



W A G A
ENERGY

HALF-YEAR FINANCIAL REPORT

30/06/2022

TABLE OF CONTENTS

HALF-YEAR ACTIVITY REPORT	3
1. WAGA 2022 half-year results	3
1.1 Key figures.....	3
1.2 Business development	3
1.3 Analysis of the income statement and performance indicators	4
1.4 Investments	6
1.5 Research and development	6
2. Significant events of the first half of 2022.....	7
2.1 Significant events of the period	7
2.2 Share capital and voting rights	8
3. Change in net financial debt and cash flow.....	10
3.1 Cash flow.....	10
3.2 Net financial debt	10
4. Subsequent events	11
5. Significant events relating to ongoing litigation.....	11
6. Related-party transactions	12
7. Description of the main risks and uncertainties for the coming six months	12
7.1 Geopolitical backdrop of the conflict in Ukraine	12
7.2 Impact of the Covid-19 pandemic	13
7.3 Other risks and uncertainties.....	13
8. Outlook for the next six months.....	13
FINANCIAL STATEMENTS	15
BALANCE SHEET.....	17
INCOME STATEMENT	18
STATEMENT OF COMPREHENSIVE INCOME	19
STATEMENT OF CHANGES IN EQUITY	20
CASH FLOW STATEMENT.....	21
NOTES TO THE FINANCIAL STATEMENTS	23
1. Description of the Group and its business activities	23
2. Basis of preparation.....	23
3. Significant events of the period.....	25
4. Subsequent events	28
5. Consolidation scope.....	29
6. Segment information.....	30
7. Notes to the consolidated balance sheet.....	33
8. Notes to the consolidated income statement.....	42
9. Risk management	50
10. Fair value of financial assets and liabilities.....	52
STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION	54
ATTESTATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR ACTIVITY REPORT.....	56

HALF-YEAR ACTIVITY REPORT

1. WAGA 2022 half-year results

1.1 Key figures

In € million	June 30, 2022	June 30, 2021	% Change
Revenue	7.0	5.2	35%
Total operating expenses (excluding depreciation, amortization and provisions)	-10.3	-5.6	82%
Of which personnel expenses ⁽¹⁾	-4.8	-2.0	139%
EBITDA ⁽²⁾	-3.1	-0.2	
Depreciation, amortisation and provisions	-1.3	-1.0	29%
Profit (loss) from recurring operations	-4.4	-1.2	
Other non-recurring operating income and expenses	-0.1	-0.3	-82%
Operating profit (loss)	-4.5	-1.5	
Cost of net financial debt	-0.6	-0.6	
Consolidated profit (loss) for the period	-5.1	-2.3	
Owners of the Company	-5.2	-2.4	
Capex	-14.1	-4.8	191%
Cash and cash equivalent	100.1	9.9	

(1) An expense of €1.1m was recognized in the first semester of 2022 in accordance with IFRS 2 for share-based payments (stock options and share subscription options) granted to employees and directors.

(2) EBITDA (“Earnings Before Interest, Taxes, Depreciation & Amortization”) is an indicator that measures operating performance, defined as profit from recurring operations restated for net depreciation and amortization on property, plant and equipment, intangible assets, and provisions, as presented in the income statement of the consolidated financial statements.

1.2 Business development

Biomethane production

As of 30 June 2022, Waga Energy (the “**Company**”) and its subsidiaries identified in the organisational chart in paragraph 2.1 (hereinafter the “**Group**”) operated thirteen WAGABOX® units in France, of which three units were commissioned during the first half of 2022: one unit was started up at the SEG site in Gournay (Indre) and two others at Veolia sites in Le Ham (Manche, France) and Claye-Souilly (Seine-et-Marne, France). This latest unit alone produces 120 GWh of biomethane per year, four to five times more than the previous units.

	H1 2022	H1 2021	Change
Number of WAGABOX® units in operation (end of period)	13	10	30%
Number of WAGABOX® units in operation (average)	11.8	10.0	18%
Biomethane production (in GWh)	96	70	37%

The fleet of WAGABOX® units operated by the Group produced 96 GWh of biomethane in the first half of 2022, 37% more than in the first half of 2021 and 28% more than in the previous half. This increase is explained by the new units commissioned, in particular the one at the Veolia site in Claye-Souilly, started up in March, the first 3,000 m³/h unit.

All units already in operation in 2021 have maintained an availability of at least 95% (excluding outages due to external causes).

Business development

The Group signed four new contracts for the provision of WAGABOX® units during the first half of 2022. In France, the Group signed a first contract with Séché Environnement to equip the Sainte-Marie-Kerque site (Pas-de-Calais), and two other contracts that have not yet been officially announced. A contract was also signed in Quebec (Canada) and will be announced soon.

1.3 Analysis of the income statement and performance indicators

The Group uses revenue and profit (loss) from recurring operations as its main performance indicators. These performance indicators are regularly monitored by the Group to analyse and evaluate its activities and trends, measure its performance, prepare profit forecasts and make strategic decisions. In addition to the IFRS measures, the Group presents a number of additional indicators such as EBITDA, average age of the treatment plant fleet and average residual term of contracts. Consequently, the definitions used by the Group may not correspond to the definitions given to these same terms by other companies, and are thus not comparable. These measures should not be used to the exclusion or replacement of IFRS indicators. The tables below present these indicators for the periods indicated and their calculations.

The Group is still accelerating its development and the profitability of projects already in operation cannot cover the development costs of ongoing projects.

Revenue

The following table shows the revenue for the first half of 2022 and the first half of 2021.

in thousands of euros	H1 2022		H1 2021		Change
Sale of gas / Treatment services	6,514	93%	4,947	95%	32%
Sale of equipment	241	3%	29	1%	731%
O&M	189	3%	173	3%	9%
Others	53	1%	45	1%	18%
Revenue	6,997	100%	5,193	100%	35%

In the first half of 2022, the Group generated consolidated revenue of €7.0 million, an increase of €1.8 million or 35% compared to the first half of 2021. This increase is mainly explained by a scope effect of €1.4 million related to the new units commissioned during the period.

The increase in revenue is also explained by the revenue generated by the one-off sale of two cryogenic distillation modules to Air Liquide to equip the biomethane production units at the Mallard-Ridge (Wisconsin, United States) and Winnebago (Illinois, United States) sites for €0.2 million.

Most of the Waga Energy Group's revenues come from long-term contracts, guaranteed by a feed-in tariff.

Average age of WAGABOX® fleet and residual term of biomethane sales agreements

In years (*)	June 30, 2022	June 30, 2021
Average age of the fleet	2.6	3.0
Residual term of biomethane sales agreements	12.1	11.6

**Data weighted according to production.*

The average age of the fleet is the length of time the units have been in operation since their commissioning date, weighted by the actual production of each WAGABOX® unit. This indicator shows that at the end of the first half of 2022, the installations are still new compared to the duration of the contracts.

The residual maturity of biomethane sales agreements is calculated between the closing date of the financial statements and the end of the agreement, weighted by the actual production of each WAGABOX® unit. As these are long-term agreements, this indicator enhances the average number of remaining years of secured revenue for the Group.

EBITDA

In the first half of 2022, the Group generated an EBITDA of €(3.1) million compared to €(0.2) million in the first half of 2021. This change is mainly due to the Group's international development and the acceleration of recruitment to structure the Group and deploy the growth strategy.

The decrease in EBITDA is also related to a non-cash expense of €1.1 million corresponding to the granting of stock options and share subscription options to the company's employees in 2019 and 2021, compared with an expense of €0.2 million recorded in the first half of 2021. These instruments aimed to build loyalty among employees, who are at the heart of value creation, by involving them in the success of Waga Energy.

At 30 June 2022, the Group had 116 employees compared to 69 at 30 June 2021, *i.e.* an increase of 68%.

The table below provides a reconciliation of profit (loss) from recurring operations to EBITDA for the first half of 2022 and the first half of 2021.

Reconciliation of EBITDA/Profit (loss) from recurring operations (in thousands of euros)	H1 2022	H1 2021
Profit (loss) from recurring operations	(4,407)	(1,202)
Cancellation of the impact of depreciation and amortization and provisions	1,270	984
EBITDA	(3,137)	(218)

Profit (loss) from recurring operations

Loss from recurring operations amounted to €(4.4) million at 30 June 2022, compared with €(1.2) million at 30 June 2021. The change is explained by the factors mentioned above as well as by the increase in depreciation, amortization and provisions (€1.3 million in the first half of 2022 compared to €1.0 million in the first half of 2021) corresponding to the increase in WAGABOX® units in operation.

Profit (loss) for the period

Taking into account the impact of the various factors described above, the total comprehensive loss amounted to €(5.1) million at 30 June 2022 compared to €(2.3) million at 30 June 2021. The cost of net financial debt was stable at €0.6 million for the first half of 2022.

1.4 Investments

In line with its strategy, the Group has accelerated the deployment of its WAGABOX® units, investing €14.1 million in the first half of 2022, compared to €4.8 million in the first half of 2021, representing a growth of €9.3 million. This very strong growth reflects the increase in the number and size of units under construction, particularly internationally. As of 30 June 2022, the Group had 13 units under construction.

The investments are financed by debt and equity raised in connection with the Company's IPO in October 2021.

1.5 Research and development

The Company has not recognized any new research and development costs on its balance sheet during the first half of 2022.

In addition, the Company recorded research and development expenses in the income statement for a total gross amount of 483 thousands of euros for the first half of 2022.

R&D activity focused on three main areas in 2022:

- R&D activities: improvement of the WAGABOX® unit through the development of a module to improve biomethane recovery efficiency. This project is financed by ADEME, and the first equipped unit should be ready in 2023;
- Project support: development of standard units and extension of the range, in particular to support the development of international projects; and

- Operations support: improving the reliability of equipment through the development of unit monitoring indicators, the implementation of new regulation logic and the resolution of problems specific to certain WAGABOX® units, the improvement of which has benefited the entire fleet.

2. Significant events of the first half of 2022

2.1 Significant events of the period

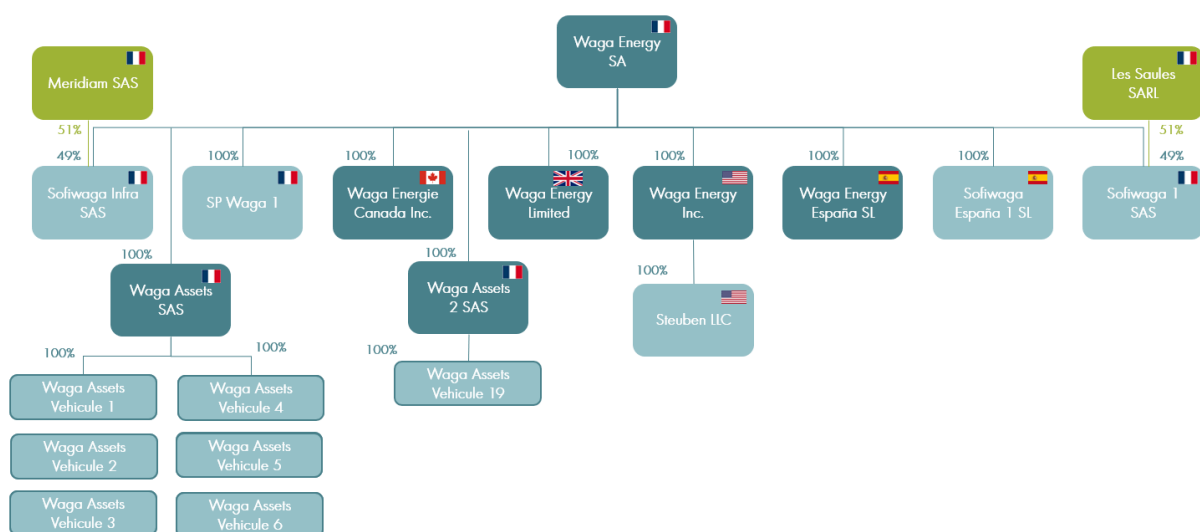
Share capital and subsidiary transactions

Legal organisation chart

During the first half of 2022, four new subsidiaries were created and integrated into the Group:

- **Waga Assets 2:** financial holding company wholly owned by the Company, intended to finance projects developed in France.
- **Waga Energy Limited:** company incorporated under British law wholly owned by the Company to carry out business development in the United Kingdom.
- **Waga Assets Vehicle 6:** project company (“SPV”) wholly owned by Waga Assets, with a WAGABOX® project under construction in France.
- **Waga Assets Vehicle 19:** SPV wholly owned by Waga Assets 2, with a WAGABOX® project under construction in France.

The simplified organisation chart below presents the legal organisation of the Group as at 30 June 2022:



Contribution of Waga Energy Inc. shares by Holweb to the Company

In order to simplify the legal structure of the Group and to improve its operational efficiency, Holweb contributed to the Company all the shares it held in the capital of Waga Energy Inc. (the “**Contribution**”). This allows the Company to hold 100% of the capital and voting rights of its US subsidiary. The Combined General Meeting of the Company on 30 June 2022 approved this Contribution and consequently issued 655,995 new shares with a par value of €0.01 each to Holweb, increasing Holweb’s shareholding from 9.4% to 12.3% of the Company’s capital and voting rights on an undiluted basis. In return for this contribution, the Company now holds 100% of the capital of Waga Energy Inc. (compared to 81% before the transaction). The exchange ratio was determined by the Board of Directors of Waga Energy on the basis of the work of an independent valuer and validated by a contribution auditor.

