HOFFMANN
GREEN CEMENT
Catalyst of
Carbon Transition

2023 ANNUAL FINANCIAL REPORT

This document is available free of charge at the Company's registered office in La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, as well as in an electronic version on the Company's website (www.ciments-hoffmann.fr).

Hoffmann Green Cement Technologies
A public limited company (*société anonyme*) with a Management Board and a Supervisory Board with a capital of €14,648,193.
Registered office: La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, France
Trade and Companies Register 809 705 304 La Roche-sur-Yon

RESPONSIBLE PERSON

"I hereby certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company's assets, financial position and results, and that the management report in chapter 1 of this annual financial report presents a true and fair view of changes in the Company's operations, results and financial position and describes the main risks and uncertainties to which it is exposed."

18 March 2024,

Julien Blanchard,
Chairperson of the Company's Management Board.

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GENERAL REMARKS

Definitions

In this annual financial report, and unless otherwise indicated:

- "**AMF**" means the Autorité des Marchés Financiers;

- the terms "**Company**" and "**Hoffmann Green**" refer to the company Hoffmann Green Cement Technologies, whose registered office is located at La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, France, registered in the La Roche-sur-Yon Trade Register under number 809 705 304;

- the term "**Group**" means the group of companies formed by the Company and its subsidiaries. This legal scope is presented in section 1.3 of the Annual Financial Report;

- the term "**Annual Financial Report**" means this annual financial report on the financial statements for the financial year ended 31 December 2023.

1. MANAGEMENT BOARD REPORT

1.1. RISK FACTORS

In accordance with the provisions of Regulation (EU) No. 2017/1129 (“Prospectus 3” Regulation) and Delegated Regulation (EU) 209/980, this chapter only presents the risks specific to the Company and which are significant for anyone making an informed investment decision. In addition, in accordance with the provisions of Article L. 225-100-1 of the French Commercial Code, the financial risks relating to prices, credit, liquidity and cash flow are described in the notes to the IFRS financial statements for the financial year ended 31 December 2023 presented in section 2.1 of the Annual Financial Report.

Each of these risks is specific to the Company and is classified according to its degree of criticality, which is based on a joint analysis of (i) the probability of the risk occurring and (ii) the estimated magnitude of its negative impact, in the aforementioned relevant category.

The probability of occurrence of each of the risk factors relating to the Company and its impact, assessed on three levels (“limited”, “moderate” and “high”), are presented in the table below. The main risk factors are grouped into five categories, it being specified that within each of them, the risk factors are presented in decreasing net degree of criticality according to the Company’s assessment at the date of approval of the Annual Financial Report, which takes into account risk management measures. The most significant risk factors are listed first and are marked with an asterisk.

The occurrence of new events, either internal to the Company or external, may change this order of importance in the future.

Summary table:

Risk name	Probability of occurrence	Risk magnitude	Net degree of criticality
Risks related to the macroeconomic environment			
Risks related to global price increases due to the war in Ukraine and the macro-economic environment	High	High	High
Risks related to the Company's activity			
Risks related to the competitive environment and the deployment of industrial facilities*	Moderate	High	High
Risks related to the operation of production sites*	Moderate	High	High
Risks related to dependence on suppliers*	Moderate	High	High
Risks related to the development of the Company's activity internationally	Moderate	Moderate	Moderate
Risks related to information systems management and cybercrime	Moderate	Moderate	Moderate
Risks related to the Company's reputation and image	Moderate	Moderate	Moderate
Risks related to dependency on key people	Limited	High	Moderate
Risks related to the cement industry			
Risks related to dependence on the construction, real estate and public works markets	Moderate	Moderate	Moderate
Risks related to regulatory constraints	Limited	Limited	Limited
Legal risks			
Risks related to intellectual property*	High	High	High
Financial risks			
Risks related to working capital requirements	Limited	High	Moderate

RISKS RELATED TO GLOBAL PRICE INCREASES DUE TO THE WAR IN UKRAINE AND THE MACRO-ECONOMIC ENVIRONMENT

Neither the Company's partners nor its suppliers are located in Eastern Europe or Russia, meaning that the Company's activity is not directly affected.

Nevertheless, the invasion of Ukraine by Russia in February 2022 had significant repercussions on the financial markets and on the price of certain raw materials, and will impact the entire world economy. As a result, since February 2022, some of the Company’s suppliers are currently facing rising energy prices, as well as rising transport costs.

The purchase contracts entered into with its suppliers stipulate a price cap. Insofar as the pricing conditions were unfavourable to certain suppliers due to the increase in energy prices and transport costs, certain raw material purchase contracts were renegotiated at the initiative of the suppliers.

Furthermore, energy and fuel price hikes and supply difficulties for some commodities could impact the entire construction sector and some projects under way could be postponed or even cancelled.

More generally, the Company is particularly vigilant about the impacts of inflation, potential supply chain disruptions and rising interest rates in an uncertain geopolitical and economic context.

The magnitude of this risk is therefore considered high for the Company.

The probability of occurrence of this risk is considered high although it is difficult to assess as it is difficult to anticipate the duration of the war in Ukraine and more generally, due to uncertainty and volatility of the macro-economic environment.

In view of these elements, the net degree of criticality of this risk is considered by the Company to be high.

RISKS RELATED TO THE COMPANY'S ACTIVITY

- **Risks related to the competitive environment and the capacity to deploy industrial facilities.**

The cement market in France is dominated by a limited number of players, including five world leaders who alone account for 95% of cement production in France[1]: Holcim, HeidelbergCement, Vicat, CRH and Imerys.

As cement is a heavy product and its transport costly, the operating radius of a cement plant does not exceed 300 km by land. The regional network is therefore a necessary prerequisite for access to the cement market. In addition to the regional network, the intensity of competition in each regional market also depends on the production capacities of the players present.

The Company's ability to develop its business and its presence in cement markets therefore depends on its ability to meet market needs with its production facilities. The presence of other players with available or surplus capacity on a regional market or nearby, as well as the presence of one or more players that already have cement import infrastructure or are able to set up such infrastructure on the regional market under satisfactory economic conditions, are likely to create a situation of increased competition.

This intense competitive situation is likely to have a material adverse effect on the Company, its business, financial position, results, outlook or development.

The Company's strategic industrial development plan, described in section 1.2 "Business overview" of the Annual Financial Report, includes the construction of two production sites "H2" and "H3", each capable of producing 250,000 metric tons of cement per year, in order to rapidly increase the Company's production capacities and implement a gradual network in the region. The "H2" site was commissioned in 2023 and the "H3" site will be commissioned in 2025. A delay in commissioning the new production site "H3" would slow penetration of the French market, which could have a significant adverse effect on the Company, its business, its financial position, its results, its outlook or its development.

Penetration of the cement market is also based on the Company's ability to set up and maintain commercial partnerships with players in the construction sector, and to be present in cement distribution networks. In this respect, it is specified that the Company has already set up several partnership agreements (see section 1.2 "Business overview" of the Annual Financial Report).

[1] Source: INSEE Focus No. 121 of 25/07/2018.

It should be noted that, even though the main players in the French cement market are trying to reduce the carbon footprint of traditional cement and have launched several initiatives in this direction, to its knowledge, at the date of the Annual Financial Report, the Company is the only player able to produce and market decarbonised cement without clinker, a fivefold reduction in the carbon footprint of cement compared to traditional Portland cement[2]. In addition, the innovations developed by the Company are a major competitive advantage (see section 1.2.5 "Competitive strengths and assets" of the Annual Financial Report).

Even though the Company believes it has a technological lead, it cannot guarantee that its competitors will not succeed in developing decarbonised cements comparable or even better than those currently marketed or being developed by the Company. The development and marketing of low-carbon cements by one or more of the Company's competitors could have a material adverse effect on the Company, its business, financial position, results, outlook or development.

According to the Company, it will take a relatively long time to develop and market competing decarbonised cements given the time spent developing Hoffmann Green cements (eight years of research and development work) and setting up an innovative and adapted industrial process.

The Company believes that the net degree of criticality of this risk is high, given that:

- the effectiveness of the measures put in place by the Company to understand the increased competitive environment in which it operates may be mitigated (in the event of delays in the commissioning of production sites for reasons external to the Company or if competing decarbonised cements are developed);

- the occurrence of the events described in this section could have a significant negative impact on the Company (impact on the Company's revenue and profitability).

- **Risks related to the operation of production sites**

As part of its construction projects for new production sites, such as the "H3" site, the commissioning of which is scheduled for 2025 (the "H2" production site having been commissioned in 2023), the Company may encounter difficulties resulting in the delay of construction sites, the commissioning of production sites or the ramp-up of production.

[2] Results for cement made based on H-UKR technology compared to conventional Portland cement type CEM I.

These difficulties could, for example, be related to administrative procedures (obtaining a building permit, ICPE authorisation, etc.), weather conditions during construction or non-performance by suppliers or subcontractors contracted to work on construction sites.

Such delays could have a material adverse effect on the Company, its business, financial position, results, outlook or development.

As part of the construction of “H3”, the Company intends to capitalise on the industrial know-how acquired during the construction of “H1” and "H2" and use the various stakeholders who took part in these first projects.

Once the production sites are commissioned, the Company may face interruptions, breakdowns or other factors that could slow down or stop cement production. Such events could have a material adverse effect on the Company, its business, financial position, results, outlook or development.

The Company has implemented various procedures applied at the “H1” and "H2" sites to ensure the resumption of production in the event of an interruption due to an internal or external event. In addition, the production site is constantly monitored by the Company’s employees, who are trained to intervene in the event of interruption. The Company intends to implement these procedures on the “H3” site.

The Company believes that the net degree of criticality of this risk is high, given that:

- the construction, commissioning and optimal operation of production sites depends in part on external circumstances over which the Company has no control (financing of investments, weather conditions, non-performance by a subcontractor or supplier, lockdowns related to health risks); and

- the occurrence of the events described in this section could have a significant negative impact on the Company (impact on the Company’s revenue and profitability).

- **Risks related to dependence on suppliers**

The manufacturing process for Hoffmann Green cements is based on the use of co-products from industry:

- blast furnace slag: a co-product generated by steel production;

- clay: a co-product from the washing of aggregates and clay sludge; and

- gypsum or desulphogypsum: gypsum comes from site cuttings and desulphogypsum is generated by thermal power plants.

At the date of the Annual Financial Report, given the relatively recent launch of the production of Hoffmann Green cements, the Company uses a limited number of co-product suppliers, mainly located in France, and is therefore exposed to a risk of dependency on such suppliers.

The use of a limited number of suppliers entails a certain number of risks, in particular supply disruption, insufficient product quality, product origin or non-compliance with applicable regulations. The use of suppliers may therefore lead to financial risks and risks to the Company's reputation, particularly if these suppliers do not comply with the regulations applicable to them. The occurrence of one or more of these risks could have a material adverse effect on the Company, its business, financial position, results, development and prospects. This dependence could also intensify as part of the Company's business development strategy in France and internationally to the extent that the Company may have to face increased needs for raw materials.

However, the Company maintains good commercial relations with its co-product suppliers and believes that it offers them an opportunity to promote their co-products.

In addition, it is specified that:

- other companies, in France and abroad, produce the aforementioned co-products, which minimises the Company's dependence on suppliers of the two main co-products, blast furnace slag and clay; and
- the Company aims to further expand the number of co-products used to manufacture its cements, in order to diversify its sources of supply. Research is underway on technologies to recover fly ash from biomass (see section 1.2.1.2 of the Annual Financial Report).

The recent commissioning of the new "H2" site and the upcoming commissioning of the "H3" site and the development of the Company's international activity will increase the quantities of co-products that the Company will need to manufacture its cements, and therefore its dependence on suppliers. However, the risk of dependence on suppliers will remain under control as the Company's supply needs for co-products will be much lower than the quantities available on the supply markets.

However, the Company believes that the net degree of criticality of this risk is high, given that:

- there are many supply sources for blast furnace slag, clay, gypsum and desulphogypsum, and the Company believes that the number of co-products used in the manufacture of its cements could be expanded, such that the probability of occurrence of this risk is moderate; and
- that the occurrence of the events described in this section could have a significant negative impact on the Company (impact on the delivery times of Hoffmann Green cements to the Company's customers and on the Company's reputation). The potential impact would be increased by the development of the Company's activity in France and internationally due to the increase in the volumes of raw materials concerned.

- **Risks related to the development of the Company's activity internationally**

The Company’s business model for its international development is based on the signing of licensing agreements with local partners in the targeted countries.

Although in recent years, the Company has forged partnerships in Switzerland, the United Kingdom, Belgium, Saudi Arabia and the United States, it is pursuing the objective of developing its business internationally.

In this context, the Company could carry out a poor analysis of markets and enter into partnerships in countries or regions where demand for low-carbon cement is not as attractive as expected by the Company and could generate lower revenue than planned.

The Company could also enter into licensing agreements with partners who do not abide by their commitments or who attempt to copy the Company’s technologies, know-how or industrial secrets.

In addition, if the Company is no longer feeling the effects of the health crisis linked to Covid-19, insofar as activity has now returned to a normal pace, the Group could again be exposed to a risk of a pandemic such as the Covid-19 pandemic in 2020 and 2021, in particular through its growing international presence.

The development of the Company’s international activity will make the Company more visible to international construction players, which could lead malicious competitors to attempt to damage the Company’s image and reputation.

Lastly, the cybercrime risk will rise due to the growing number of international partners.

The probability that the development of international activity will be less profitable than expected, that it will generate litigation related to intellectual property, or that it will increase the risk that the Company will be targeted for defamation or cybercrime is moderate. The establishment of these partnerships via licensing agreements will be gradual and carried out after an in-depth analysis of the various international markets, in particular with regard to changing regulations on carbon emissions. In addition, if licensing agreements are breached or intellectual property rights are illicitly appropriated, remedies may be exercised. In addition, the Company will extend to the international level all measures implemented on national territory to ensure that the market is properly informed about its activity in order to protect its image and reputation. Finally, the Company intends to enter into partnerships with players whose servers will remain independent, i.e. not connected with those of the Company, which should limit the risks of exposure to cybercrime.

If the aforementioned risks occurred, their impact would be moderate insofar as most of its activity would continue to be carried out in France, in any event.

In view of these elements, the net degree of criticality of this risk is considered by the Company to be moderate.

- **Risks related to information systems management and cybercrime**

The Company has set up an industrial tool 4.0, based on production automation (the "H1" and "H2" sites have more than 200 PLCs) and the use of production software developed specifically for the site.

The Company's information system is exposed to the risks of computer or industrial hacking, as well as to computer virus attacks or computer bugs that could disrupt the proper functioning of its systems and software.

The Company has implemented measures to ensure the reliability and security of its IT systems. These include:

- no connection to the laboratory's Internet network;
- installation of a "black box" type server (isolated server extremely resistant to external conditions [e.g. fire]) not connected to the Internet network, to which only two identified persons have access;
- implementation of a plan to back up the Company's data every eight hours (day and night);
- the installation of a firewall, CE certified and compliant with the security standards in force, for IT systems in production site and offices.

The Company's information system has been subject to an external security audit by a specialised company recognised in this field. As part of this procedure, it was established that there were no critical vulnerabilities in the audited scope.

A regular security audit plan has been put in place to verify internal security rules and perform internal and external vulnerability tests.

However, the Company cannot guarantee that failure of one of these protection measures will not occur, which could have a material adverse effect on the Company, its business, its financial position, its results, its development or its outlook. The Company could be subject to complex and targeted attacks on its computer networks. The techniques used to hack, interrupt, degrade quality or sabotage IT systems are constantly evolving, and it is often impossible to identify them before an attack is launched. The Company may not be able to protect itself against such hacking techniques or to rapidly implement an appropriate and effective response system.

It is specified that the Company has ensured that sensitive elements related to its intellectual property are not accessible by computer, so these elements could not be impacted or disclosed in the event of an attack on the Company's IT systems.

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

- the effectiveness of the measures put in place by the Company was verified by a company specialising in cybersecurity, it being specified that these measures will be regularly updated in line with changes in the operating methods of cybercriminals, and sensitive elements related to the Company's intellectual property would not be impacted in the event of an attack;

- the occurrence of the events described in this section could have a negative impact on the Company (loss of data, unavailability of certain tools IT systems used in the production of Hoffmann Green cements, product delivery delays).

- **Risks related to damage to the Company's image and reputation**

Given the economic and technological challenges relating to the cement industry, the Company is exposed to the risk of criticism or challenges of various kinds, in good or bad faith, which could harm its reputation.

Communication vectors such as the Internet and social networks are characterised by real-time reactions and exponential spread of information, thus facilitating the creation and dissemination of false information.

False information related to the Company's activities could potentially be disseminated on the Internet and on social networks as well as in the press.

In this respect, it is specified that the Company itself uses the Internet and social networks to ensure its visibility to the public. Thus, a reader could give credit to false information about the Company or its products intentionally attributed to the Company provided for nuisance purposes by a third party wishing to disparage the Company.

The occurrence of such events could have negative effects on the Company's image and have repercussions on the Company, its activity, its financial position, its results, its development, in particular in relation to the conclusion of international licensing agreements, and its outlook.

The Company proactively monitors Internet tools and social networks and has put in place a communication crisis management procedure in order to avoid and anticipate potential crises, prevent the proliferation and reach of such information and limit their impact as much as possible.

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

- the Company believes that the dissemination of criticism relating to the Company is likely, but that the Company will be able to react effectively thanks to the monitoring of Internet tools and social networks and thanks to the communication crisis management procedure;

- occurrence of the events described in this section could have a negative impact on the Company (deterioration of the Company's reputation, loss of appeal of Hoffmann Green products, impact on the Company's revenue and level of profitability).

- **Risks related to dependency on key people**

The success of the Company depends to a large extent on the actions and efforts undertaken by its founding partners Julien Blanchard, Chairman of the Company's Management Board, and David Hoffmann, Chief Scientific Officer and member of the Company's Management Board. Loss of their skills could affect the Company's ability to achieve its objectives and implement its strategy, and thus have a material adverse effect on its business, results, financial position, development and prospects.

The Company has taken out specific insurance to cover the risk of death of these two key persons (see section 1.1.6 "Insurance and risk coverage" of the Annual Financial Report).

The Company has also ensured that the teams currently in place are able to continue the work initiated, particularly in terms of research and development.

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

- Julien Blanchard and David Hoffmann, co-founders of the Company, are behind the creation of this project and are the most significant shareholders of the Company (see section 1.9 "Principal Shareholders" of the Annual Financial Report);

- occurrence of the events described in this section could have a significant negative impact on the Company (failure to achieve the Company's objectives, impact on revenue and profitability).

RISKS RELATED TO THE INDUSTRY IN WHICH THE COMPANY OPERATES

- **Risks of dependence on the construction, real estate, industrial, public works and urban planning markets**

The cements sold by the Company are mainly used for the construction of individual or collective housing, industrial or commercial buildings, or for infrastructure projects (roads, bridges, tunnels, roads). The cement market is a cyclical market, and the dynamism of demand for Hoffmann Green cements depends both on structural factors specific to each market and on cyclical macroeconomic factors.

The structural factors that determine the level of demand in each market for construction materials are mainly demographics, urbanisation rate and economic growth (represented for example by the gross national product per capita), but also more cultural features, such as the construction habits of each market (timber, steel, concrete construction). In addition to these structural factors, the economic situation has a cyclical impact on the construction markets, particularly in the event of an economic crisis and considerable global financial instability. Global economic parameters determine the ability of public and private players to finance through access to credit and carry out individual and collective projects that make up the construction market.

Significant fluctuations in some of these parameters are likely to have a material adverse effect on the Company's business, financial position, results, outlook or development.

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

- the cement market is buoyant, and the Company should only have 3% market share in France by 2026;
- the occurrence of the events described in this section could have a negative impact on the Company (impact on the Company's revenue and profitability).

- **Regulatory risks**

The Company operates in a highly regulated environment. In particular, the Company's cement production sites are classified as facilities classified for environmental protection (ICPE) and are subject to specific regulations, requiring authorisation from the prefectural authority.

At the date of the Annual Financial Report, the Company has two production sites “H1” and "H2" located in Bournezeau (85), which have each obtained authorisation under the ICPE regulations[3]. This will have to be repeated for the construction of the “H3” production site in Dunkirk. However, if the Company fails to comply with applicable regulations in the future, it could face withdrawals of operating authorisations or refusal of authorisations, be held liable or even be ordered to pay fines.

More generally, the Company cannot guarantee that rapid or significant changes in the laws and regulations in force will not occur in the future. Thus, a strengthening of regulations or their implementation could result in new conditions for the exercise of its activities likely to increase its operating expenses (in particular through the implementation of additional procedures and controls), or act as a brake on the development of the Company’s activities.

The Company cannot exclude the possibility that such situations could have a material adverse effect on the Company, its business, financial position, results, outlook or development.

With regard to regulations known to date and aimed at limiting CO_2 emissions, the Company believes that the impact of their entry into force will be positive for its business, insofar as Hoffmann Green cements are decarbonised and thus fully comply with future construction standards (see section 1.6 “Regulatory environment” of the Annual Financial Report).

The Company believes that the net degree of criticality of this risk is limited, given that:

- the Company complies with the legal and regulatory provisions applicable to its business, and with the current regulatory environment, and its announced changes, aimed at limiting CO_2 emissions, is favourable to the development of the Company’s business;

- regulatory changes applicable to the Company could have a limited negative impact on the Company (additional costs and obstacles to the development of the Company’s business).

[3] Prefectural Order No. 17-DRCTAJ/1-510 dated 13 July 2017 and Prefectural Order No. 20-DRCTAJ/1-517 dated 29 July 2020.

LEGAL RISKS

- **Risks related to intellectual property**

Thanks to the research work by David Hoffmann and his team, the Company has developed unique and innovative expertise and technologies. As these technologies are at the heart of Hoffmann Green cements, the Company has implemented a policy of protecting its intellectual property in various ways, described in section 1.2.1.1 “Protection of the Company’s intellectual property” of the Annual Financial Report.

The Company’s success depends, among other things, on its ability to obtain, preserve and protect its patents, trademarks, designs and models, as well as its other intellectual or similar property rights (such as its proprietary know-how). As a result, it could be that:

- the Company is unable to develop patentable inventions;
- the Company is not granted the patents or trademarks for which it has filed or will file applications;
- the Company will one day see the validity of its patents or trademarks challenged by third parties;
- the Company cannot benefit from sufficiently broad protection from its patents to exclude competitors;
- the Company cannot guarantee that the scope of protection conferred by the Company’s patents, trademarks and intellectual property titles is and will remain sufficient to protect it against competition and against the patents, trademarks and intellectual property rights of third parties covering similar arrangements;
- the Company cannot guarantee that the Company’s employees will not claim rights or the payment of additional remuneration or a fair price in return for inventions in which they were involved, it being specified that the employment contracts of Company employees (particularly those of the research and development team) include clauses protecting the Company’s property rights to inventions developed;
- the Company notes that patents and other intellectual property rights that it holds or for which it has or will have licences, are disputed by third parties.

In addition, the Company cannot be certain that the confidentiality of its non-patented technologies, its know-how or its industrial secrets will be effectively guaranteed by the protections put in place, or that in the event of a breach, satisfactory remedies may be exercised.

In addition, the Company's competitors could infringe its patents or other intellectual property rights or circumvent them through design innovations. To prevent counterfeiting, the Company could take actions that would be costly and would involve its teams. The Company may not be able to prevent the misappropriation of its intellectual property rights, unauthorised use of which is difficult to control.

The occurrence of any of these events concerning the Company's intellectual property rights could have a material adverse effect on the Company, its business, its financial position, its results, its prospects or its development.

The intellectual property protection policy implemented by the Company provides in particular for:

- the filing of patents for certain technologies developed by the Company;
- specific protection of proprietary know-how (securing IT data, inclusion of discretion and non-compete clauses in the employment contracts of Company employees, codification of information used to manufacture Hoffmann Green cements);
- the inclusion of clauses prohibiting reverse engineering in contracts with third parties;
- regular legal monitoring carried out by two intellectual property consulting firms, as well as prior art searches prior to filing patent applications.

The Company, which is the sole owner of all intellectual property related to its business, is also supported by several legal advisors specialising in intellectual property.

At the date of the Annual Financial Report, the Company is not involved in any litigation relating to its intellectual property.

The Company believes that the net degree of criticality of this risk is high, given that:

- all Hoffmann Green products are based on technologies developed by the Company, the Company believes that the protection of said technologies is a key issue;
- the occurrence of the events described in this section could have a significant negative impact on the Company (loss of competitive advantages, impact on the Company's revenue and profitability, risk of litigation).

FINANCIAL RISKS

- **Risks in terms of financing needs**

The Company has significant financing requirements for the deployment of its industrial facilities and for the development and marketing of its products.

As part of its strategy, the Company aims to finance, in addition to its operating expenses, the construction of a new “H3” production site, which the Company plans to commission in 2025. The investment budget is around €22 million.

At 31 December 2023, the Company had cash and cash equivalents of €25 million (cash and UCITS before impairment).

The Company has sufficient cash to finance its development.

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

- the Company has the necessary cash to finance the above-mentioned investments at 31 December 2023;

- the occurrence of the events described in this section could have a significant negative impact on the Company (obstacles to the development of the Company’s activities, impact on the Company’s revenue and level of profitability).

It should also be noted that the Company issued bonds convertible into and/or exchangeable for new or existing shares (OCEANE) in February 2024 for a nominal amount of €4,999,997.44 subscribed by Eiffel Investment Group. The OCEANE will mature on 20 February 2029. The objective of the issue is to enable the Company to acquire additional financial resources as part of its industrial and commercial strategy.

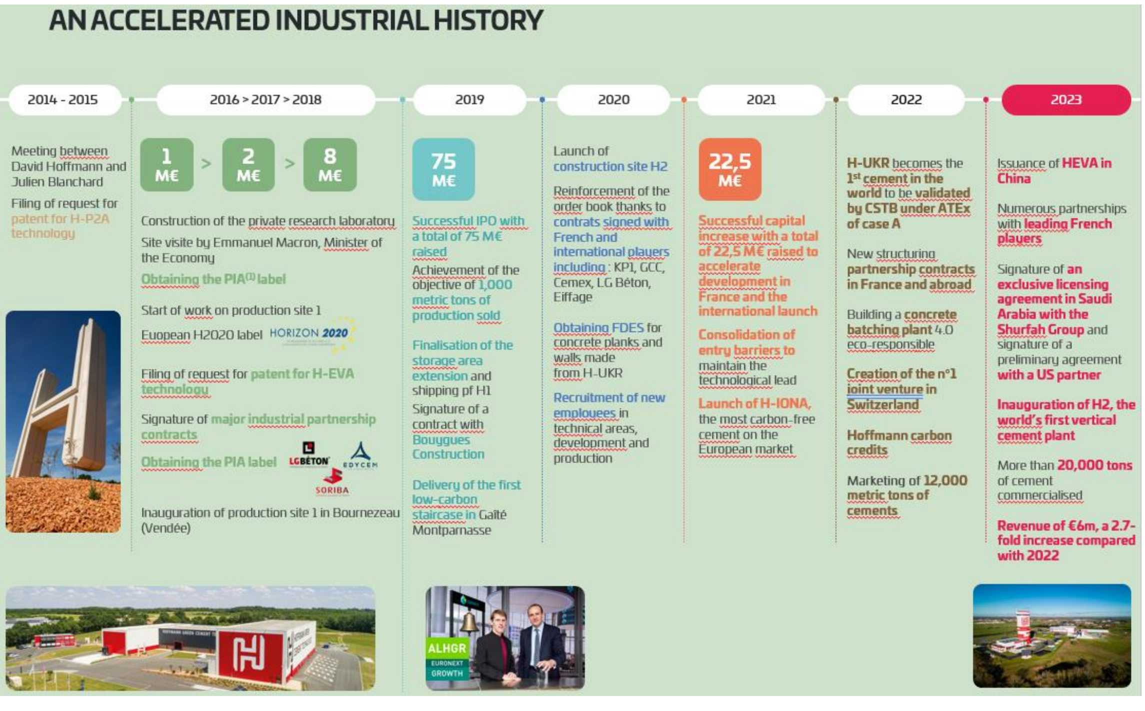
INSURANCE AND RISK COVERAGE

As of the date of the Annual Financial Report, the Company has implemented a policy of covering the main insurable risks with coverage amounts that it considers compatible with the nature of its business. The Company does not foresee any particular difficulties in the future in maintaining adequate levels of insurance within the limits of cash and market conditions.

1.2. BUSINESS OVERVIEW

GENERAL OVERVIEW OF THE COMPANY

Set up in 2014 by David Hoffmann, a chemical engineer, and Julien Blanchard, an entrepreneur, the Company designs, produces and markets innovative clinker-free decarbonised cements, a complete break with traditional Portland cement.



The traditional Portland cement manufacturing process is responsible for the emission of 881 kg of CO_2 per ton of traditional CEM I type Portland cement[4]. Its composition is mainly based on the use of a material called "clinker", obtained after firing limestone in a furnace at very high temperature for 18 hours. The production of clinker has a very high environmental impact due to this very high temperature firing, which is the source of CO_2 emissions and which requires significant energy consumption.

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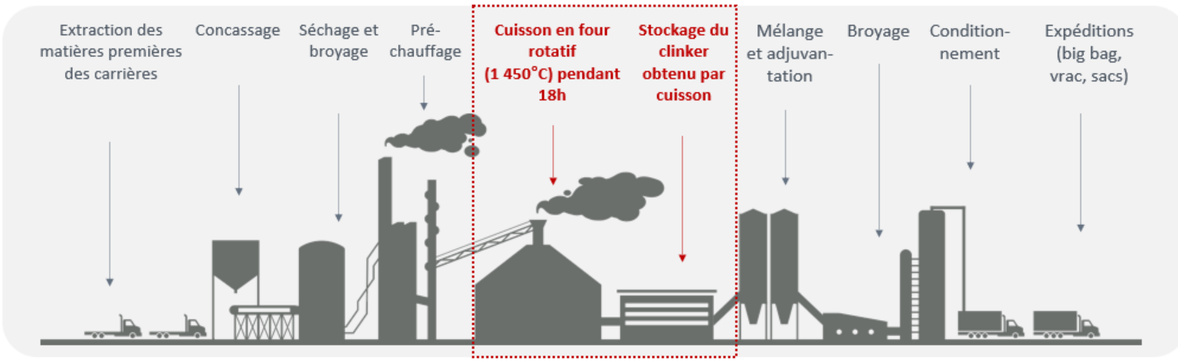
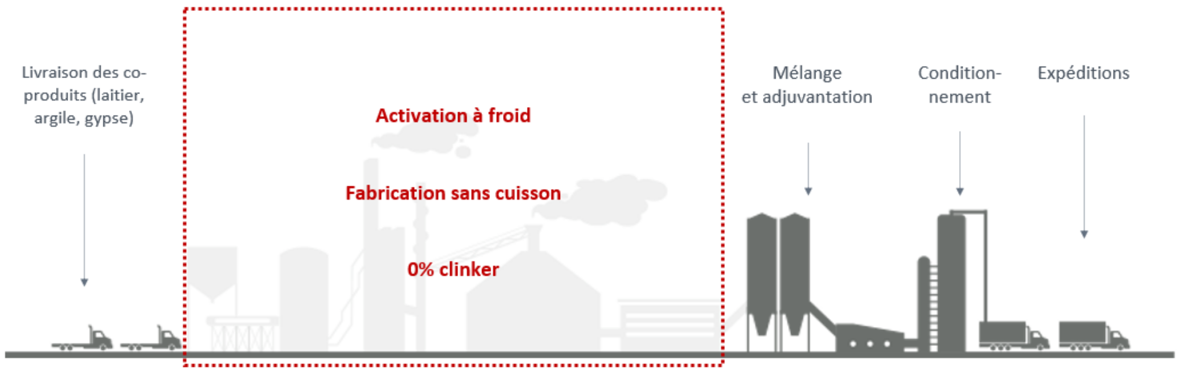
[4] Source: ADEME, Bilan GES, http://www.bilans-ges.ademe.fr/documentation/UPLOAD_DOC_FR/index.htm?ciments___chaux___platres___bet.htm.

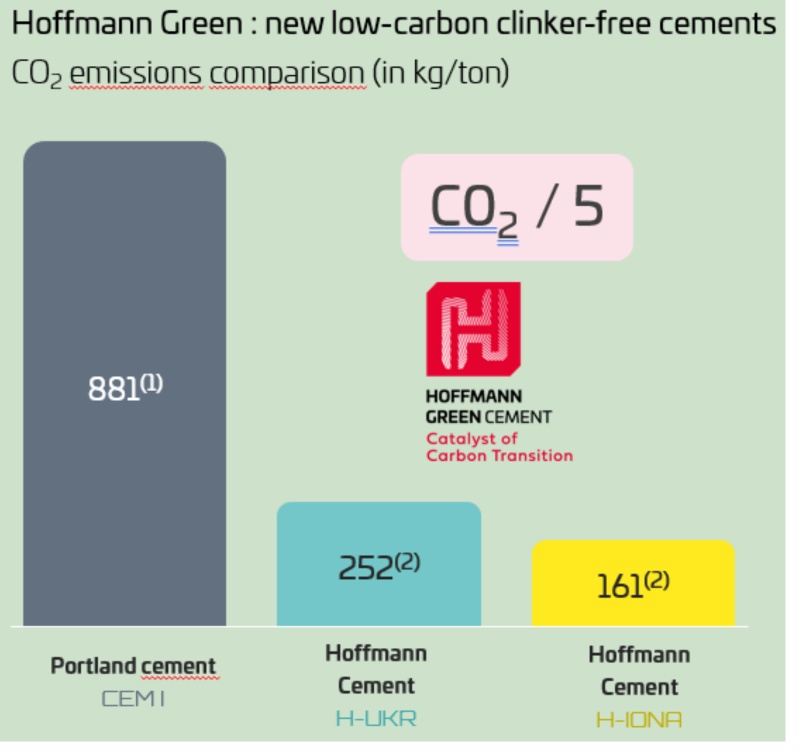


Fully aware of the environmental emergency and the need to reconcile the construction sector, cement manufacturing and the environment, Julien Blanchard and David Hoffmann are at the origin of a real technological breakthrough based on two main pillars: modification of cement composition and creation of a cold and clean manufacturing process (no firing of raw materials).



The raw materials used to produce Hoffmann Green cements are essentially co-products from industry, for which there is currently little or no recovery (blast furnace slag from steel production, clay from the washing of aggregates or clay sludge, gypsum from construction site excavation material and desulphogypsum generated by thermal power plants). These co-products are then cold activated using various technologies developed by the Company to manufacture Hoffmann Green cements.

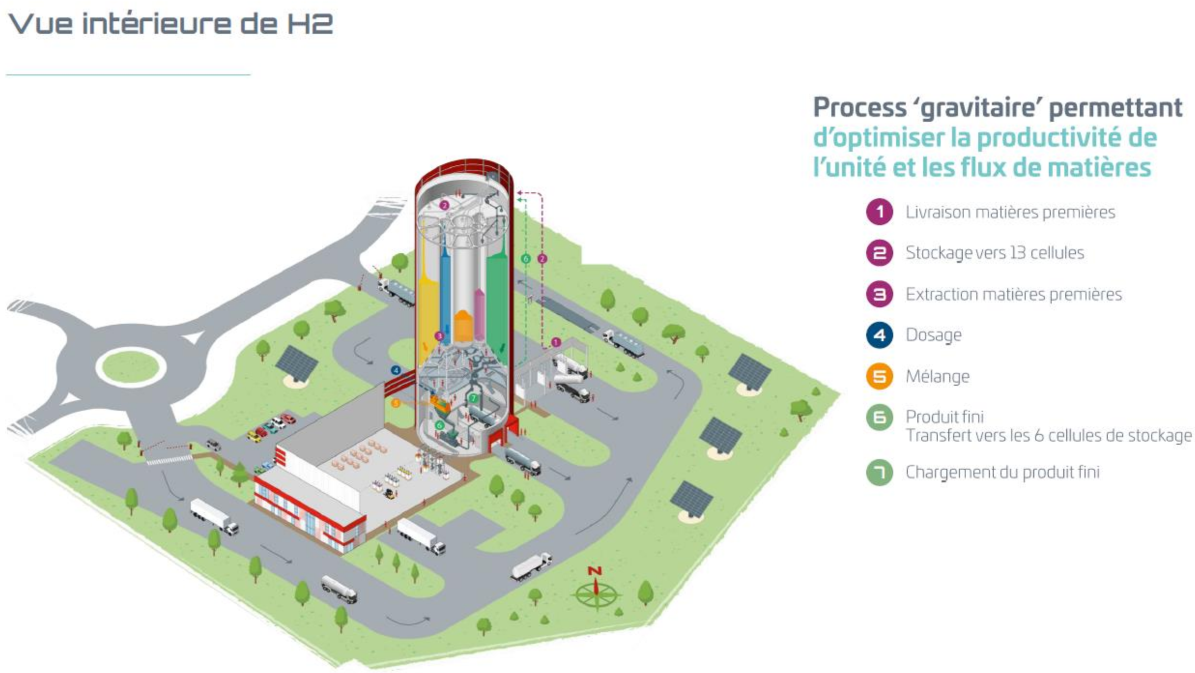
The absence of clinker in Hoffmann Green cements, combined with an innovative manufacturing process, reduces the carbon footprint fivefold compared to conventional Portland cement (CEM I)[5].



Hoffmann Green cements, which serve all markets in the construction sector, are currently produced on a first 4.0 site located in Bournezeau in the Vendée, operational since January 2019. This site has no furnaces or chimneys, produces no waste and is based on an automated industrial production process. Hoffmann Green cements are currently produced by the two “H1” and "H2" production sites with a production capacity of 300,000 metric tons of cement per year.

[5] Source: Company, based on the ETPM report (Prior Technical Assessment of Materials). Results for cement made based on H-IONA technology compared to conventional Portland cement type CEM I.

The "H2" production unit, which is 70 metres high, is based on a “gravity” process and built entirely of Hoffmann Green concrete. It has production capacity of 250,000 metric tons of cement per year. This unit model is the one that will be duplicated for the Company’s developments in France and internationally.



The global cement market is a robust and growing market, dominated by a handful of world leaders. To date, most French cement production (16.8 million metric tons of cement produced in 2022[6]) comes from five major players that alone account for around 95% of cement production in France: Holcim (leader in the sector), Calcia-HeidelbergCement Group, Vicat, Eqiom Groupe CRH and Imerys Aluminates.

These traditional cement manufacturers are under continuous pressure to reduce the carbon footprint of their activity, resulting in particular from increasingly restrictive regulations, via the reduction in the free allocation of CO_2 emission quotas, increased carbon tax, and the entry into force of the 2020 environmental regulation (ER 2020) on 1 January 2022 in France. This regulatory framework is favourable to the Company, which has a lead thanks to its low-carbon solutions that meet future environmental standards for construction.

