

INTERIM FINANCIAL REPORT
COGELEC GROUP
JUNE 30, 2021



SUMMARY

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ABOUT COGELEC

COGELEC is a French manufacturer of GSM intercoms and access control solutions in collective and individual housing.

COGELEC is still growing internationally. After having created its INTRATONE GMBH subsidiary in Germany at the end of 2017, the company created an INTRATONE UK subsidiary in England at the end of the first half of 2018 and another INTRATONE BV subsidiary at the end of 2018. These companies were created with the aim of facilitating marketing of INTRATONE products internationally. The subsidiaries' commercial activity is still growing strongly with international turnover up 55.8% over the first half of 2021. The subsidiaries generated € 3.2 million in losses in the first half of 2021 compared to € 3.1 million in the first semester 2020.

COGELEC achieved a turnover of 40.4 M € in 2020. With the deployment of new international subsidiaries, this turnover is set to increase significantly in the years to come.

CERTIFICATE OF THE RESPONSIBLE

"I certify, to the best of my knowledge, that the condensed consolidated accounts for the past half-year have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, the financial situation and the results of all the companies included in the consolidation , and that the half-year activity report presents a faithful picture of the important events that occurred during the first six months of the financial year, their impact on the half-year accounts, the main transactions between related parties and that it describes the main risks and the main uncertainties for the remaining six months of the year. "

September 27, 2021
Mr Roger LECLERC
Chairman and CEO

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS AT 30 JUNE 2021

1.1 CONSOLIDATED BALANCE SHEET

1.1.1 ASSETS

| A C T I F | Notes | 30/06/2021 | 31/12/2020 |
|-----------------------------------|---------|---------------|---------------|
| Intangible assets | 1.6.5.1 | 6,786 | 7,649 |
| Tangible fixed assets | 1.6.5.2 | 9,723 | 9,569 |
| Other financial assets | 1.6.5.3 | 461 | 454 |
| Other non-current assets | 1.6.5.4 | 5,707 | 4,663 |
| Non-current tax assets | 1.6.6.9 | | |
| Total non-current assets | | 22,678 | 22,334 |
| Inventories and work in progress | 1.6.5.5 | 13,316 | 13,218 |
| Customer receivables and accounts | 1.6.5.6 | 11,289 | 11,310 |
| Other current assets | 1.6.5.7 | 2,377 | 2,855 |
| Current tax assets | | 163 | 66 |
| Cash and cash equivalents | 1.6.5.8 | 22,962 | 12,056 |
| Total current assets | | 50,106 | 39,505 |
| TOTAL ASSETS | | 72,784 | 61,840 |

1.1.2 LIABILITIES

| P A S S I F | Notes | 30/06/2021 | 31/12/2020 |
|---|-----------------|---------------|---------------|
| Share capital | 1.5 and 1.6.5.9 | 4,004 | 4,004 |
| Share premium | 1.5 | 18,551 | 18,551 |
| Other comprehensive income | 1.5 | -225 | 189 |
| Consolidated reserves group share | 1.5 | -12,351 | -8,298 |
| Consolidated income, group share | 1.5 | -2,195 | -4,020 |
| Shareholders' equity, group share | 1.5 | 7,784 | 10,426 |
| Consolidated reserves, minority interests | 1.5 | | |
| Consolidated income, minority interests | 1.5 | | |
| Equity share of minority interests | 1.5 | 0 | |
| Total owner's equity | | 7,784 | 10,426 |
| Loans and financial debts | 1.6.5.10 | 11,093 | 10,642 |
| Provisions for retirement commitments | 1.6.5.11 | 802 | 794 |
| Other long-term provisions | 1.6.5.11 | 1,875 | 937 |
| Other non-current liabilities | 1.6.5.12 | 24,445 | 22,143 |
| Non-current tax liabilities | 1.6.6.9 | 237 | 137 |
| Total non-current liabilities | | 38,451 | 34,654 |
| Loans and financial debts | 1.6.5.10 | 12,832 | 3,942 |
| Trade payables and related accounts | 1.6.5.12 | 5,188 | 4,287 |
| Other current liabilities | 1.6.5.12 | 8,529 | 8,530 |
| Current tax liabilities | | | |
| Total current liabilities | | 26,548 | 16,759 |
| TOTAL LIABILITIES | | 72,784 | 61,840 |

1.2 CONSOLIDATED INCOME STATEMENT

| | Notes | 30/06/2021 | 30/06/2020 |
|---|--------------------|----------------|----------------|
| TURNOVER | 1.6.6.1 | 26 133 | 17 683 |
| Other income from the activity | | 3 | 2 |
| Consumed purchases | 1.6.6.3 | -9,804 | -7,363 |
| Staff costs | 1.6.6.4 | -9,078 | -7,191 |
| External charges | 1.6.6.5 | -4,072 | -3,389 |
| Dues and taxes | | -244 | -257 |
| Depreciation / Write-backs | 1.6.5.1 and | -2,089 | -1,882 |
| Allocations / Reversals of provisions and depreciations | | -481 | -154 |
| Change in inventories of work in progress and finished products | 1.6.5.5 and | 607 | 1 525 |
| Other current operating income and expenses | 1.6.6.6 | 268 | 247 |
| CURRENT OPERATING INCOME | | 1,242 | -781 |
| Other operating income and expenses | 1.6.6.7 | -3,463 | -241 |
| OPERATING INCOME | | -2,221 | -1,022 |
| Income from cash and cash equivalents | | 11 | 14 |
| Cost of gross financial debt | | -110 | -85 |
| Cost of net financial debt | 1.6.6.8 | -100 | -71 |
| Other financial income and expenses | 1.6.6.8 | 315 | -115 |
| Tax charges | | -190 | -610 |
| Share of profit of other associates | | | |
| CONSOLIDATED NET INCOME | | -2,195 | -1,818 |
| Group share | | -2,195 | -1,818 |
| Minority share | | | |
| BASIC NET EARNINGS PER SHARE | 1.6.6.10 | -0,2583 | -0,2111 |
| DILUTED NET EARNINGS PER SHARE | 1.6.6.10 | -0,2583 | -0,2111 |

1.3 ELEMENTS OF THE OVERALL RESULT

| | 30/06/2021 | 30/06/2020 |
|--|---------------|---------------|
| RESULT FOR THE PERIOD | -2,195 | -1,817 |
| Items that can be recycled in the income statement | | |
| Translation differences | -289 | 261 |
| Taxes on items recognized directly in equity | | |
| Items that cannot be recycled in the income statement | | |
| Taxes on items recognized directly in equity | -22 | -11 |
| Actuarial differences | 87 | 42 |
| Income and expenses recognized directly in equity | | |
| OTHER ELEMENTS OF THE OVERALL PROFIT FOR THE PERIOD | -225 | 292 |
| OVERALL RESULT FOR THE PERIOD | -2,420 | -1,525 |
| Group share | -2,420 | -1,525 |
| Minority share | | |

