Waga Energy Group

Consolidated IFRS Financial Statements
31 December 2023

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IFRS Financial Statements

BALANCE SHEET

ASSETS (in EUR thousands)	Notes	31 December 2023	31 December 2022
Intangible assets	7.1	2,057	804
Property, plant & equipment	7.2	112,630	70,331
Non-current financial assets	7.4	724	2,137
Deferred tax assets	7.5	(0)	0
Other non-current assets	7.6	8,933	6,562
Non-current assets		**124,344**	**79,835**
Inventories	7.7	11,498	4,867
Trade and other receivables	7.8	9,139	4,143
Current financial assets	7.4	1,610	
Tax receivables	7.9	405	315
Other current assets	7.10	8,934	8,356
Cash and cash equivalents	7.11	38,655	91,659
Current assets		**70,240**	**109,339**
Total assets		**194,584**	**189,174**

EQUITY AND LIABILITIES (in EUR thousands)	Notes	31 December 2023	31 December 2022
Share capital		205	205
Share premium		150,241	150,090
Reserves		(39,521)	(31,119)
Foreign currency translation reserves		220	16
Profit (loss) attributable to owners of the Company		(15,990)	(10,076)
Equity attributable to owners of the Company		95,154	109,115
Non-controlling interests		2,718	2,912
Equity	7.12	**97,873**	**112,028**
Non-current provisions	7.13	910	585
Non-current loans and borrowings	7.14	52,331	43,185
Other non-current liabilities	7.18.1	7,669	4,678
Deferred tax liabilities		0	0
Non-current liabilities		**60,910**	**48,448**
Current provisions	7.13	629	0
Current loans and borrowings	7.14	8,424	9,420
Trade and other payables	7.16	8,337	5,413
Tax liabilities	7.17	0	42
Other current liabilities	7.18.2	18,411	13,823
Current liabilities		**35,801**	**28,698**
Total equity and liabilities		**194,584**	**189,174**

INCOME STATEMENT

INCOME STATEMENT (in EUR thousands)	Notes	31 December 2023	31 December 2022
Revenue	8.1	33,262	19,159
Other income	8.2	777	397
Revenue		**34,038**	**19,556**
Cost of sales and change in inventory	8.3	(18,349)	(7,948)
External expenses	8.4	(9,348)	(6,845)
Taxes, duties and similar payments		(354)	(190)
Personnel expenses	8.5	(14,610)	(9,961)
Other recurring operating income and expenses	8.7	658	(59)
Depreciation, amortisation and provisions	7.1 & 7.2	(6,524)	(2,725)
Profit (loss) from recurring operations		**(14,488)**	**(8,171)**
Other non-recurring operating income and expenses	8.8	352	34
Impairment of non-current assets		0	0
Operating profit (loss)		**(14,136)**	**(8,137)**
Cost of net financial debt		(1,844)	(1,238)
Other financial income and expenses		803	21
Financial income (expense)	8.9	**(1,041)**	**(1,217)**
Profit (loss) before income tax		**(15,177)**	**(9,354)**
Income tax expense	8.10	(266)	(325)
Deferred taxes P&L		0	0
Profit (loss) for the year		**(15,442)**	**(9,679)**
Profit (loss) attributable to:			
Owners of the Company		(15,990)	(10,076)
Non-controlling interests		548	396
Basic earnings per share (in EUR)	8.11	(0.78)	(0.50)
Diluted earnings per share (in EUR)	8.11	(0.78)	(0.50)

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (in EUR thousands)	Notes	31 December 2023	31 December 2022
Profit (loss) for the year		**(15,442)**	**(9,679)**
Foreign currency translation differences		(365)	(238)
Interest rate swaps	7.6 & 9.2	(1,435)	1,698
Total Items subsequently recycled through profit and loss		**(1,800)**	**(238)**
Actuarial gains	7.13	19	174
Total Items that may not be recycled through profit and loss		**19**	**174**
Total comprehensive income (loss)		**(17,224)**	**(8,045)**
Attributable to owners of the Group		(17,586)	(8,864)
Attributable to non-controlling interests		362	820

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY (in EUR thousands)	Number of shares (in thousands)	Share capital	Share premium	Reserves and profit (loss)	Other comprehensive income	Equity attributable to owners of the Group	Non-controlling interests	Total equity
Balance at 31 December 2021	**19,752**	**198**	**126,879**	**(11,109)**	**(53)**	**115,914**	**1,676**	**117,590**
Profit (loss) for the year				(10,076)		**(10,076)**	396	**(9,679)**
Foreign currency translation differences					(249)	**(249)**	11	**(238)**
Hedging instruments					1,286	**1,286**	412	**1,698**
Actuarial gains and losses					174	**174**		**174**
Total comprehensive income for the year				(10,076)	1,211	**(8,864)**	820	**(8,045)**
Share capital increase	75	1	238			**239**		**239**
Acquisition of non-controlling interests	656	7	22,973	(23,393)		**(413)**	413	**(0)**
Share-based payments				2,241		**2,241**		**2,241**
Other changes							3	**3**
Balance at 31 December 2022	**20,483**	**205**	**150,090**	**(42,337)**	**1,158**	**109,115**	**2,912**	**112,028**
Balance at 31 December 2022	**20,483**	**205**	**150,090**	**(42,337)**	**1,158**	**109,115**	**2,912**	**112,028**
Profit (loss) for the year				(15,990)		**(15,990)**	548	**(15,442)**
Foreign currency translation differences					(365)	**(365)**		**(365)**
Hedging instruments					(1,249)	**(1,249)**	(186)	**(1,435)**
Actuarial gains and losses					19	**19**		**19**
Total comprehensive income for the year				(15,990)	(1,596)	**(17,586)**	362	**(17,224)**
Share capital increase	42	0	151			**151**	5	**156**
Cancellation of treasury shares					(247)	**(247)**		**(247)**
Share-based payments				3,789		**3,789**		**3,789**
Dividends							(561)	**(561)**
Other changes				(69)		**(69)**		**(69)**
Balance at 31 December 2023	**20,526**	**205**	**150,241**	**(54,607)**	**(685)**	**95,154**	**2,718**	**97,873**

The main changes were:

- Hedging instruments, namely interest rate swaps for €1,435 thousand;
- Share-based payments of €3,789 thousand following the exercise of founders' share warrants (BSPCE);
- A dividend payment of €1,100,000 at Sofiwaga 1, including €561,000 to non-controlling shareholders.

CASH FLOW STATEMENT

CASH FLOW STATEMENT (in EUR thousands)	Notes	31 December 2023	31 December 2022
Profit (loss) for the year		(15,442)	(9,679)
Adjustments for:			
Depreciation, amortisation and provisions	7.1, 7.2, 7.12	6,668	2,832
Gains or losses from the disposal of assets		(7)	0
Share-based payments	8.6	3,789	2,241
Other income and expense		(5)	(231)
Cost of financial debt	8.9	1,844	1,238
Tax expense (incl. deferred tax)	8.10	266	325
Operating cash flow before income tax and change in working capital		**(2,888)**	**(3,275)**
Income taxes paid		(127)	(76)
Effect of change in inventories	7.7	(6,656)	(3,471)
Effect of change in trade and other receivables	7.8 to 7.10	(5,638)	(4,952)
Effect of change in trade and other payables		2,392	4,384
Net cash from (used in) operating activities		**(12,917)**	**(7,391)**
Acquisition of property, plant and equipment and intangible assets	7.1, 7.2	(49,164)	(40,938)
Acquisition of financial assets	7.4	(207)	(917)
Effect of changes in payables to suppliers of fixed assets		4,568	(917)
Effect of changes in advances for fixed asset acquisitions	7.6	(3,624)	3,312
Disposals and transfers of fixed assets		8	(1,460)
Investment grants received	7.18.1	3,416	0
Net cash from (used in) investing activities		**(45,005)**	**(36,982)**
Effect of change in consolidation scope (NCI contributions)		0	0
Share capital increase (net of capital increase costs)	7.12.1	151	239
Proceeds from borrowings and repayable advances	7.14	14,169	35,884
Repayment of borrowings and repayable advances	7.14	(7,159)	(23,098)
Dividends paid		(561)	0
Cost of debt (excluding accrued interest)		(1,634)	0
Net cash from financing activities		**4,966**	**13,024**
Effect of change in exchange rates on cash held		(48)	85
Net increase in cash and cash equivalents		**(53,004)**	**(31,264)**
Cash and cash equivalents at 1 January		91,659	122,913
Cash and cash equivalents at 31 December		38,655	91,659

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

Advances and down payments on fixed assets and the change in payables to suppliers of fixed assets are recognised under net cash used in investing activities, as they mainly concern Wagabox© units.

Cost of net debt (excluding accrued interest) is now presented separately in net cash from financing activities. At 31 December 2022, it was presented on the same line as repayment of borrowings and amounted to €1,638 thousand.

The Sofiwaga subsidiary distributed €1,100,000 in dividends, including €561,000 to non-controlling shareholders.

