



kerlink
communication is everything

2022 HALF-YEAR FINANCIAL REPORT



KERLINK Group is a leading global provider of connectivity solutions for designing, launching, and operating public & private Internet of Things networks.

Its comprehensive product portfolio includes industrial-grade network equipment, best-of-breed network core, operations and management software, value-added applications and expert professional services, backed by strong R&D capabilities.

KERLINK specializes in enabling future-proof intelligent IoT connectivity for key verticals such as fleet management, transportation & logistics, retail, asset tracking, and smart metering, as well as smart agriculture & environment, and smart cities, buildings, and factories.

More than 200,000 KERLINK installations have been rolled out with more than 350 clients in 70 countries. Based in France, with subsidiaries in the US, Singapore, India, and Japan, KERLINK is a founding and board member of the LoRa Alliance™ and the uCIFI Alliance™.

KERLINK is listed on Euronext Growth Paris under the symbol **ALKLK**.



HALF- YEAR REPORT until 30 June 2022



Limited liability company (Société Anonyme) with capital of
€2.008.631.79
Head office: 1 Rue Jacqueline Auriol, 35235 Thorigné-Fouillard
477 840 441 RCS RENNES

Legal Entity Identifier: 969500SCFBLZQTVIG483



« BUILD A SMARTER WORLD,
SERVE HUMANITY,
PROTECT THE ENVIRONMENT.

FOR THE INTERNET OF THINGS,
WHERE COMMUNICATION IS EVERYTHING,
WE CREATE THE LINK TO SHAPE YOUR FUTURE. »



KERLINK



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**DECLARATION BY THE PERSON
RESPONSIBLE**



Today our fundamentals are good and even much better than yesterday. First-half revenues are among the strongest in the group's history, close to the record set in the first half of 2017. At that time, before the strategic shift we made in 2019 towards private network operators, a telecom operator contributed a very significant share of our revenues. The growth in 2022 is on a much larger number of private network operators, with a much better margin, and steadily growing service revenues. This is an unprecedented half-year that brings us closer to break-even!

It was also a half-year in which we were able to find solutions on the electronic component supply front, so that we now have stocks of our product references in our portfolio. This has become a strength for Kerlink because it allows us to respond quickly to demand and turn our order book into revenue.

In addition, in August we arranged additional financing with our banking partners.

All this gives us peace of mind and visibility.

I am therefore reasonably confident, as any company director can be in this turbulent economic, geopolitical and health environment.

Objectively speaking, we are now, more than ever, at the heart of market trends, accompanying the energy transition with innovative solutions. I am thinking in particular of resource management with our expertise in smart metering. Our three priority segments are perfectly aligned with these new needs: Smart City & Quality of Life, Smart Building & Industry, Smart Agriculture & Environment. We have acquired a reputation that cannot be ignored and we are in a position to serve these new and crucial challenges.

WILLIAM GOUESBET, CHIEF EXECUTIVE OFFICER



OFFER AN END-TO-END SOLUTION TO OUR CUSTOMERS, IN 3 PRIORITY AREAS



SMART CITY & QUALITY OF LIFE



SMART BUILDING & INDUSTRY



SMART AGRICULTURE & ENVIRONMENT



SMART CITIES & QUALITY OF LIFE

THE BENEFIT OF OUR SOLUTIONS

- Automation of supervision and management
- Providing real-time information about the business and environment
- Improved efficiency and reduced operational costs
- Fluidification of the functioning of the city by regulating the flows



REDUCING THE IMPACT ON CLIMATE CHANGE

CITIES MORE SUSTAINABLE

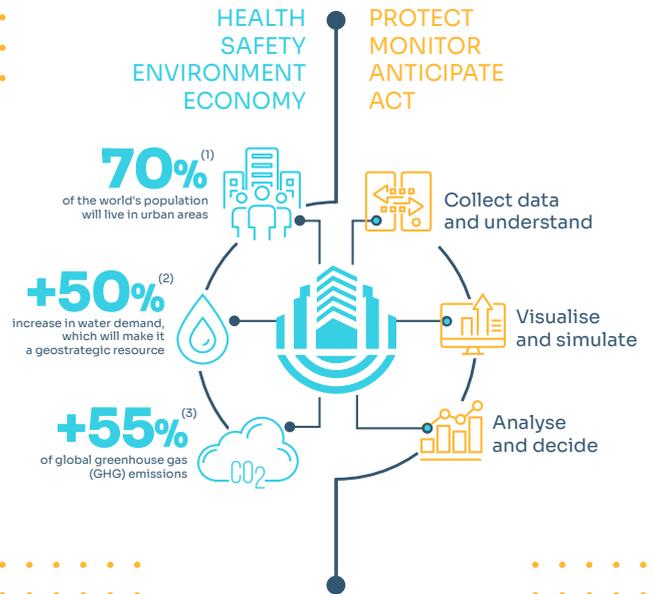


KERLINK'S KEY AREAS OF INTERVENTION

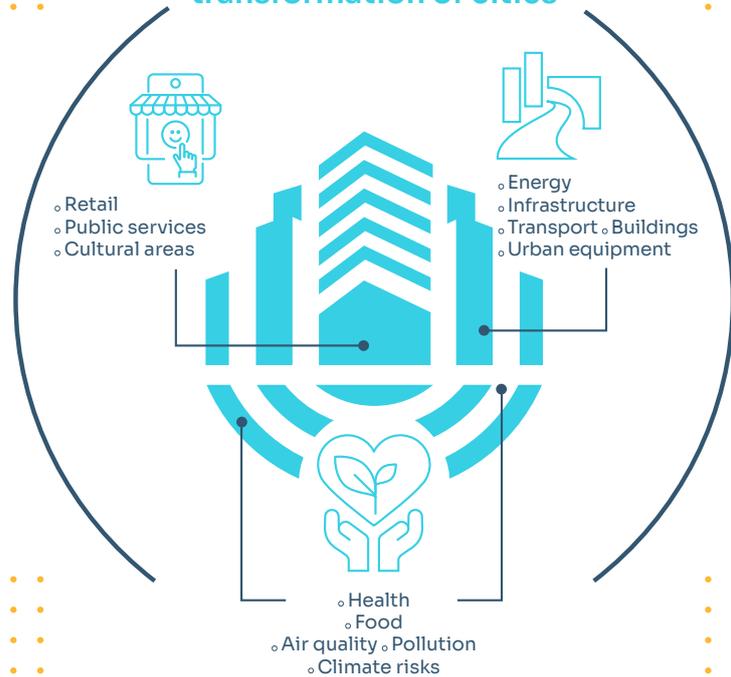
- Parking operations*
- Public lighting management*
- Treatment of waste and household waste*
- Organization of traffic*
- Supervision of public transport*
- Security Applications*
- Environmental and remediation monitoring*
- Improved water, gas and electricity distribution and metering operations*

...

CHALLENGES FOR CITIES BY 2050



KERLINK SOLUTIONS at the heart of the digital transformation of cities



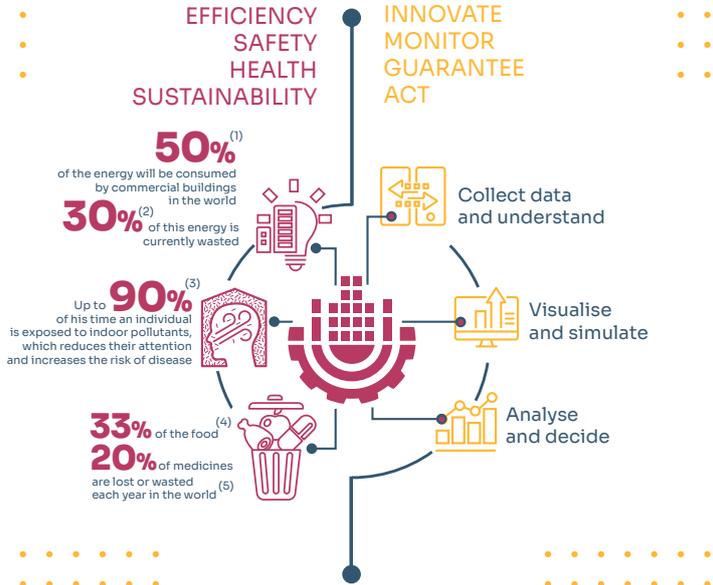
SOME USE CASES



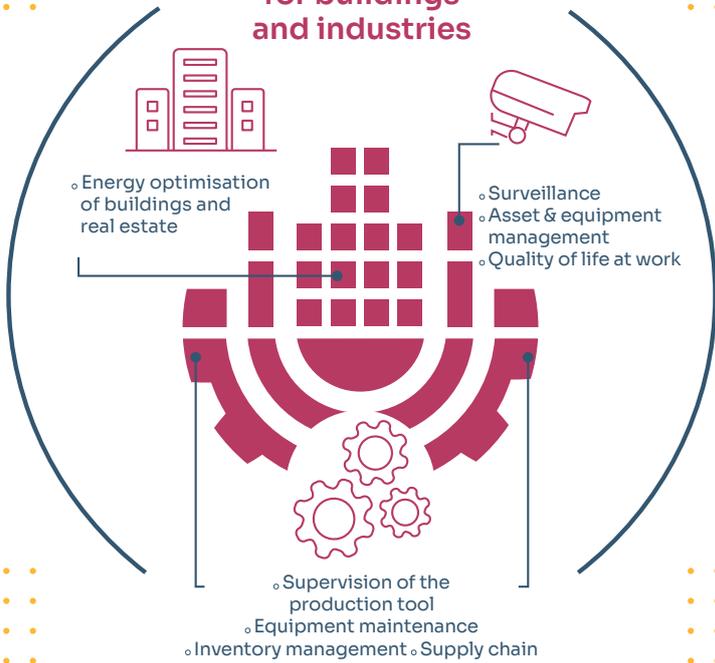
Sources:
1/ <https://population.un.org/wup/Publications/> Res/WUP2018-Highlights.pdf - 2/ <https://www.oecd.org/env/indicators-modelling-outlooks/> 49846/090.pdf
3/ <https://www.oecd.org/env/indicators-modelling-outlooks/cecenvironmentaloutlook2050/0meconsequencesofreaction-keyfactsandfigures.htm>

SMART BUILDING & INDUSTRY

INNOVATIONS FOR INDUSTRY AND BUILDINGS BY 2030



KERLINK SOLUTIONS driving innovation for buildings and industries



SOME USE CASES



THE BENEFIT OF OUR SOLUTIONS

- Supervision, control, organization and management of the life of modern buildings
- Reduction of overall energy and resource consumption
- Occupancy supervision, air and ambient quality monitoring, asset management and maintenance, cleanliness