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 30/06/2021 | 30/06/2020 |
|--|--------------|---------------|---------------|
| ACTIVITY CASH FLOWS | | | |
| Net income from continuing operations | 1.5 | -2,195 | -1,817 |
| | 1.6.5.1- | | |
| | 1.6.5.2- | | |
| Net allocations to depreciation and provisions | 1.6.5.11 | 4,749 | 2,012 |
| Reversals of subsidies | 1.6.6.6 | -282 | -238 |
| Share of deferred income recognized in profit or loss | 1.6.5.12 | -1,370 | -1,069 |
| Capital gains and losses on disposals | 1.6.6.7 | 19 | 278 |
| Exchange difference on reciprocities | | -285 | 289 |
| Cash flow after cost of net financial debt and tax | | 636 | -545 |
| Cost of net financial debt | 1.6.6.8 | 100 | 71 |
| Tax expense (including deferred taxes) | | 82 | 470 |
| Cash flow from operations before cost of net financial debt and tax | | 817 | -4 |
| Taxes paid | | -342 | -1 914 |
| Change in working capital requirement linked to the activity: | | | |
| - Other non-current assets | | -1,041 | -126 |
| - Stocks | | -97 | -3,522 |
| - Clients | | 35 | 1,850 |
| - Other current assets (excluding loans and guarantees) | | 484 | -118 |
| - Other non-current liabilities | | 2,295 | 950 |
| - Suppliers | | 1,172 | 2,647 |
| - Other current liabilities | | 1,634 | 1,314 |
| | Total | 4,481 | 2,996 |
| Net cash flow generated by activity | | 4,956 | 1,078 |
| CASH FLOWS RELATED TO INVESTMENT TRANSACTIONS | | | |
| Acquisitions of fixed assets (1) | | -3,086 | -2,199 |
| Disposals of fixed assets | 1.6.6.7 | — | 23 |
| Change in loans and advances granted | | -6 | 15 |
| Net cash flow from investing activities | | -3,092 | -2,160 |
| CASH FLOWS RELATED TO FINANCING OPERATIONS | | | |
| Dividends paid to shareholders of the parent company | 1.5 | | |
| Capital increase in cash | 1.5 | | |
| Own shares | 1.5 | 19 | -1 451 |
| Loan issues | 1.6.5.10 | 11,185 | |
| Loan repayments | 1.6.5.10 | -2,089 | -1,650 |
| Cost of net financial debt | 1.6.6.8 | -100 | -71 |
| Net cash flow from financing operations | | 9,016 | -3,171 |
| CHANGE IN CASH FLOW | | 10,880 | -4,254 |
| Opening cash | 1.6.5.8 | 12,056 | 17,371 |
| Closing cash | 1.6.5.8 | 22,958 | 13,047 |
| Change in translation differences | | -21 | 71 |
| Change in cash flow | | 10,880 | -4,254 |

(1) Excluding new leases and simple rentals for € 261K on 06/30/2021 and € 59K on

1.5 TABLE OF CHANGES IN EQUITY

| | Capital social | Premiums | Others elements of the result global | Reserves | Result of exercise | Total capital clean | Interests minority | Capital clean group |
|-----------------------------|----------------|---------------|--------------------------------------|---------------|--------------------|---------------------|--------------------|---------------------|
| Au December 31, 2019 | 4,004 | 18,551 | -159 | -3,681 | -2,862 | 15,853 | 0 | 15,853 |
| Movements: | | | | | | | | |
| N-1 result allocation | | | 159 | -3,022 | 2,862 | | | |
| Own shares | | | | -1,451 | | -1,451 | | -1,451 |
| Actuarial differences | | | 31 | | | 31 | | 31 |
| Exchange difference | | | 261 | | | 261 | | 261 |
| Consolidated result | | | | | -1,817 | -1,817 | | -1,817 |
| Au June 30, 2020 | 4,004 | 18,551 | 292 | -8,154 | -1,817 | 12,877 | — | 12,877 |

| | Capital social | Premiums | Others elements of the result global | Reserves | Result of exercise | Total capital clean | Interests minority | Capital clean group |
|-----------------------------|----------------|---------------|--------------------------------------|----------------|--------------------|---------------------|--------------------|---------------------|
| Au December 31, 2020 | 4,004 | 18,551 | 189 | -8,298 | -4,020 | 10,426 | 0 | 10,426 |
| Movements: | | | | | | | | |
| N-1 result allocation | | | -189 | -3,832 | 4,020 | | | |
| Own shares | | | | -222 | | -222 | | -222 |
| Actuarial differences | | | +64 | | | 64 | | 64 |
| Exchange difference | | | -289 | | | -289 | | -289 |
| Consolidated result | | | | | -2,195 | -2,195 | | -2,195 |
| Au June 30, 2021 | 4,004 | 18,551 | -225 | -12,351 | -2,195 | 7,784 | — | 7,784 |

1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, the amounts mentioned in this appendix are in thousands of euros)

1.6.1. PRESENTATION OF THE GROUP AND IMPORTANT EVENTS

1.6.1.1 Information about the Company and its business

COGELEC is a Société Anonyme (SA). The accounts drawn up in accordance with IFRS include the parent company COGELEC and its subsidiaries.

The situation has a duration of six months covering the period from January 1 to June 30.

Headquarters address: 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.

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

As part of its export development, on December 4, 2017, COGELEC subscribed 100% to the capital of INTRATONE GmbH. Its registered office is in Düsseldorf and the company was registered on December 28, 2017. On February 12, 2018, COGELEC subscribed to the capital of INTRATONE UK Limited, whose registered office is in London. On October 29, 2018, COGELEC subscribed to the capital of INTRATONE BV, headquartered in Amsterdam.

1.6.1.2 Significant events of the first half of 2021

First half 2021 results

Sales for the first half of 2021 are up sharply compared to the first half of 2020, showing an increase of 47.8%, to € 26.1 million against € 17.7 million in the first half of 2020.

Beyond the base effect linked to the Covid-19 pandemic and the slowdown in decision-making in 2020, this level of activity reflects the quality of the commercial dynamic currently in place within the Group, in France and Europe. It is driven both by the first effects of the investments made in Europe and the constantly renewed enthusiasm of all customers for the Intratone solution, the Group's GSM offer.

Over the semester as a whole, subscriptions grew by + 19.6% to € 6.6 million, demonstrating the good resilience of the subscription model. COGELEC now subscribes to more than one million four hundred thousand homes.

The gross margin stands at 16.9 M €, or 64.8% of turnover against 67.0% in 2020. This decrease in the margin rate is mainly explained by the fall in the share of subscriptions in the total turnover which was exceptionally high in H1 2020 due to the decline in sales of equipment directly linked to the health crisis.

Under the effect of both the increase in the average workforce and the payment in 2020 by European governments of compensation covering partial activity linked to the Covid-19 epidemic, the first half of 2021 shows a increase in personnel

costs from € 1.9 million to € 9.1 million compared to € 7.2 million a year earlier. In total, the Cogelec Group had 311 employees as of June 30, 2021 compared to 271 employees as of June 30, 2020.

External charges increased by + € 0.7 million to € 4.1 million due to the resumption of the post-Covid-19 increase in activity. In 2021, Cogelec resorted to temporary work and resumed its face-to-face activity (from H2 2020). Sales volume and price increases also resulted in higher freight costs.

EBITDA stood at € 3.8m and current operating income at € 1.2m.

The other non-current operating income and expenses, exceptionally high over the half-year, include almost all of the costs relating to the decision to postpone the launch of the 2nd generation Kibolt, ie 3.4 M €.

Consequently, the group had to depreciate the value of its inventories to the tune of 1.1 M €, the non-reusable machines and tools to the tune of 0.8 M € and finally part of the R&D costs capitalized for this project to the tune of 1 M €.

In application of IAS37, the Group has also made provisions for losses in the amount of € 0.6 million over the first half of 2021 corresponding to orders initiated but not yet received relating to the Kibolt project. These deliveries will take place in the second half of 2021.

The net result is -2.195 M €.

As of June 30, 2021, shareholders' equity amounted to € 7.8 M against € 10.4 M as of December 31, 2020. Financial debt amounts to € 23.9 M against € 14.6 M as of December 31, 2020, including € 9 M of PGE subscribed on the 1st half of 2021. At the end of 1st half of 2021, the Group has gross cash of € 23.0 million.

Finally, the extension of the Mortagne sur Sèvre building, initiated in 2020, was the subject of an amendment to the existing real estate leasing for an amount of € 3.6 million. The final acceptance of the building is scheduled for mid-November 2021.

Covid-19

We recall that in 2020, the performance of the Cogelec Group was impacted by the global crisis and by the national confinement decreed over the period from March to May 2020. Indeed, this crisis had the effect of slowing down the growth of 2020. Cogelec had measured the impacts on the main aggregates of Cogelec SA's corporate accounts by comparing equipment sales over the period from March to May 2020 with the same period in 2019.

