ANNUAL FINANCIAL REPORT
COGELEC GROUP

2023

SOMMAIRE

EXECUTIVE COMMITTEE

On 08 February 2024, COGELEC announced the composition of its new Executive Committee :

Roger LECLERC,
Chairman and Chief Executive Officer

Victor d'ALLANCE,
Director of International Development

Anne FONTENEAU,
Human Resources Director

Véronique POCHET,
Financial Director

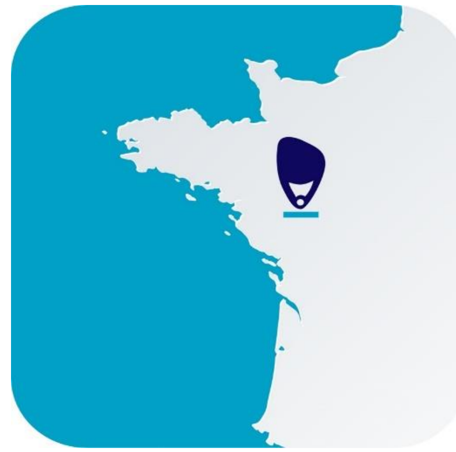
Eric NICOLE,
Technical Director

THE COMPANY AND ITS ACTIVITIES

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

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

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



Our mission

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

Simplify the daily lives of installers, managers and users.

Our DNA

Create to innovate

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

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

Our values

The trust established with our customers is our driving force.

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

Towards a **EUROPEAN** group

- 2000: Establishment of Cogelec
- 2003: France's leader in access control
- 2011: Launch of export sales
- 2017: Establishment of the subsidiary in Germany
- 2018: Establishment of subsidiaries in the United Kingdom and the Netherlands

THE COMPANY, ITS BRANDS, PRODUCTS AND SERVICES

BRANDS

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

PRODUCTS AND SERVICES to meet all the needs of its customers

KEY MANAGEMENT

Remote key management solutions

INTERCOMS and ACCESS CONTROL

A complete range of products to secure exteriors of residences

NOTICE BOARD

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

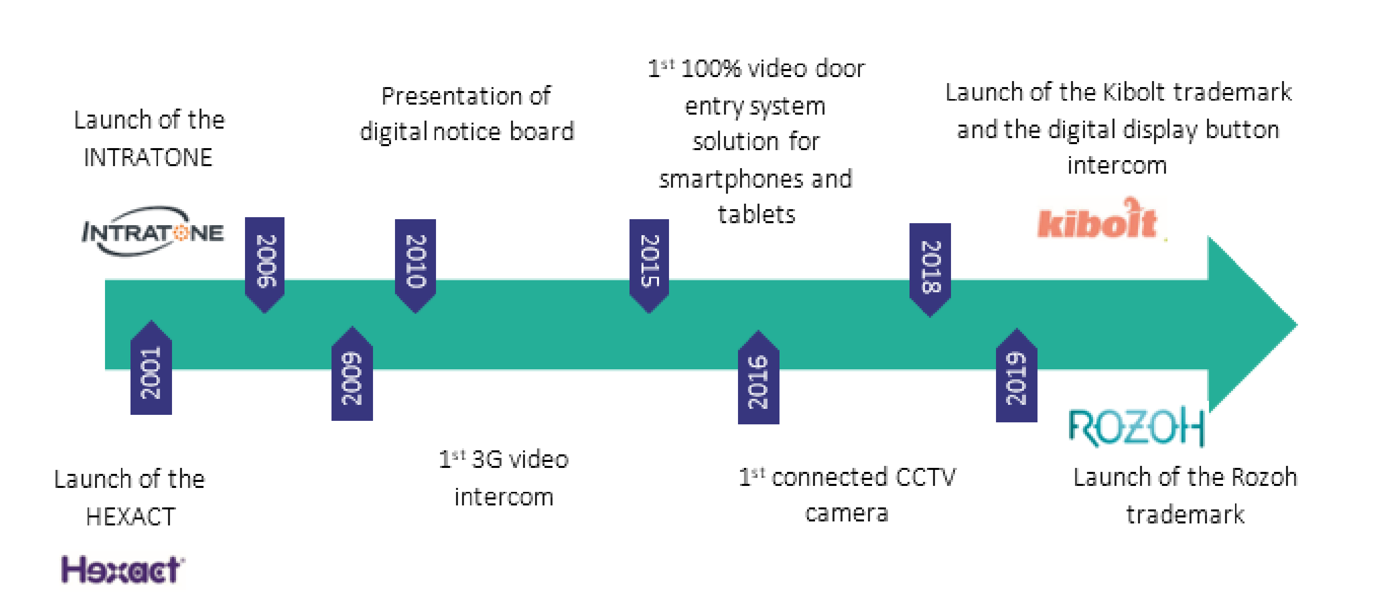
SOFTWARE AND APPLICATIONS

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

SERVICES

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

HISTORY



SOCIAL POLICY AND QUALITY OF LIFE AT WORK

COGELEC makes employees central to the company's success

Freedom for everyone to express their talent

A pleasant and friendly environment

A leading group with dynamic growth

And offers a fulfilling working environment:

- *Relaxation and dining areas*
- *On-site sports activities during lunch break*
- *Flexitime*
- *Wellness breaks (monthly "seated massage" sessions, reflexology, etc.)*
- *Annual Team-building event*
- *New, pleasant working environment*
- *Support for employee sports projects*
- *Company concierge service*
- *Teleworking*

ENVIRONMENTAL APPROACH

By developing new uses

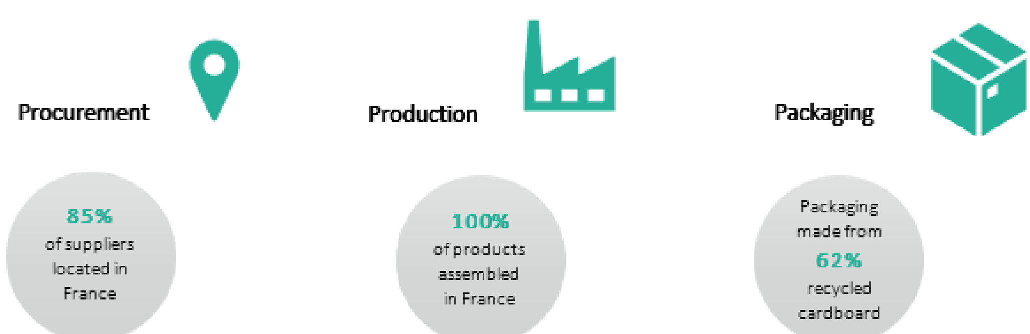
COGELEC develops and designs products that enable the development of new uses and behaviours in keeping with its social and environmental commitment.

This environmental approach is backed by the GSM solution applied to intercom systems, which does not require handsets or wiring in homes when installed.

Each year, 700,000 wired intercom handsets are installed in France; wireless solutions will avoid tonnes of potential copper and plastic waste.

Similarly, the GSM solution offers remote information display and update features that reduce travel to sites and the associated CO² emissions.

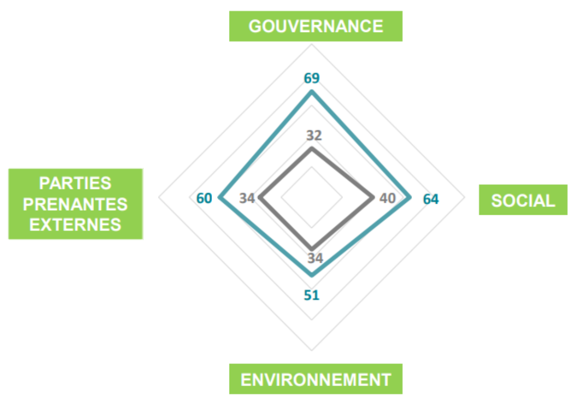
Across the entire product value chain



ESG APPROACH:

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

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



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

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

- Social: With a view to building loyalty and optimising working conditions, COGELEC introduced various QWL measures, and is particularly attentive to developing employees' skills to support its innovative drive.

- Environment: The Group attaches crucial importance to the best maintenance actions to combat obsolescence. Its R&D policy focuses in particular on reducing the consumption of materials, managing and reducing waste, with a constant concern to reduce the environmental footprint of its products.

- **External stakeholders**: The Group prioritises local sourcing and has developed close relationships and partnerships with its suppliers and subcontractors. It focuses its development on high-quality, safe products, while taking into account the changing needs and requirements of its customers.

Rapidly achievable areas for improvement have been identified for the coming financial years, including the establishment of a dedicated body to oversee the various criteria of non-financial performance within the Group. This measure, accompanied by the formalisation of initiatives in various areas, will help build a coherent framework between the many initiatives already being carried out within the Group, while deploying a strategic non-financial vision, also supported by the Company's Board of Directors. A CSR Committee was set up on 26 September 2023, the purpose of which is to explore the sharing of value, in particular the balance between the level of remuneration for all employees, the remuneration of risk-taking by shareholders and the investment needed to ensure the long-term future of the company.

1. Management report

1.1 KEY EVENTS

On 1 February 2023, COGELEC announced a collaborative agreement with KONE to steer the deployment of a new range of connected services combining their two smart technologies, in particular new connected solutions in homes. As part of this new cooperation, COGELEC, under its Intratone brand, and KONE, the world leader in urban mobility solutions, will be rolling out a joint offering for apartment blocks that includes four specific functionalities: connectivity between the entrance hall door and the lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone, and connectivity between the resident and the lift in the event of a breakdown.

On 9 December 2022, COGELEC SA received a notice of an accounting audit covering the 2020 and 2021 financial years. This inspection began in January 2023. On 8 December 2023, the Company received a notice of deficiency interrupting the statute of limitations, covering only the year ended 31/12/2020 in respect of VAT and corporation tax and excluding the 2020 CIR filed in 2021. The restated amounts were accepted by the Company for a total of €10,335 in respect of VAT and €13,973 in respect of corporation tax. This audit is still in progress in respect of the 2020 and 2021 CIR and all taxes for the 2021 financial year.

In order to finance the commercial development of its subsidiaries, COGELEC has made various advance payments in recent years, reduced by debt waivers of €3.6m granted during the year (with a financial recovery clause), giving a cumulative amount of €23.8m as of 31 December 2023. These advance payments have been written down by €21.5m in the parent company financial statements, and relate to receivables from the English and German subsidiaries.
In addition, COGELEC contributed €6m to the distribution costs of its subsidiaries for 2023.

On 14 November 2023, COGELEC announced its partnership with Arkéa Créative Care, an innovative brand specialising in technological services for assisted-living homes for the elderly and nursing homes. This partnership is a response to the challenges of an ageing population and the need to adapt housing to the needs of the elderly. Already deployed in certain assisted-living homes for the elderly and soon to be installed in the Mobicap residences, the combined innovations of Arkéa Créative Care and COGELEC will also find favour with social housing providers and homeowner associations who wish to meet the needs of ageing residents. Easy to use and convenient for people who don't have a smartphone or who are losing their independence, the Intratone intercom connected to the touch-sensitive control unit gives residents peace of mind by providing comfort and security.

At the end of November 2023, the Group decided to reorganise the sales force of its subsidiary in Germany in order to refocus temporarily on a smaller team of field sales representatives. This team will continue to be supported by the various support functions, as the Group wants to consolidate its economic performance in a high-potential market where its ambitions remain immense.

On 22 December 2023, COGELEC acquired a 35% stake (€400k) in the capital of PORTACONNECT, a company that develops a connected solution for the remote monitoring of the operation of automatic doors and gates. PORTACONNECT is managed by a third party from outside the Group, and COGELEC is not involved in the decision-making process. COGELEC has exclusive marketing rights for this solution and benefits from a new diversification in its product range.
PORTACONNECT is accounted for by the equity method in the Group consolidation.

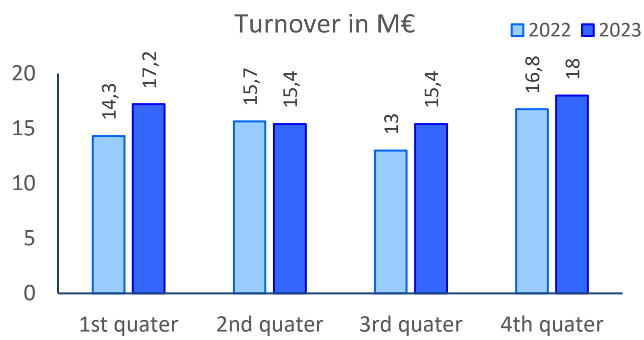
To make sure its Sales and Marketing Director shares the success of the English subsidiary, COGELEC, as the majority shareholder of Intratone UK, transferred to him, by separate deed dated 29 December 2023, 24% of the share capital and voting rights of Intratone UK. The parties also entered into a shareholders' agreement on the same date, which is a major determinant of their consent to transfer 24% of the Company's capital and voting rights.

1.2 INFORMATION ON THE GROUP

1.2.1 2023 ACTIVITY REPORT

Sales

In 2023, the Group maintained its sales momentum in France and Europe, with annual sales growth of 10.5%. Sales can be broken down as follows:



In 2023, in addition to growth on its GSM market, the Group's sales benefited from tariff increases applied during the year.

In €M	2023	2022	Variation %
1st quarter	17.2	14.3	+20.6%
2nd quarter	15.4	15.7	-2.00%
3rd quarter	15.4	13	+18.80%
4th quarter	18	16.8	+7.2%
TOTAL	**66.0**	**59.7**	**+10.5%**

In the 4th quarter, COGELEC's business volume rose by 7.2% to reach €18m. This performance reflects the growth in recurring revenue that underpins the COGELEC model, as well as the growth in Intratone's market share with housing providers, property developers and homeowner associations.

Human Resources

In 2023, the Group will have an average workforce of 335 employees, including 59 in the 3 subsidiaries. The number of employees rose by 22, reflecting in particular the staff reinforcement in the Group's sales, customer, information system and design divisions as a direct result of the strong growth in the Group's business.

1.2.2 CONSOLIDATED SALES

Sales for the year came to €66m, up 10.5% on 2022. In a generally tight market, COGELEC is continuing to make the most of its subscription model, which is generating increasingly high recurrent sales.

In France, sales rose by 10.4% to €57,4m. In Europe, sales rose by 11.1% to €8,6m.

In thousands of €	31/12/2023	31/12/2022
Equipment sales	45,999	43,122
Sales of services	20,001	1,661
TOTAL	**66,000**	**59,731**

In thousand sof €	31/12/2023	31/12/2022
France	57,436	52,022
Export	8,564	7,709
TOTAL	**66,000**	**59,731**

Subscriptions continued to grow, reaching €20m (+20.4%) and accounting for 30.3% of total sales in 2023. The churn rate remains very low. Intratone's offering has seen further market share gains, with nearly 286,000 more homes subscribing in 2023. A total of 2,142,000 homes in France and Europe use the COGELEC Group's wireless intercom solution.

1.2.3 KEY INDICATORS

Gross margin

Despite major price fluctuations on the global market for raw materials and electronic components, consolidated gross margin increased slightly, remaining above 65% for the 4th year running, confirming the resilience of the business model. This stability is explained by good anticipation of component purchases, which helped contain the impact of higher supplier prices magnified by a negative effect of the dollar and by a rise in the prices of equipment and services sold, as well as an additional margin contribution from subsidiaries.

In thousands of €	31/12/2023	31/12/2022
Turnover	**66,000**	**59,731**
Other operating revenue	24	16
Purchases used	-22,627	-20,158
Change in inventories of goods in progress and finished goods	-11	-752
GROSS MARGIN	**43,385**	**38,838**
As a percentage of turnover	*65.7%*	*65.0%*

EBITDA

Against a backdrop of economic turmoil, the Group posted a substantial increase in EBITDA, while continuing to invest in its subsidiaries.

In thousands of €	31/12/2023	31/12/2022
Operating profit / loss	**4,784**	**2,345**
Depreciation allowance	4,861	4,368
Impairment of assets net of write-backs	526	419
EBITDA	**10,171**	**7,133**
As a percentage of turnover	*15.4%*	*11.9%*

1.2.4 CONSOLIDATED INCOME STATEMENT

As of 31 December 2023, the Group's operating profit before non-recurring items was €5,083k, compared with €3,529k the previous year. This clear improvement in operating profit is mainly due to the increase in gross margin driven by business volumes and tight control of current operating expenses.

In thousands of €	31/12/2023	31/12/2022
Turnover	**66,000**	**59,731**
% change in turnover	+10.5%	+15.9%
Current operating profit / loss	5,083	3,529
Operating profit / loss	4,784	2,345
Income tax	-595	-2,035
Consolidated net profit / loss	**4,511**	**-292**

1.2.5 FINANCIAL STRUCTURE

The balance sheet total was €88.91m as of 31 December 2023, compared with €85.58m as of 31 December 2022.

Simplified balance sheet as at 31 December 2023

ASSETS in thousands of €	31/12/2023	31/12/2022
Intangible assets	7,177	7,307
Property, plant and equipment	13,374	1,295
Investments in associates	400	
Other financial assets	506	611
Other non-current assets	7,119	6,355
Total non-current assets	**28,576**	**27,222**
Inventories and work in progress	16,028	16,011
Trade receivables	16,445	14,977
Other current assets	4,035	3,935
Current tax assets	1,336	
Cash and cash equivalents	22,489	23,439
Total current assets	**60,333**	**58,361**
TOTAL ASSETS	**88,909**	**85,584**

LIABILITIES in thousands of €	31/12/2023	31/12/2022
Total equity	**7,909**	**7,069**
Borrowings and long-term	17,402	21,268
Provisions for pension benefits	408	372
Other long-term provisions	1,673	1,684
Other non-current liabilities	34,712	30,265
Non-current tax liabilities	615	291
Total non-current liabilities	**54,810**	**53,880**
Borrowings and long-term	7,030	5,649
Trade payables	6,136	5,448
Other current liabilities	12,921	12,145
Current tax liabilities	103	1,392
Total current liabilities	**26,190**	**24,635**
TOTAL LIABILITIES	**88,909**	**85,584**

Fixed assets and investments

The Group invested €5.8m in 2023.
Intangible investments accounted for 41.1% of capital expenditure, or €2.4m. They correspond with development costs for new products or technologies and investments in IT solutions. In addition, tangible investments in 2023 include in particular the final designs for the Mortagne-sur-Sèvre building extension programme, which began in 2020, as well as tooling for new products.

Main investments in €K	31/12/2023	31/12/2022
Intangible assets	**2,404**	**2,581**
O/w development costs	4	59
O/w intangible assets in progress	1,885	1,947
O/w other intangible assets	515	575
Property, plant and equipment	**3,444**	**3,763**
O/w property complexes	68	663
O/w assets in progress	589	828
O/w machinery and equipment	558	571
O/w other property, plant and equipment	2,229	1,702
Total investments	**5,848**	**6,344**

Shareholders' equity

As of 31 December 2023, Group shareholders' equity stood at €7.909m, compared with €7.069m as of 31 December 2022, an increase of €0.84m.

1.2.6 NET FINANCIAL DEBT

As of 31 December 2023, gearing (net debt to equity ratio) was 24%, compared with 49% as of 31 December 2022.

In thousands of €	31/12/2023	31/12/2022
Long-term portion of financial debt	17,402	21,268
Short-term portion of financial debt	7,029	5,648
Debts due within one year and bank overdrafts	1	1
Total gross debt	**24,432**	**26,918**
Cash and cash equivalents	22,489	23,439
	0	0
TOTAL NET DEBT	**1,943**	**3,479**

1.2.7 CASH FLOW

Cash and cash equivalents fell by €0.96m. The Group's business continued to generate substantial operating cash flow, which enabled it to repay borrowings, in particular the first instalments of the PGE (State-guaranteed loan), buy back its own shares and support the development of its subsidiaries.

In thousands of €	2023	2022
Opening cash position	23,438	18,763
Closing cash position	22,488	23,438
Change in foreign exchange unrealised gains	-5	97
Change in cash and cash equivalents	-955	4,771

1.3 COMPANY INFORMATION

1.3.1 COGELEC TURNOVER

COGELEC's sales increased by 9.7% to €62.785m as of 31 December 2023, compared with €57.246m as of 31 December 2022.

1.3.2 INCOME

As of 31 December 2023, operating loss was €0.554m, down sharply (-€6.956m) on the previous year, due to the inclusion of a €6m contribution to the distribution costs of its subsidiaries and debt write-offs of €3.6m for two of its subsidiaries. However, net profit for the 2023 financial year was €2.231m, with net financial income of €3.137m, made up of €1,607k in write-backs of receivables relating to investments in subsidiaries and €1,172k in interest on subsidiaries' current accounts.

1.3.3 RESEARCH AND DEVELOPMENT ACTIVITY

Information on research and development

In keeping with its strategy, the Company continues to invest in innovation, product improvement and new product development. The development teams are spread across two design offices and represent 18% of the Group's workforce. The main R&D areas are technical innovation, the development of new products, services and concepts, and the upgrading of existing ranges.

New products

In 2023, a key safe was added to the range of video intercom products. The communicating key safe makes it easy to manage and store keys to technical rooms or communal areas. Identified with an electronic key fob, it provides real-time information on who borrowed the keys to the premises and when.

The “intratone.fr” website was completely redesigned in 2023 with the launch of a brand new website in December. With a new tree structure and a new graphic design, the new “intratone.fr” website is much more modern and easier to navigate. Designed to facilitate access to information for all our customers, the new website showcases Intratone's services: programming, technical service, training, while also dedicating a page exclusively to residents with an Intratone intercom or access control solution.

Intratone also attended all major national events in the collective housing sector: HEXPO, the co-ownership exhibition, ARTIBAT and also the SILVERECO trade fair in Cannes, where COGELEC won the jury's *Coup de Coeur* award in the “Housing and home services” category for its product, the KIBOLT connected multipoint lock.

At the end of 2023, COGELEC became a QUALIOPI training organisation. This certification will enable COGELEC to train its customers in all its intercom and access control products, as well as in its remote management tools.

Information on patents and licences

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

At the end of the 2023 financial year, the Company held 59 valid patent families, 36 trademarks and 32 designs. During the 2023 financial year, the Company filed for 6 patents.

None of the patents is individually strategic for the Company and therefore does not entail any notable dependence.

1.3.4 NON-TAX DEDUCTIBLE EXPENSES

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

- Non-deductible vehicle leases of €247.5k, and the corresponding tax of €61.9k;
- Company vehicle tax of €23.1k and the corresponding tax of €5.8k;
- Non-tax-deductible remuneration of directors of €0

1.3.5 INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TIMES

Invoices received and issued but not paid as of 31 December 2023 break down as follows:

	Invoices received but not paid as 31 December 2023 and overdue						Invoices issued but not paid as 31 December 2023 and overdue					
In days	0	1 à 30	31 à 60	61 à 90	91 and more	Total (1 and more)	0	1 à 30	31 à 60	61 à 90	91 and more	Total (1 and more)
Late payment slots												
Number of invoices concerned	18	43	7	9	25	**84**	1 267	1 844	843	362	1 806	**4 855**
Amount of invoices concerned (incl. VAT in €K)	41	287	-26	-8	-6	**247**	2 165	374	90	95	131	**690**
% of total amount of purchases for the financial year (incl. VAT)	0,09%	0,60%	-0,05%	-0,02%	-0,01%	**0,51%**						
% of turnover for the financial year (incl. VAT)							2,19%	0,38%	0,09%	0,10%	0,13%	**0,70%**
Excluded invoices relating to disputed or unrecognised debts and receivables												
Number of excluded invoices	12						24					
Total amount of excluded invoices (incl. VAT in €k)	32						39					
Reference payment terms used (contractual or legal - Article L443-1 of the Code de commerce [French Commercial Code])												
Payment terms used to calculate late payments	Contractual terms : 30 days end of month Legal terms : 60 days from invoice issue date						Contractual terms : receipt of invoices and 45 days end-of-month Legal terms : 30 days from the date of performance of the service					

1.4 STOCK MARKET INFORMATION

1.4.1 COGELEC SHARE MARKET

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

The number of outstanding shares was 8,898,048 as of 31 December 2023.

1.4.2 CHANGE IN SHARE PRICE IN 2022

The share price as of 31 December 2023 was €7.25.

Month	Highest price	Lowest price	Latest price
January 2023	7.00	6.68	6.84
February 2023	7.16	6.80	6.96
March 2023	7.16	6.96	7.14
April 2023	7.20	7.00	7.05
May 2023	7.35	7.05	7.25
June 2023	7.90	7.25	7.90
July 2023	8.10	7.80	7.90
August 2023	8.20	7.85	7.95
September 2023	8.00	7.50	7.55
October 2023	7.70	7.30	7.55
November 2023	7.60	7.35	7.35
December 2023	7.50	7.10	7.25

1.4.3 SHARE BUYBACKS

Summary of purchases and sales of shares for the 2023 financial year

During the 2023 financial year, the Company purchased and resold COGELEC shares under a liquidity agreement entered into on 25 June 2018 with Louis Capital Markets UK LLP and a share buyback agreement dated 30 October 2018 also with Louis Capital Markets UK LLP, on the basis of which the Board of Directors, meeting on 16 November 2022, implemented a new share buyback programme to cover future free share allocation plans, with the buybacks being carried out by TP ICAP MidCap, appointed for this purpose. Details of these purchases and sales are given below.