Details of changes in cash flow

	31 December 2022	31 December 2023	Change	Change in operating activities	Change in grants	Change in suppliers of fixed assets	Foreign currency translation differences
Inventories	4,867	11,498	(6,631)	**(6,656)**			**25**
Trade and other receivables	4,143	9,139	(4,996)	(5,014)			18
Other current assets	8,356	8,934	(578)	(533)			(45)
Current tax receivable (tax credits)	315	405	(91)	(91)			
				(5,638)			**(26)**
Trade and other payables	5,413	8,337	2,924	2,858			66
Other non-current liabilities	574	420	(155)	(104)			(51)
Investment grants	4,104	7,053	2,949		2,949		
Financial instruments		196	196				196
Total other non-current liabilities	***4,678***	***7,669***					
Other current liabilities	6,636	6,190	(446)	(362)			(84)
Investment grants	146	612	467		467		
Suppliers of fixed assets	7,042	11,609	4,568			4,568	
Total other current liabilities	***13,823***	***18,411***					
				2,392	**3,416**	**4,568**	**100**

Investment grants received by Waga Energie Canada and Waga Energy in the reporting period, classified under “Other non-current liabilities” in the balance sheet, are included in investing activities in the cash flow statement for €3,416 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 5 avenue Raymond Chanas, 38320 Eybens, 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 financial statements for the year ended 31 December 2023, prepared in accordance with the IFRS, were approved by the Board of Directors on 26 April 2024.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company for the reporting period ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union.

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 in accounting standards

The following new standards, amendments and interpretations were mandatory for the Group at 31 December 2023:

- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IAS 12 – International Tax Reform — Pillar Two Model Rules (effective for reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 1 and Practice Statement 2 – Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023)

- Amendments to IAS 8 – Definition of Accounting Estimates (effective for financial years beginning on or after 1 January 2023)
- IFRS 17 – Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023).

The following new standards, amendments and interpretations have been issued but were not mandatory for the Group at 31 December 2023:

- Amendments to IAS 1 – Presentation of Financial Statements: Classifying Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2024 (a proposal to change this to a later date is currently underway) – subject to approval by the EU)
- Amendments to IAS 7 and IFRS 17 – Supplier Finance Arrangements (effective for annual reporting periods beginning on or after 1 January 2024, subject to EU approval)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective for annual reporting periods beginning on or after 1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (effective for annual reporting periods beginning on or after 1 January 2025, subject to EU approval).

The Company does not expect the new standards to have a significant impact on the financial statements.

2.3 Use of estimates and judgments

The preparation of the consolidated financial statements requires Management to use judgments 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 they are reasonable 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 estimates due to changes in assumptions and economic circumstances. The effect of changes in estimates is recognised prospectively. Consequently, the actual amounts reported in the Group's future financial statements may differ from current estimates.

2.3.1 Judgments

Information on the judgments 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 7.3),
- Determining stage of completion, revenue and losses at completion for onerous contracts, using the stage of completion method for equipment sales (Notes 8.1 and 7.13).

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 for the year ended 31 December 2023 is included in the following notes:

- Measuring the fair value of founders' share warrants (BSPCE) (Notes 7.12.2 and 8.6): The fair value of share-based payments is determined using the Black & Scholes option pricing model, which factors in assumptions on complex and subjective variables. The variables include share price, expected volatility of share price over the life of the instrument and the current and future behaviour of the holders of the instruments.
- With regard to convertible bonds, estimates are made to:
  - Determine the fair value of conversion options (Note 7.14);
  - Determine the effective interest rate (EIR) of the debt component of conversion options, taking into account the most probable time horizon for conversion into shares or redemption (Note 7.14).
- Measuring interest rate swaps used to manage exposure to interest rate risk (Note 9.2).
- Measuring provisions, including for retirement benefits and site dismantlement (Note 7.13).
- Determining the discount rate and lease term when assessing lease liabilities in accordance with IFRS 16 "Leases" (Note 7.2).
- Measuring provisions for the impairment of trade receivables in accordance with IFRS 9 (Note 7.8).
- Assessing whether to capitalise deferred tax assets (Note 7.5).

Actual values may differ from estimates due to changes in assumptions 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 year ended 31 December 2023 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 the growth prospects reflected in the product business plan (Note 3.3).

2.5 Functional and presentation currency

The 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 effective at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate effective at the reporting date.

Foreign currency translation gains or 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 2023

3.1.1 Biomethane production

At 31 December 2023, Waga Energy (the "Company") and its subsidiaries (hereinafter the "Group") were operating 18 Wagabox® units (15 in France, two in Canada and one in Spain).

Five new units were commissioned in 2023, including the first units outside of France:

- two units in Canada: Saint-Étienne-des-Grés and Chicoutimi sites (province of Quebec),
- one unit in Spain: Els Hostalets de Pierola site (Catalonia, Can Mata project), and
- two units in France: Montois-la-Montagne site (Moselle) and Cusset site (Allier).

These units represent a total installed capacity of 275 GWh per year.

	2023	2022*	Change
Number of owned Wagabox® units in operation (at 31 Dec.)	18	13	+38%
Number of owned Wagabox® units in operation (average)	15.4	11.6	+33%
Biomethane production (in GWh)	327	207	+57%

**owned units only*

The installed base of Wagabox® units operated by the Group produced 327 GWh of biomethane in 2023, 57% more than in 2022.

Waga Energy's operating teams maintained a high level of performance throughout the year. In 2023, the average availability of units already in operation for more than twelve months was 95.7%, 94.2% factoring in newly commissioned units, including those outside France.

3.1.2 Business development

In financial year 2023, the Group signed six new contracts for sites in the United States:

- Three contracts with Casella Waste Systems, one of the country's leading waste processing firms, to equip three sites with Wagabox® units for a total installed capacity of 586 GWh per year;
- A contract with Scott County (Iowa) and Linwood to equip the Davenport site with a unit offering an installed capacity of 60 GWh per year;
- A contract with the Chester County Solid Waste Authority (Pennsylvania) to equip the Lanchester site (Narvon) with a unit offering an installed capacity of 130 GWh per year; and
- A contract with Decatur Hills Landfill (a company in the Best Way Disposal group), to equip the Greensburg site (Indiana) with a unit offering an installed capacity of 55 GWh per year.

3.1.3 Share capital transactions and subsidiaries

Legal organisation

In financial year 2023, ten new special purpose vehicles (SPV) were created for new Wagabox® projects: seven in the United States, two in Canada and one in France. These SPVs are 100% held by the Group, except for the French subsidiary, Valtom Energie Biométhane, which is 51%-held by Waga Energy.

Founders' share warrants (BSPCE) and stock options

On 24 January 2023, the Board of Directors decided to issue and award 337,000 free founders' share warrants (BSPCE.2023) to employees and/or executives, conferring entitlement to 337,000 newly-issued Company shares with a par value of €0.01 and a strike price of €27.54, as authorised by the Shareholders at their Combined General Meeting of 30 June 2022. The Board of Directors also decided to issue and award 196,000 free stock options (Options.2023) to employees and/or executives, conferring entitlement to 196,000 newly-issued Company shares with a par value of €0.01 and a strike price of €27.54, as authorised by the Shareholders at their Combined General Meeting of 8 October 2021.

On 29 June 2023, the Board of Directors decided to issue and award an additional 15,000 free founders' share warrants (BSPCE.2023.2) to employees and/or executives, conferring entitlement to 15,000 newly-issued Company shares with a par value of €0.01 and a strike price of €27.39, as authorised by the Shareholders at their Combined General Meeting of 30 June 2022. The Board of Directors also decided to issue and award 3,000 free stock options (Options.2023.2) to employees and/or executives, conferring entitlement to 3,000 newly-issued Company shares with a par value of €0.01 and a strike price of €27.39, as authorised by the Shareholders at their Combined General Meeting of 8 October 2021, to replace the 3,000 BSPCE.2023 granted on 24 January 2023.

On 20 July 2023, the Board of Directors decided to issue and award 25,000 free stock options (Options.2023.3) to employees and/or executives, conferring entitlement to 25,000 newly-issued Company shares with a par value of €0.01 and a strike price of €27.39, as authorised by the Shareholders at their Combined General Meeting of 8 October 2021.

3.1.4 Other significant events

Transfer of the registered office

The Company acquired new premises in Eybens (Grenoble metropolitan area) and transferred its registered office and that of its subsidiaries there, with effect from 16 January 2023.

3.1.5 Financing

Funding of Wagabox® projects

In March 2023, the Group took out a new long-term bank loan for €6.6 million with Bpifrance for its subsidiary Sofiwaga España 1. The loan enabled the Group to refinance a portion of the contributions made during the construction phase of the Can Mata project, which became operational in June 2023. At 31 December 2023, the loan amount was €6.3 million.

In June 2023, the Group signed a rider to the long-term loan agreement entered into in July 2022 by subsidiary Waga Assets and underwritten by CIC and Arkéa, to extend the drawdown period by 12 months to fund Wagabox® unit construction projects in progress. The rider concerned a maximum amount of €23 million. Over the second half of 2023, the Group drew down €3.3 million of this loan. At 31 December 2023, €15.6 million were due in connection with this loan, and the available outstanding amount for drawdown totalled €6.5 million.

In financial year 2023, the Company received €0.45 million (out of an aggregate €0.9 million) from Bpifrance, corresponding to the balance of two repayable advances granted in 2019 for prospecting activities in the United States and Canada under the BPI's international project development scheme. The advances will be repaid in instalments between 2025 and 2028.

In 2023, the Company also obtained a €0.4 million "Prospecting" advance from Bpifrance to finance prospecting activities in Brazil. Half of this amount had been received in financial year 2023.