Financing

Cancellation of the convertible bond agreement with Eiffel Gaz Vert

In order to optimise its financing costs, Waga Assets (a wholly-owned subsidiary of the Company) terminated on 31 March 2022 the financing agreement in the form of bonds convertible into shares (“**OCA**”) which had been entered into with Eiffel Gaz Vert S.L.P on 10 December 2020. The subscribed OCAs were fully repaid by Waga Assets to Eiffel Gaz Vert S.L.P for a total amount of €12.5 million, including interest and share premiums. This early repayment was temporarily financed with the Group’s equity and then refinanced by a new bank loan signed in July 2022 (detailed in paragraph 4. Events after 30 June 2022 of this report).

Funding of Wagabox® projects

SP Waga 1, a wholly-owned subsidiary of the Company, and Sofiwaga Infra, a 49%-owned subsidiary of the Company, drew down €2.2 million and €1 million, respectively, on the €10.5 million loan taken out with the banks Banque Populaire Grand Ouest and BNP Paribas, in connection with the refinancing of four WAGABOX® units concluded in 2021 for the project companies Sofiwaga Infra and SP Waga 1.

The Group also made several drawings from the Canadian bank Caisse Desjardins, for an amount of C\$3.3 million as at 30 June 2022, out of a total envelope of C\$7.1 million, to finance the construction of the WAGABOX® unit in Saint-Etienne-des-Grés (Quebec, Canada). Part of this sum corresponds to a bridging loan that will be repaid by the C\$3.2 million subsidy granted to the project by the state-owned company Transition Énergétique Québec (TEQ).

On 21 June 2022, the Group drew down a sum of €3 million from Bpifrance, as part of an Innovation - Research & Development loan granted for the development of the high-capacity WAGABOX® unit in Claye-Souilly.

2.2 Share capital and voting rights

At 30 June 2022, the Company’s share capital and voting rights were as follows:

- Number of shares comprising the share capital: 20,476,312
- Number of treasury shares held by the Company: 9,079
- Number of shares making up the share capital, less treasury shares: 20,467,233
- Theoretical number of voting rights, including treasury shares: 20,476,312
- Theoretical number of voting rights, less treasury shares: 20,467,233

At 30 June 2022, the breakdown of the Company's share capital and voting rights was as follows:

Share capital at 30 June 2022 on a non-diluted basis			Share capital at 30 June 2022 on a diluted basis		
Shareholders	Number of shares	Percentage of share capital and voting rights (1)	Number of new shares to be issued upon exercise of the 2019 BSPCE / 2021 BSPCE and 2021 OPTIONS	Number of shares	Percentage of share capital and voting rights (1)
Mathieu LEFEBVRE**	1,730,000	8.4%	330,000	2,060,000	9.0%
Nicolas PAGET	990,000	4.8%	330,000	1,320,000	5.8%
Guenaël PRINCE**	829,900	4.1%	330,000	1,159,900	5.1%
HOLWEB*	2,513,495	12.3%		2,513,495	11.0%
Total Corporate Officers	6,063,395	29.6%		7,053,395	30.9%
OTHER FOUNDERS	639,600	3.1%		639,600	2.8%
Total other founders	639,600	3.1%		639,600	2.8%
FPCI STARQUEST PUISSANCE 5**	1,510,800	7.4%		1,510,800	6.6%
E SALE MARIS (STARQUEST management mandate)	369,400	1.8%		369,400	1.6%
VOL V IMPULSION (STARQUEST management mandate)	150,698	0.7%		150,698	0.7%
ALIAD SA**	2,848,729	13.9%		2,848,729	12.5%
LES SAULES SARL**	1,831,654	8.9%		1,831,654	8.0%
TERTIUM**	898,129	4.4%		898,129	3.9%
NORIA INVEST SRL***	935,805	4.6%		935,805	4.1%
SWIFT GAZ VERT**	304,001	1.5%		304,001	1.3%
Total financial investors	8,849,216	43.2%		8,849,216	38.7%
FLOATING	4,847,122	23.7%		4,847,122	21.2%
Total Floating	4,847,122	23.7%		4,847,122	21.2%
Employees of the Company/Subsidiaries (the "Employees")	67,900	0.3%		67,900	0.3%
Employees of the Company/Subsidiaries (the "Employees")			1,387,100	1,387,100	6.1%
Total Employees	67,900	0.3%	1,387,100	1,455,000	6.4%
Treasury shares****	9,079	0.1%		9,079	0.0%
Total treasury shares	9,079	0.1%		67,901	0.0%
Total	20,476,312	100.0%	2,377,100	22,853,412	100.0%

* Mathieu Lefebvre, Guénaël Prince and Nicolas Paget respectively hold 37.18%, 21.26% and 12.76% of Holweb

** Director or shareholder represented on the Board of Directors

*** Non-voting member of the Board of Directors

**** under the liquidity agreement entered into on 2 November 2021 by the Company with Portzamparc.

The Contribution transaction described in paragraph 2.1 above resulted in the following threshold crossings, which were declared to the AMF on 6 July 2022 pursuant to Article L. 233-7, I of the French Commercial Code and Article 1.3 of the Company's articles of association:

- Holweb has individually exceeded the thresholds of 10% of the Company's capital and voting rights, based on a number of 20,476,312 shares and voting rights in the Company at 30 June 2022. At that date, Holweb directly held 2,513,495 shares representing the same number of voting rights, i.e. 12.3% of the Company's capital and voting rights on an undiluted basis.
- the consortium consisting of Holweb and Mathieu Lefebvre¹, pursuant to the legal presumption of Article L. 233-10 II 1° of the French Commercial Code, has exceeded the

¹ Mathieu Lefebvre is Chairman of the Board of Directors of Holweb and is therefore presumed to be acting in concert with Holweb pursuant to the provisions of Article L. 233-10 II, 1° of the French Commercial Code.

thresholds of 20% of the Company's capital and voting rights, based on a number of 20,476,312 shares and voting rights in the Company on 30 June 2022. It is specified that Mathieu Lefebvre did not cross any threshold individually, directly or indirectly.

- Nicolas Paget individually fell below the thresholds of 5% of the capital and voting rights of the Company, based on a number of 20,476,312 shares and voting rights of the Company on 30 June 2022. At that date, Nicolas Paget directly held 990,000 shares representing as many voting rights, *i.e.* 4.8% of the Company's capital and voting rights.

3. Change in net financial debt and cash flow

3.1 Cash flow

Cash flow changes amounted to €(22.8) million in the first half of 2022, compared to €(6.1) million in the first half of 2021.

The changes in cash flow can be broken down into:

- **cash flow from operating activities**, which amounted to €(3.6) million at 30 June 2022, compared with €(1.2) million at 30 June 2021; this change is mainly explained by the increase in expenses incurred for the growth and structuring of the Group in France and internationally (see paragraph "EBITDA") and the change in inventories;
- **cash flow from investing activities**, which amounted to €(13.5) million at 30 June 2022 compared with €(5.5) million at 30 June 2021; investing activities mainly concern the construction of WAGABOX® units, the deployment of which accelerated during the first half of 2022;
- **cash flow from financing activities**, which amounted to €(5.5) million at 30 June 2022, compared to €0.6 million at 30 June 2021. This flow comes from the first refinancing operations carried out by the Group, which in the first half of 2022 resulted in the repayment of convertible bonds and loans of €14.8 million and drawings of €9.1 million on the new loans contracted in 2021 and 2022.

Cash flows are presented in detail in the condensed consolidated financial statements at 30 June 2022.

3.2 Net financial debt

The Group's net financial debt amounted to €32.4 million at 30 June 2022 compared to €38.2 million at 31 December 2021. The breakdown of debt is described in detail in Note 7.14 to the condensed consolidated financial statements at 30 June 2022.

Available cash amounted to €100.1 million at 30 June 2022, compared with €122.9 million at 31 December 2021.

As a result, net financial debt stood at €(67.7) million at 30 June 2022, compared with €(84.7) million at 31 December 2022, *i.e.* a net cash position that remains largely in surplus.

4. Subsequent events

Legal organisation chart

Since the end of the first half of 2022, five new subsidiaries have been created and integrated into the Group, the main ones being:

- **Waga Energy Italia:** company incorporated under Italian law wholly owned by the Company to support business development in Italy.
- **Hartland Renewable Resources Group:** project company wholly owned by Waga Energie Canada to operate a new WAGABOX® project in Canada, in the province of British Columbia (see below).

Share capital and subsidiary transactions

In order to simplify its legal organisation in Spain, the Company sold all of its shares in the project company Sofiwaga Espana 1 to its Spanish subsidiary Waga Energy España.

Business activity

The Group signed a contract with the Capital Regional District (“**CRD**”), one of the 28 regional districts in British Columbia (Canada), to build a high-capacity biomethane unit at the Hartland waste storage site on Vancouver Island. It will be able to treat 3,200 m³/h of raw gas and produce more than 100 GWh of biomethane per year (365,000 GJ/year), equivalent to the consumption of more than 4,500 local households. The Group will operate and maintain the unit for 25 years. The biomethane produced will be sold by the CRD to the Canadian energy company FortisBC, and injected into its gas grid *via* a connection built as part of the project.

Acquisition of new premises

On 4 August 2022, the Company signed a promise of sale to acquire new premises in Eybens, near Grenoble (France), in order to relocate its head office. The building will house offices and inventories in place of the current premises and will make it possible to support the growth of the business and the workforce.

Refinancing

The Group successfully concluded a new long-term bank loan for a maximum amount of €23 million for its subsidiary Waga Assets, subscribed by CIC and Arkéa. This operation which concerns a portfolio of six WAGABOX® unit projects in France, allowed to refinance part of the contributions in partners’ current accounts made by the Group on the projects already launched and will make it possible to finance the construction of new projects.

5. Significant events relating to ongoing litigation

None.

6. Related-party transactions

Related-party transactions are described in Note 8.13 to the condensed consolidated financial statements at 30 June 2022.

7. Description of the main risks and uncertainties for the coming six months

7.1 Geopolitical backdrop of the conflict in Ukraine

Although the Group has no exposure to Eastern Europe, it is indirectly affected by the conflict in Ukraine through higher energy prices, inflation and a worsening of the economic situation in Europe, which may cause supply difficulties.

Occurring in a context of high energy prices, the conflict in Ukraine had an immediate and brutal effect on the price of fossil fuels. The spot price of natural gas peaked at €250/MWh in March 2022, compared to around €20/MWh a year earlier. This has also led to a sharp increase in the price of electricity in Europe, as its selling price is aligned with the marginal production cost of gas-fired power plants (started up to meet peak demand).

The sharp increase in the price of electricity leads in the short term to an increase in the operating cost of WAGABOX® units. This increase is not fully compensated by an increase in the sale price of the biomethane produced, as it is sold in France under a feed-in tariff fixed for a period of 15 years, and indexed annually on the basis of indices reflecting labour and industrial costs.

The additional operating costs caused by the increase in the price of electricity are, however, mitigated by the fact that the cost of the electricity consumption of the units is in some cases shared with the operator of the storage site, and/or capped within the framework of the Regulated Access to Historic Nuclear Electricity ("ARENH") introduced in 2011 by the French government.

In France, the high price of electricity, momentarily uncorrelated with its production cost, also leads to a speculative effect and reinforces the competition of solutions for the recovery of gas from waste storage facilities in the form of electricity by means of turbines or cogeneration engines. Despite a low energy yield, these solutions can be very profitable in the short term, which may lead some storage site operators to reduce the volume of biogas injected into operating units or to delay biomethane recovery projects.

The introduction of an electricity price cap in Europe, announced in mid-September by the European Commission to put an end to the malfunctioning of the energy market, is a very positive signal that could put an end to speculation and windfall effects.

In addition, soaring energy prices are leading to a general deterioration in the economic situation in Europe, which is resulting in higher costs for the Group to procure parts for the construction or maintenance of units. Some suppliers are also announcing longer delivery times, forcing the Group to anticipate orders and increase its inventories of critical parts. This situation could weigh on its cash flow and cause delays in the commissioning of units under construction.

Lastly, inflation and interest rate volatility are likely to cause an increase in financing costs, which could adversely affect the profitability of projects already undertaken by the Group.

Conversely, the rise in the price of natural gas and the announced reduction in Russian gas imports have led to a very strong interest in biomethane on the part of governments, energy companies and businesses wishing to secure a long-term fixed price supply. Beyond its environmental interest, biomethane appears as an energy contributing to the energy independence of European countries. Announced last May by the European Commission, the REPowerEU plan aims to invest €37 billion in the biogas sector and increase biomethane production by 35 billion cubic metres by 2030.