[6] Source: Cement in figures for 2023 (France Ciment).

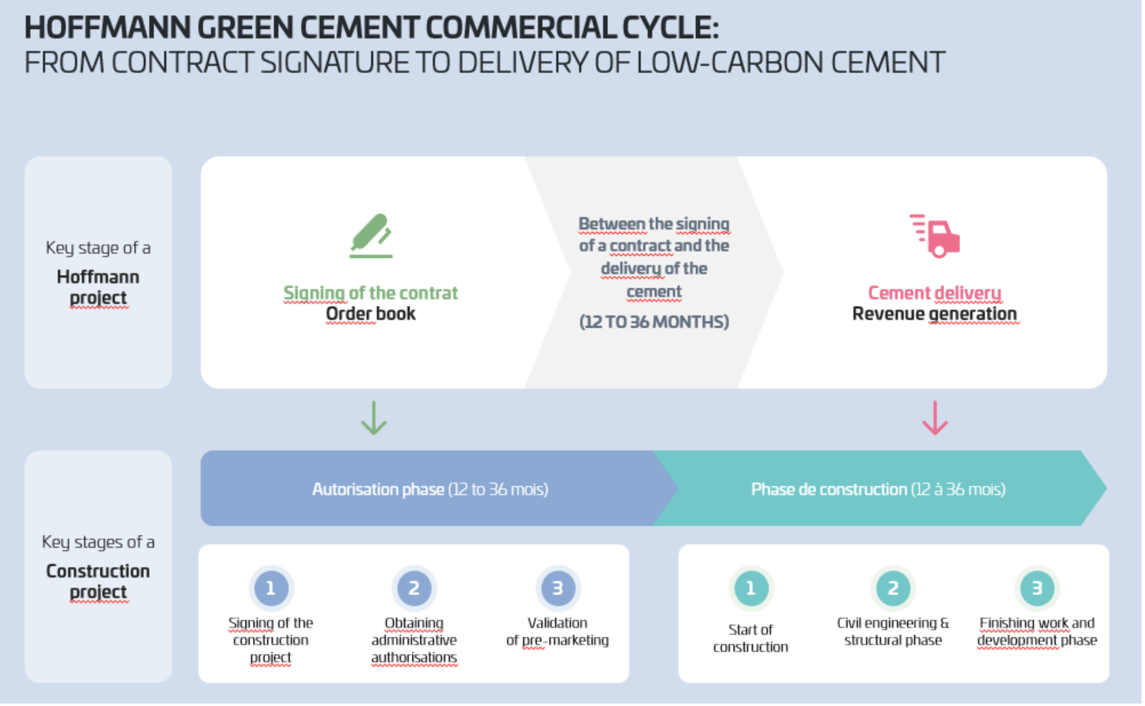
Impact of the situation in Ukraine

Neither the Company's partners nor its suppliers are located in Eastern Europe or Russia, meaning that the Company's activity is not directly affected. Nevertheless, some of the Company's suppliers are currently facing rising energy prices, as well as rising transport costs. In 2023, raw material purchase contracts were renegotiated on the initiative of certain suppliers. These price changes had a moderate impact on the Company. Furthermore, energy and fuel price hikes and supply difficulties for some commodities could impact the entire construction sector and some projects underway could be postponed or even cancelled.

Activity over the past financial year

In 2023, the Company continued its development. The volume of cement sold stood at 21,378 metric tons, an increase (+78.0%) compared to the 2022 financial year (12,010 metric tons). Sales mainly concerned H-UKR technology and are related to the execution of contracts recorded in the order book.

Sales of alternative cements to conventional Portland cement are intrinsically linked to the building sector's commercial cycle. Between the decision to build a structure and the start of construction, there is traditionally a period of between 12 and 36 months. This period covers the obtaining of administrative authorisations (building permits, processing of appeals, etc.) and the validation of the pre-marketing phase. Then comes the construction period, which lasts on average between 12 and 36 months. The construction period begins with the civil engineering and structural works phase and ends with the finishing and fitting-out phases of the building. Cement is mainly consumed during the civil engineering and structural works phase, when concrete applications are carried out. This period corresponds to the generation of revenue for Hoffmann Green Cement Technologies. The duration of these cycles tends to lengthen significantly under the double effect of price inflation and the shortage of construction materials resulting from the war in Ukraine.



Strategy

The Company's commercial strategy is to be on the ground ahead of projects in order to have its solutions registered very early on in the specifications for a wide range of applications. The Company's decision-makers and technical sales representatives are in charge of implementing this commercial strategy.

However, the Company's solutions can be used for projects already initiated and in progress, for a few applications excluding civil engineering, as a substitute for traditional concrete. These "spot" sales are important to the Company's commercial and technical development because they can be used to promote and demonstrate the solutions on construction sites, and to gain experience. However, these "spot" sales generate less cement volumes than when Hoffmann solutions are included in the project specifications, because they relate to a reduced number of applications.

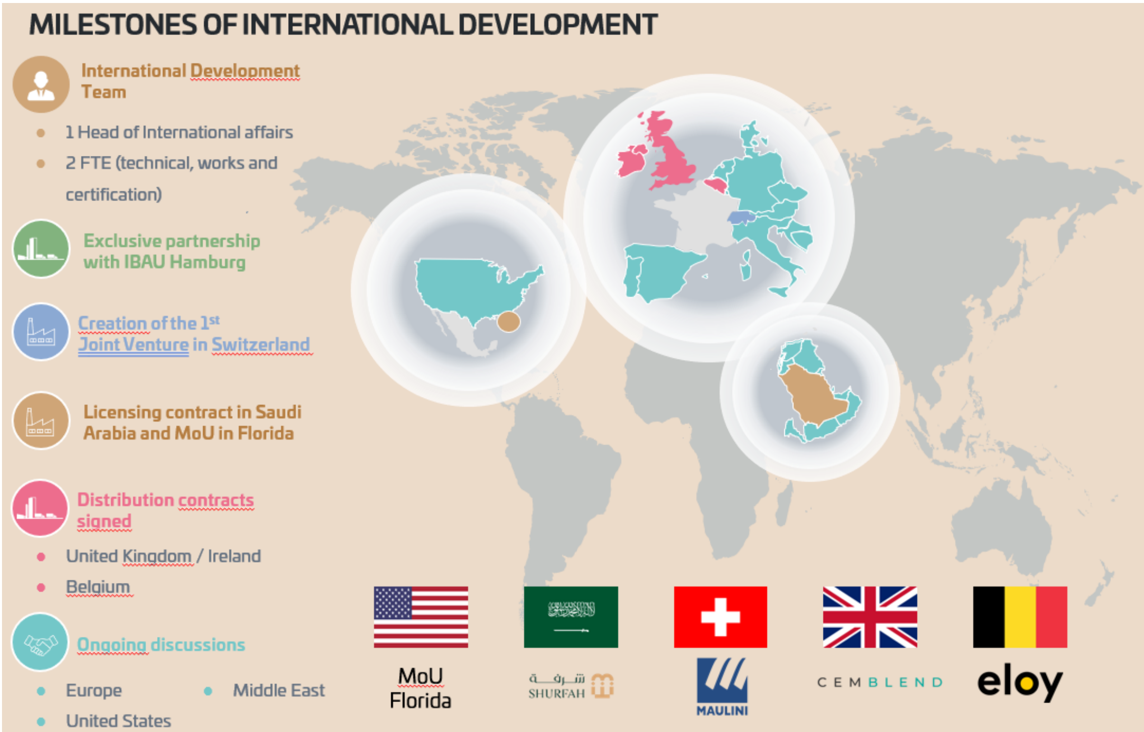
In France, new contracts and order commitments were signed with VM Matériaux, Groupe HERIGE (which is the first distribution network in mainland France to offer 25 kg bags of H-IONA cement to building professionals, craftspeople and the general public in its 50 points of sale in France), BELIN PROMOTION (three-year partnership contract with volume commitment on H-UKR and H-IONA technologies), ALKERN Group (contract five-year partnership contract with volume commitment of 14,000 metric tons on H-UKR and H-IONA technologies), OGIC (five-year partnership contract with volume commitment of 20,000 metric tons on H-UKR and H-IONA technologies), GCC (two-year extension, i.e. until the end of 2025, of the partnership agreement for H-UKR and H-IONA technologies), BSS (five-year partnership agreement with volume commitment on H-UKR technology), Groupe MINIER (four-year partnership contract for H-UKR and H-IONA technologies), IRIBARREN (five-year partnership contract for H-UKR and H-IONA technologies), VENDEE HABITAT (open-ended partnership contract), DOMOFRANCE of Groupe ACTION LOGEMENT (six-year partnership contract), MARNE BETON (four-year partnership contract on H-UKR and H-IONA technologies), POINT P of the SAINT-GOBAIN Group (partnership agreement on the H-UKR and H-IONA technologies covering the entire network of concrete batching plants and precast plants), AL'MA of the ACTION LOGEMENT Group (seven-year partnership contract), SPIE BATIGNOLLES (four-year partnership contract with volume commitments on H-UKR and H-IONA technologies) and CRBPE (four-year partnership agreement on H-UKR and H-IONA technologies).

The Company initiated its international development in early 2022. International development is based on a licensing model. The Company’s partners are responsible for financing, building and operating Hoffmann H2-type units and for producing and marketing Hoffmann cements in their geographical area in exchange for the payment of royalties to the Company. The Company targets mature markets for carbon transition, i.e. countries with advanced and binding environmental regulations, favourable to the Hoffmann Green model. Europe, the United States and the Middle East are the Company’s priority international development regions.

In February 2023, the Company signed a partnership agreement with the Belgian group ELOY in order to carry out the first pilot projects in 2023 in the Liège region.

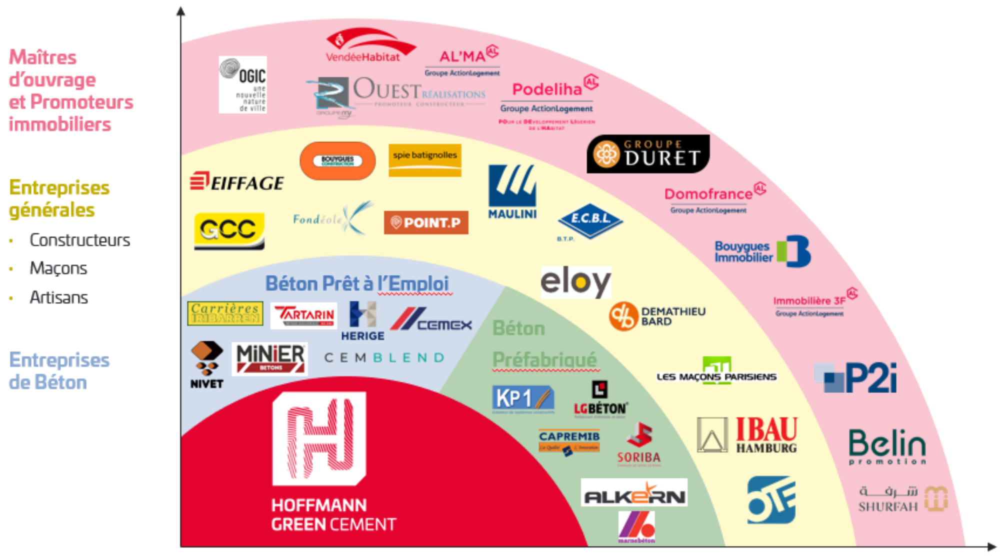
In September 2023, the Company signed an exclusive licensing agreement with the SHURFAH group for a period of 22 years to build several “H2” type units in Saudi Arabia to support the decarbonisation of the construction sector in this region. In return for the industrial and technological transfer and this exclusivity, the Company will receive an entry fee and annual fixed and variable royalties from SHURFAH based on the revenue generated by the marketing of Hoffmann cements in Saudi Arabia.

In December 2023, the Company entered into a preliminary agreement with a partner with a view to signing a licensing agreement in the United States in the State of Florida. The agreement sets out the main principles of a licensing agreement that should be signed in 2024.



On the date of publication of the Annual Financial Report, the order book stood at more than 260,000 metric tons of cement, up 8.3% compared to 31 December 2022.

CATALYST OF CARBON TRANSITION



Des contrats commerciaux signés avec l'ensemble des acteurs du secteur de la construction

On the industrial front, the Company is continuing to execute its strategic plan.

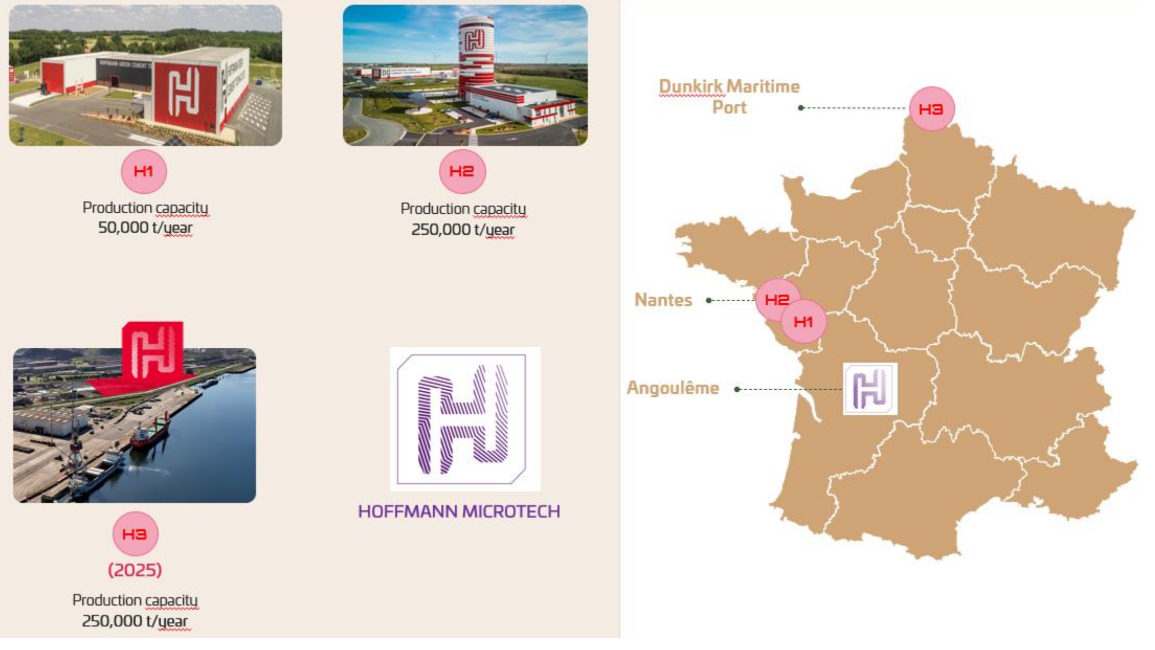
The H2 plant, located in the Vendée town of Bournezeau next to the H1 site, was commissioned on 30 June 2023 and the allocated budget of €22.4 million is in line with forecasts. The H2 plant produced bulk cement in the second half of 2023. As a reminder, the 70-meter-high structure is made entirely from Hoffmann cement.

The Hoffmann Green R&D concrete batching plant was commissioned at the beginning of April 2023. The purpose of this concrete batching plant is to test and develop new formulations of low-carbon concrete from Hoffmann cements, incorporating recycled aggregates. Its budget stood at €2 million.

Construction of the H3 plant should begin in the second half of 2024 with a delivery in 2025. This schedule is in line with the ambitions of the Company to increase cement production capacity by 2026, as disclosed in the Annual Financial Report. The budget is estimated at €22 million.

The Company is continuing to refurbish the site of its subsidiary Hoffmann Microtech acquired in June 2022. The work aims to internalise the industrial process for grinding blast furnace slag, one of the raw materials used in H-UKR and H-IONA cements. The budget allocated to these investments amounts to €2.7 million. The production of ground slag on an industrial scale is planned from the beginning of 2024.

CURRENT AND FUTURE GROUP SITES



In terms of human resources, the Company continued to develop its structure by recruiting new staff in the technical, development, research and operations/maintenance areas. These new hires will support the Company's future development, particularly commercial and industrial. At 31 December 2023, the Company had 52 employees compared to 43 at 31 December 2022.

One year after the grant of the Chinese patent for its H-P2A binder, the Company is stepping up the development of intellectual property in this region by obtaining a patent for its clinker-free H-EVA cement. After more than three years of analysis, the H-EVA patent was approved by the China Patent Office.

The Company also extended the partnership agreement signed in 2021 with the Centre Scientifique et Technique du Bâtiment (CSTB) for three years. This partnership extension will enable Hoffmann Green, thanks to the planning and organisation between the two establishments, to benefit from optimised turnaround times for the assessment of its current and future technologies, particularly the very promising clay-based technologies such as H-EVA and H-P2A.

The Company is continuing its CSR (Corporate Social Responsibility) roadmap. At the beginning of the year, the Company again produced and published a scope 3 Bilan carbone® (carbon assessment) based on the Net Zero Initiative® framework developed by the consulting firm Carbone 4. The Company is one of the first cement manufacturers to publish its carbon assessment based on the three scopes.

In addition to the assessments obtained by French and international non-financial rating agencies, which rank the Company among the best-performing companies in its category, the Company has received several awards highlighting its day-to-day commitment and its concrete, immediate innovations in support of a low-carbon society:

- The Paulownias prize for transformation awarded by the Collège des Directeurs du Développement Durable (C3D), comprising 250 sustainable development directors and the "Vitrine Déchet et Économie Circulaire" prize at the 14th National Forum organised by the PEXE network in partnership with ADEME at the French Ministry of the Economy, Finance and Industrial and Digital Sovereignty.

- The "Trophées des Usines", a key event organised by L'Usine Nouvelle to coincide with the *Assises de l'Industrie*, showcase France's best-performing industrial sites. The Company stood out by receiving the plant of the year award in the CSR category, rewarding the best sustainable development project (waste management, energy efficiency, resource conservation, etc.). This award recognises the launch of the Group's second production site, H2, the world's first vertical cement plant. Designed to have the lowest possible impact, the plant combines cutting-edge technology with advanced R&D, increasing Hoffmann Green's production capacity by a factor of five, from 50,000 metric tons to 250,000 metric tons.

- The World Cement Association (WCA), founded in 2016, is the largest independent organisation working globally on behalf of the cement industry and its stakeholders. Its objectives are to represent and promote the global cement industry, as well as the commercial and legal interests of its members, including the Company, before national and international institutions and organisations. At its annual conference, held on 24 and 25 October 2023 in Dubai, the Association awarded the Company the "Low Carbon Cement" award, demonstrating the added value of its clinker-free decarbonised cements, which cut CO_2 emissions by a factor of five, compared to traditional cement.

- The mission of the Académie d'Architecture, a cultural institution, is to promote the quality of buildings by enhancing the status of the various players involved in architectural production, teaching, research and the dissemination of architectural culture. Each year, it awards around thirty prizes and awards to architecture and building players. On 14 September, Julien Blanchard and David Hoffmann were awarded the Société Centrale des Architectes 1875 prize for entrepreneurs and business leaders by the Academy's jury of prizes and awards. This prestigious distinction rewards the entrepreneurial journey of the two founders of Hoffmann Green for their investment in minimising the impact of the construction sector and making it as sustainable as possible.

In addition, a year after joining the 2022 class of the French Tech Green20 programme, which provided specific support on greentech issues, the Company was one of the 125 winning companies selected to join the new France 2030 government programme, which aims to defend French sovereignty and develop the global leaders of tomorrow.

Finally, in November 2023, the Company received the "Solar Impulse Efficient Solution" label for its decarbonised cement H-UKR. The "Solar Impulse Efficient Solution" label, initiated by the explorer Bertrand Piccard, aims to accredit responsible and profitable products and solutions, in order to promote their use to quickly achieve environmental objectives, particularly energy and carbon neutrality.

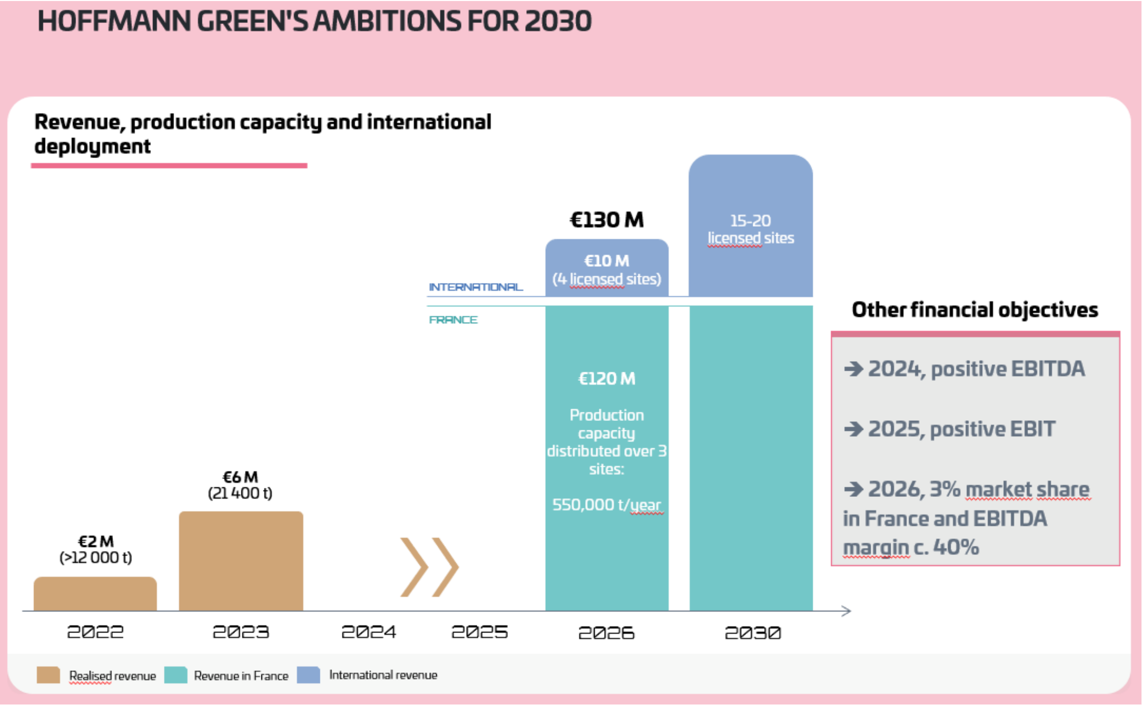
Company outlook and ambitions

In France, the Company aims to accelerate its development by increasing its production capacity and regional coverage. By 2026, the Company plans to sell 550,000 metric tons of cement per year through three production sites, generating revenue of around €120 million and corresponding to a 3% market share in France.

Internationally, the Company wants to develop through licensing agreements with partners. The Company's partners are responsible for financing, building and operating Hoffmann H2 units and for producing and marketing Hoffmann cements in their geographical territory in return for entry fees, royalties and the purchase of a premix from the Company. The premix corresponds to a portion of the formulations that will be produced by the Company and delivered to the partners so that they can produce the Hoffmann cements locally with their production sites. The Company aims to have four operational units outside France by 2026, generating revenue of around €10 million.

The Company expects to be able to reach an EBITDA margin of around 40% by 2026.

In 2024, the Company is aiming for a break-even EBITDA.



These objectives are based on the implementation of a strategic industrial development plan based on three major areas:

- An industrial focus with the construction of two new sites in order to rapidly increase production capacities and build a gradual network across the national territory.
- A commercial focus, in France via the signing of contracts with new partners, and internationally with the implementation of licensing agreements.
- An innovation focus that aims to develop new cement technologies and maintain the technological lead from which the Company benefits.

Development of the Company’s activities is supported at national level:

Development of the Company’s activities is also supported at European level:

INTELLECTUAL PROPERTY AND PROCUREMENT IN CO-PRODUCTS

Continuation of the Company's activities and its future development are closely linked to effective intellectual property protection and to the supply stability of co-products used by the Company to produce Hoffmann Green cements.

Protection of the Company's intellectual property

Thanks to the research work by David Hoffmann and his team, the Company has developed unique and innovative expertise and technologies. As these technologies are at the heart of Hoffmann Green cements, the Company has implemented a policy of protecting its intellectual property through various areas.

Patents

Patents for the H-P2A and H-EVA technologies relate to cement formulas, accompanied in particular by variations and recommendations regarding their fields of application and use. The geographical scope of protection is as follows:

- H-P2A: France and contracting countries of the PCT (International Patent Cooperation Treaty), United States and China.

- H-EVA: France, PCT contracting countries, Europe, Hong Kong, United States and China.

- H-UKR: the Company has chosen not to file a patent application for the H-UKR technology, its third technology. This choice is guided by the Company's desire to limit its competitors' access to essential information concerning this latest technology. However, the Company has taken preliminary steps with the INPI to certify and protect the anteriority of the H-UKR technology in the event that a third party develops a similar technology.

- H-IONA: technology complying with standard NF EN 15743.

Know-how

In addition to patented technologies, the Company has developed unique proprietary know-how in the manufacture of low-carbon cements in recent years. During the course of the research, a large amount of data was collected and analysed during thousands of laboratory tests, making it possible to build up a substantial database of data and results.

Proprietary know-how has also been developed with the development of industrial facilities, custom-created for the production of Hoffmann Green cements. In this sense, the technical knowledge relating to operation of the industrial tool is essential to the production of Hoffmann Green cements and mere access to scientific formulas would not make it possible to achieve an equivalent result.

The Company has implemented various procedures to protect this proprietary know-how:

- Protection of manufacturing secrets: all information used by the Company's employees to produce Hoffmann Green cements encoded and only a very limited number of identified persons can decipher them. Therefore, employees are not privy to all or part of the manufacturing secrets of Hoffmann Green cements. This coding system constitutes an additional level of protection.

- IT system: the IT system used by the Company is subject to a very high level of protection in order to secure data collected by the Company (see section 1.1.1.4 "Risks related to the management of information systems and cybercrime" in the Annual Financial Report).

- Human resources: the employment contracts of the Company's employees contain a discretionary clause relating to the activity of the Company and that of its customers, under which employees are made aware of confidentiality of information to which they become privy. The employment contracts of the Company's employees also contain a non-compete clause, violation of which entails payment by the employee of a dissuasive amount of compensation.

The Company is the sole owner of all intellectual property related to its business.

The trademarks, logos and domain names created by the Company in the course of its business are all protected by the National Institute of Industrial Property (INPI).

Supply of co-products used in the manufacture of cement

The three main co-products used to manufacture Hoffmann Green cements, namely blast furnace slag, flash clay and gypsum/desulfogypsum, are supplied to the Company by various suppliers.

In addition, as part of its innovation policy, the Company aims to further expand the number of co-products used to manufacture new cements, in order to increase the Company's resource options. Research is underway into technologies to recover fly ash from biomass.

COMPETITIVE STRENGTHS AND ASSETS

Since 2014, the Company has grown at a sustained pace with the development of three new technologies in the field of cement, and the construction of two production sites for clinker-free decarbonised cements.

Building on this development, the Company has a head start in meeting future environmental standards for construction and is a true pioneer in low-carbon cement.

The Company believes that it has a number of competitive advantages and barriers to entry, as presented below.

Major innovations responding to the environmental emergency

As the first clinker-free cements, Hoffmann Green cements make a quantifiable contribution from an environmental and societal point of view. The three technologies H-P2A, H-EVA and H-UKR are disruptive technologies, alternatives to traditional Portland cement, reducing CO_2 emissions fivefold compared to traditional CEM I type Portland cement in an innovative manufacturing process[7]. They also offer technical and economic performance superior to traditional Portland cement.

The Company's patented technologies constitute barriers to entry for new players wishing to enter the low-carbon cement market. These barriers are reinforced by the unique skills and know-how developed by the Company's teams, both in fundamental research and in the particularly innovative manufacturing processes.

A new 4.0 industrial concept specifically adapted to the manufacture of low-carbon cements

In November 2018, the Company inaugurated the first clinker-free cement manufacturing site in the world. In July 2023, the Company commissioned its second production site ("H2"), a 70-metre-high vertical production unit built entirely with Hoffmann cement, the only one of its kind in the world, at its Bournezeau site in the Vendée region. This innovative, environmentally-friendly production site is fully adapted to a new product and to human safety. This modern vision of the industry has enabled the Company to take part in France's *Investissement d'Avenir* programme and Horizon 2020, Europe's prestigious research and innovation programme, and to obtain a great deal of support at national, regional, departmental and local level.

The Bournezeau site is located at the heart of a true ecosystem of businesses, most of which are family-owned, some of which have become leaders in their markets. These include companies such as Cougnaud Construction in modular building, and Soriba in precast concrete, Briand Group in steel structures, but also Sodebo or Fleury-Michon in the agri-food industry, or Bénéteau in boating, etc.

A disruptive business model

The Company has a profitable and sustainable model based on high value-added positioning founded on the implementation of partnership agreements. At the date of the Annual Financial Report, the Company is not yet profitable because it is in the development phase.

Each partnership agreement is signed for a period of three to eight years. These agreements may include:

- the provision of (upfront) engineering services; and
- cement sales by volume.

In addition, this unique income model is supported by value-creating levers.

The Company benefits from a high value-added positioning, given the technical performance and productivity gains brought by Hoffmann Green cements. For these reasons, the Company has positioned itself at a higher price for cement per metric ton than traditional Portland cement (respectively around €200 per metric ton for Hoffmann Green cements and €140 per metric ton for traditional Portland CEM I type cement[8]). However, this price differential does not have a significant impact on the scale of a building and therefore does not represent an obstacle for customers (around 3% difference, all trades combined, without taking into account the cost of the constructability bonus)[9]. The prices offered by the Company are contractualised with the Company's customers through partnership agreements.

In comparison with traditional cement manufacturers, whose capital structure is very large, construction of the Company's production sites requires more limited investment requirements and can be easily duplicated to support the development of its activities

A favourable regulatory framework

In a context where scientists are constantly sounding the alarm and stressing the environmental emergency, traditional cement manufacturers are under continuous pressure to reduce the carbon footprint of their activity. This pressure results in particular from increasingly restrictive regulations, via the reduction in the free allocation of CO_2 emission allowances, the increase in the carbon tax, and the implementation of the 2020 environmental regulations (these new regulations are described in section 1.6 of the Annual Financial Report).

Hoffmann Green decarbonised cements are currently the only industrial solutions enabling a five-fold reduction in the carbon footprint of cement compared to traditional CEM I type Portland cement. They are therefore fully in line with future construction standards, giving the Company a significant competitive advantage over traditional cement manufacturers.

INVESTMENTS

Main ongoing and future investments

Creation of H2 plants in Bournezeau and H3 in the Hauts-de-France region

As part of its strategy, the Company initiated in December 2020 the construction of a new “H2” production site, which was commissioned in July 2023 in Bournezeau, next to the “H1” site.

During the 2024 financial year, the Company plans to launch the construction of the “H3” production site at the Port of Dunkirk, on a multimodal platform (river access, rail access, road access), with a view to commissioning in 2025.

Maximum operation of the three production sites will provide overall production capacity of 550,000 metric tons of cement per year by 2026.

The investment budget for “H3” is around €22 million:

- two-thirds of the investments will be allocated to industrial process equipment, which will be amortised over an average period of eight years;

- one-third of the investments will be allocated to real estate, which will be amortised over an average period of 30 years.

A portion of the funds raised as part of the Company’s IPO has been used to finance “H3”, in the same way as the "H2" production site.

1.3. ORGANISATIONAL STRUCTURE

HOFFMANN GREEN CEMENT TECHNOLOGIES SA (formerly Holding HJB Tech) has been a French limited company (*société anonyme*) with a Management Board and a Supervisory Board since 3 September 2019. It is registered with the La Roche-sur-Yon Trade and Companies Register under number 809 705 304 and its registered office is located at La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon.

Since June 2022, HOFFMANN GREEN CEMENT TECHNOLOGIES has held 100% of the share capital of HOFFMANN MICROTECH, a simplified joint stock company registered in the Périgueux Trade and Companies Register under number 353 883 648 whose registered office is located at 1 rue des Chênes, 12110 Viviez, France.

In July 2022, the Company entered into a first partnership in Switzerland with a local construction company through the creation of a joint venture, HOFFMANN SUISSE. HOFFMANN SUISSE is 10% owned by HOFFMANN GREEN CEMENT TECHNOLOGIES and is majority controlled by the local partner (90%). HOFFMANN SUISSE is located at 25B route du Bois-de-Bay, 1242 Satigny, Switzerland.

1.4. REVIEW OF FINANCIAL POSITION AND INCOME

The financial information presented in this chapter is taken from the Company's annual financial statements prepared in accordance with IFRS as adopted by the European Union for the 2022 and 2023 financial years. Readers are invited to read this analysis of the Company's financial position and income for the financial years ended 31 December 2022 and 31 December 2023, together with the Company's financial statements and the notes to the financial statements presented in chapter 2 of the Annual Financial Report and any other financial information included in the Annual Financial Report.

FINANCIAL POSITION

(in thousands of euros)	2023	2022	Change
Revenue	**6,041**	**2,219**	**3,822**
Profit (loss) from continuing operations	**-8,546**	**-9,358**	**812**
EBITDA	**-5,170**	**-6,617**	**1,447**
Operating Income	**-8,803**	**-8,254**	**-549**
Net finance income	986	-1,111	2,097
Tax	-45	2,626	-2,671
Net Income	**-7,862**	**-6,739**	**-1,123**

Available cash	**13,280**	**30,247**	**-16,967**
Cash investments	**11,755**	**11,754**	**1**
Equity	**67,035**	**74,693**	**-7,658**

Annual results

The Company’s revenue in 2023 is up significantly compared to the revenue achieved in 2022 (+€3.8 million; +172% compared to 2022) and is higher than the guidance given by the Company (€4.5 million). This year-on-year increase is explained by the increase in cement volumes sold, up by 78% (21,378 metric tons in 2023 compared to 12,010 metric tons in 2022) and the signature of the first international licensing agreement in Saudi Arabia, which resulted in the registration of a €2 million upfront fee. It should be noted that the marketing of Hoffmann carbon credits, which began at the end of 2022, generated €276 thousand in revenue in 2023, which enabled the Company to offer more competitive prices on a number of targeted and strategic projects.

EBITDA for the 2023 financial year was -€5.2 million compared to -€6.6 million in 2022. The improvement in EBITDA year-on-year (+€1.4 million) is mainly due to the growth of the business. It should be noted that the Group’s headcount increased from 43 employees at the end of 2022 to 52 employees at the end of 2023 due to the strengthening of the sales and technical teams. Personnel expenses increased by €0.7 million year-on-year.

Profit (loss) from continuing operations is -€8.5 million. The year-on-year change (+€0.8 million) is explained by the change in EBITDA and the increase in depreciation, amortisation and provisions (-€0.6 million) related to the commissioning of the "H2" unit and the concrete batching plant in 2023.

Net finance income for 2023 amounted to +€1.0 million and posted a significant year-on-year increase (+€2.1 million) linked to the change in the market value of UCITS (+€1.9 million).

Net income for 2023 stands at -€7.9 million.

A solid financial position

At 31 December 2023, the Company has a strong statement of financial position with shareholders' equity of €67 million, down €7.7 million due to the net income for the financial year.

Available cash amounted to €13.3 million (and €25 million including investments). The change in cash and cash equivalents over the period (-€17 million) is explained by investment flows (-€7.6 million) mainly related to the construction of the H2 production site, the construction of the R&D concrete batching plant, the renovation of the Hoffmann Microtech site, by operating cash flows (-€5.2 million), and by repayments of loans (-€4.2 million).

PROPOSED ALLOCATION OF NET INCOME FOR THE 2023 FINANCIAL YEAR

Subject to the approval of the financial statements for the 2023 financial year, it will be proposed to the shareholders at the next General Meeting to be held on 31 May 2024, to allocate the loss for the financial year, i.e. -€7,560,650 to the "Retained earnings" account (of -€32,480,610) which will then total -€40,041,260.

INFORMATION ON SUPPLIER AND CUSTOMER PAYMENT TERMS

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

Invoices received and issued and unpaid at the closing date which are due
(table pursuant to Article D. 441-4)

	Article D. 441 I. 1°: Invoices received, unpaid on the closing date, and which are due						Article D. 441 I. 2°: Invoices issued unpaid on the closing date, and which are due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment tranches												
Number of invoices concerned	436					132	69					23
Total amount of invoices concerned (specify: excl. VAT or incl. VAT)	1,526,537	380,834	1,941	1,322	133,443	517,541	2,567,787	129,274	1,023,212	7,323	219,607	1,379,417
Percentage of total purchases for the financial year (specify: excl. VAT or incl. VAT)	15%	4%	0%	0%	1%	5%						
Percentage of revenue for the financial year (specify: excl. VAT or incl. VAT)							43%	2%	17%	0%	4%	23%
(B) Invoices excluded from (A) relating to disputed debts or receivables due or not recognised												
Number of invoices	N/A						N/A					
Total amount of invoices excluded (specify: excl. VAT or incl. VAT)												
(C) Reference payment terms used (contractual or statutory Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	Contractual payment terms: Due date on supplier invoice						Contractual payment terms: Due date set by HGCT					

Doubtful receivables are not included in the table

DIVIDEND DISTRIBUTION POLICY

Dividends and reserves distributed by the Company over the last three financial years

N/A

Distribution policy

It is not planned to initiate a short-term dividend payment policy given the Company's stage of development.

1.5. REGULATORY ENVIRONMENT

The regulatory environment in which the Company operates and which may have a significant impact on its activities is presented below.

CO_2 EMISSION ALLOWANCES[10]

The principle of the emissions trading scheme

The emissions trading system is a regulatory tool that facilitates the achievement of CO_2 emissions reduction targets. A quota corresponds to the authorisation to emit one ton of CO_2.

The European Union Emissions Trading Scheme (EU ETS), set up in 2005, currently covers CO_2 emissions for more than 11,000 European industrial sites (in cement, electricity, steel, glass, paper, refining, heating networks, etc.), including around 900 in France.

The criteria for integration into the EU ETS (categories of activities, production and combustion output thresholds) are defined by Annex I of Directive 2003/87/EC.

In practice, EU Member States impose a cap on CO_2 emissions for the 11,000 facilities concerned by this system, then allocate the quotas corresponding to this cap to them. Each year, the companies concerned must surrender the number of allowances corresponding to the number of metric tons of CO_2 issued the previous year.

[10] Source: Développement-durable.gouv.

Thus, a company that emits less CO_2 than its initial allocation of allowances can exchange or resell its remaining unused allowances on the European emission allowance market. The related revenues can be used, for example to finance investments to control CO_2 emissions. If they cannot be sold on the market, a company that benefits from an excess of allowances may keep them for subsequent years.

Conversely, a company that emits more than its initial allocation of allowances must buy the missing allowances, this is the so-called "polluter pays" principle.

Quotas are traded between buyers and sellers:

- on marketplaces;
- through a financial intermediary; or
- over the counter.