IMPROVING THE SUSTAINABILITY OF BUILDINGS

REDUCE ENVIRONMENTAL FOOTPRINT & COSTS

KERLINK'S KEY AREAS OF INTERVENTION

- Tracking of lightweight tools and equipment
- Energy measurement
- Fluid level control
- Pressure measurement
- Monitoring waste levels
- Air quality control
- Manage heating, ventilation and cooling systems
- Infrastructure control
- Optimization of building occupancy

Sources:
1/ https://www.ny.com/en_gj/real-estate-hospitality-construction/smart-buildings-why-energy-management-matters
2/ <https://www.epa.gov/ghe/ghemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2018>
3/ United States Environmental Protection Agency, Managing air quality - air pollutant types, October 2018, <https://www.epa.gov/air-quality-management-process/managing-air-quality-air-pollutant-types>
4/ <http://www.fao.org/5535547e13547e.pdf> - 5/ <https://www.wri.org/publication/reducing-food-loss-and-waste>

SMART AGRICULTURE & ENVIRONMENT

THE BENEFIT OF OUR SOLUTIONS

- Finding solutions that relieve pressure on arable land
- Finding solutions to produce better and more efficiently
- Reduce overall energy and resource consumption



ELIMINATE MANUAL TASKS

IMPROVE EFFICIENCY

GENERATE ALERTS

STREAMLINE OPERATIONS



KERLINK KEY AREAS OF INTERVENTION

Pest control

Monitoring and follow-up of agricultural equipments

Monitoring of silos, tanks and storage facilities

Food or aquaculture processing and safety

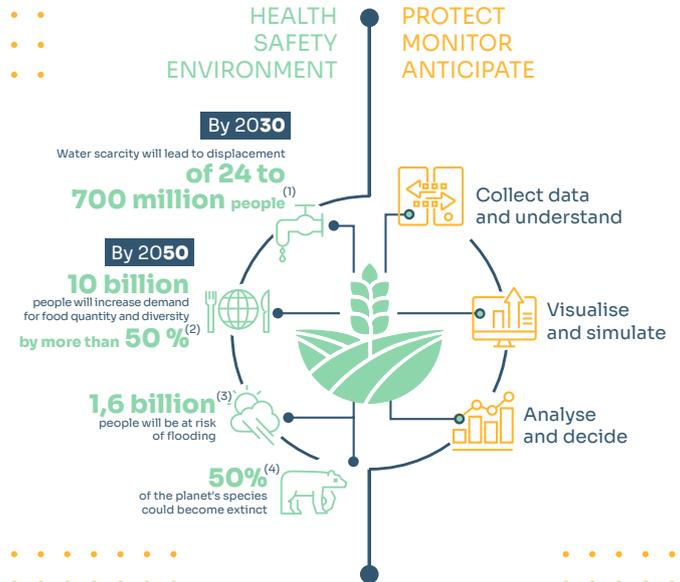
Livestock monitoring and follow-up

Greenhouse monitoring

...

GROWING CHALLENGES

FOR AGRICULTURE AND THE ENVIRONMENT



KERLINK SOLUTIONS

for intelligent agriculture and environmental protection



SOME USE CASES



Sources:
1/ <https://www.unwater.org/publications/water-changing-world-2/> 2/ <http://www.fao.org/5/a-6585e.pdf>
3/ https://public.amos.int/en/resources/united_n_s_cience 4/ <https://www.nationalgeographic.com/animals/2019/09/poll-extinction-public-draw-extinction>



HIGHLIGHTS OF THE HALF-YEAR

GAIA RESEARCH INDEX

Gaia-Index, a subsidiary of Ethifinance and a major player in ESG rating of French listed SMEs and SMIs, awarded a **62/100** rating to Kerlink, which enters the Gaia ranking in 2021 with a score above the sector average (55/100).

INITIAL COIN OFFERING

Kerlink Announces Participation in Pre-Sale Initial Coin Offering By Kalima, French Industrial Blockchain Specialist.

CRYPTOCURRENCIES

As part of the deployment of the Helium IoT network, the Group decided to decline commercial offers allowing it to generate cryptocurrency mining revenues. The first revenues were recognised in the first quarter of 2022.

RUSSIA - UKRAINE CONFLICT

At the beginning of the conflict, the Group had a distribution contract with a Russian company and a Ukrainian partner. Commercial exchanges were then suspended. The volume of activity in the area is not massive, the impact on Kerlink's activity will not be significant.

LOAN FROM BPI FRANCE

In the first quarter of 2022, the Group completed its financing by taking out a new €2.5 million loan from BPI France as part of its recovery plan.

ELECTRONIC COMPONENTS SITUATION

In an international health context that continues to be disrupted, the Group has been securing supplies of critical semiconductors for nearly two years in order to limit the risks of production delays, and is continuing its daily efforts to ensure that this remains the case.

01

•SENZARY

Collaboration for a LoRaWAN® predictive analytics and maintenance solution for industry.

•CITILIGHT

Extended collaboration to offer LoRaWAN® smart street lighting systems worldwide.

•GAÏA RESEARCH

Kerlink has been rated 62/100 by Gaïa Research, which is above the industry average of 55/100.

02

•CLICKIE

Deployment of intelligent store systems for the largest chain of convenience stores in Latin America.

03

•V IOT

Deployment in Vietnam of the first national LoRaWAN® network integrating the Helium blockchain system.

•AQUALABO & DIGITAL TWIN SERVICES

Collaboration on a complete LoRaWAN® system demonstrator to monitor sea water quality in Mauritius.

04

•SKYLAB

Kerlink Gateways equip the LoRaWAN® network of an offshore wind farm in the North Sea.

•KALIMA

Kerlink announces its participation in the pre-sale operation of the Initial Coin Offering (ICO) of company KALIMA, a French specialist in industrial blockchain

05

•MICROSHARE & ENDLESS WIRELESS

Kerlink and its partners are deploying an IoT project enabling air quality monitoring and contact tracking in public places, thanks to a LoRaWAN® network, opening perspectives for controlling the spread of viruses.

06

•BIOCEANOR

Shellfish growers on Florida's Gulf Coast are using the LoRaWAN® network deployed by Kerlink and Bioceanor to monitor water quality and improve their yields..



[@KERLINK_NEWS](https://twitter.com/KERLINK_NEWS)



USES CASES



Smart City



Smart Water



Smart Retail



Smart Airport



Smart Agriculture



Smart Environment

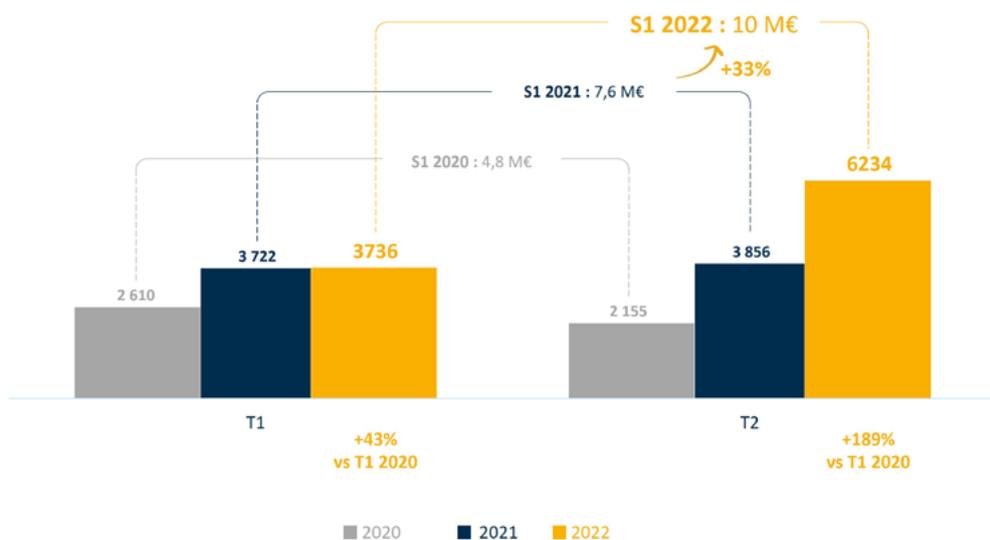
MORE =>



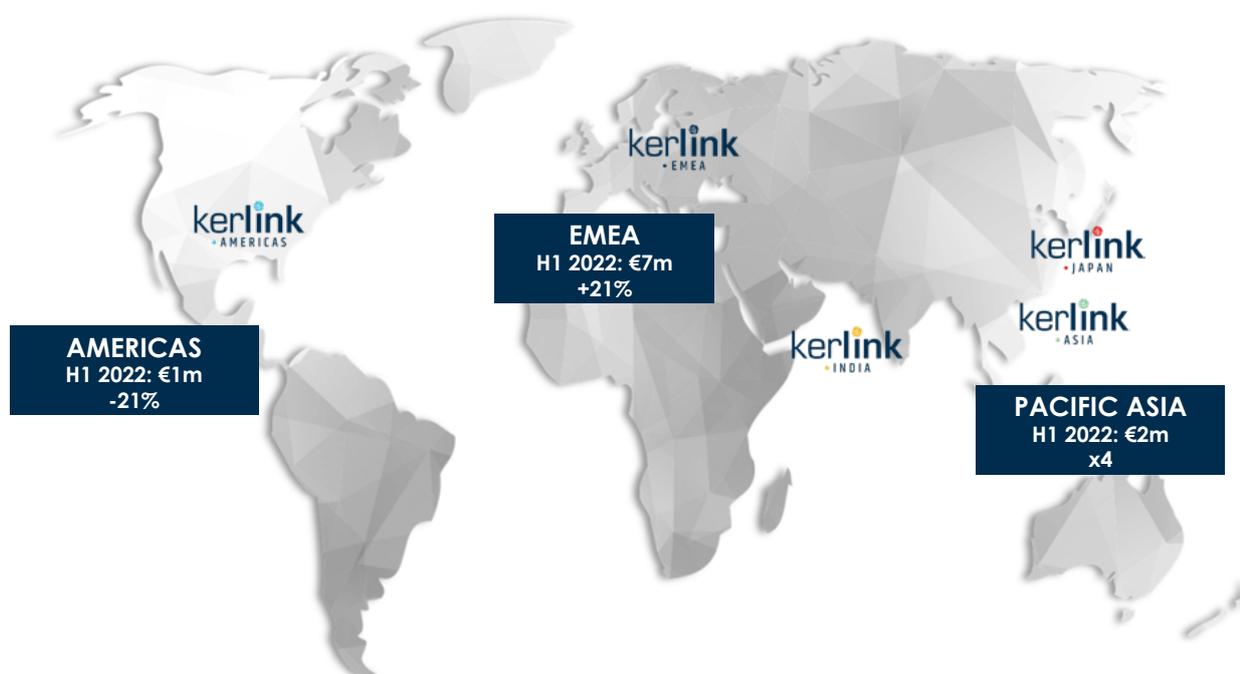
KERLINK

QUARTERLY REVENUE EVOLUTION

- H1 revenue at €10 million, up approximately 33% on a like-for-like basis.
- Doubling of sales compared to H1 2020
- Good performance in Q2, up 65% compared to Q1. As a reminder, Q2 2021 had already been very dynamic, with strong sales growth (+79% compared to Q2 2020).