This share buyback programme, which expired on 23 December 2023, was renewed on the same terms by the Board of Directors on 26 March 2024, in accordance with the authorisation granted by the 9th resolution approved by the General Meeting of Shareholders of 22 June 2023. As a reminder, the maximum number of shares that may be bought back by the Company may not exceed 10% of the share capital on the date of such purchases. The maximum price at which the Company may purchase its own shares may not exceed €23.50 per share and the total amount allocated to this programme may not exceed €5,000,000.

	Number of shares	Value of shares
Shares held on 31/12/2023	548,403	€3,416,871
Shares acquired in 2023	170,769	€1,214,912
Shares sold in 2023	23,817	€176,030

The share buyback programmes launched in 2018 and 2022 (renewed in 2024) to cover free share allocation plans resulted in the repurchase of 380,160 and 70,512 shares respectively as of 31 December 2023.

During the 2023 financial year, the Company did not allot, cancel or reallocate any shares.

Dividend per share

In accordance with the provisions of Article 243 bis of the French Tax Code, dividends distributed in respect of the previous three financial years were as follows:

Financial year	Number of shares	Net dividends per share
2020	8,898,048	0
2021	8,898,048	0
2022	8,898,048	0.29

1.5 SUBSIDIARIES AND EQUITY INTERESTS

The Company holds 100% of the capital and voting rights of INTRATONE GMBH, based in Düsseldorf. In 2023, INTRATONE GMBH continued to develop and its workforce was reduced. This subsidiary does not hold any interests in the Company or any other company. As of 31 December 2023, the share capital of INTRATONE GMBH was €25k.

A second subsidiary, INTRATONE Ltd, 76%-owned by the Company and 24%-owned by the Sales and Marketing Director (sold on 31 December 2023), was set up in London in February 2018. In 2023, this Company continued to develop and its headcount increased slightly. This subsidiary does not hold any interests in the Company or any other company. As of 31 December 2023, the share capital of INTRATONE Ltd was £100.

A third subsidiary, INTRATONE BV, wholly owned by the Company, was created in Amsterdam in October 2018. In 2023, this company continued to develop, and its headcount was slightly down. This subsidiary does not hold any interest in the Company or any other company. As of 31 December 2023, the share capital of INTRATONE BV was €10k.

At the end of the year, the Group acquired a 35% minority stake in Portaconnect, which develops a connected solution for remotely monitoring the operation of automatic doors and gates. COGELEC has exclusive marketing rights for this solution and benefits from a new diversification in its product range.

The financial statements of the subsidiaries for the period are summarised as follows:

Companies	Consolidation method	Sales excl. VAT	Income/(loss) for the year
INTRATONE GMBH	IG	€1,543 K	€1,011 K
INTRATONE UK	IG	£2,191 K	£ (70) K
INTRATONE BV	IG	€3,181 K	€1,801 K
PORTACONNECT (1)	MEE	€77 K	€(30) K

(1) Portaconnect's first accounting period covered 14 months.

There are no cross-shareholdings within the Group.

1.6 BRANCHES

The Company has no branches.

1.7 POST-BALANCE SHEET EVENTS AND OUTLOOK

1.7.1 POST-BALANCE SHEET EVENTS

Using the authorisation granted by the 9th resolution of the General Meeting of the Company's shareholders held on 22 June 2023, the Board of Directors decided at its meeting on 26 March 2024 to renew the share buyback programme implemented on 16 November 2022 on the same terms, for the purpose of covering future free share allocation plans, for a period of 18 months from the date of the said General Meeting, i.e. until 22 December 2024.

At its meeting on 26 March 2024, the Board of Directors also used the authorisation granted by the 16th resolution of the Company's General Meeting of 22 June 2023 to set up several free share allocation plans for the benefit of certain employees of the Company and, more generally, of the Group, including:

(i) Members of the Group Management Committee, up to a maximum of 120,000 shares, representing 1.35% of the Company's share capital on the grant date (“**Plan no. 2024-01**”);

(ii) The local managers of the Group's subsidiaries, up to a maximum of 60,000 shares, representing 0.67% of the Company's share capital on the grant date, divided into 20,000 shares each between the manager of the Group's UK division (“**Plan no. 2024-02-01**”), the manager of the Group's German division (“**Plan no. 2024-02-02**”) and the manager of the Group's Dutch division (“**Plan no. 2024-02-03**”);

(iii) Certain high-potential employees and key contributors to the Group, up to a maximum of 250,000 shares, representing 2.81% of the Company's share capital on the grant date (“**Plan no. 2024-03**”).

All these plans are subject to a 40-months vesting period (with no holding period) and to presence and performance conditions, with the aim of growing the Company and creating value for its shareholders.

The purpose of these plans is to strengthen existing links between the Company and the relevant Group employees by offering them the opportunity to be more closely involved in the future development and performance of the Company and, more generally, of the Group.

For the Company, these plans represent a reduced cost in terms of incentive instruments and, for shareholders, a controlled dilutive effect.

The shares issued at the end of the vesting period may be new ordinary shares or existing shares acquired under the Company's share buyback programme, as described in section 1.4.3 of the Management Report.

1.7.2 OUTLOOK

Backed by a range of highly innovative products and services consistent with emerging needs in the field of access control, COGELEC is looking forward to another year of double-digit growth in its business for the current financial year, accompanied by an improvement in profitability.
A promising start to the year is expected internationally following the transformation of the subsidiaries' sales organisation.

The effective start of Kibolt’s sales operations has been confirmed for May 2024, which will help gradually drive sales in France in the second half of the year.

1.8 RISK MANAGEMENT

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

The Executive Management has reviewed the risks that could have a material adverse effect on its business, financial position or results (or on its ability to achieve its objectives) and considers that no other significant risks have been identified as at the date of this annual financial report.

In accordance with the provisions of article L. 225-100-1 of the French Commercial Code, in addition to the main risks presented below, you will find a presentation of interest rate, currency and liquidity risks in section “3. CONSOLIDATED STATEMENTS NOTE 3.6.2 Assessment of risk factors” of this annual financial report.

In accordance with the provisions of Regulation (EU) no. 2017/1129 (known as the “Prospectus III” Regulation) and Delegated Regulation (EU) no. 2019/980, this section presents only those risks that are specific to the Company and the Group and that are material to making an informed investment decision. In each risk category, the most significant risks are presented first.

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

- Presentation of the gross risk, as it exists in the context of the Company's activity;
- Presentation of the steps taken by the Company to manage this risk.

Applying these measures to the gross risk enables the Company to analyse a net risk. The Company has assessed the degree of criticality of the net risk, which is based on the combined analysis of two criteria: (i) the probability of the risk occurring and (ii) the estimated magnitude of its negative impact. The degree of criticality of each risk is set out below.

Synthetic table:

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

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

The Group does not operate in the countries affected by the war in Ukraine, which began in February 2022, and has not been directly impacted to date, although it is not possible to put a precise figure on the potential impact due to the unpredictability of developments in this crisis.

Nevertheless, the Company remains vigilant about preserving margins and maintaining business, given the potential impact of inflation, supply chain disruptions and rising interest rates in a geopolitical and economic environment that remains uncertain.

In view of these factors, the Company considers the net criticality of this risk to be low.

Risks associated with the Company's business and market

RISKS ASSOCIATED WITH DEPENDENCE ON TELEPHONE SERVICE PROVIDERS

Because of the nature of its business, the Company is dependent on its relationship with telephone service providers and the contracts it enters into with them (contracts are currently in force with Orange, SFR and Bouygues Télécom).

As a result of its dependence on the above-mentioned telephone service providers, the Company has identified the following risks, which could have a material adverse effect on the Company, its business, financial situation, results, development and outlook:

- Loss of telecommunications operator's licence by one or more service providers;
- Loss of one or more frequencies by one or more service providers;
- Unavailability of one or more networks at the same time;
- Deterioration of existing networks and/or of the quality of services linked to these networks;
- Termination of a contract concluded with the Company, by one service provider or simultaneously by several service providers;
- Significant increase in the pricing conditions negotiated with one or more service providers.

To limit the impact of these risks, the Company has chosen to sign agreements with several service providers rather than just one. This means that the Company can replace one service provider with another depending on the specific needs of its projects.

In addition, the risk associated with a possible increase in the pricing conditions negotiated with one or more service providers is mitigated by the Company's ability to pass on such increases to its end customers.

The Company considers that the degree of criticality of this net risk is moderate, given that:

- Dependence on telephone service providers is extremely high;
- Although dependence on telephone service providers is mitigated by spreading the risks associated with this dependence across a number of providers, several providers could be facing the risks described above at the same time (e.g. unavailability of several networks at the same time, loss of frequencies by several service providers, degradation of existing networks managed by several different service providers).

RISKS ASSOCIATED WITH TECHNOLOGICAL FAILURES

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

The Company has put in place measures (security systems, data back-up procedures, access protection and contingency plans) to ensure the reliability and security of its IT systems, both for internal IT resources (design office, sales, marketing, production and accounting) and for external IT resources, with a view to ensuring business continuity should any of the above-mentioned risks occur.

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The Company has put in place security measures to deal with any failures that may occur. However, preventing such technological failures depends on the expertise of third-party organisations the core business of which is this activity;
- If in the future the Company is unable to cope with any of the risks associated with the management of IT systems, its business, results, financial situation, development and outlook could be adversely affected.

RISKS ASSOCIATED WITH DEPENDENCY ON SUBCONTRACTORS

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

The Company ensures that its subcontractors have sufficient material and human resources to keep pace with its developments and/or diversify its sources of supply. Despite these measures, the Company could be faced with delivery times that are longer than originally planned. Such a delay could in turn lead to a delay in sales of the products in question.

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

The Company is currently planning to double the number of its subcontractors, in order to limit the risks inherent in production and to have additional production capacity, which may or may not be used, in whole or in part, depending on the speed of its future development.

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The Company cannot guarantee that its subcontractors will continue to do business with it over the long term or maintain an operational level consistent with its needs, and in the event of subcontractor failure, the Company may not be in a position to replace them quickly;
- The events described in this section could have a significant negative impact on the business of all of the Company's subcontractors at the same time, despite the large number of subcontractors used by the Company.

SUPPLIER DEPENDENCE RISKS

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

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

The occurrence of one or more of these risks could have a material adverse effect on the Company, its business, financial condition, results of operations, development and outlook. The Company considers the degree of criticality of this net risk to be moderate, given that:

- The Company cannot guarantee that its suppliers will continue to do business with it over the long term or that they will maintain an operational level consistent with its needs. In the event of supplier failure, the Company may not be in a position to replace them quickly;
- The events described in this section could have a significant negative impact on the business of all the Company's suppliers.

RISKS ASSOCIATED WITH DEPENDENCE ON KEY PERSONS

The Group relies on key members of Management and other staff. As such, any departure of such members of Management or staff could cause damage to the Group's business.

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

The Company's inability to attract and retain these key people could prevent it from achieving its objectives and thus have a material adverse effect on its business, results, financial situation, development and outlook.

The Company considers the degree of criticality of this net risk to be moderate, given that the occurrence of the events described in this section could have a significant negative impact on the Company (failure to achieve the Company's objectives, disorganisation, impact on sales and profitability).

COMPETITION-RELATED RISKS

COGELEC faces active competition, mainly on price but also on its ability to provide GSM services. Innovations by competing companies could affect the Company's future growth. Generally speaking, it is highly likely that the vast majority of market players will launch systems similar to those developed by the Company in the short term.

In response, COGELEC is investing heavily in innovation.

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

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The effectiveness of the steps taken by the Company to deal with the tougher competitive environment in which it operates may be reduced (in the event of delays in the development of innovative projects or in the event of the development of new products competing with those offered by the Company);
- The events described in this section could have a significant negative impact on the Company (impact on the Company's sales and profitability).

RISKS OF TECHNOLOGICAL BREAKTHROUGH

Innovative technologies under development that are potentially more effective, safer and/or less costly, or other techniques that are not yet known, could be marketed at some time in the future.

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

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

The Company considers the degree of criticality of this net risk to be moderate, given that the occurrence of the events described in this section could have a significant negative impact on the Company (impact on the Company's sales and profitability).

REPUTATIONAL RISK

The Company's reputation is essential to the presentation of its products and services, as well as to its strategy of building customer loyalty and gaining access to new markets. The Company's success over the next few years will be largely dependent on its reputation and reliability in terms of the quality of the products and services it provides. This reputation has already enabled the Company to consolidate its market share and has been instrumental in its development.

The Company could be weakened if a bad experience by one or more customers were to spread online or via other information channels such as social media, a phenomenon that is extremely difficult to control.

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The Company believes that criticism of the Company is likely, but that it will be able to respond effectively by monitoring Internet tools and social media;
- The events described in this section could have a negative impact on the Company (damage to the Company's reputation, loss of attractiveness of the Group's products, impact on the Company's sales and profitability).

RISKS ASSOCIATED WITH INTERNATIONAL DEVELOPMENT

International expansion is an important part of the Company's growth strategy. To extend its leadership in Europe, the Company, which offers its solutions in 10 European countries, has set up its first foreign subsidiaries in Germany (Düsseldorf), the United Kingdom (London area) and the Netherlands (Amsterdam). The international scope of the Company's activities is a complex factor that increases the risks inherent in its business. Various risks are associated with this international expansion, including:

- Subjection to different legal and regulatory requirements, taxation or commercial laws;
- Possible occurrence of unexpected changes in the legal, political or economic framework of the countries in which the Company sources or sells its products;
- Difficulty in identifying, recruiting and retaining talented and skilled employees in foreign countries;
- Need to adapt product offerings to the local market and to adapt to local practices and different cultural standards, and need to be competitive with other players who may have a better knowledge of the local market;
- Differences in social regulations from one country to another;
- Limitations on the Company's ability to reinvest profits from its operations in one country to finance the capital requirements of its operations in other countries;
- Fluctuations in exchange rates against the Euro for the Company's activities outside the Euro zone);
- Increase in costs linked to the Company's international presence;
- Changing regulations from one country or region to another in terms of data security and unauthorised access to and use of commercial and personal information;
- Limited or unfavourable intellectual property protection in some countries.

Furthermore, although the Company is no longer feeling the effects of the health crisis linked to Covid 19, as business has now returned to normal, the Group may once again be exposed to the risk of a pandemic like Covid 19 in 2020 and 2021, particularly given its growing international presence.

The Company considers the degree of criticality of this net risk to be moderate, given that the events described in this section could have a negative impact on the Company (damage to the Company's reputation, loss of attractiveness of the Group's products, impact on the Company's sales and profitability, as well as on its development and prospects).

Legal risks

INTELLECTUAL PROPERTY RISKS

The Company currently holds 59 patent families, 36 trademarks and 32 designs. It has also obtained several licences to use the VIGIK brand for products that it designs, manufactures and sells. The Company's success depends, among other things, on its ability to obtain, maintain and protect its patents, trademarks and designs, and other intellectual property rights or similar rights (such as trade secrets and know-how).

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

Furthermore, in the context of its development projects, the Company cannot be certain that the confidentiality of its unpatented technologies or its industrial secrets will be effectively guaranteed by the safeguards in place, and that in the event of a breach, satisfactory remedies will be available. In such cases, the Company requires confidentiality agreements to be signed (particularly in the context of partnership agreements). Proprietary technologies, processes, know-how and data that are not patented and/or cannot be patented are considered to be trade secrets, which the Company seeks to protect in part by means of confidentiality agreements, where appropriate.

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

However, in order to limit the above-mentioned risks, the Company always kicks off an R&D project by analysing the state of the art, in particular with a review of existing patents which could be relevant to the project, to ensure that, if it succeeds in removing the technological barriers identified, the Company will have the freedom to exploit its innovation. Once the patents have been approved, the Company launches its new products and services on the market.

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The number of patents filed in its business sector is very large, with high levels of technical complexity on closely related technologies, which increases the likelihood of facing claims for unauthorised use of third-party patents;
- The events described in this section could have a significant negative impact on the Company (loss of competitive advantage, impact on the Company's sales and profitability, risk of litigation).

Financial risks

RISK ASSOCIATED WITH FINANCING NEEDS

To date, the Company's annual cash requirements have been met by means of capital increases, public funding for innovation (BPI repayable advance), Research Tax Credit, Innovation Tax Credit and bank loans.

The Company will continue to have significant financing needs for the development and marketing of its products. The Company could find itself unable to finance its own growth, which would lead it to seek new sources of financing, in particular through bank loans with a leverage effect, through the issuance of financial instruments classified as financial liabilities or through the issuance of new shares.

The Company's ability to raise additional funds will depend on financial, economic and market conditions and other factors over which it has little or no control. In addition, the Company cannot guarantee that additional funds will be made available when required and, where appropriate, that such funds will be available on acceptable terms.

If the necessary funds were not available, the Company might have to limit the development of new products or delay or abandon selling on new markets.

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

The Company considers the degree of criticality of this net risk to be moderate, given that:

- The Company is taking steps to obtain the financing it needs to develop its business;
- The events described in this section could have a significant negative impact on the Company (hindering the development of the Company's business, impacting the Company's sales and profitability).

1.8.2 INSURANCE AND RISK COVERAGE

The Company has put in place a policy of covering the main insurable risks with coverage limits it considers compatible with the nature of its business.

The expenses borne by the Company in respect of all insurance policies amounted to €175k for the year ended 31 December 2022 and €212k for the year ended 31 December 2023.

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

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

Details of the policies taken out are given in section 4.8 of the Company's information document, which is available on the Company's website.

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

1.9.1 INTERNAL CONTROL OBJECTIVES

The internal control system implemented by Group companies is designed to ensure that:

- Laws and regulations are complied with,
- The instructions and guidelines laid down by the Executive Board are applied,
- The processes are running smoothly, particularly those designed to safeguard assets,
- Financial information is reliable, and
- Generally speaking, the system contributes to the control of activities, the effectiveness of operations and the efficient use of resources.

As with any control system, it cannot provide an absolute guarantee that all risks are under control. Its primary aim is to reduce the likelihood of their occurrence and their potential impact, through the deployment of appropriate actions.

1.9.2 PREPARATION OF FINANCIAL INFORMATION

Planning, steering and reporting process

The budget preparation and monthly monitoring procedures are as follows:

- At the end of the year, the Executive Board prepares a detailed budget for the following financial year. This budget is then presented to the Board of Directors.
  A monthly meeting of the Executive Committee is held to monitor and measure variances against the budget and to determine the corrective actions to be implemented.

Account closing procedures

The Group prepares a monthly statement of certain key indicators and a half-yearly closing of its full consolidated accounts. These operations are carried out by the accounting firm that has supported the Company since it was founded.

A chartered accountant prepares the tax return, the consolidated financial statements and the IFRS consolidation package. The accounts are then audited by the statutory auditors and approved by the Board of Directors.

Applicable standards

Generally speaking, all the Company's accounting options are defined by Management and then discussed with the Statutory Auditors. The Group's consolidated financial statements are prepared in accordance with IFRS. The Company's financial statements are prepared in accordance with French GAAP.

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

The information contained in the management report is set out in full in various sections of this document:

- Interest rate and currency hedging policy and risk factors - section 3.6.2 of the chapter on the consolidated financial statements;
- Information on corporate governance - section 2.1 of the chapter on the report on corporate governance;
- Table of results for the last 5 financial years - section 4.4 of the chapter on the Company's annual financial statements;
- Information on capital, shareholders and own-share transactions - section 2.4 of the chapter on the report on corporate governance;
- Employee share ownership as at the last day of the financial year - section 2.4.10 of the chapter on the report on corporate governance.

2. REPORT ON CORPORATE GOVERNANCE

2.1 CORPORATE GOVERNANCE

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

- The composition, operation and powers of the Board;
- The conditions under which the Board's work is prepared and organised;
- The remuneration of corporate officers;
- Agreements between a director or a significant shareholder and a subsidiary;
- Arrangements for shareholder participation in General Meetings.

Since June 2018, the Company has referred to the Middlenext Corporate Governance Code. The Code is available at www.middlenext.com.

Furthermore, in accordance with recommendation R22 of the Middlenext Code updated in September 2021, the Board of Directors has taken note of the items presented in the "points to watch" section, which are essential provisions of the Code, and declares that it reviewed them when preparing this report.

All the recommendations in the Code were studied and the Company complies with them or provides detailed explanations.

For the year ended 31 December 2023, in addition to the information contained in this report, the status of application of the recommendations of the Reference Code is as follows:

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

(1) In accordance with recommendation R2 of the Middlenext Code updated in September 2021, article 9. 4 in the Board of Directors' rules of procedure provides for a procedure for disclosing and monitoring conflicts of interest, which consists of the secretary in charge of preparing the minutes of the Board of Directors, at the beginning of each Board meeting held to approve the annual financial statements, openly asking all the directors whether or not they are in a situation of conflict of interest, and reminding them of their duty, where applicable, to abstain from taking part in deliberations or voting. If there is any doubt as to whether or not there is a conflict of interest, the directors who are not concerned may deliberate and vote by a show of hands on whether or not the director in a conflict of interest should be removed from the meeting room. In the event of a tie, the independent director will have the casting vote. In addition to reinforcing the disclosure of such conflicts, and to ensure that they are monitored, the Board of Directors will meet annually to take stock of the existence of such conflicts of interest and, where appropriate, manage them..

(2) Lydie Delebarre's term of office expired at the 2023 Annual General Meeting. At this meeting, shareholders approved the appointment of two new independent directors: Brigitte Geny and Dominique Druon. The Company therefore complies with recommendation R3 of the Middlenext Code updated in September 2021.

(3) In accordance with recommendation R5 of the Middlenext Code updated in September 2021, article 11 of the Board of Directors' rules of procedure provides for a training plan for directors, which consists of (i) granting all directors who so request a maximum of 3 days' training during their term of office on specific financial and legal topics, and (ii) organising an annual visit to one or more COGELEC Group sites to train them and make them aware of the Company's operational activity.

(4) In accordance with recommendation R8 of the Middlenext Code updated in September 2021, the Board of Directors, meeting on 26 September 2023, decided, in view of the appointment of Mrs Brigitte Geny and Mrs Dominique Druon and in order to structure the Company's CSR action and commitment, to remove the possibility previously provided for the Board to meet in CSR formation and to create a new specialised committee referred to as “CSR Committee”. Similarly, the purpose of the CSR Committee's will be to explore the sharing of value, in particular the balance between the level of remuneration for all employees, the remuneration of risk-taking by shareholders and the investments required to ensure the long-term future of the company. The CSR Committee may meet as often as necessary, convened by its Chairman, who will set the agenda for the meetings, taking into account any proposals made by Committee members. Article 10 of the Board of Directors' rules of procedure has therefore been amended. The members of the CSR Committee are Dominique Druon, Brigitte Geny and Patrice Guyet. It is chaired by Brigitte Geny, an independent director.

(5) In accordance with recommendation R14 of the Middlenext Code updated in September 2021, the Board of Directors meeting on 22 April 2024 paid particular attention to negative votes and analysed the votes of minority shareholders on the resolutions of the General Meeting held on 22 June 2023.

(6) In accordance with recommendation R15 of the Middlenext Code updated in September 2021, the Board of Directors, meeting on 22 April 2024, reviewed the report submitted by the Company's Human Resources Department on the policy implemented in terms of equal opportunities and equal pay, as well as diversity and fairness, particularly with regard to gender balance and the results obtained during the financial year ended 31 December 2023. It reviewed the checks and means implemented within the Company to achieve gender balance and equity.

At its meeting of 26 March 2024, the Board of Directors introduced a number of free share allocation plans for the benefit of (i) members of the Group Executive Committee, (ii) local managers of Group subsidiaries and (iii) certain high-potential employees and key contributors to the Group, in order to strengthen the existing links between the Company and the relevant Group employees by offering them the opportunity to be more closely involved in the future development and performance of the Company and, more generally, of the Group. These plans have a vesting period of 3 years (with no holding period), as well as a presence condition and performance conditions.

2.1.1 THE BOARD OF DIRECTORS

Composition of the Board of Directors

Since 22 June 2023, the Board of Directors has comprised five members, as follows:

First Name, Surname, position	Independent Member	Date of 1st appointment	Expiry of the mandate	Strategy committee	CSR committee	Experience & expertise contributed
Roger LECLERC, CEO	No	April 23, 2018	2024 GM approving the 2023 accounts	Chair		Chief Executive Officer since the creation of the Company Research and development
Brigitte GENY	Yes	June 22, 2023	2026 GM approving the 2025 accounts	Member	Chair	Member of the Finance, Audit and Risk Management Committees
Dominique DRUON	Yes	June 22, 2023	2026 GM approving the 2025 accounts	Member	Member	Director and member of the Executive Committee, corporate governance consultant for listed companies
Patrick FRUNEAU	No	April 23,2018	2025 GM approving the 2024 accounts	Member		Technical expertise Research & development
Patrice GUYET	No	April 23, 2018	2026 GM approving the 2025 accounts		Member	Production & finance

Table showing the composition of the Board of Directors and its Committees, in accordance with recommendation R3 of the Middlenext Code, updated in September 2021. The maximum term of office is 3 years. Some directors have been appointed for a shorter term, in accordance with the Company's bylaws, to enable their terms of office to be staggered pursuant to recommendation R11 of the Middlenext Code updated in September 2021.