Allocation of free emission allowances

In order to prevent the risk of loss of competitiveness of European companies with regard to competitors who do not have the same regulatory constraints, the EU authorises a transitional allocation of free allowances for sites whose production is most exposed to international competition and to the costs of CO_2 emission allowances.

Thus, each year, relevant French industrial sites receive a certain number of emission allowances free of charge corresponding to the annual allocation decided under the French National Quota Allocation Plan (PNAQ).

Under the PNAQ, the French production sites of traditional cement manufacturers benefit from free emission allowance allocations. These free allocations have enabled cement manufacturers to consolidate a surplus of emission allowances that has continued to increase since the implementation of the EU ETS. However, for the first time in 2018, the cement industry received fewer free allowances than its CO_2 emissions, thus its surplus emission allowances are no longer increasing.

Development prospects

To achieve the EU's overall CO_2 emissions reduction target by 2030, the sectors covered by the EU ETS must reduce their emissions by 43% compared to 2005 levels. In order to increase the pace of emissions reductions, the revised version of the EU ETS Directive, which will apply for the period 2021-2030, provides that the total number of emission allowances will be reduced by 2.2% per year from 2021, compared to 1.74% currently.

This revision of the EU ETS will therefore reduce the volumes of emission allowances put on the market by industrial players from 2021.

According to a study by the think tank Carbon Tracker published in 2018 and confirmed by an Oddo BHF study published in 2021, future reductions in allowances will automatically lead to a sharp increase in the price of emission allowances on the European market. The price per metric ton of CO_2 already reached €100 in February 2023.

The increase in the price of emission quotas, correlated with the continued decline in the allocations of free quotas, is accelerating the transition of the EU and France to a low-carbon economy.

This regulation has a favourable impact on the Company and its competitive positioning. Given its low carbon footprint, the Company is not subject to these quotas, unlike traditional cement manufacturers. Following the EU-ETS reform, the surplus emission allowances available to the cement industry are expected to decrease over time and when these surpluses are zero, traditional cement manufacturers will have to purchase CO_2 emission allowances at increasingly high prices. The production cost of traditional Portland cement will therefore increase and negatively impact the results and profitability of traditional cement manufacturers. In this respect, some cement manufacturers have already passed on price increases to their customers.

THE “CARBON TAX”

The carbon component which was established by the French Finance Act for 2014 (Act No. 2013-1278 of 29 December 2013), and in force since 1 April 2014, is included in energy taxes, depending on the amount of CO_2 emitted by a product (commonly referred to as a “carbon tax”).

Expressed in euros per metric ton of CO_2, it is paid by individuals and businesses through integration it into the final price of gasoline, diesel, fuel oil or natural gas.

The purpose of this tax is to achieve the objectives of the national low-carbon strategy established in 2015, which aims in particular to reduce CO_2 emissions by 50% in the building sector by 2030 and 87% by 2050.

The amount of the carbon tax is steadily increasing in order to encourage consumers to reduce the use of fossil fuels. Its amount is set each year in the budget.

The Company’s economic model is not affected by the gradual increase in the carbon tax (by way of illustration, over the period 2014-2019, it increased from €7 to €44.6 per metric ton of CO_2 emitted) unlike traditional cement manufacturers. Indeed, the latter pass on the impact of the carbon tax directly on the selling price of traditional cement, which is therefore intended to increase in parallel with the amount of the carbon tax. In this sense, this regulation has a favourable impact on the Company.

2020 ENVIRONMENTAL REGULATION

The new environmental regulation for new buildings ("ER 2020") has been in force since 1 January 2021.

Its major challenge is to significantly reduce the building's carbon emissions. To this end, it is based on a gradual transformation of construction techniques, industrial sectors and energy solutions, in order to control construction costs and ensure the upskilling of professionals.

ER 2020 is ambitious and demanding. It sets progressive targets for CO_2 emissions per square metre built.

Unlike traditional Portland cement, Hoffmann Green cements make it possible to obtain the "Carbon 2" level. To the Company's knowledge, as of the date of the Annual Financial Report, there are no other solutions allowing eligibility for the constructability bonus. Given the carbon footprint of Hoffmann Green cements, this regulation gives the Company a significant competitive advantage. This regulation has a significant favourable impact on the Company.

TAXONOMY

The European "Taxonomy" regulation aims to establish a classification of economic activities to determine those that can be considered "environmentally sustainable" or "green". The objective is to redirect investments towards activities favourable to the energy and ecological transition, in particular those contributing to the fight against global warming. This green taxonomy can be used to award "green" labels. It promotes market transparency and the development of green finance (green bonds, etc.) and sustainable finance. It also makes it possible to limit green washing ("green washing").

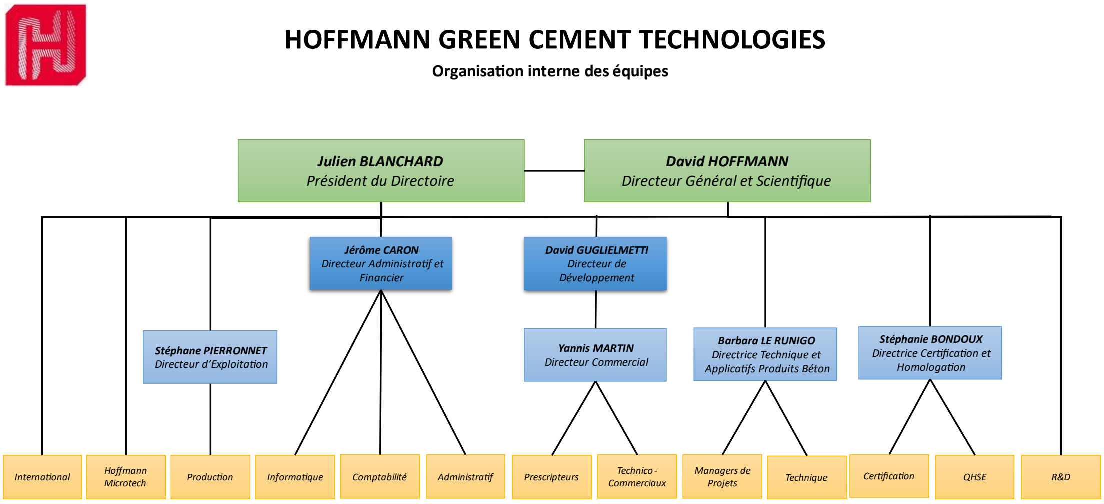
The "Taxonomy" defines a "green" cement as a cement with a carbon footprint of less than 469 kg of CO_2 per metric ton of cement produced. In 2022, Ethifinance assessed the eligibility and alignment of the Company's activities with regard to the European Taxonomy. It shows that 100% of the Company's activities are aligned with the Taxonomy, which gives the Company a significant competitive advantage in this regard.

1.6. EMPLOYEES

NUMBER OF EMPLOYEES AND BREAKDOWN BY POSITION

The Group had 52 employees at 31 December 2023 compared to 43 employees at 31 December 2022.

The Company's operational organisation chart on the date of the Annual Financial Report



Number and breakdown of employees

The Company's salaried workforce at the end of the year changed as follows:

	31/12/2023	31/12/2022	31/12/2021
Executives	31	20	17
Supervisors and technicians	21	22	15
Apprentices		1	1
TOTAL	**52**	**43**	**33**

Employee representation

The election of a Social and Economic Committee (CSE) was organised in the second half of 2020. However, no candidate came forward. Thus, no employee representation system was in place within the Company at the date of the Annual Financial Report. The next elections will be held in July 2024.

The Company believes that it has good relations and listens to its employees. No labour disputes have arisen since the creation of the Company.

EMPLOYEE SHARE CAPITAL

On the date of Annual Financial Report, the provisions relating to statutory profit-sharing do not apply to the Company, because it has had under 50 employees for the last five financial years.

The Company has not set up a company savings plan.

As the vesting period for free share plan No. 6 (Plan No. 6) expired on 16 January 2024, the Management Board established that the conditions and criteria for the final grant were satisfied, and decided to allocate 6,500 treasury shares to the share buyback programme dedicated to the coverage of the free share plans for Plan No. 6 beneficiaries implemented on 17 October 2023, noting the issuance of 11,500 shares and the final allocation of 18,000 shares to the beneficiaries of Plan No. 6.

In addition, on 29 January 2024 and 5 February 2024, two free share plans were set up for employees (Plan No. 7 and Plan No. 8). 15,979 shares were allocated under Plan No. 7 set up for the benefit of the employees of the Company who joined the Company since 16 January 2023, and 27,666 shares were allocated under Plan No. 8 set up for the benefit of the employees of the Company, and members of the Company's Extended Management Committee with the exception of David Hoffmann.

On the date of the Annual Financial Report, the Company has set up four free share plans for its employees (excluding David Hoffmann). On the date of the Annual Financial Report, 52,306 shares had been acquired and 69,803 shares were being acquired under these plans.

INTEREST-BASED INTEREST AGREEMENTS

On the date of Annual Financial Report, the Company has not implemented any incentive or profit-sharing mechanisms.

1.7. SHARE CAPITAL

AMOUNT OF SHARE CAPITAL

On the date of the Annual Financial Report, the Company's share capital amounts to €14,648,193 divided into 14,648,193 shares with a par value of €1 each, all fully subscribed and paid up.

NUMBER, CARRYING AMOUNT AND PAR VALUE OF SHARES HELD BY OR ON BEHALF OF THE COMPANY

The Company entered into a share buyback agreement with Portzamparc (BNP Paribas Group) on 21 October 2019 as part of the implementation of a first share buyback programme to set up a liquidity contract. This agreement, entered into for an initial period of 12 months from 21 October 2019, has since been renewed by tacit agreement for successive periods of 12 months.

In addition, at its meeting of 17 October 2023, the Company's Management Board, in accordance with the ninth resolution approved by the General Meeting of Shareholders of 2 June 2023, decided to implement a share buyback programme to cover the free share plans for Hoffmann Green employees, for a maximum amount of €400,000, within 18 months.

On the date of Annual Financial Report, the Company holds 14,449 of its own shares, representing 0.1% of its share capital.

CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR SECURITIES WITH WARRANTS

Following the authorisation given by the Supervisory Board of the Company at its meeting of 12 February 2024, the Management Board, making use of the delegation of authority conferred by the 12th resolution of the General Meeting of 2 June 2023, at its meeting of 16 February 2024, decided to issue a bond for a nominal amount of €4,999,997.44, in the form of bonds convertible into and/or exchangeable for new or existing shares (OCEANE), which have been subscribed by funds managed by Eiffel Investment Group.

The OCEANE will mature on 20 February 2029.

The purpose of the OCEANE issue is to provide the Company with additional financial resources as part of its industrial and commercial strategy.

As an illustration, the maximum dilution would be approximately 3.2% of the current share capital if the Company were to deliver only new shares in the event of the conversion of the OCEANEs.

1.8. MAIN SHAREHOLDERS

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Breakdown of share capital and voting rights as of the Annual Financial Report

The shareholding table below shows the breakdown of the share capital and voting rights of the Company, the historical shareholders and shareholders holding more than 5% of the share capital on the date of the Annual Financial Report:

	Number of shares	% capital	Voting rights	% theoretical voting rights
Julien Blanchard	2,740,028	18.71%	5,480,056	23.35%
Gillaizeau Terre Cuite(1)	1,867,961	12.75%	3,709,804	15.81%
Julien Blanchard	**4,607,989**	**31.46%**	**9,189,860**	**39.15%**
David Hoffmann	2,715,028	18.53%	5,430,056	23.14%
Hoffmann Capital Holding(2)	27,900	0.19%	55,800	0.24%
David Hoffmann	**2,742,928**	**18.73%**	**5,485,856**	**23.37%**
Julien Blanchard + David Hoffmann	**7,350,917**	**50.18%**	**14,675,716**	**62.53%**
ELUDOM (formerly COUGNAUD SA)(3)	**848,218**	**5.79%**	**1,696,436**	**7.23%**
EMPLOYEES	**46,545**	**0.32%**	**73,133**	**0.31%**
Treasury shares	**14,449**	**0.10%**	**14,449**	**0.06%**
OTHER SHAREHOLDERS	**6,388,064**	**43.61%**	**7,010,730**	**29.87%**
	14,648,193	**100.00%**	**23,470,464**	**100.00%**

(1) Simplified joint-stock company with share capital of €2,611,374, whose registered office is located at La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, France, registered with the La Roche-sur-Yon Trade and Companies Register under the number 546 150 061. Julien Blanchard holds 57.52% of the company JB Finance, which holds 87.90% of Gillaizeau Terre Cuite.

(2) A non-profit company with share capital of €19,760, whose registered office is located at La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, registered with the RCS of La Roche-sur-Yon under number 825 008 774. David Hoffmann holds 99.9% of Hoffmann Capital Holding.

(3) Simplified joint-stock company with capital of €4,000,000, whose registered office is at Mouilleron Le Captif (85000) – CS 40028, registered in the Trade and Companies Register of La Roche-sur-Yon under number 380 730 721.

Julien Blanchard, Gillaizeau Terre Cuite, David Hoffmann and Hoffmann Capital Holding act together in respect of the Company.

- Each member of the Supervisory Board and Management Board must own, directly or indirectly, or become the owner of within three months of being appointed, at least 1,000 shares in the Company (this condition does not apply to independent members of the Supervisory Board namely Philippe Duval and Alessandra Gaudio), in accordance with Article 12 of the Articles of Association. At the date of the Annual Financial Report, Julien Blanchard holds 4,607,989 shares in the Company directly and indirectly (via the company Gillaizeau Terre Cuite).
- David Hoffmann holds 2,742,928 Company shares directly and indirectly (via Hoffmann Capital).
- Eric Cougnaud holds 848,218 Company shares indirectly (via ELUDOM).
- Isabelle Mommessin directly holds 459,963 Company shares.
- Gil Briand holds 172,235 Company shares indirectly (via Hestia).
- Alessandra Gaudio holds 2,758 Company shares.

VOTING RIGHTS OF MAIN SHAREHOLDERS

The voting rights attached to the Company's shares are proportional to the portion of the share capital they represent and each share gives the right to one vote.

However, in accordance with Article 9 of the Company's Articles of Association, a voting right which is double the voting rights of other shares, in view of the percentage of the share capital they represent, applies to all fully paid-up shares where proof is provided that they have been registered in the name of the same shareholder for at least two years.

CONTROL OF THE COMPANY

As at the date of the Annual Financial Report, Julien Blanchard and David Hoffmann act in concert with respect to the Company (the "**Concert**") and jointly control the Company within the meaning of Article L. 233-3 of the French Commercial Code.

Julien Blanchard holds:

- directly: 18.71% of the share capital and 23.35% of the voting rights of the Company; and
- indirectly: 12.75% of the share capital and 15.81% of the voting rights of the Company, via Gillaizeau Terre Cuite, itself 87.90% owned by JB Finance. Finance, itself owned 57.52% by Julien Blanchard,

amounting to a total direct and indirect holding of 31.46% of the share capital and 39.15% of the voting rights of the Company.

David Hoffmann holds:

- directly: 18.53% of the share capital and 23.14% of the voting rights of the Company; and
- indirectly: 0.19% of the Company's share capital and 0.24% of the voting rights, via Hoffmann Capital Holding, which is 99.9% owned by David Hoffmann,

amounting to a total direct and indirect holding of 18.73% of the share capital and 23.37% of the voting rights of the Company.

2. FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2.1. FINANCIAL STATEMENTS PREPARED UNDER IFRS FOR THE YEAR ENDED 31 DECEMBER 2022

HOFFMANN GREEN CEMENT TECHNOLOGIES

IFRS financial statements 2023 and 2022

CONTENTS


CATALYST OF
CARBON TRANSITION

1. Statement of financial position

ASSETS (in thousands of euros)

ASSETS	Notes	31/12/2023	31/12/2022
Intangible assets	**6.7.1**	7,936	6,750
Property, plant and equipment	**6.7.2**	43,352	40,570
Other financial assets	**6.7.3**	11,388	10,664
Other non-current assets	**6.7.4**	74	35
Deferred tax assets	**6.7.5**	9,720	9,878
Total non-current assets		**72,469**	**67,897**
Inventories and work-in-progress	**6.7.6**	3,438	4,550
Trade receivables	**6.7.7**	5,073	2,319
Other current assets	**6.7.7**	2,277	2,652
Current tax assets	**6.10.1**	28	16
Cash and cash equivalents	**6.7.8**	13,280	30,247
Total current assets		**24,096**	**39,784**
TOTAL ASSETS		**96,565**	**107,681**

The notes form an integral part of the IFRS annual financial statements.

LIABILITIES (in thousands of euros)

LIABILITIES	Notes	31/12/2023	31/12/2022
Share capital	**5 and 6.7.9**	14,637	14,635
Share premiums	**5**	82,697	82,698
Other comprehensive income items	**5**	-1	4
Consolidated reserves attributable to owners of the parent	**5**	-22,436	-15,905
Consolidated income attributable to owners of the parent	**5**	-7,862	-6,739
Equity attributable to owners of the parent	**5**	**67,035**	**74,693**
Consolidated reserves – non-controlling interests	**5**		
Consolidated income – non-controlling interests	**5**		
Equity attributable to non-controlling interests	**5**		
Total equity		**67,035**	**74,693**
Borrowings and financial debt	**6.7.10**	14,647	19,605
Provisions for retirement benefit obligations	**6.7.12**	44	16
Other long-term provisions		38	
Other non-current liabilities	**6.7.15**	3,603	3,082
Deferred tax liabilities	**6.7.15**	102	207
Total non-current liabilities		**18,434**	**22,911**
Borrowings and financial debt	**6.7.10**	5,535	4,918
Trade payables and related accounts	**6.7.15**	4,193	3,857
Other current liabilities	**6.7.15**	1,368	1,302
Current tax liabilities	**6.10.1**		
Total current liabilities		**11,096**	**10,077**
TOTAL LIABILITIES		**96,565**	**107,681**

The notes form an integral part of the IFRS annual financial statements.

2. Income statement

(in thousands of euros)

	Notes	31/12/2023	31/12/2022 *proforma*
REVENUE	**6.8.1**	**6,041**	**2,219**
Other operating income		110	56
Purchases consumed	**6.8.2**	-3,483	-2,163
Employee benefits expense	**6.8.3**	-2,861	-2,199
External expenses	**6.8.4**	-5,386	-5,010
Taxes and duties		-25	-107
Depreciation/amortisation charge	**6.7.1 and 6.7.2**	-3,306	-2,558
Appropriations/reversals of provisions and impairments	**6.7.4 - 6.7.7 and 6.7.12**	-70	-183
Change in inventories of work in progress and finished goods		-109	133
Other recurring operating income and expenses	**6.8.5**	544	454
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**-8,546**	**-9,358**
Other operating income and expenses	**6.8.6**	-257	1,104
OPERATING INCOME		**-8,803**	**-8,254**
Cash and cash equivalents		1,882	499
Gross borrowing cost		-896	-1,610
Net borrowing cost	**6.8.7**	**986**	**-1,111**
Other financial income and expenses	**6.8.7**		0
Income tax expense	**6.10.1**	-45	2,626
CONSOLIDATED NET INCOME		**-7,862**	**-6,739**
Owners of the parent		-7,862	-6,739
Share of non-controlling interests			
BASIC NET INCOME PER SHARE	**6.4.25**	-0.5379	-0.4609
DILUTED EARNINGS PER SHARE	**6.4.25**	-0.5379	-0.4609

The notes form an integral part of the IFRS annual financial statements.

3. Comprehensive income items

(in thousands of euros)

	31/12/2023	31/12/2022 *proforma*
PROFIT FOR THE PERIOD	**-7,862**	**-6,739**
Items recyclable to the income statement		
Translation differences		
Revaluation of financial assets		
Tax on items recognised directly in other comprehensive income		
Items not recyclable to the income statement		
Tax on items recognised directly in other comprehensive income	0	-1
Actuarial differences	-1	6
Income and expenses recognised directly in other comprehensive income		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**-1**	**4**
COMPREHENSIVE INCOME FOR THE PERIOD	**-7,863**	**-6,735**
Owners of the parent	-7,863	-6,735
Share of non-controlling interests	0	0

The notes form an integral part of the IFRS annual financial statements.

4. Cash flow statement

(in thousands of euros)

	Notes	31/12/2023	31/12/2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	2	**-7,862**	**-6,739**
Net depreciation, amortisation and provisions	6.7.1-2-12	3,376	2,548
Reversals of grants	6.8.5	-337	-274
Gains and losses on disposals	6.9.1	210	1
Expenses without cash impact (share-based payments)		249	43
Income without cash impact (reversal of badwill)			-1,075
Cash flow after net borrowing cost and tax		**-4,364**	**-5,496**
Net borrowing cost	6.8.7	-986	1,111
Income tax expense (including deferred tax)	6.9.2	45	-2,626
Cash flow from operations before cost of net borrowing cost and tax		**-5,305**	**-7,012**
Tax paid	6.9.3		**0**
Change in working capital requirements:			
- Other non-current assets	6.7.4	-39	11
- Inventories	6.9.4	1,111	-1,530
- Customers	6.9.5	-2,754	163
- Other current assets (excluding loans and guarantees)	6.9.6	375	833
- Other non-current liabilities	6.7.15	521	402
- Suppliers	6.9.7	454	-103
- Other current liabilities	6.9.8	404	463
	Total	**73**	**237**
Net cash from operating activities		**-5,233**	**-6,774**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisitions of non-current assets(1)	6.9.9	-7,610	-18,118
Disposals of non-current assets	6.9.10	24	108
Change in loans and advances granted	6.9.11	-3	-15
Consolidation of ABC BROYAGE and AB CESAR(2)			-624
Net cash flow from investing activities		**-7,590**	**-18,649**
CASH FLOWS FROM FINANCING ACTIVITIES			
Parent company capital increase	5		
Expenses related to the IPO	6.9.12		-3
Treasury shares		-52	-48
Borrowings(1)	6.9.13	528	2,785
Repayments of borrowings	6.9.14	-4,887	-3,716
Net borrowing cost	6.9.15	266	-52
Net cash from (used in) financing activities		**-4,145**	**-1,034**
CHANGE IN CASH AND CASH EQUIVALENTS		**-16,967**	**-26,457**
Opening cash position	6.7.8	30,247	56,704
Closing cash and cash equivalents	6.7.8	13,280	30,247
Change in cash and cash equivalents		**-16,967**	**-26,457**

The notes form an integral part of the IFRS annual financial statements.

5. Table of change in equity

(in thousands of euros)

	Share capital	Premiums	Other comprehensive income items	Reserves	Profit (loss) for the period	Total equity	Non-controlling interests	Group equity
At 31 December 2021	**14,602**	**82,733**	**2**	**-10,376**	**-5,562**	**81,399**		**81,399**
Movements:								
Income appropriation N-1			-2	-5,560	5,562			
Dividends paid to shareholders of the parent company								
Treasury shares				-11		-11		-11
Actuarial differences			4			4		4
Share-based payments				43		43		43
Capital increase (AGA)	32	-32						
Allocation of IPO costs net of corporate tax		-2				-2		-2
Consolidated income					-6,739	-6,739		-6,739
At 31 December 2022	**14,635**	**82,698**	**4**	**-15,905**	**-6,739**	**74,693**		**74,693**
Movements:								
Income appropriation N-1			-4	-6,735	6,739			
Dividends paid to shareholders of the parent company								
Treasury shares				-47		-47		-47
Actuarial differences			-1			-1		-1
Share-based payments				248		248		248
Impact of pension reform				4		4		4
Capital increase (AGA)	2	-2						
Consolidated income					-7,862	-7,862		-7,862
At 31 December 2023	**14,637**	**82,697**	**-1**	**-22,436**	**-7,862**	**67,035**		**67,035**

The notes form an integral part of the IFRS annual financial statements.

The premiums at 31 December 2023 are due to a succession of events:

- On 30 June 2017, as part of the merger between HGCT (formerly HOLDING HJB TECH) and ARGIWEST, a merger premium of €500 thousand and a premium in the amount of €125 thousand for loss of retroactivity was recognised.
- In 2018, the successive capital increases carried out in HGCT (formerly HOLDING HJB TECH) resulted in issue premiums totalling €2,118 thousand incorporated into the share capital in the amount of €2,113 thousand.
- The merger of HGCT (formerly HOLDING HJB TECH) and HGCT on 28 June 2019, generated a capital increase of €253 thousand accompanied by a merger premium of €2,481 thousand.
- On 17 October 2019, conversion of bonds into shares as part of the IPO resulted in a capital increase of €244 thousand accompanied by an issue premium of €17,336 thousand.
- The successive capital increases of 18 October 2019 and 12 November 2019 in relation to the Company's IPO amounting to €783 thousand in total, generated a new issue premium of €55,602 thousand, to which the IPO expenses net of corporate tax in the amount of €3,894 thousand were charged.
- On 18 November 2019, HGCT carried out a new capital increase by allocating a portion of the issue premium, in the amount of €10,202 thousand.
- On 30 November 2021, HGCT again tapped the financial markets and carried out a capital increase in the amount of €1,000 thousand, combined with an issue premium of €21,500 thousand, against which the costs of this capital increase net of corporation tax of €719 thousand were charged.
- On 4 and 13 January 2022, HGCT carried out two successive capital increases as part of the settlement of the two free share allocation plans, carried out by deduction from the issue premium, for a total amount of €32 thousand.
- During the 2022 financial year, additional costs related to the IPO of the previous financial year were charged in the amount of €2 thousand net of corporation tax.
- On 4 January 2023, HGCT carried out a capital increase as part of the unwinding of one of the two free share allocation plans, carried out by deduction from the issue premium, for a total amount of €2 thousand.

On 18 January 2022 and 16 January 2023 the Management Board decided to allocate free Company shares to employees subject to the following conditions:

- Plan No. 4: 14,443 shares.
- Plan No. 5: 22,147 shares.
- Plan No. 6: 20,500 shares.

The shares will only vest after a vesting period ending on 18 January 2025 (Plan No. 4), 16 January 2026 (Plan No. 5), and 16 January 2024 (Plan No. 6).
These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

The free share allocation plans therefore relate to 57,090 shares to be issued as part of one or more capital increases or through the buyback of existing shares by the Company.

In accordance with the provisions of IFRS 2, employee compensation items settled in equity instruments are recognised in the income statement under “Personnel expenses”, with an offsetting entry in equity.
For free share allocation plans, the total expense is measured on the allocation date taking into account all the specific conditions likely to have an impact on the fair value, and distributed on a straight-line basis over the vesting period.

Plan No. 3, which expired in January 2023, and for which the actual expense had been taken into account at 31 December 2022, had no impact on the net income for the financial year.
At 31 December 2023, the actual unwinding of Plan No. 6 is taken into account, bringing the final cost, including employer contributions, to €184 thousand.
With regard to Plans Nos. 4 and 5, taking into account the departures of employees since the beginning of the year, it would result in the allocation of 11,841 and 15,417 shares respectively. For this purpose, a probability of presence, was taken into account at the vesting date, of 89% for the first and 18% for the second, ratios based on the proportion of departures recorded over the period. Once these assumptions have been made, the expense related to these two plans amounts to €82 thousand and €11 thousand respectively.

Treasury shares are restated in accordance with note 6.7.9.

6. Annexe aux comptes IFRS

Les informations ci-après constituent l'annexe des comptes IFRS faisant partie intégrante des états financiers présentés pour les exercices clos le 31 décembre 2023 et le 31 décembre 2022. Chacun de ces exercices a une durée de douze mois couvrant la période du 1er janvier au 31 décembre.

Dans l'ensemble des états financiers et annexes, les montants sont indiqués en milliers d'euros (K€), sauf indication contraire, et les différences de ± 1 K€ sont dues aux arrondis.

6.1. Presentation of the Company and important events

6.1.1. Information on the Company and its activity

HOFFMANN GREEN CEMENT TECHNOLOGIES is a public limited company (SA) with a Management Board and a Supervisory Board.

The financial statements are prepared in accordance with IFRS guidelines and cover a 12-month period from 1 January to 31 December.

Registered office: 6 La Bretaudière – Chaillé-Sous-Les-Ormeaux – Rives de l'Yon (85310), France.

Trade and Companies Register number: 809 705 304.

HOFFMANN GREEN CEMENT TECHNOLOGIES has developed an innovation that involves changing the actual composition of the cement to achieve a much smaller carbon footprint than traditional "Portland" cement.

The IFRS financial statements include the parent company HOFFMANN GREEN CEMENT TECHNOLOGIES and its subsidiary HOFFMANN MICROTECH.

HOFFMANN GREEN CEMENT TECHNOLOGIES and its subsidiary is hereinafter referred to as the "Company" or the "Group".

6.1.2. Significant events in the 2023 financial year

Free share allocation plans were approved by the Management Board on 4 January 2021, 18 January 2022 and 16 January 2023. One of the four plans signed (Plan No. 3) expired on 4 January 2023; employer contributions were fully provisioned at 31 December 2022. These plans therefore have no impact on the net income for the year. The three other plans mature on 18 January 2025 (Plan No. 4), 16 January 2026 (Plan No. 5) and 16 January 2024 (Plan No. 6). These plans have been recorded in accordance with IFRS 2.

As part of the development of its businesses and the volumes to be produced, the Company commissioned its new H2 plant, based in Bournezeau, built near the H1 plant, for a total amount of €22.4 million (including €0.9 million of expenses for the period). This development also led the Company to set up its own concrete batching plant for an amount of €2.4 million (including €0.4 million in expenses for the period), commissioned in the 2023 financial year.

In September 2023, the Company signed its first international licence agreement in Saudi Arabia with the Shurfah Group. This exclusive licensing agreement for a period of 22 years will see the construction of several "H2 unit" type production units in Saudi Arabia to support the decarbonisation of the construction sector in this region. In return for the industrial and technological transfer and this exclusivity, the Company will receive an entry fee from Shurfah as well as annual fixed and variable royalties based on the revenue generated by the marketing of Hoffmann cements in Saudi Arabia.

Lastly, the Company decided to present its non-inventory purchases for €415 thousand and its transport costs on purchases for €344 thousand under "External expenses", rather than under "Purchases consumed" as was the case for the previous financial year. Below is a pro forma income statement showing the reclassification carried out for a total amount of €759 thousand:

	31/12/2022 *proforma*	**31/12/2022**	**Changes**
REVENUE	**2,219**	**2,219**	
Other operating income	56	56	
Purchases consumed	-2,163	-2,922	759
Employee benefits expense	-2,199	-2,199	
External expenses	-5,010	-4,252	-759
Taxes and duties	-107	-107	
Depreciation/amortisation charge	-2,558	-2,558	
Appropriations/reversals of provisions and impairments	-183	-183	
Change in inventories of work in progress and finished goods	133	133	
Other recurring operating income and expenses	454	454	
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**-9,358**	**-9,358**	

6.2. Assessment of risk factors

The Group may be exposed to different types of financial risk: market risk, credit risk, liquidity risk, foreign exchange risk and interest rate risk. Where appropriate, the Group implements simple measures proportionate to its size to minimise the potentially adverse effects of these risks on financial performance. The Company's policy is not to subscribe to financial instruments for speculative purposes.

- **Credit risk**

Credit risk is the risk of financial loss for the Company in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

With regard to trade receivables, the Company performs regular assessments internally on the customer credit risk and the financial position of its customers.

- **Liquidity risk**

The Company's cash and cash equivalents amounted to €13,280 thousand at 31 December 2023.

Available cash includes (i) bank accounts and (ii) investment accounts. The Company has €11.1 million in highly liquid short-term cash investments (term deposits) that are easily convertible with a maturity of less than three months into a known amount of cash and whose value is not exposed to fluctuation risks.

The Company is not exposed to a liquidity risk resulting from the potential implementation of early repayment clauses on bank loans.

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

- **Foreign exchange risk**

The Company's strategy is to favour the euro as the currency when entering into contracts. The Company is therefore not currently subject to foreign exchange risk.

- **Interest rate risk**

At 31 December 2023, the Company's financial debts were not subject to interest rate risk.

6.3. Events after the 2023 reporting period

On 29 January 2024, and 5 February 2024, two new free share plans were set up. They relate to a total of 43,645 shares. At the date of the Annual Financial Report, 18,000 shares were vested and 70,903 shares were in the process of vesting (within the scope of these two new plans as well as those in progress on the date of the Annual Financial Report).

On 16 February 2024, the Company issued 488,281 OCEANE bonds (bonds convertible into and/or exchangeable for new or existing shares) with a nominal value of €5 million and a par value of €10.24 each. These OCEANE bonds will bear interest from 20 February 2024, at an annual rate of 6%, payable quarterly. A non-conversion premium equal to an annual rate of 3%, which can be capitalised, is provided for in the contract. The OCEANE will mature on 20 February 2029.

6.4. Accounting policies, rules and methods

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

6.4.1. Declaration of compliance

The Company prepared its financial statements, which were approved by the Management Board on 14 March 2024, in accordance with the standards and interpretations published by the International Accounting Standards Boards (IASB) and adopted by the European Union at the date of preparation of the financial statements, and presented in comparison with the 2021 financial year prepared according to the same accounting basis.
This framework, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes international accounting standards (IAS – International Accounting Standards and IFRS – International Financial Reporting Standards), the interpretations of the Standing Interpretations Committee (SIC) and the IFRIC – International Financial Interpretations Committee.
The general principles, accounting policies and options used by the Company are described below.

6.4.2. Principles of preparation of the financial statements

The Company's IFRS financial statements have been prepared according to the historical cost principle with the exception of certain categories of assets and liabilities in accordance with the provisions laid down by IFRS: employee benefits measured using the projected unit credit method, borrowings and financial liabilities measured using the amortised cost method (see note 6.11.3).

6.4.3. Business continuity

The business continuity (going concern) principle has been adopted by the Management Board.

6.4.4. Accounting policies

The accounting principles used are identical to those used for the preparation of the annual IFRS financial statements for the financial year ended 31 December 2022, except for the application of the following new standards, amendments to standards and interpretations adopted by the European Union and which are mandatory for the Company from 1 January 2023.

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

- Amendments to IAS 1 and the IFRS 2 Recommended practices – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 – International Tax Reform – Pillar 2 Model Rules
- IFRS 17 – Insurance contracts
- Amendments to IFRS 17 – Amendments to IFRS 17
- Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 – Comparative information

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

Standards, amendments to standards and interpretations published but not applied in advance by the Company:

- Amendments to IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with restrictive covenants
- Amendments to IFRS 16 – Lease liabilities arising from a sale and leaseback

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

6.4.5. Consolidation method

The Company applies IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements" and IFRS 12, "Disclosure of Interests in Other Entities".
IFRS 10, which deals with the recognition of consolidated financial statements, presents a single consolidation model that identifies control as the criterion to be met in order to consolidate an entity. An investor exercises control over an investee, if it has power over that entity, if it is exposed to the variable returns of the investee, or if it has rights to those variable returns by

virtue of its involvement in that entity, and whether it has the ability to use its power over the entity to affect the amount of those returns.
Subsidiaries are entities over which the Company exercises control.

6.4.6. Use of judgments and estimates affecting assets and liabilities

The Company's management regularly reviews its estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable in view of the circumstances. These form the basis for its assessment of the carrying amount of items of income and expenses and assets and liabilities. These estimates have an impact on the amount of income and expenses and on the values of assets and liabilities. The actual amounts may subsequently prove different from the estimates used.

The main items that require estimates made at the reporting date based on assumptions about future changes and for which there is a significant risk of material change in their value, as recorded in the statement of financial position the reporting date, relate to:

- valuation of intangible assets related to the development and valuation of the industrial process (see notes 6.6 and 6.7.1);
- inventory valuation (see notes 6.4.11 and 6.7.6);
- measurement of provisions for retirement benefit obligations (see notes 6.4.15 and 6.7.12);
- provisions for expenses (see notes 6.4.16 and 6.7.13);
- recognition of deferred tax assets (see notes 6.4.17 and 6.7.5);
- assessment of the lease term and the assessment of rates for the application of IFRS 16 on leases (see notes 6.4.20, 6.7.1 and 6.7.2);
- the research tax credit (see note 6.4.19).

6.4.7. Breakdown of current/non-current assets and liabilities

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

- The assets and liabilities constituting the working capital requirement included in the normal operating cycle of the activity in question are classified as current.
- Fixed assets are classified as non-current.
- Financial assets are broken down into current and non-current.
- Provisions recognised as liabilities within the normal operating cycle of the activity in question and the portion of other provisions due in less than one year are classified as current. Provisions that do not meet these criteria are classified as non-current liabilities.
- Financial debts that must be settled within 12 months after the reporting date of the financial year are classified as current. Conversely, the portion of financial debt maturing in more than 12 months is classified as non-current liabilities.
- Deferred taxes are presented in their entirety as non-current assets and liabilities.

6.4.8. Intangible assets

Intangible assets mainly comprise development costs, the valuation of goodwill, ERP and CRM.

In accordance with IAS 38, development costs are initially measured at cost and then amortised over their estimated useful life.

Development costs are mainly costs incurred to develop innovative technologies, called H-P2A, H-EVA, H-UKR, H-IONA and H-GREEN.

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

- Technical feasibility for commissioning or sale.
- Intention to complete and use or sell it.
- Ability to use or sell it.
- Likely economic benefits.
- Availability of resources to complete the development and use or sell.
- Ability to reliably assess expenses related to different projects.

Capitalised development costs are costs directly attributable to a technology, as they result from the monitoring of costs by technology. The share of the research tax credit related to capitalised costs is restated under other current/non-current liabilities.

The implementation of IAS 23 Interest on borrowings did not result in the inclusion of interest in development costs.

The Company regularly analyses compliance with the activation criteria. These costs are retained as assets as long as the Company retains most of the benefits and risks related to the technologies developed, and in particular when the Company retains the intellectual property and has granted a temporary right to use and/or exploit the results of the development phases.

Capitalised costs are amortised on a straight-line basis over the useful life expected by the Company, i.e. a period of 10 years. This duration takes into consideration the technological breakthrough that the process represents.

Intangible assets in progress amount to €396 thousand in relation to the capitalisation of expenses relating to the development of new technology.

Intangible assets also comprise goodwill resulting from the absorption of ARGIWEST by HOFFMANN GREEN CEMENT TECHNOLOGIES, representative of the valuation of the industrial process.

This goodwill is tested for impairment in accordance with the procedures defined in note 6.6.

Lastly, intangible assets include ERP and CRM, which are amortised over eight years.
Right-of-use assets recognised in accordance with IFRS 16 are depreciated over the estimated term of the lease, i.e. seven years.

6.4.9. Property, plant and equipment

Property, plant and equipment mainly correspond to land and buildings, general installations and fixtures, equipment and tooling, transport, office and IT equipment, and furniture. In accordance with IAS 16 and IFRS 16, they are valued at cost and depreciated over their estimated useful life at acquisition and reviewed annually.