It emerged that Cogelec SA sales for 2020 had been impacted by approximately - € 2.9 million and the associated direct margin of - € 1.6 million. Group revenue at the end of June 2020 restated for these € 2.9 million would be € 20.574 million and would therefore lead to an increase excluding the base effect of Group revenue for the first half of 2021 at 27% compared to 47.8% including the Covid-19 effect.

Due to the health crisis linked to the spread of the Coronavirus, which was still very critical at the start of the year, the company took out a loan contract guaranteed by the State in April 2021 to the tune of nine million euros. The group will position itself on the outcome to be given to this loan in April 2022. The group had not requested a postponement of its social, tax and credit maturities.

It should be noted that some European countries, in particular Germany and the United Kingdom, were more widely impacted by the various lockdowns at the start of fiscal year 2021

1.6.1.3 Summary and outlook

COGELEC expects revenue to continue climbing both in France and internationally over full-year 2021, driven by the Intratone brand. However, given the supply chain bottleneck liable to weigh on hardware sales in H2, the FY 2021 EBITDA target been revised to around 10% of revenue.

For 2022, the Group expects strong growth in France and Europe, accompanied by an increase in the EBITDA/revenue ratio.

1.6.2 MAIN FUTURE RISKS AND UNCERTAINTIES

The risk assessment, referring to the information mentioned in the report on the 2020 financial statements, in the chapter "Assessment of risk factors", is unchanged.

1.6.3 SUBSEQUENT EVENTS

In its press release dated July 22, 2021, the group announced the effective completion of the entry of RAISE Investissement into the capital of S.R.C, Cogelec's control structure, as a minority financial partner.

RAISE Investissement now holds 35% of the capital and voting rights of Cogelec Développement, which owns all of the capital of S.R.C.

The entry of RAISE Investissement into the capital of the Cogelec Group is part of a partnership dynamic with the managers of the Cogelec Group to actively support its long-term development prospects in France and internationally.

Managed via an application, the Kibolt Universal Smart Key provides secure access to all equipped doors. After the Kibolt universal key was launched in Q2 2021, initial customer feedback demonstrated the product's full potential while also highlight certain features calling for adjustments. To carry out new product developments, preserve the customer base and capitalise on the broad market potential, the Group thus decided to suspend sales of the current Kibolt generation. The new Kibolt generation should be out by September 2022 at the latest.

Other non-current operating income and expenses, which were exceptionally high over the first half, included virtually all costs associated with the decision to postpone the Kibolt launch, i.e. €3.4m.

Current operating income amounted to +€1.2m vs. an expense of -€0.8m last year. After taxes and the impact of the one-time decision to postpone the Kibolt launch, the Group posted a net result of -€2.2m.

At 30 June 2021, the total Equity stood at €7.8m. Financial debt under IFRS was €23.9m and included the €9m government-backed loan taken out in April. The Group ended H1 2021 with a cash position of €23.0m.

Post-H1, on 22 July, RAISE Investissement acquired a 35% stake in Cogelec Développement, the controlling entity of S.R.C., the majority shareholder of Cogelec. RAISE Investissement is a fund that invests in growing, high-potential French ISEs.

1.6.4 ACCOUNTING PRINCIPLES, RULES AND METHODS

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

1.6.4.1 Declaration of conformity

The Company has drawn up its accounts, closed by the board of directors on September 27, 2021, 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 statements. financial statements, and presented in comparison with the 2020 financial year established according to the same framework.

This repository, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes international accounting standards (IAS - International Accounting Standards and IFRS - International Financial Reporting Standards), the interpretations of the Standing Interpretations Committee (SIC) and the Interpretation Committee of International Financial Reporting Standards (IFRIC - International Financial Interpretations Committee).

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

1.6.4.2 Principle of preparation of financial statements

The half-year financial statements, presented in summary form, have been prepared in accordance with international accounting standard IAS 34 ("Interim financial reporting"), as adopted by the European Union, which allows a selection of explanatory notes to be presented.

The half-year financial statements do not include all the information and appendices as presented in the annual financial statements, they are summary accounts.

As these are summary accounts, they do not include all the information required by IFRS and must be read in accordance with the Group's annual consolidated financial statements at December 31, 2020. With the exception of the specific features of the IAS standard 34 and the new standards applicable on January 1, 2021 listed below, the accounting principles applied for the preparation of the condensed interim consolidated accounts as of June 30, 2021 are identical to those applied in the annual consolidated accounts closed on December 31, 2020. The main areas judgment and estimates for the preparation of the condensed half-year financial statements are identical to those detailed in the 2020 consolidated financial statements.

The Company's accounts have been drawn up according to the historical cost principle with the exception of certain categories of assets and liabilities in accordance with the provisions laid down by IFRS. The categories concerned are mentioned in the following notes.

1.6.4.3 Business continuity

The principle of going concern has been adopted by the Board of Directors on the basis of cash available as of June 30, 2021, which should make it possible to cover its forecast cash requirements for the next 12 months.

1.6.4.4 Accounting methods

The accounting principles used are identical to those used for the preparation of the annual IFRS accounts for the year ended December 31, 2020, with the exception of the application of the following new standards, amendments to standards and interpretations adopted by the European Union, mandatory for the Company on January 1, 2021:

Standards, amendments to standards and interpretations applicable from the fiscal year beginning on January 1, 2021

- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 - Reform of benchmark interest rates - Phase 2
- Amendments to IFRS 4 - Extension of the temporary exemption from the application of IFRS 9

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

Standards, interpretations and amendments applicable in advance on option

The Group has not applied in advance the following standards, interpretations and amendments, the application of which is not mandatory as of June 30, 2021:

- Amendments to IAS 16 - Product prior to intended use
- Amendments to IAS 37 - Onerous contracts - Contract execution costs
- Amendments to IFRS 3 - Reference to the conceptual framework
- Annual improvements (2018-2020 cycle) - Annual improvements to IFRS standards 2018-2020 cycle (Relevant standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41)

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

1.6.4.5 Estimates and assumptions

The management of the company reviews its estimates and assessments on a regular basis on the basis of its past experience as well as various other factors deemed reasonable in view of the circumstances. These form the basis of its assessments of the book value of items of income and expense and of assets and liabilities. These estimates affect the amounts of income and expenses and the values of assets and liabilities. The actual amounts may later turn out to be different from the estimates used.

1.6.4.6 Group companies at June 30, 2021

As of June 30, 2021, the Group was made up of 4 fully consolidated entities.

| Entities | Methods of consolidation | % interest | % control | The head 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 |

1.6.5 DETAILS OF THE STATEMENT OF FINANCIAL POSITION

1.6.5.1 Intangible assets

Change in gross intangible assets (in € thousands)

| Gross values | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|-----------------------------|-------------------|--------------------------------|------------------------------------|---------------|
| Au December 31, 2019 | 14,102 | 1,408 | 2,247 | 17,757 |
| Acquisitions | 231 | 118 | 768 | 1,116 |
| Disposals | | -13 | -280 | -293 |
| Peer-to-peer transfer | 290 | 241 | -531 | |
| Change in scope | | | | |
| Au June 30, 2020 | 14,622 | 1,753 | 2,204 | 18,580 |
| Au December 31, 2020 | 15,905 | 1,780 | 1,479 | 19,165 |
| Acquisitions | | 73 | 945 | 1,018 |
| Disposals | | -21 | -19 | -40 |
| Peer-to-peer transfer | 206 | -87 | -119 | |
| Change in scope | | | | |
| Au June 30, 2021 | 16,112 | 1,745 | 2,286 | 20,143 |

Change in amortization of intangible assets (in € thousands)

| Depreciation | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|------------------------------|-------------------|--------------------------------|------------------------------------|---------------|
| Au December 31, 2019 | 8,758 | 794 | | 9,552 |
| Acquisitions | 766 | 95 | | 861 |
| Disposals | | -13 | | -13 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2020 | 9,524 | 876 | | 10,400 |
| Au December 31, 2020 | 10,523 | 992 | | 11,516 |
| Acquisitions | 911 | 80 | | 991 |
| Disposals | | -20 | | -20 |
| Net write-downs on reversals | 870 | | | 870 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2021 | 12,304 | 1,053 | | 13,357 |

Change in net intangible assets (in € thousands)

| Net values | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|-----------------------------|-------------------|--------------------------------|------------------------------------|--------------|
| Au December 31, 2019 | 5,344 | 614 | 2,247 | 8,205 |
| Au June 30, 2020 | 5,098 | 878 | 2,204 | 8,180 |
| Au December 31, 2020 | 5,382 | 788 | 1,479 | 7,649 |
| Au June 30, 2021 | 3,808 | 693 | 2,286 | 6,786 |

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

Intangible assets in progress relate to various projects whose commissioning is scheduled for the next 3 years.