In this context, the Group is now in a position to negotiate the production of biomethane from the units under development under favourable conditions, at prices significantly higher than in 2021, and even higher than the rates subsidised by the public authorities. This situation could have a favourable impact on the Group's revenue in the coming years.

7.2 Impact of the Covid-19 pandemic

The effects of the health crisis gradually faded during the first half of 2022 and the Group was able to return to normal activity.

7.3 Other risks and uncertainties

The other main risks and uncertainties that the Group may face in the remaining six months of the financial year are identical to those presented in Chapter 3 "Risk Factors" of the 2021 Universal Registration Document, which was filed with the *Autorité des marchés financiers* ("**AMF**") on 14 June 2022 under number R.22-025, with the exception of the risks and uncertainties related to the existing conflicts in Europe and increased inflationary pressures, notably on energy costs and supply conditions, as described in paragraph 7.1 of this report.

8. Outlook for the next six months

The effects of the geopolitical context described above (volatility of energy prices, inflationary pressures, supply delays) could affect the Group's business and results in the short term, particularly in the next six months, but they do not call into question the Group's long-term prospects.

Thus, in a very buoyant gas market, the Group remains confident in its ability to pursue its strategy and achieve the objectives it has set itself for 2026, as described in chapter 10 "Trends" of the 2021 Universal Registration Document, namely:

- a. €200 million in revenue in 2026 (assuming an equivalent of 80 units operating at full capacity throughout the year);
- b. 100 WAGABOX® units in operation by the end of 2026, *i.e.* an additional 87 WAGABOX® units compared to the number of units in operation at the date of this half-year financial report (13 of which are currently under construction); and
- c. 120 projects by the end of 2026 (including 100 units in operation and 20 units committed and under construction) representing nearly €400 million in annual contractual and recurring and revenues with an asset fleet whose specific unit capacity is increasing, in particular due to international deployment.

The Group's revenue is expected to grow gradually as WAGABOX® units are rolled out and put into operation, which generate recurring revenue from energy sales over their entire lifespan.

In order to achieve the objectives of sales and WAGABOX® units in operation and committed, the Group intends to rely on the 111 sites for which negotiations are underway following offers that it has transmitted (pipeline) and on the 397 sites (opportunities) for which studies and discussions are underway to validate the feasibility of the project.

FINANCIAL STATEMENTS

Waga Energy Group

Condensed Interim IFRS Financial Statements

for the six-month period ended 30 June 2022

TABLE OF CONTENTS

IFRS Financial Statements

BALANCE SHEET

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. Description of the Group and its business activities

2. Basis of preparation

- 2.1. Statement of compliance
- 2.2. Changes to the accounting framework
- 2.3. Use of estimates and judgements
 - 2.3.1. Judgements
 - 2.3.2. Assumptions and estimation uncertainties
- 2.4. Basis of measurement
- 2.5. Functional and presentation currency

3. Significant events of the period

- 3.1. Significant events of 2022
 - 3.1.1. Development of activities
 - 3.1.2. Share capital transactions and subsidiaries
 - 3.1.3. Financing
 - 3.1.4. Covid-19 health crisis: current situation
 - 3.1.5. Geopolitical backdrop of the conflict in Ukraine
- 3.2. Seasonality
- 3.3. Going concern

4. Subsequent events

- 4.1. Business development
- 4.2. Share capital transactions and subsidiaries
- 4.3. Financing
- 4.4. Acquisition of premises

5. Consolidation scope

- 5.1. Accounting policies relating to the consolidation scope
- 5.2. Consolidation scope

6. Segment information

- 6.1. Income Statement segmented by geographic region - 30 June 2022
- 6.2. Balance Sheet segmented by geographic region - 30 June 2022

7. Notes to the consolidated balance sheet

- 7.1. Intangible assets
- 7.2. Property, plant and equipment

- 7.3. Asset impairment
- 7.4. Non-current financial assets
- 7.5. Deferred tax assets
- 7.6. Other non-current assets
- 7.7. Inventories
- 7.8. Trade receivables and related accounts
- 7.9. Tax receivables
- 7.10. Other current assets
- 7.11. Cash and cash equivalents
- 7.12. Equity and dilutive instruments
 - 7.12.1. Share capital
 - 7.12.2. Dilutive instruments
- 7.13. Provisions
- 7.14. Borrowings and financial liabilities
- 7.15. Fair value of financial instruments
- 7.16. Trade payables and related accounts
- 7.17. Tax liabilities
- 7.18. Other liabilities
 - 7.18.1. Other non-current liabilities
 - 7.18.2. Other current liabilities

8. Notes to the consolidated income statement

- 8.1. Revenue
- 8.2. Other operating income
- 8.3. Purchases of goods and changes in inventories
- 8.4. External expenses
- 8.5. Personnel expenses
- 8.6. Share-based payments (IFRS 2)
- 8.7. Other recurring operating income and expenses
- 8.8. Other non-recurring operating income and expenses
- 8.9. Net financial income (expense)
- 8.10. Income tax
- 8.11. Earnings per share
- 8.12. Off-balance sheet commitments
- 8.13. Transactions with related parties
- 8.14. Statutory Audit fees

9. Risk management

- 9.1. Liquidity risks
- 9.2. Interest rate risk
- 9.3. Credit risk
- 9.4. Currency risk

10. Fair value of financial assets and liabilities

BALANCE SHEET

ASSETS (in EUR thousands)	Notes	30 June 2022	31 December 2021
Intangible assets	7.1	581	401
Property, plant & equipment	7.2	45 577	32 516
Non-current financial assets	7.4	511	1 147
Deferred tax assets	7.5	0	0
Other non-current assets	7.6	6 006	0
Non-current assets		52 675	34 064
Inventories	7.7	2 479	1 434
Trade and other receivables	7.8	3 841	4 074
Tax receivables	7.9	431	297
Other current assets	7.10	4 464	6 775
Cash and cash equivalents	7.11	100 104	122 913
Current assets		111 320	135 494
Total assets		163 995	169 558

EQUITY AND LIABILITIES (in EUR thousands)	Notes	30 June 2022	31 December 2021
Share capital		205	198
Share premium		150 067	126 879
Reserves		(32 799)	(3 122)
Foreign currency translation reserves		(72)	21
Profit (loss) attributable to owners of the Company		(5 172)	(8 061)
Shareholders' equity attributable to owners of the Company		112 230	115 914
Non-controlling interests		2 407	1 675
Equity	7.12	114 636	117 590
Non-current provisions	7.13	638	548
Non-current loans and borrowings	7.14	22 972	18 364
Other non-current liabilities	7.18.1	4 107	1 089
Deferred tax liabilities		(0)	0
Non-current liabilities		27 716	20 001
Current provisions		0	0
Current loans and borrowings	7.14	9 439	19 882
Trade and other payables	7.16	6 428	5 712
Tax liabilities	7.17	33	107
Other current liabilities	7.18.2	5 743	6 267
Current liabilities		21 643	31 967
Total equity and liabilities		163 995	169 558

INCOME STATEMENT

INCOME STATEMENT (in EUR thousands)	Notes	30 June 2022	30 June 2021
Revenue	8.1	6,997	5,193
Other income	8.2	155	222
Revenue		7,152	5,415
Cost of sales and change in inventory	8.3	(2,859)	(2,346)
External expenses	8.4	(2,487)	(1,233)
Taxes, duties and similar payments		(77)	(58)
Personnel expenses	8.5	(4,772)	(2,001)
Other recurring operating income and expenses	8.7	(94)	4
Depreciation, amortisation and provisions	7.1 & 7.2	(1,270)	(984)
Profit (loss) from recurring operations		(4,407)	(1,202)
Other non-recurring operating income and expenses	8.8	(53)	(292)
Impairment of non-current assets		0	0
Operating profit (loss)		(4,460)	(1,495)
Cost of net financial debt		(615)	(597)
Other financial income and expenses		122	(39)
Financial income (expense)	8.9	(493)	(636)
Profit (loss) before income tax		(4,953)	(2,130)
Income tax expense	8.10	(148)	(128)
Deferred taxes P&L		0	0
Total comprehensive income (loss)		(5,101)	(2,259)
Profit (loss) attributable to:			
Owners of the Company		(5,172)	(2,396)
Non-controlling interests		71	137
Basic earnings per share (in EUR)	8.11	(0.25)	(16.55)
Diluted earnings per share (in EUR)	8.11	(0.25)	(16.55)

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (in EUR thousands)	Notes	30 June 2022	30 June 2021
Consolidated comprehensive income (loss)		(5,101)	(2,259)
Foreign currency translation differences		183	16
Interest rate swap	7.14	502	
Items that may be reclassified to profit or loss		685	16
Actuarial gains	7.13	128	14
Items that may not be reclassified to profit or loss		128	14
Consolidated comprehensive income (loss)		(4,288)	(2,229)
Comprehensive income (loss) attributable to owners of the Group		(4,600)	(2,366)
Comprehensive income attributable to NCI		311	137

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY (in EUR thousands)	Number of shares	Share capital	Share premium	Reserves and profit (loss)	Other comprehensiv e income	Equity attributable to owners of the Group	Non- controlling interests	Total equity
Balance at 1 January 2021	144 794	145	10 824	(4 234)	15	6 749	1 357	8 106
Total comprehensive income for the period	-	-	-	(2 396)	30	(2 366)	137	(2 229)
Share capital increase	-	-	-	0	0	0	0	0
Other changes	-	-	-	(66)	0	(66)	(10)	(76)
Share-based payments	-	-	-	191	0	191	0	191
Balance at 30 June 2021	144 794	145	10 824	(6 506)	45	4 507	1 485	5 993
Balance at 1 January 2022	19 752 417	198	126 879	(11 109)	(53)	115 914	1 676	117 590
Profit (loss) for the period				(5 172)		(5 172)		(5 172)
Currency translation differences					172	172	11	183
Hedging instruments					273	273	229	502
Actuarial gains					128	128		128
Total comprehensive income for the period				(5 172)	572	(4 600)	311	(4 288)
Share capital increase	67 900	1	216	0	0	216	0	216
Acquisition of NCI (contribution)	655 995	7	22 973	(23 393)	0	(413)	413	(0)
Other changes	-	-	-	(1)	0	(1)	7	5
Share-based payments	-	-	-	1 113	0	1 113	0	1 113
Balance at 30 June 2022	20 476 312	205	150 067	(38 562)	519	112 230	2 407	114 636

The main changes relate to:

- ⇒ The creation of 67,900 shares following the exercise of founders' share warrants, i.e. a capital increase of €679 and additional paid-in capital of €215,528.
- ⇒ The creation of 655,995 shares in exchange for the contribution of the Waga Energy USA shares previously held by one of the non-controlling shareholders, i.e. a capital increase of €6,560 and additional paid-in capital of €22,972,944.

CASH FLOW STATEMENT

CASH FLOW STATEMENT (in EUR thousands)	Notes	30 June 2022	30 June 2021
Profit (loss) for the period		(5,101)	(2,259)
Adjustments for:	7.1, 7.2, 7.13		
Depreciation, amortisation and provisions	8.6	1,330	984
Share-based payments		1,113	191
Other income and expense	8.9	261	(8)
Cost of net financial debt	8.10	615	597
Tax expense (incl. deferred tax)		148	135
Operating cash flow before income tax and change in working capital		(1,634)	(359)
Income taxes paid		(357)	7
Effect of change in inventories		(1,037)	(364)
Effect of change in trade and other receivables		(804)	(2,626)
Effect of change in trade and other payables		215	2,164
Net cash from (used in) operating activities		(3,617)	(1,186)
	7.1, 7.2		
Acquisition of property, plant and equipment and intangible assets	7.4	(14,106)	(4,841)
Acquisition of financial assets	7.18.1	635	(669)
Investment grants received	7.6	2,647	0
Effect of changes in down payments to suppliers of fixed assets		(2,650)	0
Net cash used in investing activities		(13,474)	(5,510)
	7.12.1		
Effect of change in consolidation scope (NCI contributions)	7.14	216	0
Share capital increase (net of capital increase costs)	7.14	9,094	1,843
Proceeds from borrowings & repayable advances		(14,802)	(1,268)
Repayment of borrowings & repayable advances (incl. Cost of debt)			
Dividends paid			
Net cash from financing activities		(5,492)	576
Effect of change in exchange rates on cash held		(227)	0
Net increase in cash and cash equivalents		(22,810)	(6,121)
Cash and cash equivalents at start of period		122,913	16,001
Cash and cash equivalents at end of period		100,104	9,881

Increases in non-cash assets and liabilities are eliminated. Consequently, new leases are not included in investments for the period. The decrease in financial liabilities relating to leases is included in loan repayments for the period.

The effect of the repayment of the bond subscribed by Waga Assets is recorded under loan repayments for €12.5 million (including interest and premiums).

Non-cash capital increases are eliminated (shares created in exchange for the contribution of Waga USA shares).

All advances and down payments on fixed assets are recorded under net cash used in investing activities, since they mainly relate to Wagabox© units. Taking changes in down payments into account,

acquisitions of property, plant and equipment and intangible assets resulted in cash disbursements of €16,756 thousand in the first half of 2022.