Grants

Waga Energie Canada received CAD 3.6 million in grants in financial year 2023. The grants will be recognised in the income statement to reflect depreciation of the associated Wagabox® units once they are commissioned.

The Group also received the first tranche (€1 million) of the €2.5 million EU grant obtained in 2022 through the EIC Innovation Fund for the Can Mata project in Spain (see below). Waga Energy SA received this first tranche of €1 million in the second half of 2023.

3.2 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, higher interest rates and the slowdown in the European economy.

The increase in natural gas prices on the market has no direct impact on Group revenue, as most of the biomethane it produces is sold in France under fixed purchase price agreements at a tariff set by the French government for a 15-year period, indexed annually to industrial and labour costs.

In the long term, the hike in electricity prices in Europe will only have a limited effect on Wagabox® operating costs as the Group's electricity supply contracts are multi-year and capped under the ARENH (Regulated Access to Historical Nuclear Power) scheme introduced by the French government until December 2025. Moreover, the power consumption costs of Wagabox® units in France are generally shared with the storage site operator through adjustments to biogas purchase fees and partly offset by annual indexing to the selling price of biomethane. However, as electricity costs and offsetting measures (cost sharing or indexing) are not recognised simultaneously, the profitability of certain projects may be affected in the short term, as was the case in 2023.

In France, the United Kingdom and, to a lesser extent, Spain, Italy and Portugal, high electricity prices have resulted in slower sales for the Group due to the wait-and-see approach by some operators with cogeneration engines. Despite their low energy efficiency, such engines can be profitable in the short term. Some waste storage site operators have opted to use the cogeneration engine already installed on their site and reduce the volume of biogas sent to their Wagabox® unit. However, these opportunistic trade-offs have little impact on Group revenue as the Group's sales contracts always have a fixed remuneration component.

The economic difficulties caused by the war in Europe have led to higher prices for the Group when procuring parts for Wagabox® construction or maintenance. The overrun is partly offset by the indexation clauses in the Group's contracts and, for future projects, will be passed on to customers to maintain the projects' economic balance.

The economic situation has also resulted in longer delivery times. At the start of 2022, the Group responded by anticipating orders and stocking up on critical parts to avoid delays in the commissioning of units under construction, and continued doing so in 2023.

Lastly, higher interest rates might increase financing costs for future projects and will need to be factored in to maintain the expected levels of project profitability. Rising interest rates had little impact on the Group's financial expenses in financial year 2023 as most current loans were entered into before the crisis or in the first half of 2022 and bear fixed-rate interest or are hedged by interest rate swaps.

3.3 Going concern

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

- Available cash of €39 million at 31 December 2023,
- The capital increase of 20 March 2024 for a gross amount of €52 million,
- The Group's cash flow forecast which includes investments scheduled for signed contracts and financing secured as of 31 December 2023.

Management and the Board of Directors expect that these factors will enable the Group to meet its requirements over the next twelve months, until the end of April 2025.

Additionally, Management is confident about the Group's ability to raise the funding needed for new Wagabox® projects in its business plan. However, if difficulties arise in obtaining this financing, the Group has additional options, such as postponing certain investments.

4. Subsequent events

4.1 Sales development

The Group has not signed any new contracts since 31 December 2023.

4.2 Operational development

Since 31 December 2023, the Group has commissioned two new units:

- In January 2024, the Group commissioned a standard unit (25 GWh/year) in Sainte-Marie-Kerque (Pas-de-Calais).
- On 15 March 2024, the Group commissioned its first unit in the United States, at the Bath site (Steuben County, New York), for a production capacity of 60 GWh/year.

4.3 Share capital transactions and subsidiaries

Capital increase

On 20 March 2024, the Company carried out a share capital increase for a gross aggregate amount of €52 million through the issuance of 3,939,394 new shares, with a par value of €13.20. This transaction, which accompanies significant growth, in North America in particular, should enable the Group to finance the equity share of new project investments as well as the pre-manufacture and manufacture of Wagabox® units to support its international development. At the end of the Share Issue period, the Company's share capital will amount to €245,031.44 euros, corresponding to 24,503,144 shares with a par value of €0.01.

4.4 Financing

In January 2024, the Group took out €2.7 million in project financing with Crédit Agricole Centre France for its subsidiary, Valtom Energie Biométhane. This financing operation was followed by a crowdfunding operation of €0.2 million.

In February 2024, the Group's American subsidiary, Waga Energy Inc., took out USD 60 million in financing with Eiffel Investment Group to fund the construction of four biomethane production units in the United States.

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:

Company	Consolidation method		Percentage control		Percentage ownership interest	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
WAGA ENERGY	Parent company	Parent company	Parent company	Parent company	Parent company	Parent company
WAGA ENERGY INC	FC (a)	FC	100.00%	100.00%	100.00%	100.00%
WAGA ENERGIE CANADA	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ENERGY ESPANA	FC	FC	100.00%	100.00%	100.00%	100.00%
WB STEUBEN LLC	FC	FC	100.00%	100.00%	100.00%	100.00%
WB SCOTT AREA LLC	FC		100.00%		100.00%	
WB CHEMUNG LLC	FC		100.00%		100.00%	
WB HYLAND LLC	FC		100.00%		100.00%	
WB MCKEAN LLC	FC		100.00%		100.00%	
WB LANCHESTER	FC		100.00%		100.00%	
WB DECATUR LLC	FC		100.00%		100.00%	
WB BEAUMONT LLC	FC		100.00%		100.00%	
WAGA ENERGY LIMITED	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ENERGY ITALIA	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS 2	FC	FC	100.00%	100.00%	100.00%	100.00%
SOFIWAGA 1	FC	FC	49.00%	49.00%	49.00%	49.00%
SOFIWAGA INFRA	FC	FC	49.00%	49.00%	49.00%	49.00%
WAGA ASSETS VEHICULE 1	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 2	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 3	FC	FC	100.00%	100.00%	100.00%	100.00%
SP WAGA 1	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 4	FC	FC	100.00%	100.00%	100.00%	100.00%
SOFIWAGA ESPANA 1	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 5	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 6	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 19	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 18	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 20	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 21	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGA ASSETS VEHICULE 22	FC	FC	100.00%	100.00%	100.00%	100.00%
VALTOM ENERGIE BIOMETHANE	FC		51.00%		51.00%	
SOFIWAGA ESPANA 2	FC	FC	100.00%	100.00%	100.00%	100.00%
WAGARENA	FC	FC	100.00%	100.00%	100.00%	100.00%
HARTLAND RENEWABLE RESOURCES GROUP	FC	FC	100.00%	100.00%	100.00%	100.00%

(a) Fully consolidated

In financial year 2023, ten new special purpose vehicles were created: seven in the United States, two in Canada and one in France. Companies CWAC Inc and WBC2 S.E.C. were not included in the consolidation scope as they have not generated any cash flows to date.

Sofiwaga 1 and Sofiwaga Infra are special purpose vehicles for financing Wagabox® assets. The Company manages all the business and transactions relating to 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, as 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 has identified only one operating segment: biomethane production by landfill gas purification.

Revenue from our four main customers at 31 December 2023 amounted to €6.7 million (or 20% of total revenue), €5.7 million (17%), €5.1 million (15%) and €2.5 million (8%), respectively.

Since financial year 2019, the Group has expanded internationally by setting up subsidiaries in the United States, Canada, Spain, the United Kingdom and Italy. The geographical disclosures required under IFRS 8.33 are presented below.

6.1 Revenue segmented by geographical area - 31 December 2023

INCOME STATEMENT (in EUR thousands)	31 December 2023	North America	Europe	France	31 December 2022	North America	Europe	France
Revenue	33,262	10,605	1,691	20,966	19,159	3,642	2	15,515

6.2 Non-current assets segmented by geographical area - 31 December 2023

ASSETS (in EUR thousands)	31 December 2023	North America	Europe	France	31 December 2022	North America	Europe	France
Intangible assets	2,057	547		1,510	804	6		798
Property, plant and equipment	112,630	39,982	10,029	62,619	70,331	12,726	6,444	51,162
Non-current financial assets	724	(38,437)	(9,365)	48,526	2,137	(8,058)	(1,569)	11,765
Other non-current assets	8,933	1,955		6,978	6,562	1,487	16	5,059
Total non-current assets	**124,344**	**4,048**	**663**	**119,633**	**79,835**	**6,160**	**4,891**	**68,784**

7. Notes to the Consolidated Balance Sheet

7.1 Intangible assets

Intangible assets are recorded at their acquisition cost.

Intangible assets are amortised on a straight-line basis over their estimated useful life.

Research costs are systematically expensed.

Under IAS 38, an intangible asset arising from development shall be recognised if, and only if, an entity can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset;

b) the Company's intention to complete the intangible asset;

c) its ability to use or sell the intangible asset;

d) how the intangible asset will generate probable future economic benefits;

e) the availability of adequate technical, financial and other resources to complete the development; and

f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The main categories of intangible assets and Group amortisation schedule are as follows:

- Software: 1 to 5 years;
- Development costs: 5 years;
- Concessions, patents and licences: 6 years.