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

- Structural work 40 years
- Carpentry/Framework 40 years
- Facade 30 years
- Joinery 25 years
- Electricity/Plumbing 20 years
- Air conditioning/heating 20 years
- General installations 15 years
- Fixtures 15 years

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

- Improvements	five to eight years
- Technical installations	one to 10 years
- Industrial equipment and tools	three to five years
- General installations, fixtures and fittings	five to 15 years
- Transport equipment	five years
- IT equipment	two to five years
- Furniture	three to five years

Depreciation schedules and residual values, if they exist, are reviewed each year.

Right-of-use assets recognised as assets in accordance with IFRS 16 are depreciated over the lease term:

- Buildings	two to 10 years
- Industrial equipment	five years
- Transport equipment	three to four years
- Office & IT equipment	four and five years

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

Non-depreciable fixed assets are tested for impairment each year, or more frequently if internal or external events or circumstances indicate that a reduction in value may have occurred.

The recoverable amount of an asset is the higher of the fair value less costs to sell and the value in use.

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

- Cash flows are derived from projected results over five to six years and then extrapolated to infinity. They are prepared by the Company's management and allow the calculation of an explicit value to which a terminal value is added (discounting of cash flows to infinity).
- The discount rate is determined on the basis of the weighted average cost of capital.

In order to determine the value in use, the intangible and tangible assets for which it is not possible to directly attribute independent cash flows, are grouped inside the Cash Generating Unit (CGU) to which they belong. The recoverable amount of the CGU is determined by the discounted cash flow method (DCF) according to the same principles as those described above.

The recoverable amount of the cash-generating unit determined in this way is then compared with the carrying amount of its non-current assets in the consolidated statement of financial position.

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

The Company has a single CGU corresponding to its only operating segment as per its business model. As a result, impairment tests are performed on the basis of this single CGU.

6.4.11. Inventories

Inventories are recognised at cost or at their net realisable value, whichever is lower. The net realisable value represents the estimated selling price under normal operating conditions, less marketing costs.

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

Inventories are valued using the weighted average cost method.

An impairment of inventories equal to the difference between the gross value determined according to the methods indicated above and the current market price or realisable value less proportional selling costs, is taken into account when this gross value is greater than the other term stated.

6.4.12. Trade and other receivables

Trade and other receivables are measured at amortised cost less any impairment losses.

Management regularly reviews and assesses the recoverable amount of trade receivables.
When determining whether credit risk has increased significantly since initial recognition and making estimates of expected credit losses, the Group considers reasonable and supportable information that can be obtained without undue cost or effort. This includes quantitative and qualitative information and analyses, based on the Group's historical experience and an informed credit assessment, as well as forward-looking information.

The Group has no receivables incorporating a significant financial component. Consequently, application of the expected loss principle does not generate a significant impact for the Group.

6.4.13. Financial assets and liabilities

Financial assets

The measurement and recognition of financial assets depend on their classification in the statement of financial position, in accordance with the provisions of IFRS 9:

- Financial assets at fair value through profit or loss: These assets are measured at fair value. Net profits and losses, including interest or dividends received, are recognised in the income statement. The Group has €10 million in long-term cash investments (UCITS). As the value at 31 December 2023 was less than the amount invested, an impairment of €408 thousand was recognised in the income statement, after reversal of the previous impairment, which amounted to €1,128 thousand. The objective of this financial instrument is to obtain an annualised net return of more than 3.65% over an investment horizon starting at the launch of the fund until 31 December 2026 while being subject to a hybrid monetary and equity risk. The management objective is to achieve, over its recommended investment period, performance linked to trends in international bond markets, in particular through exposure to high-yield securities maturing no later than December 2026. This objective is based on the achievement of market assumptions set by the management company. This financial instrument is classified as bonds and other debt securities denominated in euros by the French Financial Markets Authority (AMF – Autorité des Marchés Financiers).
- Financial assets at amortised cost: These assets are measured at amortised cost using the effective interest rate method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in the income statement. Gains and losses resulting from derecognition are recorded in the income statement.
- Debt instruments at fair value through other comprehensive income. These assets are measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairments are recognised in the income statement. Other net gains and losses are recorded in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
- Equity instruments at fair value through other comprehensive income. These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement, unless the dividend clearly represents the recovery of a portion of the cost of the investment. Other gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities

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

Borrowings are classified as current liabilities, except when the Group has an unconditional right to defer payment of the debt at least 12 months after the reporting date, in which case these borrowings are classified as non-current liabilities.

6.4.14. Cash and cash equivalents

Cash and cash equivalents consist of bank accounts and investments.
The Group has €11.1 million in highly liquid short-term cash investments (term deposits) that are easily convertible with a maturity of less than three months into a known amount of cash whose value is very little exposed to fluctuation risks.

The statement of cash flows is presented using the indirect method under IAS 7. The income tax expense is presented globally in operating cash flows. Financial interest paid is recognised in financing flows. Dividends paid are classified as cash flows from financing activities.

6.4.15. Employee benefits

Employee benefits are recognised in accordance with IAS 19. The Group's obligations in terms of pension, supplementary pension and retirement indemnity are those imposed by the legal texts applicable in France. Pension and supplementary pension obligations are fully covered by payments to organisations that release the employer from any subsequent obligation, while the organisation is responsible for paying employees the amounts due to them. These include French joint pension schemes.

Post-employment benefits

Retirement benefits are paid to employees upon retirement according to their length of service and their salary at retirement age. These benefits are part of the defined benefit plan. As a result, the method used to measure the amount of the Company's commitment with regard to retirement benefits is the retrospective projected unit credit method.
It represents the probable present value of the rights acquired, assessed taking into account salary increases up to retirement age, likelihood of departure and of survival.
The formula for past commitment can be broken down into four main terms as follows:

The main assumptions used for this estimate are as follows:

Assumptions	31/12/2023	31/12/2022
Discount rate benchmark	IBOXX corporate rate AA + 10 years	
Discount rate	3.17%	3.77%
Life table	INSEE 2016-2018	INSEE 2014-2016
Wage growth	4% declining	4% declining
Turnover rate	2.90%	2.90%
Retirement age	64 years	62 years

Actuarial gains and losses are recognised in other comprehensive income.
Differences related to the application of the new pension scheme are recognised in reserves.

Other post-employment benefits

These benefits are mainly based on the defined contribution plan (general plan).
Under this plan, the Group has no other obligation than the payment of contributions; the expense corresponding to the contributions paid is recognised in the income statement for the year.

Other long-term benefits

As the Group is not subject to the obligation, it has not set up a company savings plan or profit-sharing agreement. Due to the recent creation of the Company, long-service awards are negligible. Where applicable, severance pay is provisioned.
In other words, there are no long-term benefits granted within the Group.

6.4.16. Provisions and contingent liabilities

In accordance with IAS 37, a provision is recognised when a current obligation to a third party is likely to result in an outflow of resources necessary to settle the obligation and when it can be reliably estimated. The amount of the provision is the best possible estimate of the outflow of resources required to settle the obligation.

A contingent liability is based on a potential obligation resulting from past events and whose existence will be confirmed only by the occurrence (or non-occurrence) of one or more uncertain future events that are not wholly within the control of the Company. A contingent liability is also a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or either, the amount of the obligation cannot be measured with sufficient reliability.

6.4.17. Tax

Deferred taxes are recognised using the liability method to the extent of the temporary differences between the tax base of the assets and liabilities and their accounting base.

The carrying amount of deferred tax assets is reviewed at each reporting date and deferred tax assets are only recognised if it is probable that a future taxable profit will enable them to be recovered.

Deferred tax assets and liabilities are valued at the tax rate adopted or substantially adopted at each reporting date and the application of which is expected in the financial year during which the asset will be realised or the liability will be realised settled for each tax regulation.

Taxes relating to items recognised directly in equity or in other comprehensive income are recognised in equity or in other comprehensive income and not in the income statement.

Deferred tax assets and liabilities are not discounted.
Deferred tax assets and liabilities are offset when they relate to the same tax entity.
They are evidenced by means of proof of tax (see note 6.10.1).

In the income statement, the Company value-added contribution (CVAE) is included in the line Tax expenses.

6.4.18. Product recognition

IFRS 15 establishes the principles of revenue recognition on the basis of an analysis in five successive stages:

- Identification of the contract.
- Identification of the various distinct performance obligations, i.e. the list of goods or services that the seller has undertaken to provide to the buyer.
- Determination of the overall price of the contract.
- The allocation of the overall price to each performance obligation.
- The recognition of revenue and related costs when a performance obligation is satisfied.

Revenue is recognised when the Group fulfils a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of the asset.

These revenues are net of value-added tax, merchandise returns, rebates and deductions made, where applicable, from intra-group sales.

The Group distinguishes between two types of revenue:

- Revenue related to engineering services provided as part of the signature of exclusivity contracts whose revenue is recognised according to the performance of the services: access to technologies and engineering services related to the marketing of products by the partner client.
- Revenue related to the sale of low-carbon cement for which revenue is recognised on delivery.

6.4.19. Grants

Public grants are public aid in the form of transfers of resources to an entity, in exchange for its compliance or future compliance with certain conditions related to its operational activities. Under IAS 20, asset-related grants are public grants whose main condition is that an entity meeting the conditions must purchase, build or otherwise acquire long-term assets.

Government grants are recognised in profit or loss on a systematic basis for the periods in which the entity recognises as expenses the costs that the grants are intended to offset. Thus, grants related to assets are presented under deferred income in the statement of financial position and amortised over the same period as the subsidised asset.

The Group benefits from repayable non-interest bearing advances granted by BPI to finance the development programme for geopolymers and innovative low-carbon technologies. The difference between the present value of repayment flows at the market rate and the amount received in cash from the public body constitutes a grant under IAS 20. This difference is recognised as a grant over time based on the repayments, given that the corresponding costs are capitalised. The financial cost of repayable advances, calculated according to the effective interest rate, is recorded in financial expenses.

The Group also benefits from research and innovation tax credits. These amounts are recognised as grants in the income statement, at the same rate as the amortisation of the development costs related to each technology.

These grants are recognised as deferred income.

6.4.20. Leases

Under IFRS 16, a lease is an agreement whereby the lessor transfers to the lessee, for a specified period, the right to use an asset in exchange for payment or a series of payments.

Lessee

For most leases, a right of use is recognised in the lessee's assets in exchange for a liability determined by discounting the rent payable at the market rate. This processing is carried out only if the contract has a duration of more than 12 months and if the value of the leased asset is greater than US$5,000. Each payment under the contracts is broken down between the financial expense and the amortisation of the balance of the debt, so as to obtain a constant periodic interest rate on the outstanding balance.

The discount rate used corresponds to the financing rate that the banks would grant for each of the contracts. The rates vary between 0.80% and 3.30% depending on the date of the contracts. Whenever possible, particularly on certain vehicles where the residual value at the end of the contract is known, the interest rate implicit in the contract is used, i.e. around 9%.

The Group presents the "right of use" asset on the same line as the underlying assets of the same type which it fully owns.
Intangible assets under a lease are amortised over the useful life of the asset (if the lease transfers ownership of the asset to the lessee) or over the lease term.

6.4.21. Net financial debt

Long-term financial debts include loans contracted with credit institutions, repayable public grants, as well as loans recognised as an offset to the recognition of rights of use attached to leases. These long-term debts are classified as non-current liabilities for the portion due in more than one year and are valued at amortised cost at the end of the reporting period using the effective interest rate method, with amortisation of issue costs, when these costs are significant. All these debts are at a fixed rate at the reporting date.

Short-term borrowings include the short-term portion of long-term borrowings, as well as bank overdrafts and other short-term borrowings.

Net financial debt consists of the borrowings defined above, less cash and cash equivalents and long-term financial investments.

The cost of net borrowing cost includes interest on borrowings and other financial liabilities, and income on cash investments.

6.4.22. Segment information

The main operational decision-maker only monitors performance at the level of the entire Group; the application of IFRS 8 has led the Group to present only one operating segment.

6.4.23. Equity

Shareholders' equity consists of the share capital of the parent company, premiums, reserves and earnings.
Treasury shares held are deducted from consolidated equity; no expense or income resulting from these transactions affects the income statement.

6.4.24. Presentation of the income statement

The Group presents its income statement by nature and has identified performance indicators adapted to its business model that are not systematically defined by accounting standards.

Revenue

The Group's revenue corresponds to revenue from cement sales and engineering services under partnership agreements.

EBIT/Current operating profit

EBIT (Earnings Before Interest & Taxes), also called profit (loss) from continuing operations corresponds to all recurring income and costs directly related to the Group's activities.

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortisation) is an indicator defined by HGCT as profit (loss) from continuing operations before depreciation, amortisation and impairment of assets net of reversals.

6.4.25. Methods for calculating net earnings per share

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

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the year, adjusted for the impact of the conversion of dilutive instruments into ordinary shares.

During the 2023 financial year, the weighted average number of ordinary shares was:

	Ordinary shares	Cumulative	Term	The weighted average number of ordinary shares
01/01/2023	14,634,736	14,634,736	8	320,761
09/01/2023	1,957	14,636,693	357	14,315,889
		14,636,693		
	14,636,693		365	14,636,650
			Treasury shares	-20,921
			The average number of ordinary shares	14,615,729
			Income attributable to owners of ordinary shares	-7,861,792
				-0.5379

During the 2023 financial year, diluted earnings per share are equal to basic earnings per share.

The free share allocation plans decided by the Company are instruments that could dilute basic earnings per share in the future, but which are not included in the calculation of diluted earnings per share because they are anti-dilutive for 2023.

During the 2022 financial year, the weighted average number of ordinary shares was:

	Ordinary shares	Cumulative	Term	The weighted average number of ordinary shares
01/01/2022	14,602,387	14,602,387	3	120,020
04/01/2022	8,094	14,610,481	9	360,258
13/01/2022	24,255	14,634,736	353	14,153,594
	14,634,736		365	14,633,872
			Treasury shares	-13,691
			The average number of ordinary shares	14,620,181
			Income attributable to owners of ordinary shares	-6,738,937
				-0.4609

In 2022, diluted earnings per share were equal to basic earnings per share.

The free share allocation plans decided by the Company are instruments that could dilute basic earnings per share in the future, but which are not included in the calculation of diluted earnings per share because they are anti-dilutive for 2022.

6.5. Consolidation scope

Unless otherwise stated, percentages of voting rights are identical to the portion of share capital held.

2023 scope

Entities	Consolidation methods	Equity percentage	Controlling percentage	Registered office	Country
HGCT	FC	-	-	RIVES DE L'YON	France
HOFFMANN MICROTECH	FC	100.00%	100.00%	MAREUIL EN PÉRIGORD	France

2022 scope

Entities	Consolidation methods	Equity percentage	Controlling percentage	Registered office	Country
HGCT	FC	-	-	RIVES DE L'YON	France
HOFFMANN BROYAGE	FC	100.00%	100.00%	MAREUIL EN PÉRIGORD	France

During the 2023 financial year, HOFFMANN BROYAGE was renamed HOFFMANN MICROTECH.

6.6. Impairment of non-financial assets

Impairment tests are performed on property, plant and equipment and intangible assets with a finite useful life where there is evidence of impairment. These tests consist of reconciling the net carrying amount of the assets with their recoverable amount, corresponding to the higher of their market value less selling costs or value in use estimated using the DCF (discounted cash flow) method.

Cash flows are discounted over a limited period of five to six years and extrapolated to infinity, and the discount rate used corresponds to the weighted average cost of the capital of the entity concerned.

The weighted average cost of capital used for 2023 is estimated at between 11.80% and 14.28% depending on the sensitivities applied and taking into account the risk premiums applied.

For intangible assets with an indefinite useful life, impairment tests are carried out at least once a year on a fixed date and between two dates if there is evidence of impairment.
The impairment tests, carried out according to the methodology described above, showed that no impairment was necessary. The sensitivity analysis on the key assumptions (growth rate, EBITDA rate, discount rate) used to determine the value in use shows that a variation of +/- 10% would have no impact on the conclusions of the impairment tests carried out (no impairment recorded).

Intangible assets that are not yet ready to be commissioned are tested for impairment at least once a year and whenever there is an indication that the asset may be impaired.

6.7. Statement of financial position

6.7.1. Intangible assets

Change in gross intangible assets (in thousands of euros)

Gross values	Development costs	Other intangible assets*	Property, plant and equipment in progress	TOTAL
At 31 December 2021	**4,760**	**940**	**187**	**5,888**
Acquisitions	1,944		61	2,005
Disposals				
Inter-item transfers		33	-33	
Change in scope		0		0
At 31 December 2022	**6,705**	**973**	**215**	**7,893**
Acquisitions	1,729	2	180	1,911
Disposals				
Inter-item transfers				
Change in scope				
At 31 December 2023	**8,434**	**975**	**396**	**9,805**

Change in amortisation of intangible assets (in thousands of euros)

Amortisation	Development costs	Other intangible assets	Property, plant and equipment in progress	TOTAL
At 31 December 2021	**549**	**64**		**613**
Appropriations	477	54		530
Reversals				
Inter-item transfers				
Change in scope		0		0
At 31 December 2022	**1,025**	**118**		**1,143**
Appropriations	671	55		726
Reversals				
Inter-item transfers				
Change in scope				
At 31 December 2023	**1,696**	**173**		**1,869**

Change in net intangible assets (in thousands of euros)

Net value	Development costs	Other intangible assets*	Property, plant and equipment in progress	TOTAL
At 31 December 2021	4,212	876	187	**5,275**
At 31 December 2022	5,679	855	215	**6,750**
At 31 December 2023	6,738	802	396	**7,936**

* Including goodwill for €553 thousand (see note 6.4.8)

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

- Development costs — 10 years
- Software & licenses — two to eight years

Development costs related to H-P2A and H-EVA technologies amounted to €1,558 thousand gross. Those related to the H-UKR technology amounted to €6,267 thousand gross. Lastly, those relating to the new H-IONA technology amounted to €609 thousand gross.

Other intangible assets mainly correspond to the goodwill resulting from the takeover of ARGIWEST at 30 June 2017. The rest corresponds to an ERP and a CRM.

Intangible assets in progress mainly correspond to product development related to existing technologies.

The impairment test performed at 31 December 2023 did not reveal any impairment loss requiring the recognition of a provision for impairment of intangible assets.
The flows on intangible assets above include flows related to fixed assets recognised in accordance with IFRS 16, as detailed below:

Change in gross intangible assets under finance leases or leases (in thousands of euros)

Gross values	Other intangible assets	TOTAL
At 31 December 2021	**65**	**65**
Acquisitions		
Disposals		
Inter-item transfers		
Change in scope		
At 31 December 2022	**65**	**65**
Acquisitions		
Disposals		
Inter-item transfers		
Change in scope		
At 31 December 2023	**65**	**65**

Change in amortisation of intangible assets under finance leases or leases (in thousands of euros)

Amortisation	Other intangible assets	TOTAL
At 31 December 2021	**8**	**8**
Appropriations	10	10
Reversals		
Inter-item transfers		
Change in scope		
At 31 December 2022	**18**	**18**
Appropriations	10	10
Reversals		
Inter-item transfers		
Change in scope		
At 31 December 2023	**27**	**27**

Change in net intangible assets under finance leases or leases (in thousands of euros)

Net value	Other intangible assets	TOTAL
At 31 December 2021	57	**57**
At 31 December 2022	47	**47**
At 31 December 2023	38	**38**

6.7.2. Property, plant and equipment

Change in gross property, plant and equipment (in thousands of euros)

Gross values	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2021	**1,232**	**5,604**	**9,024**	**2,092**	**12,987**	**30,938**
Acquisitions		237	212	463	13,625	14,537
Disposals			-259	-41		-300
Inter-item transfers			355		-355	
Change in scope	75	1,863	1,036	193		3,167
Repayment by asset						
At 31 December 2022	**1,307**	**7,705**	**10,368**	**2,707**	**26,256**	**48,343**
Acquisitions			226	191	5,476	5,892
Disposals		-461		-117	-230	-809
Inter-item transfers	1,755	23,915	2,358	794	-28,874	-52
Change in scope						
Repayment by asset						
At 31 December 2023	**3,063**	**31,159**	**12,951**	**3,574**	**2,628**	**53,374**

Change in depreciation of property, plant and equipment (in thousands of euros)

Amortisation	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2021	**91**	**761**	**2,995**	**657**		**4,505**
Appropriations	36	363	1,272	357		2,028
Reversals			-150	-41		-192
Inter-item transfers						
Change in scope		248	1,022	162		1,432
At 31 December 2022	**127**	**1,372**	**5,139**	**1,135**		**7,773**
Appropriations	101	683	1,356	440		2,580
Reversals		-226		-106		-331
Inter-item transfers						
Change in scope						
At 31 December 2023	**228**	**1,830**	**6,495**	**1,469**		**10,022**

Change in net property, plant and equipment (in thousands of euros)

Net value	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	Property, plant and equipment in progress	TOTAL
At 31 December 2021	1,141	4,843	6,028	1,435	12,987	**26,434**
At 31 December 2022	1,180	6,333	5,229	1,572	26,256	**40,570**
At 31 December 2023	2,835	29,329	6,456	2,105	2,628	**43,352**

As part of the development of its activities and the volumes to be produced, the Company commissioned its new H2 plant, based in Bournezeau, built near the H1 plant, for a total amount of €22.4 million (including €2.4 million of expenses for the period). This development also led the Company to set up its own concrete batching plant for an amount of €2.4 million (including €0.4 million in expenses for the period), commissioned in the 2023 financial year.

Hoffmann Microtech is continuing the complete overhaul of its production facility, for which €2.2 million in expenses had been incurred at 31 December 2023 (including €1.8 million for the period).
These expenses are recorded under non-current assets in progress. The commissioning of this equipment is scheduled for 2024.

In addition, during the first half of 2023, the Company commissioned a real estate complex that it acquired at the end of 2022 and in which it has carried out some redevelopment work. This building is located in the town of Rives de l'Yon in France.

Disposals are mainly related to the termination of leases restated under IFRS 16, which give rise to the disposal of the corresponding right-of-use assets. These disposals include the early termination of the Rives de l'Yon commercial lease since the Company is now the owner of the premises.

The cash flows on property, plant and equipment above include cash flows related to fixed assets recognised in accordance with IFRS 16, as detailed below:

Change in gross property, plant and equipment leased or leased (in thousands of euros)

Gross values	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2021	**409**	**4,539**	**1,167**	**490**	**6,604**
Acquisitions		237	1	123	361
Disposals				-41	-41
Inter-item transfers					
Change in scope					
Repayment by asset					
At 31 December 2022	**409**	**4,776**	**1,168**	**572**	**6,924**
Acquisitions			143	117	260
Disposals		-461		-103	-565
Inter-item transfers					
Change in scope					
Repayment by asset					
At 31 December 2023	**409**	**4,315**	**1,311**	**585**	**6,620**

Change in depreciation of property, plant and equipment under finance leases or leases (in thousands of euros)

Amortisation	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2021		**624**	**496**	**243**	**1,363**
Appropriations		261	175	157	593
Reversals				-41	-41
Inter-item transfers					
Change in scope					
At 31 December 2022		**886**	**671**	**359**	**1,915**
Appropriations		192	184	167	543
Reversals		-226		-103	-329
Inter-item transfers					
Change in scope					
At 31 December 2023		**852**	**855**	**422**	**2,129**

Change in net property, plant and equipment under finance leases or leases (in thousands of euros)

Net value	Land	Buildings	Technical facilities, industrial equipment and tools	Other property, plant and equipment	TOTAL
At 31 December 2021	409	3,914	670	247	**5,241**
At 31 December 2022	409	3,890	497	213	**5,009**
At 31 December 2023	409	3,463	456	163	**4,491**

6.7.3. Other financial assets

(in thousands of euros)	31/12/2023	31/12/2022
Other equity securities(1)	11	11
UCITS (in the form of bonds)	10,000	10,000
Depreciation of UCITS (in the form of bonds)	-408	-1,128
Other long-term investments(2)	55	55
Loans	1	1
Deposits and guarantees(3)	1,729	1,726
TOTAL	**11,388**	**10,664**

(1) Unconsolidated Hoffmann shares in Switzerland for €10 thousand and shares in a EIG for €1 thousand.
(2) Bank shares in the amount of €55 thousand.
(3) Deposits and guarantees correspond to guarantee deposits on bank loans in the amount of €1.5 million, the holdback on the BPI loan for €200 thousand, and rental deposits and guarantees on motorway badges.

The Group has impaired its long-term investments to take into account the loss of value according to developments in the market.

6.7.4. Other non-current assets

(in thousands of euros)	31/12/2023	31/12/2022
Customers > one year	264	
Customer impairment	-220	
Status – VAT receivable on Batiroc	18	20
Prepaid expenses > one year	12	15
TOTAL	**74**	**35**

Doubtful loans are 100% impaired.
The VAT receivable on Batiroc arose from the deferred payments in the context of Covid-19.
Prepaid expenses correspond to structural damage insurance.

6.7.5. Deferred tax assets

	31/12/2023		31/12/2022	
	Baseline	**Tax**	**Baseline**	**Tax**
Temporary delays				
Tax deficits	40,920	10,230	40,920	10,230
Customer impairment	220	55		
Restatements				
Formation expenses				
Special depreciation/amortisation allowances	-1,716	-429	-1,027	-257
Rentals	50	13	57	14
Credit leasing	-694	-173	-541	-135
Retirement commitments	13	3	16	4
Impairment of treasury shares				
Reclassification of acquisition costs of HB shares	86	22	86	22
Social adjustment: default interest			1	0
TOTAL	**38,879**	**9,720**	**39,512**	**9,878**

Proof of tax is provided in note 6.10.1.

IAS 12 recommends using the last tax rate voted when calculating deferred tax. The Group has therefore used the rate of 25%.

The deferred tax recognised therefore mainly originates from the partial capitalisation of the tax losses accumulated by HOFFMANN GREEN CEMENT TECHNOLOGIES. In fact, based on forecasts, the Company estimates that it will be able to clear the capitalised losses over a period of approximately five years. Out of prudence, it did not capitalise the €8.3 million loss for the year.

In accordance with IAS 12, we present the following tax planning as of 31 December 2023, which shows the due date of deferred tax assets and their recoverability:

(in thousands of euros)	Portion at less than N-1	Portion at more than one year and less than two years	Portion at more than two years and less than three years	Portion at more than three years and less than four years	Portion at more than four years and less than five years	Portion at more than five years	TOTAL
Tax deficits			1,469	2,784	4,931	1,046	10,230
Customer impairment						55	55
Special depreciation/amortisation allowances	173	128	72	-25	-124	-653	-429
Credit leasing	38	42	42	44	45	-384	-173
Rentals	0	1	1	2	6	3	13
Securities acquisition costs						22	22
Retirement commitments						3	3
TOTAL	**210**	**170**	**1,585**	**2,804**	**4,858**	**92**	**9,720**

6.7.6. Inventories and work in progress

Net change in inventories and work-in-progress

(in thousands of euros)	31/12/2023	31/12/2022
Raw materials and other supplies	3,366	4,365
Work in progress		
Intermediate and finished products	25	134
Goods	47	50
Provisions for depreciation		
TOTAL	**3,438**	**4,550**

Changes in provisions for impairment	31/12/2023	31/12/2022
Opening value		
Increase		
Decrease		
Closing value	**0**	**0**

6.7.7. Trade receivables and other current assets

Trade receivables

(in thousands of euros)	31/12/2023	31/12/2022
Gross trade receivables	5,073	2,539
Provisions for depreciation		-220
TOTAL	**5,073**	**2,319**

Other current assets

(in thousands of euros)	31/12/2023	31/12/2022
Advances and deposits paid	171	198
Social security receivables	13	0
Tax receivables	1,797	2,141
Other current receivables	8	56
Prepaid expenses	288	257
TOTAL	**2,277**	**2,652**

The maturity of the receivables is presented in the table in note 6.11.2.

Tax receivables are broken down as follows:

Tax receivables	31/12/2023	31/12/2022
Status - VAT	891	1,416
Status - accrued income	60	
Status - French Government research tax credit and Investment tax credit	845	725
TOTAL	**1,797**	**2,141**

As a reminder, in 2022, the VAT receivable increased sharply because it included the VAT pending reimbursement as well as the VAT on non-current assets, the amounts of which were collected in 2023.

Current assets include the amounts obtained each year in respect of the investment tax credit and the research tax credit. The amounts for 2022 were reimbursed by the State; those for 2023 will be collected in 2024.

Other current receivables are detailed as follows:

Other receivables	31/12/2023	31/12/2022
Supplier debtors and AAR	3	34
Miscellaneous debtors	5	23
TOTAL	**8**	**56**

Schedule of trade receivables

The breakdown of trade receivables in 2023 by maturity is as follows:

ASSETS (in thousands of euros)	Balance sheet value	Not matured	Matured < 90 days	Matured > 90 days < six months	Matured > six months
Trade receivables (non-current assets)	**264**				264
Trade receivables (current assets)	**5,073**	2,808	1,488	29	749
TOTAL	**5,337**	**2,808**	**1,488**	**29**	**1,013**

The breakdown of 2022 trade receivables by maturity is as follows:

ASSETS (in thousands of euros)	Balance sheet value	Not matured	Matured < 90 days	Matured > 90 days < six months	Matured > six months
Trade receivables (current assets)	**2,319**	1,228	60	292	739
TOTAL	**2,319**	**1,228**	**60**	**292**	**739**

6.7.8. Cash and cash equivalents

(in thousands of euros)	31/12/2023	31/12/2022
Term deposits	11,144	22,423
Cash at bank and in hand	2,136	7,823
Total closing cash	**13,280**	**30,247**
Bank overdrafts (see 6.7.10)		
Total net cash and cash equivalents at end of period	**13,280**	**30,247**

6.7.9. Capital

Changes in share capital

At 31 December 2023, the share capital of HOFFMANN GREEN CEMENT TECHNOLOGIES consisted of 14,634,736 shares, which changed as follows in the 2023 financial year:

	01/01/2023	Increase	Reductions	31/12/2023
Number of shares	14,634,736	1,957		14,636,693
Nominal in euros	1.00	1.00	-	1.00
Capital in euros	**14,634,736**	**1,957**		**14,636,693**

On 4 January 2023, HGCT carried out a capital increase in the context of unwinding free share allocation Plan No. 3. This capital increase was completed by deducting a total amount of €2 thousand from the issue premium.

Share capital information

HOFFMANN GREEN CEMENT TECHNOLOGIES shareholding structure:

Holders	Number of shares	Ownership percentages
Julien Blanchard	2,740,028	18.72%
David Hoffmann	2,715,028	18.55%
SAS Gillaizeau Terre Cuite	1,867,961	12.76%
SAS Eludom (formerly Cougnaud)	848,218	5.80%
Treasury shares	20,921	0.14%
Other shareholders	6,444,537	44.03%
Total	**14,636,693**	**100.00%**

Treasury shares

Treasury shares acquired are deducted from consolidated equity. No profit or loss resulting from the purchase, sale or cancellation of shares affects the income statement.

- Number of treasury shares held at 31/12/2023: 20,921 shares
- Value of treasury shares held at 31/12/2023: €161,981
- Number of treasury shares acquired in 2023: 53,835 shares
- Value of treasury shares acquired in 2023: €471,726
- Number of treasury shares sold in 2023: 46,540 shares
- Value of treasury shares sold in 2023: €419,205

6.7.10. Financial liabilities

Non-current/current borrowings and financial debt

(in thousands of euros)	31/12/2023	31/12/2022
Bank borrowings	8,535	12,423
ADEME advance	639	1,006
Repayable BPI grants	74	169
Repayable BPI grants	400	465
Repayable BPI grants	34	
PDL Region loan	2,040	2,000
Liabilities on rentals	2,835	3,430
Accrued interest	90	110
Non-current borrowings and financial debt	**14,647**	**19,605**
Bank borrowings	3,889	3,855
ADEME advance	350	103
Repayable BPI grants	96	93
Repayable BPI grants	65	
PDL Region loan	400	
Total equity loan		86
Liabilities on rentals	631	686
Accrued interest	105	95
Current borrowings and financial debt	**5,535**	**4,918**
TOTAL	**20,181**	**24,523**

Non-current/current borrowings and financial debt flows

Gross values	Bank borrowings	ADEME advance	Repayable BPI grants	Total equity loan	PDL Region loan	Bank overdrafts	Liabilities on rentals	Accrued interest	TOTAL
At 31 December 2021	**16,434**	**1,221**	**352**	**233**	**2,000**	**0**	**4,471**	**186**	**24,896**
New	2,300		465				361	19	3,146
Repayments	-2,652	-112	-90	-147			-715		-3,716
Change in scope	196								196
At 31 December 2022	**16,279**	**1,109**	**727**	**86**	**2,000**	**0**	**4,117**	**205**	**24,523**
New			34		440		260	54	789
Repayments	-3,855	-121	-93	-86			-911	-64	-5,130
Change in scope									0
At 31 December 2023	**12,423**	**989**	**669**	**0**	**2,440**	**0**	**3,466**	**195**	**20,181**

Remaining term of loans outstanding at 31 December 2023

(in thousands of euros)	Portion at less than N-1	Portion at more than one year and less than two years	Portion at more than two years and less than three years	Portion at more than three years and less than four years	Portion at more than four years and less than five years	Portion at more than five years	TOTAL
At 31 December 2023							
Bank borrowings	3,889	3,434	2,843	1,630	615	13	12,423
ADEME advance	350	203	213	223			989
Repayable BPI grants	96	74					169
Repayable BPI grants	65	131	133	136			465
Repayable BPI grants			14	15	5		34
PDL Region loan	400	420	500	480	480	160	2,440
Bank overdrafts							
Liabilities on rentals	631	533	396	358	340	1,208	3,466
Accrued interest	105	25	27	21	3	13	195
Borrowings and financial debt	**5,535**	**4,820**	**4,127**	**2,862**	**1,444**	**1,394**	**20,181**
Trade payables							
Tax and employee-related payables							
Other liabilities							
Prepaid products and services	414	443	460	458	450	1,774	4,000
Other liabilities	**414**	**443**	**460**	**458**	**450**	**1,774**	**4,000**
TOTAL	**5,949**	**5,262**	**4,587**	**3,321**	**1,894**	**3,168**	**24,181**

Term of loans outstanding at 31 December 2022

(in thousands of euros)	Portion at less than N-1	Portion at more than one year and less than two years	Portion at more than two years and less than three years	Portion at more than three years and less than four years	Portion at more than four years and less than five years	Portion at more than five years	TOTAL
At 31 December 2022							
Bank borrowings	3,855	3,889	3,434	2,843	1,630	628	16,279
ADEME advance	103	109		207	218	472	1,109
Repayable BPI grants	93	96	74				262
Repayable BPI grants		65	131	133	136		465
PDL Region loan		400	400	400	400	400	2,000
Total equity loan	86						86
Bank overdrafts							
Liabilities on rentals	686	636	553	390	324	1,528	4,117
Accrued interest	95	20	3	19	19	48	205
Borrowings and financial debt	**4,918**	**5,213**	**4,596**	**3,992**	**2,726**	**3,077**	**24,523**
Trade payables	3,857						3,857
Tax and employee-related payables	963						963
Other liabilities	0						0
Prepaid products and services	339	293	298	295	294	1,586	3,106
Other liabilities	**5,159**	**293**	**298**	**295**	**294**	**1,586**	**7,926**
TOTAL	**10,077**	**5,507**	**4,895**	**4,287**	**3,020**	**4,663**	**32,449**

The ADEME advance is a public aid granted by the State to the Company as part of the project to build an industrial pilot to manufacture a binder with a low carbon footprint. This aid was granted in December 2016 for a total amount of €1,367 thousand, of which the balance was received on 28 September 2020. The final repayment date is 30 June 2027 with the second repayment phase starting on 30 June 2024. In accordance with IFRS 9, the debt is initially recognised at its fair value and corresponds to the discounting of future withdrawals at the rates defined in the contract.

BPI repayable advances are innovation grants granted to the Company as part of the various projects it develops:

- A first advance, for a total amount of €500 thousand, was granted in 2018. The end of repayment date initially set for 31 March 2025 has been postponed to 30 September 2025 because of Covid-19. In accordance with IFRS 9 and similar to the first grant, the debt is recorded at its fair value, i.e. with a discount, so as to reduce its interest rate from zero to that of a normal debt. The benefit arising was treated as a grant in accordance with IAS 20 and is therefore listed under deferred income (Other current liabilities and Other non-current liabilities depending on maturity). The balance at 31 December 2023 was €169 thousand. Irrespective of the technical or commercial failure or the partial technical or commercial success of the programme, the Company guarantees the payment of a lump sum of €200 thousand to BPI France Financement, and the full amount was paid as of 31 December 2023.

- A new advance, for a total amount of €700 thousand, was granted in May 2022, €490 thousand of which was received at 31 December 2022. The repayment end date is 30 June 2029. In accordance with IFRS 9, the debt is recorded at its fair value, i.e. with a discount, so as to reduce its interest rate from zero to that of a normal debt. The benefit arising was treated as a grant in accordance with IAS 20 and is therefore listed under deferred income (Other current liabilities and Other non-current liabilities depending on maturity). The balance at 31 December 2023 was €465 thousand. The first repayment is scheduled for 30 September 2024. Notwithstanding the technical or commercial failure or the partial technical or commercial success of the programme, the Company guarantees to BPI France Financement the payment of a lump sum of €280 thousand.

- A new advance, for a total amount of €171 thousand, was granted in May 2023, €34 thousand of which was received at 31 December 2023. This advance is accompanied by the allocation of a grant of €512 thousand, €102 thousand of which was paid at 31 December 2023, which brings the total amount of aid to €683 thousand. The final repayment date is 31 March 2028. The first repayment is scheduled for 31 March 2026. In the event of the technical or commercial failure of the programme, the Company will be released from any obligation to pay any financial returns. In accordance with IFRS 9, the debt is initially recognised at its fair value and corresponds to the discounting of future drawdowns at the rates defined in the contract. At 31 December 2023, interest was considered negligible.

The Total participating loan is a non-bank loan granted by the Total Group in a total amount of €400 thousand, of which the balance of €100 thousand was collected in May 2021. The purpose of the funds granted by the lender is to promote the establishment or development of activities that create long-term employment in the industrial and industrial services sectors. In this case, the aim was to create 12 permanent jobs by 31 December 2020, which the Company effectively did. This loan was contracted at a fixed rate of 1% and benefited from a grace period of 24 months, setting the first maturity on 15 August 2020. This loan matured during the financial year.

During the first half of 2023:

- The Company obtained financing of €400 thousand from the Pays de Loire region, as part of the acquisition and installation of a latest generation concrete mixing plant. This loan, contracted at a fixed rate of 2%, has a seven year term with a two-year grace period.
- To finance the tests prior to the installation of this concrete mixing plant, the region granted an additional loan of €40 thousand. This interest-free loan has a three-year term with a one-year grace period. The benefit resulting from this zero interest rate is negligible given the amount of the financing concerned. No subsidy is therefore attached to it within the meaning of IAS 20.

