses	-154	-32
Other financial expenses	0	-1
Other financial expenses	-154	-33
TOTAL	-115	29

Income from trade receivables corresponds to the financing portion of payments received under leases.

2.4.8 Income tax

2.4.8.1 Deferred tax assets and liabilities

The tax rates applicable to the Group are the rates in force in each country.

Rate France	25.825%
Rate Germany	31.225%
Rate United Kingdom	19.000%
Rate Netherlands	15.000%

The subsidiaries Intratone GmbH, Intratone UK and Intratone BV are currently loss-making. No deferred tax asset is recognised for either company since it is unlikely that they will generate a profit in the next three years. The losses were capitalised in the amount of their individual deferred tax liabilities, which represents a base of €145K for Intratone GmbH and €56K for Intratone BV.

The deferred taxes presented in the balance sheet therefore break down as follows:

	30/06/2020		31/12/2019	
	Basis	Tax	Basis	Tax
Temporary differences				
Tax losses	201	54	181	45
Employee profit-sharing	10	2	368	95
UCITS				
C3S	16	4	41	10
Depreciation and amortisation	-12	-2	-21	-4
Restatements				
Exchange rate differences on reciprocities in the balance sheet	38	7	-36	-9
IFRS 16 finance leases	-484	-125	-429	-111
IFRS 16 operating leases	6	2	27	7
Leases	-1,648	-425	-1,516	-391
CG-IT internal fixed asset disposals	32	8	50	13
CG-IT UK inventory internal margins	66	17	81	21
SIM card internal margins	8	2	3	1
Internal transfer of demo equipment to subsidiaries	-7	-3	-15	-4
Provision for customer guarantees	59	15	55	14
Alignment of impairment methods	8	1	1	0
Business introducer fees	137	35	143	37
Impairment of treasury shares	-126	-33	-57	-15
Pension commitments	722	186	606	156
IDA cancellation		-2		
TOTAL	-974	-254	-519	-134

2.4.9 Earnings per share

The table below shows the earnings per share calculation:

Basic earnings per share	30/06/2020	30/06/2019
Income for the financial year (in €k)	- 1,818	- 1,411
Weighted average number of shares outstanding	8,898,048	8,898,048
Basic earnings per share (€/share)	- 0.2043	- 0.1586
Diluted earnings per share (€/share)	- 0.2043	- 0.1586

2.5 NOTE 5. OFF-BALANCE SHEET COMMITMENTS

In thousands of euros	30/06/2020	31/12/2019
<u>Commitments given</u>		
Collateral	452	592
Fixed asset orders	323	189
Supply commitment	4,763	5,864
Interest on borrowings	167	212
Interest on finance lease	266	302
Interest on operating leases	8	10
Total commitments given	5,979	7,170
<u>Commitments received</u>		
Authorised overdrafts	1,800	1,800
Diamo debt waiver with recovery clause in the event of return to financial health	50	50
Fixed asset orders	1,009	1,043
Purchase commitment	4,763	5,864
Interest on borrowings	167	212
Interest on finance lease	266	302
Interest on operating leases	8	10
Total commitments received	8,063	9,282

The decrease in purchase and supply commitments is explained by:

- As the contracts with commitments expire, they are renewed as contracts without commitments (the termination rate is very low) and are therefore no longer recorded as off-balance sheet commitments.
- Similarly, newly signed contracts no longer have a firm commitment period and are therefore not recorded as off-balance sheet commitments.

2.6 NOTE 6. OTHER INFORMATION

2.6.1 Related parties

2.6.1.1 Related party transactions

ASSETS	30/06/2020	31/12/2019
Other financial assets		
Total non-current assets	0	0
Other current assets		
Total current assets	0	0
TOTAL ASSETS	0	0

LIABILITIES	30/06/2020	31/12/2019
Other non-current liabilities		
Total non-current liabilities	0	0
Borrowings and financial liabilities		
Trade payables and related accounts	182	48
Total current liabilities	182	48
TOTAL LIABILITIES	182	48

INCOME STATEMENT	30/06/2020	30/06/2019
External expenses	-388	-379
Taxes and charges		
OPERATING PROFIT	-388	-379
Cost of gross financial debt		
CONSOLIDATED NET INCOME	-388	-379

For the nature of the transactions, see Note 2.4.4.

2. STATUTORY AUDITORS' REPORTS

2.1 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

To the Shareholders of Cogelec

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the limited review of the accompanying condensed half-year consolidated financial statements of Cogelec for the period from January 1 to June 30, 2020,
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were approved by the Board of Directors on September 29, 2020 based on the information available on that date in the evolving context of the Covid-19 health crisis and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our limited review.

2.1.1 CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

2.2. SPECIFIC VERIFICATION

We have also verified the information presented in the half-year management report prepared on September 29, 2020 commenting the condensed half-year consolidated financial statements subject to our limited review. We have no comments to make on its fair presentation and its consistency with the condensed half-year consolidated financial statements.

La Roche-sur-Yon, September 29, 2020

The Statutory Auditors

Atlantique Révision Conseil - A.R.C. - Deloitte & Associés

Sébastien CAILLAUD

Guillaume RADIGUE