GROSS VALUE *(in EUR thousands)*	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Intangible assets in progress	Total
Balance at 31 December 2022	**434**	**370**	**15**	**494**	**1,313**
Acquisitions		782		787	1,570
Disposals					
Reclassifications and other	31	906	(15)	(922)	(0)
Currency translation differences		(12)			(12)
Balance at 31 December 2023	**465**	**2,047**	**0**	**360**	**2,871**

AMORTISATION AND IMPAIRMENT *(in EUR thousands)*	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Intangible assets in progress	Total
Balance at 31 December 2022	**(187)**	**(308)**	**(15)**		**(509)**
Allowances for the period	(75)	(230)			(305)
Reclassifications and other		(14)	15		0
Balance at 31 December 2023	**(262)**	**(552)**			**(814)**

NET VALUE *(in EUR thousands)*	Research and development expenses	Concessions, patents, licences and software	Other intangible assets	Intangible assets in progress	Total
Balance at 31 December 2022	**248**	**62**		**494**	**804**
Balance at 31 December 2023	**203**	**1,494**		**360**	**2,057**

"Concessions, patents, licences and software" includes the portion payable to landfill site operators for biogas extraction rights. For financial year 2023, these acquisitions amounted to €543 thousand and concern one contract in the United States.

The balance of "Intangible assets in progress" at 31 December 2023 of €360 thousand corresponds to R&D work for the standardisation of Wagabox® units. The reclassification of €937 thousand primarily corresponds to the reclassification of expenses for a new ERP system to “Concessions, patents, licences and software”, following its deployment in the first half of 2023.

7.2 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost in accordance with IAS 16 “Property, plant and equipment”, which includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of decommissioning costs, which cover dismantling and removing the Wagabox® unit and restoring the site on which it is located.

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.

Costs directly attributable to fixed assets are capitalised only when the following two criteria are met:

- There is written evidence of interest by the prospect confirming their intention to enter into a contract (signature of a letter of intent, Memorandum of Understanding, etc.)
- The technical feasibility of the project has been verified and validated (analysis of the biogas deposit and feasibility of the connection).

Prior to commissioning a Wagabox® unit, these costs are recognised under “Property, plant and equipment in progress” and are analysed at each reporting date to ensure that the conditions for capitalisation are still met.

If significant components of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment (major component).

The cost of an item of property, plant and equipment includes, where appropriate, the estimated costs of decommissioning - dismantlement and removal (Note 7.13) and the restoration of the site on which it is located, in line with the Group’s contractual obligation.

Depreciation, calculated from the date the asset is commissioned, is recognised as an expense over its estimated useful life, on a straight-line basis as follows:

- Wagabox® excluding components: 15 to 25 years;
- Wagabox® components: 5 to 20 years;
- Facilities & buildings: 10 to 25 years;

- Technical plant, equipment and tooling: 4 to 15 years;
- Office equipment and furniture, IT: 3 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

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

Once expenditure is incurred for the construction of a Wagabox® unit, and until the latter is commissioned, the unit is recognised as an asset in progress.

Accounting policies applied to leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To determine if a contract conveys the right to control the use of an identified asset throughout its useful life, the Group assesses whether:

- the contract involves the use of an identified asset – this can be specified explicitly or implicitly, and must be physically distinct or substantially represent the capacity of a physically distinct asset. If the supplier has a substantial substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has this right when it has the most relevant decision-making rights to determine how and for what purpose the asset is used. In rare cases, when the decision on how and the purpose for which the asset is used is predetermined, the Group has the right to direct the use of the asset if:
  - the Group has the right to operate the asset, or
  - the Group has designed the asset in a way that predetermines how and for what purposes it will be used.

These criteria apply to contracts entered into or amended from 1 January 2018.

At the time of inception or revaluation of a contract that contains a lease component, the Group has elected not to separate the non-lease items and to recognise the lease as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the inception of the lease:

- The right-of-use asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability adjusted for lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred.
- The right-of-use asset is then depreciated on a straight-line basis from the commencement date to the end of the useful life of the underlying asset. In addition, the value of the right-of-use asset is adjusted for any remeasurement of the lease liability and, where applicable, reduced in the event of impairment, in accordance with IAS 36;

- The lease liability is initially measured at the present value of the lease payments that have not yet been made, discounted using the lessee's incremental borrowing rate (rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment). This represents the borrowing rate used to finance the asset in question. These rates were determined by adding the risk-free rate (French State Loan) to Waga Energy's risk premiums based on the terms of the leases.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- leases for periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The analysis of renewal clauses under IFRS 16 is carried out individually for each lease under consideration and estimated use of the asset. The inclusion of renewal clauses is analysed in light of their estimated useful life, particularly if the estimated useful life (with regard to the Group's strategic plan) is longer than the initial lease term.

The lease liability is remeasured to reflect changes in lease payments resulting from changes in an index or rate or if the Group reassesses whether it is reasonably certain to exercise an option to extend or to purchase the underlying asset, or to terminate the lease.

When the lease liability is remeasured, an adjustment is made to the carrying amount of the right-of-use asset, or if the right-of-use asset has been reduced to zero the amount is recognised in profit or loss.

The leases identified mainly relate to:

- leased equipment at the Saint Palais, Gueltas and Chevilly sites;
- premises leased by the Group (offices, warehouses);
- leased transport equipment.

The Group has defined depreciation periods for assets falling within the scope of IFRS 16 in terms of similar assets. The periods are defined individually for each lease and may vary between three and 15 years, depending on the type of asset:

- 15 years for the membrane scrubbers purchased from a manufacturer, then transferred under a "sale & lease-back" contract to a lessor who leases them to Waga Energy, at the same time as commissioning, and for an amount corresponding to the carrying amount of the membrane scrubber. This equipment is considered part of the construction of Wagabox® units;
- Approximately nine years for commercial leases;
- 15 years for nitrogen and coal tanks;
- Between three and four years for vehicles.

Short-term leases and leases of low-value assets

Assets financed by leases as defined in IFRS 16, which do not meet the criteria for exemptions (leases with a "low value" of less than €5 thousand and short-term leases of less than 12 months) are recognised as assets on the balance sheet. The corresponding liability is recognised as a liability under "Financial liabilities". The lease terms used by the Group reflect the non-cancellable terms of each contract, plus any extension or termination options that the Group is reasonably certain to exercise or not to exercise for all periods covered by extension options.

For each lease, the lease liability is measured at the present value of the lease payments not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate. These rates are between 3.7% and 9% depending on the asset concerned.

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term contracts with a lease term of less than or equal to 12 months and leases of low value assets. The Group recognises the related lease payments as expenses.

Property, plant and equipment break down as follows:

GROSS VALUE *(in EUR thousands)*	Land excl. IFRS 16	Buildings excl. 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 2022	**806**	**4,574**	**877**	**46,298**	**3,761**	**959**	**99**	**20,871**	**78,246**	**267**
Acquisitions		384	568	14,465	275	628		32,117	48,437	145
Disposals			(299)			(5)		(6)	(310)	
Reclassifications and other				9,667				(9,667)		
Currency translation differences			(7)	(165)	(1)	(8)		(388)	(568)	
Balance at 31 December 2023	**806**	**4,958**	**1,139**	**70,264**	**4,035**	**1,574**	**99**	**42,928**	**125,804**	**412**

DEPRECIATION AND IMPAIRMENT *(in EUR thousands)*	Land excl. IFRS 16	Buildings excl. 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 2022		**(56)**	**(447)**	**(6,033)**	**(990)**	**(355)**	**(34)**		**(7,914)**	**(41)**
Alllowances		(216)	(171)	(4,576)	(259)	(324)	(26)		(5,572)	(34)
Reversals			299			3			303	
Currency translation differences			1	6	0	2			10	
Balance at 31 December 2023		**(272)**	**(317)**	**(10,603)**	**(1,248)**	**(673)**	**(60)**		**(13,174)**	**(74)**

NET VALUE *(in EUR thousands)*	Land excl. IFRS 16	Buildings excl. 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 2022	**806**	**4,518**	**430**	**40,264**	**2,771**	**605**	**65**	**20,871**	**70,331**	**226**
Balance at 31 December 2023	**806**	**4,686**	**822**	**59,662**	**2,786**	**901**	**38**	**42,928**	**112,630**	**338**

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 comprise 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. Except for the first financial year after a contract is signed, impairment testing is conducted annually to determine whether there is any 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.

For Wagabox® units in operation, the Group has chosen each biogas recovery (Wagabox®) unit 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 test are reviewed by comparing actual results and forecasts. The 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 and operating incidents, or any event that could call into question the profitability of the Wagabox® units, are also taken into account.

At 31 December 2023, the Group identified an indication of impairment for one of its units in Canada, since capital expenditure was higher than initially estimated (mainly due to civil engineering and grid connection costs) and commissioning was postponed for reasons outside the Group’s control. The loss will be difficult to recover given the contract term. Consequently, a €1.5 million provision for impairment was recognised in the financial year.

7.4 Financial assets

7.4.1 Non-current financial assets

Non-current financial assets comprise security deposits for 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 recognised in the income statement under provisions for impairment.

NON-CURRENT FINANCIAL ASSETS (in EUR thousands)	31 December 2023	31 December 2022
Security deposits	277	1,960
Other non-current receivables	413	160
Other financial assets	33	17
Gross value	**724**	**2,137**
Net value	**724**	**2,137**

The change in security deposits mainly corresponds to the reclassification to current financial assets of €1,610 thousand from an escrow account that will expire in the financial year ending 31 December 2024.

Other non-current receivables mainly correspond to the cash balance of the liquidity contract, whose overall ceiling was increased in financial year 2023 from €500 thousand to €1 million.