Mr Roger Leclerc's term of office as Director will expire at the 2024 General Meeting called to approve the financial statements for the year ending 31 December 2023. The renewal of his term of office will be put to shareholders for approval for a period of 3 years, and the Board of Directors will be asked to renew his term of office as Chairman and Chief Executive Officer for the duration of his directorship.

The terms of office of Patrice Guyet and Lydie Delebarre expired at the General Meeting of 22 June 2023 called to approve the financial statements for the year ended 31 December 2022. Patrice Guyet's term of office was renewed at the General Meeting of 22 June 2023. The General Meeting of 22 June 2023 also appointed two independent directors, Brigitte Geny and Dominique Druon, to replace Lydie Delebarre for a period of 3 years.

LIST OF MANDATES AND POSITIONS HELD AS OF 31 DECEMBER 2022 BY EACH MEMBER OF THE BOARD OF DIRECTORS

Name	Company	Position/Mandate
Roger LECLERC	COGELEC SA	Chair of the Board of Directors and Chief Executive Officer
	COGELEC DEVELOPPEMENT	Chair
	INTRATONE GMBH	Chair
	INTRATONE UK	Chair
	INTRATONE BV	Chair
	SRC	Chair of HRC, CEO of SRC
	HRC	Chair
	SCI LA CRUME	Manager
Brigitte GENY	COGELEC SA	Director
	FINANCIELLE PERFORMANCE	Chair
	DFCG	Vice-Chair of the Ile-de-France Office and Director
Dominique DRUON	COGELEC SA	Director
	ALIATH	Chair
	CONSTELLA CONSEIL	Chair
	ENTECH SMART ENERGIES	Lead Director
Patrick FRUNEAU	COGELEC SA	Director
Patrice GUYET	SC PRONOIA	Manager
	COGELEC SA	Director

INDEPENDENCE OF THE DIRECTORS

Brigitte Geny and Dominique Druon have been independent directors of the Board since the Annual General Meeting of 22 June 2023. They meet the five criteria for independence set out in recommendation R3 of the Middlenext Code. The Company therefore complies with the Middlenext Code, which recommends that the Board should include at least two independent directors.

ABSENCE OF CONVICTIONS FOR FRAUD

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

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

ABSENCE OF POTENTIAL CONFLICTS OF INTEREST

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

Remit of the Board

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

The Board of Directors:

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

Functioning of the Board

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

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

DUTIES OF THE CHAIR OF THE BOARD OF DIRECTORS

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

FREQUENCY OF MEETINGS

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

The average attendance rate observed during the 4 meetings held during the 2023 financial year was 100%. Meetings of the Board were held, at the invitation of the Chair, at the registered office. In addition, and in accordance with recommendation R6 of the Middlenext Code updated in September 2021, members of the Board regularly and informally exchange views outside meetings.

During the 2023 financial year, the Board reviewed and approved the interim and full-year financial statements, authorised the tacit renewal of the service agreement with HRC S.A.S., amended the Board of Directors' rules of procedure to set up a CSR Committee before appointing the members of said Committee, reviewed the composition of the Strategy Committee and approved the continuation of negotiations as part of the PORTACONNECT project.

NOTICE OF MEETINGS TO DIRECTORS

Directors are convened by e-mail (and given advance notice by telephone). An agenda is attached to the notice of meeting and a working file is emailed prior to the meeting.

INFORMATION FOR DIRECTORS

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

MINUTES OF MEETINGS

Minutes of Board meetings are drawn up at the end of each meeting and approved at the following Board meeting.

2.1.2 COMMITTEES OF THE BOARD OF DIRECTORS

The Board has a Strategy Committee and a CSR Committee. The purpose of these committees is to improve the way the Board of Directors operates and to contribute effectively to the preparation of its decisions.

Strategy Committee

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

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

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

Since 26 September 2023, the Strategy Committee has consisted of four members: Patrick FRUNEAU, Dominique DRUON, Brigitte GENY and Roger LECLERC, who was appointed Chairman of the Committee for the duration of his directorship. Previously, the Strategy Committee had two members, Patrick FRUNEAU and Lydie DELEBARRE, who chaired it.

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

The Strategy Committee met once during the 2023 financial year, on 14 December 2023, to review the Group's strategy, particularly with regard to exports, by clearly explaining the objectives and determining the projects to be undertaken.

CSR Committee

At its meeting of 26 September 2023, the Board of Directors amended article 10 of the Board of Directors' rules of procedure in order to create a legal framework for setting up a CSR committee. Until then, the Board of Directors could meet as a CSR committee (without setting up an ad hoc committee, as the Board of Directors only had four directors).

The role of the CSR Committee is to explore the sharing of value, in particular the balance between the level of remuneration for all employees, the remuneration of risk-taking by shareholders and the investments required to ensure the long-term future of the company. It meets as often as necessary at the invitation of its Chairman.

Since 26 September 2023, the Strategy Committee has comprised three members: Dominique Druon, Brigitte Geny and Patrice Guyet. It is chaired by Brigitte GENY, an independent director. Previously, the Board of Directors could meet as a CSR Committee under the chairmanship of Mr Patrice GUYET who, although not qualified as an independent director, was appointed Chairman because of his in-depth knowledge of the Company.

The CSR Committee met for the first time on 14 December 2023 with the aim of defining the Company's CSR approach based on the CSR actions undertaken to date, and decided to set up a steering committee to define the remaining actions to be undertaken in this area. The Company's management will act as a guideline for defining the Company's CSR approach, which is currently being formalised. At this meeting, the members of the CSR Committee prepared the steps that the company will have to take under Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, or "Corporate Sustainability Reporting Directive" (CSRD), and the first sustainability report that it will have to publish in 2026 in respect of the accounts for the financial year 2025.

2.1.3 GROUP GENERAL MANAGEMENT

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

Chief Executive Officer

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

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

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

- acquiring or disposing of all direct or indirect holdings of the Company in any companies created or to be created, participating in the creation of all companies, groups and organisations, subscribing to all issuances of shares, units or bonds, when the financial exposure of the Company exceeds five million Euros (€5,000,000) for the transaction in question;
- granting all contributions or exchanges relating to goods, securities or stock (excluding any current account contribution by the Company to its subsidiaries), for an amount exceeding five million Euros (€5,000,000);
- in the event of a dispute, entering into any agreements and transactions, accepting any special agreements, for an amount exceeding one million Euros (€1,000,000);
- any acquisition or disposal of properties in excess of three million Euros (€3,000,000);
- granting or contracting of any loans, borrowings, credits and advances by the Company, or for this purpose authorising the Company's subsidiaries, for an amount exceeding five million Euros (€5,000,000);
- acquiring or assigning any receivables, by any means, for an amount exceeding one million Euros (€1,000,000);
- granting all guarantees, sureties and endorsements for an amount exceeding one million Euros (€1,000,000).

Management Committee

The Executive Committee is primarily responsible for implementing the company's vision and strategy. It is, of course, the body where decisions, guided by this vision, are made to optimise the management and growth of the company. It provides a forum for dealing with important issues requiring management decisions, strategic communications, the opportunity to feed back and forth structuring information, as well as a meeting place to analyse key figures for the departments and projects.

It is made up of 5 members:

- Roger LECLERC, Chairman and Chief Executive Officer
- Victor d'ALLANCE, International Development Manager
- Véronique POCHET, Financial Director
- Anne FONTENEAU, Human Resources Director
- Eric NICOLE, Technical Director

2.2 INFORMATION ON REMUNERATION

2.2.1 REMUNERATION OF EXECUTIVE CORPORATE OFFICERS

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

	Remuneration paid in respect of 2022	Remuneration paid in respect of 2023
Fixed	€300k	€300k
Variable	None	€253k
Exceptional	None	None
Total	**€300k**	**€553k**

The performance targets (EBITDA of at least €10m) on which activation of Roger Leclerc's variable portion was conditional were achieved. As a result, the variable portion wasactivated in 2023.

2.2.2 REMUNERATION OF OTHER CORPORATE OFFICERS

Remuneration paid to members of the Board of Directors

	Remuneration paid in respect of 2022	Remuneration paid in respect of 2023
Roger Leclerc	None	None
Brigitte Geny *	None	€12k
Dominique Druon *	None	€12k
Patrick Fruneau	None	None
Patrice Guyet	None	None
Lydie Delebarre **	€11k	None
Total	**€11k**	**€24k**

** Brigitte Geny and Dominique Druon were appointed as directors at the Annual General Meeting of 22 June 2023.*

*** Lydie Delebarre's term of office expired at the Annual General Meeting of 22 June 2023.*

At its meeting of April 25, 2023, the Board of Directors decided to allocate, in respect of the 2022 financial year, the sum of €11,000 to Mrs Lydie Delebarre, Director and Chair of the Strategy Committee until June 22, 2023.

The other members of the Board of Directors received no remuneration in their capacity as corporate officers.

Under the terms of the 8th resolution of the Annual General Meeting of June 22, 2023, the Company's shareholders set the total amount of directors' remuneration to be allocated among the members of the Board of Directors and/or ad hoc committees in 2024 at €24,000 in respect of the year ended December 31, 2023. At its meeting of April 22, 2024, the Board of Directors decided to allocate the sum of €12,000 each to Brigitte Geny and Dominique Druon in respect of the 2023 financial year.

The other members of the Board of Directors receive no remuneration in their capacity as corporate officers.

2.3 OTHER ELEMENTS OF THE REPORT ON CORPORATE GOVERNANCE

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

No agreement was concluded in 2023 between a director or a significant shareholder of the Company and a Company controlled by the Company within the meaning of Article L. 233-3 of the *Code de Commerce* [French Commercial Code].

2.3.2 REGULATED AGREEMENTS

A regulated agreement was entered into during the 2023 financial year. This is the agreement signed between COGELEC and HRC S.A.S. on 23 April 2018 and tacitly renewed with the prior consent of the Board of Directors on 18 April 2019, 21 April 2020, 20 April 2021, 30 March 2022 and 23 March 2023. This is an agreement under which HRC S.A.S. provides commercial and technical services.

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

2.3.3 GENERAL MEETINGS

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

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

Meetings are held and conducted in accordance with the law and regulations.

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

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

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

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

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

2.4 INFORMATION ON SHARE CAPITAL

2.4.1 SHARE CAPITAL

As at December 31, 2023, share capital stood at €4,004,121.60, comprising 8,898,048 shares with a par value of 0.45 euros, all of the same class and fully paid up.

	01/01/2023	31/12/2023
Number of shares	8,898,048	8,898,048
O/w shares with single voting rights	3,550,963	3,550,963
O/w shares with double voting rights	5,347,085	5,347,085
Par value in €	€0.45	€0.45
Share capital in Euros	**4,004,122**	**4,004,122**

2.4.2 CHANGE IN SHARE CAPITAL

The Company did not enter into any capital transactions during the 2023 financial year.

2.4.3 SHARE CAPITAL STRUCTURE AND NUMBER OF VOTING RIGHTS AS OF 31 DECEMBER 2023

As of 31 December 2023				
Distribution of share capital and voting rights	Number of shares	% of share capital	Number of voting rights	% of voting rights
SAS SRC(1)	5,347,065	60.09%	10,694,130	77.25%
PUBLIC	3,002,560	35.40%	3,002,560	22.75%
SAS HRC(2)	20	0.00%	40	0.00%
COGELEC(3)	548,403	4.51%	0	0.00%
TOTAL	**8,898,048**	**100%**	**13,696,730**	**100%**

(1) *Société par actions simplifiée* with share capital of €2,808,326, headquartered at 370 rue de Maunit, 85290 Mortagne-sur-Sèvre, registered with the RCS of La Roche-sur-Yon under number 802 817 585.
(2) *Société par actions simplifiée* with share capital of €2,126,576, headquartered at Chambrette, 85130 Les Landes-Genusson, registered with the RCS of La Roche-sur-Yon under number 451 628 309. HRC's majority shareholder is Roger Leclerc.
(3) Treasury shares

2.4.4 OWNERSHIP AND CONTROL

The Company is currently controlled by SRC, which is itself wholly owned by Cogelec Développement. The Company has not put in place any specific measures to ensure that there is no risk of abusive control.

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

2.4.5 DIRECTORS' DEALINGS

In accordance with Article L.621-18-2 of the *Code Monétaire et Financier* [French Monetary and Financial Code] and Article 19 of EU Regulation No. 596/2014 of 16 April 2014 on market abuse, it is hereby specified that no transaction was carried out by the Company's directors, or a related person, in COGELEC securities during the 2023 financial year.

2.4.6 SHAREHOLDERS' AGREEMENT

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

2.4.7 COLLECTIVE COMMITMENTS

To the best of the Company's knowledge, no collective undertaking to retain COGELEC shares is currently in force.

2.4.8 SHAREHOLDING THRESHOLDS

Any individual or legal entity, acting alone or in concert, in possession of a number of shares or voting rights representing more than one of the thresholds determined by law, must comply with the disclosure requirements laid down by said law within the stipulated timeframe. Notification must also be given when the shareholding or voting rights fall below the legal thresholds.

Should they not be declared under the conditions above, the shares exceeding the fraction that should have been declared are deprived of voting rights, under the conditions provided for by the provisions of the *Code de commerce* [French Commercial Code].

2.4.9 DELEGATIONS AND AUTHORISATIONS FOR CHANGES IN CAPITAL

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

The Annual Shareholders' Meeting of June 22, 2023 granted the Board of Directors certain powers to increase the Company's capital, with the option to sub-delegate these powers in accordance with the law:

Subject	Date of General Meeting	Duration of the delegation	Cap/Limit	Use made of these delegations
Authorisation to be granted to the Board of Directors to trade in the Company's shares	June 22,2023	18 months	€5,000,000 10% of the share capital	Delegation used by the Board of Directors at its meeting of March 26, 2024 to renew under the same terms the share buyback program to cover future free share allocation plans set up on November 16, 2023 (see section 1.4.3 of the Management Report).
Delegation of powers granted to the Board of Directors to issue, maintaining pre-emptive subscription rights, shares and/or securities giving access to new Company shares	June 22,2023	26 months	€2,300,000 *	None
Delegation of powers to be granted to the Board of Directors to issue, waiving pre-emptive subscription rights, shares and/or securities giving access to new Company shares in accordance with Article L.225-136 of the *Code de commerce* [French Commercial Code], in particular as part of a public offering	June 22,2023	26 months	€2,300,000 *	None
Delegation of powers to be granted to the Board of Directors to issue shares and/or securities giving access to new shares, waiving pre-emptive subscription rights in favour of a category of persons**	June 22,2023	18 months	€2,300,000 *	None

Subject	Date of General Meeting	Duration of the delegation	Cap/Limit	Use made of these delegations
Authorisation to be granted to the Board of Directors to increase, in accordance with Article L.225-135-1 of the *Code de commerce* [French Commercial Code], the number of securities to be issued in connection with issuances made by maintaining or waiving pre-emptive subscription rights	June 22,2023	26 months	€2,300,000 € *	None
Delegation of powers to be granted to the Board of Directors to issue shares and/or securities giving access to new Company shares reserved for employees who are members of a company savings plan, waiving pre-emptive subscription rights in favour of the latter, in accordance with Article L. 225-129-6 of the *Code de Commerce* [French Commercial Code]	June 22,2023	26 months	1% of the share capital *	None
Authorisation to be given to the Board of Directors to allocate free shares, waiving pre-emptive subscription rights, to eligible employees or corporate officers of the Company and related Companies	June 22,2023	38 months	10% of the share capital	Authorisation used by the Board of Directors at its meeting on 26 March 2024 to set up free share allocation plans for members of the Group Executive Committee, local managers of Group subsidiaries and some high-potential employees and key contributors to the Group (see section 1.7.1 of the Management Report).
Authorisation to be given to the Board of Directors to grant share subscription or purchase options, waiving pre-emptive subscription rights, to eligible employees or corporate officers of the Company or related Companies	June 22,2023	38 months	10% of the share capital	None
Delegation of powers to be granted to the Board of Directors to increase the share capital by capitalisation of reserves, premiums, earnings or other items in accordance with Article L.225-130 of the *Code de commerce* [French Commercial Code]	June 22,2023	26 months	The increase in share capital may be carried out on one or several occasions, in the proportions and on the dates determined by the Board of Directors	None
Authorisation to be given to the Board of Directors to reduce share capital by cancelling shares	June 22,2023	24 months	10% of the share capital in 24-month periods	None

*the maximum nominal amount of capital increases, whether immediate or deferred, that may be carried out is deducted from the overall limit of €2,300,000 on authorisations to issue shares for cash (15th resolution of the General Meeting of 22 June 2023).
**definition of the category of persons: (i) French or foreign investment companies or funds managing collective savings schemes, investing on a regular basis or having invested over the past 36 months more than €5 million in small and mid-cap companies operating in the security and/or new technology sectors, or (ii) French or foreign companies or Groups operating in these sectors, or (iii) French or foreign companies or groups that have entered into a partnership with the Company as part of its business conduct, or (iv) creditors holding liquid claims, whether due or not, on the Company who have expressed their wish to have their claim converted into shares in the Company and for whom the Company's Board of Directors deems it appropriate to offset their claim against shares in the Company.

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

The Company has set up a company savings plan.

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

3. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT 31 DECEMBER 2023

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

3.1 CONSOLIDATED BALANCE SHEET

3.1.1 ASSETS

ASSETS	Notes	31/12/2023	31/12/2022
Intangible assets	**3.6.7.1**	7,177	7,307
Property, plant and equipment	**3.6.7.2**	13,374	12,950
Investments in associates		400	
Other financial assets	**3.6.7.3**	506	611
Other non-current assets	**3.6.7.4**	7,119	6,355
Non-current tax assets	**3.6.7.5**		
Total non-current assets		**28,576**	**27,222**
Inventories and work in progress	**3.6.7.6**	16,028	16,011
Trade notes and accounts receivable	**3.6.7.7**	16,445	14,977
Other current assets	**3.6.7.7**	4,035	3,935
Current tax assets	**3.6.10.1**	1,336	
Cash and cash equivalent	**3.6.7.8**	22,489	23,439
Total current assets		**60,333**	**58,361**
TOTAL ASSETS		**88,909**	**85,584**

3.1.2 LIABILITIES

LIABILITIES	Notes	31/12/2023	31/12/2022
Share capital	**3.6.7.9 and 3.5**	4,004	4,004
Share premium	**3.5**	4,799	18,551
Other comprehensive income	**3.5**	-112	541
Consolidated retained earnings, group share	**3.5**	-3,243	-15,735
Consolidated income/loss, group share	**3.5**	4,505	-292
Shareholders' equity, group share	**3.5**	**9,953**	**7,069**
Consolidated retained earnings, minority share	**3.5**	-2,050	
Consolidated income/loss, minority share	**3.5**	6	
Shareholders' equity, minority share	**3.5**	**-2,044**	**0**
Total equity		**7,909**	**7,069**
Borrowings and long-term debts	**3.6.7.10**	17,402	21,268
Provisions for pension benefits	**3.6.7.12**	408	372
Other long-term provisions	**3.6.7.13**	1,673	1,684
Other non-current liabilities	**3.6.7.15**	34,712	30,265
Non-current tax liabilities	**3.6.7.5**	615	291
Total non-current liabilities		**54,810**	**53,880**
Borrowings and long-term debts	**3.6.7.10**	7,030	5,649
Trade notes and accounts payable	**3.6.7.15**	6,136	5,448
Other current liabilities	**3.6.7.15**	12,921	12,145
Current tax liabilities	**3.6.10.1**	103	1,392
Total current liabilities		**26,190**	**24,635**
TOTAL LIABILITIES		**88,909**	**85,584**

3.2 CONSOLIDATED INCOME STATEMENT

	Notes	31/12/2023	31/12/2022
TURNOVER	**3.6.8.1**	**66,000**	**59,731**
Other operating income		24	16
Purchases used	**3.6.8.2**	-22,627	-20,158
Personnel expenses	**3.6.8.3**	-21,401	-19,282
External charges	**3.6.8.4**	-11,318	-11,010
Taxes and duties		-737	-777
Depreciation allowance/recapture	**3.6.7.1 and 3.6.7.2**	-4,861	-4,368
Provisions and Write-backs of provisions and depreciation		-585	-343
Change in inventories of goods in progress and finished goods		-11	-752
Other current operating income and expenses	**3.6.8.5**	602	472
CURRENT OPERATING INCOME/LOSS		**5,083**	**3,529**
Other operating income and expenses	**3.6.8.6**	-299	-1,184
OPERATING INCOME/LOSS	**3.6.4.25**	**4,784**	**2,345**
Income from cash and cash equivalent		530	80
Cost of gross financial debt		-348	-332
Cost of net financial debt	**3.6.4.25 and 3.6.8.7**	**182**	**-252**
Other financial income and expenses	**3.6.8.7**	140	-350
Income tax expenses	**3.6.10.1**	-595	-2,035
Share in net income of equity affiliates			
CONSOLIDATED NET INCOME/LOSS		**4,511**	**-292**
Group share		4,505	-292
Minority share		6	
BASIC NET EARNINGS PER SHARE in €	**3.6.4.26**	**0.5395**	**-0.0344**
DILUTED NET EARNINGS PER SHARE in €	**3.6.4.26**	**0.5395**	**-0.0344**

3.3 COMPREHENSIVE INCOME

	31/12/2023	31/12/2022
INCOME/LOSS FOR THE PERIOD	**4,511**	**-292**
Items that can be “recycled” in the income statement		
Foreign exchange unrealised gains and losses	-183	386
Tax on items recognised directly in equity		
Items that cannot be “recycled” in the income statement		
Tax on items recognised directly in equity	-10	-54
Actuarial gains and losses	37	208
Income and expenses recognised directly in equity		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**-156**	**541**
COMPREHENSIVE INCOME/LOSS FOR THE PERIOS	**4,355**	**249**
Group share	4,393	249
Minority share	-38	

3.4 CONSOLIDATED CASH FLOW STATEMENT

In accordance with IAS 7, investment and financing flows relating to leasing and rental contracts are considered as non-cash and are therefore excluded from this statement of cash flows (see notes 3.6.9.10 and 3.6.9.13).

	Notes	31/12/2023	31/12/2022
CASH FLOW FROM OPERATIONS			
Net income from continuing operations	**3.2**	**4,511**	**-292**
Net depreciation, amortisation and provisions	**3.6.7.1-3.2-3.3-3.7-3.12-3.13**	5,259	4,102
Write-back of grants	**3.6.8.5**	-605	-526
Portion of pre-paid income written back to income	**3.6.7.15**	-4,117	-3,332
Capital gains and losses on disposals	**3.6.9.1**	291	281
Exchange rate differences on reciprocal transactions		-174	440
Cash flow after cost of net financial debt and tax		**5,164**	**673**
Cost of net financial debt	**3.6.8.7**	-182	253
Tax expense (including deferred taxes)	**3.6.9.2**	504	1,820
Cash flow before cost of net financial debt and tax		**5,487**	**2,746**
Taxes paid	**3.6.9.3**	-2,853	-387
Change in business-related working capital requirements:			
- Other non-current assets	**3.6.7.4**	-760	-556
- Inventories	**3.6.9.4**	-18	-718
- Customers	**3.6.9.5**	-1,459	-3,096
- Other current assets (excluding loans and guarantees)	**3.6.9.6**	-34	-779
- Other non-current liabilities	**3.6.9.7**	4,426	4,258
- Suppliers	**3.6.9.8**	593	79
- Other current liabilities	**3.6.9.9**	5,492	7,335
	Total	**8,242**	**6,523**
Net cash flow from operating activities		**10,875**	**8,882**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of fixed assets	**3.6.9.10**	-4,201	-4,201
Disposal of fixed assets	**3.6.9.11**	55	0
Change in outstanding loans and advances	**3.6.9.12**	-9	-121
Acquisition of shares in an equity-accounted company		-400	
Net cash flow from investing activities		**-4,556**	**-4,322**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the parent company	**3.5**	-2,437	
Capital increase in cash	**3.5**		
Treasury shares	**3.5**	-1,039	39
Debt issuance	**3.6.9.13**	2,015	4,620
Loan repayments	**3.6.7.14**	-5,995	-4,194
Cost of net financial debt	**3.6.8.7**	182	-253
Net cash flow from financing activities		**-7,275**	**212**
CHANGE IN CASH AND CASH EQUIVALENTS		**-955**	**4,772**
Opening cash position		23,438	18,763
Closing cash position	**3.6.7.8**	22,488	23,438
Change in foreign exchange unrealised gains and losses		-5	97
Change in cash and cash equivalents		**-955**	**4,771**

3.5 STATEMENT OF CHANGES IN EQUITY

	Share capital	Premiums	Other comprehensive income	Reserves	Income/loss for the financial year	Total equity	Of wich minority interests	Of which Group equity
As of 31 December 2021	**4,004**	**18,551**	**-327**	**-12,167**	**-3,280**	**6,782**		**6,782**
Movements:								
N-1 net income appropriation			327	-3,606	3,280			
Treasury shares				38		38		38
Actuarial gains and losses			154			154		154
Exchange rate difference			386			386		386
Consolidated income/loss					-292	-292		-292
As of 31 December 2022	**4,004**	**18,551**	**540**	**-15,735**	**-292**	**7,069**		**7,068**
Movements:								
N-1 net income appropriation		-11,315	-541	11,564	292			
Dividends paid by the company		-2,437				-2,437		-2,437
Treasury shares				-1,078		-1,078		-1,078
Actuarial gains and losses			27			27		27
Exchange rate difference			-183			-183	-44	-139
Partial disposal IT UK				0		0	-2,006	2,007
Consolidated income/loss					4,511	4,511	6	4,505
As of 31 December 2023	**4,004**	**4,799**	**-156**	**-5,249**	**4,511**	**7,909**	**-2,044**	**9,953**

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

Subsequently, in accordance with the minutes of the AGM of 22 June 2023, the 2022 net profit and previous losses accumulated in reserves were deducted from paid-in capital in the amount of €11,315k. Dividends totalling €2,437k were also deducted from this paid-in capital.