GEOGRAPHICAL AREAS VERSUS 30 JUNE 2021



- In the Asia-Pacific (APAC) region, sales increased from €0.5 million to €2 million. It recorded strong growth in Q2 with more than €1.6 million in turnover. The dynamics of activity have once again become favorable in this area.
- The Europe, Middle East and Africa (EMEA) region accounted for 70% of the Group's activity in H1 2022.
- The decline in the Americas (NCSA) region is explained by a decrease in demand for Helium-compatible gateways by individuals due to the decline in the price of cryptocurrencies.

REVENUE BY ACTIVITY

As a reminder, from this quarter, the Group has decided to report the breakdown of its revenue according to its three main areas of activity:

- **Smart Cities & Quality of Life:** combining multiple market segments such as smart energy meters, smart building management, public lighting management systems, waste management, parking space administration, air quality measurement, remote equipment supervision and management, etc.
- **Smart Building & Industry:** covering areas of building occupancy supervision, air quality and atmosphere monitoring, asset management and air maintenance and pollution.
- **Smart Agriculture & Environment:** covering the smart farming segments, environmental protection with software and network solutions for food processing and safety, livestock monitoring and management and animal welfare.

Revenue by activity (in €k)	H1 2022	H1 2021	Change
Historic and alternative telecom operators	1,851	731	+ 153%
Private Operators	8,119	6,847	+ 19%
Smart Cities & Quality of life	1,787		
Smart Building & Industry	5,485		
Smart Agriculture & Environment	847		
TOTAL -- IOT SOLUTIONS	9,970	7,578	+ 31.5%
HNT cryptocurrency revenue	82	--	
	10,051	7,578	+ 33%

A significant share of the increase in sales in Q2 concerned the Smart Building and Industry segment, with revenue of €3.2 million over the period. In total, over the first half of the year, this activity generated more than half of the Group's revenue (55%).

On the telecom operators' market, the rebound in activity can in particular be explained by orders for additional fleets and maintenance contracts from legacy customers.

REVENUE BY TYPE OF SALES

Revenue by type of sales (in €k)	H1 2022	H1 2021	Change
Equipements	7,573	6,009	+ 26%
Services	2,397	1,569	+ 58%
SOUS-TOTAL -- SOLUTIONS IOT	9,970	7,578	+ 31.5%
Revenue en cryptomonnaie	82	-	
TOTAL	10,051	7,578	+ 33%

Sales of network infrastructure equipment accounted for 76% of sales of IoT solutions in H1 2022. They reached €7.6m, up 26% compared to H1 2021. The Group also noted a slight improvement in the situation on the semiconductor market, reflected in particular by a 75% increase in equipment sales between 1st and 2nd quarter 2022.

Continuing their favourable trend, service sales increased by 53% in H1 2022 on a comparable period. This change is fully aligned with the Group's ambitions to develop these recurring revenues. They represent 24% of IoT revenues for the period.

SIMPLIFIED INCOME STATEMENT

IFRS (€k) Audited accounts	H1 2022	H1 2021
Income from ordinary activities	10,051	7,578
Cost of sales	-5,345	-3,906
Gross Margin	4,706	3,672
Gross Margin (%)	46.8%	48.5%
Other operating costs	-4,645	-4,049
Provision for receivable considered to be at risk	-818	0
EBITDA	-757	-376
Depreciation & Amortisation	-730	-820
Operating income	-1,487	-1,197
Financial income	-45	-53
Income tax	-7	21
Net income Group share	-1,540	-1,229

SIMPLIFIED BALANCE SHEET

IFRS (€k) Audited accounts	30 June 2022	31 December 2021
Net assets and other non-current assets	5,973	5,497
Current assets	18,539	13,060
Cash & Cash equivalents	6,406	14,534
Total assets	30,918	33,091
Shareholder's equity	14,489	15,674
Long & medium-term financial liabilities	6,549	5,009
Other non-current liabilities	460	539
Current financial liabilities	2,198	4,611
Other current liabilities	7,222	7,258
Total liabilities	30,918	33,091

SIMPLIFIED STATEMENT OF CASH FLOW

IFRS (€k) Audited accounts	H1 2022	H1 2021
Cash generated from operations	-5,948	930
<i>Including change WCR</i>	-5,421	1,065
Net cash used in investing activities	-1,257	-583
Net cash from financing activities	-938	9,813
Impact of changes in exchange rates	15	10
Free cash flows	-8,128	10,169
Cash at the beginning of the year	14,534	6,463
Cash at June 30, 2022	6,406	16,633

CHANGE IN CAPITAL



- SAS ARVALLON : 4.47% (holding 50% Mr William GOUESBET / 50% Mr Yannick DELIBIE)

- Direct holding: 3.01% Mr William GOUESBET / 2.59% Mr Yannick DELIBIE

POST-CLOSING EVENTS

Loans from banks

The Group has obtained additional financing from its partner banks for €6 million during the third quarter of 2022.

Press review (post-closing)

09.06.2022 : Kerlink and Takumi Shoji Announce Distribution Agreement to Deliver Turnkey Solutions and Support the LoRaWAN® Market Expansion in Japan.



SILVER SPONSOR FOR LORAWAN WORLD EXPO - July 2022

Risk factors

The risk factors are the same as those identified in the Reference Document registered by the AMF on March 30, 2017 under number R.17-011, with the exception of the risk related to the semiconductor crisis and the risk related to the Russian-Ukrainian conflict described below. Shareholders' attention is drawn to the fact that other risks not identified as of the date of this document or whose realization is not considered, as of the same date, as likely to have a material adverse effect on the Group, its business, prospects, financial position and results, may exist or arise.

Risk related to the semiconductor crisis

The Covid-19 pandemic revealed a structural gap between demand and production of semiconductors, since the significant increase in demand for electronics and therefore for semiconductors during this crisis exceeded available production capacity. This semiconductor crisis intensifies certain risks already presented by the Group, such as those related to suppliers and dependence on the electronic components market. In an international health context that is still disrupted, the Group has been securing supplies of critical semiconductors for nearly two years to limit the risks of production delays, and is continuing its efforts to ensure that this remains the case.

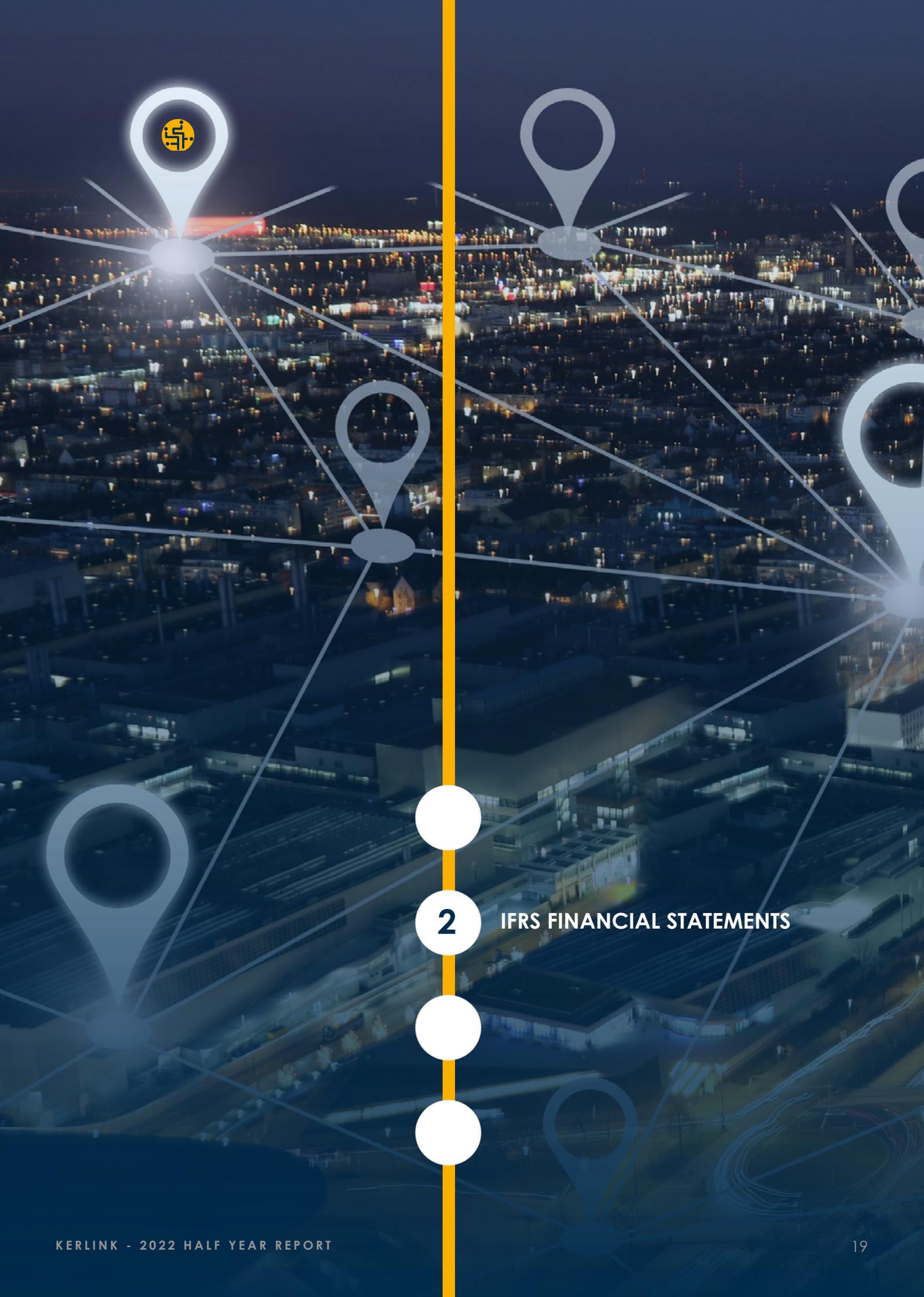
Risk related to the Russian-Ukrainian conflict

The conflict that arose on February 24, 2022 between Russia and Ukraine with the deployment of Russian troops on Ukrainian territory is generating a context of great instability on the international geopolitical scene, the outcome of which no one knows at present. This conflict has exacerbated certain already well identified risks, such as the risk of changes in the price of products and raw materials and difficulties in obtaining supplies of raw materials. The Group has therefore anticipated an inflation in its supply costs. In addition, at the start of the conflict, the Group had a distribution contract with a Russian company and a Ukrainian partner. Commercial exchanges were then suspended. Given the volume of business in the region, the impact on the Group's activity will not be significant.