7.4.2 Current financial assets

CURRENT FINANCIAL ASSETS (in EUR thousands)	31 December 2023	31 December 2022
Security deposits	1,610	
Gross value	**1,610**	
Net value	**1,610**	

Security deposits correspond to the reclassification to current financial assets of €1,610 thousand from an escrow account (Note 7.4.1).

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.

The tax rates and tax regulations used to determine these amounts are those enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised using the liability method for all temporary differences existing at the reporting date between the tax base for assets and liabilities and their carrying amounts, as well as for tax loss carry-forwards. Deferred tax assets are recognised for tax loss carry-forwards when it is probable that the Company will have future taxable profit against which the unused tax losses can be offset.

In determining the amount of deferred tax assets that may be recognised, management is required to make estimates both about the period of use of the tax loss carry-forwards, and the level of future taxable profit, with regard to tax management strategies.

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 31 December 2023, the aggregate amount of tax loss carry-forwards for which no corresponding deferred tax assets were recognised was €23.8 million, including €10.8 million (€4 million generated in the period) for French companies and €13 million (€7.7 million generated in the period) for foreign companies.

Deferred tax assets are recognised for tax loss carry-forwards when it is more likely than unlikely that the Company will have future taxable profit against which these unused tax losses can be offset.

7.6 Other non-current assets

OTHER NON-CURRENT ASSETS (in EUR thousands)	31 December 2023	31 December 2022
Unpaid capital		14
Trade payables, advances on fixed assets	8,416	4,791
Financial instruments - non-current assets	517	1,757
Total net other non-current assets	**8,933**	**6,562**

Financial instruments comprise interest rate swaps set up to hedge project funding. Changes in the value of swaps are recognised in other comprehensive income (Note 7.15).

Changes in the down payments made to suppliers of fixed assets are recognised in investing activities in the cash flow statement.

7.7 Inventories

Inventories are measured using the weighted average cost (WAC) method, which uses a weighted average cost of units held and purchased in the period to measure the cost of goods sold.

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.

When there is an indication of impairment, the impairment loss is recognised in profit or loss under 'depreciation, amortisation and impairment'.

INVENTORIES (in EUR thousands)	31 December 2023	31 December 2022
Inventories of spare parts	11,243	4,731
Nitrogen and coal inventories	254	136
Gross value	**11,498**	**4,867**
Net value	**11,498**	**4,867**

The Group reviews the value of inventories at each reporting date. The Group did not recognise any impairment losses on inventories at 31 December 2023.

Safety spare parts inventories pooled for all Wagabox® units are recognised in inventories (for spare parts that the Group intends to use over a period of less than 12 months), with the exception of spare parts for the first units installed, which are specific.

7.8 Trade and other receivables

Trade receivables are recognised upon transfer of ownership and at their nominal value.

In accordance with IFRS 9, impairment is recognised if the carrying amount of trade receivables presents a collection risk.

Under IFRS 9, entities are required to account for expected credit losses on their financial assets, which involves recognising a loss allowance for trade receivables not yet due.

TRADE AND OTHER RECEIVABLES (in EUR thousands)	Gross value	Overdue	Not yet due	Impairment	Net value
Position at 31 December 2023	9,139	141	8,998		9,139
Position at 31 December 2022	4,143	608	3,535		4,143

7.9 Tax receivables

TAX RECEIVABLES (in EUR thousands)	31 December 2023	31 December 2022
Research tax credit	346	285
Innovation tax credit		29
Corporate income tax receivable	59	
Tax receivables	**405**	**315**

7.10 Other current assets

OTHER CURRENT ASSETS (in EUR thousands)	31 December 2023	31 December 2022
Trade receivables, advances and down payments, credit notes receivable	1,018	
Personnel and social security	2	4
State, VAT	5,738	6,237
Receivables from the sale of assets	1	
Prepaid expenses	1,457	1,681
Other current assets and accrued income	718	434
Total net other current assets	**8,934**	**8,356**

"Trade receivables, advances and down payments, credit notes receivable" mainly comprise advances and down payments paid to suppliers for the purchase of goods.

"Prepaid expenses" mainly comprise 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.

The €718 thousand in other current assets and accrued income mainly correspond to a €501 thousand security deposit.

7.11 Cash and cash equivalents

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

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

CASH AND CASH EQUIVALENTS (in EUR thousands)	31 December 2023	31 December 2022
Cash equivalents	11,501	24,235
Cash	27,154	67,424
Total cash and cash equivalents	**38,655**	**91,659**

Cash equivalents consist of term deposits under which funds can be available within 30 days.

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 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 2022	**20,483,350**
Capital increase BSPCE 29/06/2023	5,200
Capital increase BSPCE 31/12/2023	37,000
At 31 December 2023	**20,525,550**

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 using 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 share price used for plans subsequent to the Company’s listing is specified in the table in section 8.6;
- 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 grant date of the instruments and over a period equivalent to the life of the option;
- The expected term of the instruments has been estimated at 4.9 years;
- No dividend payments are expected over this term;
- Employee turnover was not taken into account, as it was considered low for the beneficiaries of the instruments.

The value of the options was recognised in the income statement under personnel expenses between the grant date and the maturity date, with an offset to equity. The expense was 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.

The amount recognised in provisions is measured in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. When the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The increase in provisions recorded to reflect the passage of time and accretion is recognised as a borrowing cost.

Litigation and contingent liabilities

The Group exercises its judgment on a case-by-case basis in assessing risks and recognises a provision when it expects a probable outflow of resources. In the event that no reliable estimate can be made, either because it is deemed unfounded or insufficiently substantiated, a present or possible obligation exists that cannot be recognised (contingent liability).

PROVISIONS (in EUR thousands)	Decommissioning	Pensions and retirement benefits	Guarantees	Losses at completion	Other	Total
Balance at 31 December 2022	**340**	**200**			**45**	**585**
Increase in the financial year	185			629	15	829
Current service cost		144				144
Actuarial (gains) / losses		(19)				(19)
Balance at 31 December 2023	**526**	**325**		**629**	**60**	**1,539**
Less than one year at 31 December 2023				629		629
More than one year at 31 December 2023	526	325			60	910

Provisions for decommissioning costs

When a legal or contractual obligation to decommission a Wagabox® exists, a provision for decommissioning costs is recognised for the item of property, plant and equipment, the cost of which is regularly estimated. In the event of a significant change in the estimate leading to an increase in the provision, the carrying amount of the asset is also increased. If the change leads to a decrease in the provision, an impairment loss is recorded.

Pensions and retirement benefits

IAS 19 distinguishes between two post-employment benefit plans.

Defined contribution plans (statutory and supplementary pension plans) are expensed in the year in which the services are rendered by employees. The Company’s obligation is limited to the payment of contributions. Consequently, no liability is recognised in the balance sheet.

Under defined benefit plans, the actuarial risks are borne by the Company. They relate to the retirement obligations defined by the French Labour Code. Retirement benefit obligations are calculated using the projected unit credit method based on the vesting calculations stipulated in collective bargaining agreements, as well as employees' final salary and actuarial assumptions (discount rate, salary increase rate, turnover rate, mortality rate, etc.).

The Group does not outsource the financing of its retirement benefit obligations.

The benefit obligation is recognised in the balance sheet as a non-current liability for the total amount of the obligation.

In accordance with IAS 19, the cost of services rendered is presented in operating profit (loss). Interest expense is recognised under net financial income and expense. Remeasurements of the liability (actuarial gains and losses) are recognised directly in other comprehensive income (OCI).

The impact of plan changes is recognised immediately in profit or loss. No changes occurred in the financial years presented.

After retirement, Group employees receive pensions under pension systems that comply with the laws and practices of the countries in which the companies operate.

The Group's benefit obligations are recognised in the form of provisions or contributions paid to independent pension funds and the legal bodies responsible for servicing them.

Retirement benefits only relate to employees of the parent company Waga Energy. No benefit obligations within the meaning of IAS 19 have been identified and provisioned for the Canadian or US subsidiaries.

The main actuarial data used at 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023	31 December 2022
Retirement age	Age 64: other employees Age 65: management	Age 64: other employees Age 65: management
Discount rate (a)	3.54%	3.65%
Salary increase rate	3.00%	3.00%
Social security contribution rate (b)	44.00%	44.00%
Mortality table	Insee 2012-2014 without distinction Men/Women	Insee 2012-2014 without distinction Men/Women
Probability of presence at retirement age (before mortality)	under age 30: 81.0% between age 30 and 40: 87.3% between age 40 and 50: 88.5% between age 50 and 60: 99.0% over 60: 100.0%	under age 30: 91.7% between age 30 and 40: 94.7% between age 40 and 50: 99.0% between age 50 and 60: 99.0% over 60: 100.0%

Changes in the retirement benefit obligation between 1 January 2023 and 31 December 2023 were as follows:

		Effect on consolidated profit (loss)				Effect on other comprehensive income	
In EUR thousands	31 December 2022	Curent service cost	Interest cost	Benefits paid	Subtotal	Actuarial (gains) losses	31 December 2023
Total obligation	200	135	9		344	(19)	325
Net obligation	**200**	**135**	**9**		**344**	**(19)**	**325**

As the Group has no plan assets, the entire benefit obligation described above is recorded under liabilities.