As a result, paid-in capital now amount to €4,799k.
Treasury shares have been restated in accordance with note 3.6.7.9.

3.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.6.1. OVERVIEW OF GROUP AND MAJOR EVENTS

3.6.1.1 Information on the Company and its activity

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

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

Trade and Companies Register number: 433 034 782

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

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

As part of its export development, on 4 December 2017 COGELEC subscribed to the capital of INTRATONE Gmbh. Its registered office is in Düsseldorf and the Company was incorporated on 28 December 2017. On 12 February 2018, COGELEC subscribed to the capital of INTRATONE UK Limited, whose registered office is in London. On 29 October 2018, COGELEC subscribed to the capital of INTRATONE BV, whose registered office is in Amsterdam. These Companies were created to facilitate the international sales of INTRATONE products. They are still in the launch phase and are therefore generating losses. It is in this context that COGELEC waived trade receivables during the financial year, as follows:

- INTRATONE GMBH: €1.6m
- INTRATONE BV: €2.0m

Furthermore, during the financial year, by virtue of the distribution agreement, COGELEC assumed the distribution costs of its subsidiaries to the tune of €6.0m, so that their respective EBITDA represents 3.5% of sales, which reflects their sales margin. All these amounts have been correctly offset in the consolidated financial statements.

3.6.1.2 Key events in 2023

On 1 February 2023, COGELEC announced a collaborative agreement with KONE to steer the deployment of a new range of connected services combining their two smart technologies, in particular new connected solutions in homes. As part of this new cooperation, COGELEC, under its Intratone brand, and KONE, the world leader in urban mobility solutions, will be rolling out a joint offering for apartment blocks that includes four specific functionalities: connectivity between the entrance hall door and the lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone, and connectivity between the resident and the lift in the event of a breakdown.

On 9 December 2022, COGELEC SA received a notice of an accounting audit covering the 2020 and 2021 financial years. This examination began in January 2023. On 8 December 2023, the Company received a notice of deficiency interrupting the statute of limitations, covering only the year ended 31/12/2020 in respect of VAT and corporation tax and excluding the CIR 2020 filed in 2021. The restated amounts were accepted by the Company for a total of €10,335 in respect of VAT and €13,973 in respect of corporation tax. This audit is still in progress in respect of the 2020 and 2021 CIR and all taxes for the 2021 financial year.

On 14 November 2023, COGELEC announced its partnership with Arkéa Créative Care, an innovative brand specialising in technological services for assisted-living homes for the elderly and nursing homes. This partnership is a response to the challenges of an ageing population and the need to adapt housing to the needs of the elderly. Already deployed in certain assisted-living homes for the elderly and soon to be installed in the Mobicap residences, the combined innovations of Arkéa Créative Care and COGELEC will also find favour with social housing providers and homeowner associations who wish to meet the needs of ageing residents. Easy to use and convenient for people who don’t have a smartphone or who are losing their independence, the Intratone intercom connected to the touch-sensitive control unit gives residents peace of mind by providing comfort and security.

At the end of November 2023, the Group decided to reorganise the sales force of its subsidiary in Germany in order to refocus temporarily on a smaller team of field sales representatives. This team will continue to be supported by the various support functions, as the Group wants to consolidate its economic performance in a high-potential market where its ambitions remain immense.

On 22 December 2023, COGELEC acquired a 35% stake (€400k) in the capital of PORTACONNECT, a company that develops a connected solution for the remote monitoring of the operation of automatic doors and gates. PORTACONNECT is managed

by a third party from outside the Group, and COGELEC is not involved in the decision-making process. COGELEC has exclusive marketing rights for this solution and benefits from a new diversification in its product range.
PORTACONNECT is accounted for by the equity method in the Group consolidation.

To make sure its Sales and Marketing Director shares the success of the English subsidiary, COGELEC, as the majority shareholder of Intratone UK, transferred to him, by separate deed dated 29 December 2023, 24% of the share capital and voting rights of Intratone UK. The parties also entered into a shareholders' agreement on the same date, which is a major determinant of their consent to the transfer of 24% of the Company's capital and voting rights.

3.6.1.3 Summary and outlook

Backed by a range of highly innovative products and services consistent with emerging needs in the field of access control, COGELEC is looking forward to another year of double-digit growth in its business for the current financial year, accompanied by an improvement in profitability.

A promising start to the year is expected internationally following the transformation of the subsidiaries' sales organisation. The effective start of Kibolt's sales operations has been confirmed for May 2024, which will help gradually drive sales in France in the second half of the year.

3.6.2 ASSESSMENT OF RISK FACTORS

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

- *Credit risk*

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

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

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

- *Liquidity risk*

The Group's cash and cash equivalents amounted to €22,488k as of December 31, 2023.

Available cash is mainly invested in (i) bank accounts and (ii) short- and medium-term investment accounts (time-deposit accounts) which are highly liquid and easily convertible into a known amount of cash within 3 months, and the value of which is only marginally exposed to fluctuation risks.

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

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

A significant liquidity risk would be that the relevant customers would at the same time terminate their prepaid subscription contracts and demand repayment of the sums received in advance by the Company (PCA). However, the Company considers this risk to be unlikely.

- *Foreign exchange risk*

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

The Group is exposed to foreign exchange risks as part of its purchases of components in the USA and Asia (purchases made in dollars). These foreign currency purchases amounted to $7.1m in 2023, the same amount as in 2022.

In conjunction with its banking partners, the Group manages its exposure to foreign exchange risk, mainly on the US dollar (USD), through forward purchases.

- *Interest rate risk*

As at December 31, 2023, the Company's financial liabilities are not subject to interest rate volatility risk as the Company has fixed-rate debt.

- *Market risk*

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

3.6.3 POST-2023 CLOSING EVENTS

Using the authorisation granted by the 9th resolution of the General Meeting of the Company's shareholders held on 22 June 2023, the Board of Directors decided at its meeting on 26 March 2024 to renew the share buyback programme implemented on 16 November 2022 on the same terms, for the purpose of covering future free share allocation plans, for a period of 18 months from the date of the said General Meeting, i.e. until 22 December 2024.

At its meeting on 26 March 2024, the Board of Directors also used the authorisation granted by the 16th resolution of the Company's General Meeting of 22 June 2023 to set up several free share allocation plans for the benefit of certain employees of the Company and, more generally, of the Group, including:

(i) Members of the Group Management Committee, up to a maximum of 120,000 shares, representing 1.35% of the Company's share capital on the grant date ("**Plan no. 2024-01**");

(ii) The local managers of the Group's subsidiaries, up to a maximum of 60,000 shares, representing 0.67% of the Company's share capital on the grant date, divided into 20,000 shares each between the manager of the Group's UK division ("**Plan No. 2024-02-01**"), the manager of the Group's German division ("**Plan no. 2024-02-02**") and the manager of the Group's Dutch division ("**Plan no. 2024-02-03**").;

(iii) Certain high-potential employees and key contributors to the Group, up to a maximum of 250,000 shares, representing 2.81% of the Company's share capital on the grant date ("**Plan no. 2024-03**").

All these plans are subject to a 40-months vesting period (with no holding period) and to presence and performance conditions, with the aim of growing the Company and creating value for its shareholders.

The purpose of these plans is to strengthen the existing links between the Company and the relevant Group employees by offering them the opportunity to be more closely involved in the future development and performance of the Company and, more generally, of the Group.

For the Company, these plans represent a reduced cost in terms of incentive instruments and, for shareholders, a controlled dilutive effect.

The shares issued at the end of the vesting period may be new ordinary shares or existing shares acquired under the Company's share buyback programme, as described in section 1.4.3 of the Management Report.

3.6.4 ACCOUNTING PRINCIPLES, POLICIES AND METHODS

Unless otherwise specified, the financial statements are expressed in thousands of Euros. Figures are rounded to calculate certain financial data and other information contained herein. Consequently, the figures indicated in the form of totals in some tables may not be the exact sum of the preceding figures.

3.6.4.1 Declaration of compliance

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

This framework, available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), interpretations by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

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

3.6.4.2 Preparation of the financial statements

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

3.6.4.3 Going concern

The Board of Directors has adopted the going concern principle.

3.6.4.4 Accounting policies

The accounting principles used are identical to those used to prepare the annual IFRS financial statements for the financial year ended 31 December 2022, with the exception of the application of new standards, amendments to standards and subsequent interpretations adopted by the European Union, which are mandatory for the Group as of 1 January 2023.

Standards, amendments to standards and interpretations applicable from the financial year beginning on 1 January 2023

. Amendments to IAS 1 and the IFRS 2 Statement of Practice – Disclosure of Accounting Policies
. Amendments to IAS 8 – Definition of an accounting estimate
. Amendments to IAS 12 – Deferred tax relating to assets and liabilities arising from the same transaction
. Amendments to IAS 12 – International Tax Reform – Model Pillar 2 rules
. IFRS 17 – Insurance contracts

. Amendments to IFRS 17– Modification of IFRS 17
. Amendments to IFRS 17 – 1st application of IFRS 17 and IFRS 9 – Comparative information

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

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

. Amendments to IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with covenants.
. Amendments to IFRS 16 – Leaseback Liabilities

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

3.6.4.5 Consolidation method

The Group applies IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Ventures", IFRS 12, "Disclosure of Interests in Other Entities" and IAS 28, "Investments in Associates".

IFRS 10, which deals with the accounting for consolidated financial statements, presents a unique consolidation model that identifies control as the criterion for consolidating an entity. An investor has control over an investee if it has power over the investee, is exposed to, or has rights to, variable returns from the investee because of its involvement in the investee, and has the ability to use its power over the investee to affect the amount of said returns.

Subsidiaries are entities over which the Group exercises control.

IAS 28, which deals with associates, defines significant influence as the power to participate in decisions relating to the financial and operating policies of the investee, without however exercising exclusive or joint control over these policies. An investor who exercises significant influence over an entity is required to account for its investment in the associate using the equity method.

Associates are entities over which the Group exercises significant influence.

3.6.4.6 Use of judgements and estimates affecting assets and liabilities

The Company's Management reviews its estimates and assessments regularly on the basis of past experience and various other factors deemed reasonable in the circumstances. These estimates form the basis of its assessments of the carrying amounts of income and expense items and of assets and liabilities. These estimates affect the amounts of income and expenses and the values of assets and liabilities. Actual results may differ from these estimates.

The main items requiring estimates on the balance sheet date based on assumptions about future developments and for which there is a significant risk of a material change in their value as recorded on the balance sheet on the closing date relate to:

- Valuation of development-related intangible assets (see notes 3.6.6.1 and 3.6.7.1)
- Inventory valuation (see notes 3.6.4.11 and 3.6.7.6)
- Valuation of provisions for retirement commitments (see notes 3.6.4.15 and 3.6.7.12)
- Provisions for charges (see notes 3.6.4.16 and 3.6.7.13)
- Research tax credit (see note 3.6.4.19)
- Valuation of non-current assets (see notes 3.6.4.10 and 3.6.7.4)

3.6.4.7 Breakdown of current/non-current assets and liabilities

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

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

3.6.4.8 Intangible assets

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

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

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

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

Capitalised development costs are costs that can be directly allocated to a project, as determined by tracking costs by project. The share of the research tax credit relating to capitalised projects is restated as deferred income.

The application of IAS 23 Interest on Borrowings has not led to the inclusion of interest in development costs.

The Company regularly reviews compliance with the capitalisation criteria. These costs are capitalised for as long as the Company retains most of the benefits and risks associated with the projects, particularly when the Company retains the intellectual property and has granted a temporary right to use and/or exploit the results of the development phases.

Development projects in progress are tested for impairment in accordance with the procedures set out in note 3.6.6.1.

Capitalised costs are amortised on a straight-line basis over the period of use expected by the Company, i.e. five years from the launch of the product.

Intangible assets also include the costs of obtaining the contract. In accordance with IFRS 15, these costs are capitalised and amortised over the term of each contract.

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

3.6.4.9 Property, plant and equipment

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

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

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

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

- General facilities and fixtures: 2 to 10 years
- Equipment and tools: 1 to 10 years
- Transport equipment: 2 to 5 years
- Office equipment: 3 to 5 years
- Computer hardware: 2 to 5 years
- Furniture: 3 to 10 years

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

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

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

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

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

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

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

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

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

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

3.6.4.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price under normal trading conditions, minus marketing expenses.

The acquisition costs of inventories include the purchase price, customs duties and other taxes, excluding taxes subsequently recoverable by the entity from the tax authorities, as well as transport, handling and other costs directly attributable to the cost of raw materials, goods, work in progress and finished products. Trade discounts, rebates, cash discounts and similar items are deducted in determining acquisition costs.

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

A write-down of inventories equal to the difference between the gross value determined as described above and the current market price or realisable value less proportional selling costs is taken into account when the gross value is higher than the other term stated.

3.6.4.12 Trade receivables and other receivables

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

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

Receivables include those relating to equipment leases to customers.

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

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

3.6.4.13 Financial assets and liabilities

Financial assets

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

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

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

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

Financial liabilities

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

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

3.6.4.14 Cash and cash equivalents

Cash and cash equivalents comprise bank accounts and short-term investment accounts (time-deposit accounts) which are highly liquid and easily convertible into a known amount of cash over a period of less than 3 months, the value of which is only marginally exposed to fluctuation risks.

The cash flow statement is presented using the indirect method in accordance with IAS 7. Income tax expense is included in operating cash flows. Interest paid is included in financing cash flows. Dividends paid are classified as financing cash flows.

3.6.4.15 Employee benefits

Employee benefits are recognised under IAS 19. COGELEC's obligations in respect of pensions, supplementary pension benefits and retirement indemnity are those imposed by the legal texts applicable in France. Pension and supplementary pension benefit obligations are fully covered by payments to organisations that release the employer from any further obligation; the organisation is responsible for paying the amounts due to employees. These include French public pension schemes.

There are no employee benefits for foreign companies.

Post-employment benefits

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

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

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

The main assumptions used for this estimate are as follows:

Assumptions	31/12/2023	31/12/2022
Discount rate reference	IBOXX corporate index AA + 10 years	
Discount rate	3.65%	3.16%
Mortality table	INSEE 2016-2018	INSEE 2016-2018
Salary increase	4% degressive	4% degressive
Average turnover rate	2.90%	2.90%
Retirement age	64 non-management employees 65 management employees	65

Actuarial gains and losses are recognised in other comprehensive income.

Other post-employment benefits

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

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

Other long-term benefits

The Company has set up a company savings plan. Short-term benefits include the statutory profit-sharing scheme, which is calculated based on taxable income. Long-service awards are negligible. Where applicable, provisions are made for termination benefits.

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

3.6.4.16 Provisions and contingent liabilities

Under IAS 37, a provision is recognised when an obligation to a third party is certain or likely to result in an outflow of resources without at least equivalent consideration. The provision is maintained as long as the maturity date and the amount of the outflow of resources have not been precisely determined. The amount of the provision is the best possible estimate of the outflow of resources necessary to settle the obligation.

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

Under IAS 37, the Company is required to make a provision for “after-sales service”. After-sales service costs have been provisioned on the basis of the product warranty period, i.e. 3 to 10 years depending on the product. The rates used for the calculation were determined based on the costs observed over the last 7 years and were measured against the turnover of the year the products concerned by the after-sales expenses incurred were sold. The costs incurred include spare parts and labour costs.

3.6.4.17 Taxes

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

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

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

	31/12/2023	31/12/2022
French rate	25.825%	25.825%
German rate	31.225%	31.225%
UK rate	19.000%	19.000%
Netherlands rate	19.000%	15.000%

Tax relating to items recognised directly in equity is accounted for in equity and not in the income statement.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted.

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

They are offset on the Group's balance sheet and supported by tax proof (see 3.6.10.1).

In the income statement, the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE or Contribution on the Added Value of Companies) is included in the Tax Expense line item.

3.6.4.18 Recognition of income

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

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

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

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

There are 2 types of income:

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

For this type of contract, each delivery is considered a separate performance obligation, recognised on the date of delivery.

The contracts to which it is subject are:

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

2/ Service agreements.

Services turnover is represented by 3 major families:

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

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

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

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

Subscription offers:

These offers include:

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

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

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

<u>Standard subscription offers</u>: Since 2017, these offers have been non-binding and open-ended (Standard offer). Turnover relating to the hardware portion (intercom panels, etc.) is recognised immediately in income on the delivery date.

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

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

<u>Mixed subscription offers (“Jumbo” offer):</u>

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

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

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

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

While unlimited-term offers with no commitment or due commitment account for a significant part of COGELEC's potential portfolio, by definition they do not feature in the above-mentioned unfulfilled obligations.

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

Turnover is explained in 3.6.8.1.

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

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

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

- Unfulfilled obligations under fixed-term or open-ended offers with a term commitment
- Turnover already invoiced and collected on pre-paid offer contracts in the portfolio (currently in deferred income)
- Turnover to be invoiced and collected from contracts with no commitment or with a commitment due that have not been terminated to date.

The table below only shows turnover from pre-paid offers and unfulfilled obligations of binding offers:

Types of contract	Details	Note	TOTAL	2024	2025	2026	2027	2028	Beyond
Global Offer Contracts	Turnover remaining to be invoiced on services	**3.6.4.18**	1,874	701	579	409	141	39	5
Pre-paid Offer contracts	Deferred income	**3.6.7.15**	38,231	4,034	3,981	3,898	3,735	3,545	19,038
Total			**40,105**	**4,736**	**4,560**	**4,307**	**3,875**	**3,584**	**19,043**

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

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

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

	31/12/2023	31/12/2022
Gross values	824	786
Depreciation and amortisation	575	494
Net values	**249**	**292**

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

3.6.4.19 Subsidies

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

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

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

These subsidies are recorded in deferred income.

3.6.4.20 Leases

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

Lessee

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

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

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

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

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

Lessor

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

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

3.6.4.21 Net financial debt

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

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

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

The cost of net financial debt includes interest on loans and other financial debts offset by income from time-deposit accounts.

3.6.4.22 Translation of transactions in foreign currencies

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

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

3.6.4.23 Segment information

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

3.6.4.24 Shareholders' equity

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

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

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

3.6.4.25 Overview of the income statement

The Group presents its income statement by type.

<u>Purchasing and subcontracting costs</u>

Purchasing and subcontracting costs mainly consist of:

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

<u>Gross margin</u>

Gross margin is an indicator defined by COGELEC as turnover plus other income from the activity, minus purchases consumed, and adjusted for stored production.

The indicator is presented in Note 3.6.10.5.

EBITDA

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

The indicator is presented in Note 3.6.10.5.

Operating profit/loss

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

The indicator is presented in Note 3.2.

Cost of net financial debt

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

3.6.4.26 Methods for calculating net earnings per share

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

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

During the 2023 and 2022 financial years, the weighted average number of ordinary shares was:

	Number of ordinary shares	Treasury shares	Number of ordinary shares excluding treasury shares
As at 31/12/2023	8,898,048	548,403	8,349,645
As at 31/12/2022	8,898,048	401,451	8,496,597

3.6.5 CONSOLIDATION SCOPE

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

2023 scope

Entities	Methods of consolidation	% interest	% control	Registered office	Country
COGELEC	FC (1)	100%	100%	MORTAGNE SUR SEVRE	France
INTRATONE GMBH	FC	100%	100%	DÜSSELDORF	Germany
INTRATONE UK	FC	76%	76%	LONDON	UK
INTRATONE BV	FC	100%	100%	AMSTERDAM	Netherlands
PORTACONNECT	EM (2)	35%	35%	RAMONVILLE-SAINT-AGNE	France

(1) FC: Full consolidation

(2) EM: Equity Method

2022 scope

Entities	Methods of consolidation	% interest	% control	Registered office	Country
COGELEC	FC	100%	100%	MORTAGNE SUR SEVRE	France
INTRATONE GMBH	FC	100%	100%	DÜSSELDORF	Germany
INTRATONE UK	FC	100%	100%	LONDON	UK
INTRATONE BV	FC	100%	100%	AMSTERDAM	Netherlands

3.6.6 DEPRECIATION OF ASSETS

3.6.6.1 Depreciation of non-financial assets

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

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

The weighted average cost of capital used for 2023 is 9%.

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

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

Depreciation tests, conducted using the methodology described above, led the Group to write down €436k of intangible assets and €102k of property, plant and equipment, with an impact of €314k on profit for the year for intangible assets and €21k for property, plant and equipment. These depreciations relate to two projects, one of which is being written back as development costs and equipment are amortised.

A sensitivity test, using a weighted average cost of capital of 8% and 10%, was conducted and reached the same conclusion.

3.6.6.2 Depreciation of financial assets

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

3.6.7 BALANCE SHEET

3.6.7.1 Intangible assets

Change in gross intangible assets (in €k)

Gross values	Costs of development	Other intangible fixed assets	Intangible fixed assets under construction	TOTAL
As of 31 December 2021	**15,046**	**1,919**	**2,542**	**19,507**
Acquisitions	59	575	1,947	2,581
Disposals		-59	-243	-302
Transfer from item to item	898	18	-915	
Change in scope				
As of 31 December 2022	**16,003**	**2,452**	**3,331**	**21,786**
Acquisitions	4	515	1,885	2,404
Disposals		-59	-279	-338
Transfer from item to item	117		-117	
Change in scope				
As of 31 December 2023	**16,124**	**2,907**	**4,820**	**23,851**

Change in amortisation of intangible assets (in €k)

Amortisation	Costs of development	Other intangible fixed assets	Intangible fixed assets under construction	TOTAL
As of 31 December 2021	**11,425**	**1,225**		**12,650**
Allowances	1,484	398		1,882
Write-backs		-20		-20
Depreciation	-33			-33
Transfer from item to item				
Change in scope				
As of 31 December 2022	**12,875**	**1,603**		**14,479**
Allowances	1,476	465		1,941
Write-backs		-59		-59
Depreciation	314			314
Transfer from item to item				
Change in scope				
As of 31 December 2023	**14,665**	**2,009**		**16,675**

Change in net intangible assets (in €k)

Net values	Costs of development	Other intangible fixed assets	Intangible fixed assets under construction	TOTAL
As of 31 December 2021	3,622	694	2,542	6,857
As of 31 December 2022	3,128	849	3,331	7,307
As of 31 December 2023	1,459	898	4,820	7,177

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

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

During the 2023 financial year, the Group incurred and recognised €1.9m of costs in connection with the development of new projects.

These projects are scheduled to come on stream in the next 2 years.

As of 31 December 2023, Management conducted impairment tests under IAS 36, which led it to write down an old project by €347k. In addition, the Group reversed part of the impairment loss recognised on intangible assets arising from development, amounting to €33k. The impairment loss is reversed as the development costs capitalised are amortised.

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

Gross values	Costs of development	Other intangible fixed assets	TOTAL
As of 31 December 2021		**269**	**269**
Acquisitions		486	486
Disposals		-59	-59
Transfer from item to item			
Change in scope			
As of 31 December 2022		**696**	**696**
Acquisitions		325	325
Disposals		-59	-59
Transfer from item to item			
Change in scope			
As of 31 December 2023		**961**	**961**

Amortisation	Costs of development	Other intangible fixed assets	TOTAL
As of 31 December 2021		**97**	**97**
Allowances		188	188
Write-backs		-20	-20
Transfer from item to item			
Change in scope			
As of 31 December 2022		**266**	**266**
Allowances		285	285
Write-backs		-59	-59
Transfer from item to item			
Change in scope			
As of 31 December 2023		**492**	**492**

Net values	Costs of development	Other intangible fixed assets	TOTAL
As of 31 December 2021		172	172
As of 31 December 2022		430	430
As of 31 December 2023		470	470

Cash flows from intangible assets recognised in accordance with IFRS 16 mainly relate to software.