Related party transactions

There were no related party transactions during the first six months of the current fiscal year that had a material impact on the Group's financial position or results of operations during this period.

In addition, there are no changes in the related party transactions described in the last annual report that could have a material impact on the Group's financial position or results of operations during the first six months of the current fiscal year.



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IFRS FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

In €k	Note	06.2022	06.2021
Revenue	4.1	10,051	7,578
Costs of purchased materials and subcontracting		(5,345)	(3,906)
Margin on cost of materials and subcontracting		4,706	3,672
Customer and subcontractor management expenses	4.2	(955)	(975)
Research & Development expenses	4.2	(1,499)	(1,376)
Selling expenses	4.2	(1,366)	(1,426)
Administrative expenses	4.2	(2,374)	(1,092)
Operating margin		(1,487)	(1,197)
Cost of net financial debt		(63)	(53)
Other financial income and expenses		17	
Net financial costs	4.4	(45)	(53)
Income taxes		(7)	21
Net profit/(loss) of the Group		(1,540)	(1,229)
Attributable to :			
Equity owners of the Group		(1,540)	(1,229)
Basic earnings per share (euro)	6.2	(0.21)	(0.21)
Diluted earnings per share (euro)	6.2	N/A	N/A
Weighted average shares outstanding (basic)	6.2	7,385,252	5,811,904
Weighted average shares outstanding (diluted)	6.2	7,532,926	5,911,884

OPERATING PERFORMANCE INDICATOR

In €k	Note	06.2022	06.2021
EBITDA ¹	3.2	(757)	(376)
<i>As a % of revenue</i>		<i>(8%)</i>	<i>(5%)</i>

¹ EBITDA : earnings before interest, taxes, depreciation, and amortization.

Notes 1 to 6 are an integral part of these IFRS financial statements.

STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

In €k	Note	06.2022	06.2021
Net profit/(loss) for the year		(1,540)	(1,229)
Actuarial gains (losses) on defined benefit plans		142	
Items that will not be recycled to profit or loss		142	
Deferred taxes on retirement benefit obligations			
Items that will be recycled to profit or loss			
Gains and losses recognized in equity, not transferable to income statement		142	
Total comprehensive income for the year		(1,399)	(1,229)
Equity owners of the Group		(1,399)	(1,229)

Notes 1 to 6 are an integral part of these IFRS financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In €k	Note	06.2022	12.2021
Goodwill	5.1		
Property, plant and equipment	5.2	1,502	1,614
Intangible assets	5.3	3,377	2,855
Investments in subsidiaries			
Other non-current assets		1,009	942
Deferred tax assets	5.4	86	86
Total non-current assets		5,973	5,497
Inventories	5.5	11,878	6,680
Trade accounts receivable		4,903	5,148
Prepaid expenses and other current assets		1,490	1,058
Current income tax assets		267	174
Cash and cash equivalents	5.6	6,406	14,534
Total current assets		24,945	27,594
Total assets		30,918	33,091

In €k	Note	06.2022	12.2021
Share capital		2,009	1,992
Other reserves		15,765	15,785
Translation difference		(54)	(74)
Retained earnings		(3,231)	(2,029)
Equity attributable to equity owners of the Group		14,489	15,674
Minority interests			
Total equity	5.7	14,489	15,674
Long-term borrowings	5.8	6,549	5,009
Deferred tax liabilities	5.4		
Retirement benefit obligations		360	491
Provisions for other liabilities		100	48
Total non-current liabilities		7,009	5,548
Short-term borrowings	5.8	2,198	4,611
Trade accounts payables		3,892	4,063
Income tax to pay			5
Other current liabilities		3,330	3,191
Total current liabilities		9,420	11,869
Total liabilities and equity		30,918	33,091

Notes 1 to 6 are an integral part of these IFRS financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In €k	Note	06.2022	06.2021
Profit/(loss) before income taxes	3.2	(1,533)	(1,249)
Depreciation and amortisation		844	883
Tax credits – CIR & CICE		(95)	(51)
Gains and losses related to changes in fair value			
Non-cash stock option charge		196	76
Gains and losses on sales		1	
Change in net working capital	5.9	(5,421)	1,065
Cash generated from operations before taxes and cost of net debt		(6,007)	(1,430)
Income taxes paid		(4)	154
Cost of net debt	4.4	63	53
Cash generated from operations		(5,948)	930
Purchase of property, plant and equipment	5.2	(168)	(60)
Purchase, capitalization of intangible assets	5.3	(1,022)	(257)
Variation of financial fixed assets		(67)	(266)
Net cash change in scope			
Proceeds from sale of property, plant & equipment & intangible assets			
Net cash used in investing activities		(1,257)	(583)
Proceeds from issue of share capital	5.7		10,438
Sale (purchase) of treasury shares		(3)	10
Variation in subsidies and grants	5.8	(2,578)	181
Proceeds from loans and borrowings	5.8	2,606	
Repayment of borrowings	5.8	(901)	(762)
Interest paid on borrowing		(62)	(54)
Net cash from financing activities		(938)	9,813
Impact of changes in exchange rates		15	10
Net increase (decrease) in cash and cash equivalents		(8,128)	10,170
Cash and cash equivalents at the beginning of the year	5.6	14,534	6,463
Cash and cash equivalents at the end of the year	5.6	6,406	16,633

Notes 1 to 6 are an integral part of these IFRS financial statements.

STATEMENT OF CHANGES IN EQUITY

In €k	Note	Share capital	Other reserves	Retained earnings	Revaluation reserves	Total Equity
At January 1st, 2021		1,373	31,521	(26,138)	(121)	6,634
Net profit / loss				(1,229)		(1,229)
Gains and losses recognized in equity						
Others gains and losses on global result after tax						
Total comprehensive income				(1,229)		(1,229)
Stock option plan and similar expenses				76		76
Issue of ordinary shares		619	9,819			10,438
Translation difference					11	11
Treasury shares			10			10
Reclassification			(25,555)	25,555		0
Others						
At June 30, 2021		1,992	15,796	(2,965)	(110)	15,941
At January 1st, 2022		1,992	15,785	(2,028)	(74)	15,674
Net profit / loss				(1,540)		(1,540)
Gains and losses recognized in equity				142		142
Others gains and losses on global result after tax						
Total comprehensive income				(1,399)		(1,399)
Stock option plan and similar expenses				196		196
Issue of ordinary shares		17	(17)			0
Translation difference					20	20
Treasury shares			(3)			(3)
Reclassification						
Others						
At June 30, 2022		2,008	15,765	(3,231)	(54)	14,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

In these financial statements and notes, amounts are shown in thousands of Euros (€k) and differences of ± €1k are due to rounding.

The financial statements cover a period of 6 months for the years ended June 30, 2022. These financial statements were approved for issue by the Board of Directors on September 19, 2022 and were subject to a limited review by the Group's statutory auditors.

The consolidated statements include the parent company KERLINK SA, as well as its four subsidiaries: KERLINK SINGAPORE PTE LTD, KERLINK INC, KERLINK IoT SOLUTIONS INDIA PRIVATE LIMITED, KERLINK JAPAN KK.

1. COMPANY OVERVIEW, HIGHLIGHTS OF THE YEAR AND SUBSEQUENT EVENTS

Company overview

Kerlink, founded in 2004, is a global expert in providing network infrastructure solutions for the Internet of Things (IoT). The offering includes solutions (software, hardware, and services) for public operators, businesses, and utilities. Kerlink's products are known to be robust, easy to integrate into all kinds of networks and fleets, compatible with most global standards, and inexpensive to operate and deploy. The services Kerlink offers cover client needs including network planning, network performance optimization, remote network management, and GPS-free location.

In 2021, 312 customers were billed in France and abroad including Techem, GrDF, Dolce O Service, Calchip, Médiamétrie, British Telecom...

Highlights of the year

- **Ukraine – Russia conflict**

At the beginning of the conflict, the Group had a distribution contract with a Russian company and a Ukrainian partner. Commercial exchanges were then suspended. The volume of activity in the area is not massive, the impact on the Group's business will not be significant.

- **Financing from BPI France**

In the first quarter of 2022, the Group completed its financing by taking out a new €2.5 million loan from BPI France as part of its recovery plan.

- **Cryptocurrency revenues**

As part of the deployment of the Helium IoT network, the Group decided to decline commercial offers allowing it to generate cryptocurrency mining revenues. The first revenues were recognised in the first semester of 2022.

- **Initial Coin Offering (ICO)**

Kerlink Announces Participation in Pre-Sale Initial Coin Offering By Kalima, French Industrial Blockchain Specialist.

- **Electronic components situation**

In an international health context that continues to be disrupted, the Group has been securing supplies of critical semiconductors for nearly two years in order to limit the risk of production delays and is continuing its daily efforts to ensure that this remains the case.

Subsequent events

Loans from banks

The Group has obtained additional financing from its partner banks for €6 million during the third quarter of 2022.

2. ACCOUNTING PRINCIPLES AND VALUATION METHODS

2.1. PUBLICATION ENVIRONMENT

The condensed interim financial statements for the half-year ended June 30, 2022, are prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the European Union, which permits the presentation of selected notes.

The accompanying notes do not contain all the information required for the complete annual financial statements and must therefore be read in conjunction with the financial statements of December 31st, 2021. The accounting principles applied are consistent with those applied in the IFRS accounts as at December 31st, 2021.

As part of its initial public offering on May 19, 2016, the Company voluntarily prepared the company's financial statements in accordance with IFRS, the transition date was set at January 1st, 2013.