Losses at completion

Provisions for losses at completion on equipment sales are mainly recognised when the forecast costs at completion of a given contract (based on the best profit estimates) show a loss.

At 31 December 2023, a €0.6 million loss at completion was recognised for a construction and sales contract in Canada, due to the operational difficulties encountered during the project.

7.14 Borrowings and financial liabilities

Borrowings and financial liabilities consist of bonds, bank loans, conditional advances and certain liabilities.

Borrowings are initially measured at the fair value of the consideration received, less any directly attributable transaction costs. They are then recognised at amortised cost using the effective interest rate.

Conditional advances received are only repayable in the event of the success of the projects financed, according to criteria defined in advance with the financing organisation.

It was considered that these advances would all be repaid due to the expected success of each project financed. Consequently, the advances were recognised in accordance with IFRS 9 based on the discounted amounts of expected repayments. The discount rate corresponding to the market financing rate was determined based on bank loans with similar terms.

Upon the initial recognition of conditional advances, the difference between their fair value (value of future cash flows discounted at market rates) and the amount of cash received is recognised as a government grant under “Other income” as the expenses financed by these advances are recognised in accordance with IAS 20 (Note 7.17).

The effective interest rate includes any premium provided for in the contract, which could be due in the event of repayment, taking into account estimated future revenue if the repayable advance contracts provide for indexation on revenue generated by the projects.

In the event of a change in the schedule of expected repayments of repayable advances, in particular in the event of a change in estimated forecast revenue, the Company recalculates the carrying amount of the liability resulting from discounting expected future cash flows. If significant, the resulting adjustment is recognised in the income statement for the period in which the change is identified, under net financial income and expense.

In the event of a pronounced failure, the debt waiver granted is recorded in other operating income.

With regard to convertible bonds, estimates are made to:

- Determine the fair value of conversion options;
- Determine the effective interest rate (EIR) of the debt component of conversion options, taking into account the most probable time horizon for conversion into shares or redemption.

BORROWINGS AND FINANCIAL LIABILITIES (in EUR thousands)	31 December 2022	Issuance	Repayment	New contracts IFRS 16	Accrued interest and reclassifications	31 December 2023
Bank loans	38,029	13,089	(5,432)		8	45,696
BPI loans	2,695				44	2,739
Shareholder loans	380	381	(380)			381
Repayable advances	604	665			(32)	1,237
Sofiwaga 1 bonds	2,578				6	2,584
Waga Asset 2 convertible bonds	5,265		(750)		188	4,703
IFRS 16 financial liabilities	3,049		(597)	929	(5)	3,376
Other financial liabilities	6	34	(1)			39
Total	52,605	14,169	(7,160)	929	210	60,755

- **Bank loans**

New bank loans mainly comprise:

- Refinancing of a €1.6 million tranche by Waga Energie Canada;
- Drawdowns of €2.4 million on the real estate loan taken out by Wagarena in 2022 to finance the acquisition of the premises in Eybens at 31 December 2023;
- Drawdowns of €3.3 million from the financing of the Waga Assets project at 31 December 2023;

- A €5.8 million drawdown from the financing of the Can Mata project at 31 December 2023 (net of the premium).

- **Shareholder loans**

Shareholder loans comprise the current accounts held with companies with a 51% interest in the Group's subsidiaries, which are classified as current liabilities.

These current accounts bear interest, recorded under current liabilities.

- **Repayable advances**

The Group receives advances that are repayable, with or without a premium, beyond a certain profitability level. These repayable advances amounted to a total of €604 thousand at 31 December 2022 and €1,237 thousand at 31 December 2023.

The main terms of the repayable advances are presented below:

BPI INSURANCE

In connection with the development of international projects in the United States, Canada and Brazil, Waga Energy SA obtained repayable "Prospecting" advances from BPI of €455 thousand each for the United States and Canada, and €390 thousand for Brazil. At 31 December 2023, the advances received amounted to €1,105 thousand (100% of the advance for Canada and the United States). Repayment of the advances for Canada and the United States is expected to be spread over 2025 and 2028.

- **Convertible bonds**

The Group has several bonds convertible into shares, which are recognised under "Financial liabilities":

- In addition, the Group issued two bonds at Sofiwaga 1 for a total amount of €2,600 thousand in November 2017 to finance the Wagabox® units at the Saint Palais, Gueltas and Chevilly sites.

  These ordinary bonds were issued for a period of 12 years, expiring in November 2029.

- Convertible bond OCA 2021 Tranche 2, corresponding to initial financing of €6,000 thousand, fully subscribed on 13 July 2021 and bearing interest at the maximum annual interest rate of 9.2%. The bonds were fully repaid by Waga Energy SA and reissued by its subsidiary Waga Assets 2 in December 2022 in the amount of €5,250 thousand. The outstanding balance at 31 December 2023 amounted to €4,703 thousand.

  The deadline for the redemption or conversion of the bonds is set at 30 June 2029.

The repayment schedule for borrowings and financial liabilities is as follows:

BORROWINGS AND FINANCIAL LIABILITIES (in EUR thousands)	31 December 2023	Less than 1 year	1-5 years	More than 5 years
Bank loans	45,696	5,479	20,429	19,787
BPI loans	2,739		2,739	
Shareholder loans	381	381		
Repayable advances	1,237	67	1,170	
Sofiwaga 1 bonds	2,584	996	1,589	
Waga Asset 2 convertible bonds	4,703	953	3,750	
IFRS 16 financial liabilities	3,376	544	2,063	769
Other financial liabilities	39	5		34
Total	**60,755**	**8,424**	**31,740**	**20,591**

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:

- Level 1: instruments directly listed on an active market,
- Level 2: instruments listed on an active market for a similar instrument, or whose valuation techniques are based on observable parameters,
- Level 3: instruments whose significant valuation parameters are not observable.

31 December 2023

In EUR thousands	Carrying amount at 31 December 2023	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	447	3	447			447
Security deposits	277	2	277			277
Other non-current assets	8,416	2	8,416			8,416
Derivative financial instruments	517	3	517		517	
Trade and other receivables	9,139	2	9,139			9,139
Current financial assets	1,610	2	1,610			1,610
Other current assets	1,738	2	1,738			1,738
Cash and cash equivalents	38,655	2	38,655			38,655
Total financial assets	**60,799**		**60,799**		**517**	**60,281**
Non-current loans and borrowings	52,331	2	52,331			52,331
Other non-current liabilities	9	2	9			9
Derivative financial instruments	196	3	196		196	
Current loans and borrowings	8,424	2	8,424			8,424
Trade and other payables	8,337	2	8,337			8,337
Other current liabilities	13,908	2	13,908			13,908
Total financial liabilities	**83,205**		**83,205**		**196**	**83,009**

31 December 2022

In EUR thousands	Carrying amount at 31 December 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	2,137	3	2,137			2,137
Other non-current assets	6,562	2	6,562		1,757	4,806
Trade and other receivables	4,143	2	4,143			4,143
Other current assets	2,119	2	2,119			2,119
Cash and cash equivalents	91,659	2	91,659			91,659
Total financial assets	**106,620**		**106,620**		**1,757**	**104,864**
Non-current loans and borrowings	43,185	2	43,185			43,185
Other non-current liabilities	4,678	2	4,678			4,678
Current loans and borrowings	9,420	2	9,420			9,420
Trade and other payables	5,413	2	5,413			5,413
Other current liabilities	10,029	2	10,029			10,029
Total financial liabilities	**72,726**		**72,726**			**72,726**

7.16 Trade and other payables

TRADE AND OTHER PAYABLES (in EUR thousands)	31 December 2023	31 December 2022
Trade and other payables	8,337	5,413
Total trade payables	**8,337**	**5,413**

The increase in trade and other payables is due to increased business.

7.17 Tax liabilities

TAX LIABILITIES (in EUR thousands)	31 December 2023	31 December 2022
Income tax		42
Tax liabilities	**0**	**42**

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)	31 December 2023	31 December 2022
Financial instruments - non-current liabilities	196	
Accrued liabilities	9	
Deferred income - non-current	7,464	4,678
TOTAL	**7,669**	**4,678**

At 31 December 2023, deferred income to be earned in more than one year corresponded to investment grants for €7,053 thousand and additional premiums for €191 thousand. The line item also includes the reclassification of €218 thousand following application of the effective interest rate to a BPI loan of €3,000 thousand, in accordance with IAS 20.

7.18.2 Other current liabilities

OTHER CURRENT LIABILITIES (in EUR thousands)	31 December 2023	31 December 2022
Social security liabilities	1,659	1,447
Tax liabilities	2,033	2,347
Advances and down payments received, credit notes	67	17
Deferred income - current	811	2,791
Amounts due relating to assets acquired - current	11,609	7,042
Other liabilities	2,231	180
TOTAL	**18,411**	**13,823**

At 31 December 2023, deferred income to be earned in less than one year mainly comprised investment grants for €612 thousand and revenue for €199 thousand, primarily from equipment sales.

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 landfill operators with 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 landfills (termed Non-Hazardous Waste Storage Facilities in France). 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 landfill operator, 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 landfill operators, provides biogas purification services and guarantees fixed remuneration in return for the service. Landfill 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 Group revenue.