3.6.7.2 Property, plant and equipment

Change in gross property, plant and equipment (in €k)

Gross values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021	**213**	**6,276**	**6,054**	**3,944**	**3,645**	**20,132**
Acquisitions		663	571	1,702	828	3,763
Disposals		-29		-476		-505
Transfer from item to item		3,613	138	45	-3,796	
Change in scope						
As of 31 December 2022	**213**	**10,523**	**6,762**	**5,215**	**677**	**23,390**
Acquisitions		68	558	2,229	589	3,443
Disposals			-53	-700	-3	-756
Transfer from item to item			129	258	-387	
Change in scope						
As of 31 December 2023	**213**	**10,590**	**7,396**	**7,002**	**876**	**26,077**

Change in depreciation of property, plant and equipment (in €k)

Amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021		**2,057**	**3,901**	**2,379**		**8,337**
Allowances		778	870	838		2,486
Write-backs		-29		-415		-444
Depreciation			61			61
Transfer from item to item						
Change in scope						
As of 31 December 2022		**2,807**	**4,832**	**2,803**		**10,441**
Allowances		902	921	1,097		2,920
Write-backs			-41	-637		-678
Depreciation			21			21
Transfer from item to item						
Change in scope						
As of 31 December 2023		**3,709**	**5,732**	**3,263**		**12,704**

Change in net property, plant and equipment (in €k)

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021	213	4,218	2,153	1,565	3,645	11,794
As of 31 December 2022	213	7,716	1,931	2,413	677	12,950
As of 31 December 2023	213	6,881	1,664	3,740	876	13,374

During the 2022 financial year, COGELEC SA commissioned the extension to the Mortagne-sur-Sèvre plant, financed by a leasing company, for a total amount of €3,613k. As of 31 December 2021, €3,233k of the work was included in assets under construction.

Also, as a reminder, due to the strong probability of not terminating the Nantes commercial lease at the end of the six-year period as initially planned, a new liability of €264k was recognised as of 31 December 2022 to bring its maturity date to 30 June 2027, i.e. the end date of the lease. In addition, as the agreement on the premises leased in Germany was due to expire on 30 April 2023, a renewal was signed during the 2022 financial year, for a period of 5 years, and the Group recorded a new liability of €395k to take account of this new commitment.

In 2023, acquisitions of other property, plant and equipment amounted to €1.1m, corresponding with new vehicles restated in accordance with IFRS 16. The remainder relates mainly to the fitting-out of offices as part of the work to extend the offices at Mortagne-sur-Sèvre.

Cash flows from property, plant and equipment recognised in accordance with IFRS 16 are as follows:

Gross values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021	**213**	**6,276**	**25**	**1,698**	**3,233**	**11,444**
Acquisitions		663		655	380	1,698
Disposals		-29		-473		-501
Transfer from item to item		3,613			-3,613	
Change in scope						
As of 31 December 2022	**213**	**10,523**	**25**	**1,880**		**12,640**
Acquisitions		68		1,159		1,227
Disposals				-698		-698
Transfer from item to item						
Change in scope						
As of 31 December 2023	**213**	**10,590**	**25**	**2,341**		**13,169**

Amortisation	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021		**2,057**	**25**	**961**		**3,044**
Allowances		778		523		1,301
Write-backs		-29		-412		-441
Transfer from item to item						
Change in scope						
As of 31 December 2022		**2,807**	**25**	**1,072**		**3,904**
Allowances		902		647		1,549
Write-backs				-637		-637
Transfer from item to item						
Change in scope						
As of 31 December 2023		**3,709**	**25**	**1,082**		**4,816**

Net values	Land	Buildings	Technical facilities, equipment and tools	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
As of 31 December 2021	213	4,218		737	3,233	8,401
As of 31 December 2022	213	7,716		808		8,737
As of 31 December 2023	213	6,881		1,259		8,353

3.6.7.3 Other financial assets

In thousands of €	31/12/2023	31/12/2022
Other long-term investments (1)	200	200
Loans		2
Loan impairment		
Deposits and guarantess (2)	307	409
TOTAL	**506**	**611**

(1) Bank shares

(2) Deposits and guarantees correspond with sums paid on BPI loans and rent guarantees.

The decrease in deposits and guarantees is due to the reclassification of BPI guarantees and rent guarantees maturing in less than 12 months as current liabilities.

3.6.7.4 Other non-current assets

In thousands of €	31/12/2023	31/12/2022
Trade receivables > 1 year	4,438	3,991
Depreciation of trade receivables	-41	-8
Pre-paid expenses > 1 year	2,722	2,373
TOTAL	**7,119**	**6,355**

Breakdown of trade receivables net of depreciation

	31/12/2023	31/12/2022
Doubtful debts	49	10
Depreciation of doubtful debts	-41	-8
Trade receivables on leases	4,385	3,981
Other trade receivables > 1 year	4	
TOTAL	**4,397**	**3,982**

Doubtful debts are 100% depreciated.

Pre-paid expenses

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

3.6.7.5 Deferred taxes

	31/12/2023		31/12/2022	
	Basis	Tax	Basis	Tax
Temporary deferrals				
Loss capitalisation	1,619	364	1,310	273
C3S	81	21	71	18
Employee share-ownership scheme			840	217
Tax depreciation	-119	-23	-136	-26
Provision for dismantling	-29	-5	-29	-6
Pensions	9	2	8	1
Restatements				
Reconciliation of financial statements	1	0		
Intercompany reconciliation	2	0		
Advanced exchanges not returned	15	3	13	3
IFRS 16 leases	-1,001	-258	-822	-212
Operating leases under IFRS 16	55	14	64	17
Lease receivables	-3,840	-946	-3,208	-771
Internal disposal of CG-IT property	2	0	2	1
CG-IT UK internal stock margins	4	1	7	2
SIM card internal margins	42	13	34	10
Internal disposal of demo equipment to subsidiaries	55	14	65	16
Customer guarantee provision	150	39	130	34
Alignment of amortisation methods	82	19	54	10
Business provider fees	83	21	97	25
Depreciation of treasury shares				
Pension liabilities	408	105	372	96
TOTAL	**-2,383**	**-615**	**-1,128**	**-291**

Proof of tax can be found in 3.6.10.1.

The subsidiaries' losses were capitalised to the extent of their IDP.

The following losses have not been capitalised since the inception of the subsidiaries:

Company	31/12/2023
IT BV	2,871
IT GMBH	13,722
IT UK	8,440
Total	**25,033**

Under IAS 12, tax planning as of 31 December 2023 shows the maturity of deferred tax liabilities:

In thousands of €	Share within 1 year	Share exceeding 1 year and under 2 years	Share exceeding 2 years and under 3 years	Share exceeding 3 years and under 4 years	Share exceeding 4 years and under 5 years	Share exceeding 5 years	TOTAL
Losses	51	23	19	13	3	253	364
C3S	21						21
Employee share-ownership							
Tax depreciation	-23						-23
Provision for dismantling	-5						-5
Pensions	2						2
Intercompany and financial statements reconciliation	0						0
Advanced exchanges not returned	3						3
Leases	51	58	66	40	-18	-454	-258
Operating leases	2	3	4	6	0		14
Lease receivables	-316	-272	-211	-134	-42	29	-946
CG-IT Internal disposals	0	0	0				0
CG-IT UK internal stock margins	1						1
SIM card internal margins	1	1	1	1	1	8	13
Internal property disposals	5	4	3	1	0	0	14
Customer guarantee provision	6	5	5	5	4	14	39
Alignment of amortisation methods	-5	-6	-6	-4	10	31	19
Business provider fees	8	6	4	2	1	1	21
Depreciation of treasury shares							
Pension liabilities						105	105
TOTAL	**-198**	**-177**	**-116**	**-69**	**-41**	**-14**	**-615**

3.6.7.6 Inventories and work-in-progress

Change in net inventories and work-in-progress

In thousands of €	31/12/2023	31/12/2022
Raw materials and other supplies	11,111	10,927
Work-in-progress	4,243	4,094
Intermediate and finished products	1,712	1,873
Depreciation allowance	-1,038	-883
TOTAL	**16,028**	**16,011**

Changes in depreciation allowance	31/12/2023	31/12/2022
Opening value	883	450
Increase	219	507
Decrease	-64	-75
Closing value	**1,038**	**883**

Raw materials and other supplies are made up of components.

Work-in-progress consists of sub-assemblies (electronic boards, etc.) intended for incorporation into equipment sold or incorporated into contracts.

Finished products include equipment (boards, remote controls, modules, etc.) which are sold separately or incorporated into an overall package of contracts (equipment and services).

3.6.7.7 Trade receivables and other current receivables

Receivables

In thousands of €	31/12/2023	31/12/2022
Gross trade receivables	16,476	14,992
Depreciation allowance	-31	-15
TOTAL	**16,445**	**14,977**

Breakdown of trade receivables net of depreciation:

In thousands of €	31/12/2023	31/12/2022
Ordinary trade receivables	14,279	13,053
Depreciation of ordinary trade receivables	-31	-15
Trade receivables on leases	2,197	1,939
TOTAL	**16,445**	**14,977**

The increase in trade receivables is linked to the rise in sales.

Other current assets

In thousands of €	31/12/2023	31/12/2022
Loans		17
Loan impairment		
Deposits and guarantees	131	50
Down payments	122	164
Social security receivables	38	25
Tax receivables	2,247	2,210
Other operating receivables	207	393
Pre-paid expenses	1,292	1,077
TOTAL	**4,035**	**3,935**

Trade and other receivables are valued at their nominal value, minus provisions calculated on the basis of actual collectability.

The maturity of the receivables is presented in Table 3.6.11.2.

The loans are detailed as follows:

Loans	31/12/2023	31/12/2022
Staff loans		17
TOTAL		**17**

Other receivables are detailed as follows:

Other receivables	31/12/2023	31/12/2022
Receivable related to CIR and CII	67	315
Debtors and AAR suppliers	130	70
Fees to be re-invoiced to IT GMBH		
Sundry debtors	9	8
TOTAL	**207**	**393**

Current assets include the amounts obtained each year in respect of the CIR and CII. The amount for 2022 was reimbursed by the State; the amount for 2023 remains to be collected in 2024.

Trade receivables schedule

The breakdown of trade receivables by maturity is as follows:

			Due		
ASSETS (in €K)	On-balance sheet value	Not yet due	< 90 days	>90 days and <6 months	> 6 months
Trade receivables (non-current assets)	4,397	4,385			12
Trade receivables (current assets)	16,445	12,495	3,575	198	177
TOTAL	**20,842**	**16,879**	**3,575**	**198**	**190**

3.6.7.8 Cash and cash equivalents

In thousands of €	31/12/2023	31/12/2022
Time-deposit accounts	18,605	17,353
Cash and cash equivalents	3,884	6,086
Total closing cash	**22,489**	**23,439**
Bank overdrafts	-1	-1
Total net cash at year-end	**22,488**	**23,438**

Cash and cash equivalents include cash and time-deposit accounts, which are classified as cash equivalents when they meet the definition of cash under IAS 7. Consequently, t ime-deposit accounts with negligible risk and short liquidity maturity (less than 3 months), taken out by COGELEC, are classified as cash equivalents. Time-deposit accounts may be terminated at any time.

3.6.7.9 Share capital

Change in share capital

As at 31 December 2023, COGELEC's share capital consisted of 8,898,048 shares, which changed as follows during the year:

	01/01/2023	Increase	Decrease	31/12/2023
Number of shares	8,898,048			8,898,048
O/w ordinary shares	3,550,963			3,550,963
O/w shares with double voting rights	5,347,085			5,347,085
Par value in €	0.45			0.45
Share capital in €	**4,004,122**			**4,004,122**

Information on capital

COGELEC shareholders

Holders	Number of shares	% of share capital	Number or voting rights	% of voting rights
SAS H.R.C.	20	0.00%	40	0.00%
SAS S.R.C.	5,347,065	60.09%	10,694,130	78.08%
Public	3,002,560	33.74%	3,002,560	21.92%
SA COGELEC *	**548,403**	**6.16%**		
Total	**8,898,048**	**100.00%**	**13,696,730**	**100.00%**

*- Treasury shares

Capital management and dividend distribution

	31/12/2023	31/12/2022
Dividends distributed	2,437	
TOTAL	**2,437**	

Treasury shares

At the year-end, the Company held 548,403 treasury shares, acquired for €3,417k under the two share buyback programmes implemented by the Board of Directors to cover the free share allocation plans on 24 October 2018 and 16 November 2022 respectively, which were renewed under the same terms by the Board of Directors on 26 March 2024. Treasury shares acquired are deducted from consolidated shareholders' equity. No gain or loss arising from the purchase, sale or cancellation of shares affects the income statement.

- Number of treasury shares held on 31/12/2023: 548,403 shares
- Value of treasury shares held on 31/12/2023: €3,416,871
- Number of treasury shares acquired in 2023: 170,769 shares
- Value of treasury shares acquired in 2023: €1,214,912
- Number of treasury shares sold in 2023: 23,817 shares
- Value of treasury shares sold in 2023: €176,030

3.6.7.10 Financial liabilities

Non-current/current borrowings and financial debts

In thousands of €	31/12/2023	31/12/2022
Bank loans	11,570	14,621
Lease liabilities	3,871	4,454
Liabilities on operating leases	1,960	2,193
Miscellaneous financial debts		
Non-current borrowings and financial debts	**17,402**	**21,268**
Bank loans	5,051	3,930
Accrued interest not yet due	15	8
Bank overdrafts	1	1
Lease liabilities	583	563
Liabilities on operating leases	1,380	1,146
Current loans and financial debts	**7,030**	**5,649**
TOTAL	**24,432**	**26,918**

During the 2023 financial year, the Company took out a new bank loan for €2m.

Most of the new operating lease liabilities relate to new vehicles.

Non-current/current borrowings and financial debt flows

Gross values	Bank borrowing	OSEO borrowing	Accrued interest not yet due	OSEO Innovation refundable aid	Bank overdrafts	Lease liabilities	Liabilities on operating leases	Miscellaneous financial debt	TOTAL
As of 31 December 2021	**16,501**		**3**		**15**	**5,066**	**2,856**		**24,441**
New	4,611		8			380	1,803		6,803
Redemptions	-2,560		-3			-429	-1,303		-4,295
Change during the year					-14				-14
Exchange rate difference							-17		-17
As of 31 December 2022	**18,551**		**8**		**1**	**5,018**	**3,339**		**26,918**
New	2,000		15				1,552		3,567
Redemptions	-3,930		-8			-563	-1,554		-6,056
Change during the year									
Exchange rate difference							4		4
As of 31 December 2023	**16,621**		**15**		**1**	**4,454**	**3,340**		**24,432**

Remaining term of borrowings as of 31 December 2023

In thousands of €	Share within 1 year	Share exceeding 1 year and under 2 years	Share exceeding 2 years and under 3 years	Share exceeding 3 years and under 4 years	Share exceeding 4 years and under 5 years	Share exceeding 5 years	TOTAL
As of 31 December 2023							
Bank loans	5,051	4,385	3,701	1,966	1,223	296	16,621
Accrued interest not yet due	15						15
OSEO Innovation refundable aid							
Bank overdrafts	1						1
Lease liabilities	583	604	625	465	298	1,879	4,454
Liabilities on operating leases	1,380	1,057	574	299	31		3,340
Other financial liabilities							
Borrowings and long-term debts	**7,030**	**6,046**	**4,899**	**2,730**	**1,552**	**2,175**	**24,432**
Trade payables	6,136						6,136
Tax and social security debts	5,837						5,837
Down payments	11						11
Other debts	2,752						2,752
Deferred income	4,320	4,128	4,008	3,824	3,632	19,120	39,032
Other liabilities	**19,056**	**4,128**	**4,008**	**3,824**	**3,632**	**19,120**	**53,768**
TOTAL	**26,087**	**10,174**	**8,908**	**6,554**	**5,183**	**21,294**	**78,200**

3.6.7.11 Analysis of net financial debt

Change in net financial debt

In thousands of €	31/12/2023	31/12/2022
Long-term portion of financial debt	17,402	21,268
Short-term portion of financial debt	7,029	5,648
Loans due within 1 year and creditor banks	1	1
Total gross debt	**24,432**	**26,918**
Cash and cash equivalents	**22,489**	**23,439**
TOTAL NET DEBT	**1,943**	**3,479**

Details of gross debts are presented in 3.6.7.10.

Financing of WCR

	31/12/2023		31/12/2022	
	Income	Expenses	Income	Expenses
Inventories	16,028		16,011	
Net trade receivables	20,842		18,959	
Net trade payables		6,136		5,448
Social security and tax receivables and debts		2,936		5,299
Other receivables & payables		37,453		32,554
WCR		**9,654**		**8,331**
Financing of WCR	**9,654**		**8,331**	
Working capital	-12,834		-15,107	
Cash and cash equivalents	22,489		23,439	
Current bank overdrafts	-1		-1	

In 2022 and 2023, the Company generated working capital of around €8.3m and €9.6m respectively, mainly due to the weight of prepaid services.

In 2023, with working capital of €12.8m, the cash position was €22.5m.

3.6.7.12 Provision for pension liabilities

Change in liabilities

In thousands of €	Pension liabilities
As of 31 December 2021	**690**
Allowances	
Write-backs	-110
Change in scope	
Actuarial gains and losses	-208
As of 31 December 2022	**372**
As of 31 December 2022	**372**
Allowances	73
Write-backs	
Change in scope	
Actuarial gains and losses	-37
As of 31 December 2023	**408**

3.6.7.13 Other provisions

In thousands of €	Provision for after-sales	Provision for taxes	Provisions for disputes	TOTAL
As of 31 December 2021	**616**		**1,214**	**1,830**
Allowances	116			116
Write-back			-262	-262
Change in scope				
As of 31 December 2022	**732**		**952**	**1,684**
Allowances	95		24	119
Write-back			-130	-130
Change in scope				
As of 31 December 2023	**827**		**846**	**1,673**

Provisions for disputes relate to labour and commercial disputes.

At the end of December 2021, COGELEC had to terminate the contract awarded to a general contractor for the construction of an extension to its premises, as COGELEC had noted that its subcontractors had stopped working on its site. This stoppage followed the general contractor's failure to pay for work carried out by subcontractors on the COGELEC site, which had not been completed by the end of 2021. Given the complex legal context and the uncertain outcome of this case, the Group set aside a provision for risks of €1,059k at the end of 2021, which was adjusted to €797k at the end of 2022 and maintained at the end of 2023.

3.6.7.14 Contingent assets and liabilities

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

3.6.7.15 Trade payables and other payables

Breakdown by type of trade payables and other payables

Trade payables

In thousands of €	31/12/2023	31/12/2022
Trade payables	5,903	5,309
Fixed asset liabilities	233	139
TOTAL	**6,136**	**5,448**

Other non-current liabilities

In thousands of €	31/12/2023	31/12/2022
Tax and social security liabilities		
Down payments received		
Other debts		
Pre-paid income (1)	34,712	30,265
TOTAL	**34,712**	**30,265**
(1) O/w		
Pre-paid contract liabilities	34,197	29,490
Subscription contract liabilities	0	6
CIR and CII	506	754
Investment subsidies	9	15
	34,712	**30,265**

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

Other current liabilities

In thousands of €	31/12/2023	31/12/2022
Tax and social security liabilities	5,837	5,850
Down payments received	11	
Other debts	2,752	2,363
Pre-paid income	4,320	3,932
TOTAL	**12,921**	**12,145**
O/w pre-paid contract liabilities	**4,034**	**3,365**
O/w write-back of pre-paid contract liabilities	4,117	3,332
O/w new pre-paid contract liabilities	9,493	8,463

The increase in other liabilities is mainly due to the rise in accrued credit notes corresponding with AFBs.

3.6.8 INCOME STATEMENT

3.6.8.1 Turnover

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

In thousands of €	31/12/2023	31/12/2022
Equipment sales	45,999	43,122
Sales of services	20,001	16,610
TOTAL	**66,000**	**59,731**

Sales of services included €14,787k of subscriptions "with no commitment or due commitment" in 2023, compared with €12,105k in 2022.

Over the full year, sales came to €66.0m, up 10.5% on 2022, still driven by the continued development of Intratone sales in France and by the commercial momentum in Europe. In France, sales rose by 10.4% to €57.4m. In Europe, sales rose by 11.1% to €8.6m. Equipment sales rose by 6.7%.

Subscriptions continued to grow, rising by 20.4% to €20.0m, and accounted for 30.3% of total sales in 2023. The churn rate remains very low.

In thousands of €	31/12/2023	31/12/2022
France	57,436	52,022
Export	8,564	7,709
TOTAL	**66,000**	**59,731**

Equipment sales include both sales to distributors (equipment only) and equipment "sales" components (intercom panels, etc.) of Standard and Premium package deals.

These sales correspond with service obligations recognised at a precise moment on the delivery date of the equipment in question.

The services include maintenance and access control management services, which encompass the provision of a SIM card to give access to access control management services (access to web applications developed in-house and made available to managers, training for said managers, telephone assistance, maintenance of these applications, etc.).

These services constitute multi-year service obligations recognised using the percentage of completion method, based on the costs incurred, in accordance with IFRS 15. Given the structure and timing of the expenses incurred to provide the services (expenses that are stable from one year to the next), the percentage-of-completion method used corresponds with the amount of the transaction price prorated over the term of the contract (revenue recognised on a straight-line basis over the term of the contract). Furthermore, as the transaction price is not subject to any variability, the degree of uncertainty on the amount of total sales and therefore on the stage of completion on the balance sheet date is nil.

3.6.8.2 Purchases consumed

Non-inventory purchases mainly comprise prototypes and small tools for the design office, as well as fuel.

In thousands of €	31/12/2023	31/12/2022
Purchases of raw materials	-18,910	-19,698
Change in inventories of raw materials	183	2,810
Purchases of goods		
Change in goods inventories		
SIM card purchases	-3,509	-2,951
Non-inventory purchases	-917	-840
Transport on purchases	-73	-89
Self production	585	623
Expense transfers	13	-13
TOTAL	**-22,627**	**-20,158**

3.6.8.3 Personnel expenses and headcount

In thousands of €	31/12/2023	31/12/2022
Wages	-13,878	-12,041
Change in allowance for paid leave	-191	-105
Bonuses & commissions	-2,775	-2,289
Indemnities & miscellaneous benefits	-561	-635
Social security expenses	-5,955	-5,172
Employee share-ownership scheme		-840
Grants and transfers of personnel expenses	418	323
Self production	1,541	1,477
TOTAL	**-21,401**	**-19,282**

Group headcount

	31/12/2023	31/12/2022
Managers	100	93
Office staff (1)	190	176
Workers	35	35
Apprentices	10	8
TOTAL	**335**	**313**

The headcount presented is an average headcount calculated in accordance with the Social Security Code and does not include temporary workers where applicable.

(1) As at 31 December 2023, IT GmbH, IT UK and IT BV had 28, 19 and 12 employees respectively (i.e. an average FTE workforce in 2023 of 30, 19 and 14 employees respectively). In these countries, there are no professional categories as presented above. The employees have therefore been included in the office staff for a total number of 63.

3.6.8.4 External expenses

In thousands of €	31/12/2023	31/12/2022
Agent commissions and fees	-3,601	-3,229
Advertising	-2,168	-2,221
Temporary and seconded staff	-834	-1,360
Travel, assignments and entertainment	-1,391	-1,250
Transport on sales	-646	-653
Rentals	-414	-341
Maintenance and repairs	-759	-576
Contributions	-555	-421
Other items	-950	-959
TOTAL	**-11,318**	**-11,010**

Fees mainly comprise services provided by the HRC Technical and Marketing Department, accounting, legal and consultancy fees (in particular for patent studies, calculation of the CIR, IT services and recruitment), commissions and brokerage fees on sales and fees relating to the financial markets. HRC services amounted to €966k as of 31 December 2023, compared with €855k as of 31 December 2022 (see Note 3.6.10.2). Part of these fees was offset by self production (€36k as of 31 December 2023 and €43k as of 31 December 2022). The increase in fees is due to supplier sourcing services.

Advertising costs include trade fair and exhibition expenses, press advertising and communication/marketing expenses.

Temporary and seconded staff costs increased last year with the hiring of an information systems director, an interim accounting manager (6-month assignment), an IT consultant and an IT development assistant. Some of these costs were eliminated in 2023 by recruiting new staff.

The increase in travel, assignment and entertainment expenses is mainly due to travel by sales representatives.

Lastly, other items increased as a result of staff recruitment fees and other contributions.