Explanation of changes in working capital

Change in working capital	31 December 2021	Change in consolidation scope	Foreign currency translation differences	30 June 2022	Change
<i>Inventories</i>	1 434	0	(8)	2 479	1 037
<i>Trade and other receivables</i>	4 074	0	(78)	3 841	(311)
<i>Other current assets</i>	3 444	0	(39)	4 464	981
<i>Current tax receivable (tax credits)</i>	297	0	0	431	134
					804
<i>Trade and other payables</i>	5 712	0	(61)	6 428	(655)
<i>Other non-current liabilities</i>	1 089	0	0	1 460	(371)
<i>Other current liabilities</i>	6 267	0	(287)	5 743	811
					(215)

Investment grants received by subsidiary Waga Energie Canada in the first half of FY 2022, classified under 'other non-current liabilities' in the balance sheet, are included in investing activities in the cash flow statement for €2,647 thousand.

All advances and down payments on fixed assets are included in net cash used in investing activities, since they mainly relate to Wagabox© units. Down payments at 31 December 2021 have been deducted from 'other current assets' in the table on changes in working capital in the amount of €3,331 thousand.

NOTES TO THE FINANCIAL STATEMENTS

1. Description of the Group and its business activities

Waga Energy is a public limited company (*société anonyme*) with a Board of Directors, registered and domiciled in France (hereinafter referred to as “the Company”).

Its registered office is located at 2 chemin du Vieux Chêne, 38240 Meylan, France. The consolidated financial statements of Waga Energy include those of the Company and the subsidiaries it controls (collectively referred to as “the Group”). The consolidation scope is presented in Note 5.2.

Formed in 2015 and located in Grenoble, the Waga Energy Group is the European leader in the production of biomethane from landfill gas. The Group has developed a breakthrough technology that purifies biogas from landfills to transform it into biomethane, which is then injected into gas grids as a replacement for natural gas of fossil origin.

Waga Energy is strongly committed to the energy transition.

Its mission is to provide an immediate solution to reduce greenhouse gas emissions by providing abundant green, renewable, readily available energy.

Wagabox® units are small refineries or gas plants installed in landfills. They are classified under French regulations on environmental protection (ICPE).

The unique technology combining membrane filtration and cryogenic distillation is protected by several patents.

Waga Energy SA’s condensed interim financial statements for the six-month period ended 30 June 2022, prepared in accordance with the IFRS, were approved by the Board of Directors on 30 September 2022.

2. Basis of preparation

2.1. Statement of compliance

The condensed interim financial statements of the Company for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union (EU), and should be read alongside the Company’s most recent annual financial statements for the year ended 31 December 2021 (the “most recent annual financial statements”).

They do not contain all the disclosures required to constitute a complete set of financial statements under International Financial Reporting Standards. However, they include a selection of notes designed to provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual reporting date.

All the IFRS adopted by the European Union are available for viewing on the European Commission’s website at the following address: <https://eur-lex.europa.eu/eli/reg/2008/1126/2016-01-01>

2.2. Changes to the accounting framework

The accounting policies used to prepare these condensed interim financial statements are the same as those applied by the Company at 31 December 2021 except for:

- Standards applicable to reporting periods beginning on or after 1 January 2022,

- IAS 34 provisions specifically for the preparation of interim financial statements.

The new standards applicable to reporting periods beginning on or after 1 January 2022 are Amendments to IFRS 3, IAS 16 and IAS 37, and Annual Improvements to IFRS 2018-2020 Cycle, relating to IFRS 1, IFRS 9, IFRS 16 and IAS 41. The new standards have no significant impact on these condensed interim financial statements.

Standards and interpretations not yet mandatory at 30 June 2022 were not adopted early. The Group does not expect them to have a significant impact on the financial statements.

2.3. Use of estimates and judgements

The preparation of the consolidated financial statements requires Management to use judgements and accounting estimates, which affect the Company's accounting policies and the reported amounts of assets and liabilities and income and expense items.

The estimates and underlying assumptions are regularly reviewed to ensure their reasonableness based on the Company's past performance. Estimates may be adjusted if the circumstances on which they are based change or if new information comes to light. Actual values may differ from these estimates due to changes in the assumptions made and economic circumstances. The effect of such adjustments are recognised prospectively. Consequently, the items reported in the Group's future financial statements may differ from current estimates.

2.3.1. Judgements

Information on the judgements made in applying accounting policies, which have the most significant effects on the amounts recognised in the financial statements, is included in the following notes:

- Determining the costs that may be included when measuring property, plant and equipment in accordance with IAS 16 "Property, Plant and Equipment" (Note 7.2),
- Assessing control over subsidiaries (Note 5.2) and Wagabox® units sold to subsidiaries,
- Determining revenue flows and whether an entity is acting as an agent or principal in accordance with IFRS 15 (Note 8.1),
- Measuring the recoverable amount of Wagabox® units and estimating their useful life (Note 7.2).

2.3.2. Assumptions and estimation uncertainties

Information on assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment in the carrying amounts of assets and liabilities as at 30 June 2022 is included in the following notes:

- Measuring the fair value of founders' share warrants (BSPCE) (Note 8.6): Determining the fair value of share-based payments using the Black & Scholes option pricing model, which factors in assumptions on complex and subjective variables, including share price, expected volatility of share price over the life of the instrument and the current and future behaviour of the holders of those instruments.
- With regard to convertible bonds, estimates are made to:
 - Determine the fair value of conversion options (Note 7.13 to the financial statements for the year ended 31 December 2021)

- Determine the effective interest rate (EIR) of the debt component of the conversion options, which takes into account the most probable time horizon for conversion into shares or redemption (Note 7.13 to the financial statements for the year ended 31 December 2021)
- Measure interest rate swaps to manage exposure to interest rate risk (Note 9.2)
- Measure provisions, including for retirement benefits and site dismantlement (Note 7.12 to the financial statements for the year ended 31 December 2021),
- Determine the discount rate and lease term when assessing lease liabilities in accordance with IFRS 16 "Leases" (Note 7.2),
- Measure provisions for the impairment of trade receivables in accordance with IFRS 9,
- Assess whether to capitalise deferred tax assets (Note 7.5).

Actual values may differ from estimates due to changes in the assumptions made and economic circumstances.

These estimates may be adjusted if the circumstances on which they are based change or if new information comes to light.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and plan assets which are measured at fair value.

The financial statements of Waga Energy SA for the period ended 30 June 2022 have been prepared on a going concern basis for a minimum period of twelve months from the date of the financial statements, in line with the net cash position currently available and growth prospects reflected in the business plan.

2.5. Functional and presentation currency

These financial statements are presented in euros, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currencies are translated into euros at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate at the reporting date.

Foreign exchange gains and losses are recognized in the income statement, except for amounts that can be considered net investments in a foreign operation as defined by IAS 21, for which foreign exchange gains and losses are recognized in other comprehensive income.

3. Significant events of the period

3.1. Significant events of the period

3.1.1. Development of activities

Biomethane production

At 30 June 2022, Waga Energy Group was operating 13 Wagabox® units in France. Three of those were commissioned during the first half of 2022: one on the SEG site in Gournay (Indre department) and the

other two on Veolia sites in Le Ham (Manche) and Claye-Souilly (Seine-et-Marne). The last unit alone produces 120 GWh of biomethane every year – four to five times more than previous units.

	H1 2022	H1 2021	Change
Number of Wagabox® units in operation	13	10	30%
Biomethane produced (in GWh)	96	70	37%

The fleet of Wagabox® units operated by Waga Energy produced 96 GWh of biomethane in the first half of 2022, 37% more than H1 of 2021 and 28% more than H2 of 2021. The increase is due to the commissioning of new units, including the one at the Veolia site in Claye-Souilly that started up in March, which is the first unit producing 3,000 m³/h.

All units already in operation in 2021 maintained at least 95% availability (except for shutdowns from external causes).

Business development

The Group signed four new contracts in the first half of 2022. In France, the Group signed its first contract with Séché Environnement to equip the Sainte-Marie-Kerque site in Pas-de-Calais. Two other contracts have not yet been officially announced. A contract was also signed in Quebec, Canada, and will be announced shortly.

3.1.2. Share capital transactions and subsidiaries

Legal organisation chart

In the first half of 2022, four new subsidiaries were created and consolidated:

- **Waga Assets 2:** a financial holding company 100% held by the Company whose purpose is to finance projects developed in France.
- **Waga Energy Limited:** a UK company 100% owned by the Company whose purpose is to manage business development in the United Kingdom.
- **Waga Assets Vehicle 6:** a special purpose vehicle (SPV) 100% held by Waga Assets for a Wagabox® project under construction in France.
- **Waga Assets Vehicle 19:** an SPV 100% held by Waga Assets 2 for a Wagabox® project under construction in France.

Contribution of Waga Energy Inc. shares from Holweb to the Company

To simplify the Group's legal structure and improve its operational efficiency, Holweb contributed all its shares in Waga Energy Inc. to the Company, increasing the Company's equity interest and voting rights in its US subsidiary to 100%. At their Combined General Meeting of 30 June 2022, the shareholders approved this transaction and issued 655,995 new shares at a par value of €0.01 for the benefit of Holweb, increasing Holweb's equity interest and voting rights in the Company from 9.4% to 12.3% on a non-diluted basis. The Company now holds 100% of the share capital of Waga Energy Inc. (compared with 81% before the transaction). The exchange ratio was determined by Waga Energy's

Board of Directors based on the work of an independent expert and validated by a contributions auditor (the “Contribution”).

3.1.3. Financing

Cancellation of the convertible bond agreement with Eiffel Gaz Vert

To optimise its financing costs, Waga Assets (a fully-owned subsidiary of Waga Energy SA) cancelled the convertible bond agreement with Eiffel Gaz Vert S.L.P. signed on 10 December 2020. The cancellation took effect on 31 March 2022. Waga Assets fully repaid the subscribed convertible bonds to Eiffel Gaz Vert S.L.P, for a total amount of €12.5 million, including interest and premiums. The early repayment was temporarily funded out of Group equity, then refinanced by a new bank loan taken out in July 2022 (Note 4.3, Subsequent events).

Funding of Wagabox® projects

- SP Waga 1 (a subsidiary fully owned by Waga Energy SA) and Sofiwaga Infra (a subsidiary 49%-owned by Waga Energy SA) respectively drew down €2.2 million and €1 million of the €10.5 million loan taken out with Banque Populaire Grand Ouest and BNP Paribas, in connection with the refinancing of four Wagabox® units in 2021.
- The Group also made several drawdowns from the Canadian financial cooperative Desjardins Group, for an amount reaching CAD 3.3 million at 30 June, out of a total budget of CAD 7.1 million, to fund the construction of a Wagabox® unit in Saint-Etienne-des-Grés (Québec, Canada). Part of this amount relates to a bridge loan that will be paid back using the CAD 3.2 million government subsidy granted by Transition Énergétique Québec (TEQ) for the project.
- On 21 June 2022, the Group drew down €3 million from Bpifrance’s Innovation, Research & Development loan granted for the development of the high-capacity Wagabox® unit in Claye-Souilly.

3.1.4. Impact of the Covid-19 pandemic

In the first half of 2022, the effects of the health crisis began to abate with a return to normal business levels.

3.1.5. Geopolitical backdrop of the conflict in Ukraine

Waga Energy has no direct exposure in Eastern Europe. However, the Group is indirectly impacted by the Russia-Ukraine War in terms of increased energy costs, inflation and the deteriorating European economy, which is likely to cause supply problems.

The increase in natural gas prices on the market has no direct impact on Group revenue, since all the biomethane it produces is currently sold in France under agreements with obligations to purchase it at a rate set by the French government for a 15-year period, indexed annually to industrial and labour costs.

In the short term, the sharp hike in electricity prices will increase Wagabox® operating costs. The overrun will be tempered by the fact that power consumption of Wagabox® units is sometimes shared with the storage site operator, and/or capped under the ARENH (Regulated Access to Historic Nuclear Power) scheme rolled out by the French government in 2011.

In France, high electricity prices are also sparking speculation, making landfill gas recovery solutions based on turbines or cogeneration engines more competitive. Despite their low energy efficiency, these solutions can be highly profitable in the short term, which could lead some waste storage site operators to reduce the volume of biogas sent to units in operation or to postpone landfill gas-to-biomethane projects.

Rising energy prices have also weighed heavily on the European economy in general. For the Group, this has meant higher prices when procuring parts for Wagabox® construction or maintenance. Some suppliers have also announced longer delivery times, which has forced the Group to anticipate orders and stock up on critical parts. This could negatively impact cash flow and cause delays in the commissioning of units under construction.

Lastly, inflation and interest rate volatility may increase financing costs and, in turn, make the Group's projects under development less profitable.

3.2. Seasonality

The Group's business is not subject to significant seasonality.

3.3. Going concern

The going concern assumption was adopted by the Board of Directors considering the following factors:

- Available cash of €100 million at 30 June 2022,
- The Group's business plan and planned investments.

Management and the Board of Directors expect that these items will easily enable the Group to meet its needs over the next twelve months, until the end of September 2023.