At the annual closing on December 31, 2020, Management had carried out impairment tests in accordance with IAS 36, which had not led to the identification of any impairment loss on its intangible assets resulting from development.

In the first half of 2021, the Management carried out new impairment tests. These tests led to the identification of impairment losses on intangible assets resulting from development, for an amount of € 957,000. This impairment was recognized as of June 30, 2021.

Management also carried out sensitivity tests which produced the following results:

- The depreciation would be 1,518 K € with a discount rate of 11.06% instead of 10.06%
- The depreciation would be 243 K € with a discount rate of 9.06% instead of 10.06%
- The depreciation would be 388 K € with cash flows higher by 10%
- The depreciation would be 1,525 K € with cash flows lower by 10%

The flows on intangible assets recognized in accordance with IFRS 16 are as follows:

| Gross values | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|-----------------------------|-------------------|--------------------------------|------------------------------------|------------|
| Au December 31, 2019 | | 33 | | 33 |
| Acquisitions | | 17 | | 17 |
| Disposals | | -13 | | -13 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2020 | | 37 | | 37 |
| Au December 31, 2020 | | 219 | | 219 |
| Acquisitions | | | | |
| Disposals | | -21 | | -21 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2021 | | 197 | | 197 |

| Depreciation | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|-----------------------------|-------------------|--------------------------------|------------------------------------|-----------|
| Au December 31, 2019 | | 19 | | 19 |
| Acquisitions | | 8 | | 8 |
| Disposals | | -13 | | -13 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2020 | | 14 | | 14 |
| Au December 31, 2020 | | 35 | | 35 |
| Acquisitions | | 36 | | 36 |
| Disposals | | -20 | | -20 |
| Peer-to-peer transfer | | | | |
| Change in scope | | | | |
| Au June 30, 2021 | | 51 | | 51 |

| Net values | Costs development | Others fixed assets intangible | Fixed assets intangible in Classes | TOTAL |
|-----------------------------|-------------------|--------------------------------|------------------------------------|------------|
| Au December 31, 2019 | | 14 | | 14 |
| Au June 30, 2020 | | 23 | | 23 |
| Au December 31, 2020 | | 184 | | 184 |
| Au June 30, 2021 | | 146 | | 146 |

1.6.5.2 Tangible fixed assets

Change in gross tangible fixed assets (in K €)

| Gross values | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|-----------------------------|------------|---------------|--|----------------------------|-----------------------------|---------------|
| Au December 31, 2019 | 213 | 4,574 | 4,988 | 3,208 | 257 | 13,240 |
| Acquisitions | | (5) | 252 | 206 | 836 | 1,289 |
| Disposals | | | | -110 | | -110 |
| Peer-to-peer transfer | | | 127 | | -127 | |
| Change in scope | | | | | | |
| Au June 30, 2020 | 213 | 4,569 | 5,366 | 3,304 | 966 | 14,418 |
| Au December 31, 2020 | 213 | 5,097 | 6,040 | 3,687 | 1,574 | 16,610 |
| Acquisitions | | 6 | 305 | 349 | 1 520 | 2 180 |
| Disposals | | | -4 | -174 | | -178 |
| Peer-to-peer transfer | | | | (44) | -129 | (173) |
| Change in scope | | | | | | |
| Au June 30, 2021 | 213 | 5,103 | 6,340 | 3,818 | 2,965 | 18,439 |

Change in depreciation of tangible fixed assets (in € thousands)

| Depreciation | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|------------------------------|------|---------------|--|----------------------------|-----------------------------|--------------|
| Au December 31, 2019 | | 1,055 | 2,746 | 1,281 | | 5,082 |
| Endowments | | 238 | 395 | 388 | | 1,021 |
| Repeats | | | | -88 | | -88 |
| Peer-to-peer transfer | | | | | | |
| Change in scope | | | | | | |
| Au June 30, 2020 | | 1,294 | 3,142 | 1,580 | | 6,015 |
| Au December 31, 2020 | | 1,530 | 3,624 | 1,887 | | 7,041 |
| Endowments | | 238 | 442 | 417 | | 1,096 |
| Repeats | | | -4 | -134 | | -138 |
| Net write-downs on reversals | | | 644 | | 116 | 760 |
| Peer-to-peer transfer | | | | -44 | | -44 |
| Change in scope | | | | | | |
| Au June 30, 2021 | | 1,768 | 4,706 | 2,126 | 116 | 8,716 |

Change in net tangible fixed assets (in € K)

| Net values | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|-------------------------------|------|---------------|--|----------------------------|-----------------------------|--------------|
| Au December 31, 2019 | 213 | 3,519 | 2,241 | 1,928 | 257 | 8,157 |
| Au As of June 30, 2020 | 213 | 3,276 | 2,225 | 1,724 | 966 | 8,403 |
| Au December 31, 2020 | 213 | 3,567 | 2,416 | 1,800 | 1,574 | 9,569 |
| Au As of June 30, 2021 | 213 | 3,335 | 1,635 | 1,693 | 2,849 | 9,723 |

As of June 30, 2021, the company depreciated part of the Kibolt equipment for an amount of € 644,000 and its assets in progress relating to Kibolt equipment for € 116,000.

The flows on property, plant and equipment recognized in accordance with IFRS 16 are as follows:

| Gross values | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|-------------------------------|------------|---------------|--|----------------------------|-----------------------------|--------------|
| Au December 31, 2019 | 213 | 4,574 | 25 | 1,453 | | 6,265 |
| Acquisitions | | (5) | | 47 | | 42 |
| Disposals | | | | -109 | | -109 |
| Peer-to-peer transfer | | | | | | |
| Change in scope | | | | | | |
| Au As of June 30, 2020 | 213 | 4,569 | 25 | 1,391 | | 6,198 |
| Au December 31, 2020 | 213 | 5,097 | 25 | 1,621 | | 6,955 |
| Acquisitions | | 6 | | 255 | | 261 |
| Disposals | | | | -173 | | -173 |
| Peer-to-peer transfer | | | | | 2,181 | |
| Change in scope | | | | | | 2,181 |
| Au As of June 30, 2021 | 213 | 5,103 | 25 | 1,702 | 2,181 | 9,224 |

| Depreciation | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|-------------------------------|------|---------------|--|----------------------------|-----------------------------|--------------|
| Au December 31, 2019 | | 1,055 | 24 | 424 | | 1,503 |
| Endowments | | 238 | 1 | 239 | | 478 |
| Repeats | | | | -87 | | -87 |
| Peer-to-peer transfer | | | | | | |
| Change in scope | | | | | | |
| Au As of June 30, 2020 | | 1,294 | 25 | 575 | | 1,894 |
| Au December 31, 2020 | | 1,530 | 25 | 719 | | 2,275 |
| Endowments | | 238 | | 263 | | 501 |
| Repeats | | | | -134 | | -134 |
| Peer-to-peer transfer | | | | | | |
| Change in scope | | | | | | |
| Au June 30, 2021 | | 1,768 | 25 | 849 | | 2,642 |

| Net values | Land | Constructions | Facilities techniques, materials and tools | Others fixed assets bodily | Fixed assets bodily Classes | TOTAL |
|--------------------------------|------------|---------------|--|----------------------------|-----------------------------|--------------|
| Au December 31, 2019 | 213 | 3,519 | 1 | 1,030 | | 4,762 |
| As of June 30, 2020 | 213 | 3,276 | | 816 | | 4,304 |
| As of December 31, 2021 | 213 | 3,567 | | 901 | | 4,680 |
| As of June 30, 2021 | 213 | 3,335 | | 854 | 2,181 | 6,582 |