3.6.8.5 Breakdown of other current operating income and expenses

In thousands of €	31/12/2023	31/12/2022
Share of investment subsidy written back to profit or loss (1)	605	526
Other income	62	83
Other costs (2)	-65	-137
TOTAL	**602**	**472**
(1) O/w		
Write-back of CIR and CII subsidy		
Write-back of interest-free advance subsidy	594	516
Write-back of subsidies on property leasing	11	11
	605	**526**

(2) Including €82k of bad debts as of 31 December 2022, offset by reversals of impairment losses of the same amount.

3.6.8.6 Breakdown of other operating income and expenses

In thousands of €	31/12/2023	31/12/2022
Sale price of fixed assets sold	116	100
NPV of assets sold	-406	-378
Write-backs of exceptional provisions (1)	10	300
Exceptional provision allowance	-13	-120
Other non-current income and expenses (2)		
IPO expenses not attributable to the paid-in capital (advertising & prospectus costs, travel expenses)	-5	-1,086
TOTAL	**-299**	**-1,184**

(1) In 2022, a downward adjustment of €262k relating to the termination of the contract awarded to a general contractor for the construction of the extension to the premises.
(2) In 2022, Kibolt V1 impact of €935k and non-refundable foreign VAT of €150k.

3.6.8.7 Cost of net debt

Cost of net financial debt

In thousands of €	31/12/2023	31/12/2022
Revenue from time-deposit accounts	530	80
Income from cash and cash equivalents	**530**	**80**
Interest on borrowings	-138	-140
Interest on leases	-185	-166
Interest on operating leases	-25	-26
Interest on Oseo Innovation repayable aid		
Bank interest	0	
Interest on other debts		
Cost of gross financial debt	**-348**	**-332**
Cost of net financial debt	**182**	**-253**

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

Income from time-deposit accounts increased, reflecting the favourable trend in interest rates over the year.

Other financial income and expenses

In thousands of €	31/12/2023	31/12/2022
Foreign exchange gains	126	84
Revenue from trade receivables	1	12
Income from other loans	0	
Other financial income	16	3
Other financial income	**143**	**99**
Foreign exchange losses		-448
Loan impairment		
Other financial expenses	-3	
Other financial expenses	**-3**	**-448**
TOTAL	**140**	**-350**

Income from trade receivables corresponds with the financing portion of lease payments received.

3.6.9 CASH FLOW TABLE

The following options were selected:

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

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

The working capital requirement for operations decreased in 2022 and 2023, mainly due to prepaid invoicing, which is recognised as a contract liability when invoicing has not yet taken place. The change in prepaid contract liabilities is shown in the following line items:

- "Other non-current liabilities": €4,706k in 2023 and €4,518k in 2022
- And "Other current liabilities": €4,787k in 2023 and €3,945k in 2022.

The notes below provide details of some of the items in the cash flow statement.

3.6.9.1		31/12/2023	31/12/2022
Transfer price	**3.6.8.6**	-116	-100
Adjusted sale price		**-116**	**-100**
Net book value	**3.6.8.6**	406	381
Adjusted net book value		**406**	**381**
Capital gains and losses on disposals		**291**	**281**

3.6.9.2	31/12/2023	31/12/2022
Current tax expense	229	1,926
Deferred tax expense	314	-105
Reclassification of corporation tax on treasury shares as equity	-39	-1
Tax expense (including deferred taxes)	**504**	**1,820**

3.6.9.3		31/12/2023	31/12/2022
Opening tax debt / receivables	**3.6.10.1**	-1,392	147
Current tax expense		-229	-1,926
Closing tax debt / receivables			
Cancellation of income tax savings generated by IPO expenses attributed to equity	**3.6.10.1**	-1,233	1,392
Taxes paid		**-2,853**	**-387**

3.6.9.4		31/12/2023	31/12/2022
Change in inventories	**3.6.7.6**	-17	-718
Impact of exchange differences		0	
Change in inventories in WCR		**-18**	**-718**

3.6.9.5		31/12/2023	31/12/2022
Change in trade receivables	**3.6.7.7**	-1,468	-3,073
Impact of exchange differences		9	-23
Change in trade receivables in WCR		**-1,459**	**-3,096**

3.6.9.6		31/12/2023	31/12/2022
Other current assets (excluding loans and guarantees)	3.6.7.7	-37	-771
Impact of exchange differences		4	-8
Impact of exchange differences on reciprocal agreements		-1	
Change in other current assets in WCR		**-34**	**-779**

3.6.9.7		31/12/2023	31/12/2022
Change in other non-current liabilities	**3.6.7.15**	4,447	4,258
Impact of exchange differences		-20	
Change in other non-current liabilities in WCR		**4,426**	**4,258**

3.6.9.8		31/12/2023	31/12/2022
Change in trade payables	**3.6.7.15**	594	77
Impact of exchange differences		-11	24
- Impact of exchange differences on reciprocal agreements		11	-22
Change in supplier debt in WCR		**593**	**79**

3.6.9.9		31/12/2023	31/12/2022
Write-back of grants	**3.6.8.5**	605	526
Portion of prepaid income written back to income	**3.6.7.15**	4,117	3,332
Change in other current liabilities	**3.6.7.15**	775	3,418
Impact of exchange differences		-5	60
Other current liabilities		**5,492**	**7,335**

3.6.9.10		31/12/2023	31/12/2022
Acquisitions of fixed assets	**3.6.7.1 and 3.6.7.2**	-5,847	-6,344
- New leases	**3.6.7.10**	1,552	2,184
Change in fixed asset liabilities	**3.6.7.15**	94	-41
Acquisitions of fixed assets		**-4,201**	**-4,201**

3.6.9.11		31/12/2023	31/12/2022
Transfer price	**3.6.8.6**	116	100
- Early repayments		-61	-101
Disposal of fixed assets		**55**	**-1**

3.6.9.12		31/12/2023	31/12/2022
Other financial assets, opening balance		611	550
Other financial assets, closing balance	**3.6.7.3**	-506	-611
Change in non-current assets		**104**	**-61**
Neutralisation of depreciation			38
NBV on deposits and guarantees			-38
Change in loans and advances granted on non-current assets		**104**	**-61**
Other current assets (financial assets), opening balance		67	7
Other current assets (financial assets), closing balance	**3.6.7.7**	-131	-67
Change in current assets		**-64**	**-60**
NBV on financial assets		-50	
Change in loans and advances granted on current assets		**-114**	**-60**
Change in outstanding loans and advances		**-9**	**-121**

3.6.9.13		31/12/2023	31/12/2022
New borrowings	**3.6.7.10**	3,567	6,803
- New leases	**3.6.7.10**	-1,552	-2,184
New borrowings		**2,015**	**4,620**

3.6.9.14		31/12/2023	31/12/2022
Loan repayments	**3.6.7.10**	-6,056	-4,295
- Early repayments		61	101
Loan repayments		**-5,995**	**-4,194**

3.6.10 OTHER INFORMATION

3.6.10.1 Taxes

Balance sheet – Assets (in €k)

	31/12/2023	31/12/2022
NON-CURRENT ASSETS		
Deferred tax		
Current tax receivable		
CURRENT ASSETS		
Current tax receivable (1)	1,336	
TOTAL ASSETS	**1,336**	

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

Balance sheet – Liabilities (in €k)

	31/12/2023	31/12/2022
NON-CURRENT LIABILITIES		
Deferred tax	615	291
Current tax liability		
CURRENT LIABILITIES		
Current tax liability (1)	103	1,392
TOTAL LIABILITIES	**718**	**1,683**

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

Net tax debt (in €k)

	Current		Non-current	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net current tax receivable	1,336			
Net current tax liability	103	1,392		

Tax charge analysis (in €k)

	31/12/2023	31/12/2022
Net income/loss before tax	**5,106**	**1,743**
Theoretical tax charge	1,319	450
Impact of permanently non-deductible expenses net of definitively non-taxable income	89	90
Impact of tax credits	-161	-137
Impact of tax losses for the year and unrecognised restatements	-65	1,520
Impact of tax rate differences	-18	-25
Impact of allocating previously unrecognised tax losses	-637	
Impact of CVAE	67	159
Impact of exchange differences	0	-23
Effective tax charge	**595**	**2,035**

The Group's tax charge in 2023 was €595k, compared with €2,035k in 2022.

IAS 12 recommends using the most recently enacted tax rate to calculate deferred tax. In France, the tax rate used is therefore 25% plus the 3.3% contribution. Foreign companies are not taxed on their losses.

As a result of the debt write-offs granted to foreign subsidiaries and the payment of their distribution costs by COGELEC SA, the subsidiaries IT GMBH and IT BV generated tax profits for the year, while IT UK broke even. This means that the impact of tax losses not capitalised in 2022 did not have the same effect in 2023. Conversely, the allocation of previously unrecognised tax losses generated significant tax savings in 2023.

3.6.10.2 Related parties

The related parties identified as at 31 December 2023 and 31 December 2022 are as follows:

- SAS HRC whose CEO is Roger LECLERC (himself Chairman and CEO of COGELEC)
- SRC, whose CEO is Cogelec Développement represented by Roger LECLERC, CEO
- Cogelec Développement, whose CEO is Roger LECLERC

HRC charges the provision of services to COGELEC in the following areas: general policy, investment, sales policy, marketing and financial policy, project management and creation of offers.

COGELEC distributed dividends of €1,465k to SRC for the 2023 financial year.

The impact of related party transactions on the various balance sheet and income statement items is as follows:

LIABILITIES	31/12/2023	31/12/2022
Other non-current liabilities		
Total non-current liabilities		
Borrowings and long-term debts		
Trade notes and accounts payable	303	192
Total current liabilities	**303**	**192**
TOTAL LIABILITIES	**303**	**192**

	31/12/2023	31/12/2022
External charges	-966	-855
Taxes and duties		
OPERATING INCOME / LOSS	-966	-855
Cost of gross financial debt		
CONSOLATED NET INCOME / LOSS	**-966**	**-855**

3.6.10.3 Remuneration of senior directors

The Group has defined and limited the definition of senior directors to executive corporate officers, i.e. the leader, Roger Leclerc, Chairman and Chief Executive Officer of SA COGELEC.

Remuneration paid to senior directors breaks down as follows (in €k):

In thousands of €	31/12/2023	31/12/2022
Wages	300	300
Bonuses	253	
DIRECTORS' REMUNERATION	**553**	**300**

The director does not receive:

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

3.6.10.4 Statutory auditors' fees

	ARC			
	31/12/2023		31/12/2022	
	Auditors (ARC)	Network	Auditors (ARC)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements				
* Issued by	82		88	
* Fully consolidated subsidiaries				
Sub-total	**82**		**88**	
Services other than certification of accounts				
* Issued by	5		5	
* Fully consolidated subsidiaries				
Sub-total	**5**		**5**	
TOTAL statutory auditors' fees	**88**		**93**	

	DELOITTE			
	31/12/2023		31/12/2022	
	Auditors (DELOITTE & Associates)	Network	Auditors (DELOITTE & Associates)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements				
* Issued by	82		88	
* Fully consolidated subsidiaries				
Sub-total	**82**		**88**	
Services other than certification of accounts				
* Issued by	5		13	
* Fully consolidated subsidiaries				
Sub-total	**5**		**13**	
TOTAL statutory auditors' fees	**87**		**102**	

	BRUIJNSE			
	31/12/2023		31/12/2022	
	Auditors (BRUIJNSE)	Network	Auditors (BRUIJNSE)	Network
Certification and limited half-yearly review of the individual and consolidated financial statement * Issued by * Fully consolidated subsidiaries				
Sub-total				
Services other than certification of accounts * Issued by * Fully consolidated subsidiaries	24		20	
Sub-total	**24**		**20**	
TOTAL statutory auditors' fees	**24**		**20**	

	ALDER SHINE LLP			
	31/12/2023		31/12/2022	
	Auditors (ADLER Shine LLP)	Network	Auditors (ADLER Shine LLP)	Network
Certification and limited half-yearly review of the individual and consolidated financial statements * Issued by * Fully consolidated subsidiaries	14		12	
Sub-total	**14**		**12**	
Services other than certification of accounts * Issued by * Fully consolidated subsidiaries				
Sub-total				
TOTAL statutory auditors' fees	**14**		**12**	

With regard to foreign subsidiaries, only INTRATONE UK has appointed an auditor: ADLER SHINE LLP.

INTRATONE BV requested a contractual audit for 2022 and 2023.

3.6.10.5 Operational performance indicators

Gross margin

	31/12/2023	31/12/2022
Turnover	**66,000**	**59,731**
Other operating revenue	24	16
Purchases used	-22,627	-20,158
Change in inventories of goods in progress and finished products	-11	-752
GROSS MARGIN	**43,385**	**38,837**
As a percentage of turnover	*65.7%*	*65.0%*

The purchases consumed are detailed in 3.6.8.2.

EBITDA

	31/12/2023	31/12/2022
Operating profit / loss	4,784	2,345
Depreciation allowance	4,861	4,368
Depreciation of assets net of write-backs	526	419
EBITDA[2]	**10,171**	**7,132**
As a percentage of turnover	*15.4%*	*11.9%*

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

3.6.11 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

3.6.11.1 Analysis of covenants

The Company is not subject to any covenants in connection with its financing arrangements for the 2023 and 2022 financial years.

3.6.11.2 Schedule of financial assets and liabilities

2023

ASSETS (in €k)	On-balance sheet value	- 1 year	2 years	3 years	4 years	5 years	5+ years
Other financial assets	**506**						
Capitalised securities (BPA units)	200						200
BPI guarantee withholdings	115						115
Security deposit on property lease	129						129
UK IT local security deposit							
GMBH IT local security deposit	22						22
BV IT local security deposit	41		26			15	
Staff loans							
Other non-current assets	**7,119**						
Trade receivables	12		4				8
Trade receivables on leases	4,385		1,855	1,392	861	276	1
Pre-paid expenses	2,722		610	602	599	483	428
Non-current financial assets	**7,625**		**2,495**	**1,994**	**1,460**	**774**	**902**
Inventories and work in progress	**16,028**	**16,028**					
Trade notes and accounts receivable	**16,445**						
Trade receivables	14,248	14,248					
Trade receivables on leases	2,197	2,197					
Other current assets	**4,035**						
Staff loans							
BPI guarantee withholdings	75	75					
UK IT security deposits	56	56					
Advances and down payments	122	122					
Social security receivables	38	38					
Tax receivables	2,247	2,247					
Other operating receivables	207	207					
Pre-paid expenses	1,292	1,292					
Cash and cash equivalents	**22,489**	**22,489**					
Current financial assets	**58,997**	**58,997**					
TOTAL FINANCIAL ASSETS	**66,623**	**58,997**	**2,495**	**1,994**	**1,460**	**774**	**902**

2022

ASSETS (in €k)	On-balance sheet value	- 1 year	2 years	3 years	4 years	5 years	5+ years
Other financial assets	**611**						
Capitalised securities (BPA units)	200						200
BPI guarantee withholdings	190		75				115
Security deposit on property lease	123						123
UK IT local security deposit	56		56				
GMBH IT local security deposit	22			22			
BV IT local security deposit	19				19		
Staff loans	2		2				
Other non-current assets	**6,355**						
Trade receivables	2						2
Trade receivables on leases	3,981		1,617	1,274	811	279	
Pre-paid expenses	2,373		541	482	480	444	426
Non-current financial assets	**6,966**		**2,290**	**1,778**	**1,310**	**723**	**865**
Inventories and work in progress	**16,011**	**16,011**					
Trade notes and accounts receivable	**14,977**						
Trade receivables	13,038	13,038					
Trade receivables on leases	1,939	1,939					
Other current assets	**3,936**						
Staff loans	17	17					
BPI guarantee withholdings	50	50					
UK IT security deposits							
Down payments	164	164					
Social security receivables	25	25					
Tax receivables	2,210	2,210					
Other operating receivables	393	393					
Pre-paid expenses	1,077	1,077					
Cash and cash equivalents	**23,439**	**23,439**					
Current financial assets	**58,361**	**58,361**					
TOTAL FINANCIAL ASSETS	**65,327**	**58,361**	**2,290**	**1,778**	**1,310**	**723**	**865**

2023

LIABILITIES (in €k)	On-balance sheet value	- 1 year	2 years	3 years	4 years	5 years	5+ years
Borrowings and long-term debts	**17,402**						
Bank loans	11,570		4,385	3,701	1,966	1,223	296
Lease liabilities	3,871		604	625	465	298	1,879
Liabilities on operating leases	1,960		1,057	574	299	31	
Other non-current liabilities	**34,712**						
Pre-paid income on pre-paid contracts	34,197		3,981	3,898	3,735	3,545	19,038
CIR and CII	506		143	107	87	87	81
BPI – interest-free advance subsidy							
OSEO – Investment subsidies	9		3	3	2		
Non-current financial liabilities	**52,113**		**10,174**	**8,908**	**6,554**	**5,183**	**21,294**
Borrowings and long-term debts	**7,030**						
Bank loans	5,051	5,051					
Accrued interest not yet due	15	15					
Bank overdrafts	1	1					
Lease liabilities	583	583					
Miscellaneous financial debt	1,380	1,380					
Trade payables	**6,136**	**6,136**					
Other current liabilities	**12,921**						
Tax and social security liabilities	5,837	5,837					
Down payments	11	11					
Other debts	2,752	2,752					
Deferred income	4,320	4,320					
Current financial liabilities	**26,087**	**26,087**					
TOTAL FINANCIAL LIABILITIES	**78,200**	**26,087**	**10,174**	**8,908**	**6,554**	**5,183**	**21,294**

2022

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

3.6.11.3 Fair value of financial assets and liabilities

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

in €k	31/12/2023	Value – statement of financial position under IFRS 9		
Balance sheet items	Value in statement of financial position	Fair value through the income statement	Fair value through other comprehensive income	Amortised cost
Non-current financial assets	506		506	
Trade and other receivables	20,842			20,842
Other receivables	6,757			6,757
Cash and cash equivalents	22,489	22,489		
Total items under an asset heading	**50,594**	**22,489**	**506**	**27,599**
Current financial debt	7,030			7,030
Non-current financial debt	17,402			17,402
Trade notes and accounts payable	6,136			6,136
Other debts	47,632			47,632
Total items under a liability heading	**78,200**			**78,200**

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

3.6.11.4 Off-balance sheet commitments by maturity

Financial commitments at 31 December 2023

In thousands of €	TOTAL	2023	2024	2025	2026	2027	Beyond
Commitments given							
Security interests							
Fixed asset orders	341	341					
Loan obtained but not yet drawn down (in $k) [2]	2,050	1,750	300				
Supply commitment [1]	1,874	701	579	409	141	39	5
Interest on borrowings	506	180	148	110	51	16	1
Interest on leasing	852	165	144	123	101	86	233
Interest on operating leases	37	20	11	5	1	0	0
Total commitments given	**5,660**	**3,157**	**1,183**	**647**	**294**	**141**	**238**
Commitments received							
Authorised overdraft limit	1,250	1,250					
Fixed asset orders	1,717	1,717					
Loan obtained but not yet drawn down (in $k) [2]	2,050	1,750	300				
Purchase commitment [1]	1,874	701	579	409	141	39	5
Interest on borrowings	506	180	148	110	51	16	1
Interest on leasing	852	165	144	123	101	86	233
Interest on operating leases	37	20	11	5	1	0	0
Total commitments received	**8,287**	**5,784**	**1,183**	**647**	**294**	**141**	**238**

[1] Lease commitments

[2] COGELEC has $16.3 million in agreements with banks for forward purchases in dollars. The Company has already used $7,518K, and has committed $1,750K over 2024 and $300K over 2025.

The decrease in purchase and supply commitments is explained by:

- As binding contracts come to an end, they are renewed as non-binding contracts (the churn rate is very low) and are therefore no longer included in off-balance sheet commitments.
- Similarly, new contracts no longer have a firm commitment period and are therefore not included in off-balance sheet commitments.

The Group expects to generate sales of €16,534k in 2024 from these non-binding contracts outstanding as of 31 December 2023.

COGELEC has $16.3 million in lines of credit with banks for forward purchases in dollars. The Company has already used $7,518K, and has committed $1,750K over 2024 and $300K over 2025.

Financial commitments as of 31 December 2022

In thousands of €	TOTAL	2022	2023	2024	2025	2026	Beyond
Commitments given							
Security interests							
Fixed asset orders	279	279					
Extension work							
Supply commitment [1]	2,465	802	648	530	361	90	34
Interest on borrowings	482	157	128	94	70	26	7
Interest on leasing	1,037	185	165	144	123	101	319
Interest on operating leases	44	18	13	8	4	1	
Total commitments given	**4,305**	**1,441**	**953**	**776**	**558**	**218**	**360**
Commitments received							
Authorised overdraft limit	1,250	1,250					
Diamo debt waiver with financial recovery clause							
Fixed asset orders	1,505	1,505					
Extension work							
Purchase commitment [1]	2,465	802	648	530	361	90	34
Interest on borrowings	482	157	128	94	70	26	7
Interest on leasing	1,037	185	165	144	123	101	319
Interest on operating leases	44	18	13	8	4	1	
Total commitments received	**6,781**	**3,917**	**953**	**776**	**558**	**218**	**360**

[1] Lease commitments

Loans granted by OSEO BDPME, totalling €3.8m, were secured by cash collateral amounting to €190k as of 31 December 2023.

Loans granted by OSEO BDPME, totalling €4.8m, were secured by cash collateral amounting to €240k as of 31 December 2022.

3.6.11.5 Operating segments

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

Overseas assets are not significant.

In 2023, FRANCOFA EURODIS accounted for 10% of Group sales.
In 2022, no single customer accounted for more than 10% of sales.