4. Subsequent events

4.1. Business development

In Canada, the Group signed an agreement with one of British Columbia's 28 regional districts to build a high-capacity biomethane unit at the Hartland landfill site on Vancouver Island. It will be able to process 3,200 m³/h of unrefined gas and produce more than 100 GWh of biomethane per year (365,000 GJ/year), equivalent to the power consumed by more than 4,500 local households. The Group will operate and maintain the unit for 25 years. The biomethane produced will be sold by the Capital Regional District (CRD) to Canadian energy provider FortisBC, and injected on-site into its gas grid through a pipeline also built in connection with the project.

4.2. Share capital transactions and subsidiaries

Legal organisation chart

Since the end of the first half of 2022, six new subsidiaries have been created and consolidated, including:

- **Waga Energy Italia:** a subsidiary fully owned by Waga Energy SA for the purposes of business development in Italy.

- **Hartland Renewable Resources Group:** an SPV fully owned by Waga Energie Canada to run a new Wagabox® project in the province of British Columbia.

To simplify its legal organisation in Spain, the Company sold its entire equity interest in the Sofiwaga España 1 SPV to its Spanish subsidiary, Waga Energy España.

4.3. Financing

The Group took out a new long-term bank loan for a maximum amount of €23 million for its subsidiary, Waga Assets. The loan relates to six planned Wagabox® units in France. It helped refinance some of the contributions to shareholders' current accounts that the Group made for projects in progress, and will help finance the construction of new units.

4.4. Acquisition of premises

On 4 August 2022, the Company signed a preliminary sales agreement for premises in Eybens, near Grenoble (France), to relocate its head office. The building will be used for offices and inventory space instead of the current premises, and accommodate our growing business and staff.

5. Consolidation scope

5.1. Accounting policies relating to the consolidation scope

Controlled subsidiaries, as defined in IFRS 10 "Consolidated financial statements", are fully consolidated regardless of the percentage of the Group's equity interest. Full consolidation is applied for all subsidiaries in which the Group holds a majority equity interest and over which it exercises control. This rule applies regardless of the percentage of the equity interest. Control is defined as "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities".

Subsidiaries are companies that are controlled by the Group. The Group exercises control when it has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the returns. Entities are consolidated or deconsolidated from the date on which control is effectively obtained or relinquished.

Non-controlling interests are presented in the balance sheet and income statement on a separate line from Group share.

All intercompany transactions and positions of fully-consolidated subsidiaries are eliminated. The list of the main subsidiaries, joint ventures and associates is provided in Note 5.2.

5.2. Consolidation scope

The following companies are included in the consolidation scope:

SUBSIDIARIES	Percentage control		Percentage ownership interest		Consolidation method
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	
WAGA ENERGY	100.00%	100.00%	100.00%	100.00%	Parent company
SOFIWAGA 1	49.00%	49.00%	49.00%	49.00%	Fully consolidated
SOFIWAGA INFRA	49.00%	49.00%	49.00%	49.00%	Fully consolidated
WAGA ENERGIE CANADA	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ENERGY INC (USA)	100.00%	81.00%	100.00%	81.00%	Fully consolidated
WAGA ASSETS	100.00%	100.00%	100.00%	100.00%	Fully consolidated
SP WAGA 1	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ASSETS VEHICLE 1	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ASSETS VEHICLE 2	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ASSETS VEHICLE 3	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ASSETS VEHICLE 4	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ASSETS VEHICLE 5	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WAGA ENERGY ESPANA	100.00%	100.00%	100.00%	100.00%	Fully consolidated
SOFIWAGA ESPANA 1	100.00%	100.00%	100.00%	100.00%	Fully consolidated
WB STEUBEN LLC.	100.00%	81.00%	100.00%	81.00%	Fully consolidated
WAGA ENERGY Limited	100.00%		100.00%		Fully consolidated
WAGA ASSETS 2	100.00%		100.00%		Fully consolidated
WAGA ASSETS VEHICLE 6	100.00%		100.00%		Fully consolidated
WAGA ASSETS VEHICLE 19	100.00%		100.00%		Fully consolidated

Sofiwaga 1 and Sofiwaga Infra are special purpose vehicles for the financing of Wagabox® assets. The Company manages all activities and transactions related to the operation of the Wagabox® units of these SPVs. Although they are only 49% owned, both Sofiwaga Infra SAS and Sofiwaga 1 SAS are fully consolidated in accordance with IFRS 10, since Waga Energy SA exercises control over them. Waga Energy SA:

- Has the ability to direct the relevant activities of both companies and therefore exercises power over both of them,
- Is exposed to variable returns from its involvement with these two entities, as there are contractual penalties in the event of non-performance and,
- Has the ability, as sole shareholder, to use its power over the entities to affect the amount of returns.

6. Segment information

According to IFRS 8 “Operating segments”, an operating segment is a separate component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker, who decides on the resources to be allocated to the segment and assesses its performance, and

- for which discrete financial information is available.

The Group's Chief Operating Decision Maker has been identified as the Chief Executive Officer, who makes strategic decisions.

On this basis, the Company identified only one operating segment: **biomethane production by landfill gas purification**.

Revenue from our four main customers at 30 June 2022 amounted to €1.9 million (or 28% of total revenues), €1.1 million (16%), €1 million (14%) and €0.9 million (12%), respectively.

Since financial year 2019, the Group has expanded internationally with the creation of subsidiaries in the United States, Canada and Spain. The geographic information required under IFRS 8.33 is presented below.

6.1. Income Statement segmented by geographic region - 30 June 2022

INCOME STATEMENT (in EUR thousands)	30 June 2022	North America	Europe	France	30 June 2021	North America	France
Revenue	6,997	272	0	6,725	5,193	33	5,161
Other income	155	9	0	147	222	0	222
Income from recurring operations	7,152	280	0	6,872	5,415	33	5,382
Cost of sales and change in inventories	(2,859)	(177)	(1)	(2,682)	(2,346)	(3)	(2,342)
External expenses	(2,487)	(539)	(101)	(1,847)	(1,233)	(229)	(1,004)
Taxes, duties and similar payments	(77)	(3)	(0)	(74)	(58)	(0)	(57)
Personnel expenses	(4,772)	(728)	(85)	(3,958)	(2,001)	(142)	(1,860)
Other recurring operating income and expenses	(94)	(4)	1	(91)	4	(0)	4
Depreciation, amortisation and provisions	(1,270)	(13)	(1)	(1,256)	(984)	(2)	(982)
Profit (loss) from recurring operations	(4,407)	(1,184)	(187)	(3,036)	(1,202)	(344)	(859)
Other non-recurring operating income and expenses	(53)	0	0	(53)	(292)	45	(337)
Impairment of non-current assets	0	0	0	0	0	0	0
Operating profit (loss)	(4,460)	(1,184)	(187)	(3,089)	(1,495)	(299)	(1,196)
Cost of financial debt	(615)	(23)	0	(592)	(597)	(7)	(590)
Other financial income and expense	122	(77)	0	199	(39)	2	(41)
Net financial income (expense)	(493)	(100)	0	(393)	(636)	(5)	(631)
Profit (loss) before tax	(4,953)	(1,284)	(187)	(3,482)	(2,130)	(304)	(1,827)
Income tax expense	(148)	(0)	0	(148)	(128)	(0)	(128)
Subtotal	(5,101)	(1,284)	(187)	(3,630)	(2,259)	(304)	(1,955)
Intercompany reconciliation account	0	(242)	(16)	259	0	0	0
Consolidated profit (loss)	(5,101)	(1,527)	(203)	(3,371)	(2,259)	(304)	(1,955)

6.2. Balance Sheet segmented by geographic region - 30 June 2022

ASSETS (in EUR thousands)	30 June 2022	North America	Europe	France	31 December 2021	North America	Europe	France
Intangible assets	581	0	0	581	401	0		401
Property, plant and equipment	51,583	7,638	1,854	42,092	32,516	2,644	149	29,723
Non-current financial assets	511	22	1	488	1,147	15		1,131
Deferred tax assets	0	0	0	0	0	0		0
Other non-current assets	6,006	1,532		4,474				
Total non-current assets	52,675	7,660	1,855	43,161	34,064	2,659	149	31,256
Inventories	2,479	168	0	2,312	1,434	64		1,370
Trade and related receivables	3,841	256	21	3,565	4,074	2,185		1,889
Tax receivables	431	0	0	431	297	0		297
Other current assets	4,464	579	72	3,813	6,775	402	35	6,338
Cash and cash equivalents	100,104	3,430	666	96,007	122,913	2,917	62	119,935
Total current assets	111,320	4,433	758	106,128	135,494	5,568	97	129,830
Total assets	163,995	12,093	2,613	149,289	169,558	8,226	245	161,086
EQUITY AND LIABILITIES (in EUR thousands)	30 June 2022	North America	Europe	France	31 December 2021	North America	Europe	France
Share capital	205	0	0	205	198	0		198
Share premium	150,067	0	0	150,067	126,879	0		126,879
Reserves	(32,799)	(24,955)	(86)	(7,757)	(3,122)	(652)		(2,470)
Foreign currency translation differences	(72)	0	0	(72)	21	21		(0)
Profit attributable to owners of the Group	(5,172)	(1,309)	(203)	(3,660)	(8,061)	(842)	(86)	(7,132)
Equity attributable to owners of the Group	112,230	(26,264)	(290)	138,783	115,914	(1,473)	(86)	117,474
Non-controlling interests	2,407	0	0	2,407	1,675	0		1,675
Equity	114,636	(26,264)	(290)	141,190	117,590	(1,473)	(86)	119,150
Non-current provisions	638	0	0	638	548	0		548
Non-current borrowings and financial liabilities	22,972	2,433	0	20,539	18,364	60		18,305
Other non-current liabilities	4,107	3,080	0	1,027	1,089	0		1,089
Total non-current liabilities	27,716	5,512	0	22,204	20,001	60	0	19,942
Current provisions	0	0	0	0	0	0		0
Current borrowings and financial liabilities	9,439	7	0	9,432	19,882	0		19,882
Trade and related payables	6,428	722	12	5,694	5,712	1,179		4,533
Tax liabilities	33	0	0	33	107	0		107
Other current liabilities	5,743	3,060	38	2,645	6,267	4,074	9	2,184
Total current liabilities	21,643	3,790	50	17,803	31,967	5,253	9	26,705
Intercompany reconciliation account	0	29,055	2,853	(31,908)	0	4,387	322	(4,709)
Total equity and liabilities	163,995	12,093	2,613	149,289	169,558	8,226	245	161,086

7. Notes to the consolidated balance sheet

7.1. Intangible assets

The main categories of intangible assets are as follows:

GROSS VALUE (in EUR thousands)	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Total
Balance at 31 December 2021	482	307	0	789
Acquisitions		227		227
Disposals				
Reclassifications and other				
Effect of change in consolidation scope				
Balance at 30 June 2022	482	534	0	1,016

AMORTISATION AND IMPAIRMENT (in EUR thousands)	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Total
Balance at 31 December 2021	(115)	(273)	0	(388)
Impairment loss	(28)	(19)	0	(47)
Reversal of impairment loss				
Balance at 30 June 2022	(143)	(292)	0	(435)

NET VALUE (in EUR thousands)	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Total
Balance at 31 December 2021	367	34	0	401
Balance at 30 June 2022	339	242	0	581

The acquisitions of concessions, patents, licences and software relates to the purchase of a new ERP system slated for deployment in 2023.

7.2. Property, plant and equipment

Property, plant and equipment are recorded at their acquisition cost in accordance with IAS 16 "Property, plant and equipment", which includes:

GROSS VALUE (in EUR thousands)	Buildings excluding IFRS 16	Buildings IFRS 16	Plant, equipment and machinery excl. IFRS 16 (*)	Plant, equipment and machinery IFRS 16	Other property, plant and equipment excl. IFRS 16	Other property, plant and equipment IFRS 16	Property, plant and equipment in progress	Total	(*) of which capitalised decommissioning costs
Balance at 31 December 2021	183	555	20,977	3,524	418	97	12,255	38,008	192
Acquisitions	0	0	7,603	48	276	29	5,976	13,931	72
Disposals	0	0	0	0	0	(38)	0	(38)	-
Reclassifications and other	0	0	9,167	0	0	0	(9,167)	0	-
Foreign currency translation differences	0	0	308	0	0	0	0	308	-
Balance at 30 June 2022	183	555	38,055	3,572	694	88	9,064	52,210	264

DEPRECIATION & IMPAIRMENT (in EUR thousands)	Buildings excluding IFRS 16	Buildings IFRS 16	Plant, equipment and machinery excl. IFRS 16 (*)	Plant, equipment and machinery IFRS 16	Other property, plant and equipment excl. IFRS 16	Other property, plant and equipment IFRS 16	Property, plant and equipment in progress	Total	(*) of which capitalised decommissioning costs
Balance at 31 December 2021	(76)	(305)	(4,094)	(738)	(204)	(76)	0	(5,492)	(41)
Depreciation	(31)	(65)	(880)	(120)	(72)	(11)	0	(1,178)	(8)
Reversal of impairment loss	0	0	0	0	0	38	0	38	-
Reclassifications and other	0	0	0	0	0	0	0	0	-
Balance at 30 June 2022	(107)	(369)	(4,974)	(858)	(276)	(49)	0	(6,633)	(48)

NET VALUE (in EUR thousands)	Buildings excluding IFRS 16	Buildings IFRS 16	Plant, equipment and machinery excl. IFRS 16 (*)	Plant, equipment and machinery IFRS 16	Other property, plant and equipment excl. IFRS 16	Other property, plant and equipment IFRS 16	Property, plant and equipment in progress	Total	(*) of which capitalised decommissioning costs
Balance at 31 December 2021	107	250	16,882	2,786	214	21	12,255	32,516	152
Balance at 30 June 2022	77	186	33,081	2,714	418	39	9,064	45,577	216

A significant portion of property, plant and equipment corresponds to the Wagabox® units designed, produced, installed and operated by the Group. These units generate future economic benefits for the Group through long-term agreements for the sale of biomethane or purification services (Note 8.1). For safety reasons, and given the specific know-how acquired by the Company, the Company is the sole operator of Wagabox® units. The Group controls these assets, which are recognised in accordance with IAS 16.