1.6.5.3 Other financial assets

| In thousands of € | 30/06/2021 | 31/12/2020 |
|-------------------------------|------------|------------|
| Other fixed securities (1) | 200 | 200 |
| Loans (2) | 38 | 40 |
| Impairment of loans (2) | -38 | -38 |
| Deposits and surety bonds (3) | 261 | 252 |
| TOTAL | 461 | 454 |

- (1) Bank shares
 (2) DIAMO loan for 38 K € and staff loan
 (3) Deposits and guarantees correspond to amounts paid on BPI loans and rental guarantees.

1.6.5.4 Other non-current assets

| In thousands of € | 30/06/2021 | 31/12/2020 |
|---------------------------|--------------|--------------|
| Customers > 1 year | 3,613 | 3,284 |
| Customer depreciation | -390 | -380 |
| Prepaid expenses > 1 year | 2,484 | 1,759 |
| TOTAL | 5,707 | 4,663 |

Breakdown of trade receivables net of impairment

| | 30/06/2021 | 31/12/2020 |
|---------------------------------------|--------------|--------------|
| Doubtful debts | 468 | 456 |
| Impairment of bad debts | -390 | -380 |
| Trade receivables on rental contracts | 3,145 | 2,828 |
| TOTAL | 3,223 | 2,904 |

Bad debts are written down at 100%.

Prepaid expenses

They correspond to SIM cards purchased under global offer contracts. These purchases are spread over the duration of the commitment, corresponding to the subscription packages, which have increased over the period.

1.6.5.5 Inventories

Change in net inventories and work in progress

| In thousands of € | 30/06/2021 | 31/12/2020 |
|------------------------------------|---------------|---------------|
| Raw materials and other supplies | 7,910 | 7,164 |
| In production | 4,408 | 4,417 |
| Intermediate and finished products | 2,979 | 2,363 |
| Impairment provision | -1,981 | -726 |
| TOTAL | 13,316 | 13,218 |

| Changes in provisions for depreciation | 30/06/2021 | 31/12/2020 |
|--|--------------|------------|
| Opening value | 726 | 660 |
| Increase | 1,374 | 267 |
| Decrease | -119 | -201 |
| Closing value | 1,982 | 726 |

Raw materials and other supplies are made up of components.

The increase in inventory in gross value is explained by the increase in component purchases in order, on the one hand, to avoid a possible shortage linked to Covid-19, and on the other hand, to anticipate the increase in prices.

Work in progress is made up of sub-assemblies (electronic cards, etc.) intended to be incorporated into equipment sold or incorporated into contracts.

The finished products include equipment (boards, remote controls, modules, etc.) which are sold separately or which are incorporated into a global offer of contracts (equipment and services).

The increase in the stock of finished products in gross value is explained by a very low stock at December 31, 2020 on a number of usual references such as remote controls.

The provision for inventory depreciation relates to inventories of raw materials, work in progress and finished products. As of June 30, 2021, the Group wrote down its stock of raw materials and work in progress relating to Kibolt for respective amounts of € 656K and € 444K.

1.6.5.6 Trade receivables and other current receivables

Receivables

| In thousands of € | 30/06/2021 | 31/12/2020 |
|-------------------------|---------------|---------------|
| Gross trade receivables | 11,289 | 11,310 |
| Impairment provision | | |
| TOTAL | 11,289 | 11,310 |

Breakdown of trade receivables net of impairment:

| | 30/06/2021 | 31/12/2020 |
|--|---------------|---------------|
| Ordinary trade receivables | 9,750 | 9,881 |
| Impairment of ordinary trade receivables | | |
| Trade receivables on rental contracts | 1,539 | 1,428 |
| TOTAL | 11,289 | 11,310 |

The provision for customer depreciation is mainly established on a case-by-case basis based on the estimated risk of non-recovery. This credit risk assessment is based on past experience, the level of seniority of receivables whose maturity has been exceeded, as well as on the payment terms granted.

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

Schedule of trade receivables

The breakdown of trade receivables by maturity is as follows:

| At 06/30/2021 | Balance sheet value | Not due | Due | | |
|--|---------------------|---------------|--------------|---------------------|------------|
| | | | <90 days | > 90 days <6 months | > 6 months |
| Trade receivables (non-current assets) | 3,223 | 3,145 | | | 78 |
| Trade receivables (current assets) | 11,289 | 8,883 | 2,145 | 206 | 55 |
| TOTAL | 14,511 | 12,028 | 2,145 | 206 | 133 |

| As of 12/31/2020 | Balance sheet value | Not due | Due | | |
|--|---------------------|---------------|--------------|---------------------|------------|
| | | | <90 days | > 90 days <6 months | > 6 months |
| Trade receivables (non-current assets) | 2,904 | 2,828 | | | 76 |
| Trade receivables (current assets) | 11,310 | 9,493 | 1,684 | 19 | 114 |
| TOTAL | 14,214 | 12,321 | 1,684 | 19 | 190 |

1.6.5.7 Other current assets

| In thousands of € | 06/30/2021 | 12/31/2020 |
|-----------------------------|--------------|--------------|
| Loans | 2 | 3 |
| Loan depreciation | | |
| Deposits and guarantees | — | 1 |
| Advances and deposits paid | 45 | 24 |
| Social claims | 61 | 44 |
| Tax claims | 1,090 | 1,413 |
| Other operating receivables | 142 | 534 |
| Prepaid expenses | 1,037 | 836 |
| TOTAL | 2,377 | 2,855 |

Trade receivables and other receivables are valued at their nominal value less provisions calculated on the basis of the effective possibilities of recovery.

The loans are detailed as follows:

| Loans | 06/30/2021 | 12/31/2020 |
|--------------|------------|------------|
| Staff loans | 2 | 3 |
| TOTAL | 2 | 3 |

The other receivables are detailed as follows:

| Other receivables | 06/30/2021 | 12/31/2020 |
|-----------------------------------|------------|------------|
| Receivable related to CIR and CII | 128 | 493 |
| Debtor suppliers and AAR | 11 | 41 |
| Various debtors | 3 | |
| TOTAL | 142 | 534 |

Other receivables are valued at their nominal value after deduction of provisions calculated according to the actual possibilities of recovery.

Tax receivables mainly consist of deductible VAT as well as VAT on provisions. Prepaid expenses relate to current expenses and essentially correspond to SIM cards whose subscription packages are spread over the duration of the commitment and expenses for fairs & exhibitions, postponed partner meetings, maintenance and insurance premiums.

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

COGELEC SA benefits from the provisions of articles 244 quater B and 49 septies F of the General Tax Code relating to research tax credit and innovation tax credit. These are recognized as a subsidy in the "Other current liabilities" and "Other non-current liabilities" categories according to the subsidy recovery plan. This subsidy is taken back at the same rate as the amortization of the projects to which it relates. The receivable is down because the Group has not developed any new project eligible for CIR & CII over the period. It therefore corresponds only to expenses incurred in the context of the continuation of existing projects.

The other current assets have a maturity of less than one year.