4. ANNUAL FINANCIAL STATEMENTS OF THE COMPANY AS AT 31 DECEMBER 2023

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

4.1 INCOME STATEMENT

In thousands of euros	31/12/2023	31/12/2022
Operating income		
Sales of goods		
Sold production (goods)	40,945	38,656
Sold production (services)	21,840	18,589
Net turnover	**62,785**	**57,245**
O/w intra-Community export and delivery	5,846	5,765
Stored production	-36	-1,431
Self production	3,006	3,006
Operating subsidies	48	61
Cancellation of provisions (&amort), transfer of expenses	1,227	825
Other income	63	85
Total operating income (I)	67,094	59,793
Operating expenses (2)		
Purchases of goods		
Change in inventory		
Purchases of raw materials and other supplies	18,910	19,698
Inventory changes	-183	-2,558
Other purchases and external expenses (a)	14,963	13,922
Taxes, duties and similar levies	776	945
Wages and salaries	13,544	11,860
Social security expenses	5,230	4,511
Depreciation and amortisation expenses		
- On fixed assets: depreciation allowance	3,589	3,382
- On fixed assets: allowances for depreciation	377	61
- On current assets: allowances for depreciation	511	1,289
- For risks and charges: provisions	251	137
Other costs	9,680	144
Total operating expenses (II)	67,649	53,391
OPERATING INCOME/LOSS (I-II)	-554	6,402
Net income/losses from operations		
Profit transferred in or loss transferred out (III)		
Loss transferred in or benefit transferred out (IV)		
Financial income		
Profit-sharing (3)	1,172	354
Other transferable securities and fixed asset receivables	0	
Other interest and similar income (3)	539	82
Write-backs of provisions and impairments and transfer of expenses	1,607	
Positive exchange differences		
Net income from the sale of marketable securities		
Total financial income (V)	3,318	436
Financial expenses		
Depreciation and amortisation expense		15,286
Interest and similar expenses (4)	141	140
Negative exchange differences	40	11
Net expenses on disposal of securities		
Total financial expenses (VI)	181	15,437
FINANCIAL INCOME/LOSS (V-IV)	3,137	-15,002
CURRENT INCOME/LOSS before tax	2,583	-8,599
Extraordinary income		
On management transactions		

On capital transactions	73	300
Write-backs of provisions and impairments and transfer of expenses	10	300
Total extraordinary income (VII)	83	599
Extraordinary expenses		
On management transactions	17	152
On capital transactions	345	593
Depreciation, amortisation and provisions	13	120
Total extraordinary expenses (VIII)	376	864
EXTRAORDINARY PROFIT/LOSS (VII-VIII)	-293	-265
Employee profit sharing (IX)		840
Income tax (X)	59	1,611
Total income (I+III+V+VII)	70,495	60,828
Total expenses (II+IV+VI+VIII+IX+X)	68,264	72,143
PROFIT OR LOSS	2,231	-11,315
(a) Including:		
- Equipment leasing fees		
- Property lease payments	747	593
(1) O/w income from prior periods		
(2) O/w expenses relating to prior periods		
(3) O/w income relating to related entities	1,172	354
(4) O/w interests in related entities		

4.2 BALANCE SHEET AS AT 31 DECEMBER 2023

4.2.1 ASSETS

	31 December 2023			31 December 2022
In thousands of Euros	Gross values	Amortisation – Depreciation	Net values	Net values
FIXED ASSETS				
Intangible assets				
Start-up costs				
Research and developments costs	16,124	14,229	1,895	3,250
Concessions, patents, licences, software & similar rights	968	807	161	73
Business goodwill (1)	1,927		1,927	1,927
Other intangible assets	4,816	436	4,379	3,204
Down payments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Technical facilities, equipment and industrial tools	16,274	12,520	3,755	3,963
Other property, plant and equipment	4,146	1,691	2,455	1,535
Property, plant and equipment under construction	673		673	585
Down payments	203		203	92
Financial fixed assets (2)				
Investments (equity method)				
Other participating interests	435		435	35
Receivables relating to participating interests	23,817	21,538	2,279	4,859
Other capitalised securities	200		200	200
Loans				5
Other financial fixed assets	3,736		3,736	2,730
TOTAL FIXED ASSETS	73,319	51,220	22,099	22,460
CURRENT ASSETS				
Inventories and work in progress				
Raw materials and other supplies	11,111	503	10,608	10,520
Work in progress (goods and services)	4,243	256	3,987	3,881
Intermediate and finished products	1,577	278	1,299	1,499
Goods				
Down payments on orders Receivables (3)	122		122	164
Trade and other receivables	14,412	1,008	13,404	12,222
Other receivables	2,601	123	2,478	1,050
Subscribed capital called and unpaid				
Miscellaneous				
Marketable securities	18,605		18,605	17,353
Cash and cash equivalents	3,144		3,144	5,454
Pre-paid expenses (3)	3,672		3,672	3,288
TOTAL CURRENT ASSETS	59,487	2,169	57,317	55,431
Loan issuance costs to be spread				
Bond redemption premiums				
Unrealised foreign exchange loss				
GRAND TOTAL	132,806	53,390	79,416	77,891
(1) O/w leasehold rights				
(2) O/w within one year (gross)			3,492	2,421
(3) O/w over one year (gross)			3,543	3,122

4.2.2 LIABILITIES

In thousands of Euros	31 December 2023	31 December 2022
EQUITY		
Share capital	4,004	4,004
Paid-in capital	4,902	18,654
Excess of restated assets over historical cost		
Legal reserve	400	400
Statutory or contractual reserves		
Regulated reserves	6	6
Other reserves	2,833	2,833
Balance brought forward		
INCOME FOR THE FINANCIAL YEAR (profit or loss)	2,231	-11,315
Investment subsidies	15	25
Regulated provisions		
TOTAL EQUITY	**14,390**	**14,607**
OTHER EQUITY		
Income from issuances of equity loans		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS FOR RISKS AND CHARGES		
Provisions for risks	1,523	1,554
Provisions for charges	152	153
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,675	1,707
DEBTS (1)		
Convertible bonds		
Other bond debentures		
Bank borrowings (2)	16,637	18,561
Sundry debts and liabilities (3)		
Down payments from clients		
Trade notes and accounts payable	5,622	5,059
Tax and social security debts	3,836	5,305
Payables to fixed asset suppliers	147	54
Other debts	2,451	2,332
Deferred income (1)	34,656	30,265
TOTAL DEBTS	63,350	61,576
Foreign exchange unrealised gains		
GENERAL TOTAL	79,416	77,891
(1) O/w over one year (a)	42,493	41,724
(1) O/w within one year (a)	20,857	19,852
(2) O/w bank borrowings and bank credit balances	1	1
(3) O/w equity loans		
(a) With the exception of down payments from clients		

4.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

4.3.1 KEY EVENTS IN 2023

Key events of the financial year having an accounting impact

On 1 February 2023, COGELEC announced a collaborative agreement with KONE to steer the deployment of a new range of connected services combining their two smart technologies, in particular new connected solutions in homes. As part of this new collaboration, COGELEC, under its Intratone brand, and KONE, the world leader in urban mobility solutions, will be rolling out a joint offering for apartment blocks that includes four specific functionalities: connectivity between the entrance hall door and the lift, connectivity between the resident's intercom and the lift, connectivity between the resident and the lift via a smartphone, and connectivity between the resident and the lift in the event of a breakdown.

On 9 December 2022, COGELEC SA received a notice of an accounting audit covering the 2020 and 2021 financial years. This inspection began in January 2023. On 8 December 2023, the Company received a notice of deficiency interrupting the statute of limitations, covering only the year ended 31/12/2020 in respect of VAT and corporation tax and excluding the CIR 2020 filed in 2021. The restated amounts were accepted by the Company for a total of €10,335 in respect of VAT and €13,973 in respect of corporation tax. This audit is still in progress in respect of the 2020 and 2021 CIR and all taxes for the 2021 financial year.

In order to finance the commercial development of its subsidiaries, COGELEC has made various advance payments in recent years, reduced by debt waivers of €3.6m granted during the year (with a financial recovery clause), giving a cumulative amount of €23.8m as of 31 December 2023. These advance payments have been written down by €21.5m in the parent company financial statements, and relate to receivables from the English and German subsidiaries.

In addition, COGELEC contributed €6m to the distribution costs of its subsidiaries for 2023.

On 14 November 2023, COGELEC announced its partnership with Arkéa Créative Care, an innovative brand specialising in technological services for assisted-living homes for the elderly and nursing homes. This partnership is a response to the challenges of an ageing population and the need to adapt housing to the needs of the elderly. Already deployed in certain assisted-living homes for the elderly and soon to be installed in the Mobicap residences, the combined innovations of Arkéa Créative Care and COGELEC will also find favour with social housing providers and homeowner associations who wish to meet the needs of ageing residents. Easy to use and convenient for people who don't have a smartphone or who are losing their independence, the Intratone intercom connected to the touch-sensitive control unit gives residents peace of mind by providing comfort and security.

At the end of November 2023, the Group decided to reorganise the sales force of its subsidiary in Germany in order to refocus temporarily on a smaller team of field sales representatives. This team will continue to be supported by the various support functions, as the Group wants to consolidate its economic performance in a high-potential market where its ambitions remain immense.

On 22 December 2023, COGELEC acquired a 35% stake (€400k) in the capital of PORTACONNECT, a company that develops a connected solution for the remote monitoring of the operation of automatic doors and gates. PORTACONNECT is managed by a third party from outside the Group, and COGELEC is not involved in the decision-making process. COGELEC has exclusive marketing rights for this solution and benefits from a new diversification in its product range.
PORTACONNECT is accounted for by the equity method in the Group consolidation.

To make sure its Sales and Marketing Director shares the success of the English subsidiary, COGELEC, as the majority shareholder of Intratone UK, transferred to him, by separate deed dated 29 December 2023, 24% of the share capital and voting rights of Intratone UK. The parties also entered into a shareholders' agreement on the same date, which is a major determinant of their consent to the transfer of 24% of the Company's capital and voting rights.

4.3.2 ACCOUNTING PRINCIPLES AND METHODS

4.3.2.1 Property, plant and equipment and intangible assets

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

The cost of a fixed asset consists of its purchase price, including non-recoverable customs duties and taxes, after deduction of rebates, trade discounts and cash discounts, of all directly attributable costs incurred in installing the asset and placing it into service in accordance with its intended use. Transfer rights, fees or commissions and deed costs relating to the acquisition are attached to this acquisition cost. All costs that are not part of the purchase price of the capital asset and cannot be directly related to the costs incurred to install the asset and place it into service in accordance with its intended use, are recognised as expenses.

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

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

Development costs are therefore capitalised insofar as the six defined criteria are met:
- Technical feasibility for commissioning or sale,
- Intention to complete and use or sell it,
- Ability to use or sell it,
- Probable economic benefits,
- Availability of resources to complete the development and use or sell,
- Ability to reliably assess the expenses relating to the various projects.

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

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

Development projects in progress are tested for impairment.

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

4.3.2.2 Depreciation of non-financial assets

Impairment tests are conducted on tangible and intangible fixed assets with a finite useful life whenever there is an indication that they may be impaired. These tests consist of comparing the net book value of the assets with their recoverable value, which is the higher of their market value minus disposal costs and their value in use estimated using the DCF (discounted cash flow) method. Cash flows are discounted over a period limited to 5 years, and the discount rate used corresponds with the weighted average cost of capital for the relevant entity.

The weighted average cost of capital for 2023 is 9%.

Intangible assets that are not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

For intangible assets with indefinite useful lives, impairment tests are conducted at least once a year on a fixed date and between two dates if there is an indication that the asset may be impaired.

Impairment tests, conducted in accordance with the methodology described above, showed that impairment was necessary. Sensitivity analysis of the key assumptions (growth rate, EBITDA rate, discount rate) used to determine the value in use showed an impact on the conclusions of the impairment tests conducted. As such, an impairment loss totalling €538k was recognised on two projects as of 31 December 2023.

4.3.2.3 Amortisation

Amortisation and depreciations are calculated on a straight-line basis over the expected life of the asset.

* Concessions, software and patents:	1 to 5 years
* Technical facilities:	1 to 10 years
* Industrial equipment and tools:	1 to 10 years (including intercom panels and GSM units, 5 to 10 years)
* General facilities, fixtures and fittings:	2 to 35 years
* Transport equipment:	2 to 5 years
* Computer equipment:	2 to 5 years
* Furniture:	3 to 10 years

For simplicity's sake, the depreciation period used is the useful life for initially inseparable assets.

On the balance sheet date, the Company assessed whether there was any indication that an asset may be impaired, based on the internal and external information available.

Where there is an indication of impairment, an impairment test is conducted: the net book value of the fixed asset is compared with its present value.

If the present value of a fixed asset falls below its net book value, the latter, if the asset continues to be used, is written down to its present value.

However, if the present value is not deemed to be materially, i.e. significantly lower than the net book value, the latter is maintained on the balance sheet.

Recognition of an impairment loss changes the depreciable amount of the impaired asset on a prospective basis.

4.3.2.4 Business goodwill

By virtue of ANC regulation no. 2015-06, the Company considers that the use of its goodwill is not limited in time. An impairment test is conducted by comparing the net book value of the goodwill with its fair market value or value in use. Fair market value is determined according to criteria of economic profitability and industry practice. A provision for impairment is booked where appropriate.

4.3.2.5 Equity investments and current account advances

Controlling interests are valued at acquisition cost, excluding incidental expenses.

The balance sheet value of securities corresponds with the Company's going value. It is determined on the basis of the subsidiary's net assets, profitability and future prospects. When the balance sheet value is lower than the acquisition cost, an impairment loss is recognised for the amount of the difference.

Subsidiaries are tested for impairment using the DCF method.

These tests consist of reconciling the net book value of controlling interests and related receivables with the going value estimated using the DCF (discounted cash flow) method.

Cash flows are discounted over a limited period of 6 years and the discount rate used corresponds with the weighted average cost of capital of the entity concerned.

The weighted average cost of capital used for 2023 is 9%.

Impairment tests, conducted in accordance with the methodology described above, showed that an impairment loss was necessary. The sensitivity analysis applied at + or - 10%, i.e. a WAAC rate of +8% and +10%, showed that there was no impact on the conclusions of the impairment tests conducted. As of 31 December 2023, an impairment loss of €21.5m was recognised on receivables from subsidiaries.

4.3.2.6 Inventories

The acquisition costs of inventories include the purchase price, customs duties and other taxes, excluding taxes subsequently recoverable by the entity from the tax authorities, as well as transport, handling and other costs directly attributable to the cost of raw materials, merchandise, work in progress and finished goods. Trade discounts, rebates, cash discounts and similar items are deducted in determining acquisition costs.

Manufactured products are valued at production cost, which includes consumption, direct and indirect production expenses, and depreciation of assets used in production. The cost of sub-activity is excluded from the value of inventories. Interest is excluded from inventory valuation.

Inventories are valued using the first-in, first-out method.

A write-down of inventories equal to the difference between the gross value determined as described above and the current market price or realisable value, minus proportional selling costs, is taken into account when the gross value is higher than the other term stated.

4.3.2.7 Receivables

Receivables are valued at their nominal value. An impairment loss is recognised when the inventory value is lower than the book value.

4.3.2.8 Provisions

Any present obligation to a third party arising from a past event, which can be estimated with sufficient reliability and which covers identified risks, is recognised as a provision.

4.3.2.9 Loan issuance costs

Loan issuance costs are recognised immediately in expenses for the year.

4.3.2.10 Investment subsidies

Investment subsidies are spread over several years.

4.3.2.11 Extraordinary income and expenses

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

4.3.2.12 Transactions in foreign currencies

When assets are acquired in a foreign currency, the conversion rate used is the exchange rate on the date of acquisition or, where applicable, the hedging rate if hedging was taken prior to the transaction. Costs incurred in setting up hedges are also included in the acquisition cost.

Payables, receivables and cash denominated in foreign currencies are shown on the balance sheet at the year-end exchange rate. The difference arising from discounting foreign currency payables and receivables at the year-end exchange rate is recorded on the balance sheet as a foreign exchange unrealised gain/loss.

Foreign exchange unrealised losses that have not been offset are fully provided for in accordance with regulatory requirements.

4.3.2.13 Pension liabilities

The company's commitments in respect of retirement indemnities are calculated using the projected unit credit method with final salaries, taking into account the provisions of the Collective Bargaining Agreement, life expectancy and expected presence in the Company, and financial discounting.

The actuarial assumptions used are as follows:

- Discount rate: 3.65%
- Wage growth rate: 4% degressive
- Turnover rate: moderate
- Retirement age: 65 for management and 64 for non-management employees
- Mortality rate table: INSEE 2016-2018
- Calculation method used: ANC 2021 method

4.3.3 NOTES TO THE BALANCE SHEET

4.3.3.1 Fixed assets

TABLE OF FIXED ASSETS

In thousands of €	At the start of the financial year	Increase	Decrease	At the end of the year
- Start-up and development costs	16,003	120		16,124
- Business goodwill	1,927			1,927
- Other intangible fixed asset items	4,141	2,037	395	5,783
Intangible assets	**22,072**	**2,158**	**395**	**23,834**
- Land				
- Buildings on own land				
- Buildings on third-party land				
- General facilities, fixtures and fittings constr.				
- Technical installations, equipment and industrial tools	14,833	1,492	50	16,274
- General facilities, fixtures and fittings, misc.	1,400	929		2,329
- Transport equipment	24			24
- Office and computer equipment, furniture	1,421	373	2	1,792
- Recoverable and miscellaneous packaging				
- Property, plant and equipment under construction	585	418	330	673
- Down payments	92	222	111	203
Property, plant and equipment	**18,357**	**3,434**	**493**	**21,297**
- Investments valued using the equity method				
- Other participating interests	28,039	5,853	9,640	24,253
- Other long-term investments	200			200
- Loans and other financial fixed assets	2,736	1,056	55	3,736
Financial fixed assets	**30,973**	**6,909**	**9,695**	**28,188**
FIXED ASSETS	**71,404**	**12,500**	**10,584**	**73,319**

As part of the initial application of regulation no. 2015-06 of 23 November 2015, amending regulation no. 2014-03 of the French accounting standards authority (*Autorité des normes comptables*) relating to the General Chart of Accounts, the technical loss from the merger recorded in the opening balance sheet under goodwill was allocated to the underlying assets on which there are reliable and significant unrealised capital gains, based on the information available on the opening date of the financial year.

The technical loss relating exclusively to the subscription contracts entered into by Intratone Telecom is therefore recorded in full as an asset of Cogelec in a sub-account under goodwill.

Flows can be analysed as follows:

In thousands of €	Intangible assets	Property, plant and equipment	Financial fixed assets	TOTAL
Breakdown of increases				
Transfers from item to item	117	434		551
Transfers of current assets				
Acquisitions	2,041	2,999	6,909	11,949
Contributions				
Creations				
Revaluations				
Increases for the year	**2,158**	**3,434**	**6,909**	**12,500**
Breakdown of decreases				
Transfers from item to item	117	434		551
Transfers to current assets				
Disposals		2	55	57
Demergers				
Decommissioning	279	57	9,640	9,975
Decreases for the financial year	**395**	**493**	**9,695**	**10,584**

INTANGIBLE ASSETS

Intangible assets with a net book value of €8,363k include R&D projects in progress worth €4,379k, commercialised R&D projects worth €1,895k, goodwill of €1,927k and patents worth €161k as of 31 December 2023.

Increases of €2,158k in intangible assets during the year correspond with:
- recognition of €1,885k in projects in progress

- introduction of software for €152k
- launch of development projects for €120k

In thousands of €	Gross Amount
Project activation	16,124
Research costs	**16,124**

PROPERTY, PLANT & EQUIPMENT

Increases in property, plant and equipment during the year amounted to €3,434k, and mainly comprised the following:

- Plant and equipment (€1,491k), including €1,167k for capitalised production of equipment under standard and Premium contracts.
- Fixtures and fittings (completion of extension, ground floor refurbishment) €929k
- Property, plant & equipment under construction (equipment) for €405k
- Computer equipment and furniture €373k
- Down payments on equipment €222k

FINANCIAL FIXED ASSETS

Acquisitions of financial assets totalled €6,909k, mainly comprising:

- Cash advances to subsidiaries of €5,453k
- Purchase of treasury shares for €1,049k
- Acquisition of PORTACONNECT securities for €400k

AMORTISATION OF FIXED ASSETS

In thousands of €	At the start of the financial year	Increase	Decrease	At the end of the financial year
Start-up and development costs	12,753	1,475		14,228
Business goodwill				
Other intangible fixed assets	742	65		807
Intangible assets	**13,495**	**1,540**		**15,035**
Land				
Buildings on own land				
Buildings on third-party land				
General facilities, fixtures and fittings				
Technical installations, equipment and industrial tools	10,789	1,669	40	12,418
General facilities, miscellaneous fixtures and fittings	311	176		487
Transport equipment	21	3		24
Office and computer equipment, furniture	979	201	0	1,179
Recoverable and other packaging				
Property, plant and equipment	**12,099**	**2,049**	**40**	**14,109**
FIXED ASSETS	**25,594**	**3,589**	**40**	**29,144**

4.3.3.2 Current assets

STATEMENTS OF RECEIVABLES

Total receivables at the end of the financial year amounted to €48,238k and the breakdown by maturity is as follows:

In thousands of €	Gross amount	Maturities at - 1 year	Maturities at + 1 year
Receivables in fixed assets			
Receivables relating to equity investments	23,817		23,817
Loans			
Other	3,736	3,492	244
Receivables on current assets			
Trade notes and accounts receivable	14,412	13,395	1,017
Other	2,601	2,478	123
Subscribed capital called and unpaid			
Pre-paid expenses	3,672	1,268	2,404
TOTAL	**48,238**	**20,633**	**27,605**
Loans granted during the year			
Loans recovered during the year	5		

Receivables due in more than one year totalling €27,605k break down as follows:
- Advances to subsidiaries of €23,817k
- Prepaid expenses of €2,404k (including prepaid expenses on PREMIUM commissions of €215k and SIM cards of €2,189k)
- Doubtful accounts €1,016k, of which intra-group €967k
- Deposits and guarantees for €244k
- Receivables on extension of €123k

Receivables due in less than one year of €20,633k mainly comprise:
- treasury shares for €3,417k
- deposits and guarantees for €75k
- trade receivables (excluding doubtful accounts) of €13,395k
- corporation tax receivable of €1,402k
- deductible VAT of €905k

ACCRUED INCOME

In thousands of €	Amount
Customers - invoices to be issued	1
Supplier & advances receivable	99
Accrued income from social security organisations	7
Accrued income from the State	19
Accrued income from sundry debtors	0
Accrued interest receivable	214
Total	**340**

ASSET IMPAIRMENT

Flows are analysed as follows:

In thousands of €	Depreciation at start of year	Allocation for the year	Write-back for the year	Depreciation at year-end
Intangible assets	123	348	33	437
Porperty, plant and equipment	82	30	9	103
Financial fixed assets	23,145		1,607	21,538
Inventories	882	219	64	1,037
Receivables and transferable securities	910	305	83	1,132
Total	**25,142**	**901**	**1,797**	**24,246**
Breakdown of allocations and write-backs:				
Operation		888	180	
Financial			1,607	
Extraordinary		13	10	

Depreciation of fixed assets:

Depreciation of intangible assets relates to two R&D projects which have been written down by €89k and €348k respectively.

Depreciation of non-current financial assets totalling €21,538k relates to the impairment of receivables from participating interests, of which:
- GMBH subsidiary: € 13 612 k
- UK subsidiary: € 7 926 k

4.3.3.3 Shareholders' equity

COMPOSITION OF SHARE CAPITAL

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

The 8,890,048 shares are broken down into:
- 3,550,963 bearer shares with a single voting right, including 401,451 treasury shares.
- 5,347,085 registered shares, 20 with single voting rights and 5,347,065 with double voting rights.

Details of treasury shares bought back by COGELEC:
- Number of treasury shares held on 31/12/2023: 548,403 shares
- Value of treasury shares held on 31/12/2023: €3,416,871
- Number of treasury shares acquired in 2023: 170,769 shares
- Value of treasury shares acquired in 2023: €1,214,912
- Number of treasury shares sold in 2023: 23,817 shares
- Value of treasury shares sold in 2023: €176,030

All of these shares are recognised in account 277.

As a result of the increase in the value of treasury shares, an unrealised capital gain of €603k was recognised for tax purposes (historical value compared with the average value over the month prior to the balance sheet date), compared with an unrealised capital gain of €462k as of 31 December 2022.

NET INCOME APPROPRIATION

Decision of the General Meeting of 22 June 2023:

In thousands of €	Amount
Carried forward from previous financial year	
Profit/loss for the previous financial year	-11,315
Deductions from reserves	-2,437
Total origins	**-13,753**
Allocations to reserves	-11,315
Distributions	-2,437
Other allocations	
Carried forward	
Total allocations	**-13,753**

In the table above, the appropriation of the previous year’s net income and the dividend distribution relate specifically to additional paid-in capital.

CHANGES IN EQUITY

In thousands of €	Balance on 01/01/2023	Net income appropriation	Increases	Decreases	Balance on 31/12/2023
Share capital	4,004				4,004
Paid-in capital	18,654	-11,315		2,437	4,901
Legal reserve	400				400
General reserve	2,833				2,833
Regulated reserves	6				6
Carried forward					
Profit (loss) for the financial year	-11,315	11,315	2,231		2,231
Dividends				*2,437*	
Investment subsidy	25			11	14
Total Equity	**14,607**		**2,231**	**2,448**	**14,390**

4.3.3.4 Provisions

In thousands of €	Provisions at the beginning of the financial year	Allowances for the financial year	Write-backs used for the financial year	Write-backs not used for the financial year	Provisions at year-end
Disputes	952	24	130		846
Guarantees given to customers	602	75			677
Losses on futures markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
For tax purposes					
Renewal of fixed assets					
Major maintenance and refurbishment					
Social security and tax charges					
On holiday pay accrual					
Other provisions for risks and charges	153	152	153		152
TOTAL	**1,707**	**251**	**283**		**1,675**
Breakdown of allowances and write-backs for the financial year:					
Operation		251	283		
Financial					
Extraordinary					

Provision for litigation: At the end of December 2021, COGELEC had to terminate the contract awarded to a general contractor for the construction of an extension to its premises, COGELEC having noted that its subcontractors had stopped working on its site. This stoppage followed the general contractor’s failure to pay for work carried out by subcontractors on the COGELEC site, which had not been completed by the end of 2021. Given the complex legal context and the uncertain outcome of this case, the Group set aside a provision for risks of €1,059k at the end of 2021. This provision was updated at 31 December 2022 to bring the risk to €797k and maintained at 31 December 2023.

Warranty provision on Intratone equipment totalling €677k.

After-sales service costs were provisioned on the basis of the product warranty period, i.e. 3 years. The rates used in the calculation are based on costs observed in recent years, divided by sales in the year the products concerned by the after-sales expenses incurred were sold.

The provision of equipment in exchange for after-sales service items led to the recognition of a provision for expenses relating to the neutralisation of the margin on advanced products awaiting return, amounting to €152k.

4.3.3.5 Debts

STATEMENT OF DEBTS

Total debt at the end of the financial year amounted to €63,350k, broken down by maturity as follows:

In thousands of €	Gross amount	Due within 1 year	Due in more than 1 year	1 to 5 years
Convertible bonds (*)				
Other bond debentures (*)				
Bank borrowings (*) and debts of which				
- up to 1 year at the outset	1	1		
- more than 1 year at the outset	16,636	5,066	11,275	296
Miscellaneous borrowings and financial debts (*) (**)				
Trade notes and accounts payable	5,622	5,622		
Tax and social security debts	3,836	3,836		
Fixed asset payables and related payables	147	147		
Other debts (**)	2,451	2,451		
Prepaid income	34,656	3,733	13,805	17,118
Total	**63,350**	**20,857**	**25,080**	**17,414**
(*) Borrowings taken out during the financial year	2,000			
(*) Borrowings repaid during the financial year	3,930			
(**) Of which to shareholders				

ACCRUED LIABILITIES

In thousands of €	Amount
Supplier invoices receivable	2,697
Supplier invoices not yet received	1
Accrued interest on borrowings	15
Accrued interest payable	1
Accrued liabilities for holiday pay	1,124
Staff accrued liabilities	532
Social security charges payable on paid leave	454
Social agencies accrued liabilities	220
Apprenticeship Tax	12
Continuing Education Construction effort	58
State accrued liabilities	162
Trade discounts, rebates & concessions & advances to be made	1,951
Total	**7,227**

4.3.3.6 Adjustment accounts

Pre-paid expenses

In thousands of €	Operating expenses	Financial charges	Extraordinary charges
Pre-paid expenses	3,071		
Pre-paid expenses recurring expenses	601		
TOTAL	**3,672**		

Prepaid expenses of €3,672k mainly relate to:
- SIM cards (€2,732k)
- PREMIUM commissions of €331k
- Property leasing for €157k
- Motor fleet insurance 2024 for €74k

Prepaid income

In thousands of €	Operating Revenue	Investment Income	Extraordinary Income
Prepaid income	34,656		
TOTAL	**34,656**		

Prepaid income: advance billing of pre-paid contracts.