2.2. IMPACT OF COVID-19 PANDEMIC ON INTERIM FINANCIAL STATEMENTS

The Group continues to be impacted by the COVID-19 pandemic in its various geographic sectors. The Group's first priority remains to protect its employees, which required the implementation of an adaptation plan. The measures implemented internationally to limit the spread of the virus have an impact on supplies, production, deliveries, reception capacities at client sites, project execution, and so on.

At the same time, market demands are also impacted by this sudden shutdown, requiring a general reorganization.

The impact of the pandemic on the interim financial statements is as follows:

- **Exceptional expenses related to the pandemic**

Confinement has led to losses in logistical processing efficiency (sub-activity, longer processing time) and additional costs (higher transport costs, purchase of protective equipment, etc.).

In accordance with recommendations, these additional costs were maintained in recurring operating income. They have not been isolated in non-current items.

- **State support measures**

These measures, including short time working, were accounted for as a reduction in the costs concerned, as soon as they were confirmed.

More generally, in the context of the Covid-19 pandemic, the following items in the Group's consolidated financial statements that are dependent on estimates and judgments have been the subject of particular attention:

- Goodwill ;
- R&D expenses;
- Trade receivables;
- Inventories.

2.3. BASIS OF PREPARATION

The main accounting methods applied when preparing the IFRS financial statements are set out hereinafter. Unless otherwise indicated, these methods have been permanently applied to all the financial years presented.

Statement of Compliance

The IFRS financial statements have been prepared in accordance with the IFRS as adopted by the European Union at June 30, 2022, and their application is mandatory at that date, with a comparison to June 30, 2021.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS as adopted by the European Union can be consulted on the European Commission's website: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm.

In addition, the financial statements include the information deemed material as required by the French accounting standards-setter (Autorité des Normes Comptables – ANC) in Standard no. 2016-09.

Principle of preparing financial statements

IFRS financial statements were prepared according to the historical cost convention, except as regards certain assets and financial instruments that have been measured at their fair value at the end of each reporting period. Generally, historical cost is based on the fair value of the counterparty given in exchange for goods and services.

Business Continuity

The financial statements were approved according to the business continuity principle.

2.4. CHANGES TO STANDARDS, AMENDMENTS, AND INTERPRETATIONS

The Group applies the standards and amendments published in the Official Journal of the European Union that are mandatory from January 1, 2022.

Standards, amendments and interpretations mandatory for annual periods beginning after January 1st, 2022:

- IAS 16 amendments: Revenue in advance of intended use
- Amendment to IAS 37: Onerous contracts- costs to perform contracts

The application of these standards and amendments as of January 1st, 2022 has no material effect on the Group's interim financial statements.

2.5. SCOPE OF CONSOLIDATION

Subsidiaries

Companies in which the Group directly or indirectly controls more than half of the voting rights or has the power to exercise control over transactions are fully consolidated.

Subsidiaries are consolidated from the date the control is transferred to the Group. They are no longer consolidated from the date the control ceases. The acquisition method is used to account for the purchase of companies by the Group.

All significant transactions between consolidated companies are eliminated, including receivables, payables, income and expenses between Group companies as well as internal profits included in inventories and capital gains or losses realized on disposal of fixed assets between the Group companies.

The list of the Group's main companies is given in Note 6.4. The annual closing date for the individual financial statements is 31 December, except for Kerlink India which closes its accounts as of 31st March of each year. For the needs of consolidation, accounts were issued on June 30, 2022.

2.6. CONSOLIDATION

The main accounting policies used in the preparation of the consolidated financial statements are set out below. Unless otherwise indicated, these methods have been applied on a permanent basis to all financial years presented.

Consolidation method

The method used by the Group is full consolidation, with the parent company having exclusive control over its four subsidiaries.

Conversion method

Items included in the financial statements of each of the Group's companies are valued using the currency of the principal economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency.

The accounts of foreign companies, whose functional currency is different from the euro, are converted according to the following principles:

- Balance sheet items are translated at the closing rate except for shareholders' equity for which historical rates are applied.
- Income statement items are translated at the average rate for the year.
- Translation differences are recognized directly in shareholders' equity under "Translation differences"

Goodwill of a foreign company is translated at the closing rate.

Foreign currency transactions are recorded at the exchange rate on the transaction date.

Gains or losses resulting from the settlement of these transactions and the translation of foreign currency receivables and payables at rates in force at the balance sheet date are recognized in the income statement under the heading "financial income".

The prices used are shown in the table below:

	Trading as of 30/06/2022	Average rate during the period
EUR/SGD	1,4483	1,4925
EUR/USD	1,0387	1,094
EUR/INR	82,113	83,3249
EUR/JPY	141,54	134,3

Exchange differences relating to a monetary item that is essentially an integral part of a company's net investment in a consolidated foreign enterprise are recorded in consolidated shareholders' equity, net of income tax if applicable, up to the disposal or liquidation of such net investment.

Goodwill

In accordance with the provisions of revised IFRS3 - Business Combinations, goodwill represents the difference between the sum of the following items:

- The acquisition price for the acquisition of control;
- The amount of minority interests in the acquiree determined is at fair value at the date (full goodwill method);
- And the net amount of assets acquired, and liabilities assumed, measured at fair value at the date of acquisition.

The Group has a period of twelve months after the acquisition date to identify the assets acquired and liabilities assumed that were not recognized when the combination was initially recognized and to retrospectively modify the values initially attributed, in particular:

- The identifiable assets acquired, and liabilities assumed of the acquired entity,
- To minority interests,
- Elements of the acquisition price paid by the acquirer in respect of the combination.

Expenses directly attributable to business combinations are recognized as expenses in the income statement under "Other operating income and expenses".

Where there is a commitment to buy out minority interests, this commitment is measured at fair value and recognized under financial debt on buyout of minority interests in balance sheet liabilities. In accordance with IFRS 9, the Group has elected to recognize subsequent changes in value in profit or loss.

2.7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

With a view to the preparation of the financial statements, Management may make estimates and assumptions that have an impact on the application of accounting methods and the amounts of assets and liabilities, income and expenses, and the information provided in the notes.

The underlying estimates and assumptions are based on experience and other factors considered reasonable in view of the circumstances.

They are also used as a basis for exercising judgement required to determine the carrying amounts of assets and liabilities, which cannot be obtained directly from other sources.

The use of estimates and assumptions is particularly important for:

- The measurement of the progress-based profit of construction contracts;
- The recoverable value of property, plant & equipment and intangible assets, as well as their useful life;
- Measuring provisions and social commitments;
- The Research tax credit (CIR);
- The tax liabilities and recognition of deferred taxes.

2.8. IMPAIRMENT TESTING OF FIXED ASSETS

Impairment testing is carried out on property, plant & equipment and intangible fixed assets at the end of their useful life or as soon as an indication of impairment appears. Impairment testing consists of comparing the asset's carrying amount to its recoverable value. An asset's recoverable value is the higher of the two: fair value less selling costs, or value in use. The value in use is based on the discounted future cash flows that will be generated by those assets.

Intangible assets that are not yet ready for start-up undergo impairment testing at least once a year and any time there is an indication that the asset may have been impaired.

Goodwill recognized is subject to at least an annual impairment test to determine whether an impairment loss should be recognized. For impairment testing purposes, goodwill is allocated to Cash Generating Units (CGUs): a CGU is the smallest identifiable group of assets whose continued use generates cash inflows that are independent of the cash inflows generated by other assets or groups of assets. The Group tests for impairment at the end of each year or whenever an indication of impairment is identified in order to estimate the recoverable amount of the CGU. The recoverable amount corresponds to the higher of the asset's net fair value and its value in use (discounted value of the cash flows expected from the use of the CGU). An impairment loss is recognized for a CGU if the recoverable amount is less than the carrying amount. This impairment loss must first be allocated to the goodwill of the CGU.

The data used under the discounted projected cash flow method are taken from annual budgets and multi-year plans prepared by Management. The plans consist of five-year projections. As for value in use, it is calculated on the basis of the discounted value of future flows over the residual life of the development costs. The discount rate of projected cash flows reflects the expected rate of return for an investor in the Group's line of business and the risk premium specific to our Group.

The sensitivity analysis on the key assumptions (projected revenue, discount rate, change in projected cash flows) used to determine fair value is presented in Note 5.3.

2.9. TAXES

The income tax expense is comprised of current tax and deferred tax. Deferred taxes are stated for all temporary differences resulting from the difference between the tax base and accounting base for assets and liabilities disclosed in the financial statements. The main temporary differences are related to tax loss carryforwards.

For the reporting period ended 31 December 2021 and 30 June 2022, the rate used is 25%. This change is due to article 41 of the French Finance Law for 2018, which stipulates a reduction of the corporate tax rate to 25% in 2022.

Deferred tax assets are recognized if there is a high probability that tax expenses will be offset against future positive tax results. In assessing the group's ability to recover these assets, account is taken in particular of forecasts of future taxable profits and the history of taxable income in previous years. Deferred tax assets are only recognized to the extent that it is probable that future profits will be sufficient to absorb the losses carried forward. The assumptions used are identical to those used for asset impairment tests.

3. NOTES RELATED TO SEGMENT REPORTING

3.1. INFORMATION BY OPERATING SEGMENT

Revenue

In €k	06.2022	06.2021	Change %
Historic and alternative telecom operators	1,851	731	153%
Private Networks	8,118	6,847	19%
Sub-total IOT Solutions (Internet Of Things)	9,969	7,578	32%
HNT cryptocurrency revenue	82		
Total Revenue	10,051	7,578	33%

Revenues for the first half of the year increased by 33% compared to the first half of 2021. They reached €10,051k compared to €7,578k.

Private network operators accounted for 80% of the Group's revenues in the first half of the year. They amounted to €8,118k, compared with €6,847k in H1 2021.

On the telecom operators' market, the rebound in activity can in particular be explained by orders for additional fleets and maintenance contracts from legacy customers.

In 2022, the first HNT (Helium Network Token) cryptocurrency revenues were recorded. They are derived from the mining carried out by the first gateways deployed by Kerlink in partnership with some of its customers and from proof-of-cover operations on the network launched by the American company Helium.

These revenues represent €82k over the period and are linked to both the dynamics of the HNT price and the number of gateways deployed under this HNT revenue sharing model between Kerlink and its commercial partners.

3.2 RECONCILIATION WITH COMPANY DATA

The table below reconciles EBITDA with consolidated operating margin:

In €k	06.2022	06.2021
EBITDA¹	(757)	(376)
Depreciation and amortization of property, plant and equipment and intangible assets	(730)	(820)
Operating margin	(1,487)	(1,197)

¹ EBITDA: Earnings before interest, taxes, depreciation and amortization.