1.6.5.8 Cash and cash equivalents

| In thousands of € | 30/06/2021 | 31/12/2020 |
|----------------------------------|---------------|---------------|
| Term accounts | 9,200 | 5,500 |
| Availabilities | 13,762 | 6,556 |
| Total closing cash | 22,962 | 12,056 |
| Bank overdrafts | -4 | 0 |
| Total net cash at closing | 22,958 | 12,056 |

Term accounts are available immediately.

1.6.5.9 Capital

Evolution of capital

| | 01/01/2021 | Increase | Reduction | 30/06/2021 |
|--|------------------|----------|-----------|------------------|
| Number of actions | 8,898,048 | | | 8,898,048 |
| of which ordinary shares | 3,550,963 | | | 3,550,963 |
| of which shares with double voting rights | 5,347,085 | | | 5,347,085 |
| Nominal in € | 0,45 | | | 0,45 |
| Capital in euros | 4,004,122 | | | 4,004,122 |

Capital management and dividend distribution

There was no distribution of dividends during the period.

1.6.5.10 Current and non-current financial debts

| In thousands of € | 30/06/2021 | 31/12/2020 |
|--|---------------|---------------|
| Bank loans | 6,338 | 7,501 |
| Debts on leases | 3,655 | 1,833 |
| Debts on simple rentals | 1,099 | 1,308 |
| Non-current loans and financial debts | 11,093 | 10,642 |
| Bank loans | 11,482 | 2,804 |
| Accrued interest not yet due | 8 | 4 |
| Bank overdrafts | 4 | |
| Debts on leases | 512 | 302 |
| Debts on simple rentals | 826 | 832 |
| Current loans and financial debts | 12,832 | 3,942 |
| TOTAL | 23,924 | 14,584 |

Breakdown of financial debts by maturity

| In thousands of € | Share at less than 1 year | Share from 1 to 5 years | Share to more than 5 years | TOTAL |
|------------------------------------|---------------------------|-------------------------|----------------------------|---------------|
| Au June 30, 2021 | | | | |
| Bank loans | 11,482 | 6,242 | 96 | 17,821 |
| Accrued interest not yet due | 8 | | | 8 |
| Bank overdrafts | 4 | | | 4 |
| Lease debts | 512 | 2,460 | 1,195 | 4,167 |
| Debts on simple rentals | 826 | 1,099 | | 1,925 |
| Loans and financial debts | 12,832 | 9,801 | 1,291 | 23,924 |
| <i>Current financial debts</i> | | | | 12,832 |
| <i>Non-current financial debts</i> | | | | 11,093 |

| In thousands of € | Share at less than 1 year | Share from 1 to 5 years | Share to more than 5 years | TOTAL |
|------------------------------------|---------------------------|-------------------------|----------------------------|---------------|
| Au December 31, 2020 | | | | |
| Bank loans | 2,804 | 7,260 | 241 | 10,305 |
| Accrued interest not yet due | 4 | | | 4 |
| Lease debts | 302 | 1,303 | 530 | 2,136 |
| Debts on simple rentals | 832 | 1,300 | 9 | 2,140 |
| Loans and financial debts | 3,942 | 9,863 | 779 | 14,584 |
| <i>Current financial debts</i> | | | | 3,942 |
| <i>Non-current financial debts</i> | | | | 10,642 |

Reconciliation between the balance sheet value and the redemption value

| Reconciliation of balance sheet value / redemption value (in thousands of €) | Redemption value | Amortized cost | Just value | TOTAL |
|--|------------------|----------------|------------|---------------|
| Au June 30, 2021 | | | | |
| Bank loans | 17,821 | | | 17,821 |
| Accrued interest not yet due | 8 | | | 8 |
| Bank overdrafts | 4 | | | 4 |
| Lease debts | 4,167 | | | 4,167 |
| Debts on simple rentals | 1,925 | | | 1,925 |
| Loans and financial debts | 23,924 | | | 23,924 |

| Reconciliation of balance sheet value / redemption value (in thousands of €) | Redemption value | Amortized cost | Just value | TOTAL |
|--|------------------|----------------|------------|---------------|
| Au December 31, 2020 | | | | |
| Bank loans | 10,305 | | | 10,305 |
| Accrued interest not yet due | 4 | | | 4 |
| Lease debts | 2,136 | | | 2,136 |
| Debts on simple rentals | 2,140 | | | 2,140 |
| Loans and financial debts | 14,584 | | | 14,584 |

| Gross values | Loans banking | Loans Oseo | Interests run no due | Discovered banking | Debts on leases | Debts on simple rentals | Debts financial various | TOTAL |
|-----------------------------|---------------|------------|----------------------|--------------------|-----------------|-------------------------|-------------------------|---------------|
| Au December 31, 2019 | 7,720 | 30 | 0 | 0 | 2,442 | 1,884 | 0 | 12,076 |
| New | | | | | | 59 | | 59 |
| Refunds | -1,054 | -30 | | | -158 | -407 | | -1,650 |
| Variation of the year | | | | | | | | 0 |
| Exchange difference | | | | | | -19 | | -19 |
| Au June 30, 2020 | 6,667 | 0 | 0 | 0 | 2,284 | 1,516 | 0 | 10,466 |
| Au December 31, 2020 | 10,305 | 0 | 4 | 0 | 2,136 | 2,140 | 0 | 14,584 |
| New | 9,000 | | 4 | 4 | 2,181 | 261 | | 11,449 |
| Refunds | -1,484 | | | | -150 | -495 | | -2,129 |
| Variation of the year | | | | | | | | 0 |
| Exchange difference | | | | | | 20 | | 20 |
| Au June 30, 2021 | 17,821 | 0 | 8 | 4 | 4,167 | 1,925 | 0 | 23,924 |

The Group subscribed to € 9 million in PGEs in April 2021. As no decision has yet been made on the reimbursement method, all PGEs have been indicated within one year.

The new lease debt corresponds to the completion of work to extend the existing real estate. The expenses incurred on June 30, 2021 were re-invoiced to the lessor for an amount of € 2.2 million. The investment project totals € 3.6 million.

Debt repayments on simple rentals include € 39,000 in early repayments.

1.6.5.11 Provisions

Provisions for retirement commitments

Commitments to staff are made up of the provision for end-of-career indemnities.

This commitment concerns only employees subject to French law. The main actuarial assumptions used to assess retirement benefits are as follows:

| Hypotheses | 30/06/2021 | 31/12/2020 |
|-------------------------|------------------------------------|-----------------|
| Discount rate reference | IBOXX corporate rate AA + 10 years | |
| Discount rate | 0.79% | 0.34% |
| Mortality table | INSEE 2010-2012 | INSSE 2010-2012 |
| Wage growth | 4% declining | 4% declining |
| Turnover rate | 2.31% | 2.44% |
| Age of retirement | 65 years | 65 years |

The provision for retirement commitments has changed as follows:

| In thousands of € | Commitments of retirement |
|-----------------------------|---------------------------|
| Au December 31, 2019 | 606 |
| Endowments | 159 |
| Repeats | |
| Change in scope | |
| Actuarial losses and gains | -42 |
| Au June 30, 2020 | 722 |
| Au December 31, 2020 | 794 |
| Endowments | 94 |
| Repeats | |
| Change in scope | |
| Actuarial losses and gains | -87 |
| Au June 30, 2021 | 802 |

Other long-term provisions

| In thousands of € | Provision After-sales | Provision for taxes | Provisions for disputes | Provisions for losses | TOTAL |
|-----------------------------|-----------------------|---------------------|-------------------------|-----------------------|--------------|
| Au December 31, 2019 | 676 | 52 | 315 | | 1,043 |
| Endowments | 4 | | 20 | | 24 |
| Repeats | -14 | -39 | | | -53 |
| Change in scope | | | | | |
| Au June 30, 2020 | 666 | 13 | 335 | | 1,014 |

| | | | | | |
|-----------------------------|------------|-----------|------------|------------|--------------|
| Au December 31, 2020 | 589 | 13 | 335 | | 937 |
| Endowments | 89 | | 225 | 624 | 938 |
| Repeats | 0 | 0 | | | 0 |
| Change in scope | | | | | |
| Au June 30, 2021 | 678 | 13 | 560 | 624 | 1,875 |

Following a tax audit, a provision for taxes was made to cover the amount of the adjustment for 2014 and 2015. The provision was readjusted on June 30, 2020 based on payments made for € 39,000.