Prepaid income is established using the following method:

- Invoicing is spread over the warranty period of the contract or over 15 years for prepaid contracts.
- This prepaid income is reduced by the amount of commercial costs estimated by COGELEC on prepaid contracts (i.e. impact of €1,784k as of 31 December 2023) in order to cover these expenses.

Future expenses, directly associated with pre-billed contracts, are estimated at 20.5% of prepaid income, or €7.1m (SIM cards + depreciation of modules).

4.3.4 NOTES TO THE INCOME STATEMENT

Sales of equipment are recognised in the income statement on the date of delivery.

Subscription contracts and global offer contracts (including a sale of equipment part and a provision of services part) are recognised on a straight-line basis over the term of the contracts.

Capitalised production
- Of which capitalised production on projects: €1,839k
- Of which capitalised production on equipment relating to subscription contracts: €1,167k

Operating and financial income and expenses

<u>Remuneration of statutory auditors</u>

Account certification fees: €165k

These fees are broken down as follows:
- ACCIOR: €82,500k
- DELOITTE: €82,500k

4.3.4.1 Financial income/loss

In thousands of €	31/12/2023	31/12/2022
Financial income from investments	1,172	354
Income from other securities and fixed-asset receivables	0	
Other interest and similar income	539	82
Write-backs of provisions and transfers of expenses	1,607	
Positive exchange differences		
Net income on disposals of marketable securities		
Total financial income	**3,318**	**436**
Amortisation and provisions for financial assets		15,286
Interest and similar expenses	141	140
Negative exchange differences	40	11
Net expenses on disposals of marketable securities		
Total financial expenses	**181**	**15,437**
Financial income/loss	**3,137**	**-15,002**

The €1,607k write-back relates to the reversal of impairment losses on receivables from subsidiaries:

- Intratone Gmbh for €1,483k
- Intratone Uk for €124k

Related parties

Transactions with related parties not carried out under normal market conditions correspond with technical and marketing services invoiced by HRC for an amount of €966k.

4.3.4.2 Extraordinary expenses and income

In thousands of €	Expenses	Income
Tax and criminal fines, penalties	8	
Supplementary tax charges (other than income tax)	10	
Book value of assets sold	345	
Other costs		
Provisions for risks and charges	13	
Other extraordinary income on management operations		
Income from disposals of assets		52
Investment subsidies transferred to income		11
Other income		10
Provisions for risks and charges		10
Depreciation allowance		
TOTAL	**376**	**83**

Extraordinary expenses of €376k mainly comprise:

- Net book value of abandoned projects for €228k
- Net book value of reimbursed deposits and guarantees of €50k

4.3.4.3 Earnings and Income Tax

EARNINGS AND INCOME TAX

In thousands of €	Amount
Tax assessment basis	
Normal rate - 33 1/3%	
Normal rate – 25%	475
Reduced rate – 15%	
Long-term capital gains - 15%	
Licensing - 10%	
Rental contribution - 2.5%	
Tax credit	
Employment competitiveness	
Research and collaborative research Credit	67
Management training credit	
Apprenticeship Credit	
Family credit	
Investment in Corsica	
Patronage credit	7
Other allocations	

IMPACT OF SPECIAL TAX VALUATIONS

In thousands of €	Amount
Profit/loss for the financial year after tax	**2,231**
+ Income tax	59
+ Additional tax relating to distributions	
- Income tax receivables	
Pre-tax profit/loss	**2,290**
Change in regulated provisions	
Provision for investments	
Provision for price increases	
Special depreciation and amortisation	
Tax provisions	
Other regulated provisions	
Profit/loss excluding special tax valuations (before tax)	**2,290**

TAX BREAKDOWN

In thousands of €	Profit/loss before tax	Corresponding tax (*)	Profit/loss after tax
+ Current profit/loss	**2,583**	**127**	**2,455**
+ Extraordinary profit/loss	**-293**	**-69**	**-224**
- Employee share-ownership scheme			
Net income/loss	**2,290**	**59**	**2,231**

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

The tax charge of €59k corresponds with the income tax charge calculated on 31 December 2023 of €132k, after deducting the research tax credit of €67k and the patronage tax relief of €7k.

Increases and reductions in future tax liabilities

Contingent tax liabilities, based on an income tax rate of 25%, shows a future tax liability of €20k. This amount does not take into account any payment of social security contributions on profits.

Amounts in thousands of euros	Amount
Increases in future tax liabilities	
Relating to special depreciation allowances	
Relating to provisions for price increases	
Relating to capital gains to be reintegrated	
Relating to other items	
A. Total bases contributing to increasing future debt	
Reductions in future tax liabilities	
Relating to provisions for paid leave	
Relating to provisions and non-deductible accrued expenses for the year	81
Relating to other items	
B. Total bases contributing to reducing future debt	**81**
C. Losses carried forward	
D. Long-term capital losses	
Estimate of the amount of the future receivable	**20**
Basis = (A-B-C-D) Tax valued at the rate of 25%	

Provisions for non-deductible accrued expenses of €81k correspond with the Organic provision of €81k.

4.3.4.4 Workforce

Average number of employees: 273, including 10 apprentices et 1 disabled person.

Salaried staff	31/12/2023
Managers	104
Supervisors & technicians	49
Employees	76
Workers	44
TOTAL	**273**

4.3.4.5 Other information

INFORMATION ON MANAGERS

Remuneration allocated to members of governing bodies

The gross remuneration of Mr Roger Leclerc as Chairman and Chief Executive Officer of the Company was €553k for the 2023 financial year (fixed portion of €300k and variable portion of €253k).

In addition, under the terms of the 8th resolution of the General Meeting of 22 June 2023, the Company's shareholders set at €24k the total amount of directors' remuneration to be distributed among the members of the Board of Directors and/or the ad hoc committees in 2024 in respect of the financial year ended 31 December 2023.

IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE COMPANY'S ACCOUNTS

Company name: COGELEC DEVELOPPEMENT

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

SIREN [French business registration no.]: 90148027700010

With a share capital of: €34,568,223

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

85290 MORTAGNE SUR SEVRE

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

COGELEC DEVELOPPEMENT is the group's consolidating parent company, consisting of SAS SRC, SA COGELEC and its 4 subsidiaries:

- INTRATONE GMBH
- INTRATONE UK
- INTRATONE BV
- PORTACONNECT

FINANCIAL COMMITMENTS

Commitments given

Amounts in thousands of €	31/12/2023
Discounted notes not yet matured	
Pledges and guarantees	
Pension liabilities	
Equipment leasing liabilities	
Property lease liabilities	**5,301**
Interest charge	506
Holdback	190
Turnover on contracts remaining to be invoiced	2,273
Fixed asset orders	341
Forward purchases in Dollars	2,050
Other commitments given	**5,360**
Total	**10,660**
Of which relating to commitments with security interest	

Holdbacks of €190k correspond with cash collateral, linked to loans granted by BPI France totalling €3.8m.

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

The company has $16.3 million in lines of credit with banks for forward purchases in dollars, some of which it uses. In 2023, COGELEC purchased $7,518K on this line. For 2024, COGELEC has already committed $1,750 K. For 2025, COGELEC has already committed $300K, for a total commitment of $2,050K.

Commitments received

Amounts in thousands of €	31/12/2023
Authorised overdraft limits	1,250
Pledges and guarantees	
Interest charge	506
Holdback	190
Equipment and property leasing commitment	5,301
Turnover on contracts remaining to be invoiced	2,273
Fixed asset orders	1,717
Debt waiver with financial recovery clause	3,600
Forward purchases in dollars	2,050
Other commitments received	**15,636**
Total	**16,886**

LEASING

Amounts in thousands of €	Land	Buildings	Equipment and tools	Other	Total
Original value		**7,275**			**7,275**
Total of previous years		1,383			1,383
Allowances for the financial year		383			383
Amortisation		**1,766**			**1,766**
Total of previous years		2,959			2,959
Financial year		747			747
Royalties paid		**3,706**			**3,706**
Up to one year		747			747
Over one year and up to five years		2,442			2,442
Over five years		2,112			2,112
Royalties remaining to be paid		**5,301**			**5,301**
Up to one year					
Over one year and up to five years					
Over five years					
Residual value					
Amount paid during the financial year		746			746

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

Following the amendment signed in October 2016, the property lease table takes into account the definitive data, namely:
- Land acquisition cost: €216k
- Structural work: €1,335k, amortised over 35 years
- Cladding: €586k, amortised over 20 years
- General facilities: €1,386k, amortised over 15 years
- Fixtures and fittings: €139k, amortised over 10 years

A total investment of €3,662k

In terms of expansion, Cogelec paid pre-rents in the amount of €38k in H1 2022. Then, the property lease with a term of 12 years began in July 2022. This second contract takes the following into account:
- Structural work: €560k, amortised over 35 years
- Cladding: €1,658k, amortised over 20 years
- General facilities: €862k, amortised over 15 years
- Fixtures and fittings: €533k, amortised over 10 years

A total investment of €3,613k

PENSION LIABILITIES

Commitments in respect of pensions, supplementary retirement benefits and similar indemnities: €408k

TABLE OF SUBSIDIARIES AND HOLDINGS

Name	Country of registration	Share capital	Shareholders' equity other than share capital	Share of capital held	Gross book value of securities held	Net book value of securities held	Loans and advances granted by the Company	Results	Turnover before tax
INTRATONE GMBH	GERMANY	€ 25,000	€-14,195,444	100%	€ 25,000	€ 25,000	€ 13,587,262	€ 1,010,772	€ 1,567,065
INTRATONE UK LTD	UK	£ 100	- £ 7,675,821	76%	€ 86	€ 86	€ 7,926,088	- £ 69,714	£ 2,190,896
INTRATONE BV	NETHERLANDS	€ 10,000	€-3,101,393	100%	€ 10,000	€ 10,000	€ 2,304,080	€ 1,909,173	€ 3,181,181
PORTACONNECT	France	€ 176,800	€ 308,160	35%	€ 400,000	€ 400,000	NA	€-29,960	€ 77,117

4.4 FIVE-YEAR FINANCIAL SUMMARY

In thousands of euros	2019	2020	2021	2022	2023
1. Financial position at year-end					
a) Share capital	4,004	4,004	4,004	4,004	4,004
b) Number of shares	8 898 048	8,898,048	8,898,048	8,898,048	8,898,048
c) Number of bonds convertible into shares					
Overall profit/loss from actual operations					
a) Turnover before tax	40,101	40,544	49,277	57,246	62,785
b) Profit before tax, amortisation and provisions and profit-sharing	8,421	6,411	5,940	10,919	4,952
c) Income tax	968	409	187	1,611	59
d) Employee share-ownership scheme	368	147		840	
e) Profit after taxes, depreciation, amortisation and provisions and profit-sharing	3,700	2,277	-5,971	-11,315	2,231
f) Amount of distributed profits					2,437
3. Income/loss from operations reduced to one share					
a) Profit after tax and profit sharing, but before amortisation and provisions	€0.00	€0.66	€0.65	€0.95	€0.55
b) Profit after tax, amortisation and provisions and profit-sharing	€0.42	€0.26	-€0.67	-€1.27	€0.25
c) Dividend paid to each share					
4. Staff					
a) Number of employees (average)	180	208	236	251	273
b) Wage bill	8,633	9,425	10,888	11,860	13,544
c) Amount paid with respect to social benefits (social security, welfare schemes, etc.)	3,427	3,660	4,347	4,511	5,230

5. AUDIT REPORTS

5.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the General Meeting of COGELEC

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of COGELEC for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS OF THE OPINION

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2023 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

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

Valuation and impairment of developed intangible assets

As of December 31, 2023, developed intangible assets, of which the accounting principles are described in Note 3.6.4.8 “Intangible assets” to the consolidated financial statements, represented a net amount of K€ 6,279 on the Group’s balance sheet, and were tested for impairment according to the procedures described in Notes 3.6.4.10 “Monitoring of the value of non-current assets (excluding financial assets)” and 3.6.6.1 “Impairment of non-financial assets” to the consolidated financial statements.

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

Recognition of revenue

Notes 3.6.4.18 “Recognition of revenue” and 3.6.8.1 “Revenue” to the consolidated financial statements describe the accounting rules and methods relating to the recognition of revenue.

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

SPECIFIC CHECKS

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

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

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

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

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

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

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

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

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

- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Executed in La Roche-sur-Yon and St Herblain, April 23, 2024

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

5.2 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the General Meeting of COGELEC

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of COGELEC for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

BASIS OF THE OPINION

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2023 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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

Valuation and impairment of developed intangible assets

The "Accounting policies – Intangible assets and property, plant and equipment" and "Accounting policies – Impairment of non-financial assets" notes to the financial statements set out:

- the criteria for capitalizing the development costs incurred by the Company and their method of amortization;
- the methodology used to conduct impairment tests and an analysis of their sensitivity to key assumptions.

As part of our assessment of the accounting policies adopted by your Company, we reviewed the procedures adopted to capitalize development costs and those used for their amortization. We reviewed the procedures set up to implement impairment tests based on cash flow forecasts and verified the consistency of the assumptions used with the forecast data taken from the strategic plans prepared under the supervision of the Company's management. We also verified that the notes to the financial statements provide appropriate disclosure.

Valuation and impairment of equity interests and related receivables

The "Accounting policies – Equity interests" note to the financial statements sets out the methodology used to conduct impairment tests and an analysis of their sensitivity to key assumptions.

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

Recognition of revenue

The "Notes to the income statement – Revenue" note to the financial statements sets out the method of recognizing revenue in income.

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

SPECIFIC CHECKS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' management report on corporate governance contains the information required by Article L. 225-37-4 of the French Commercial Code.

Other disclosures

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Directors' Report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

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

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

As specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

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

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

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

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

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

Executed in La Roche-sur-Yon and St Herblain, April 23 2024

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

5.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the Shareholders' Meeting of COGELEC,

In our capacity as statutory auditors of your Company, we hereby report to you on the regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements authorized and concluded during the year

Pursuant to Article R.225-40 of the French Commercial Code, we have been informed that the following agreement was previously authorized by your Board of Directors.

Agreement with SAS H.R.C.

Person involved: Roger Leclerc, Chairman and CEO of your Company, and Chairman of SAS H.R.C.

Nature of the agreement: Technical and commercial service agreement

On April 23, 2018, your Company entered into an agreement, which was subsequently amended on May 11, 2018, with SAS H.R.C providing for technical and commercial services as from May 1, 2018.

This agreement was concluded for one year and can be extended by tacit renewal. Your Board of Directors authorized its renewal on April 18, 2019, April 21, 2020, April 20, 2021, March 30, 2022 and March 23, 2023.

This agreement stipulates a fixed annual compensation of €695,100, excluding tax, that breaks down into technical services for €377,340, excluding tax, and commercial services for €317,760, excluding tax, and a variable compensation related to the performance of commercial services, calculated as follows:

- 2.5% of the portion of annual EBITDA generated by your Company that is lower than or equal to €10,000,000, excluding tax;
- 1.25% of the portion of annual EBITDA generated by your Company exceeding €10,000,000, excluding tax.

The variable portion was capped at a maximum amount of €695,100, excluding tax, but is not subject to any performance conditions.

The Board of Directors justified the renewal of this agreement due to the technical and commercial expertise provided by SAS H.R.C.

Amount expensed during the year in respect of this agreement: €950,925, excluding tax.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement previously approved by the Shareholders' Meeting which continued in effect during the year.

Executed in La Roche-sur-Yon and St Herblain, April 23, 2024

The Statutory Auditors

ACCIOR - A.R.C.	Deloitte & Associés
Sébastien Caillaud	Guillaume Radigue

6. OTHER INFORMATION

6.1 COMPANY INFORMATION

6.1.1 IDENTITY

COMPANY NAME

COGELEC SA

DATE OF CREATION OF THE COMPANY

10/2000

NATIONALITY

French

LEGAL STATUS

Société Anonyme [French public limited company] with a board of directors

REGISTERED OFFICE

370 Rue de Maunit

85290 Mortagne-sur-Sèvre

Telephone: +33 (0)2 51 65 05 79

Fax: +33 (0)2 51 61 45 83

Email address:

investors@cogelec.fr

Website: www.cogelec.fr

TRADE AND COMPANIES REGISTER

433 034 782 La Roche-sur-Yon Trade & Companies Register

APE [principal activity] CODE

2630Z (Manufacture of communication equipment)

TERM

The term of the Company is 99 years from the date of its registration with the Trade and Companies Register, except in the case of early winding up or extension.

CORPORATE PURPOSE

The purpose of the Company, in France and in any country, directly or indirectly, is to:

– design and manufacture communications and telecommunications equipment,

– lease telecommunications equipment and provide subscriptions and related services,

– participate, by any means, in all transactions that may relate to its purpose by creating new companies, subscribing to or purchasing securities or corporate rights, mergers or otherwise,

– perform all commercial, civil, financial, movable or immovable property transactions that may be directly or indirectly related to the foregoing, or likely to promote the development or expansion of the company's business.

FINANCIAL YEAR

From 1 January to 31 December.

CAPITAL AND CHARACTERISTICS

As of 31 December 2023:

The share capital is €4,004,121.60

It is divided into 8,898,048 ordinary shares with a par value of €0.45 each, all of the same category, subscribed and fully paid up.

INITIAL PUBLIC OFFERING

18/06/2018

STOCK MARKET CODES

– ISIN: FR0013335742

– Reuters: ALLEC.PA

– Bloomberg: ALLEC:FP

– Mnemonic Code: ALLEC

EURONEXT PARIS

Listing market: Euronext Growth PARIS

STATUTORY DISTRIBUTION OF EARNINGS

Distributable earnings are distributed among all shareholders in proportion to the number of shares belonging to each of them.

INFORMATION OFFICER

Mr Christophe De Lylle

ACTIFIN

Tel: +33 (0)1.56.88.11.11

Documents and information relating to the Company are made available to shareholders and the public at the registered office as well as on the Group's website (investor area): www.cogelec.fr/

6.1.2 BOARD OF DIRECTORS

CHAIR AND CHIEF EXECUTIVE OFFICER

Roger Leclerc

MEMBERS OF THE BOARD OF DIRECTORS

Mr Roger LECLERC (Chairman), Mrs Brigitte GENY (independent), Mrs Dominique DRUON (independent), Mr Patrick FRUNEAU and Mr Patrice GUYET.

6.1.3 STATUTORY AUDITORS OF THE ACCOUNTS

STATUTORY AUDITORS

ACCIOR - A.R.C., member of the regional company of auditors of the *Cour d'appel Ouest Atlantique* [West Atlantic Court of Appeal],

53 Rue Benjamin Franklin CS 80,654,816 La Roche-sur-Yon Cedex,

Represented by Sébastien Caillaud.

Date of appointment: 24/06/2019

Term of office: 6 years

Expiry date of the term of office: at the General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2024.

Deloitte & Associés, member of the Regional Company of the Statutory Auditors of the *Cour d'appel de Versailles* [Versailles Court of Appeal], 185C avenue Charles de Gaulle 92200 Neuilly,

Represented by Guillaume Radigue.

Date of appointment: 16/01/2018

Term of office: 6 years

Expiry date of the term of office: at the General Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2023.

6.1.4 MAJOR CONTRACTS

With the exception of the contracts described below, the Company has not entered into any significant contracts other than those entered into in the normal course of business.

6.1.4.1 Contracts with telephone operators

AGREEMENT CONCLUDED WITH ORANGE FRANCE

On 24 June 2010, the Company entered into a framework agreement with Orange France for the provision of machine-to-machine business radiotelephony services (following an initial contract in force between the parties from 2006 to 2010), which was subsequently amended by a number of addenda.

The purpose of this contract is to provide the Group with SIM cards and associated services to equip products marketed by the Group, in return for payment of a price by the Company in accordance with the pricing conditions set out in the contract. The contract covers the 28 countries of the European Union and more than 50 targeted geographical areas in addition to France.

The initial contract was signed for a period of 60 months. A 12-month renewal was provided for, unless terminated by either party. Subsequent amendments have modified the duration of the contract. A new framework agreement was signed on 29 June 2020, with effect from 01 July 2020 for a period of 60 months, tacitly renewable for 12-month periods.

The contract provides that either party may terminate the framework agreement in the event of a breach by the other party of any of its obligations. It is also stipulated that the contractual relationship will be terminated automatically if one of the parties ceases trading or if one of the parties is the subject of insolvency proceedings under which the framework agreement would not be continued or taken over.

AGREEMENT WITH SFR

The Company entered into a "machine to machine" partnership and services contract with Société Française du Radiotéléphone (SFR) on 18 October 2011, subsequently amended by several addenda.

The purpose of this agreement is to make SIM cards and related services available to the Group, in order to equip the products sold by the Group, in return for payment of a price by the Company in accordance with the pricing terms set out in the contract. The agreement covers more than 50 geographical areas in addition to France.

The agreement was signed for an initial term expiring on 31 December 2012. Since then, it has been renewed by tacit agreement for periods of 12 months, unless terminated by either party. The agreement also provides for several cases of termination by SFR (e.g. improper use of SIM cards, expiry or withdrawal of SFR’s business permit and operating authorisation, court-ordered liquidation, low rate of achievement of objectives by COGELEC, change of control of COGELEC or acquisition of a stake in COGELEC by a competitor of SFR).

AGREEMENT WITH BOUYGUES TELECOM

The Company entered into a “communicating objects” service integrator agreement with Bouygues Telecom on 21 November 2016.

The purpose of this contract is to define the terms and conditions under which Bouygues Telecom provides the Company with the “communicating objects” service in France and, where applicable, in other countries (36 countries are covered in addition to France), which the Company may use to market its "machine to machine" applications to its end customers. The “communicating objects” service, which consists of the supply of SIM cards and the routing of data and voice, is provided in return for payment of a price by the Company in accordance with the pricing conditions set out in the contract.

This contract was concluded for an initial period of 24 months. Unless terminated by one of the parties at least 3 months before expiry, it will be tacitly renewed for an indefinite period. Either party may terminate the contract at any time, subject to giving 3 months’ notice.

If one of the parties fails to perform its key obligations, the other party will be entitled to terminate the contract 15 days after unsuccessful formal notice. The contract also provides for several cases in which Bouygues Telecom may terminate the contract at any time and without notice (e.g. unsuccessful second request for payment, abnormal or fraudulent use of the service, modification or suspension of GSM roaming agreements with foreign operators).

Any termination shall not affect the validity of orders concluded before that date.

6.1.4.2 VIGIK brand-operating agreements

Between 2003 and 2006, the Company entered into several brand use agreements with La Poste / SRTP Vigik. Each of these agreements relates to the use of the trademark for a specific product. In return, the Company declares and pays brand exploitation royalties, which are calculated based on sales made each year and at agreed unit rates.

With the exception of one agreement, which was concluded for a licence period equivalent to that of the product's VIGIK compliance, these agreements were entered into for an indefinitely renewable period of 2 years.

The above agreements relate to non-exclusive licences.

6.1.4.3 Technological and commercial partnership agreement with Legrand

COGELEC has entered into a partnership with Legrand to integrate products from the Hexact range, including the Vigik® access control solution, into its BTicino brand, dedicated to access control and intercom systems.

COGELEC and Legrand jointly carried out the technological developments required to integrate Hexact products into Legrand's BTicino range, and proposed a communicating interface enabling real-time management of badges, access and residents' names via the Hexact® Web platform. This new offering is marketed by Legrand's sales forces throughout France to retail customers, installers and specifiers in the multi-family housing sector.

6.2 CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

6.2.1 PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Roger Leclerc, Chair and Chief Executive Officer, COGELEC.

6.2.2 CERTIFICATION BY THE PERSON RESPONSIBLE

I certify that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Financial Report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all the companies included in the consolidation, and that the management report included in this Annual Financial Report presents a true and fair view of the development of the business, results and financial position of the Company and all the companies included in the consolidation, together with a description of the principal risks and uncertainties they face.

Mortagne-sur-Sèvre, April 22, 2024

Chief Executive Officer

Roger LECLERC