The net income before tax in the cash flow is calculated as follows:

In €k	06.2022	06.2021
Net profit/(loss) of the year	(1,540)	(1,229)
Income taxes	7	(21)
Profit/(loss) before income taxes	(1,533)	(1,249)

3.3. REPORTING BY GEOGRAPHIC AREA

Information by geographic area

In €k	06.2022	06.2021	Change %
EMEA (Europe, Middle East and Africa)	6,980	5,779	21%
APAC (Asia-Pacific)	1,946	486	301%
NCSA (Americas)	1,043	1,314	(21%)
Sub-total IOT Solutions (Internet Of Things)	9,969	7,578	32%
HNT cryptocurrency revenue	82		
Total Revenue	10,051	7,578	33%

The Asia-Pacific region posted strong growth in the 1st Semester, with over €1.9m in revenue, so a fourfold increase in revenue compared to the first half of 2021. Business momentum has become favourable again in this region.

The Group's offering continued to improve in the EMEA region up 21%, with activity remaining buoyant, with halfyear revenue approaching €7m.

3.4. NON-CURRENT ASSETS BY GEOGRAPHIC AREA

In €k	06.2022	12.2021
France	5,940	5,462
Rest of the world	33	35
Total non-current assets	5,973	5,497

The non-current assets in the rest of the world correspond to investments in the Group's subsidiaries.

4. NOTES TO THE INCOME STATEMENT

4.1. REVENUE

Revenue includes sales of products and services. They are measured at the fair value of the consideration receivable, net of any trade discounts and volume rebates and excluding any VAT or other taxes.

Revenue by type of sale

In €k	06.2022	06.2021	Change %
Equipment	7,573	6,009	26%
Services	2,396	1,569	53%
Sub-total IOT Solutions (Internet Of Things)	9,969	7,578	32%
HNT cryptocurrency revenue	82		
Total Revenue	10,051	7,578	33%

Sales of network infrastructure equipment accounted for 76% of sales of IoT solutions in the first half of 2022. They reached €7.6m, up 26% compared to H1 2021. The Group also noted a slight improvement in the situation on the semiconductor market, reflected in particular by a 75% increase in equipment sales between 1st and 2nd quarter 2022.

Continuing their favourable trend, service sales increased by 53% in H1 2022 on a comparable period. This change is fully aligned with the Group's ambitions to develop these recurring revenues. They represent 24% of IoT revenues for the period.

4.2. EXPENSES BY NATURE ALLOCATED PER FUNCTION

Customer and subcontractor management expenses

The costs of the network monitoring / customer support services and management of the relationship with the subcontractors are broken down as follows:

In €k	06.2022	06.2021
Salaries and social charges	741	756
Travelling expenses	1	
Amortization	94	122
Other expenses	119	97
Total	955	975

Research & Development expenses

R&D expenses break down as follows:

In €k	06.2022	06.2021
Salaries and social charges	1,255	902
Prototypes costs	8	32
External personnel costs		(1)
Amortization of R&D costs	593	648
Other R&D expenses	201	208
Total Research and Development costs	2,057	1,789
Capitalized development expenditure	(393)	(254)
Research tax credit (CIR)	(166)	(149)
Grants and subsidies		(11)
Total Research and Development income	(559)	(413)
Total	1,499	1,376

Selling expenses

Marketing and commercial costs breakdown as follows:

In €k	06.2022	06.2021
Salaries and social charges	1,015	1,206
Travelling expenses	61	7
Consultancy & advisory fees	90	82
Trade shows and marketing	88	15
Amortization	25	28
Other commercial expenses	90	88
Grants	(3)	
Total	1,366	1,426

Administrative expenses

Administrative and overhead costs break down as follows:

In €k	06.2022	06.2021
Salaries and social charges	868	648
External personnel costs		
Consultancy & advisory fees	295	257
Seminars and travelling expenses	25	2
Accruals		
Provisions	838	(6)
Amortizations	18	23
Other expenses	329	168
Total	2,374	1,092

The amount of provisions in 2022 is explained by a provision for impairment of trade receivables for €818k.

4.3. PERSONNEL COSTS AND HEADCOUNT

The workforce is 90 employees on June 30, 2022, compared to 84 at June 30, 2021.

Headcount at the end of the period	06.2022	06.2021
Customer service activities and subcontractors management	24	26
Research & Development	31	24
Sales and marketing	25	22
Administrative	10	12
Total headcount	90	84

Headcount at the end of the period by Company	06.2022	06.2021
Kerlink SA	79	74
Kerlink Singapore Pte Ltd.	3	2
Kerlink Inc.	4	4
Kerlink IOT Solutions India Pvt Ltd	2	2
Kerlink Japan	2	2
Total headcount	90	84

In €k	06.2022	06.2021
Customer service activities and subcontractors management	741	756
Research & Development	1,255	902
Sales and marketing	1,015	1,206
Administrative	868	648
Staff costs	3,879	3,512

Personnel expenses decreased by 4% over the same period.

In €k	06.2022	06.2021
Wages and salaries	2,672	2,470
Social security charges	951	882
Temporary staff	2	9
Non-cash expenses related to share-based payments	196	76
Pension expenses under defined contribution plans	10	18
Other staff costs*	47	58
Profit sharing		
Staff costs	3,879	3,512

4.4. NET FINANCIAL COSTS

In €k	06.2022	06.2021
Borrowing costs	(59)	(47)
Amortization of borrowing costs	(4)	(6)
Cost of net financial debt	(63)	(53)
Income from financial investments		
Net interest cost arising on provisions		
Other financial income and expenses	(100)	(4)
Gains and losses on foreign exchange transactions	117	4
Net financial costs	(45)	(53)

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1. GOODWILL

The goodwill recognized in Kerlink SA accounts corresponds to the acquisition of Wyres. The acquisition resulted in an early buyout, on February 20, 2020 and after termination of the partnership agreement signed in January 2019, of the balance of the Wyres shares held by the founders and their investors for a total amount of €80k. The Wyres assets and liabilities were transferred to Kerlink SA in 2020.

Impairment of goodwill

Given the health and economic context, which led to a review of the Group's priorities and a delay in the development of Wyres' business, the goodwill was written down to 100% in 2020.

5.2. PROPERTY, PLANT AND EQUIPMENT

In €k	Constructions	Equipment and technical installations	Other property, plant and equipment	Total
Cost or valuation	917	3,191	640	4,749
Cumulative depreciation & impairment	(569)	(2,034)	(532)	(3,135)
Net carrying amount at December 31, 2021	348	1,158	109	1,614
Opening net carrying amount (January 2022)	348	1,158	109	1,614
Foreign exchange		2		2
Change in scope				
Additions/ reclassification	103	573	20	696
Disposals		(528)	(1)	(529)
Leases – IFRS 16				
Depreciation and impairment	(97)	(160)	(24)	(281)
Net carrying amount at June, 30 2022	354	1,045	103	1,502
Cost or valuation	960	3,240	659	4,860
Cumulative depreciation & impairment	(606)	(2,195)	(556)	(3,357)
Net carrying amount at June, 30 2022	354	1,045	103	1,502

Leases – IFRS 16	Brut carrying amount of	Increase in user fees	Amortization of rights of use	Reversal of rights of use	Net carrying amount of rights of use
In €k					
Constructions	348	103	(97)		354
Other tangible fixed assets	17		(2)		14
Total	364	103	(99)		368

5.3. INTANGIBLE ASSETS

In €k	Assets in progress	Research and development expenses	Other intangible assets	Total
Cost or valuation	648	6,978	1,214	8,840
Cumulative depreciation & impairment		(5,100)	(885)	(5,985)
Net carrying amount at December 31, 2021	648	1,878	329	2,855
Opening net carrying amount	648	1,878	329	2,855
Foreign exchange				
Change in scope				
Additions/reclassification	353	(24)	694	1,022
Disposals				
Depreciation and impairment		(464)	(36)	(501)
Net carrying amount at June 30, 2022	1,001	1,389	987	3,377
Cost or valuation	1,001	6,978	1,884	9,863
Cumulative depreciation & impairment		(5,589)	(898)	(6,486)
Closing net carrying amount at June 30, 2022	1,001	1,389	987	3,377

Acquisitions of other intangible assets are mainly composed of :

- the Kalima Initial Coin Offering for €500k (see Highlights)
- Digital tokens held - Crypto-assets related to the activity and deployment of the Helium network for €169k.

Impairment of development costs

In view of the outlook for the business, it was not deemed necessary to carry out an impairment test at June 30, 2022.

5.4. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using an enacted tax rate of 25%. The movement on the deferred income tax account is as follows:

In €k	06.2022	12.2021
At beginning of year	86	86
Consolidated entry		
Taxes recognized on other comprehensive income		
Tax expense recognized in income statement		
At end of the period	86	86

The amounts of deferred taxes are shown in the balance sheet as follows:

In €k	06.2022	12.2021
Deferred tax assets	86	86
Deferred tax liabilities		
Total	86	86

Non-activated tax losses carried forward amount to €38,471k.

5.5. INVENTORIES

In €k	06.2022	12.2021
Raw materials and supplies	7,896	5,320
Semi-finished goods and finished goods	5,273	2,518
Less : Provision for impairment of inventories	(1,290)	(1,158)
Total	11,878	6,680

5.6. CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS

In €k	06.2022	12.2021
Securities		
Cash in hand	1,785	8,971
Term deposits and investments	4,590	5,529
Liquidity agreement funds	31	34
Cash & cash equivalents	6,406	14,534
Overdraft		
Cash and cash equivalents less bank overdrafts	6,406	14,534

5.7. EQUITY

The share capital changed as follows between December 31st, 2021 and June 30, 2022:

Period	Opening	Capital decrease	Bonds conversion	Capital increase (1)	Exercise of options	Closing	Per value	Share capital
30/06/2022	7,378,104				61,273	7,439,377	0.27	2,008,632

(1) During the period, a free share allocation was recorded by issuing 61,273 ordinary shares to a category of beneficiaries (see AGA characteristics below)

Characteristics of BSPCE

	BSPCE 2013	BSPCE 2018
Date of the Shareholders 'Meeting	12 April 2013	20 June 2018
Date of the Chairman 'decision	12 April 2013	21 June 2018
No. of options authorized initially	22,500	255,000
No. of option granted	22,500	37,000
First BSPCE option exercise date	12 April 2016	21 June 2021
Last BSPCE option exercise date	12 April 2023	21 June 2028
Subscription price in €	7.94 €	15,77 €
Terms and conditions of exercise	(1)	(2)
Number of options	3,600	0
Cumulative number of BSPCE cancelled or lost	10,200	14,500
Number of remaining BSPCE	8,700	22,500
Number of potential shares issued from BSPCE after ¼ split	34,800	N/A

(1) Terms and conditions of BSPCE 2013 exercise:

Issuance of 22,500 warrants in favor of the employees granted in full and free of charge, of which 10,200 have lapsed and have therefore been cancelled. 3,600 BSPCE were exercised in August 2016. The balance of the 8,700 BSPCE 2013 is fully exercisable since April 12, 2018, provided that the said beneficiary is still present in the Group on the exercise date.