The costs directly attributable to the Wagabox® units manufactured by the Group comprise direct labour, raw material and external costs (such as legal advisors, experts, sub-contractors) directly relating to site preparation, as well as the engineering, design, technical studies, calibration, manufacturing, delivery, assembly and installation of the Wagabox® units to be operated.

Assets in progress primarily relate to Wagabox® units under construction.

7.3. Asset impairment

In accordance with IAS 36 "Impairment of assets", at the end of each reporting period the Group determines whether there is an indication of impairment of property, plant and equipment and intangible assets with finite useful lives. If such an indication exists, the Group performs an impairment test to assess whether the carrying amount of the asset is higher than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

For fixed assets in progress, a review of projects in progress is carried out to ensure that the capitalisation criteria under IAS 16 are still met. In addition, an impairment test is performed annually, whether or not there is an indication of impairment.

If the resources generated by the project are predictable, and if there are no production incidents, the risk of not generating the expected level of cash flow is low. Assets in progress mainly correspond to

Wagabox® units under construction initiated during the financial year. Supported by forward-looking business plans, no impairment losses were recorded for these assets.

For Wagabox® units in operation, the Group has chosen each biogas recovery (Wagabox®) unit project as the CGU. To determine whether there is an indication of impairment, the Group uses the following method: the data (revenue and margins) used in the tests are reviewed by comparing actual results and forecasts. These data are taken from the project's business plans for the duration of the gas sales agreements, and a sales period from the end of the sales agreements until the end of the useful life of the underlying assets. The underlying assumptions are systematically updated at the impairment testing date. External factors, such as climate-related or operating incidents, or any event that could call into question the profitability of the Wagabox® units, are also taken into account.

At 30 June 2022, the Group had not identified any impairment losses as a result of Covid-19 or the Russia-Ukraine war.

7.4. Non-current financial assets

Non-current financial assets comprise security deposits related to financing contracts and guarantees.

Financial assets are recognised at amortised cost; where applicable, provisions for impairment are recognised if the assets' net realisable value falls below their carrying amount.

The resulting impairment loss is included under provisions for impairment.

NON-CURRENT FINANCIAL ASSETS (in EUR thousands)	30 June 2022	31 December 2021
Security deposits	246	908
Other non-current receivables	259	234
Other financial assets	6	5
Gross value	511	1,147
Impairment	0	0
Net value	511	1,147

The decrease in security deposits was due to the repayment of a guarantee given in Canada for €695 thousand.

7.5. Deferred tax assets

Current and previous tax assets and liabilities are measured at the amount that the Company expects to recover or pay to the tax authorities.

In accordance with the principles described above and the mechanism for capping tax losses carried forward, no deferred tax assets have been recognised in the Group's consolidated financial statements. At 30 June 2022, tax loss carry-forwards that were not capitalised amounted to €9.1 million, including €5.9 million for the French companies, €0.9 million for Waga Energie Canada, €0.3 million for the Spanish subsidiaries and €1.9 million for Waga Energy US.

7.6. Other non-current assets

OTHER NON-CURRENT ASSETS (in EUR thousands)	30 June 2022	31 December 2021
Down payments to suppliers of fixed assets	6,006	0
Total other non-current assets	6,006	0

Changes in the down payments made to suppliers of fixed assets shown in the table above are recorded under investing activities in the cash flow statement.

7.7. Inventories

Inventories are measured according to the First In First Out ("FIFO") method, which measures the outflow of goods at their actual cost at purchase, assuming that assets purchased first are disposed of first.

Where applicable, provisions for impairment are made on a case-by-case basis when the net realisable value is lower than the inventory carrying amount.

In this case, the impairment loss is recognised in profit or loss under "Depreciation, amortisation and impairment".

INVENTORIES (in EUR thousands)	30 June 2022	31 December 2021
Inventories of spare parts	2,387	1,299
Work in progress	0	0
Nitrogen and coal inventories	93	135
Gross value	2,479	1,434
Impairment	0	0
Net value	2,479	1,434

The Group carries out a review of the value of inventories at each reporting date. The Group did not recognise any impairment losses on inventories at 30 June 2022.

7.8. Trade receivables and related accounts

TRADE RECEIVABLES AND RELATED ACCOUNTS (in EUR thousands)	Gross value	Overdue	Not yet due	Impairment	Net value
Position at 30 June 2022	3,841	467	3,375	0	3,841
Position at 31 December 2021	4,074	418	3,657	0	4,074

Given the non-material nature of trade receivables overdue by more than 120 days, this information was not presented in the Group's consolidated financial statements.

7.9. Tax receivables

TAX RECEIVABLES (in EUR thousands)	30 June 2022	31 December 2021
Research tax credit	374	251
Innovation tax credit	58	43
Other	0	3
Tax receivables	431	297

7.10. Other current assets

OTHER CURRENT ASSETS (in EUR thousands)	30 June 2022	31 December 2021
Trade receivables, advances and down payments, credit notes receivable	109	3,331
Personnel and social security	1	2
State, VAT	3,050	2,529
Prepaid expenses	756	749
Other current assets and receivables	549	164
Total other current assets	4,464	6,775

Prepaid expenses mainly relate to annual insurance costs, lease expenses and annualised services. The lease expenses relate to low-value assets that have not been restated in accordance with IFRS 16.

At 31 December 2021, this line item included significant down payments to suppliers.

7.11. Cash and cash equivalents

Cash and cash equivalents includes cash as well as short-term investments that are considered liquid, convertible into a known amount of cash and that are subject to an insignificant risk of change in value with regard to the criteria set out in IAS 7 "Statement of Cash Flows".

Overdrafts are excluded from cash and cash equivalents and are recognised as current financial liabilities.

There are no cash restrictions for any of the periods presented.

7.12. Equity and dilutive instruments

7.12.1. Share capital

Ordinary shares are classified as equity. The costs of capital transactions directly attributable to the issue of new shares or options are recognised in equity as a deduction from the share premium, net of tax.

Capital management policy

The Group's policy is to maintain a sufficient financial base to preserve the confidence of investors and creditors and support the future growth of the Company.

Waga Energy's share capital comprises fully paid-up ordinary shares with a par value of €0.01.

Number of shares	Ordinary shares
At 31 December 2021	19,752,417
Share capital increase through the contribution of Waga Energy USA shares	655,995
Exercise of founders' share warrants (BSPCE)	67,900
At 30 June 2022	20,476,312

In exchange for the contribution of Waga US shares, 655,995 shares were created. The issue of these new shares did not generate any cash flows.

The increase in equity relating to the exercise of founders' share warrants amounted to €216 thousand.

7.12.2. Dilutive instruments

In accordance with IFRS 2, the cost of equity-settled share-based payment transactions is recognised as an expense in the period in which the rights to benefit from the equity instruments are acquired, with a corresponding increase in equity.

The group has applied IFRS 2 to all equity instruments granted to employees and corporate officers.

The fair value of founders' share warrants (BSPCE) is determined by applying the Black & Scholes option pricing model.

The valuation methods used to estimate the fair value of options are described below:

- The share price used is equal to the subscription price of investors for the plans prior to the Company's listing, based on the last capital increase;
- The risk-free rate is determined according to the expected term of the instruments;
- Volatility was determined based on a sample of listed companies in the Group's business sector, at the date of allocation of the instruments and over a period equivalent to the life of the option;
- The expected term for the instruments has been estimated at 4.9 years;
- The prospect of payment of dividends over this term was considered nil;
- Employee turnover was not taken into account, as it was considered low for the population of beneficiaries of the instruments.

The value of the options was recorded in the income statement under personnel expenses between the grant date and the maturity date (i.e., over the vesting period), with an offset to equity. The expense was thus spread over the vesting period according to the vesting terms and conditions.

At each reporting date, the Group assesses the probability of loss by the beneficiaries of the rights to the options or free shares granted before the end of the vesting period. Where applicable, the impact of a revision of these estimates is recognised in the income statement with a corresponding change in consolidated reserves.

7.13. Provisions

Provisions are recognised when, at the reporting date, the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

PROVISIONS (in EUR thousands)	Decommissioning	Pensions and retirement benefits	Guarantee	Other	Total
At 31 December 2021	236	267	0	45	548
Increase in the financial year	87	60	0	70	217
Reversal of used provisions	0	0	0	0	0
Reversal of unused provisions	0	0	0	0	0
Actuarial (gains)/losses	0	(128)	0	0	(128)
At 30 June 2022	323	199	0	115	638
Less than one year at 30 June 2022	0	0	0	70	70
More than one year at 30 June 2022	323	199	0	45	568

7.14. Borrowings and financial liabilities

BORROWINGS AND FINANCIAL LIABILITIES (in EUR thousands)	31 December 2021	Issuances	Repayments	New IFRS 16 leases	Accrued interest and reclassification	30 June 2022
Bank loans	12,155	9,094	(633)		6	20,621
Interest rate hedges	15				(502)	(487)
Shareholder loans	967		(623)		111	455
Repayable advances	1,031				38	1,069
Sofiwaga 1 bonds	2,569		(5)		142	2,707
Waga Assets convertible bonds	12,277		(12,277)			0
Waga Energy SA convertible bonds	6,262		(1,012)			5,250
IFRS 16 financial liabilities	2,963		(243)	77		2,789
Other financial liabilities	7					7
Total	38,246	9,094	(14,793)	77	(205)	32,411

As indicated in the section on significant events of the six-month period, new borrowings include:

- Financing of the SP Waga 1 project: €2.2 million
- Financing of the Sofiwaga Infra project: €1 million
- Waga Energie Canada drawdown: €2.4 million
- Innovation loan from Bpifrance: €3 million

An interest rate swap was used to hedge the first two loans for their aggregate amount, with an impact of €502 thousand. The breakdown is presented in Note 9.2.

As described in paragraph 3.1.3, repayments include the early repayment by Waga Assets of the Eiffel Gaz Vert convertible bonds for €12.5 million.

The repayment schedule for loans and borrowings is as follows:

BORROWINGS AND FINANCIAL LIABILITIES (in EUR thousands)	30 June 2022	Less than 1 year	1-5 years	More than 5 years
Bank loans	20,134	3,836	10,745	5,551
Interest rate hedges				
Shareholder loans	455	455	-	-
Repayable advances	1,069	548	522	-
Sofiwaga 1 bonds	2,707	2,707	-	-
Waga Energy SA convertible bonds	5,250	1,500	3,751	-
IFRS 16 financial liabilities	2,789	386	1,499	904
Other financial liabilities	7	7	-	-
Total	32,411	9,439	16,516	6,455

The interest rate swaps used by the Group are qualified as cash flow hedges. Hedge accounting is applied if the conditions provided for in IFRS 9 Financial Instruments are met: the hedging relationship must be clearly described and documented on the date the hedging instrument is set up; the economic link between the hedged item and the hedging instrument must be documented as well as any potential sources of ineffectiveness; and retrospective ineffectiveness must be measured at each reporting date. Changes in the fair value of the derivative financial instrument are recognised under equity in other comprehensive income (cash flow hedging reserve) for the effective portion and in the income statement for the ineffective portion.