For biomethane sales, the Group enters into (i) biogas purchase contracts with landfill 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 plus an additional premium. The biomethane sales model enables the Company to choose energy companies and freely negotiate additional premiums, which are 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 for the following reasons:

- Waga chooses the energy provider, mainly based on 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 the margin for negotiation is limited in France);

- The additional premiums (described above) represent a significant portion 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's work is limited to providing the purification service. The landfill 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 landfill 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. 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 include long-term equipment sale contracts (Engineering Procurement & Construction or EPC contracts), for which revenue is recognised using the stage-of-completion method. Changes to contracts, particularly price changes, are taken into account in determining profit on completion when they are approved by the client. Contract assets correspond to accrued invoices, advances paid to subcontractors and security deposits. They are recognised on the consolidated balance sheet under "Trade and other receivables" and "Other current assets", respectively. Contract liabilities mainly comprise advances received and deferred income. They are included under "Other current liabilities" on the consolidated balance sheet.

If estimated revenue at completion shows a loss, a provision for losses at completion is recognised independently of construction progress, in accordance with IAS 37, based on the best profit estimates including, where applicable, rights to additional income or claims, if they are considered highly probable and may be reliably estimated. Provisions for losses at completion are presented under liabilities on the balance sheet (Note 7.13).

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 revenue is recognised if there is significant uncertainty of collection of payment.

REVENUE (in EUR thousands)	31 December 2023		31 December 2022	
Biomethane sales and purification services	23,671	71%	15,091	79%
Equipment sales	8,973	27%	3,606	19%
O&M and other	618	2%	462	2%
Total revenue	**33,262**	**100%**	**19,159**	**100%**

Equipment sales correspond to the sale of cryogenic equipment to Air Liquide by subsidiary Waga Energy Inc and a portion of equipment sales by subsidiary HRRG in Canada under the Hartland contract signed in 2022. The O&M (Operating & Maintenance) service is primarily performed for the Wagabox® unit in Lorient Agglomération (Brittany, France).

8.2 Other operating income

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

In accordance with IAS 20, government grants received are initially recognised in the balance sheet as deferred income. Government grants are recognised in the income statement for the financial year:

- symmetrically with asset depreciation and amortisation for government grants for capital expenditure. Grants that finance capitalised development costs are accounted for in the same way as equipment grants. Such grants are recognised in the income statement at the same pace as depreciation and amortisation of the financed assets are recognised, directly crediting the allowance account.

- in proportion to expenses incurred for government grants for operating expenses. Grants intended to cover expenditure are expensed based on progress of R&D projects (pro rata to actual costs incurred/estimated costs at completion).

OTHER OPERATING INCOME (in EUR thousands)	31 December 2023		31 December 2022	
Research tax credit	346	45%	285	72%
Innovation tax credit			29	7%
Grants	431	55%	83	21%
Total other operating income	**777**	**100%**	**397**	**100%**

8.3 Purchases of goods and changes in inventories

GOODS PURCHASED (in EUR thousands)	31 December 2023		31 December 2022	
Raw materials and spare parts	17,309	94%	5,382	68%
Change in inventories	(6,599)	-36%	(6,172)	-78%
Sub-contracting	2,276	12%	1,053	13%
Equipment and material	5,362	29%	7,686	97%
Total goods purchased	**18,349**	**100%**	**7,948**	**100%**

Purchases of equipment and material increased sharply due to Group growth and the construction of Wagabox© units sold.

8.4 External expenses

EXTERNAL EXPENSES (in EUR thousands)	31 December 2023		31 December 2022	
General subcontracting	484	5%	415	6%
Leases and lease expenses	1,225	13%	660	10%
Maintenance and repairs	593	6%	287	4%
Insurance premiums	976	10%	639	9%
Seconded personnel	249	3%	118	2%
Professional fees	3,668	39%	3,125	46%
Advertising	212	2%	165	2%
Transport	98	1%	156	2%
Travel and assignment expenses	925	10%	601	9%
Postal & telecom costs	476	5%	215	3%
Banking services	307	3%	280	4%
Other external expenses	135	1%	183	3%
Total external expenses	**9,348**	**100%**	**6,845**	**100%**

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

Professional and other fees rose, reflecting greater use of external service providers to implement the Group's growth strategy, in particular abroad, and the overheads involved in meeting the regulatory requirements applicable to listed companies.

The increase in other external expenses was mainly due to the growth of business activities abroad.

8.5 Personnel expenses

Personnel expenses allocated for project development were recorded under assets if the projects met the criteria for capitalisation under IAS 16 "Property, Plant and Equipment" (Note 7.2).

Other personnel expenses, including the service cost of retirement benefit provisions (Note 7.13) and the cost of equity-settled transactions (Note 7.12), were recorded in the income statement.

Personnel expenses break down as follows:

PERSONNEL EXPENSES (in EUR thousands)	31 December 2023		31 December 2022	
Personnel remuneration	6,657	46%	5,086	51%
IFRS 2 expenses	3,789	26%	2,241	22%
Social security contributions	3,876	27%	2,499	25%
Other personnel expenses	144	1%	28	0%
Current service cost	144	1%	107	1%
Total personnel expenses	**14,610**	**100%**	**9,961**	**100%**

The average number of employees was 165 at 31 December 2023 compared with 112 in the previous financial year.

8.6 Share-based payments (IFRS 2)

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

Type of financial investment	BSPCE 2019	BSPCE 2021	OPTIONS 2021	OPTIONS 2021	BSPCE 2023
AGM warrant grant date	18/12/2019	30/06/2021	30/06/2021	08/09/2021	24/01/2023
Vesting date	18/12/2023	30/06/2025	30/06/2025	30/06/2025	24/01/2027
Exercice price per new share subscribed	€ 318.42	€ 1,000.00	€ 1,000.00	€ 1,000.00	€ 27.54
Vesting	- 25% of the BSPCEs 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.				
Period of validity	17/12/2029	30/06/2031	30/06/2031	30/06/2031	24/01/2033
Number of warrants granted at 31 December 2022	1,000,000	1,250,000	130,000	85,000	
Number of warrants granted at 31 December 2023	1,000,000	1,250,000	130,000	85,000	337,000
Maximum number of new shares that may be subscribed at 31 December 2023	**885,362**	**1,247,500**	**110,000**	**85,000**	**332,500**

Type of financial investment	OPTIONS 2023	BSPCE 2023.2	OPTIONS 2023.2	OPTIONS 2023.3
AGM warrant grant date	24/01/2023	29/06/2023	29/06/2023	20/07/2023
Vesting date	24/01/2027	29/06/2027	29/06/2027	20/07/2027
Exercice price per new share subscribed	€ 27.54	€ 27.39	€ 27.39	€ 27.39
Vesting	- 25% of the BSPCEs 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.			
Period of validity	24/01/2033	29/06/2033	29/06/2033	20/07/2033
Number of warrants granted at 31 December 2022				
Number of warrants granted at 31 December 2023	196,000	15,000	3,000	25,000
Maximum number of new shares that may be subscribed at 31 December 2023	**176,000**	**15,000**	**0**	**25,000**

Based on the data above, expenses amounted to €3,789 thousand and €2,241 thousand for 2023 and 2022, respectively.

8.7 Other recurring operating income and expenses

OTHER RECURRING OPERATING INCOME AND EXPENSES (in EUR thousands)	31 December 2023	31 December 2022
Other recurring operating income	1,173	275
Other recurring operating expenses	(515)	(334)
Total other recurring operating income (expense)	**658**	**(59)**

Other recurring operating income includes €591 thousand from managing Wagabox® units and €353 thousand from leasing part of the registered office premises. Other recurring operating expenses, amounting to €195 thousand, mainly comprised license fees, attendance fees and various day-to-day management expenses. They are also included €320 thousand in management expenses for Wagabox® units, mainly contractual downtime penalties).

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.

OTHER NON-RECURRING OPERATING INCOME AND EXPENSES (in EUR thousands)	31 December 2023	31 December 2022
Other non-recurring operating income	534	230
Other non-recurring operating expenses	(182)	(196)
Total other non-recurring operating income (expense)	**352**	**34**

Other non-recurring operating income included non-recurring income for €315 thousand and the share of grants recognised in the income statement for €219 thousand.

Other non-recurring operating expenses included non-recurring expenses of €182 thousand primarily relating to prior periods.

8.9 Net financial income (expense)

Net financial income and expense includes all expenses incurred due to the Company's financing (interest paid, accrued interest, finance lease expenses, the unwinding of non-recurring liabilities, the financial impact of fair value) as well as foreign exchange gains and losses. Other financial income includes interest received by the Company on its cash investments.

NET FINANCIAL INCOME (EXPENSE) (in EUR thousands)	31 December 2023	31 December 2022
Interest on loans and borrowings	(1,844)	(1,238)
Cost of net financial debt	**(1,844)**	**(1,238)**
Foreign exchange gains	153	140
Other financial income	1,212	227
Accretion expense	(41)	(31)
Foreign exchange losses	(354)	(281)
Other financial expenses	(167)	(34)
Other financial income and expenses	**803**	**21**
Net financial income (expense)	**(1,041)**	**(1,217)**

The increase in interest on financial liabilities is mainly due to €14,169 thousand in new borrowings over the financial year.

Accrued interest at 31 December 2023 amounts to €116 thousand.
Other financial income mainly comprises interest generated on term deposits (Note 7.11).

8.10 Income tax

Income tax 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.

Current taxes correspond to the tax due to the tax authorities by each of the consolidated companies in the countries in which they operate.