The rights to exercise the BSPCEs born in respect of a period but not used in respect of that period are cumulative with those born in respect of subsequent periods and are open until April 12, 2023.

One warrant entitles the holder to subscribe for four common shares of KERLINK SA. The 2013 BSPCEs may be exercised in full in the event of redemption, absorption of the Company by another Company, merger with one or more other Companies into a new Company or demerger in favor of existing or new Companies. The exercise price of the BSPCE 2013 is set at 7.94 euros.

(2) Terms and conditions of BSPCE 2018 exercise:

Issue and free allocation, in 2018, of 37,000 BSPCE to Group employees.

The BSPCEs may only be exercised by their beneficiaries on condition that the said beneficiaries are still present in the Group on the exercise date.

As some beneficiaries left the Group in 2019, 13,000 2018 BSPCE have lapsed and have therefore been cancelled.

The General Shareholders' Meeting had delegated to the Board of Directors all powers to decide to issue a maximum number of 255,000 warrants within 18 months of the said meeting. The balance of the potential 218,000 warrants may therefore no longer be issued under this authorization of the General Meeting of June 20, 2018.

The BSPCE 2018 warrants granted may be exercised at any time from June 21, 2021 until June 21, 2028.

The exercise price of the BSPCE 2018 is set at 15.77 euros.

15.77. The BSPCE 2018 BSPCEs may be exercised in full in the event of the completion of a transaction resulting in a change of control of the Company within the meaning of Article L.233-3 of the French Commercial Code, and subject to the beneficiary's effective and continuous presence within the Group until the completion of the relevant transaction.

Characteristics of BSA

	BSA 2018
Date of the Shareholders 'Meeting	20 June 2018
Date of the Chairman 'decision	21 June 2018
No. of options authorized initially	380,000
No. of option granted	7,500
First BSPCE option exercise date	21 June 2021
Last BSPCE option exercise date	21 June 2028
Grant price in €	2,24 €
Purchase or subscription price in €	15,77 €
Terms and conditions of exercise	(1)
Number of options	0
Cumulative number of BSA cancelled or lost	5,000
Number of remaining BSA	2,500

(1) Terms and conditions of exercise of BSA 2018:

The warrants are issued at a unit price equal to €2.24.

The BSA may be exercised by the beneficiary only provided that the beneficiary is still present in the Group on the exercise date.

The BSA may be exercised at any time from June 21, 2021 until June 21, 2028.

The exercise price of the 2018 BSAs is set at €15.77.

The 2018 BSAs may be exercised in full in the event of a transaction resulting in a change of control of the Company within the meaning of Article L.233-3 of the French Commercial Code, and subject to the beneficiary's effective and continuous presence within the Company or one of its subsidiaries until the completion of the transaction in question.

Characteristics of AGA

	AGA 01.2021	AGA 06.2021
Date of Shareholders' Meeting	22 June 2020	22 June 2020
Date of the Chairman 'decision	20 January 2021	9 June 2021
Number of options granted	36,750	61,273
First AGA option exercise date	20 January 2023	9 June 2022
Anti-assignment date	20 January 2025	9 June 2024
Share price at grant date	5.30 €	7.08 €
Cumulative number of shares cancelled or lost	3,000	0
Potential shares from AGA issued	33,750	61,273
Number of AGA transferred at the end of the vesting period	0	61,273

The free shares can only be definitively acquired by their beneficiary under the condition that the beneficiary is still present in the KERLINK Group at the date of definitive attribution of the shares, i.e. January 20, 2023 for the AGAs issued in January 2021 and June 9, 2022 for those issued in June 2021.

All June 2021 AGA were granted in June 2022 in accordance with the contract as all beneficiaries were present at that time.

Liquidity agreement

Following its initial public offering on the Euronext Growth Paris market, on 19 May 2016, the Company signed a liquidity agreement with Louis Capital Market LLP (LCM) to promote the liquidity of Kerlink's shares.

On March 6, 2019, a new liquidity agreement was set up with Louis Capital Market LLP. On this occasion, the following resources were made available:

- 14,153 shares
- €27k in cash

As of June 30, 2022, the status of the liquidity contract was as follows:

- Number of shares: 12,440 shares ;
- Cash balance of the liquidity account: €31k ;
- Gross value: €43k.

The cash reserve related to the liquidity contract is presented in cash (see note 5.6).

5.8. BORROWINGS

In €k	06.2022	12.2021
Borrowings	7,692	5,988
Factor	681	3,259
Leases - IFRS 16	372	368
Cash & cash equivalents	(6,406)	(14,534)
Net financial debt	2,339	(4,918)
Cash in hand	6,375	14,500
Liquidity agreement cash balance	31	34
Total borrowings	8,745	9,616
More than one year	6,549	5,009
Less than one year	2,198	4,611
Total borrowings	8,747	9,620

The table below shows the change in current and non-current borrowings:

In €k	06.2022	12.2021
At beginning of year	6,357	7,827
Consolidation entry		
Undiscounting impact	5	20
Proceeds from borrowings	103	
New borrowings	2,500	
Repayment of borrowings	(901)	(1,491)
At end of the period	8,064	6,357
Factor	681	3,259
Bank overdrafts		
Accrued interest	2	3
Total borrowings	8,747	9,620

Leases – IFRS 16

In €k	Opening net carrying amount	Decrease in rental debt	Increase in rental debt	Closing net carrying amount
Constructions	352	(98)	103	358
Other tangible fixed assets	17	(2)		15
Total	369	(100)	103	372

5.9. CHANGES IN NET WORKING CAPITAL

In €k	06.2022	12.2021
Inventories	(5,189)	(476)
Trade accounts receivable	247	(3,371)
Prepaid expenses and other current assets	(430)	(535)
Trade accounts payable	(172)	2,324
Other current liabilities	123	147
Change in net working capital	(5,421)	(1,910)

5.10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

In €k	Carrying amount (IFRS 9)		Fair value through income	06.2022	12.2021
	Amortized cost	Fair value through equity			
Assets					
Investments in subsidiaries	774			774	707
Deposit and security	133			133	133
Other non-current financial assets	102			102	102
Trade accounts receivables	4,903			4,903	5,148
Cash and cash equivalents			6,406	6,406	14,534
Liabilities					
Bank loans	1,951			1,951	2,202
BPI France loans	5,408		(4)	5,403	3,120
Others loans					
Repayable advance	342		(3)	339	669
IAS16- Leases	372			372	368
Factor	681			681	3,259
Overdrafts					
Accrued interest					
Borrowing	8,754		(7)	8,747	9,620
Trade accounts payable	3,892			3,892	4,063
Tax and social liabilities	1,702			1,702	1,761
Suppliers of fixed assets	4			4	3
Other liabilities	180			180	3
Deferred revenue	1,444			1,444	1,424

6. OTHER INFORMATION

6.1. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Financial guarantees given and received on borrowing

The liabilities and borrowings listed below are already included in the Group's balance sheet. The following table only repeats these amounts when these borrowings are secured by securities.

The commitments received correspond to the guarantees of BPI France Financement on borrowings secured by the Group up to a certain quota.

In €k	06.2022	12.2021
Guarantees given (guarantee, deposits, pledge of ("Fond de commerce"))	72	183
Guarantees received – guarantee BPI France Financement	920	1,020

Under certain financings agreements, the Group pledged as collateral its business value (goodwill and customer base – "Fonds de commerce") to the lending institutions to guarantee the repayment of the said loans.

Other commitments:

To the Company's knowledge, no other significant off-balance sheet commitments are in existence at the end of the financial year.

6.2. EARNINGS PER SHARE

	06.2022	06.2021
Net profit / loss (in €k)	(1,540)	(1,229)
Basic		
Weighted average shares outstanding	7,385,252	5,811,904
Net income per share (in €)	(0.21)	(0.21)
Diluted		
Weighted average shares outstanding	7,532,926	5,911,884
Net income per share (in €)	N/A	N/A

Since the Group reported a loss, instruments are regarded as accretive. As a result, diluted earnings per share are identical to basic earnings per share.

6.3. RELATED PARTY INFORMATION

The Group considers as related parties:

- Key leaders of the Management Committee
- Members of the Board of Directors
- Vice-Presidents of the subsidiaries

Transactions with companies in which some members of the Group's top management have significant influence, are the following:

In €k	06.2022	06.2021
Income statement		
Rent	54	54
Management services provided by the related party		
Travelling expenses		
Attendance fees	18	9
Balance sheet		
Trade accounts payable due to a related party		

6.4 SCOPE OF CONSOLIDATION

Group's scope of consolidation is as follows:

Group	Country	Status	% of interest by the Group		Date of entry
			2022	2021	
Kerlink SA	France	Parent company			
		<i>Subsidiaries</i>			
Kerlink Singapore Pte Ltd	Singapore	Kerlink SA	100	100	Dec-2015
Kerlink Inc.	United States	Kerlink SA	100	100	Jan-2017
Kerlink India Pte Ltd	India	Kerlink SA	100	100	July-2017
Kerlink Japan	Japan	Kerlink SA	100	100	Oct-2018



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**STATUTORY AUDITOR'S REVIEW
REPORT**

KERLINK

Société Anonyme

1 Rue Jacqueline Auriol
35325 Thorigné-Fouillard

Période du 1^{er} janvier 2022 au 30 juin 2022.

Rapport d'examen limité du commissaire aux comptes sur les comptes consolidés semestriels résumés



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KERLINK

Société Anonyme

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35325 Thorigné-Fouillard

Période du 1^{er} janvier 2022 au 30 juin 2022.