6.7.11. Analysis of net borrowing cost

Change in net borrowing cost

(in thousands of euros)	31/12/2023	31/12/2022
Long-term portion of financial debt	14,647	19,605
Current portion of borrowings	5,535	4,918
Borrowings of less than one year and creditor banks		
Total gross debt	**20,181**	**24,523**
Bank shares	55	55
Long-term guarantees on financial debts	1,700	1,700
Long-term portion of financial investments	10,000	10,000
Short-term portion of financial investments	11,144	22,423
Cash at bank and in hand	2,136	7,823
Total cash assets	**25,034**	**42,001**
TOTAL NET DEBT	**-4,853**	**-17,478**

Details of gross debt are presented in note 6.7.10.

6.7.12. Provision for pension commitments

Change in commitment

(in thousands of euros)	Pension commitments
At 31 December 2021	**32**
Appropriations	
Reversals	-10
Change in scope	
Actuarial gains and losses	-6
At 31 December 2022	**16**
Appropriations	32
Reversals	
Change in scope	
Actuarial gains and losses	1
Impact of the pension reform on shareholders' equity	-5
At 31 December 2023	**44**

The provision for the period includes €31 thousand in commitments to employees taken over from HOFFMANN MICROTECH.

6.7.13. Other provisions

(in thousands of euros)	Provisions for contingencies and charges
At 31 December 2021	**0**
Appropriations	
Reversals	
Change in scope	
At 31 December 2022	**0**
Appropriations	38
Reversals	
Change in scope	
At 31 December 2023	**38**

As of 31 December 2023, provisions correspond to labour tribunal disputes.

6.7.14. Contingent assets and liabilities

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

6.7.15. Trade payables and other payables

Breakdown by type of trade payables and other payables

Trade payables

(in thousands of euros)	31/12/2023	31/12/2022
Trade payables	3,176	2,722
Debt on non-current assets	1,017	1,136
TOTAL	**4,193**	**3,857**

Other non-current liabilities

(in thousands of euros)	31/12/2023	31/12/2022
Tax and employee-related payables	12	
Advances and deposits received		
Other liabilities		
Prepaid products and services	3,591	3,082
TOTAL	**3,603**	**3,082**

Prepaid products and services	31/12/2023	31/12/2022
R&D tax credit	2,914	2,513
Investment tax credit	184	129
BPI – Grant on zero-rate advance	21	30
Investment grants	472	409
TOTAL	**3,591**	**3,082**

Non-current employee-related payables correspond to the employer's contribution due to free share allocation plans maturing in more than one year.

For the settlement of BCPs, see note 6.11.2.

Non-current tax liabilities

	31/12/2023		31/12/2022	
	Baseline	**Tax**	**Baseline**	**Tax**
Temporary delays				
Tax deficits	-880	-220	-584	-146
Restatements				
Revaluation difference	1,321	330	1,414	354
Retirement commitments	-31	-8		
TOTAL	**410**	**102**	**830**	**207**

Proof of tax is provided in note 6.10.1.

IAS 12 recommends using the last tax rate voted when calculating deferred tax. The Group has therefore used the rate of 25%.

The deferred tax recorded is mainly due to the capital gain recorded on the HOFFMANN MICROTECH property, against which the tax losses were capitalised. There were no uncapitalised losses at 31 December 2023.

In accordance with IAS 12, we present the following tax planning as of 31 December 2023, which shows the due date of deferred tax assets and their recoverability:

(in thousands of euros)	Portion at less than N-1	Portion at more than one year and less than two years	Portion at more than two years and less than three years	Portion at more than three years and less than four years	Portion at more than four years and less than five years	Portion at more than five years	TOTAL
Tax deficits	23	23	23	23	23	104	220
Revaluation difference	-23	-23	-23	-23	-23	-214	-330
Retirement commitments						8	8
TOTAL						**-102**	**-102**

Other current liabilities

(in thousands of euros)	31/12/2023	31/12/2022
Tax and employee-related payables	943	963
Advances and deposits received		
Other liabilities	11	0
Prepaid products and services	414	339
TOTAL	**1,368**	**1,302**

Tax and employee-related liabilities are broken down as follows:

Tax and employee-related payables	31/12/2023	31/12/2022
Employee-related payables	783	828
Status - VAT	93	104
Status – accrued expenses	67	31
TOTAL	**943**	**963**

Other liabilities are detailed as follows:

Other liabilities	31/12/2023	31/12/2022
Customer credit and PPA	0	0
Miscellaneous creditors	11	0
TOTAL	**11**	**0**

Deferred income is detailed as follows:

Prepaid products and services	31/12/2023	31/12/2022
R&D tax credit	369	304
Investment tax credit	21	14
BPI – Grant on zero-rate advance	9	7
Investment grants	15	14
TOTAL	**414**	**339**

6.8. Income statement

6.8.1. Revenue

Revenue includes the sale of products and services.

(in thousands of euros)	31/12/2023	31/12/2022
Cement sales and other	3,960	1,893
Sales of services	2,081	326
TOTAL	**6,041**	**2,219**

6.8.2. Purchases consumed

(in thousands of euros)	31/12/2023	31/12/2022
Purchases of raw materials	-2,481	-3,560
Change in raw materials inventories	-1,002	1,397
TOTAL	**-3,483**	**-2,163**

6.8.3. Personnel expenses and headcount

(in thousands of euros)	31/12/2023	31/12/2022
Wages	-2,707	-2,282
Change in provision for paid leave	-11	-63
Premiums	-49	7
Indemnities & miscellaneous benefits	-165	-111
Social security charges	-1,149	-982
Share-based compensation(1)	-278	-51
Capitalised production (development costs)	1,274	1,182
Grants	79	
Reclassifications of expenses	144	101
TOTAL	**-2,861**	**-2,199**

(1) Share-based compensation includes expenses calculated in accordance with IFRS 2 on the free share allocation plans outstanding. Given the probability of the presence of the employees concerned at the end of the vesting period, the price of the share on the grant date, as well as the expense already recognised in the current plans, employee benefits for 2023, amounted to €278 thousand, including employer contributions, compared with €51 thousand for the previous financial year.

Company headcount at the end of the period

	31/12/2023	31/12/2022
Executives	31	20
Supervisors, technicians, employees	21	22
Apprentices	-	1
TOTAL	**52**	**43**

The headcount 31 December 2022 was 38 in N-1 and corresponded to the average number of employees.

6.8.4. External expenses

(in thousands of euros)	31/12/2023	31/12/2022
Purchases not held in inventory	-624	-415
One-off rentals	-260	-213
Interview	-498	-350
Study expenses	-246	-900
Remuneration of intermediaries and fees	-1,932	-2,024
Advertising	-692	-661
Travel, missions and receptions	-386	-305
Other items	-1,325	-965
Capitalised production (development costs)	471	813
Grant – BPI innovation	49	
Subsidy – ecological transition springboard	4	2
Grant – brand protection strategy		5
Subsidy – Région Nouvelle Acquérale – Innovative Projects	53	
Reclassifications of expenses	1	3
TOTAL	**-5,386**	**-5,010**

Non-stocked purchases mainly include electricity, fuel, small tools and laboratory supplies. The increase in the item is justified by the increase in H1 maintenance supplies and fuel in particular.

Study costs correspond to the purchase of materials for performing tests.

The fees consist mainly of accounting, legal and consulting fees (to determine the R&D tax credit in particular but also to prepare IFRS consolidated financial statements, CSTB studies, patent management, laboratory testing, stock market and sourcing consultancy, certification fees and recruitment fees).

Advertising costs consist of strategy expenses and communication expenses, as well as trade fairs and exhibitions.

Capitalised production corresponds to the capitalisation of expenses for tests and laboratory tests, mainly recognised as fees, and used to improve the technologies developed by the Group.

6.8.5. Breakdown of other operating income and expenses

(in thousands of euros)	31/12/2023	31/12/2022
QP investment subsidy reversed in profit or loss	337	274
Other products	299	247
Other expenses	-92	-67
TOTAL	**544**	**454**

The investment grants are broken down as follows:

QP investment subsidy reversed in profit or loss	31/12/2023	31/12/2022
Reversal of research tax credit	304	249
Reversal of CII grant	14	8
Reversal of grant on interest-free advance	7	10
Reversal of grant for renewable energies cert	2	2
Reversal of PDL ERP grant	10	4
TOTAL	**337**	**274**

Other current income is detailed as follows:

Other products	31/12/2023	31/12/2022
Amortisation capitalised for development costs	200	216
Other products	99	31
TOTAL	**299**	**247**

6.8.6. Breakdown of other operating income and expenses

(in thousands of euros)	31/12/2023	31/12/2022
Sale price of non-current assets sold	267	108
NAV of assets sold	-477	-108
Reversal of badwill		1,075
Other non-recurring income and expenses	-47	30
TOTAL	**-257**	**1,104**

In 2022, other operating income mainly consists of the reversal of the HOFFMANN MICROTECH badwill (see note 6.1.2).

In 2023, the sale price includes an early repayment of €244 thousand of a commercial lease restated under IFRS 16, following the acquisition of the building by the Group. The associated net carrying amount is €236 thousand. In addition, the port of La Rochelle has allocated new land to the Group for its location in the port. The costs incurred by the Group to locate on the first site were scrapped.

6.8.7. Cost of net debt

Net borrowing cost

(in thousands of euros)	31/12/2023	31/12/2022
Income from UCITS (in the form of bonds)	742	429
Current account income	7	2
Reversal of impairment of UCITS (in the form of bonds)	1,128	69
Repayment of interest on loans	4	
Other interests	0	
Cash and cash equivalents	**1,882**	**499**
Interest on borrowings	-307	-232
Interest on leases	-64	-72
Interest on operating leases	-23	-27
Interest on PIA 1 repayable aid	-40	-58
Interest on repayable BPI grant	-7	-10
Interest on participating Total loan	0	-2
Interest on PDL Region loan	-47	-71
Bank interest	0	-11
Depreciation of UCITS (in the form of bonds)	-408	-1,128
Gross borrowing cost	**-896**	**-1,610**
Net borrowing cost	**986**	**-1,111**

The cost of net borrowing cost includes interest on borrowings and other financial liabilities and investment income.

The Group has €10 million in long-term cash investments (UCITS). As the value at 31 December 2023 was less than the amount invested, an impairment of €408 thousand was recognised in the income statement, after reversal of the previous impairment, which amounted to €1,128 thousand.

6.9. Cash flow statement

The following options were selected:

- Interest and dividends paid are classified as financing cash flows because they are the cost of obtaining financial resources or returns on investments.

The change in cash flow reflects changes in the Company’s activity.

The notes below detail certain items in the statement of cash flows.

6.9.1			
Disposal price	**6.8.6**	-267	-108
Net carrying amount	**6.8.6**	477	108
Gains and losses on disposals		**210**	**1**

6.9.2			
Accrued income tax expense		-7	37
Deferred tax expense		52	-2,662
Tax deferral			
Income tax expense (including deferred tax)	**6.10.1**	**45**	**-2,626**

6.9.3			
Tax receivable/payable at beginning of year	**6.10.1**	16	13
Entry into scope			2
Patronage tax relief		-1	
Accrued income tax expense		12	1
Tax receivable/payable at closing	**6.10.1**	-28	-16
Tax paid			**0**

6.9.4			
Change in inventories	**6.7.6**	1,111	-1,793
- Entry into scope			263
Change in inventories in WCR		**1,111**	**-1,530**

6.9.5

Change in trade receivables	**6.7.7**	-2,754	-75
- Entry into scope			238
Change in trade receivables in WCR		**-2,754**	**163**

6.9.6

Other current assets (excluding loans and guarantees)	**6.7.7**	375	791
- Entry into scope			42
Change in other current assets in WCR		**375**	**833**

6.9.7

Change in trade payables	**6.7.15**	335	-1,950
- Change in debts on non-current assets	**6.7.15**	119	1,937
- Entry into scope			-90
Change in trade payables in WCR		**454**	**-103**

6.9.8

Change in other current liabilities	**6.7.15**	67	260
Reversals of grants	**6.8.5**	337	274
- Entry into scope			-72
Other current liabilities		**404**	**463**

6.9.9

Acquisitions of non-current assets	**6.7.1 and 6.7.2**	-7,751	-16,542
- New rentals	**6.7.10**	260	361
- Change in debts on non-current assets	**6.7.15**	-119	-1,937
Acquisitions of non-current assets		**-7,610**	**-18,118**

6.9.10

Disposal price	**6.8.6**	267	108
- Prepayment of an operating lease liability		-244	
Disposals of non-current assets		**24**	**108**

6.9.11

Other financial assets at beginning of period	**6.7.3**	10,664	11,684
Other financial assets at closing	**6.7.3**	-11,388	-10,664
Change in non-current assets		**-723**	**1,020**
Neutralisation of impairment	**6.7.3**	720	-1,059
NBV on guarantee deposits and sureties			
- Entry into scope			24
Change in loans and advances granted on non-current assets		**-3**	**-15**

6.9.12			
Expenses related to the IPO net of corporate tax	**5**		-2
- Income tax on costs related to the IPO			-1
Expenses related to the IPO that generated a cash outflow			**-3**

6.9.13			
New borrowings	**6.7.10**	789	3,146
- New rentals	**6.7.10**	-260	-361
New borrowings		**528**	**2,785**

6.9.14			
Repayment of borrowings	**6.7.10**	-5,130	-3,716
- Prepayment of an operating lease liability		244	
Decrease in miscellaneous financial debt	**6.7.10**		
Repayments of borrowings		**-4,887**	**-3,716**

6.9.15			
Net borrowing cost	**6.8.7**	986	-1,111
Premium for non-conversion of bonds not disbursed –> incorporated into capital	**6.8.7**		
Depreciation of UCITS (in the form of bonds)	**6.8.7**	-720	1,059
Adjusted cost of net borrowing cost		**266**	**-52**

6.10. Other information

6.10.1. Tax

Balance sheet assets (in thousands of euros)

	31/12/2023	**31/12/2022**
NON-CURRENT ASSETS		
Deferred tax	9,720	9,878
CURRENT ASSETS		
Tax receivable due[1]	28	16
TOTAL ASSETS	**9,748**	**9,894**

[1] Tax receivable from parent company financial statements excluding Research tax credit (CIR) and Innovation tax credit (CII).

Balance sheet liabilities (in thousands of euros)

	31/12/2023	31/12/2022
NON-CURRENT LIABILITIES		
Deferred tax	102	207
CURRENT LIABILITIES		
Tax payable		
TOTAL LIABILITIES	**102**	**207**

Net tax receivable (in thousands of euros)

	Current		Non-current	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net tax receivable	28	16		
Net tax liability				

Analysis of income tax expense (in thousands of euros)

	31/12/2023	31/12/2022
Accounting income before tax	**-7,817**	**-9,145**
Theoretical tax income	1,954	2,286
Impact of definitively non-deductible expenses net of definitively non-taxable income	38	70
Impact of tax credits	12	1
Reversal of badwill		269
Impact of capitalisation of previously unrecognised losses	17	
Impact of non-capitalised losses for the year	-2,067	
Effective tax income/expense	**-45**	**2,626**

The Company’s tax expense was €45 thousand in 2023 compared to income of €2,626 in 2022.

6.10.2. Related parties

In accordance with IAS 24, the Company discloses information relating to significant transactions between related parties when they do not constitute flows within the Company or when these transactions are carried out with entities over which control or significant influence is identified.

The impact of relationships with related parties on various items in the statement of financial position and income statement is as follows:

ASSETS	31/12/2023	31/12/2022
Property, plant and equipment	88	4,829
Total non-current assets	**88**	**4,829**
Trade receivables	175	119
Other current assets	120	
Total current assets	**295**	**119**
TOTAL ASSETS	**383**	**4,947**

LIABILITIES	31/12/2023	31/12/2022
Borrowings and financial debt		
Trade payables and related accounts	9	164
Other current liabilities		
Total current liabilities	**9**	**164**
TOTAL LIABILITIES	**9**	**164**

	31/12/2023	31/12/2022
Revenue	47	
Employee benefits expense		
External expenses	-61	-123
Other operating income and expenses		
OPERATING INCOME	**-14**	**-123**

6.10.3. Compensation of key executives

The Company has defined and limited the main executives to the executive corporate officers, namely Chairperson of the Management Board of HOFFMANN GREEN CEMENT TECHNOLOGIES Mr Julien Blanchard and member of the Management Board Mr David Hoffmann. Compensation paid to key executives breaks down as follows (in thousands of euros):

(in thousands of euros)	**31/12/2023**	**31/12/2022**
Compensation Chairperson of the Management Board	136	137
Social security contributions Chairperson of the Management Board	57	57
Compensation Member of the Management Board	139	139
Social security contributions Member of the Management Board	64	64
Executive compensation	**396**	**398**

Managers do not receive:

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

Benefits in kind are included in the items “Salaries of the Chairperson of the Management Board” and “Member of the Management Board”.

6.10.4. Statutory Auditors' fees

	31/12/2023		31/12/2022	
	Statutory Auditors (KPMG)	Network	Statutory Auditors (KPMG)	Network
Certification and limited half-yearly review of individual and consolidated financial statements				
• Issuer	56		53	
• Fully consolidated subsidiaries				
Sub-total	56		53	
Services other than certification of financial statements				
• Issuer				
• Fully consolidated subsidiaries				
Sub-total	-		-	
TOTAL Statutory Auditors' fees	**56**	**-**	**53**	**-**

6.10.5. Operational performance indicators of the Company

EBITDA

(in thousands of euros)

	31/12/2023	31/12/2022
Profit (loss) from continuing operations	**-8,546**	**-9,358**
Depreciation and amortisation	3,306	2,558
Impairment of assets net of reversals	70	183
EBITDA[1]	**-5,170**	**-6,617**
As a percentage of revenue	***-85.6%***	***-298.2%***

[1] EBITDA: EBITDA is defined by the Company as current operating income before depreciation, amortisation and impairment net of reversals and additions to and reversals of provisions for risks and charges.

6.11. Risks borne by financial instruments

6.11.1. Analysis of covenants

The Company is not subject to any covenant for the 2022 and 2023 financial years.

6.11.2. Maturity of financial assets and liabilities

2023

		2024	2025	2026	2027	2028	2029
ASSETS (in thousands of euros)	**Balance sheet value**	**Less than one year**	**At two years**	**At three years**	**At four years**	**At five years**	**At more than five years**
Other financial assets	**11,388**						
Other equity securities	11						11
UCITS (in the form of bonds)	10,000			10,000			
Depreciation of UCITS (in the form of bonds)	-408			-408			
Other long-term investments (works council portions)	55						55
Deposits and guarantees	1,729			750	200	750	29
Loans	1						1
Other non-current assets	**74**						
Trade receivables	44		22	22			
Status – VAT receivable on Batiroc	18		2	2	2	2	10
Prepaid expenses > one year	12		3	3	3	3	
Non-current financial assets	**11,462**	**0**	**27**	**10,370**	**205**	**755**	**105**
Inventories and work-in-progress	**3,438**	3,438					
Trade receivables	**5,073**	5,073					
Other current assets	**2,277**						
Advances and deposits	171	171					
Social security receivables	13	13					
Tax receivables	1,797	1,797					
Other operating receivables	8	8					
Prepaid expenses	288	288					
Cash and cash equivalents	**13,280**	13,280					
Current financial assets	**24,068**	**24,068**	**0**	**0**	**0**	**0**	**0**
TOTAL FINANCIAL ASSETS	**35,530**	**24,068**	**27**	**10,370**	**205**	**755**	**105**

		2024	2025	2026	2027	2028	2029
LIABILITIES (in thousands of euros)	**Balance sheet value**	**Less than one year**	**At two years**	**At three years**	**At four years**	**At five years**	**At more than five years**
Borrowings and financial debt	**14,647**						
Bank borrowings	8,535		3,434	2,843	1,630	615	13
ADEME advance	639		203	213	223	0	0
Repayable BPI grants	74		74	0	0	0	0
Repayable BPI grants	400		131	133	136	0	0
Repayable BPI grants	34		0	14	15	5	0
PDL Region loan	2,040		420	500	480	480	160
Liabilities on rentals	2,835		533	396	358	340	1,208
Accrued interest	90		25	27	21	3	13
Other non-current liabilities	**3,603**						
Employee-related payables	12		12				
R&D tax credit	2,914		392	412	412	410	1,287
Investment tax credit	184		22	23	23	23	93
BPI – Grant on zero-rate advance	21		10	7	4		
Investment grants	472		20	20	20	18	394
Non-current financial liabilities	**18,249**	**0**	**5,276**	**4,588**	**3,322**	**1,895**	**3,168**
Borrowings and financial debt	**5,535**						
Bank borrowings	3,889	3,889					
ADEME advance	350	350					
Repayable BPI grants	96	96					
Repayable BPI grants	65	65					
PDL Region loan	400	400					
Liabilities on rentals	631	631					
Accrued interest	105	105					
Trade payables	**4,193**	4,193					
Other current liabilities	**1,368**						
Tax and employee-related payables	943	943					
Other liabilities	11	11					
Prepaid products and services	414	414					
Current financial liabilities	**11,096**	**11,096**	**0**	**0**	**0**	**0**	**0**
TOTAL FINANCIAL LIABILITIES	**29,346**	**11,096**	**5,276**	**4,588**	**3,322**	**1,895**	**3,168**

2022

ASSETS (in thousands of euros)	Balance sheet value	2023 Less than one year	2024 At two years	2025 At three years	2026 At four years	2027 At five years	2028 At more than five years
Other financial assets	**10,664**						
Other equity securities	11						11
UCITS (in the form of bonds)	10,000				10,000		
Depreciation of UCITS (in the form of bonds)	-1,128				-1,128		
Other long-term investments (works council portions)	55						55
Deposits and guarantees	1,726				750	200	776
Other non-current assets	**35**		5	5	5	5	15
Non-current financial assets	**10,699**	**0**	**5**	**5**	**9,627**	**205**	**856**
Inventories and work-in-progress	**4,550**	4,550					
Trade receivables	**2,319**	2,319					
Other current assets	**2,652**						
Advances and deposits	198	198					
Social security receivables	0	0					
Tax receivables	2,141	2,141					
Other operating receivables	56	56					
Prepaid expenses	257	257					
Cash and cash equivalents	**30,247**	30,247					
Current financial assets	**39,768**	**39,768**	**0**	**0**	**0**	**0**	**0**
TOTAL FINANCIAL ASSETS	**50,466**	**39,768**	**5**	**5**	**9,627**	**205**	**856**

LIABILITIES (in thousands of euros)	Balance sheet value	2023 Less than one year	2024 At two years	2025 At three years	2026 At four years	2027 At five years	2028 At more than five years
Borrowings and financial debt	**19,605**						
Bank borrowings	12,423		3,889	3,434	2,843	1,630	628
ADEME advance	1,006		109	0	207	218	472
Repayable BPI grants	169		96	74	0	0	0
Repayable BPI grants	465		65	131	133	136	0
PDL Region loan	2,000		400	400	400	400	400
Liabilities on rentals	3,430		636	553	390	324	1,528
Accrued interest	110		20	3	19	19	48
Other non-current liabilities	**3,082**						
R&D tax credit	2,513		335	335	335	335	1,172
Investment tax credit	129		15	15	15	15	67
BPI – Grant on zero-rate advance	30		9	10	7	4	
Investment grants	409		16	16	16	16	346
Non-current financial liabilities	**22,687**	**0**	**5,589**	**4,972**	**4,365**	**3,097**	**4,663**
Borrowings and financial debt	**4,918**						
Bank borrowings	3,855	3,855					
ADEME advance	103	103					
Repayable BPI grants	93	93					
Total equity loan	86	86					
Liabilities on rentals	686	686					
Accrued interest	95	95					
Trade payables	**3,857**	3,857					
Other current liabilities	**1,302**						
Tax and employee-related payables	963	963					
Other liabilities	0	0					
Prepaid products and services	339	339					
Current financial liabilities	**10,077**	**10,077**	**0**	**0**	**0**	**0**	**0**
TOTAL FINANCIAL LIABILITIES	**32,764**	**10,077**	**5,589**	**4,972**	**4,365**	**3,097**	**4,663**

6.11.3. Fair value of financial assets and liabilities

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

(in thousands of euros)	31/12/2023	Value – statement of financial position under IFRS 9		
Sections in the statement of financial position	**Value – Statement of financial position**	**Fair value through profit or loss**	**Fair value through equity**	**Amortised cost**
Non-current financial assets	11,388	9,592	1,795	
Trade receivables	5,073			5,073
Other receivables	2,351			2,351
Cash and cash equivalents	13,280	13,280		
Total sections comprising an asset position	**32,091**	**22,872**	**1,795**	**7,424**
Current financial liabilities	5,535			5,535
Non-current financial liabilities	14,647			14,647
Trade payables and related accounts	4,193			4,193
Other liabilities	4,971			4,971
Total sections comprising an asset position	**29,346**	-	-	**29,346**

(in thousands of euros)	31/12/2022	Value – statement of financial position under IFRS 9		
Sections in the statement of financial position	**Value – Statement of financial position**	**Fair value through profit or loss**	**Fair value through equity**	**Amortised cost**
Non-current financial assets	10,664	8,872	1,792	
Trade receivables	2,319			2,319
Other receivables	2,687			2,687
Cash and cash equivalents	30,247	30,247		
Total sections comprising an asset position	**45,917**	**39,119**	**1,792**	**5,006**
Current financial liabilities	4,918			4,918
Non-current financial liabilities	19,605			19,605
Trade payables and related accounts	3,857			3,857
Other liabilities	4,384			4,384
Total sections comprising an asset position	**32,764**	-	-	**32,764**

6.11.4. Off-statement of financial position commitments by maturity

Financial commitments at 31 December 2023

(in thousands of euros)	TOTAL	2024	2025	2026	2027	2028	Beyond
Commitments given							
Pledging of term deposits	1,750	1,000		750			
Orders of non-current assets	206	206					
Interest on PIA 1 repayable advances	89	40	27	16	6		
Interest on PDL Region loan	162	8	61	53	23	13	5
Interest on borrowings	477	193	145	89	41	8	
Interest on leases	286	55	50	42	37	31	71
Interest on rentals	56	19	15	10	7	3	2
Total commitments given	**3,025**	**1,522**	**296**	**961**	**113**	**56**	**78**
Commitments received							
Orders of non-current assets	235	235					
Interest on PIA 1 repayable advances	89	40	27	16	6		
Interest on PDL Region loan	162	8	61	53	23	13	5
Interest on borrowings	477	193	145	89	41	8	0
Interest on leases	286	55	50	42	37	31	71
Interest on rentals	56	19	15	10	7	3	2
Total commitments received	**1,304**	**551**	**296**	**211**	**113**	**56**	**78**

Financial commitments at 31 December 2022

(in thousands of euros)	TOTAL	2023	2024	2025	2026	2027	Beyond
Commitments given							
Pledging of term deposits	1,000			1,000			
Orders of non-current assets	2,251	2,251					
Interest on PIA 1 repayable advances	252	55	26	30	55	43	43
Total interest on conditioned loan	0	0					
Interest on PDL Region loan	132	10	41	32	24	16	8
Interest on borrowings	748	257	207	145	89	41	8
Interest on leases	350	62	57	50	42	37	102
Interest on rentals	68	21	17	12	8	6	5
Total commitments given	**4,801**	**2,657**	**348**	**1,269**	**219**	**142**	**166**
Commitments received							
Orders of non-current assets	2,251	2,251					
Interest on PIA 1 repayable advances	252	55	26	30	55	43	43
Total interest on conditioned loan	0	0					
Interest on PDL Region loan	132	10	41	32	24	16	8
Interest on borrowings	748	257	207	145	89	41	8
Interest on leases	350	62	57	50	42	37	102
Interest on rentals	68	21	17	12	8	6	5
Total commitments received	**3,801**	**2,657**	**348**	**269**	**219**	**142**	**166**

HOFFMANN GREEN CEMENT TECHNOLOGIES pledged a term deposit for an amount of €1 million as collateral for a loan of €2,550 thousand taken out with a banking institution, whose outstanding capital was €822 thousand at 31 December 2023.

As guarantee for two loans of €435 thousand each with a total outstanding capital of €111 thousand at 31 December 2023, HOFFMANN MICROTECH granted a lender's privilege in the amount of €435 thousand for each of the two loans. These same loans are backed by a 33% OSEO guarantee.

6.11.5. Operating segments

The breakdown of revenue between cement sales and services and the breakdown of revenue between France and Export is presented in section 6.8.1.

2.2. STATUTORY AUDITOR'S REPORT ON THE IFRS FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 – IFRS CONSOLIDATED FINANCIAL STATEMENTS 2023 AND 2022

KPMG S.A.
7 Boulevard Albert Einstein
BP 41125
44311 Nantes Cedex 3

Hoffmann Green Cement Technologies S.A.

Statutory auditor's report on the consolidated financial statements

For the year ended December 31st, 2023
Hoffmann Green Cement Technologies S.A.
La Bretaudière - Chaillé-sous-les-Ormeaux - 85310 Rives de l'Yon

KPMG S.A., a French audit and accounting limited liability company registered with the Paris Association of Chartered Accountants under n°14-30080101 and a member of the Regional Association of statutory auditors of Versailles and Centre.
A French company, member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee.

Public limited company with board of directors
KPMG S.A.
Tour Eqho
2 avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
Capital : 5 497 100 €.
775 726 417 RCS Nanterre

Please insert Co-Auditor's legal infos

Please insert Co-Auditor's legal infos

KPMG S.A.
7 Boulevard Albert Einstein
BP 41125
44311 Nantes Cedex 3

This is a translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditor's or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Hoffmann Green Cement Technologies S.A.

La Bretaudière - Chaillé-sous-les-Ormeaux - 85310 Rives de l'Yon

Statutory auditor's report on the consolidated financial statements

For the year ended December 31st, 2023

Dear Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Hoffmann Green Cement Technologies S.A. for the year ended December 31st, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

KPMG S.A., a French audit and accounting limited liability company registered with the Paris Association of Chartered Accountants under n°14-30080101 and a member of the Regional Association of statutory auditors of Versailles and Centre.
A French company, member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee.

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Capital : 5 497 100 €.
775 726 417 RCS Nanterre

Please insert Co-Auditor's legal infos

Please insert Co-Auditor's legal infos

Independence

We conducted our audit engagement in compliance with independence requirements of the french Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditor's rules applicable to us, for the period from january 1st 2023 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgment focused on the appropriateness of the accounting principles used, the reasonableness of the significant estimates and the presentation of consolidated financial statements taken as a whole, relating particularly to the following matters : The recognition of deferred taxes relating to activated deficits.

These assessments were made in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group information given in the management report of the board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Nantes, on the April, 12th 2024

KPMG S.A.

The Statutory Auditor

French original signed by

Gwenaël Chedaleux

2.3. PARENT COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

SADIR HOFFMANN GREEN CEMENT TECHNOLOGIES

La Bretaudière
CHAILLÉ-SOUS-LES-ORMEAUX 85310 RIVES DE L’YON, FRANCE

Financial Statements

from 01/01/2023 to 31/12/2023

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Report of the presentation of the annual financial statements

MISSION TO PRESENT THE ANNUAL FINANCIAL STATEMENTS

In accordance with the mission entrusted to us, we carried out a presentation of the annual financial statements of the company SADIR HOFFMANN GREEN CEMENT TECHNOLOGIES for the financial year from 01/01/2023 to 31/12/2023.

These annual financial statements are attached to this report. They contain the following data:

	Amounts in euros
Total statement of financial position	81,400,949
Revenue	5,904,053
Net income (loss)	**-7,560,650**

We performed the procedures required by the professional standards of the Ordre des Experts-Comptables applicable to the presentation of the financial statements.

Signed in Les Herbiers
on 5 February 2024

Philippe Aucher
Chartered Accountant

Annual financial statements

Income statement

	31/12/2023	31/12/2022	Abs. (M)	Abs. (%)
Operating income (1)				
Sales of goods	962	228	734	321.42
Production sold (goods)	3,648,798	1,627,402	2,021,396	124.21
Production sold (services)	2,254,293	380,576	1,873,717	492.34
Net revenue	**5,904,053**	**2,008,207**	**3,895,846**	**194.00**
Of which for export and intra-EU deliveries	*3,385,906*	*214,370*	*3,171,536*	*NS*
Production held as inventory	-109,126	133,224	-242,350	-181.91
Capitalised production	1,945,520	2,210,937	-265,417	-12.00
Operating subsidies	95,160	6,653	88,507	NS
Reversals of provisions (& deprec./amort.), Other expenses	202,369	131,415	70,955	53.99
Other products	214,181	148,891	65,290	43.85
Total operating income (I)	8,252,158	4,639,327	3,612,831	77.87
Operating expenses (2)				
Purchases of goods	8,080	47,655	-39,575	-83.04
Changes in inventories	3,573	-31,455	35,028	-111.36
Purchases of raw materials and other supplies	2,442,337	3,573,251	-1,130,915	-31.65
Changes in inventories	844,295	-1,474,289	2,318,584	-157.27
Other purchases and external expenses (a)	6,620,785	6,420,433	200,353	3.12
Taxes and similar payments	99,792	86,732	13,060	15.06
Wages and salaries	2,776,683	2,375,257	401,426	16.90
Social security charges	1,094,969	1,106,922	-11,953	-1.08
Depreciation, amortisation and impairment:				
- On non-current assets: depreciation/amortisation allowance	2,639,019	1,893,553	745,466	39.37
- On non-current assets: provisions for impairment				
- On current assets: provisions for impairment		220,000	-220,000	-100.00
- For risks and charges: allocations to provisions	35,200		35,200	
Other expenses	206,441	166,855	39,586	23.72
Total operating expenses (II)	16,771,173	14,384,914	2,386,260	16.59
OPERATING INCOME (I-II)	**-8,519,015**	**-9,745,587**	**1,226,571**	**-12.59**
Share of income from operations				
Profit allocated or loss transferred (III)				
Loss incurred or profit transferred (IV)				
Financial income				
Participation (3)	8,118	106	8,011	NS
Other securities and receivables				
Other interest and similar income (3)	753,570	430,489	323,081	75.05
Reversals of provisions and impairment and other expenses	1,127,788	73,095	1,054,693	NS
Positive exchange differences				
Net proceeds on disposals of marketable securities				
Total financial income (V)	1,889,476	503,691	1,385,785	275.13
Financial expenses				
Depreciation, amortisation and impairment	407,553	1,127,788	-720,235	-63.86
Interest and similar expenses (4)	389,808	368,487	21,321	5.79
Negative exchange differences		57	-57	-100.00
Net expenses on sales of marketable securities				
Total financial expenses (VI)	797,361	1,496,332	-698,971	-46.71
FINANCIAL INCOME (V-VI)	**1,092,115**	**-992,641**	**2,084,756**	**-210.02**
CURRENT PROFIT before tax	**-7,426,901**	**-10,738,228**	**3,311,328**	**-30.84**

Income statement (continued)

	31/12/2023	31/12/2022	Abs. (M)	Abs. (%)
Exceptional income				
On management transactions		41,874	-41,874	-100.00
On capital transactions	60,646	123,365	-62,719	-50.84
Reversals of provisions and impairment and other expenses	8,991		8,991	
Total non-recurring income (VII)	69,637	165,239	-95,602	-57.86
Exceptional expenses				
On management transactions	34,095	15,186	18,910	124.52
On capital transactions	293,399	274,091	19,307	7.04
Depreciation, amortisation and impairment	697,816	476,540	221,276	46.43
Total exceptional expenses (VIII)	1,025,310	765,817	259,493	33.88
EXCEPTIONAL INCOME (VII-VIII)	**-955,674**	**-600,578**	**-355,095**	**59.13**
Employee profit-sharing (IX)				
Income tax (X)	-821,924	-689,938	-131,986	19.13
Total income (I + III + V + VII)	10,211,270	5,308,257	4,903,014	92.37
Total expenses (II + IV + VI + VIII + IX + X)	17,771,920	15,957,125	1,814,795	11.37
PROFIT OR LOSS	**-7,560,650**	**-10,648,868**	**3,088,219**	**-29.00**
(a) Including:				
- Furniture leasing fees	*155,605*		*-18,586*	
- Real estate leasing fees	*297,268*		*593*	
(1) Including income from prior years		*174,191*		*-10.67*
(2) Including expenses relating to prior years		*296,676*		*0.20*
(3) Of which income from related entities	*8,118*		*8,118*	
(4) Of which interest from related entities				

Statement of financial Position (ASSET)

	Gross	Depreciation/ Amortisation Impairment	Net as at 31/12/2023	Net as at 31/12/2022
Uncalled subscribed capital				
NON-CURRENT ASSET				
Intangible assets				
Start-up costs	3,529	3,529	1	1
Research and development expense	8,434,024	1,696,212	6,737,811	5,679,489
Concessions, patents, licences, software, rights & similar	356,932	144,679	212,253	255,595
Goodwill (1)				
Other intangible assets	948,172		948,172	767,820
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land	2,579,095	228,043	2,351,052	696,691
Buildings	24,997,617	558,749	24,438,868	900,357
Technical facilities, industrial equipment and tools	10,735,301	4,735,184	6,000,116	4,731,743
Other property, plant and equipment	2,843,162	887,470	1,955,692	1,373,619
Property, plant and equipment in progress	409,814		409,814	25,847,487
Advances and deposits				
Financial investments (2)				
Investments (equity method)				
Other investments	1,792,947		1,792,947	1,792,947
Receivables from investments	708,118		708,118	
Other long-term investments	50,000		50,000	50,000
Loans				
Other financial investments	2,356,755		2,356,755	2,369,955
TOTAL NON-CURRENT ASSETS	56,215,467	8,253,866	47,961,600	44,465,703
CURRENT ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies	3,366,482		3,366,482	4,210,777
Work in progress (goods and services)				
Intermediate and finished products	25,311		25,311	134,437
Goods	46,536		46,536	50,109
Advances and deposits paid on orders	**157,586**		**157,586**	**197,869**
Receivables (3)				
Trade receivables	5,374,134	220,000	5,154,134	2,263,731
Other receivables	1,636,602		1,636,602	2,091,775
Capital subscribed and called, not paid				
Miscellaneous				
Investment securities	21,144,113	407,553	20,736,560	31,295,635
Cash at bank and in hand	1,976,443		1,976,443	6,888,520
Prepaid expenses (3)	339,694		339,694	329,363
TOTAL CURRENT ASSETS	34,066,901	627,553	33,439,348	47,462,215
Loan issuance costs to be amortised				
Bond redemption premiums				
Currency translation adjustments				
GRAND TOTAL	**90,282,367**	**8,881,419**	**81,400,949**	**91,927,918**
(1) Including lease rights				
(2) Of which at less than one year (gross)			*914,618*	*179,393*
(3) Of which at more than one year (gross)			*478,832*	*49,078*

Statement of financial position (LIABILITY)

	31/12/2023	31/12/2022
EQUITY		
Capital	14,636,693	14,634,736
Share premiums, merger premiums, contribution premiums, etc.	83,319,401	83,321,358
Revaluation difference		
Legal reserve	1,042	1,042
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	-32,480,610	-21,831,742
INCOME FOR THE FINANCIAL YEAR (profit or loss)	**-7,560,650**	**-10,648,868**
Investment grants	422,471	423,003
Regulated provisions	1,715,920	1,027,094
TOTAL EQUITY	60,054,267	66,926,624
OTHER CAPITAL		
Income from the issuance of participating securities		
Conditional advances	4,127,730	3,874,084
TOTAL OTHER CAPITAL	4,127,730	3,874,084
PROVISIONS FOR CONTINGENCIES AND CHARGES		
Provisions for risks	35,200	
Provisions for expenses	170,844	135,092
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	206,044	135,092
LIABILITIES (1)		
Convertible bonds		
Other bonds		
Borrowings and debts from credit institutions (2)	12,312,758	16,110,518
Miscellaneous loans and borrowings (3)	162,885	254,685
Advances and deposits received on orders in progress		
Trade payables and related accounts	3,424,497	2,584,124
Tax and employee-related payables	842,244	891,477
Liabilities on non-current assets and related accounts	256,537	1,135,919
Other liabilities	13,987	15,395
Prepaid products and services		
TOTAL DEBT	17,012,908	20,992,119
Translation differences – liabilities		
GRAND TOTAL	**81,400,949**	**91,927,918**
(1) Of which at more than one year (a)	8,639,978	12,496,916
(1) Of which at less than one year (a)	8,372,930	8,495,202
(2) Of which bank overdrafts and balances		
(3) Of which participating loans	149,127	242,263
(a) With the exception of advances and deposits received on orders in progress		

Appendix

Significant events

Significant events during the financial year with an accounting impact

ACCOUNTING TRANSACTIONS AND OPTIONS

1) Treasury shares in HOFFMANN GREEN CEMENT TECHNOLOGIES

During the 2023 financial year, HGCT repurchased some of its shares. The main changes during the year are as follows:

- Number of shares in inventory at 1 January 2023: 13,686 shares.
- Number of shares purchased during the financial year: 53,835 shares.
- Total purchase value of the shares: €471,726.
- Number of shares sold during the financial year: 46,540 shares.
- Total value of the sale of shares: €419,432.