Deferred taxes are recorded in the consolidated balance sheet and income statement and result from:

- temporary differences in the accounting recognition of income or expense and their inclusion in taxable profit in a subsequent financial year;
- temporary differences between the tax values and carrying amounts of assets and liabilities on the balance sheet;
- adjustments and eliminations required for consolidation purposes and not recognised in the separate financial statements;
- the use of tax losses.

The prospect of using deferred tax assets is reviewed periodically by each tax entity and may result in previously recognised deferred tax assets no longer being recognised. The prospect of using deferred tax assets is analysed on the basis of a tax plan indicating the forecast level of taxable profit.

The assumptions included in the tax plan are consistent with those included in the forecasts and medium-term business plan prepared by the Group's entities and approved by the Board of Directors.

Deferred taxes are calculated at the tax rate that is expected to apply in the financial year in which the asset will be realised or the liability settled, on the basis of the tax rates (and tax regulations) that have been adopted or substantially adopted at the reporting date (Note 8.1.4).

Other taxes and duties

In France, the 2010 Finance Act introduced a regional economic contribution (CET) to replace business tax. The CET includes two new contributions: corporate land tax (CFE) and value-added business tax (CVAE). For the financial years presented, the Group recognised this tax as a recurring operating expense under "Taxes, duties and similar payments".

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

In EUR thousands	31 December 2023	31 December 2022
Current taxes	(266)	(325)
Deferred taxes		
Total income tax	**(266)**	**(325)**

In EUR thousands	31 December 2023	31 December 2022
Profit (loss) for the period	**(15,442)**	**(9,680)**
Consolidated tax	(266)	(325)
Research tax credit	345	315
Theoretical pre-tax profit (loss)	**(15,522)**	**(9,669)**
Income tax rate applicable to the parent company	25.0%	25.0%
Theoretical income tax expense at the current rate	3,880	2,417
Increase/decrease in income tax expense due to:		
Deferred tax assets on unrecognised tax loss carryforwards	(3,163)	(1,815)
Other unrecognised deferred tax assets	(53)	(198)
Share-based payments	(947)	(560)
Permanent differences	44	58
Other (taxes without a base, effect of tax rate decreases, etc.)	(26)	(227)
ACTUAL TAX EXPENSE	**(266)**	**(149)**
Effective tax rate	2%	3%

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	31 December 2023	31 December 2022
Net income attributable to holders of ordinary shares	(15,990,328)	(10,075,698)
Number of ordinary shares	20,525,550	20,483,350
Weighted average number of ordinary shares outstanding	20,463,418	20,117,339
Weighted average number of ordinary and potential shares	20,463,418	20,117,339
Earnings per share in euros	**(0.78)**	**(0.50)**
Diluted earnings per share in euros	**(0.78)**	**(0.50)**

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 of bank loans.

Pledges given correspond mainly to guarantees for the financing of Wagabox® units, particularly the 2020 bond issue and bank refinancing issued in 2021 and 2022. Pledges also include equipment pledged to lenders. Other commitments mainly relate to the mortgage on the new premises acquired by subsidiary Wagarena, benefiting the banks that granted the real estate loan.

FINANCIAL COMMITMENTS (in EUR thousands)	31 December 2023	31 December 2022
Commitments given		
Endorsements, securities and guarantees given	(1,663)	(3,808)
Pledges	(30,668)	(24,727)
Other commitments	(1,030)	(1,030)
Commitments given	**(33,361)**	**(29,564)**
Commitments received		
Endorsements, securities and guarantees received	4,119	6,814
Commitments received	**4,119**	**6,814**
Total commitments	**(29,242)**	**(22,751)**

8.13 Transactions with related parties

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

31 December 2023

Name of related party	Related party	Type of related party	Description of the transaction	Balance sheet (in EUR thousands)	Income statement (in EUR thousands)
Waga Energy SA	Les Saules	*Shareholder*	Support services agreement		11
Waga Energy SA	Société Européne de Gestion de l'Energie (SEGE)	*Company in the same group as a shareholder with more than 10% of the shares*	Biomethane sales contract	171	2,387
Waga Energy Inc	ALATUS	*Company in the same group as a shareholder with more than 10% of the shares*	EPC agreement		2,367
Waga Energy Inc	ALATUS	*Company in the same group as a shareholder with more than 10% of the shares*	O&M agreement		50
Waga Energy SA	ALATUS	*Company in the same group as a shareholder with more than 10% of the shares*	Patent licence	150	43
Waga Energy SA	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	34	339
Waga Energy SA	Ornalys SPRL	*Company employing a director*	Strategic consulting services agreement		7
Sofiwaga 1	Les Saules	*Shareholder*	Mandatory contract	2,600	260

KEY MANAGEMENT PERSONNEL COMPENSATION (in EUR thousands)	Total at 31 December 2023	Total at 31 December 2022
Short-term remuneration (1)	576	634
Share-based payments (2)	714	919
Key management personnel compensation	**1,290**	**1,553**

(1) This includes salaries, wages, profit-sharing, bonuses, attendance fees and benefits in kind.

(2) This amount corresponds to the annual expense relating to the founders' share warrants (BSPCE) and stock options awarded.

8.14 Statutory Audit Fees

31 December 2023

(In EUR thousands)	EY		BM&A		KPMG		31 December 2023	
Waga Energy SA								
Statutory audit and opinion, review of separate parent company and IFRS financial statements	209	78%	195	81%			404	79%
Services other than statutory audit of financial statements	0	0%	13	5%			13	3%
Subsidiaries								
Statutory audit and opinion, review of separate parent company and IFRS financial statements	56	21%	32	13%	5	100%	93	18%
Services other than statutory audit of financial statements	2						2	0%
Total	**267**	**99%**	**240**	**100%**	**5**	**100%**	**512**	**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 or "stressed" conditions, without having to incur unacceptable losses or damage to 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 in 2021, as well as the €52 million capital increase performed in 2024, significantly reduced the Group's liquidity risk.

Cash and cash equivalents amounted to €38.7 million at 31 December 2023 and financial liabilities amounted to €60.8 million (including €3.4 million relating to lease obligations and leaseholds). Current financial liabilities amounted to €12 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	< 1 year	Between 1 and 5 years	< 5 years	Total contractual flows	Total at 31 December 2023
Financial liabilities (excluding IFRS 16 lease liabilities)	11,266	39,850	23,294	74,410	57,379
IFRS 16 lease liabilities	727	2,521	1,203	4,451	3,376
Total	**11,993**	**42,371**	**24,497**	**78,861**	**60,755**

Some agreements have restrictions on the use of capital:

Bpifrance Financement loan

The debt contracted by the Group with Bpifrance Financement on 3 October 2019 is subject to mandatory full early repayment if certain events occur, such as a change of control of the Company; voluntary early repayment may be made at the Company's discretion subject to the payment of compensation equal 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.

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.

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. As at 31 December 2023, these covenants were met.

Note 3.3 on going concern provides more information on the Group’s liquidity horizon at the reporting date of 31 December 2023.

9.2 Interest rate risk

Hedge accounting

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 taken out at fixed rates, or at floating rates hedged to a fixed rate 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 future cash flows.

These interest rate swaps are qualified as cash flow hedges in accordance with IFRS 9.

At 31 December 2023, the Group held the following derivative instruments:

No.	Characteristics									Value (in €)
	Counterparty	Value date	Maturity date	Financing	Initial principal amount	Closing principal amount	Fixed rate	Floating rate	Floor	Bank calculation
1	BNP	13/10/2021	30/12/2033	Belledonne	1,618,807	1,349,438	0.26%	EURIBOR3M	-1.75%	143,147
2	BPGO	13/10/2021	30/12/2033	Belledonne	693,775	578,331	0.26%	EURIBOR3M	-1.75%	61,671
3	BNP	24/12/2021	30/12/2033	Belledonne	1,873,703	1,561,513	0.2475%	EURIBOR3M	-1.75%	166,544
4	BPGO	24/12/2021	30/12/2033	Belledonne	803,015	669,220	0.2475%	EURIBOR3M	-1.75%	71,751
5	BNP	28/04/2022	30/06/2034	Belledonne	1,570,800	1,383,730	1.57%	EURIBOR3M	-1.75%	61,741
6	BPGO	28/04/2022	30/06/2034	Belledonne	673,200	593,027	1.57%	EURIBOR3M	-1.75%	26,615
7	BNP	03/10/2022	30/06/2036	Belledonne	1,817,200	1,692,113	2.54%	EURIBOR3M	-1.75%	(9,833)
8	BPGO	01/10/2022	30/06/2036	Belledonne	778,800	725,191	2.54%	EURIBOR3M	-1.75%	(4,298)
9	CIC	30/09/2022	31/12/2036	Ariane	9,542,525	9,750,807	2.540%	EURIBOR3M	-1.75%	9,059
10	Arkea	30/09/2022	31/12/2036	Ariane	4,915,846	5,023,143	2.540%	EURIBOR3M	-1.75%	19,786
11	CIC	31/03/2023	31/12/2036	Ariane	1,813,505	1,934,789	2.540%	EURIBOR3M	-1.75%	(152,760)
12	Arkea	31/03/2023	31/12/2036	Ariane	909,475	970,300	2.540%	EURIBOR3M	-1.75%	(72,099)
	Total				**27,010,652**	**26,231,601**				**321,325**

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 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 into 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 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.