As of June 30, 2021, provisions for disputes consisted of € 390,000 for commercial disputes and € 170,000 for labor disputes.

Pursuant to IAS37, the Group has made provisions for losses in the first half of 2021 corresponding to orders initiated but not yet received relating to the Kibolt project. These deliveries will take place in the second half of 2021.

1.6.5.12 Other debts

Other non-current liabilities

Non-current liabilities mainly consist of deferred income on prepaid contracts.

| In thousands of € | 30/06/2021 | 31/12/2020 |
|---------------------------------------|---------------|---------------|
| Social and fiscal debts | | |
| Advances and deposits received | | |
| Other debts | | |
| Deferred income (1) | 24,445 | 22,143 |
| TOTAL | 24,445 | 22,143 |
| (1) of which | | |
| Prepaid contract liabilities | 23,382 | 20,936 |
| Contract liabilities on subscriptions | 2 | — |
| CIR and CII | 1,031 | 1,171 |
| Investment grants | 31 | 36 |
| | 24,445 | 22,143 |

Payables

| In thousands of € | 30/06/2021 | 31/12/2020 |
|-------------------|--------------|--------------|
| Payables | 5,052 | 3,873 |
| Fixed asset debts | 137 | 414 |
| TOTAL | 5,188 | 4,287 |

The increase in supplier work in progress is directly linked to the increase in purchases in June 2021 compared to December 2020.

Other current liabilities

| In thousands of € | 30/06/2021 | 31/12/2020 |
|--|--------------|--------------|
| Social and fiscal debts | 3,575 | 4,500 |
| Advances and deposits received | | |
| Other debts | 1,288 | 1,194 |
| Prepaid income | 3,666 | 2,835 |
| TOTAL | 8,529 | 8,530 |
| of which prepaid contract liabilities * | 2,588 | 2,278 |
| | | |
| * of which write-back of prepaid contract | 1,370 | 2,272 |
| * including new prepaid contract liabilities | 4,126 | 5,567 |

1.6.6 INCOME STATEMENT

1.6.6.1 Turnover

The turnover for the two periods presented is as follows:

| In thousands of € | 30/06/2021 | 30/06/2020 |
|-------------------|---------------|---------------|
| Equipment sales | 19,571 | 12,197 |
| Sales of services | 6,562 | 5,486 |
| TOTAL | 26,133 | 17,683 |

| In thousands of € | 30/06/2021 | 30/06/2020 |
|-------------------|---------------|---------------|
| France | 23,026 | 15,689 |
| Export | 3,107 | 1,994 |
| TOTAL | 26,133 | 17,683 |

1.6.6.2 Alternative performance indicators

GROSS MARGIN

| In thousands of € | 30/06/2021 | 30/06/2020 |
|--|---------------|---------------|
| Turnover | 26,133 | 17,683 |
| Other income from the activity | 3 | 2 |
| Consumed purchases | (9,804) | (7,363) |
| Change in inventories of work in progress and finished products | 607 | 1,525 |
| GROSS MARGIN | 16,939 | 11,846 |
| <i>As a percentage of turnover</i> | 64,8 % | 67,0 % |

EBITDA

| In thousands of € | 30/06/2021 | 30/06/2020 |
|---------------------------------------|---------------|--------------|
| Operating income | (2,221) | (1,022) |
| Depreciation and amortization | 2,089 | 1,882 |
| Impairment of assets net of reversals | 3,921 | 154 |
| EBITDA 1 | 3,790 | 1,015 |
| <i>As a percentage of turnover</i> | 14,5 % | 5,7 % |

1 EBITDA is defined by COGELEC as operating income before depreciation, amortization and impairment of assets net of reversals.

1.6.6.3 Purchases consumed

| In thousands of € | 30/06/2021 | 30/06/2020 |
|-----------------------------------|---------------|---------------|
| Raw material purchases | -9,244 | -8,282 |
| Change in stocks of raw materials | 746 | 2,018 |
| SIM card purchases | -1,124 | -1,000 |
| Purchases not stored | -377 | -272 |
| Transport on purchases | -56 | -32 |
| Immobilised production | 251 | 205 |
| TOTAL | -9,804 | -7,363 |

Non-stocked purchases mainly include prototypes and small tools from the design office as well as fuel.

1.6.6.4 Staff costs and workforce

| In thousands of € | 30/06/2021 | 30/06/2020 |
|--|---------------|---------------|
| Wages | -6,092 | -5,490 |
| Change in provision for paid leave | -253 | -233 |
| Premiums | -515 | -81 |
| Indemnities & various benefits | -341 | -31 |
| Social charges | -2,551 | -2,058 |
| Employee participation | | -10 |
| Subsidies and transfers of personnel costs | 184 | 138 |
| Immobilised production | 490 | 573 |
| TOTAL | -9,078 | -7,191 |

Group workforce

| | 30/06/2021 | 30/06/2020 |
|---------------|------------|------------|
| Frames | 82 | 65 |
| Employees (1) | 182 | 173 |
| Workers | 35 | 26 |
| Apprentices | 5 | 2 |
| TOTAL | 304 | 265 |

The workforce presented is an average workforce calculated according to the Social Security code and does not include temporary workers, if applicable.

(1) On June 30, 2021, IT GmbH, IT UK and IT BV employed 34, 19 and 15 employees respectively (i.e. an average workforce in 2021 of 34, 20 and 15 employees respectively). In these countries, there are no professional categories as presented above. The employees have therefore been integrated into the employees for a total of 69.

1.6.6.5 External charges

| In thousands of € | 30/06/2021 | 30/06/2020 |
|---|---------------|---------------|
| Remuneration of intermediaries and fees | -1,250 | -1,183 |
| Advertising | -835 | -894 |
| Travel, missions and receptions | -200 | -163 |
| Rentals | -148 | -118 |
| Transport on sales | -307 | -154 |
| Temporary staff | -395 | -192 |
| Other positions | -937 | -685 |
| TOTAL | -4,072 | -3,389 |

The fees mainly consist of technical and marketing management services H.R.C, accounting, legal and consulting fees (for the study of patents in particular) and intellectual services in connection with the projects developed.

H.R.C. amounted to € 391,000 as of June 30, 2021 compared to € 388,000 as of June 30, 2020 (see note 2.6.1). Part of these fees is offset by capitalized production for € 89,000 as of June 30, 2021 and € 183,000 as of June 30, 2020.

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

The increase in transport on sales is linked to the significant increase in material turnover (see note 2.4.1.1).

As for the temporary staff, they had been absent during the two months of confinement included in the period of June 30, 2020.

The other items are on the rise due to the increase in tuition fees.

1.6.6.6 Breakdown of other current operating income and expenses

| In thousands of € | 30/06/2021 | 30/06/2020 |
|--|------------|------------|
| QP investment subsidy included in profit or loss (1) | 282 | 238 |
| Others products | 11 | 23 |
| Other expenses | -25 | -14 |
| TOTAL | 268 | 247 |
| (1) of which | | |
| Resumption of CIR and CII subsidy | 277 | 233 |
| Resumption of subsidy on real estate leasing | 5 | 2 |
| Resumption of subsidy on kibolt project | | 4 |
| | 282 | 238 |

1.6.6.7 Breakdown of other operating income and expenses

| In thousands of € | 30/06/2021 | 30/06/2020 |
|---|---------------|-------------|
| Sale price of assets sold (1) | 40 | 23 |
| NAV of assets sold | -59 | -302 |
| Provisions and depreciation allocations on KIBOLT | -3,440 | |
| Reversal of provision on VAT reminder (2) | | 39 |
| Other non-current income and expenses | -4 | -1 |
| TOTAL | -3,463 | -241 |

(1) As of June 30, 2021, including € 39,000 for early repayment of debts on operating leases.