This resulted in an overall capital loss of €51,645 and an overall capital gain of €25,408. The value of the shares at 31/12/2023 was €8.15 per share.

At 31/12/2023, HGCT held 20,921 shares valued at the original acquisition price of €161,981 (account 277100 + 277120).

The valuation of these 20,986 shares at 31 December 2023 was €170,506, i.e. an unrealised capital gain of €8,525.

2) Comments on intangible assets

HGCT records development costs that comply with the capitalisation conditions as assets.

These costs can be capitalised because they relate to clearly individualised projects with a serious chance of technical success and commercial profitability.

As the Company complied with all the activation criteria, the following amounts were capitalised:

- For the 2017 financial year: €308 thousand.
- For the 2018 financial year: €462 thousand.
- For the 2019 financial year: €1,068 thousand.
- For the 2020 financial year: €1,145 thousand.
- For the 2021 financial year: €2,131 thousand.
- For the 2022 financial year: €2,211 thousand.
- For the 2023 financial year: €1,946 thousand.

Significant events (continued)

The capitalised production for the financial year ended 31/12/2023 is recorded in intangible assets for an amount of €1,909 thousand, and in property, plant and equipment for €36 thousand (H2 building and concrete plant).

This product mainly concerns the development of products related to existing and new technologies.

These amounts relate to clearly individualised projects.

These costs are therefore recognised in accounts 203000, 213100 and 232000 with an offset of a capitalised production account 722000. These costs relate to personnel costs allocated to projects, the depreciation of equipment needed for research and subcontracting to research organisations approved by the French Ministry.

These assets are subject to economic depreciation over a period of 10 years and special depreciation over five years.

HGCT acquired the amount of €552,576 via merger, corresponding to the valuation of a unique Industrial process. This intangible asset is recognised in a 208100 account and is not subject to economic amortisation or impairment at 31/12/2023. This process can be duplicated for the construction of new plants.

3) Aid and subsidies

3.1 New grants during the year

HGCT was awarded an operating grant of:

- €3,857 for the energy springboard by ADEME (balance of the grant). This aid is fully recognised in income over the financial year.

BPI France grant/repayable advance – Concours d'innovation I'NOV

- €683,143 for the development of a low-carbon cement from a carbonate-based activator. This BPI aid is linked to the payment of €1,518 thousand in eligible expenses. 75% of this aid is paid in the form of a grant (i.e. €512,357) and 25% in the form of a repayable advance (i.e. €170,786).

The grant is recognised in the class 74 and class 131 sub-accounts according to the expenditure made and the repayable advance is entered into account 167410.

As of 31/12/2023, HGCT received an amount of €136,629, of which €91,303 recognised in income, €11,169 in equipment grants and €34,157 in repayable advances.

Significant events (continued)

3.2 Existing BPI grant

- €400,000 for the H2 investment.

The new production unit (H2) was commissioned on 1 July 2023. Income was recognised in line with the depreciation of the plant for an amount of €5,835.

3.3 Obtaining a BPI repayable advance (PIA 4)

On 14 April 2022, BpiFrance awarded the HGCT company an innovation grant for the following project: Development of H-EVA technology.

Part of this recoverable advance of €700,000 was received during the 2022 financial year, in the amount of €490,000.

This advance represents a grant rate of 44.91% on eligible expenses of €1,558,551. The balance of the aid (€210,000) that was to be received in 12/2023 was carried forward to 31/12/2024.

Repayment is instalments from 2024, i.e. €70 thousand in 2024, and €140 thousand in subsequent years. The balance of €210 thousand will be repaid as part of this plan.

4) Consequences of the COVID-19 event on the annual financial statements:

The impact of the COVID-19 health crisis on the Company's assets, financial position and results is as follows:

In 2020, lockdown measures and border closures due to the COVID-19 health crisis had an impact on the Company's ordinary course of business.

In 2023, the Company was impacted by the effects of the COVID-19 crisis but to a lesser extent than in 2020, 2021 and 2022.

The impact is not measurable.

Significant events (continued)

5) Implementation of a free share allocation plan for the Company's ordinary shares

By a decision of the Management Board on 16 January 2023, it was decided to grant free shares of the Company to employees subject to conditions:

These are two new plans, in addition to Plans Nos. 1, 2, 3 and 4 already in place, and include the following terms and conditions:

- **Plan No. 5:** 22,147 shares for employees who have joined the Company since 19 January 2022
  The shares will only vest after a vesting period of three years, from 16 January 2026.

These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

- **Plan No. 6:** 20,500 shares for certain employees.
  The shares will only vest after a period of three years, from 16 January 2024.

These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

6) Capital increase

By decision of the Management Board on 4 January 2021, it was decided to grant free shares of the Company to employees subject to conditions.

- Plan No. 3: 5,665 shares

The shares will only vest after a vesting period from 4 January 2023.

These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

The Management Board decided to grant these shares to employees in accordance with the grant conditions on 4 January 2023.

In this respect, new shares were issued under the following conditions during the 2023 financial year:

- Plan No. 3 on 4 January 2023: 1,957 shares at a price of €10.60 (current price), i.e. a value of €20,744.20. These free allocations generated social security charges (social flat-rate) of €4,149.
  As a result, the Company's share capital will be increased by €1,957 corresponding to 1,957 new shares issued at a par value of €1 during the 2023 financial year, by deducting from the issue premium.

Significant events (continued)

7) Construction of H2 and Concrete Batching Plant

To develop its activities and increase production volumes, HGCT decided to build a new plant named H2, based in Bournezeau, near the H1 plant.

Investments amounted to €23.6 million.

This development also led the Company to set up its own concrete plant, the amount of the investment is €2.5 million.

This equipment was commissioned on 01/07/23.

Accounting policies, rules and methods

Company name: SADIR HOFFMANN GREEN CEMENT TECHNOLOGIES

Notes to the statement of financial position before distribution for the financial year ended 31 December 2023, for which the total is €81,400,949 and to the income statement for the financial year, presented in list form, showing a loss of €7,560,650.

The financial year lasts 12 months, covering the period from 1 January 2023 to 31 December 2023. The notes and tables below form an integral part of the annual financial statements.

General rules

The annual financial statements for the year at 31 December 2023 were prepared in accordance with Regulation 2014-03 of the French Accounting Standards Authority (Autorité des Normes Comptables) of 5 June 2014, updated with various additional regulations at the date of the preparation of the aforementioned annual financial statements.

The accounting agreements have been applied fairly in accordance with the principle of prudence, in accordance with the basic assumptions:

- going concern;
- consistency of accounting policies from one financial year to the next;
- independence of financial years;

and in accordance with the general rules for the preparation and presentation of annual financial statements.

The basic method used to value the items recorded in the accounts is the historical cost method.

Only significant information is stated. Unless otherwise stated, amounts are expressed in euros.

Property, plant and equipment and intangible assets

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

The cost of a non-current asset consists of its purchase price, including customs duties and non-recoverable taxes, after deduction of rebates, commercial discounts and payment discounts of all directly attributable costs incurred to put the asset in place and in working order for its intended use. Transfer taxes, fees or commissions and legal costs related to the acquisition are not included in this acquisition cost.

Accounting policies, rules and methods (continued)

All costs that are not part of the purchase price of the asset and that cannot be directly related to the costs necessary to put the asset in place and in working condition in accordance with planned use are recognised in expenses.

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

Amortisation

Depreciation and amortisation is calculated on a straight-line basis over the expected useful life.

- **Concessions, software and patents:** two to eight year
- **Other intangible assets:**
  Research and development costs: 10 years
  Industrial process: Not amortised
- **Land development:**
  Land and facilities: five to eight years
- **Buildings:** 10 to 40 years
- **Fixtures and fittings of buildings:** 20 and 25 years
- **Technical facilities:**
  Industrial process depreciated in batches of one to 10 years
- **Industrial equipment and tools:** three to five years
- **General installations, fixtures and fittings:** five to 15 years
- **Transport equipment:** five years
- **IT equipment:** two to five years
- **Furniture:** three to five years

The depreciation/amortisation period used is the useful life for assets that cannot be broken down at the outset.

At the reporting date, based on the internal and external information at its disposal, the Company assessed whether there was any evidence that the assets could have significantly lost value.

The Company uses accelerated depreciation/amortisation in order to benefit from the depreciation tax deduction for non-current assets whose accounting period is longer than the period of tax use.

Accounting policies, rules and methods (continued)

Start-up costs

The incorporation, transformation and initial establishment costs have been recorded as start-up costs under assets.

Equity securities

Equity securities are valued at their acquisition cost including ancillary costs.

Accelerated depreciation/amortisation is then recorded to take into account the depreciation/amortisation of these ancillary costs.

The inventory value of the shares corresponds to the value in use for the Company. It is determined according to the net assets of the subsidiary, its profitability and its future prospects. When the inventory value is less than the acquisition cost, an impairment loss is recognised for the difference.

Inventories

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

Manufactured products are valued at production cost including consumption, direct and indirect production costs, and depreciation of goods used in production. The cost of sub-activity is excluded from the value of inventories. Interest is excluded when valuing inventories.

Inventories are valued using the weighted average cost method. For practical reasons and unless there are significant differences, the last known purchase price was used.

An impairment of inventories equal to the difference between the gross value determined according to the methods indicated above and the current market price or realisable value less proportional selling costs, is taken into account when this gross value is greater than the other term stated.

Receivables

Receivables are valued at their nominal value. Impairment is recorded when the inventory value is lower than the carrying amount.

Accounting policies, rules and methods (continued)

Provisions

Any current obligation resulting from a past event of the Company with regard to a third party, likely to be estimated with sufficient reliability, and covering identified risks, is recognised as a provision.

Loan issuance costs

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

Exceptional income and expenses

Non-recurring income and expenses include items that are not related to the Company's normal activity.

Pension commitment

The Company's commitments in terms of retirement benefits are calculated using the projected unit credit method with final salaries, taking into account the provisions of the Collective Agreement, life expectancy and presence in company, and a financial discount.

The actuarial assumptions used are as follows:

- Discount rate: 3.17%.
- Salary growth rate: 4%.
- Retirement age: 64.
- Mortality rate table: (INSEE table 2016-2018).

Notes to the statement of financial position

Non-current asset

Table of non-current assets

	At start of the financial year	Increase	Decrease	At year-end
- Start-up and development costs	6,708,290	1,729,263		8,437,553
- Goodwill				
- Other intangible assets	1,123,052	182,052		1,305,104
Intangible assets	**7,831,341**	**1,911,315**		**9,742,657**
- Land	823,702	1,755,394		2,579,095
- Buildings on freehold land		22,768,967		22,768,967
- Buildings on non-freehold land	1,082,602			1,082,602
- General facilities, fixtures and fittings		1,146,048		1,146,048
- Technical facilities, industrial equipment and tools	8,294,978	2,440,322		10,735,301
- General facilities, miscellaneous fittings	1,606,732	577,979		2,184,711
- Transport equipment	93,267	80,791	13,660	160,398
- Office equipment and furniture	241,928	208,237		450,164
- Recoverable packaging and miscellaneous	47,889			47,889
- Property, plant and equipment in progress	25,847,487	3,666,668	29,104,341	409,814
- Advances and deposits				
Property, plant and equipment	**38,038,584**	**32,644,406**	**29,118,001**	**41,564,990**
- Investments valued using the equity method				
- Other investments	1,792,947	708,118		2,501,065
- Other long-term investments	50,000			50,000
- Loans and other financial investments	2,369,955	477,138	490,338	2,356,755
Financial investments	**4,212,902**	**1,185,256**	**490,338**	**4,907,820**
NON-CURRENT ASSET	**50,082,827**	**35,740,977**	**29,608,339**	**56,215,467**

Notes to the statement of financial position (continued)

Cash flows can be analysed as follows:

	Intangible assets	Property, plant and equipment	Financial investments	Total
Breakdown of increases				
Inter-item transfers		28,821,828		28,821,828
Acquisitions	1,911,315	3,822,579	1,185,256	4,548,638
Increases during the year	**1,911,315**	**32,644,407**	**1,185,256**	**33,370,466**
Breakdown of decreases				
Inter-item transfers		28,873,957		28,873,957
Disposals		244,044	490,338	734,382
Decreases during the year		**29,118,001**	**490,338**	**29,608,339**

Intangible assets

Start-up costs

	Net value	Rate (in %)
Formation expenses	1	20.00
Start-up costs		
Capital increase costs		
Total	**1**	

Industrial process

HGCT acquired the amount of €552,576 via merger, corresponding to the valuation of a unique Industrial process. This intangible asset is recognised in a 208100 account and is not subject to economic amortisation or impairment at 31 December 2023. This process can be duplicated for the construction of new plants.

Notes to the statement of financial position (continued)

Research and development expense

Explanation of the exemption from depreciation/amortisation rules over a maximum period of five years.

Research and development costs are amortised over a period of 10 years economically and five years for tax purposes.

In this respect, accelerated amortisation is recorded.

The amount of R&D costs in progress at 31/12/2023 amounted to €396 thousand corresponding to technologies under development (including €215 thousand in progress at 31 December 2022).

	Gross amount	Term
H-P2A technology project	154,120	10
H-UKR technology project	1,209,791	10
H-EVA technology project	367,664	10
Improvement and new development H-UKR 2020	1,103,092	10
Improvement and new development H-EVA 2020	20,192	10
Improvement and new development H-P2A 2020	6,465	10
Improvement and new development H-UKR 2021	1,377,213	10
Improvement and new development H-EVA 2021	258,551	10
Improvement and new development H-P2A 2021	75,921	10
Technology development H-IONA 2021	187,289	10
Improvement and new development H-UKR 2022	1,243,625	10
Improvement and new development H-EVA 2022	474,749	10
Improvement and new development H-IONA 2022	226,089	10
Improvement and new development H-UKR 2023	1,332,992	10
Improvement and new development H-EVA 2023	200,223	10
Improvement and new development H-IONA 2023	196,049	10
Research costs	**8,434,024**	

Notes to the statement of financial position (continued)

Property, plant and equipment

Assets in progress

Amount of expenses recognised: €3,666,668

Amount of new expenses recognised at 31/12/2023: €3.1 million, mainly:

- New H2 production unit: €2,095 million.
- Concrete mixing plant: €452 million.
- H1 improvement: €350 thousand.
- Offices: €216 thousand.
- Various ongoing projects: €34 thousand.

Financial investments

Financial investments in the amount of €4.9 million include:

- loan collateralised accounts and deposits: €1.7 million;
- Hoffmann Broyage shares: €1.8 million;
- Hoffmann Suisse shares: €10 thousand;
- lessee advance on property finance lease: €483 thousand;
- Hoffman Microtech receivables: €708 thousand;
- treasury shares: €162 thousand;
- investment securities: €50 thousand;
- miscellaneous deposits: €12 thousand.

Notes to the statement of financial position (continued)

List of subsidiaries and equity investments

Table in thousands of euros

(1) Capital – **(2)** Equity capital other than capital – **(3)** Share of capital held (in percentage)

(4) Gross carrying amount of securities held – **(5)** Net carrying amount of securities held

(6) Loans and advances granted by the Company and not yet repaid – **(7)** Guarantees and pledges given by the Company

(8) Revenue excluding taxes for the last financial year – **(9)** Net income for the last financial year

(10) Dividends received by the Company during the financial year

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. DETAILED INFORMATION ON EACH SECURITY										
- Subsidiaries (+50% owned)										
SAS HOFFMANN MICROTECH	230	1,117	100.00	1,782	1,782	708		432	-237	
- Equity investments (between 10% and 50% held) HOFFMAN GREEN CEMENT TECH										
B. OVERALL INFORMATION ON OTHER SECURITIES	100	-9	10.00	10	10				-5	
- Other French subsidiaries										
- Other foreign subsidiaries										
- Other French investments										
- Other foreign investments										

Notes to the statement of financial position (continued)

The capitalisation method for acquisition costs on equity interests is applied. The costs are therefore added to the value of the securities held and amortised over a period of five years through exceptional amortisation.

Depreciation/amortisation of non-current assets

	At the start of the financial year	Increase	Decreases	At the end of the financial year
- Start-up and development costs	1,028,800	670,941		1,699,741
- Goodwill				
- Other intangible assets	99,637	45,042		144,679
Intangible assets	**1,128,437**	**715,983**		**1,844,420**
- Land	127,011	101,032		228,043
- Buildings on freehold land		304,797		304,797
- Buildings on non-freehold land	182,245	44,573		226,818
- General facilities, fixtures and fittings.		27,134		27,134
- Technical facilities, industrial equipment and tools	3,563,235	1,171,949		4,735,184
- General facilities, miscellaneous fittings	434,355	181,014		615,369
- Transport equipment	17,348	24,180	2,276	39,251
- Office equipment and furniture	161,168	66,144		227,313
- Recoverable packaging and miscellaneous	3,325	2,213		5,538
Property, plant and equipment	**4,488,687**	**1,923,036**	**2,276**	**6,409,446**
NON-CURRENT ASSET	**5,617,124**	**2,639,019**	**2,276**	**8,253,866**

Notes to the statement of financial position (continued)

Current assets

Statement of receivables

Total receivables at the end of the financial year amounted to €10,415,303 and the breakdown by maturity is as follows:

	Gross amount	Due within one year	Due in more than one year
Non-current asset receivables:			
Receivables related to equity investments	708,118	708,118	
Loans			
Other	2,356,755	206,500	2,150,255
Receivables from current assets:			
Trade receivables	5,374,134	4,951,734	422,400
Other	1,636,602	1,592,014	44,588
Subscribed capital – called, not paid			
Prepaid expenses	339,694	327,850	11,844
Total	**10,415,303**	**7,786,216**	**2,629,087**
Loans granted during the financial year			
Loans recovered during the financial year			

Income receivable

	Amount
Accrued interest on related receivables	4,904
Customer invoices to be issued	1,162,931
Accrued trade payables	3,330
Social security charges receivable	6,846
Statement accrued income	43,000
Accrued income receivable	4,016
Accrued interest/securities	319,069
Total	**1,544,096**

Notes to the statement of financial position (continued)

Investment securities

At the end of the financial year, the market value of the main components of the portfolio amounted to €9,592,491 for a carrying amount of €10,000,043. The amount of the corresponding unrealised losses is €407,553.

The portfolio of marketable securities at the end of the financial year was as follows:

	Historical value	Net asset value	Unrealised gains	Unrealised losses
UCITS	10,000,043	9,592,491		407,553
TOTAL	**10,000,043**	**9,592,491**		**407,553**

Term deposit

The Company subscribed to various term accounts for a total amount of €10.8 million, with different maturities.

Equity

Composition of share capital

Share capital of €14,636 693 broken down into 14,636,693 shares with a par value of €1.00.

	Number	Nominal value
Shares comprising the share capital at the beginning of the financial year	14,634,736	1.00
Shares issued during the financial year	1,957	1.00
Securities redeemed during the year		
Shares comprising share capital at the end of the financial year	14,636,693	1.00

Notes to the statement of financial position (continued)

Appropriation of net income

Decision of the General Meeting of 2 June 2023.

	Amount
Retained earnings from the previous financial year	-21,831,742
Profit (loss) from the previous financial year	-10,648,868
Deductions from reserves	
Total origin	**-32,480,610**
Allocations to reserves	
Distributions	
Other distributions	
Retained earnings	-32,480,610
Total allocations	**-32,480,610**

Table of change in equity

	Balance as of 01/01/2023	Appropriation of earnings	Increases	Decreases	Balance as of 31/12/2023
Capital	14,634,736		1,957		14,636,693
Share premiums	83,321,358			1,957	83,319,401
Legal reserve	1,042				1,042
Retained earnings	-21,831,742	-10,648,868			-32,480,610
Profit (loss) for the period	-10,648,868	10,648,868	-7,560,650		-7,560,650
Dividends					
Investment grant	423,003		11,169	11,701	422,471
Regulated provisions	1,027,094		697,816	8,991	1,715,920
Total equity	**66,926,624**		**-6,849,707**	**-22,649**	**60,054,267**

Notes to the statement of financial position (continued)

Regulated provisions

	Provisions at start of the financial year	Appropriations during the financial year	Reversals during the year	Provisions at end of the financial year
Reconstitution of oil deposits				
For investments				
For price increases				
Exceptional depreciation/amortisation	1,027,094	697,816	8,991	1,715,920
Installation loans				
Other provisions				
Total	**1,027,094**	**697,816**	**8,991**	**1,715,920**
Breakdown of allocations and reversals:				
Exceptional Financial Operations		697,816	8,991	

Accelerated depreciation/amortisation corresponds to:

- to the amortisation of research and development costs over an economic period of 10 years, and over a tax period of five years;
- amortisation of the acquisition costs of equity interests over five years: expense €26,019.

Provisions

Provisions table

	Provisions at start of the financial year	Appropriations during the financial year	Reversals used during the financial year	Reversals not used during the financial year	Provisions at end of the financial year
Special depreciation/amortisation allowances	1,027,094	697,816	8,991		1,715,920
Provision for taxes	135,099	35,752			170,844
On customer accounts	220,000				220,000
Other provisions for impairment	1,127,798	407,553	1,127,788		407,553
Other provisions for risks		35,200			35,200
Total	2,509,991	1,176,321	1,136,779		2,549,517

The provision for taxes recognised in the financial statements represents the corporate income tax payable when the real estate leasing option is exercised.

Notes to the statement of financial position (continued)

Liabilities

Statement of liabilities

Total liabilities at the end of the financial year amounted to €17,012,908. The detailed classification by maturity is as follows:

	Gross amount	Due within one year	Due in more than one year	Due in over five years
Convertible bonds (*)				
Other bonds (*)				
Borrowings (*) and debts from credit institutions of which:				
- at no more than one year originally				
- at more than one year originally	12,312,758	3,829,720	8,483,038	
Miscellaneous loans and borrowings (*)(**)	162,885	98,642	64,243	
Trade payables and accounts related	3,424,497	3,335,020	40,904	48,573
Tax and employee-related payables	842,244	842,244		
Liabilities on non-current assets and related accounts	256,537	256,537		
Other liabilities (**)	13,987	10,767	2,249	971
Prepaid products and services				
Total	**17,012,908**	**8,372,930**	**8,590,434**	**49,544**
(*) Loans taken out during the financial year				
(*) Loans repaid during the financial year (**)	3,797,759			
Of which to shareholders				

Financial debts also include participating loans not mentioned in total liabilities.

As part of the participating loans granted to HGCT, the following loans for a total amount of €4,127,730 break down as follows:

- ADEME participating loan (PIA 1): €988,573.
- BPI participating loan (PIA 3): €175,000.
- PDL region loan: €2,440,000.
- BPI participating loan (PIA 4): €490,000.
- BPI conditional advance: €34,157.

Notes to the statement of financial position (continued)

Provisional repayments are as follows:

- Less than one year: €919,814.
- Maturing in more than one year and less than five years: €3,047,916.
- Maturing in more than five years: €160,000.

Total liabilities at the end of the financial year amounted to €21,140,638.

Accrued expenses

	Amount
Accrued supplier invoices	298,689
FNP suppliers – EU	736,074
FNP suppliers – HU	5,148
FNP suppliers – manual	559,475
Non-current assets, accrued supplier invoices	37,570
Accrued interest on participating loans	149,127
Accrued interest on other borrowings	13,758
Staff paid leave	220,430
Accrued employee expenses	124,931
Social security contributions on paid leave	91,759
Other social security contributions payable	74,968
CAP apprenticeship tax	2,381
Status – accrued expenses	35,232
Accrued expenses payable	13,987
Total	**2,363,530**

Notes to the statement of financial position (continued)

Other information

Treasury shares

In account 2771 or 2772 at the reporting date of the financial year:

- In number: 20,921.
- In value: €161,981.

Accruals

Prepaid expenses

	Operating expenses	Financial expenses	Exceptional expenses
Prepaid expenses	339,694		
Total	**339,694**		

Revenue

Breakdown by business sector

Sector of activity	31/12/2023
Product sales	3,648,798
Services	2,172,529
Other ancillary income	51,065
Carriage and costs invoiced	31,661
TOTAL	**5,904,053**

The Company sold 21,378 metric tons during the financial year.

Notes to the statement of financial position (continued)

Operating and financial expenses and income

Compensation of the Statutory Auditors

Principal Statutory Auditor

Fee for certification of financial statements: €56,195
Fee for other services: €0

Net finance income (expense)

	31/12/2023	31/12/2022
Investment income	8,118	106
Income from other securities and receivables from non-current assets		
Other interest and similar income	753,570	430,489
Reversals of provisions and expense transfers	1,127,788	73,095
Positive exchange differences		
Net income on disposal of marketable securities		
Total financial income	**1,889,476**	**503,691**
Depreciation, amortisation and provisions	407,553	1,127,788
Interest and similar expenses	389,808	368,487
Negative exchange differences		57
Net expenses on sales of marketable securities		
Total financial expenses	**797,361**	**1,496,332**
Net finance income (expense)	**1,092,115**	**-992,641**

Notes to the income statement

Exceptional expenses and income

Exceptional income

Transactions during the year

	Expenses	Income
Penalties, tax and criminal fines	5,970	
Other non-recurring expenses on management transactions	28,125	
Carrying values of assets sold	241,767	
Other expenses	51,632	
Special depreciation/amortisation allowances	697,816	
Proceeds from asset disposals		23,550
Investment grants transferred to profit or loss		11,701
Other products		25,395
Special depreciation/amortisation allowances		8,991
TOTAL	**1,025,310**	**69,637**

Income and income tax

	Amount
Tax credits	
Research loan	769,177
Innovation loan	76,079
Corporate philanthropy loan	12,420

Notes to the income statement (continued)

Other allocations Impact of exceptional tax assessments

	Amount
Net income for the year after tax	**-7,560,650**
+ Income tax	-821,924
+ Tax supplement related to distributions	
- Income tax receivables	
Profit (loss) before tax	**-8,382,574**
Change in regulated provisions	
Provision for investments	
Provision for price increases Accelerated depreciation/amortisation	688,826
Tax provisions	
Other regulated provisions	
Income excluding special tax assessments (before tax)	**-7,693,748**

Tax breakdown

	Profit (loss) before tax	Corresponding tax (*)	Income after tax
+ Recurring income	-7,426,901	-821,924	-6,604,976
+ Exceptional income	-955,674		-955,674
Accounting income	**-8,382,575**	**-821,924**	**-7,560,650**
(*) includes tax credits (amount taken from the “Corresponding tax” column)			

Notes to the income statement (continued)

Increases and reductions in future tax debt

The deferred tax position, taking into account a corporate tax rate valued at 25%, shows a future receivable in the amount of €12,021,110. This amount does not take into account any payment of the social security contribution on profits.

	Amount
Increases in future tax liability	
Related to accelerated depreciation/amortisation allowances	1,715,920
Relating to other items	
A. Total bases contributing to increasing future debt	**1,715,920**
Reductions in future tax debt	
Related to provisions and non-deductible accrued expenses for the financial year	443,304
Provisions for taxes	135,091
B. Total bases contributing to decreasing the future debt	**578,395**
C. Tax loss carryforwards	**49,186,214**
Estimated amount of future receivables	**12,012,172**
Base = (A - B - C - D) Tax valued at the rate of 25%	

Other information

Events after the reporting period

Subsequent event related to free share allocation plans.

By decision of the Management Board on 16 January 2023, it was decided to grant free shares of the Company to employees subject to conditions:

- **Plan No. 5:** 22,147 shares for employees who have joined the Company since 19 January 2022.

The shares will only vest after a vesting period of three years, from 16 January 2026.

These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

- **Plan No. 6:** 20,500 shares for certain employees.

The shares will only vest after a period of three years, from 16 January 2024.

These shares must be retained and may not be disposed of by the beneficiaries until one year after the vesting period.

The Management Board decided to grant these shares to employees in accordance with the grant conditions on 16 January 2024.

In this respect, new shares were issued under the following conditions during the 2024 financial year:

- **Plan No. 6**: 11,500 shares The number of free shares allocated in January 2024, following the indication of the number of shares vested and appended to the minutes, came to 9,000.

These free allocations will generate social security contributions (social security contribution)

These social charges have not been provisioned in the financial statements for the year ended 31 December 2023.

As a result, the Company's share capital will be increased by €9,000 corresponding to 9,000 new shares issued at a par value of €1 during the 2024 financial year.

Other information (continued)

Headcount

Average headcount: 47 people, including one apprentice.

	Staff
Executives	31
Supervisors and technicians	13
Employees	3
Workers	
Total	**47**

Information on executives

Compensation allocated to members of the management bodies

This information is not mentioned because it would indirectly indicate individual compensation.

Other information (continued)

Financial commitments

Commitments given

	Amounts in euros
Unmatured discounted notes	
Pledges and guarantees	
Pension commitments	
Equipment leasing commitments	295,658
Real estate leasing commitments	2,933,460
Commitment on orders of non-current assets	*46,817*
Interest on loans and participating loans	*744,414*
Pledging of term deposits	*1,750,000*
Pledge of lessee’s deposit in favour of lessor	*482,942*
Other commitments given	3,024,173
Total	**6,253,291**
Of which relating to:	
Directors	
Subsidiaries	
Investments	
Other affiliated companies	
Collateralised commitments	

HGCT pledged a term deposit account for an amount of €1,750,000 as collateral for several loans taken out with the Caisse d'Epargne (€2.55 million and €3 million).

Other information (continued)

Commitments received

	Amounts in euros
Authorised overdraft limits	
Pledges and guarantees	
Commitment on orders of non-current assets	*63,372*
Commitments on equipment leasing	*295,658*
Commitments on real estate leases	*2,933,460*
Participating loan receivable (PIA 4)	*210,000*
Other commitments received	3,502,490
Total	**3,502,490**
Of which relating to:	
Directors	
Subsidiaries	
Investments	
Other affiliated companies	
Collateralised commitments	

Credit leasing

	Land	Buildings	Equipment tools	Other	Total
Original value	408,550	3,395,440	1,035,000	6,019	4,845,009
Cumulative of previous financial years		329,639	610,321	1,226	941,186
Appropriations during the financial year		87,672	147,857	301	235,830
Amortisation		417,311	758,179	1,527	1,177,017
Cumulative of previous financial years	133,573	1,048,199	648,428	1,968	1,832,168
Financial year	31,632	265,286	155,623	466	453,007
Fees paid	165,205	1,313,485	804,051	2,434	2,285,175
At one year or more	31,710	265,799	155,623	467	453,599
At more than one year and at less than five years	127,686	1,068,703	129,686	1,881	1,327,955
At more than five years	153,520	1,281,440		2,262	1,437,222
Fees outstanding	312,916	2,615,942	285,308	4,610	3,218,776
At one year or more					
At more than one year and at less than five years			10,350		10,350
At more than five years		1			1
Residual value		1	10,350		10,351
Amount paid during the financial year					

Other information (continued)

Table of the last five financial years

	N-4	N-3	N-2	N-1	N
Share capital at year-end					
Share capital	13,602,387	13,602,387	14,602,387	14,634,736	14,636,693
Number of ordinary shares	13,602,387	13,602,387	14,602,387	14,634,736	14,636,693
Operations and income					
Revenue (excl. tax)	629,633	513,582	2,466,256	2,008,207	5,904,053
Profit (loss) before tax, shareholders, depreciation and amortisation and provisions	-6,304,148	-6,349,697	-5,385,665	-7,721,405	-5,739,765
Income tax	507,434	-724,403	-874,788	-689,938	-821,924
Income after tax, profit-sharing, depreciation and amortisation and provisions	-7,721,972	-7,476,873	-6,277,046	-10,648,868	-7,560,649
Earnings per share					
Income after tax, profit-sharing, but before depreciation and amortisation and provisions	-0.50	-0.41	-0.31	-0.53	-0.39
Income after tax, profit-sharing, depreciation and amortisation and provisions	-0.57	-0.55	-0.43	-0.73	-0.52
Dividend distributed					
Staff					
Employees	15	17	27	39	47
Total payroll	1,476,654	1,191,725	1,776,800	2,375,257	2,776,683
Amount paid in employee benefits	646,121	500,973	747,862	1,106,922	1,094,969

Pension commitments

Amount of commitments made in terms of pensions, supplementary pensions and similar benefits: €12,708

2.4. STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

KPMG

KPMG S.A.
7 Boulevard Albert Einstein
BP 41125
44311 Nantes Cedex 3

Hoffmann Green Cement Technologies S.A.

Statutory Auditor's report on the financial statements

For the year ended 31th december 2023
Hoffmann Green Cement Technologies S.A.
La Bretaudière Chaillé-sous-les-Ormeaux 85310 RIVES DE L'YON

KPMG S.A., a French audit and accounting limited liability company registered with the Paris Association of Chartered Accountants under n°14-30080101 and a member of the Regional Association of statutory auditors of Versailles and Centre.
A French company, member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee.

Public limited company with board of directors
KPMG S.A.
Tour Eqho
2 avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
Capital : 5 497 100 €.
775 726 417 RCS Nanterre

Please insert Co-Auditor's legal infos

Please insert Co-Auditor's legal infos

KPMG S.A.
7 Boulevard Albert Einstein
BP 41125
44311 Nantes Cedex 3

This is a translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Hoffmann Green Cement Technologies S.A.

La Bretaudière Chaillé-sous-les-Ormeaux 85310 RIVES DE L'YON

Statutory Auditor's report on the financial statements

For the year ended 31st december 2023

to the shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual general meeting, we have audited the accompanying financial statements of Hoffmann Green Cement Technologies S.A. for the year ended December 31st, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31st, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors rules applicable to us, for the period from January 1st 2023 to the date of our report.

KPMG S.A., a French audit and accounting limited liability company registered with the Paris Association of Chartered Accountants under n°14-30080101 and a member of the Regional Association of statutory auditors of Versailles and Centre.
A French company, member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee.

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Capital : 5 497 100 €.
775 726 417 RCS Nanterre

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KPMG

Justification of Assessments

In accordance with the requirements of articles L.821-53 et R.821-180 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgment focused on the appropriateness of the accounting principles used, and the reasonableness of the significant estimates and the presentation of financial statements taken as a whole.

These assessments were made in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-6 of the French Commercial Code (Code de commerce).

Report on Corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code.

Other information

In accordance with French Law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of thefinancial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors

.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

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- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Nantes, 12 April 2024

KPMG S.A.

French original signed by

Gwenaël CHEDALEUX

3. REPORT OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE

3.1. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

GENERAL INFORMATION ON THE FOUNDERS, MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

The Company was transformed into a public limited company with Management Board and Supervisory Board by a decision of the General Shareholders' Meeting of 3 September 2019.

The Company is managed by a Management Board, chaired by Julien Blanchard.

3.1.1.1. Composition of the Management Board and Supervisory Board

At the date of Annual Financial Report, the Company's Management Board is composed of the following two (2) members:

Name	Term of office	Main role in the Company	Main role outside the Company	Start and end of term of office
Julien Blanchard	Chairperson of the Management Board	-	Chairperson of JB Finance	Appointed by the Supervisory Board at its meeting of 3 September 2019, up to 3 September 2025
David Hoffmann	Member of the Management Board	Scientific and Innovation Director	Manager of Hoffmann Capital Holding	Appointed by the Supervisory Board at its meeting of 3 September 2019, up to 3 September 2025

At the date of Annual Financial Report, the Company's Supervisory Board is composed of the following five (5) members:

Name	Term of office	Main role in the Company	Main role outside the Company	Start and end of term of office
Eric Cougnaud	Chairperson of the Supervisory Board	-	Chairperson of the Cougnaud Group	Appointed by the General Meeting of 3 September 2019 until 2025, and renewed by the General Meeting of 3 June 2022 until 2025, at the end of the meeting called to approve the financial statements for the financial year ended 31 December 2024
Gil Briand	Member of the Supervisory Board	-	Chairperson of the Briand Group	Appointed by the General Meeting of 26 June 2020, and renewed by the General Meeting of 2 June 2023 until 2026, at the end of the meeting called to approve the financial statements for the financial year ended 31 December 2025
Isabelle Mommessin	Member of the Supervisory Board		Former Sales Director in the construction industry	Appointed by the General Meeting of 4 June 2021 until 2024, at the end of the meeting called to approve the financial statements for the financial year ended 31 December 2023
Philippe Duval	Independent member of the Supervisory Board	-	Director of Strategy and External Growth, Implid Group	Appointed by the General Meeting of 3 June 2019, and renewed by the General Meeting of 3 June 2022 until 2025, at the end of the meeting called to approve the financial statements for the financial year ended 31 December 2024

Alessandra Gaudio	Independent member of the Supervisory Board	-	Director of Wealth Solutions at Generali France	Appointed by the General Meeting of 4 June 2021 until 2024, at the end of the meeting called to approve the financial statements for the financial year ended 31 December 2023

For information, Hervé Montjotin resigned from his office as member of the Supervisory Board on 26 February 2024.