Rapport d'examen limité du commissaire aux comptes sur les comptes consolidés semestriels résumés

Au Président Directeur Général,

En notre qualité de commissaire aux comptes de KERLINK et en réponse à votre demande, nous avons effectué un examen limité des comptes consolidés semestriels résumés relatifs à la période du 1^{er} janvier 2022 au 30 juin 2022, tels qu'ils sont joints au présent rapport.

Ces comptes consolidés semestriels résumés ont été établis sous la responsabilité du conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France et la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette intervention. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes consolidés semestriels résumés, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes consolidés semestriels résumés avec la norme IAS 34 – norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.



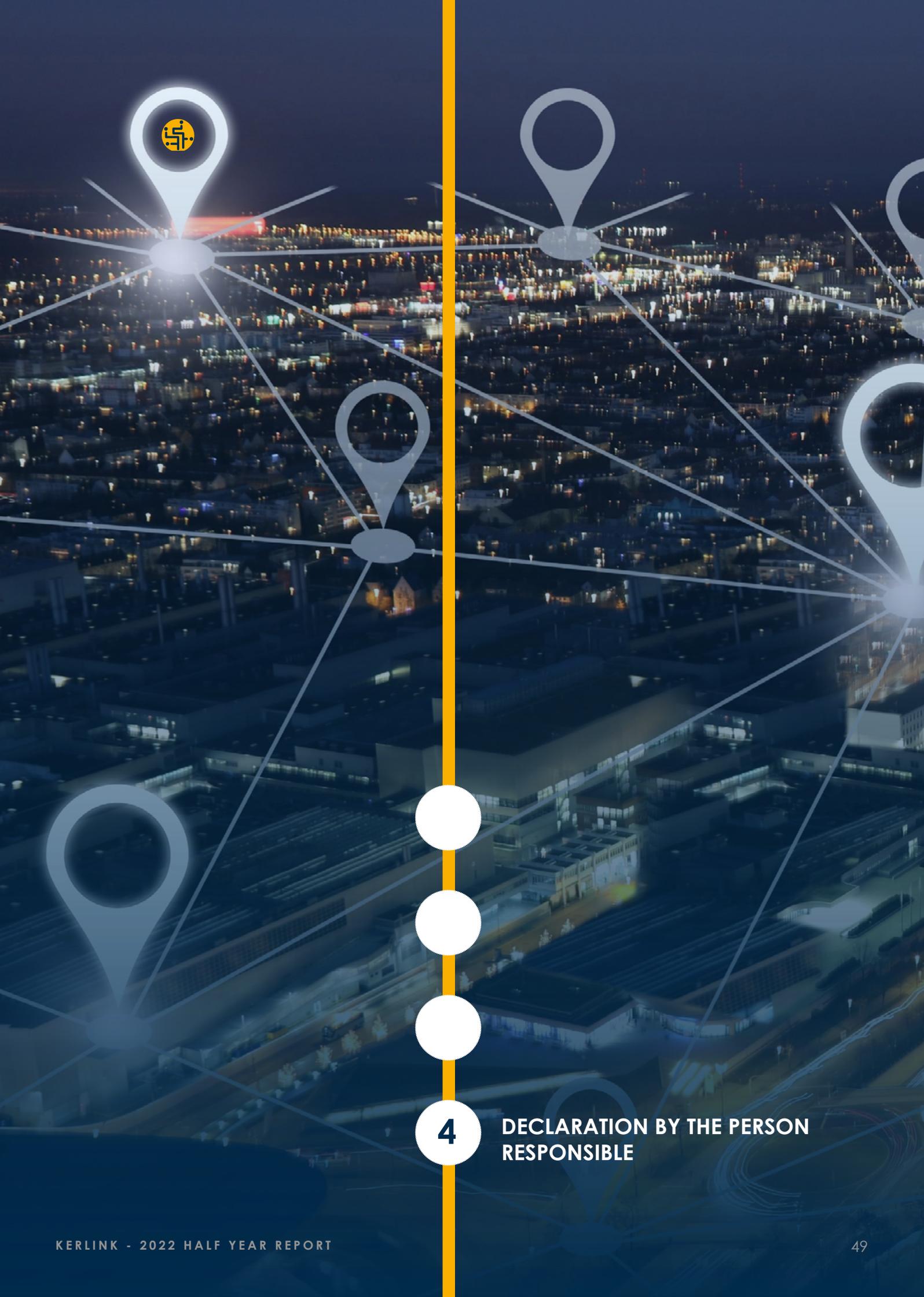
Ce rapport est régi par la loi française. Les juridictions françaises ont compétence exclusive pour connaître de tout litige, réclamation ou différend pouvant résulter de notre lettre de mission ou du présent rapport, ou de toute question s'y rapportant.

Rennes, le 7 octobre 2022

Le commissaire aux comptes

Deloitte & Associés

Guillaume Radigue



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DECLARATION BY THE PERSON RESPONSIBLE

«I certify, to the best of my knowledge, that the summarised financial statements for the past half year have been drawn up in accordance with the applicable accounting standards and provide a true image of the assets and liabilities, financial position, and results of the Company and of all of the companies included in the consolidation, and that the half-year business report hereinabove presents a true picture of the major events that have occurred over the first six months of the period and their impact on the financial statements and the main transactions between related parties as well as a description of the main risks and the main uncertainties for the remaining six months of the period.»

Thorné-Fouillard, October 12th 2022




William GOUESBET

Chief Executive Officer

NAME AND HEAD OFFICE**KERLINK SA**

1 Rue Jacqueline AURIOL
35235 THORIGNE FOUILLARD

TEL : +33 2 99 12 29 00

FORM & LEGISLATION

Société Anonyme (Limited Liability Company) with a Board of Directors

COMPANY AND TRADE REGISTRY & APE

RCS Rennes 477 840 441 - APE : **6202A**

CONSULTATION OF THE DOCUMENTATION

All documents can be consulted at the Head Office of the Company :

KERLINK SA

1 Rue Jacqueline AURIOL
35235 THORIGNE FOUILLARD

Also on our Website : www.kerlink.com

FINANCIAL YEAR

From January 1st to December 31st of each year

SHARE CAPITAL & VOTING RIGHTS

The share capital of Kerlink stands at €2.008.631.79 at June 30, 2022 divided into 7.439.377 shares each with a par value of €0.27, and into 8.255.782 theoretical voting rights

STATUTORY AUDITORS**Deloitte & Associés**

185 Avenue Charles de Gaulle
92200 Neuilly Sur Seine
Represented by M. Guillaume Radigue
Date appointed : General Shareholders' Meeting on 27
June 2022, for a duration of six financial periods

End of mandates : General Shareholders' Meeting that will meet in 2028, to approve the financial statements for the period ending 31 December 2027.

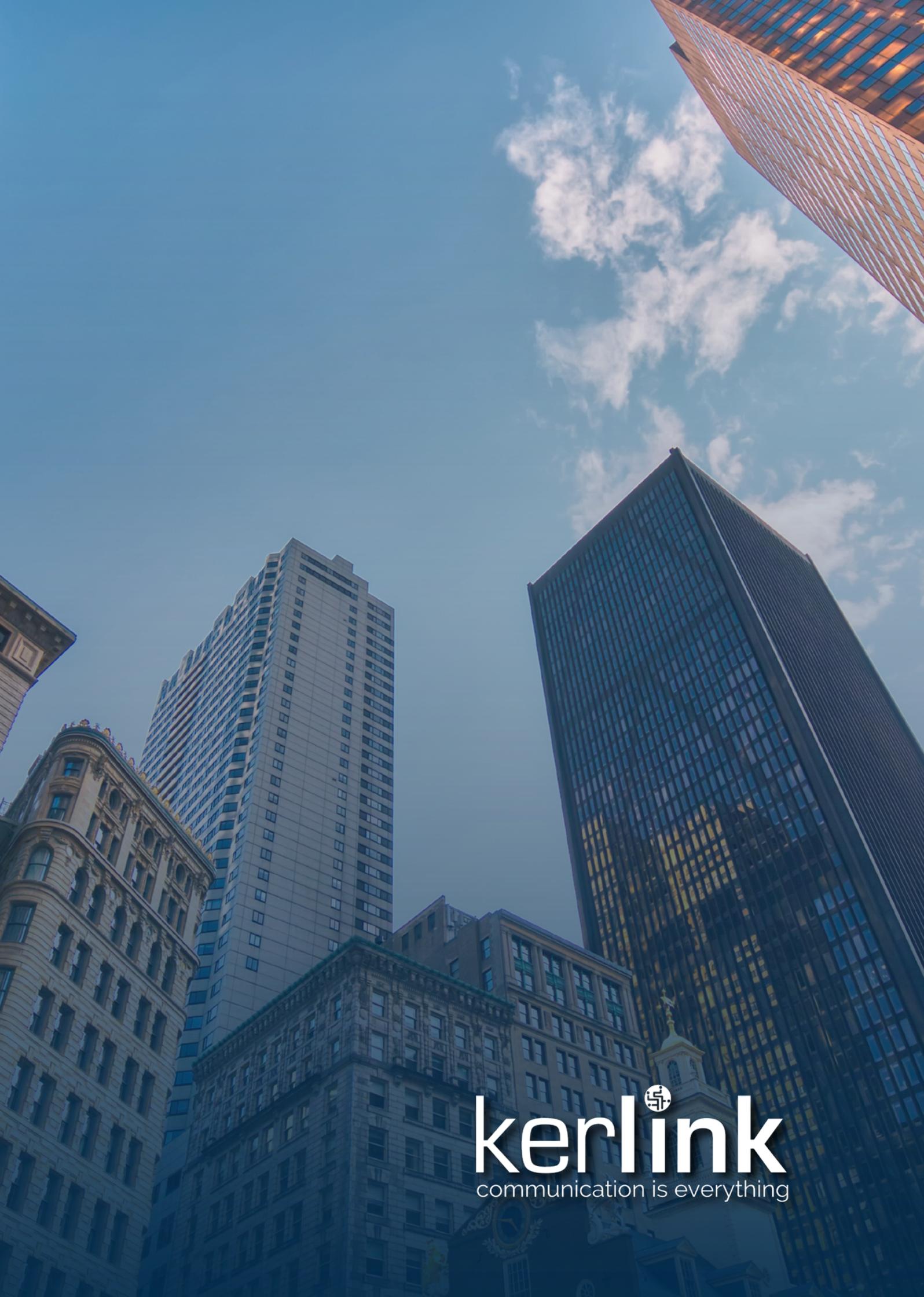
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Financial Communication Manager

William GOUESBET

Chief Executive Officer

Contact : investors@kerlink.com




kerlink
communication is everything