(2) As of June 30, 2020, offset by the VAT reminder paid over the period and recognized as tax expense for the same amount.

1.6.6.8 Cost of net debt

Cost of net financial debt

| In thousands of € | 06/30/2021 | 06/30/2020 |
|--|-------------|------------|
| Income term accounts | 11 | 14 |
| Income from cash and cash equivalents | 11 | 14 |
| Interest on loans | -53 | -46 |
| Interest on leases | -53 | -36 |
| Interest on simple rentals | -4 | -3 |
| Bank interests | 0 | 0 |
| Cost of gross financial debt | -110 | -85 |
| Cost of net financial debt | -100 | -71 |

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

Other financial income and expenses

| In thousands of € | 30/06/2021 | 30/06/2020 |
|---------------------------------|------------|-------------|
| Exchange gains | 331 | 17 |
| Revenue from trade receivables | 14 | 22 |
| Income on other loans | 0 | |
| Other financial products | 1 | |
| Other financial products | 345 | 39 |
| Exchange losses | -30 | -154 |
| Other financial charges | -30 | -154 |
| TOTAL | 315 | -115 |

Income from trade receivables corresponds to the financing portion of rents collected on rental contracts.

The rise in the exchange rate of the pound sterling against the euro has a positive effect on the foreign exchange result for the period, in particular due to the cash advances granted by the parent company COGEELEC.

1.6.6.9 Income taxes

Deferred tax assets and liabilities

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

| | |
|------------------|----------|
| France rate | 25,825 % |
| Germany rate | 31,225 % |
| UK rate | 19,000 % |
| Netherlands rate | 15,000 % |

At this stage, the results of the subsidiaries Intratone GmbH, Intratone UK and Intratone BV are in deficit. No deferred tax assets are recognized on these three companies as it is unlikely that they will generate profits over a three-year horizon. The deficits have been capitalized to the extent of their own deferred tax liabilities, which represents a base of 235 K € for Intratone GmbH, 328 K € for Intratone UK and 235 K € for Intratone BV.

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

| | 30/06/2021 | | 31/12/2020 | |
|---|-------------|-------------|-------------|-------------|
| | Based | Tax | Based | Tax |
| Temporary offsets | | | | |
| Activation of deficits | 798 | 171 | 362 | 85 |
| C3S | 34 | 9 | 44 | 11 |
| Employee participation | | | 147 | 38 |
| Tax depreciation | -79 | -15 | -77 | -15 |
| Provision for dismantling | -29 | -5 | -28 | -5 |
| Pensions | 3 | — | 3 | — |
| Reprocessing | | | | |
| Exchange difference on reciprocity on the balance sheet | -181 | -34 | 106 | 20 |
| Unreturned advanced exchanges | 24 | 4 | 18 | 4 |
| IFRS 16 lease loans | -607 | -157 | -544 | -141 |
| IFRS 16 operating leases | 22 | 4 | 6 | 1 |
| Lease contracts | -2,227 | -554 | -1,866 | -471 |
| Internal sales of CG-IT real estate | 7 | 2 | 17 | 4 |
| Internal margins CG-IT UK stocks | 264 | 68 | 263 | 68 |
| Internal margins SIM cards | 19 | 5 | 13 | 3 |
| Internal transfer of demo equipment to subsidiaries | 31 | 7 | 15 | 3 |
| Customer guaranteed provision | 66 | 17 | 61 | 16 |
| Alignment of depreciation methods | 14 | 2 | 8 | 1 |
| Business introducer commissions | 121 | 31 | 129 | 33 |
| Impairment of own shares | | | | |
| Retirement commitments | 802 | 207 | 794 | 205 |
| TOTAL | -919 | -237 | -532 | -137 |

1.6.6.10 Earnings per share

The table below shows the calculation of earnings per share:

| Basic earnings per share | 30/06/2021 | 30/06/2020 |
|---|----------------|----------------|
| Profit for the year (in K €) | -2,195 | -1,817 |
| Weighted average number of shares outstanding | 8,500,014 | 8,608,137 |
| Basic earnings per share (€ / share) | -0,2583 | -0,2111 |
| Diluted earnings per share (€ / share) | -0,2583 | -0,2111 |

1.6.7 OFF-BALANCE SHEET COMMITMENTS

| In thousands of € | 06/30/2021 | 31/12/2020 |
|---|--------------|---------------|
| <u>Commitments given</u> | | |
| Real security | 171 | 312 |
| Fixed asset orders | 252 | 446 |
| Extension work | 1,417 | 2,500 |
| Supply commitment | 3,347 | 3,810 |
| Interest on loans | 176 | 209 |
| Interest on finance leases | 437 | 232 |
| Interest on simple rentals | 17 | 15 |
| Total commitments given | 5,817 | 7,524 |
| <u>Commitments received</u> | | |
| Authorized overdraft limit | 1,450 | 1,450 |
| Debt waiver with clause of return to better fortune Diamo | 50 | 50 |
| Fixed asset orders | 1,441 | 1,353 |
| Extension work | 1,432 | 3,500 |
| Purchase commitment | 3,347 | 3,810 |
| Interest on loans | 176 | 209 |
| Interest on finance leases | 437 | 232 |
| Interest on simple rentals | 17 | 15 |
| Total commitments received | 8,350 | 10,619 |

The decrease in purchase and supply commitments is explained by:

- As the contracts with commitment expire, they are renewed into contracts without commitment (the termination rate is very low) and are therefore no longer included in off-balance sheet commitments.
- Likewise, new contracts concluded no longer have a firm commitment period and are therefore not included in off-balance sheet commitments.

Regarding these non-binding contracts in progress as of June 30, 2021, the Group forecasts revenue of € 9,482,000 for the next 12 months.

Loans granted by OSEO BDPME for an overall envelope of € 2.5 million as of June 30, 2021 benefit from cash pledges in the amount of € 125,000 (idem December 31, 2020).

1.6.8 OTHER INFORMATION

1.6.8.1 Related parties

| ACTIVE | 30/06/2021 | 31/12/2020 |
|--------------------------------------|-------------|-------------|
| Other financial assets | | |
| Total non-current assets | | |
| Other current assets | | |
| Total current assets | | |
| P A S S I F | 30/06/2021 | 31/12/2020 |
| Other non-current liabilities | | |
| Total non-current liabilities | | |
| Loans and financial debts | | |
| Trade payables and related accounts | 62 | 60 |
| Total current liabilities | 62 | 60 |
| INCOME STATEMENT | 30/06/2021 | 30/06/2020 |
| External charges | -391 | -388 |
| Dues and taxes | | |
| OPERATING INCOME | -391 | -388 |
| Cost of gross financial debt | | |
| CONSOLIDATED NET INCOME | -391 | -388 |

2 STATUTORY AUDITORS 'REPORTS

2.1 STATUTORY AUDITORS' REVIEW REPORT ON THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Chairman,

As statutory auditor of Cogelec and at your request, we have performed a review of the accompanying condensed half-yearly consolidated financial statements for the period from January 1, to June 30, 2021.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. A 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 review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

Without qualifying our conclusion, we would draw your attention to Note 1.6.3, "Post-balance sheet events" to the condensed half-yearly consolidated financial statements setting out the impact of the decision to postpone commercialization of the current generation of the Kibolt key.

This report is governed by French law. The Courts in France shall have exclusive jurisdiction to settle any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report or any related issues.

La Roche-sur-Yon and St Herblain, September 29, 2021

The statutory auditors

ACCIOR - A.R.C.

DELOITTE &
ASSOCIATES

Sebastien CAILLAUD

Guillaume RADIGUE