It should be noted that the General Meeting of 2 June 2023 dismissed Thierry Didelon from his office as member of the Supervisory Board, with effect from the said General Meeting. The business address of the members of the Management Board and the Supervisory Board is the Company's registered office, La Bretaudière, Chaillé-sous-les-Ormeaux, 85310 Rives de l'Yon, France.

3.1.1.2. **Other corporate offices**

- Other current mandates:

Name	Nature of term of office	Company
Julien Blanchard	Chairperson Manager Chairperson	JB Finance SCI JG Golf Club 14 Financière JG Holding
David Hoffmann	Chairperson	Hoffmann Capital Holding
Eric Cougnaud	Chairperson Chief Executive Officer Chief Executive Officer Co-manager	Eludom Cougnaud Guillet Production ALL-CGD
Gil Briand	Chairperson Chairperson Chairperson Manager Chairperson	Briand Group Finergie Winston SCI Heloi Proxinnov association
Philippe Duval	Strategic consulting Board member	Mutualia Implid
Alessandra Gaudio	Vice-Chairwoman of the Supervisory Board Director Member of the Finance Committee	Altaprofits Cercle des Épargnants Fondation de France
Isabelle Mommessin	Founder and Director	MOMMESSIN BERGER endowment fund

- Offices held during the last five financial years and having ended to date:

Name	Nature of term of office	Company
Julien Blanchard	N/A	
David Hoffmann	N/A	
Eric Cougnaud	N/A	
Gil Briand	N/A	
Philippe Duval	Member of the Supervisory Board Chairperson of the Management Committee Member of the Strategy Committee Independent director	Edrac Edmond de Rothschild Corporate Finance OKWind Mousset Group
Alessandra Gaudio	Chief Executive Officer Member of the Executive Committee (CIO) Member of the Management Committee Director Director	Swiss Life Gestion Privée Swiss Life Private Bank Swiss Life France Association of Foreign Banks in France Leverage Capital Holdings NV – Edmond de Rothschild Group
Isabelle Mommessin	N/A	

3.1.1.3. Biographies of the members of the Management Board and Supervisory Board

- **Julien Blanchard** (43 years old) – Chairperson of the Management Board:

Julien Blanchard is co-founder of the Company.

After business school in France and Canada, Julien Blanchard became an entrepreneur in construction materials (clay, terracotta, plaster, cement).

Julien Blanchard specialises in innovative clay-based products.

- **David Hoffmann** (55 years old) – Member of the Management Board:

David Hoffmann is co-founder and Scientific Director of the Company.

David Hoffmann is a chemical engineer specialising in solid-state chemistry. From 1991 to 2016, he worked at Trédi, a subsidiary of the Séché Environnement Group as a chemical engineer working in research and processes.

David Hoffmann specialises in inorganic binders and has over 25 years' experience in chemical processes.

- **Eric Cougnaud** (63 years old) – Chairperson of the Supervisory Board:

At the age of 20, Eric Cougnaud joined the family business “Yves Cougnaud” which specialises in the construction of industrialised buildings, where he held various technical and commercial positions for more than 10 years. In 1991, he and his three brothers acquired a majority holding and then the entire Cougnaud group.

For more than 39 years, he has contributed to the development of the Cougnaud group nationwide, with private companies (industry/services/construction) and local authorities, offering them solutions for tertiary or social spaces, both for sale and for rent.

Eric Cougnaud holds a Bachelor’s degree in administration, finance and commerce.

- **Gil Briand** (47 years old) – Member of the Supervisory Board:

Gil Briand began his career in 2002 in the corporate finance department of Andersen, where he took part in company valuation, business plan creation, acquisition audits and vendor due diligence.

In 2004, he joined the Briand family business managed by his father Roger Briand. He initially held a position as account manager for the subsidiary Briand Construction Métallique, before becoming CEO of this subsidiary in 2005, then becoming Chairperson of the group in 2007.

Gil Briand is a graduate of HEC (HEC Entrepreneurship) and ICAM, a general engineering school.

- **Isabelle Mommessin** (75 years old) – Member of the Supervisory Board:

Isabelle Mommessin began her career in 1974 at Coopers and Lybrand as an auditor. She then successively held the positions of export director in wine trading (1979), subsidiary director in mass distribution (1984) and company director in import-export (1987).

Isabelle Mommessin ended her career in 2008 after having been Sales Director for 15 years in the construction industry.

Isabelle Mommessin is a graduate of the IEP of Paris (1970), and holds a degree in history from the University of Paris-Sorbonne (1972), a degree in law from the University of Paris-Sorbonne (public law option) (1973) and the *Diplôme d'Études Comptables Supérieures* (1979).

- **Philippe Duval** (63 years old) – Independent member of the Supervisory Board:

Philippe Duval began his career in the corporate banking department of Societe Generale. He worked as head of the corporate market at Banque de Savoie, then spent eight years in the corporate banking department of ABN AMRO with international groups.

In 2002, he joined Edmond de Rothschild as Head of private banking regions and, from 2016, served as Chairperson of the Management Committee of the subsidiary in charge of the corporate finance activity (Edmond de Rothschild Corporate Finance).

In 2021, he joined Oddo BHF as Head of development Family Business.

He joined Implid in 2022 as Director of Strategy and External Growth.

Philippe Duval completed a postgraduate degree in economics at IAE.

- **Alessandra Gaudio** (58 years old) – Independent member of the Supervisory Board:

Alessandra Gaudio began her career in Paris in 1990 as a financial analyst at BNP Paribas and subsequently joined the bank's asset management position as senior manager. In 1998, she joined Crédit Agricole Asset Management as Senior Fund Manager. From 2001 to 2007, she served as Head of Investments for the subsidiary of Crédit Agricole Asset Management in Italy, then as Chief Investment Officer of Indosuez Gestion, a Crédit Agricole Group company, from 2007 to 2013. She also served as Global Chief Investment Officer Private Banking at Banque Privée Edmond de Rothschild in Geneva from 2014 to 2015. From 2016 to 2019, she was Chief Executive Officer and Head of Investments at Swiss Life Gestion Privée in Paris. Since October 2019, she has been Director of Wealth Solutions at Generali France. Since January 2020, it has also been Vice-Chairwoman of the Supervisory Board at Altaprofits.

Alessandra Gaudio holds a PhD in economics from the Cattolica del Sacro Cuore University, obtained in 1989 in Milan, and a specialisation in finance in the United States. In 2019, she obtained the corporate director certificate issued by the Institut Français des Administrateurs (IFA) and Sciences Po.

3.1.1.4. Declarations concerning members of management

To the Company's knowledge, there are no family ties between the persons listed above. There are no members of the Management Board elected by employees.

CORPORATE OFFICER SHAREHOLDINGS AND STOCK OPTIONS

At the date of the Annual Financial Report, no free shares, options or warrants were allocated to corporate officers.

The shareholding of corporate officers in the Company's share capital is shown in section 1.8.

CONFLICTS OF INTEREST AT THE LEVEL OF THE ADMINISTRATIVE, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

With the exception of Philippe Duval, all the other members of the Management Board and the Supervisory Board are shareholders of the Company, directly or indirectly. The Articles of Association provide that members of the Management Board (Article 16) and Supervisory Board members (with the exception of independent members) (Article 12) must hold at least 1,000 Company shares.

Internal rules came into force on 3 September 2019 in order to resolve potential conflicts of interest within the Supervisory Board, which detail their duties to the members of the Supervisory Board. In addition, these internal rules provide, on the one hand, that any member must inform the Supervisory Board of any situation of conflict of interest, even potential, with the Company and, on the other hand, that in the event of conflict of interest, the member concerned will be excluded from the discussions and must abstain from voting on the corresponding resolution.

In addition, in the event of recourse by the Company to a service provider or in the event of the purchase of goods from a supplier, the Company's policy is to call for competing estimates. The services or purchases are chosen according to criteria of price, quality, expertise and geographical proximity. The purpose of this policy is to limit the risk of conflicts of interest with corporate officers who are managers of companies that could potentially provide the Company with services or goods.

To the Company's knowledge, apart from the fact that David Hoffmann is an employee of the Company and as such has an employment contract, there is no potential conflict of interest at the date of the Annual Financial Report between the duties of the members of the Supervisory Board and the Management Board with respect to the Company and their private interests.

On the date of the Annual Financial Report, to the best of the Company's knowledge, there is no pact or agreement entered into with shareholders, customers, suppliers or other parties by virtue of which any of the members of the Supervisory Board or the Management Board was appointed in this capacity.

At the date of the Annual Financial Report, to the best of the Company's knowledge, there are no restrictions accepted by the members of the Supervisory Board or the Company's Management Board concerning the sale of their shareholding in the Company's share capital, with the exception of the rules relating to the prevention of insider trading and the lock-up commitments made to the underwriting syndicate as part of the IPO transaction, as described in the Prospectus relating to this transaction. In addition, each member of the Supervisory Board or Management Board must directly or indirectly hold at least 1,000 Company shares, it being specified that this condition does not apply to members of the Supervisory Board who qualify as independent.

Presentation of the management team: an experienced and visionary team

The Hoffmann Green industrial project is led by a team with complementary profiles and skills, at the crossroads of scientific and industrial fields. The members of this visionary team are all driven by a common ambition: to participate in the environmental transition of the construction sector by offering high-performance decarbonised cements that break with existing technologies and can meet the challenges of climate change.

Julien Blanchard – Chairperson of the Management Board

Julien Blanchard is the co-founder and Chairperson of the Management Board of the Company.

After business school in France and Canada, Julien Blanchard became an entrepreneur in the field of construction materials (clay, terracotta, plaster, cement).

Julien Blanchard specialises in innovative clay-based products.

David Hoffmann – Chief Scientific Officer, member of the Management Board

David Hoffmann is the co-founder and Scientific Director of the Company. He is also a member of the Company's Management Board.

David Hoffmann is a chemical engineer specialising in solid-state chemistry. From 1991 to 2016, he worked at Trédi, a subsidiary of the Séché Environnement Group as a chemical engineer working in research and processes.

David Hoffmann specialises in inorganic binders and has over 25 years' experience in chemical processes.

Jérôme Caron – Chief Financial Officer

Jérôme Caron joined the Company in 2019 to take on the duties of Chief Financial Officer.

A graduate of the IPAG business school, holder of a *Diplôme d'Études Comptables et Financières* (DECF), and certified IFA Audencia, Jérôme Caron has extensive experience as administrative and financial director in France and internationally, within the Suez and Engie groups.

As part of his professional experience, Jérôme Caron has participated in the development of projects in high-growth contexts and has acquired solid skills in management control, financing and mergers and acquisitions.

David Guglielmetti – Director of Development

David Guglielmetti joined the Company in 2018 as Director of Development.

With dual training in civil engineering and management, David Guglielmetti has 22 years of experience at HeidelbergCement, a group where he worked before taking over the position of Director of Marketing and Innovation for all business lines of the group. During his career, David Guglielmetti has participated in the development of numerous innovation projects.

David Guglielmetti has an excellent knowledge of the cement and concrete market in France, enabling him to identify key strategic partnerships for the Company.

Barbara Le Runigo – Technical Director and Concrete Products Applications

Barbara Le Runigo joined the Company in 2019 as Technical Director.

An ESTP engineer by training and a doctorate in Civil Engineering specialising in Geotechnics, Barbara has more than 15 years of experience at HeidelbergCement, a group in which she worked before taking on the position of Development and Innovation Manager.

Barbara Le Runigo has recognised expertise in the field of cement, concrete and construction materials.

Stéphanie Bondoux – Director of Certification, Evaluation and Quality

Stéphanie Bondoux joined the Company in 2021 as Certification and Valuation Director.

Graduate of a master’s degree in marketing from the University of Paris 1 Panthéon Sorbonne, Stéphanie Bondoux worked for 13 years for the Hilti group, the world leader in fasteners and electric portable equipment for construction.
She was in charge of technical ranges and then quickly took over responsibility for approvals and standardisation for Hilti's five ranges for the French and Western European markets.

Stéphanie Bondoux has acquired a solid experience in technical assessments of innovative products in the construction sector in France and internationally.

Stéphane Pierronnet – Operations Manager

Stéphane Pierronnet joined the Company in 2022 as Operations Manager.

After training as a Senior Technician in Mechanics and Automation, Stéphane Pierronnet joined IBM in 1991 to become production manager in semiconductor manufacturing.

Stéphane Pierronnet has worked in several industrial groups, Saint-Gobain and PRB, as plant manager.

Stéphane Pierronnet has extensive experience in the production of construction materials.

Yannis Martin – Sales Director

Yannis Martin joined the Company in 2022 as Sales Director.

A graduate of the Ecole Supérieure de Commerce de La Rochelle, Yannis Martin began his career in the trade within a large French agri-food company. For more than 18 years, he has been putting his business development skills at the service of construction companies.

Yannis Martin has extensive experience in strategic development and sales team management.

Julien Blanchard, David Hoffmann, Jérôme Caron, David Guglielmetti, Barbara Le Runigo, Stéphanie Bondoux, Stéphane Pierronnet and Yannis Martin together make up the Company's Extended Management Committee. The Extended Executive Committee meets once a week to deal with matters relating to the Company's management.

3.2. COMPENSATION AND BENEFITS

COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

3.2.1.1. Compensation of members of the Management Board

Tables 1, 2 and 11 of Appendix 2 of AMF Position-Recommendation No. 2021-02 are presented below. The other tables are not applicable:

Table 1: Summary of compensation and options and shares granted to each executive corporate officer

Summary table of compensation and options and shares granted to each executive corporate officer				
(in euros)	Financial year ended 31/12/2023		Financial year ended 31/12/2022	
Julien Blanchard, Chairperson of the Management Board	**Amounts owed**	**Amounts paid**	**Amounts owed**	**Amounts paid**
Compensation owed for the financial year	€136,056	€136,056	€137,398	€137,398
Valuation of variable multi-annual compensation allocated for the year	N/A	N/A	N/A	N/A
Valuation of options allocated during the financial year	N/A	N/A	N/A	N/A
Valuation of free shares allocated	N/A	N/A	N/A	N/A
TOTAL	**€136,056**	**€136,056**	**€137,398**	**€137,398**

Summary table of compensation and options and shares granted to each executive corporate officer				
David Hoffmann, Member of the Management Board[1]	**Amounts owed**	**Amounts paid**	**Amounts owed**	**Amounts paid**
Compensation owed for the financial year	N/A	N/A	N/A	N/A
Valuation of variable multi-annual compensation allocated for the year	N/A	N/A	N/A	N/A
Valuation of options allocated during the financial year	N/A	N/A	N/A	N/A
Valuation of free shares allocated	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**

(1) David Hoffmann is compensated under an employment contract covering his functions as Scientific and Innovation Director (see table 11 below).

Table 2: Summary table of the compensation of each executive corporate officer

Summary table of compensation				
(in euros)	Financial year ended 31/12/2023		Financial year ended 31/12/2022	
Julien Blanchard, Chairperson of the Management Board	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	€132,000	€132,000	€132,000	€132,000
Variable annual compensation	N/A	N/A	N/A	N/A
Variable multi-annual compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation allocated for director's office	N/A	N/A	N/A	N/A
Benefits in kind	€4,056	€4,056	€5,398	€5,398
TOTAL	**€136,056**	**€136,056**	**€137,398**	**€137,398**
David Hoffmann, Member of the Management Board (1)	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable annual compensation	N/A	N/A	N/A	N/A
Variable multi-annual compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation allocated for director's office	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**

(1) David Hoffmann is compensated under an employment contract covering his functions as Scientific and Innovation Director (see table 11 below).

Summary of the compensation policy for Julien Blanchard for the current financial year

At the Supervisory Board meeting of 3 September 2019, the compensation of Julien Blanchard for his duties as member and Chairperson of the Management Board was set at the sum of €132,000 gross over twelve (12) months.

This fixed compensation will be supplemented by a variable compensation corresponding to one percent (1%) of the gross margin arising from the Company's financial statements (under IFRS), it being specified that this is calculated as follows: revenue - purchases of raw materials. Variable compensation will in any event be capped at €20,000 gross.

Julien Blanchard is also entitled to the reimbursement of expenses incurred in the course of his duties, upon presentation of receipts.

Summary of the compensation policy for David Hoffmann for the current financial year

At the Supervisory Board meeting of 3 September 2019, the compensation of David Hoffmann for his duties as a member of the Management Board was set as follows:

- No fixed compensation.
- Variable compensation corresponding to one percent (1%) of the gross margin arising from the Company's financial statements (under IFRS), it being specified that this is calculated as follows: revenue - purchases of consumed materials. Variable compensation will in any event be capped at €20,000 gross.

David Hoffmann is also entitled to the reimbursement of expenses incurred in the course of his duties, upon presentation of receipts.

Table 11: Details of the compensation conditions and other benefits granted to executive corporate officers

Executive corporate officers	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due as a result of termination or change of function		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Julien Blanchard, Chairperson of the Management Board		x		x		x		x
Commencement date of term of office: *End date of term of office:*	Appointed by the Supervisory Board meeting of 3 September 2019 as Chairperson of the Management Board Up to 3 September 2025							
David Hoffmann, Member of the Management Board	x[1]			x		x	x[2]	
Commencement date of term of office:	Appointed by the Supervisory Board meeting of 3 September 2019 as a member of the Management Board							
End date of term of office:	Up to 3 September 2025							

(1) David Hoffmann's employment contract was signed on 16 April 2018 in respect of his duties as Scientific and Innovation Director.

(2) David Hoffmann's employment contract provides for the payment of compensation by the Company to David Hoffmann under a non-compete clause. In return for his non-compete obligation, David Hoffmann would receive a monthly payment, for a period of 24 months from the termination of his duties, of an amount equal to 65% of the average gross monthly salary (which is fixed) paid to him during his last 12 months with the Company. Any breach of the non-compete clause by David Hoffmann would render him liable for a penalty to be paid to the Company. David Hoffmann's employment contract does not provide for the payment of any other compensation.

3.2.1.2. **Compensation of members of the Supervisory Board**

The members of the Supervisory Board do not benefit from any specific pension commitments, severance pay or non-compete benefits.

It is specified that the members of the Supervisory Board may receive directors' fees, the amount of which is voted annually by the Ordinary General Meeting and the distribution of which is freely decided by the Supervisory Board, based on the attendance of Supervisory Board members and the time they devote to their duties. Only Supervisory Board members who are independent members may receive attendance fees.

Under resolution 8, the General Meeting of 2 June 2023, the shareholders of the Company set the total compensation of the members of the Supervisory Board (formerly Directors' fees) at €10,000 to be distributed among each member for the 2023 financial year. It will be proposed, at the next Ordinary General Meeting of the Company, to renew this overall amount at €10,000.

In addition, each member of the Supervisory Board is entitled, upon presentation of the corresponding supporting documents, to be reimbursed for all travel expenses incurred in the performance of his or her corporate office.

Table 3 of Appendix 2 of AMF Position-Recommendation No. 2021-02 is presented below:

Table 3: Compensation allocated and received by non-executive corporate officers

Non-executive corporate officers	Amounts allocated in 2022	Amounts paid in 2022	Amounts allocated in 2023	Amounts paid in 2023
Eric Cougnaud				
Compensation allocated	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Gil Briand				
Compensation allocated	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Philippe Duval				
Compensation allocated	€3,572	€3,333	€3,636	€3,572
Other compensation	N/A	N/A	N/A	N/A
Alessandra Gaudio				
Compensation allocated	€3,572	€2,667	€3,636	€3,572
Other compensation	N/A	N/A	N/A	N/A
Isabelle Mommessin				
Compensation allocated	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Hervé Montjotin				
Compensation allocated	€2,857	€4,000	€2,727	€2,857
Other compensation	N/A	N/A	N/A	N/A
TOTAL	**€10,000**	**€10,000**	**€10,000**	**€10,000**

RATIO BETWEEN COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE MINIMUM WAGE

In accordance with recommendation No. 16 of the Middlenext Code as revised in September 2021, the equity ratio used to compare the level of compensation of the members of the Management Board with the minimum wage is as follows:

	Ratio
Julien Blanchard	**6.4**
David Hoffmann	**6.6**

AMOUNTS PROVISIONED OR RECOGNISED BY THE COMPANY OR ITS SUBSIDIARIES FOR THE PAYMENT OF PENSIONS, RETIREMENT OR OTHER BENEFITS TO MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

The Company has not set aside any provisions for the payment of pensions, retirement or other benefits to corporate officers.

The Company did not grant any arrival or departure bonuses to corporate officers.

FREE SHARES GRANTED, STOCK WARRANTS AND STOCK OPTIONS GRANTED TO CORPORATE OFFICERS

At the date of the Annual Financial Report, no free shares, options or warrants were allocated to corporate officers.

AGREEMENTS ENTERED INTO BY THE COMPANY WITH ITS EXECUTIVES OR MAIN SHAREHOLDERS

David Hoffmann holds an employment contract entered into prior to his appointment to the Management Board by the Supervisory Board at its meeting of 3 September 2019.

LOANS AND GUARANTEES GRANTED TO CORPORATE OFFICERS

None.

3.3. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The Company's Articles of Association are available on the Company's website.

MANAGEMENT OF THE COMPANY

3.3.1.1. Management Board

The Company is managed by a Management Board composed of two members (see section 3.1.1.1 "Composition of the Management Board and Supervisory Board" of the Annual Financial Report). The Management Board is governed in accordance with the legal provisions and the stipulations of Articles 16, 17 and 18 of the Company's Articles of Association.

The members of the Management Board are appointed for a term of six (6) years by the Supervisory Board, which appoints one of them as Chairperson. The Supervisory Board determines their compensation.

In addition to the legal requirements for prior authorisations by the Supervisory Board, the Executive Board may not carry out the following transactions without the Supervisory Board's prior authorisation:

a. Any investment or equity investment, in any form whatsoever, of an amount exceeding three (3) million euros.

b. Any major transaction likely to substantially modify the scope of activity of the Company and the group it controls.

c. Any merger, spin-off or contribution to which the Company is a party.

d. Any financing transaction likely to substantially change the Company's financial structure, in an amount exceeding five (5) million euros.

e. Any loan, including bonds, in an amount exceeding five (5) million euros.

3.3.1.2. Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Management Board. It is composed of six members (see section 3.1.1.1 "Composition of the Management Board and Supervisory Board" of the Annual Financial Report). The Supervisory Board is governed in accordance with the legal provisions and the provisions of Articles 12, 13, 14 and 15 of the Company's Articles of Association, as well as by the Supervisory Board's internal rules.

Any individual or legal entity may be appointed to the Supervisory Board, subject to owning or becoming the owner, directly or indirectly, of at least 1,000 shares of the Company within three (3) months of this appointment. However, this condition does not apply to members of the Supervisory Board deemed independent.

The members of the Supervisory Board are appointed for a term of three (3) years; their duties end at the end of the Ordinary General Meeting called to approve the financial statements for the past financial year and held during the year in which their term of office expires. The terms of office are renewed on a rotating basis, meaning that the members of the Supervisory Board are renewed regularly in the most equal proportions possible. By way of exception, the Ordinary General Meeting may appoint a member of the Supervisory Board for a shorter term.
The Supervisory Board authorises the Management Board to carry out the transactions set out above in section 3.3.1.1 of the Annual Financial Report, for which its prior approval is required.

The Supervisory Board may decide to create committees to examine issues submitted to them by the Supervisory Board or its Chairperson; it sets their composition, their powers and, where applicable, the compensation of their members.

The General Meeting may allocate annual compensation to the members of the Supervisory Board (formerly called “attendance fees”).

The Supervisory Board may freely distribute the total amount allocated among its members.

The Chairperson of the Supervisory Board will receive no compensation other than that allocated to him or her for his or her office (formerly known as “directors’ fees”).

AGREEMENTS BETWEEN MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES WITH THE COMPANY

As at the date of the Annual Financial Report, there are no service contracts binding the members of the Management Board or Supervisory Board to the Company or its subsidiary, providing for the granting of benefits.

SPECIALISED COMMITTEES

At the date of Annual Financial Report, there are no specialised committees.

The Middlenext Code recommends that the Board, which remains the decision-making body for the establishment of specialised committees, decides, according to its size, needs and current events, to organise itself with or without specialised committees. The Supervisory Board considered that it was not appropriate to set up such committees at this stage.

For the sake of transparency and public information in view of the admission of its shares to trading on the Euronext Growth Paris market, the Company has undertaken a comprehensive review of corporate governance practices.

The Company has designated the Middlenext Code as the reference code with which it intends to comply as from the admission of its shares to trading on the Euronext Growth Paris market.

The table below shows the Middlenext recommendations[11] which the Company complies with, and those it intends to follow in the future:

Recommendations of the Middlenext Code	Compliant	Plans to comply	Considers not appropriate
R1: Ethics of Board members	x		
R2: Conflicts of interest	x		
R3: Composition of the Board – Presence of independent members on the Board	x*		
R4: Information for Board members	x		
R5: Training of Board members		X	
R6: Organisation of Board and Committee meetings	x		
R7: Establishment of committees	x**		
R8: Establishment of a specialised CSR committee		X	
R9: Implementation of internal rules for the Board	x		

[11] The Middlenext recommendations stemming from the Corporate Governance Code (updated in September 2021) for mid and small caps are available on the Middlenext website: http://middlenext.com.

R10: Choice of each director	x		
R11: Term of office of Board members	x		
R12: Director's compensation	x		
R13: Implementation of an assessment of the Board's work	x***		
R14: Relations with "shareholders"	x		
R15: Diversity and equity policy within the Company	x		
R16: Definition and transparency of the executive compensation of corporate officers	x		
R17: Preparation of the succession of "executives"		X	
R18: Combination of employment contract and corporate office	x		
R19: Severance payments	x		
R20: Supplementary pension plans	x		
R21: Stock options and allocation of free shares		X	
R22: Review of points of vigilance	x		

* Philippe Duval and Alessandra Gaudio comply with the five independence criteria set by the Middlenext Code, namely: (i) not to have been over the last five years or currently be an employee or executive corporate officer of the Company or a company of its Group, (ii) not to have been over the last two years or currently be in a material business relationship with the Company or its Group, (iii) not to be a shareholder of the Company or hold a significant percentage of voting rights, (iv) not to have a close relationship with a corporate officer or a reference shareholder, (v) not to have been Statutory Auditor of the Company in the last six years.
** The Middlenext Code recommends that the Board, which remains the decision-making body for the establishment of specialised committees, decides, according to its size, needs and current events, to organise itself with or without specialised committees. The Supervisory Board considered that it was not appropriate to set up such committees at this stage.
*** The procedure for assessing the work of the Supervisory Board was approved at the Board meeting of 2 October 2020. At the meeting of 15 December 2023, the members of the Supervisory Board assessed the work of the Supervisory Board and expressed their views on its operation and the preparation of its work. On this occasion, the members of the Board expressed their satisfaction with the functioning of the Supervisory Board and in particular the frequency of Board meetings, the number of members comprising it, the balance between the members' industrial and financial profiles and underlined the quality of the debates in consideration of the preparation, transparency, quality of expression and the complementarity of the points of view of each member. The Supervisory Board also decided to carry out an annual assessment of the operations and work of the Supervisory Board at the end of each financial year.

It is specified that the Company intends to comply with recommendation No. 17 during the 2024 financial year.

The indication relating to recommendation No. 21 is placed in the "plans to comply" box as no allocation has been made to date. The Company will comply with this recommendation when considering whether to grant stock options or free shares to corporate officers.

3.4. RELATED-PARTY TRANSACTIONS

AGREEMENTS WITH RELATED PARTIES

Details of transactions with related parties as covered by the standards adopted in accordance with European Regulation (EC) 1606/2002 and entered into by the Company during the 2019, 2020, 2021 and 2022 financial years are provided in note 6.10.2 to the IFRS financial statements presented in section 2.1 "Financial statements prepared under IFRS for the financial year ended 31 December 2022" in the Annual Financial Report.

REGULATED AGREEMENTS

The Company did not enter into any related-party agreements during the 2023 financial year.

A related-party agreement entered into during the 2020 financial year continued to operate during the 2023 financial year. As part of the construction of the "H2" production site, the Company entered into a "general contractor" contract with Design & Build, a subsidiary of the Briand Group, for an amount in excess of €5 million. As Mr Gil Briand, a member of the Supervisory Board, is the majority shareholder of the Briand Group the Supervisory Board gave its authorisation on 28 February 2020, prior to the conclusion of the contract, after the Company had carried out a tendering procedure.
The special report of the Company's Statutory Auditors on the regulated agreements and commitments referred to in Article L. 225-86 of the French Commercial Code for the 2023 financial year is presented in section 3.4.3 "Statutory Auditors' special report on related-party agreements" in the Annual Financial Report below.

STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

KPMG SA
7 boulevard Albert Einstein
BP 41125
44311 Nantes

Hoffmann Green Cement Technologies S.A.

Statutory auditor's report on regulated agreements

Approval annual general meeting of the financial statements
for the year ended 31 December 2023
Hoffmann Green Cement Technologies S.A.
La Bretaudière Chaillé-sous-les-Ormeaux 85310 RIVES DE L'YON

KPMG S.A., société d'expertise comptable et de commissaires aux comptes inscrite au Tableau de l'Ordre des experts comptables de Paris sous le n° 14-30080101 et rattachée à la Compagnie régionale des commissaires aux comptes de Versailles et du Centre.
A French company that is a member of the KPMG network consisting of independent firms affiliated with KPMG International Limited, a private company limited by guarantee.

Société anonyme à conseil d'administration
Siège social :
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
Capital social : 5 497 100 €
775 726 417 RCS Nanterre

KPMG SA
7 boulevard Albert Einstein
BP 41125
44311 Nantes

Hoffmann Green Cement Technologies S.A.

La Bretaudière Chaillé-sous-les-Ormeaux 85310 RIVES DE L'YON

Statutory auditor's report on regulated agreements

Annual general meeting of the financial statements for the year ended 31st December 2023

At the general meeting of Hoffmann Green Cement Technologies S.A.,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions, the essential terms and conditions as well as the reasons justifying the interest for the company of the agreements that we have been informed of or that we may have discovered during our assignment, without having to decide on their usefulness and validity or to seek the existence of other agreements. It is your responsibility, according to the terms of Article R.225-58 of the French Commercial Code, to assess the interest attached to the conclusion of these agreements with a view to their approval.

Furthermore, it is our responsibility, where applicable, to provide you with the information provided for in Article R.225-58 of the French Commercial Code relating to the performance, during the past financial year, of agreements already approved by the Shareholders' Meeting.

We have carried out the procedures that we deemed necessary in light of the professional doctrine of the Compagnie nationale des commissaires aux comptes relating to this assignment. These procedures consisted in verifying the consistency of the information given to us with the basic documents from which it was derived.

AGREEMENTS SUBMITTED TO THE GENERAL ASSEMBLY FOR APPROVAL

Agreements authorised and concluded during the past financial year

We hereby inform you that we have not been informed of any agreement authorised and entered into during the past financial year to be submitted for approval by the General Meeting pursuant to the provisions of Article L.225-86 of the Commercial Code.

KPMG S.A., société d'expertise comptable et de commissaires aux comptes inscrite au Tableau de l'Ordre des experts comptables de Paris sous le n° 14-30080101 et rattachée à la Compagnie régionale des commissaires aux comptes de Versailles et du Centre.
A French company that is a member of the KPMG network consisting of independent firms affiliated with KPMG International Limited, a private company limited by guarantee.

Société anonyme à conseil d'administration
Siège social :
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
Capital social : 5 497 100 €
775 726 417 RCS Nanterre

Agreements already approved by the general assembly

Agreements approved during previous financial years, the performance of which continued during the previous financial year

Pursuant to Article R.225-57 of the French Commercial Code, we were informed that the execution of the following agreements, already approved by the General Meeting in previous financial years, continued during the past financial year.

General contractor agreement with Briand Group subsidiary Design and Build

— **Person concerned** :
Mr Gil Briand, member of the Supervisory Board.

— **Nature and purpose:**
"General contractor" contract with Design & Build, a subsidiary of the Briand Group.

— **Procedures:**
As part of the construction of the "H2" production unit, on 10 September 2020 the Company entered into a "general contractor" contract with Design & Build, a subsidiary of the Briand Group, for an amount of more than €5 millions. This agreement was authorised by the Supervisory Board on 28 February 2020.
For the 2023 financial year, the amount invoiced by Design & Build is 83,708.93 euros.

— **Reasons justifying its interest in the company:**
In particular, Design & Build was selected for the following reasons:
- Design & Build has extensive technical expertise;
- It has the necessary resources;
- It agrees to be remunerated on the basis of a "*cost plus fee*", offering transparency and flexibility in the choice of processes to be implemented.

Nantes, 12 April 2024

KPMG SA

Gwenaël CHEDALEUX

Partner

3.5. SUMMARY TABLE OF DELEGATIONS OF POWERS AND AUTHORITY GRANTED BY THE GENERAL MEETING

At the date of the Annual Financial Report, the Company's share capital amounts to €14,648,193, divided into 14,648,193 shares with a par value of €1 each, all fully subscribed and paid up.

The General Meeting of the Company's shareholders of 2 June 2023 decided on the following delegations or authorisations granted to the Management Board to increase or reduce the share capital:

Subject of resolution	Term of validity from 2 June 2023	Maximum nominal amount (in euros)	Procedures for determining price	Use of delegation
Authorisation to be granted to the Management Board to trade in the Company's shares (share buyback programme) – resolution 9	18 months	€10,000,000 10% of share capital	Max. price €60 per share	This delegation was used as part of the liquidity contract for a total amount of €300,000 This delegation was also used by the Management Board, at its meeting of 17 October 2023, as part of the implementation of a share buyback programme to cover the free share plans for the benefit of Company employees for a maximum amount of €400,000 over an 18-month period
Delegation of authority to be granted to the Management Board to issue, with preferential subscription rights, shares and/or securities giving access to new Company shares – resolution 10	26 months	€4,000,000*		Delegation not used
Delegation of authority to be granted to the Management Board to issue, with cancellation of preferential subscription rights, shares and/or securities giving access to new Company shares in accordance with Article L. 225-136 of the French Commercial Code, in particular in the context of a public offering – resolution 11	18 months	€4,000,000* 20% of the share capital per year for public offers referred to in Article L. 411-2 1° of the French Monetary and Financial Code	The issue price of the new shares must be at least equal to the volume-weighted average of the prices of the last three (3) trading sessions on the Euronext Growth Paris market prior to the start of the public offering within the	Delegation not used

Subject of resolution	Term of validity from 2 June 2023	Maximum nominal amount (in euros)	Procedures for determining price	Use of delegation
			meaning of Regulation (EU) No. 2017/1129, potentially reduced by a maximum discount of 20%	
Delegation of authority to be granted to the Management Board to issue shares and/or securities giving access to new shares, with cancellation of preferential subscription rights, in favour of a category of persons – resolution 12**	18 months	€4,000,000*	The issue price of the new shares must be at least equal to the volume-weighted average of the share prices of the last three (3) trading sessions on the Euronext Growth Paris market prior to its setting, potentially reduced by a maximum discount of 20%	This delegation was used by the Management Board, at its meeting of 16 February 2024, in the context of the issue of bonds convertible into and/or exchangeable for new or existing shares (OCEANE), which were subscribed by funds managed by Eiffel Investment Group for a nominal amount of €4,999,997.44
Authorisation to be granted to the Management Board to increase, in accordance with Article L. 225-135-1 of the French Commercial Code, the number of securities to be issued on the occasion of issues carried out with, or cancellation of, preferential subscription rights – resolution 13	26 months (it being specified that this authorisation must be implemented within 30 days of the closing of the subscription to the capital increase in question)	15% of the amount of the initial issue	-	Delegation not used
Delegation of authority to be granted to the Management Board to issue shares and/or securities giving access to new Company shares to employees who are members of a company savings plan, with cancellation of preferential subscription rights in accordance with Articles L. 225-129-6 of the French Commercial Code – resolution 14	26 months	1% of share capital *	Price determined under the conditions provided for in 3332-20 et seq. of the French Labour Code	Delegation not used

Subject of resolution	Term of validity from 2 June 2023	Maximum nominal amount (in euros)	Procedures for determining price	Use of delegation
Authorisation to be given to the Management Board to allocate free shares to eligible employees or corporate officers of the Company and related companies – resolution 16	38 months	10% of share capital	-	Allocation of 15,979 shares under Plan No. 7 and 27,666 shares under Plan No. 8, representing less than 1% of the share capital at the time of the allocation
Delegation of powers to be granted to the Management Board to increase the share capital by incorporation of reserves, premiums, profits or other in accordance with Article L. 225-130 of the French Commercial Code – resolution 17	26 months	The share capital may be raised on one or more occasions and in the proportion and at the dates determined by the Management Board	-	Delegation not used
Authorisation to be given to the Management Board to reduce the share capital by cancelling shares – resolution 18	24 months	10% of share capital per 24-month periods	-	Delegation not used

* The maximum nominal amount of capital increases that may be carried out, immediately or in the future, is deducted from the overall limit on authorisations for issuance in cash of €4,000,000 (resolution 15 of the General Meeting of 2 June 2023).

** Definition of the category of persons:

- French or foreign investment companies or collective savings funds, which regularly invest or have invested more than €5 million in the last 36 months in medium and small companies (i) operating in the construction sector or (ii) having an activity whose objective or consequence is to reduce CO_2 emissions.
- French or foreign companies or groups operating in these sectors.
- French or foreign companies or groups that have entered into a partnership with the Company as part of the conduct of its business.
- Creditors holding liquid receivables, whether due or not, against the Company who have expressed the wish to have their receivable converted into Company shares and for which the Company's Management Board deems it appropriate to offset their receivables with Company shares.

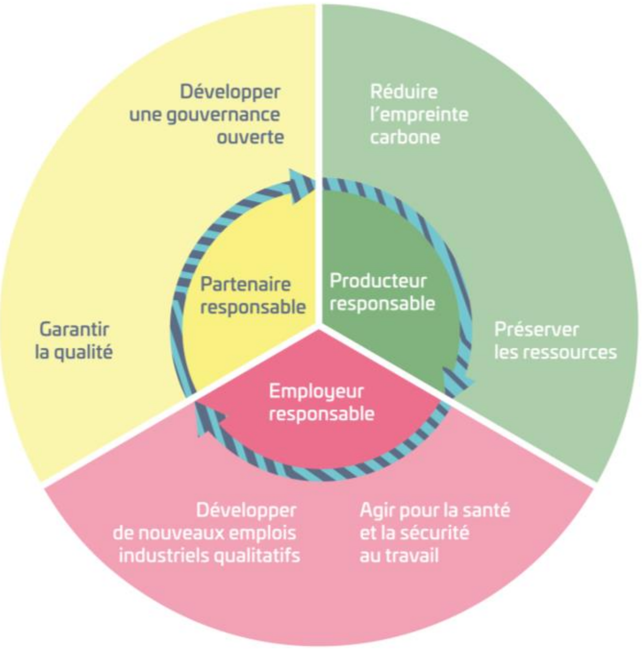
It being specified that the number of beneficiaries, which the Management Board will identify within the above category, may not exceed thirty (30) per issue.