7.15. Fair value of financial instruments

In accordance with the amendment to IFRS 7, the following table presents the items recognised at fair value by class of financial instruments according to the following hierarchy (Note 10).

in EUR thousands	Carrying amount 30 June 2022	Level	Fair value	Assets/Liabilities at fair value through profit or loss	Assets/Liabilities at fair value through OCI	Assets/Liabilities at amortised cost
Non-current financial assets	511	3	511	0	0	511
Other non-current assets	6,006	2	6,006	0	0	6,006
Trade receivables and related accounts	3,841	2	3,841	0	0	3,841
Other current assets	1,414	2	1,414	0	0	1,414
Cash and cash equivalents	100,104	2	100,104	0	0	100,104
Total financial assets	111,877		111,877	0	0	111,877
Non-current borrowings and financial liabilities	22,972	2	22,972	0	0	22,972
Other non-current liabilities	4,107	2	4,107	0	0	4,107
Current borrowings and financial liabilities	9,439	2	9,439	0	(487)	9,926
Trade payables and related accounts	6,428	2	6,428	0	0	6,428
Other current liabilities	3,229	2	3,229	0	0	3,229
Total financial liabilities	46,175		46,175	0	(487)	46,662

7.16. Trade payables and related accounts

TRADE PAYABLES AND RELATED ACCOUNTS (in EUR thousands)	30 June 2022	31 December 2021
Trade payables and related accounts	6,428	5,712
Total trade payables	6,428	5,712

7.17. Tax liabilities

TAX LIABILITIES (in EUR thousands)	30 June 2022	31 December 2021
Income tax	33	107
Tax liabilities	33	107

Tax liabilities correspond to taxes payable at the reporting date for all Group entities.

7.18. Other liabilities

7.18.1. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES (in EUR thousands)	30 June 2022	31 December 2021
Deferred income - non-current	4,107	1,089
TOTAL	4,107	1,089

At 30 June 2022, deferred income to be earned in more than one year is related to investment grants for €3,834 thousand and additional premiums for €254 thousand.

Investment subsidies received by subsidiary Waga Energie Canada over the first half of 2022, classified under 'other non-current liabilities' in the balance sheet, are included in investing activities in the cash flow statement for €2,647 thousand.

7.18.2. Other current liabilities

OTHER CURRENT LIABILITIES (in EUR thousands)	30 June 2022	31 December 2021
Social security liabilities	882	653
Tax liabilities	1,631	1,488
Advances and down payments received, credit notes	2,643	3,148
Deferred income (current)	468	879
Amounts due relating to assets acquired - current	97	80
Other liabilities	22	19
TOTAL	5,743	6,267

Advances and down payments received related to the Winnebago project in the United States for €2.6 million.

8. Notes to the consolidated income statement

8.1. Revenue

The Group recognises revenue in accordance with IFRS 15.

Group revenue is generated by the sale of biomethane production to energy companies or purification services to operators of Non-Hazardous Waste Storage Facilities (NHWSF) when operators of NHWSF hold biomethane sales contracts. Alongside this business model, the Group reserves the right to sell equipment.

The Waga Energy Group operates in gas engineering. The Group designs, builds and operates Wagabox® units installed in Non-Hazardous Waste Storage Facilities, commonly known as landfills. The biogas produced by landfill waste is captured by the landfill operator. Wagabox® units purify the biogas into biomethane using a patented technology combining membrane purification and cryogenic distillation. The biomethane is injected directly into the natural gas grid.

The biomethane molecules are bought by energy companies who sell biomethane to end users.

The Group's core business is based on the integrated developer-investor-operator business model for long-term contracts, in which the Group commits to the performance of Wagabox® units. The key contracts involve the following stakeholders:

- The operator of the Non-Hazardous Waste Storage Facility (commonly known as a landfill), which supplies biogas;
- The energy operator, which purchases biomethane;
- The Group, which manufactures and operates Wagabox® units and owns the purification process to convert biogas into biomethane.

Two separate economic models have been developed in the business:

- Purification services; and
- Biomethane sales.

For purification services, the Group enters into contracts with NHWSF operators, provides biogas purification services and guarantees fixed remuneration in return for the service. NHWSF operators, which are biomethane producers in the regulatory sense, enter into biomethane sales contracts with energy companies. In accordance with IFRS 15, revenue from purification services is recognised in the Group's ordinary income.

For biomethane sales, the Group enters into (i) biogas purchase contracts with NHWSF operators, and (ii) biomethane sales contracts with energy companies. In France, the tariff is set by the French State; in other countries, the price is negotiated based on market value. The Group generates revenue from the sale of biomethane at the price negotiated with an additional premium. The biomethane sales model enables the Company to choose energy companies and freely negotiate additional premium, which is a substantial revenue component. As energy companies can derive additional value from energy sales, biomethane producers are also able to freely negotiate additional premiums (defined in contracts as "additional premium"), which are recognised as biomethane is injected into the network. In accordance with IFRS 15, income from the sale of biomethane is recognised as revenue, and biogas purchases are recognised under purchases of goods.

For each contract, an analysis is carried out under IFRS 15 to determine whether Waga Energy acts as principal. As such:

For direct biomethane sales, Waga Energy acts as principal in the transaction. Indeed:

- Waga chooses the energy provider, notably according to the amount of additional income possible with the additional premiums;
- Waga enters into the contract with the energy provider and negotiates the sales price (even though negotiation margin is limited in France);
- The additional premiums (described above) represent a significant part of incremental contract margin.

Consequently, Waga Energy acts as principal and has the obligation to supply biomethane to the energy provider. Waga Energy delivers the biomethane itself. To summarise, Waga Energy acts as principal and has the ability to decide to whom it sells and at what price.

For purification services, Waga Energy only provides purification services. The NHWSF operator chooses the energy provider, enters into the contract with the provider and negotiates sales prices. In this case, Waga Energy's client is the NHWSF operator and the performance obligation is the purification service sold to the operator.

However, for the Group, the commitment to purify biogas or sell biomethane is not quantifiable because compliance with the obligations can only be assessed once the service has been provided or product sold. And the Group does not commit to predefined and fixed volumes to be purified or sold.

As a result, the Group has not presented any additional information.

As an exception to the business model, the Group's other sources of revenue were generated by (i) the sale of equipment (Engineering Procurement & Construction or "EPC" contracts), (ii) revenue from long-term Operating & Maintenance or "O&M" contracts for units sold, in consideration for the operating and maintenance services provided by the Group.

Revenue corresponds to the fair value of the consideration received or to be received for goods and services sold in the normal course of the Group's business.

Revenue is recognised net of discounts and rebates, and net of intercompany sales.

No income is recognised when there is significant uncertainty as to the collectability of the consideration due.

REVENUE (in EUR thousands)	30 June 2022		30 June 2021	
	Value	Percentage	Value	Percentage
Sales of gas and purification services	6,514	93%	4,947	95%
Equipment sales	241	3%	29	1%
O&M	189	3%	173	3%
Other	53	1%	45	1%
Total revenue	6,997	100%	5,193	100%

Wagabox® sales correspond to the cryogenic equipment sold to Air Liquide by subsidiary Waga Energy Inc. O&M (Operating & Maintenance) services are provided for the Wagabox® based in greater Lorient.

8.2. Other operating income

Other operating income includes grants, the Research Tax Credit (CIR) and the Innovation Tax Credit (CII).

OTHER OPERATING INCOME (in EUR thousands)	30 June 2022		30 June 2021	
	Value	%	Value	%
Research tax credit	123	79%	124	56%
Innovation tax credit	15	9%	5	2%
Grants	18	11%	92	42%
Total other operating income	155	100%	222	100%

8.3. Purchases of goods and changes in inventories

GOODS PURCHASED (in EUR thousands)	30 June 2022		30 June 2021	
	Value	%	Value	%
Raw materials and spare parts	1,141	40%	1,648	70%
Sub-contracting	454	16%	369	16%
Equipment and material	1,164	41%	287	12%
Other purchases	100	4%	41	2%
Total goods purchased	2,859	100%	2,346	100%

Purchases of equipment and material increased sharply in line with the Group's growth strategy.

8.4. External expenses

EXTERNAL EXPENSES (in EUR thousands)	30 June 2022		30 June 2021	
	Value	%	Value	%
General subcontracting	44	2%	0	0%
Lease and related payments	14	1%	0	0%
Leases and lease expenses	275	11%	125	10%
Maintenance and repairs	119	5%	61	5%
Insurance premiums	260	10%	163	13%
Research and investigations	0	0%	0	0%
Seconded personnel	45	2%	21	2%
Professional fees	1,060	43%	645	52%
Advertising	77	3%	21	2%
Transport	71	3%	30	2%
Travel and assignment expenses	286	12%	72	6%
Postal & telecom costs	91	4%	40	3%
Banking services	61	2%	14	1%
Other external expenses	84	3%	41	3%
	0	0%	0	0%
Total external expenses	2,487	100%	1,233	100%

Leases and lease expenses correspond to expenses recognised in the income statement under the IFRS 16 exemption, and property taxes.

Professional fees rose sharply, reflecting additional expenses incurred following the adoption of IFRS, the audit of the consolidated financial statements and implementation of the Group's growth strategy, including acquisitions abroad. Travel and assignment expenses also increased in line with the Group's international development.

8.5. Personnel expenses

Personnel expenses break down as follows:

PERSONNEL EXPENSES (in EUR thousands)	30 June 2022		30 June 2021	
Personnel remuneration	2,380	50%	1,275	64%
IFRS 2 expenses	1,113	23%	191	10%
Social security contributions	1,211	25%	409	20%
Other personnel expenses	8	0%	86	4%
Net provision for retirement benefit obligations	60	1%	40	2%
Total personnel expenses	4,772	100%	2,001	100%

NUMBER OF EMPLOYEES	30 June 2022		30 June 2021	
Management	64	70%	31	62%
Other employees	28	30%	19	38%
Total number of employees	92	100%	50	100%

8.6. Share-based payments (IFRS 2)

Founders' share warrants (BSPCE) and stock options were awarded to executives and certain key employees. The various stock option plans are presented in the table below:

Type of financial investment	BSPCE 2019	BSPCE 2021	OPTIONS 2021	OPTIONS 2021
AGM warrant grant date	18/12/2019	30/06/2021	30/06/2021	08/09/2021
Vesting date	18/12/2023	30/06/2025	30/06/2025	30/06/2025
Exercise price per new share subscribed	318.42	1,000	1,000	1,000
Vesting	25% of the founders' share warrants held by the Holder at the end of a period of twenty-four (24) months from the grant date the remaining balance, at the rate of one twenty-fourth (1/24) at the end of each month, following the initial period of twenty-four (24) months, for a period of twenty-four (24) months	25% of the founders' share warrants held by the Holder at the end of a period of twenty-four (24) months from the grant date the remaining balance, at the rate of one twenty-fourth (1/24) at the end of each month, following the initial period of twenty-four (24) months, for a period of twenty-four (24) months	25% of the founders' share warrants held by the Holder at the end of a period of twenty-four (24) months from the grant date the remaining balance, at the rate of one twenty-fourth (1/24) at the end of each month, following the initial period of twenty-four (24) months, for a period of twenty-four (24) months	25% of the founders' share warrants held by the Holder at the end of a period of twenty-four (24) months from 1 July 2021 the remaining balance, at the rate of one twenty-fourth (1/24) at the end of each month, following the initial period of twenty-four (24) months, for a period of twenty-four (24) months
Period of validity	17/12/2029	30/06/2031	30/06/2031	30/06/2031
Number of warrants granted at 31 December 2021	10,000	12,500	1,300	850
Number of warrants granted at 30 June 2022	10,000	12,500	1,300	850
Maximum number of new shares that may be subscribed at 30 June 2022	0	0	0	0

Key data and assumptions	BSPCE 2019	BSPCE 2021	OPTIONS 2021	OPTIONS 2021
Maturity	10 years	10 years	10 years	10 years
Risk-free rate	0.36%	-0.57%	-0.57%	-0.57%
Volatility	41%	48.60%	48.60%	48.60%
Underlying price	318.42	1,000	1,000	1,000
Exercise price	318.42	1,000	1,000	1,000
Fair value of the option	112.30 €	366.81 €	366.81 €	366.81 €

Based on the data above, share-based payments amounted to €191 thousand and €1,113 thousand for 2021 and 2022 respectively.

8.7. Other recurring operating income and expenses

OTHER RECURRING OPERATING INCOME AND EXPENSES (in EUR thousands)	30 June 2022	30 June 2021
Other recurring operating income	0	297
Other recurring operating expenses	(94)	(293)
Total other recurring operating income (expense)	(94)	4

Other recurring operating expenses include those relating to license fees.

8.8. Other non-recurring operating income and expenses

Other non-recurring operating income and expenses include non-recurring transactions of significant amounts which, by their nature or unusual character, may adversely affect the clarity of the presentation of the Group's recurring operating activities. The expenses relating to the contribution of Waga Energy US shares were recognised under other non-recurring operating expenses for €145 thousand.

OTHER NON-RECURRING OPERATING INCOME AND EXPENSES (in EUR thousands)	30 June 2022	30 June 2021
Other non-recurring operating income	98	49
Other non-recurring operating expenses	(151)	(341)
Total other non-recurring operating income (expense)	(53)	(292)

8.9. Net financial income (expense)

Net financial income includes the cost of net debt, mainly comprising finance lease expenses and interest paid on the Group's financing.

Other financial income and expenses include foreign exchange gains and losses and accretion expense for non-current liabilities.

NET FINANCIAL INCOME (EXPENSE) (in EUR thousands)	30 June 2022	30 June 2021
Foreign exchange gains	217	0
Other financial income	29	3
Financial income	246	4
Interest on loans and conditional advances	615	597
Accretion expense	15	11
Foreign exchange losses	10	(2)
Other financial expenses	99	(0)
Financial expenses	739	640
Net financial income (expense)	(493)	(636)

8.10. Income tax

The “income tax” line in the income statement includes current and deferred taxes of consolidated companies, when the bases are recognised in profit or loss. Where appropriate, the tax effects on items recognised directly in equity are also recognised in equity.

The table below shows the reconciliation of theoretical tax and effective tax:

In EUR thousands	At 30 June 2022	At 30 June 2021
Current taxes	(149)	(128)
Deferred taxes		
Total income tax	(149)	(128)
In EUR thousands	At 30 June 2022	At 30 June 2021
Profit (loss) for the period	(5,101)	(2,259)
Consolidated tax	(149)	(128)
Research tax credit	138	130
Theoretical profit before tax	(5,089)	(2,260)
Income tax rate applicable to the parent company	25.0%	28.0%
Theoretical tax expense at the current tax rate	1,272	633
Increase/Decrease in tax expense resulting from		
Unrecognized tax loss carryforwards	(815)	(279)
Unrecognized deferred tax assets	(234)	(332)
Share-based payments	(278)	(53)
Permanent differences	(91)	(1)
Other	(2)	(96)
ACTUAL TAX EXPENSE	(149)	(128)

8.11. Earnings per share

Basic earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the period, while the calculation of diluted earnings per share also includes all potentially dilutive ordinary shares if they meet certain criteria laid down in IAS 33.

Basic earnings per share are obtained by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding.

Diluted earnings per share are obtained by dividing net income attributable to owners of the parent by the weighted average number of shares adjusted for the maximum impact of the conversion of dilutive instruments into ordinary shares using the share buyback method.

Using this method, the funds raised by potentially dilutive financial instruments are allocated to share buybacks at their market value. The dilutive effect of shares potentially arising from stock option plans (BSPCE) or convertible instruments is not reflected in the calculation of diluted earnings per share, due to the losses incurred.

The dilution is obtained by the difference between the theoretical amount of shares that would be bought back and the number of potentially dilutive options.

EARNINGS PER SHARE	30 June 2022	30 June 2021
Net income attributable to holders of ordinary shares	(5,172,136)	(2,395,934)
Number of ordinary shares	20,476,312	144,794
Weighted average number of ordinary shares outstanding	19,752,417	144,794
Weighted average number of ordinary and potential shares	19,752,417	154,794
Earnings per share in euros	(0.25)	(16.55)
Diluted earnings per share in euros	(0.25)	(16.55)

8.12. Off-balance sheet commitments

The Group monitors off-balance sheet commitments based on the following commitments given and received:

- Personal sureties (endorsements, securities and guarantees);
- Collateral (mortgages, pledges, guarantees);
- Operating leases, purchase and investment obligations;
- Other commitments.

The financial commitments received correspond to guarantees granted by the French government or BPI France to lenders in respect of bank loans.

Pledges given correspond mainly to guarantees granted in connection with the 2020 bond issue used to finance Wagabox® units. Pledges also include equipment pledged to long-standing lenders and collateral in connection with the Sofiwaga Infra and SP Waga 1 bank refinancing in 2021.

FINANCIAL COMMITMENTS (in EUR thousands)	30 June 2022	31 December 2021
<u>Commitments given</u>		
Endorsements, securities and guarantees given	0	(695)
Pledges	(11,361)	(11,416)
Other commitments	(1,030)	(1,030)
Commitments given	(12,391)	(13,140)
<u>Commitments received</u>		
Endorsements, securities and guarantees received	5,989	6,077
Pledges	0	0
Other commitments	0	0
Commitments received	5,989	6,077
Total commitments	(6,402)	(7,064)

8.13. Related parties transactions

Related parties with which transactions are carried out include companies and individuals directly or indirectly associated with the Group, and entities that directly or indirectly hold an interest in the Group.

These transactions are performed on an arm's-length basis.

All transactions were recorded in accordance with IAS 24 and their impact on the Group's consolidated financial statements is as follows, by type and related party:

30 June 2022

Related party	Type of related party	Description of the transaction	Balance sheet	Income statement
Les Saules	Shareholder	Support services agreement	0	11
Société Européenne de Gestion de l'Energie (SEGE)	Company in the same group as a shareholder with more than 10% of the shares	Biomethane sales contract	177	910
ALAT US	Company in the same group as a shareholder with more than 10% of the shares	EPC agreement	1,216	241
ALAT US	Company in the same group as a shareholder with more than 10% of the shares	O&M agreement	0	12
ALAT US	Company in the same group as a shareholder with more than 10% of the shares	Patent licence	100	83
Air Liquide France Industrie (ALFI)	Company in the same group as a shareholder with more than 10% of the shares	Lease of Nitrogen frame and purchase of Nitrogen	2	115
Omalys SPRL	Company employing a director	Strategic consulting services agreement	0	5
Les Saules	Shareholder	Bond agreement	2,600	130
Holweb	Shareholder	Shareholder current account	106	6
Meridiam	Shareholder	Shareholder current account	553	32

On 19 May 2022, the Company and Holweb signed a contribution agreement relating to the proposed contribution to the Company of the Waga Energy Inc. shares held by Holweb and the related contribution consideration.

8.14. Audit fees

30 June 2022

(in EUR thousands, excluding tax)	EY		BM&A		KPMG		30 June 2022	
WAGA ENERGY S.A.								
Statutory audit and opinion, review of separate parent company and IFRS financial statements	50	70%	50,000	87%			100	77%
Services other than statutory audit of financial statements	5	7%					5	4%
Subsidiaries								
Statutory audit and opinion, review of separate parent company and IFRS financial statements	16	23%	7	13%	2	100%	26	20%
Services other than statutory audit of financial statements							0	0%
Total	71	100%	57	100%	2	100%	131	100%

9. Risk management

The Group's policy is not to subscribe to financial instruments for speculative purposes.

The main risks to which the Group is exposed are interest rate risk and credit risk.

9.1. Liquidity risks

Liquidity risk corresponds to the risk to which the Company is exposed if it encounters difficulties in meeting its obligations relating to the financial liabilities to be settled in cash or by means of other financial assets. The Company's objective is to manage liquidity risk so as to ensure, insofar as possible, that it will have sufficient cash to pay its liabilities when due, under normal conditions, without having to incur unacceptable losses or damaging the Company's reputation.

Since its formation, the Group has financed growth through successive capital increases, bond issues, repayable advances, bank loans, State-guaranteed loans and Research Tax Credit receivables. The €124 million capital increase performed at the time of the initial public offering significantly reduced the Group's liquidity risk.

Cash and cash equivalents amounted to €100 million at 30 June 2022 and financial liabilities amounted to €32 million (including €3 million relating to leaseholds and finance leases). Current financial liabilities amounted to €9.4 million.

Residual contractual payments outstanding at the reporting date break down as follows: The amounts are expressed as raw data, they have not been measured to present value, and they include contractual interest payments.

In EUR thousands	30 June 2022				
	Less than 1 year	1-5 years	More than 5 years	Total contractual flow	Total at closing date
Financial liabilities (excl. Leases)	9 389	16 327	5 577	31 293	29 622
Financial liabilities related to leases	493	1 747	892	3 132	2 789
Total	9 882	18 074	6 469	34 425	32 411

In connection with bank loans or bonds subscribed, the Group has undertaken to comply with financial covenants, notably relating to pari passu clauses, cross-default clauses, compliance with financial ratios (ratio of debt service coverage by available liquidity or gearing) or specific debt levels.

Most bank loans and bond subscriptions include change of control clauses, entitling lenders to demand full repayment of the loan.

Some agreements have restrictions on the use of capital:

Bpifrance Financing loan

The debt contracted by the Group with Bpifrance Financement is subject to mandatory full early repayment if certain events occur; voluntary early repayment may be made at the Company's discretion subject to the payment of compensation equal to 3% to 5% of the capital repaid early.

OCA 2021 Tranche 2

The OCA 2021 Tranche 2 bond includes a restriction making the payment of dividends by the Company subject to the payment of all sums due to parties involved in financing the convertible bonds.

It is expected that the Company will be required to redeem in advance all or part of the OCA 2021 Tranche 2 and that, in return, the Holders will have to reuse the amounts thus redeemed in the corresponding subscription to a convertible bond issue by a subsidiary of the Company (the "Issue Programme").

Under the Issue Programme, the subscriber would be able to request early repayment of the amounts due under the bond in the event of a change of control in the issuer, a subsidiary of the Company. Concerning this bond, subscribers would benefit from collateral such as the pledging of the subsidiary's securities and the Company's current account balance in the subsidiary.

Note 3.3 on Going concern provides more information on the Group's liquidity horizon at the reporting date of 30 June 2022.

9.2. Interest rate risk

Interest rate risk represents the Group's exposure to changes in market interest rates.

Changes in interest rates may affect returns on cash and term deposits. This risk is not significant for the Group's term deposits.

Most of the Group's loans are fully hedged at fixed or floating rates, through interest rate swaps (Note 7.14, Borrowings and financial liabilities).

The models used to measure these instruments include assumptions based on market information in accordance with IFRS 13. The fair value of interest rate swaps is calculated based on discounted cash flows.

At 30 June 2022, the Group held the following interest rate swaps:

Company	Date	Maturity	Currency	Notional amount	Rate (%)	Value at 30 June 2022
SOFIWAGA INFRA	13/10/2021	31/12/2033	EUR	1,618,807	0.26	145,455
SOFIWAGA INFRA	13/10/2021	31/12/2033	EUR	693,775	0.26	62,027
SOFIWAGA INFRA	24/12/2021	31/12/2033	EUR	1,873,703	0.25	169,537
SOFIWAGA INFRA	24/12/2021	30/12/2033	EUR	803,015	0.25	72,290
SP WAGA 1	28/04/2022	30/06/2034	EUR	1,570,800	1.57	36,742
SP WAGA 2	28/04/2022	30/06/2034	EUR	673,200	1.57	15,620
7,233,300						501,671

9.3. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposures relating to customer credit, including unpaid receivables and committed transactions.

Credit risk relating to cash, cash equivalents and deposits with banks and financial institutions is not significant, as the Group has liquidity and investments only with leading banks.

As the outstanding receivables mainly include VAT receivables and research tax credits (“CIR”) granted by the French State, the Group does not bear significant credit risk.

The Group manages credit risk relating to trade receivables by recognising allowances for impairment when risks are identified (Note 7.8).

9.4. Currency risk

The main risks relating to foreign exchange are not considered to be significant due to the low level of activity of subsidiaries abroad.

At this stage of its development, the Group has not made any hedging arrangements to protect its business against exchange rate fluctuations.

However, the Group cannot rule out the possibility that a significant increase in its activity could result in greater exposure to foreign exchange risk.

The Group will then consider adopting an appropriate policy to hedge these risks. If it were to fail to make effective foreign exchange hedging arrangements in the future, its results could be affected.

10. Fair value of financial assets and liabilities

Some of the Group’s accounting methods, as well as certain disclosures, involve measuring the fair value of financial and non-financial assets and liabilities.

Whenever possible, when measuring the fair value of an asset or liability, the Group uses observable market data. Fair value measurements are classified in three levels in terms of hierarchy, depending on the inputs used in the valuation technique.

- Level 1: fair value measured on the basis of (unadjusted) prices observed in active markets for identical assets or liabilities;
- Level 2: fair value measured using inputs other than the listed prices included in level 1, that are observable for the asset or liability, either directly (in the form of prices) or indirectly (determined from prices);
- Level 3: fair value for the asset or liability measured using inputs that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be classified in the fair value hierarchy, then the fair value obtained is generally classified at the same level as the lowest level input that is significant for fair value as a whole.

The fair value of trade payables and trade receivables corresponds to the carrying amount indicated in the balance sheet, as the effect of discounting future cash flows is not material.

In accordance with IFRS 9, the financial liability component is measured at amortised cost.

The conversion option of convertible bonds is recognised separately as a derivative liability due to the variable conversion parity. It is measured at fair value with changes in fair value recognised in profit or loss in accordance with IFRS 9.

The Group also uses interest rate swaps to manage its exposure to interest rate risk. Most of the swaps negotiated make it possible to convert floating rate debt to fixed.

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

[Letterhead of BM&A and ERNST & YOUNG et Autres]

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

Waga Energy

Period from January 1st to June 30th, 2022

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your general assembly and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of Waga Energy, for the period from January 1st to June 30th, 2022,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the (condensed) half-yearly consolidated financial statements.

Paris and Paris-La Défense, on September 30th, 2022

The Statutory Auditors

French original signed by

BM&A

ERNST & YOUNG et Autres

Pierre-Emmanuel Passelègue

Cédric Garcia

ATTESTATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR ACTIVITY REPORT

"I certify that to my knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2022, have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the Company and of all companies included in the scope of consolidation. I equally certify that to my knowledge, the attached half-year activity report faithfully represents the significant events that have occurred during the first six months of the financial year and their impact on the consolidated financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties associated with the remaining six months of the financial year".

Mathieu Lefebvre

Chairman and Chief Executive Officer of the Company