At the date of Annual Financial Report, there is no commitment to increase the share capital.

4. CORPORATE SOCIAL RESPONSIBILITY REPORT

INTRODUCTION

Through its design and production of clinker-free decarbonised cement, Hoffmann Green Cement Technologies undoubtedly brings societal added value to the construction sector. The Company is therefore aware of raising other expectations in terms of overall, social and environmental performance consistent with its corporate purpose. Also, while being focused on its development objectives, Hoffmann Green Cement intends to translate its commitment into its organisation and to demonstrate this transparently through a few non-financial indicators illustrating its CSR approach in three areas:



To select these indicators, Hoffmann Green relied on its materiality analysis of societal issues carried out in 2020, reinforced by voluntary non-financial ratings from Gaïa d'Ethifinance and Sustainalytics. Hoffmann Green also wanted to highlight the actions implemented since its creation, which demonstrate and ensure the relevance of its development model. Thus, this year, Hoffmann Green reported on seven issues:

- Responsible producer: reducing the carbon footprint; Preserve resources.
- Responsible employer: developing new high-quality industrial jobs; take action for health and safety at work.
- Responsible partner: guaranteeing quality, developing open governance, regional anchoring.

RESPONSIBLE PRODUCER

Cement is the most used material in the world after water. Its traditional production method has remained virtually unchanged since its creation 200 years ago. It consists of extracting limestone from the ground, heating it at 1,450°C for 18 hours to obtain clinker, which constitutes the cement powder.

The difference of Hoffmann Green cement comes from a revolutionary production process that reduces the carbon footprint and promotes the preservation of natural resources.

Issue: Carbon footprint

- **According to IPCC experts[12], to keep climate change within a trajectory of +2°C by 2100, we must halve our greenhouse gas emissions by 2030 and achieve carbon neutrality by 2050.**

ASPECT 1: REDUCING THE CARBON FOOTPRINT OF CEMENT

- **Cement production alone accounts for 5 to 7% of CO_2 emissions worldwide.**
- **In the update of the French National Low Carbon Strategy (SNBC) in 2020, the achievement of construction objectives is subject to five factors, including "increasing the use of low-carbon construction products and equipment with good energetic and environmental performance, such as those resulting from the circular or biosourced economy, via performance objectives on the carbon footprint of buildings over their life cycle, for both renovation and construction"[13].**

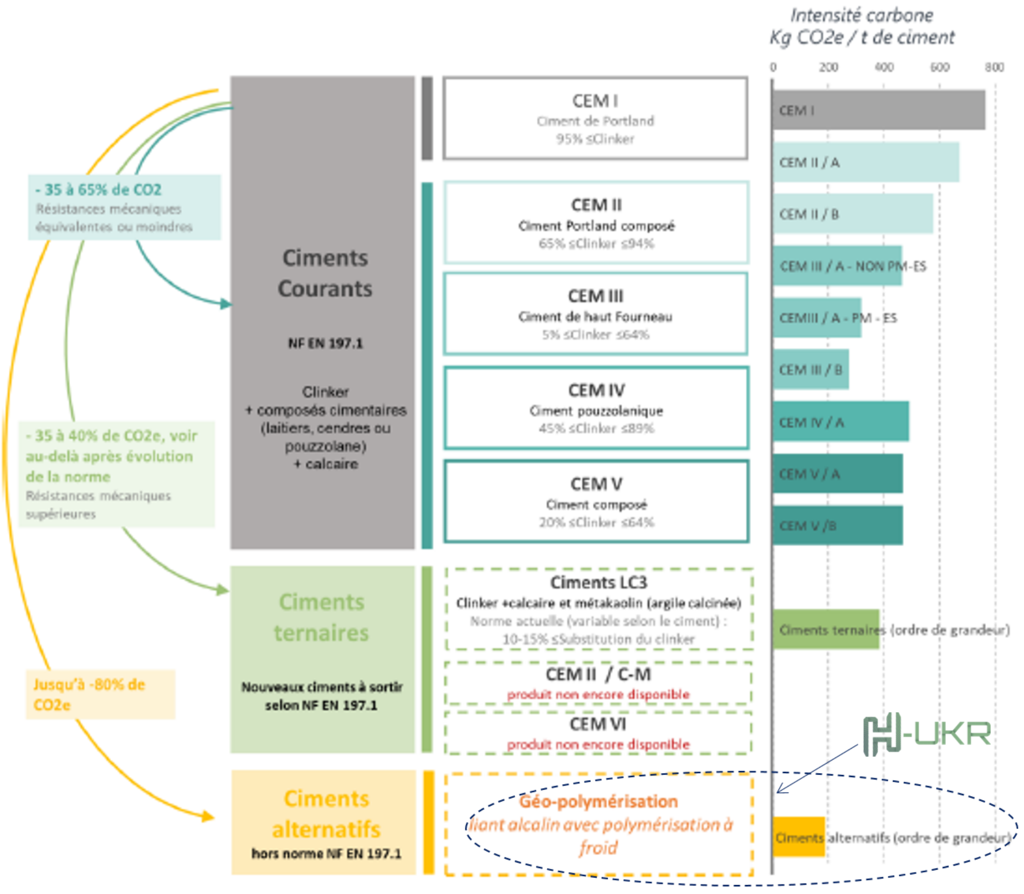
- Reducing the carbon footprint of cement is the purpose of the Company. The new cements developed by Hoffmann Green Cement Technologies reduce CO_2 emissions fivefold[14] compared to traditional Portland cement (CEM I) thanks to a new industrial cold activation process, without a kiln.

[12] IPCC: Intergovernmental Panel on Climate Change.

[13] Revised SNBC completes: https://www.ecologie.gouv.fr/sites/default/files/2020-03-25_MTES_SNBC2.pdf.

[14] H-IONA Cement has a carbon footprint of 161 kg/ton of cements produced.

Cement mapping and carbon intensity[15]



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15 Source: "Concrete Sector Brief", Hub for Low Carbon specifiers, produced by Carbone 4 and Ifpeb, December 2020. https://www.ifpeb.fr/wp-content/uploads/2020/12/IFPEB-Carbone4_Messages-cles_Brief-Filiere-Beton_20201208.pdf.

ACTIONS IMPLEMENTED

Unique low-carbon production sites in the world

At the end of 2018, Hoffmann Green Cement inaugurated its first pilot plant at the Bournezeau site in the Vendée region. With a production capacity of 50,000 metric tons, this first unit made it possible to test and refine a production process unique in the world:

In 2023, a second production unit was commissioned with a production capacity of 250,000 metric tons. This plant is the first vertical cement plant in the world and is developing a revolutionary industrial process:

- Without furnace: co-products are activated cold in a mixer.
- No waste from the production process.
- Gravity-based production process to limit energy expenditure.
- Nearly a quarter of energy produced and consumed on site thanks to solar trackers.

The verticality of this site also means the land area can be reduced to 1.5 hectares: the land area of "H2" is thus half that of "H1" while increasing production capacity fivefold. The optimised land footprint enables Hoffmann Green to preserve natural spaces. In May 2022, Hoffmann Green signed a 40-year Temporary Occupation Authorisation (AOT) for the Grand Port Maritime de Dunkerque (GPMD) in order to build the Company's third production site, based on the H2 model, on five hectares of land by 2026.

A continuous and voluntary process for the approval of new innovative cements from Hoffmann Green

As a pioneer in decarbonised cements, Hoffmann Green is making significant and continuous efforts to obtain approval.

Approval involves the certification of already standardised solutions: H-IONA and the ground slag at the Hoffmann Microtech plant. Certification involves continuous monitoring of performance.

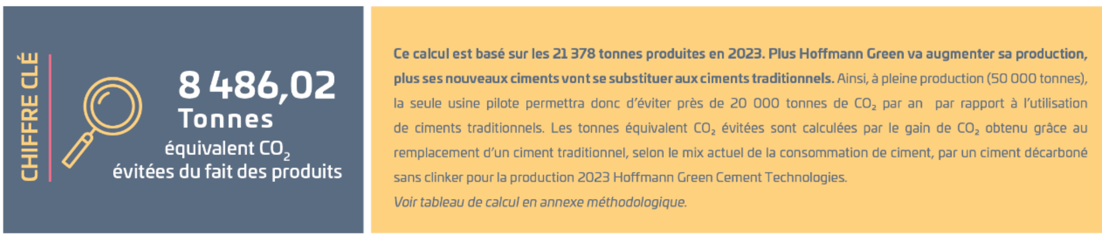
The second pillar of approval involves the assessment of disruptive solutions. Putting new cements on the market involves a long and costly standardisation process. Hoffmann Green is CSTB's second customer after the French State. This local partnership now makes it possible to market disruptive low-carbon innovations with the same guarantees and, at least, the same performance as traditional cements. This voluntary approach is accompanied by total transparency to support the market in the deployment of these solutions.

To further understand the assessment of Hoffmann solutions, please refer to the responsible partner section, "Qualitative cement" challenge.

Four low-carbon technologies marketed

To speed up the decarbonisation of construction, Hoffmann Green has launched four cements based on four different technologies with the lowest carbon impact on the market.

- H-UKR: alkali-activated slag cement.
- H-EVA: clay cement.
- H-IONA: the most carbon-intensive cement on the market (NF EN 206/CN standard).
- H-P2A: geopolymer formulated on the basis of co-products from other industries.



See the detailed calculation in the appendix of the report

ASPECT 2: REDUCING THE COMPANY'S CARBON FOOTPRINT

- Faced with climate challenges, every degree counts, every metric ton of CO_2 saved counts. Hoffmann Green applies this principle at every level of the Company. In production, with its low-carbon solutions, but also in the life of the Company.

ACTIONS IMPLEMENTED

Carrying out a Bilan carbone® scope 3 assessment

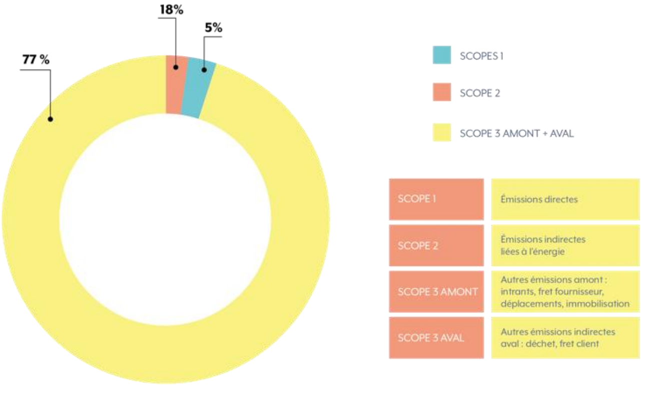
Since 2020, Hoffmann Green has carried out an annual Bilan carbone® assessment in order to identify its main sources of greenhouse gas emissions including a scope covering direct emissions, (scope 1), indirect emissions related to energy consumption (scope 2), and emissions caused by the Company's activity (scope 3): non-current assets, inputs, purchase of raw materials, services or other products, employee travel, upstream and downstream transport of goods. These Bilan carbone® assessments, on the three scopes, thus provide an overview of the Company's carbon footprint and its evolution over time.

Marketing of carbon credits

Since the end of 2022, Hoffmann Green has been marketing carbon credits that correspond to the CO_2 emissions avoided thanks to the use of clinker-free cements developed by Hoffmann Green. It is an alternative financing solution that makes it possible to recover non-emitted carbon. This serves two purposes. First, the revenue from the carbon contribution will enable Hoffmann Green to strengthen the competitiveness of its low-carbon solutions and thus enable their adoption in the face of more polluting traditional solutions. The second objective is to increase R&D funding for products ever more virtuous for the environment.

Bilan carbone® assessment at a glance

Bilan carbone® scope 1, 2, 3 assessment (in metric tons of CO_2 equivalent)[16]



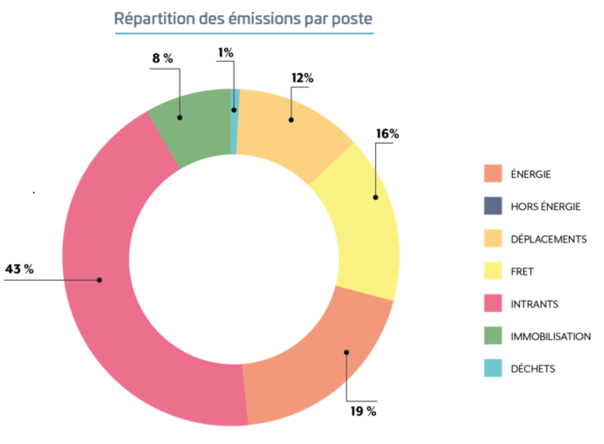
Greenhouse gas emissions related to activity in 2023 amounted to 5.9 ktCO_2eq, compared to 4 ktCO_2eq in 2022 and 2.6 ktCO_2eq in 2021.

The increase in Bilan carbone® assessment is linked in particular to the increase in production, which rose from 12,010 metric tons in 2022 to 21,378 metric tons in 2023.

[16] Bilan carbone® assessment carried out by EVEA (www.evea-conseil.com) in June 2020 on the 2019 data, in December 2021 on the 2020 data and in December 2022 on the 2021 data.

By way of comparison, the carbon efficiency[17] of a traditional cement manufacturer is greater than 500 kgCO_2eq/metric ton (scope 1 and 2). For this same scope, Hoffmann Green's carbon efficiency is 64 kg CO_2eq/metric ton; taking into account the three scopes, this intensity is 278 kg CO_2eq/metric ton.
The lack of transparency of the other players in the sector in this scope 3 scope does not allow for comparison.

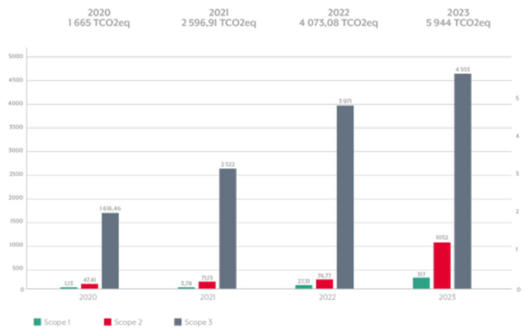
Breakdown and changes in issues by item



The item that contributes the most to these emissions is inputs (43%), followed by non-current assets and then freight.

[17] Carbon intensity = carbon emissions/quantity produced.

Change in the Bilan carbone® assessment



There has been a continuous increase in the Bilan carbone® assessment since 2020 due to several factors:

Increase in production

Production has gradually increased since 2019 with a share acceleration between 2022 and 2023. Production in one year thus increased from 12,010 metric tons sold to 21,378 metric tons.

Increase in collection scope

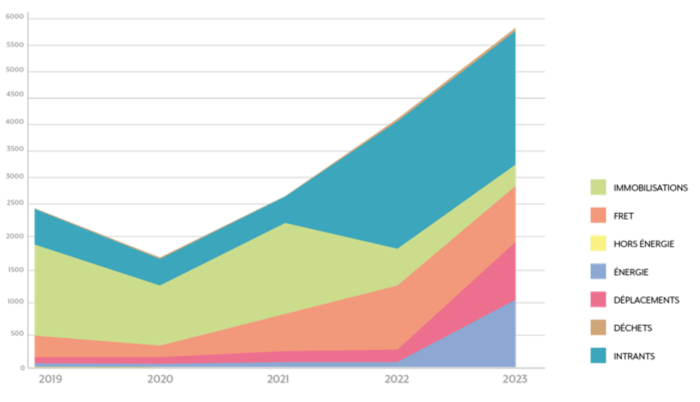
Since 2023, the Bilan carbone® assessment includes the new H2 production plant at the Bournezeau site, which came on stream in May 2023, the Hoffmann Microtech site in Charente acquired by the Company in 2022 and re-commissioned in 2023, and the concrete plant also in Bournezeau and commissioned in April 2023.

Increased energy consumption

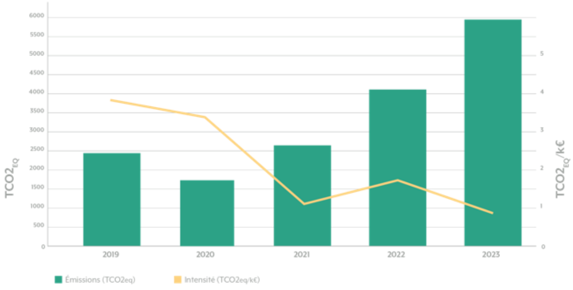
Scopes 1 and 2 increase significantly between 2022 and 2023 due in particular to the previous points. Overall electricity consumption in 2023 increased the value of the Energy item from **95.9 tCO_2eq to 1,150 tCO_2eq**. The entire manufacturing process is powered by electricity (no combustion, no gas). The Hoffmann Green production sites are supplied entirely by green energy either produced on site via solar trackers or purchased on the grid.

The impact of inputs in scope 3.

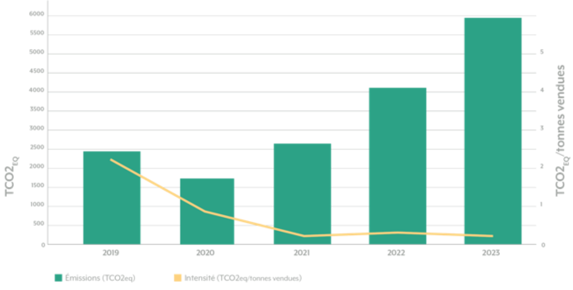
Between 2021 and 2022, this scope increased significantly by 1,449 tCO_2eq due in particular to the input item (+932 tCO_2eq), itself 75% represented by the impact of raw materials (+887 tCO_2eq). An item that has increased to support the increase in activity. This item also increased in 2023 due to the evolving emission factors for slag. Indeed, 11,388 metric tons purchased in 2022 represented 1,736 tCO_2eq, compared to 9,040 metric tons purchased in 2023 for a total of 1,889 tCO_2eq, i.e. 154 tCO_2eq more for fewer materials purchased.



COMPARAISON DES ÉMISSIONS TOTALES ($TCO2_{EQ}$ ET $TCO2_{EQ}$ /K€),
TOUS PÉRIMÈTRES CONFONDUS



COMPARAISON DES ÉMISSIONS TOTALES ($TCO2_{EQ}$ ET $TCO2_{EQ}$ /TONNES VENDUES),
TOUS PÉRIMÈTRES CONFONDUS



A continuous decrease in carbon intensity.
The increase in emissions is mainly due to the increase in production. However, the increase in production and the economies of scale achieved allow a reduction in carbon intensity.

What contribution to SNBC?

Based on the Net Zero Initiative® framework developed by Carbone 4, Hoffmann Green initiated its assessment of its contribution to carbon neutrality by 2050.

		Les émissions GES de l'entreprise (en t eq CO_2) Données 2023	Réductions émissions GES induites chez les clients par les solutions Hoffmann Green (en t eq CO_2) - Données 2023	Contribution aux puits de carbone (en t eq CO_2) Données 2023
Émissions directes	(scope 1)	317		
Émissions indirectes	(scope 2)	1 052	8 486,02	
	(scope 3)	4 553		
Hors chaine de valeur				50[5]
TOTAL		5 944	8 486,02	50

The weight of direct and indirect carbon emissions (related to energy consumption) (scopes 1 and 2) is lower than the emission reductions caused by the use of Hoffmann Green cement rather than traditional cement.

The extension to scope 3 emissions and in particular the integration of non-current assets, inputs, and upstream and downstream freight are all ways of reducing the impact of Hoffmann Green Ciment Technologies, in particular with a view to quickly ramping up production.

As part of its contribution to carbon sinks, Hoffmann Green signed a **partnership with Reforest'Action** in 2018. In this context, Hoffmann Green Cement supported the planting of 10,000 trees during the 2019-2020 season in Occitanie. B Corp certified, Reforest'Action is a social company created in 2010 by Stéphane Hallaire, whose primary mission is to raise awareness and take action for forests: to raise awareness among as many people as possible about the power of forests and the need for them, and to protect them, preserve and restore forests in France and around the world.

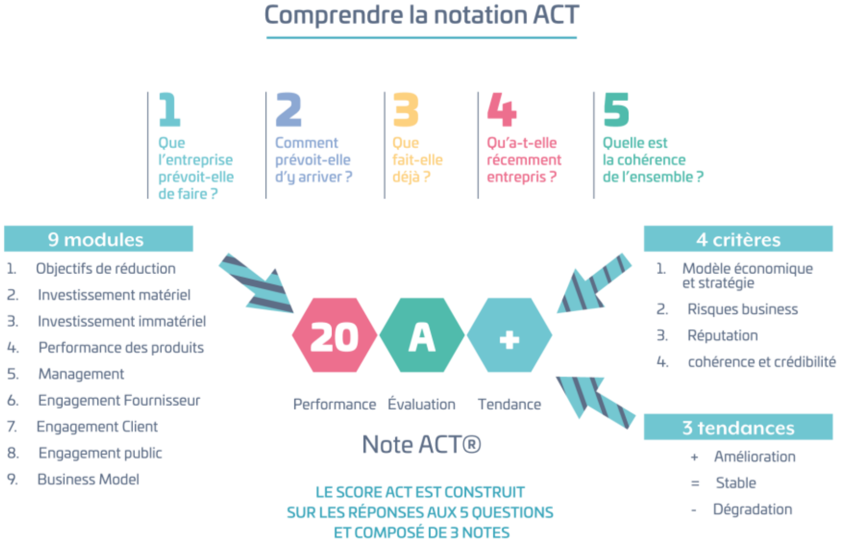
This action is part of a global low-carbon strategy implemented by the Company: reduce, avoid, offset.

Hoffmann Green committed to the ACT – Assessing low Carbon Transition® approach

The ACT – Assessing low Carbon Transition® initiative was developed by ADEME and the CDP (Carbon Disclosure Project) to assess the climate strategies of companies, regardless of their size or their markets, and compare them with the requirements of a low-carbon world. In 2020, Hoffmann Green took part in a voluntary experiment in the cement market.

Hoffmann Green obtained a score of 13A+.

A high rating in the ACT benchmark. The average of cement companies participating in the ACT experiment in France in 2020 was 9B+.



The Company's analysis highlights the positive aspect, in the low-carbon contribution, of the Hoffmann clinker-free cements. The score obtained also highlights the integration of climate change issues into the management system and customer commitment.

The assessment highlights that the Company has not set targets for reducing its emissions. Emissions are already very low compared to international values.

Lastly, the points for improvement are related to the young age of the Company which, to go further, should formalise a transition plan and objectives. Increased customer engagement, particularly in aspects related to the life cycle of buildings, could also improve this rating.

Performance score by module

The graph shows the performance scores of the nine ACT modules. The width of the bars indicates the weight of the module in the overall calculation of the performance score. The height of the bar indicates the score obtained by the Company.

The company obtained the best scores in terms of intangible investment (100%), business model (100%), customer engagement (88%) and political commitment (87%).

Average scores were obtained for the performance of products sold (68%), management (53%) and supplier engagement (50%).

The final performance score is 13/20.

Concerning the trend rating, Hoffmann Green is positioned at the highest level. According to the appraisal report: *"The company has already addressed the major changes to the business model to be compatible with the low-carbon transition. The performance score is not higher due to the lack of a formalised transition plan and emission reduction targets. However, the Company is on the right track to improve its score and must formalise its strategy while increasing its production."*

Issue: Preservation of natural resources

- **In a world of finite resources, GDP must be decorrelated from the consumption of resources, whether energy, natural resources or water, by relying on three levers: avoid unnecessary waste and consumption; reduce by increasing efficiency; reuse/recycle by integrating business models into the circular economy.**

ASPECT 1: Optimise energy consumption

The production of traditional Portland cement consumes a great deal of energy, which represents 30 to 40% of the cost price of traditional cement[18] (excluding depreciation and amortisation charges). The price of cement is thus very dependent on the price of energy.

- **Today, as part of the energy transition, the aim is to massively reduce energy consumption and develop the use of renewable energies. It is both a national and a regional issue; some regions, such as the Pays de la Loire region are very dependent on energy, its energy autonomy is estimated at 9% of its consumption[19].**

- Taking full account of the national and regional energy challenge, Hoffmann Green is committed to building low-energy sites, integrating renewable energy production, and reducing the impact of freight.

- Thus, the production of Hoffmann cement requires 82 kilowatt-hours per metric ton[20] when the production of traditional Portland cement requires 800 to 1,300 kilowatt-hours per metric ton[21], i.e. 10 to 15 times less energy-intensive. Energy efficiency is particularly valuable in a context of inflationary energy prices.

[18] http://media.energie-industrie.com/Presentation/011_149_diag_energ_cimenterie_313507.pdf.

[19] https://ceser.paysdelaloire.fr/wp-content/uploads/2020_07_07_Etude_Energie.pdf.

[20] ICV verified H-UKR, registration No. 20220930840, CSTB.

[21] (PDF) Environmental and energy assessment of the use of Andesite in cement (researchgate.net), Analyses of parameters affecting energy consumption in a cement rotary kiln and possible energy optimisation solutions (archives-ouvertes.fr) & https://docplayer.fr/1106340-Le-diagnostic-energetique-d-une-cimenterie.html.

Consommation d'énergie par type		2019	2020	2021	2022	2023
Consommation d'électricité	MWh	635	743	709	1179,02	1830,20
Production d'électricité d'origine renouvelable	MWh	120	125	125,30	135,55	409,80
Consommation de gaz	MWh	50	0	1,80	87,88	100,56

In 2021, energy consumption has fallen as production has increased. Energy efficiency due to thermal insulation work in the production area of the H1 plant to prevent heat loss and leaks.

Since then energy consumption has increased due to the construction and then the commissioning of the second production site, H2, and the increase in production. At the same time, the production of electricity from renewable sources will increase significantly in 2023 with the commissioning of nine new solar trackers. Production that covers 22.4% of Hoffmann Green's energy needs.

The gas is consumed by a material drier. The production of Hoffmann cements does not require fossil energy, unlike traditional cement plants.

ACTIONS IMPLEMENTED

Green electricity

Hoffmann Green produces and consumes nearly a quarter of its energy needs directly at its production site thanks to solar trackers. At the end of 2022, the fleet of solar trackers had increased from three to 12 trackers.

To supplement this self-consumption, Hoffmann Green signed a green electricity purchase contract with Engie to cover 100% of its consumption in 2020.

Optimised industrial facilities

Hoffmann Green's industrial process is designed to optimise energy consumption. The Hoffmann Green plants thus have limited production capacity compared to traditional cement plants: 50,000 metric tons for the first plant and 250,000 metric tons for plants 2 and 3 compared to several million metric tons per year for a traditional cement plant. This dimensioning means plants can be located as close as possible to projects and customers to optimise freight.

CHIFFRE CLÉ

Efficacité énergétique
85 kWh/t

L'efficacité énergétique représente l'électricité consommée pour une tonne de ciment produit en kwh/t.
Elle s'élève à 85 kWh/t en 2023, contre 98 kWh/t en 2022, 70 kWh/t en 2021, et 418 kWh/t en 2020.

CHIFFRE CLÉ

Taux d'ENR dans la consommation d'électricité en 2023
100%

Fin 2020, Hoffmann Green a souscrit un contrat d'énergie verte auprès d'Engie.

ASPECT 2: Reducing the use of natural resources

- **In 50 years, resource extraction has more than tripled worldwide. In total in 2017, the world removed nearly 44 billion metric tons of non-metallic minerals (sand, gravel, clay)[22].**

- **Limestone extracted from a quarry is the raw material for traditional cements. Quarries are a source of pollution for the environment and nuisance for local residents and they also damage biodiversity. There are 3,600 active quarry operations in France, including around 500 that extract around 418,300 m³ of limestone per year[23].**

- The preservation of resources is at the heart of Hoffmann Green Cement's action. Thus, all the solutions developed by Hoffmann Green use co-products (blast furnace slag, clay sludge, gypsum and desulfogypsum) as raw materials. In use, Hoffmann cements do not require more sand and water than traditional cement.

[22] Source: International Resource Panel, https://www.resourcepanel.org/.

[23] Source: Cement in figures for: http://www.mineralinfo.fr/ecomine/carte-carrieres-francaises-en-activite-disponible#:~:text=Aujourd'hui%2C%20l'industrie,environ%2095%20%25%20de%20la%20production.

ACTIONS IMPLEMENTED

New cements to preserve resources

The manufacture of one ton of clinker, used in traditional cements, requires the extraction of 1.3 metric tons of limestone. The use of industrial co-products as a raw material thus provides an immediate and concrete response to preserve this resource and limit the exploitation of quarries. Co-products represent 98% of the materials used to produce these new cements.

CHIFFRE CLÉ

17 289
Tonnes
de calcaires extraits
évités en 2023

1 tonne de ciment Hoffman produite permet d'éviter l'extraction d'0,8 tonne de calcaire dans les sols. Ainsi, à pleine production (50 000 tonnes), la seule usine pilote permettra donc d'éviter l'extraction de près de 40 000 tonnes de calcaire par an par rapport à l'utilisation de ciments traditionnels.

Details of the calculation are available in the appendix.

Focus on… a waterless production process:

- **According to the World Resources Institute think tank, 17 countries are in a situation of "severe water stress", meaning that they consume almost all the water they have. In France, water withdrawals for industry represent 3.3 billion m^3 of water, i.e. 10% of withdrawals but 25% of the water consumed (water that is not discharged into nature).[24, 25]**

- Hoffmann Green has developed new industrial processes that do not require any water supply. In addition, during use, Hoffmann cement does not require more water than any other cement. The increase in water consumption in 2023 is linked to the commissioning of the concrete batching plant at the Bournezeau site, which makes it possible to conduct concrete tests in-house.

[24] https://www.cieau.com/le-metier-de-leau/ressource-en-eau-eau-potable-eaux-usees/connaissez-vous-les-usages-non-domestiques-de-leau/.

[25] https://www.usinenouvelle.com/article/voici-pourquoi-l-eau-est-un-enjeu-majeur-pour-l-industrie.N878690.

ASPECT 3: Reduce the amount of industrial waste

- **In 2020, industrial plants generated just over 28 million metric tons of non-hazardous waste excluding minerals and sludge. This sector represents 33% of the total production of non-hazardous waste excluding minerals and sludge in France, i.e. the same proportion as in 2016 (figure 1). While industrial production fell by 8% between 2016 and 2020, the amount of non-hazardous waste, excluding minerals and sludge, generated by the manufacturing industry remained virtually stable (-1%).[26]**

- Hoffmann Green has designed its entire industrial process without waste directly linked to on-site production.

A waste-free production process

Entirely based on the principles of the circular economy, the production of Hoffmann cements recovers industrial co-products that become the main raw material for de-carbonised cements. A virtuous approach applied at each stage of production, which itself generates no waste. Incoming products are delivered by truck, stored in tanks and pass through the production line by automated conveyors. No packaging is used.

Hoffmann cements are delivered by tank truck. Packaging is thus reduced to the strict minimum. The only significant waste is the result of R&D and production of inconclusive tests, i.e. 344 metric tons in 2023, compared to 221 metric tons in 2022. The low recycling rate is due to the classification, by default, of R&D waste as hazardous waste, until proof of its harmlessness; which is not feasible in a development phase where the formulation changes regularly.

"Responsible Producer" outlook

Hoffmann Green exists to provide concrete solutions to reduce the environmental impact of cements and, more generally, construction. Hoffmann Green is pursuing this goal through two cross-functional actions:

Exporting the model

In 2023, Hoffmann Green accelerated its international deployment with the signing of agreements for the construction of plants in Saudi Arabia. This model of international development under license will enable the number of low-carbon Hoffmann Green plants to be increased, in order to accelerate the decarbonisation of construction in various countries.

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[26] Source: INSEE.

H-Green: a new disruptive technology in development

In order to be continually on the cutting edge of innovation in serving low-carbon construction, Hoffmann Green is developing a new solution that complements the four technologies already on the market. With this technology, the Company aims to develop a new formulation capable of further reducing the carbon footprint of cement compared to traditional cements while offering superior technical performance.

A strong and continuous R&D policy

As a pioneer in low-carbon cements, Hoffmann Green devotes a constant and substantial budget of €2 million per year to improving existing solutions and researching new avenues. R&D is at the heart of the Group's DNA, driven by David Hoffmann, one of the two founders of the Company.

Continuation of preparatory work for the construction of "H3"

In May 2022, Hoffmann Green signed a 40-year Temporary Occupation Authorisation (AOT) for the Grand Port Maritime de Dunkerque (GPMD) in order to build the Company's third production site ("H3") on five hectares of land. To date, this agreement takes the form of a reservation protocol, Hoffmann Green will thus take possession of the land when the current occupant has finalised its exit operations. This location fits perfectly into the Company's strategic plan since it is located near a railway and river junction and offers a new maritime access.

RESPONSIBLE EMPLOYER

Responsible production relies not only on innovative and efficient facilities, but also on the men and women of the Company. Creating **mixed and quality employment,** protecting employees' **health and safety**, in short, being a responsible employer is a sine qua non for the Company’s attractiveness and therefore for the success of its business model. In 2022, Hoffmann Green employs 44 people with regular recruitment planned for the coming years. The implementation of a work environment that promotes employee development is one of the pillars of the Company’s CSR policy.

Issue: Mixed and qualitative employment

- **Industrial employment is subject to multiple tensions. The development of Industry 4.0, for example, is leading to changes in skills and working methods. The industry faces prejudice and a lack of attractiveness. Industry accounts for 13.3% of salaried employment in France (3.9 points below the European average).[27]**

- **Since November 2017, France has thus embarked on a proactive industrial recovery strategy. A strategy based on four pillars: improving cost competitiveness; innovation; training; and a strong regional presence.**

[27] https://www.insee.fr/fr/statistiques/4277675?sommaire=4318291.

ASPECT 1: develop new high-quality industrial jobs

- The industrialisation of an innovation calls on new talents at all levels of the Company. Hoffmann Green Cement Technologies must meet a triple challenge:

  - Recruit talent and retain them in a region with a very high employment rate that is relatively far from urban areas. With an unemployment rate of 7% in Pays de la Loire, the lowest of the French regions, the job market is tight, particularly in industry and construction.

  - Train employees on unique products and processes:
    - in laboratories with specific research areas;
    - in the fully automated factory with specially trained operators;
    - at the commercial level with specific knowledge to be acquired; and
    - on construction sites with partners to ensure proper use of these new cements.

  - Develop its human resources management processes to support the development of the Company.

In addition, Hoffmann Green pays particular attention to the employment and training of young people, particularly in the current context of the health and economic crisis.

ACTIONS IMPLEMENTED

Systematic annual individual interviews with each employee

Individual interviews are useful for taking stock of each person's position and their potential development and training needs. Given the youth and size of the Company (33 employees in 2021), each position is new and unique. Employees each have a defined area of expertise and responsibilities.

Implementation of Quality Life at Work interviews

With the gradual increase in the workforce, Hoffmann Green pays particular attention to the collective dynamic and well-being of each employee. Thus, three group seminars are organised each year to share the strategy and the role of each person. At the same time, an annual QLW interview, in addition to the individual interview, is organised for each employee to discuss topics such as workload, work-life balance and fulfilment in their position.

A whistleblowing procedure for critical situations

To facilitate the identification and resolution of critical situations related to employees, Hoffmann Green has set up a specific whistleblowing procedure through a generic anonymous email accessible to all employees. This system allows everyone to alert management simply and directly.

Distribution of free shares for all employees

Following the IPO, the members of the Management Board of Hoffmann Green wanted to involve all employees in the future development of the Company. All Hoffmann Green employees are shareholders of the Company. Thus, 0.3% of the share capital is held by employees.

Focus on long-term employment

Hoffmann Green promotes long-term employment with a predominant share of permanent contracts (98.8% in 2023 compared to 8% in 2022, 90.9% in 2021 and 85.7% in 2020), which enables long-term relationships to be built between the Company and its employees. All employees are on long-term contracts, the rest are apprenticeship contracts that allow the gradual integration and training of young working people.

Changes in the Company's workforce

	UNITÉS	2019	2020	2021	2022	2023
Effectifs au 31/12	nb salariés	16	21	33	43	52
Recrutement (évolution nette de l'effectif)		3	7	13	11	8
Turn over%		32%	47%	60%	36%	38%
Nb apprentis/alternants		1	3	3	1	0
Part de CDI dans les effectifs %		82%	85,7%	90,9%	97,8%	98%
Part de personnel intérimaire %		0	0	0	0	0

CHIFFRE CLÉ

31%
de femmes
dans l'entreprise

En tant que jeune entreprise industrielle, Hoffmann Green met en place de nouveaux standards. Les femmes représentent encore une trop faible part dans l'industrie (16% des emplois) et dans le secteur du BTP. A cheval entre ces deux mondes, Hoffmann Green s'engage pour assurer la mixité de ses collaborateurs à chaque niveau de l'entreprise.

Issue: Occupational health and safety

- **According to French health insurance, in 2019, there were 655,715 work-related accidents (+0.6% compared to 2018) and 50,392 cases of occupational illness (+1.7% compared to 2018). Musculoskeletal disorders are the cause of 88% of them.**[28]

- Hoffmann Green is committed to the health and safety of its employees. Established only in France, Hoffmann Green implements all the measures necessary to secure the working environment for its employees and for all persons working on its sites.

- Starting from a blank sheet of paper for the creation of the first factory, the teams established adapted and very strict safety standards.

ACTIONS IMPLEMENTED

Implementation of an occupational health and safety management system
The commissioning of the first pilot plant was accompanied by the implementation of a safety policy under the responsibility of the Chief Operating Officer. Based on their feedback, the production teams were asked to establish, “safety” criteria adapted to the production process. Since 2020, safety awareness sessions have been held every month by the director and the operations manager, who are the site’s quality, health and safety officers. These meetings covered, among other things, the wearing of Personal Protective Equipment (PPE), clearances (electrical, sanitary, first aid, fire), the use of safety kits and the presentation of safety sheets by post.

[28] https://assurance-maladie.ameli.fr/qui-sommes-nous/publications-reference/assurance-maladie-risques-professionnels/rapports-annuels.

Dust management

Dust control was specifically treated to guarantee air quality for operators in the plant. Thus, all production is carried out in a closed process to limit air contact with the products. In December 2019, a dust exposure assessment was carried out by CARSAT to obtain an inventory of the situation in the first pilot plant. This work resulted in the implementation of specific actions such as reinforcement of filtration elements at operator stations, the use of assisted ventilation masks for maintenance operations and handling of certain products. Sweepers and vacuum cleaners were also used for cleaning. The plans for the "H2" plant incorporated this initial feedback.

<u>RESPONSIBLE EMPLOYER OUTLOOK:</u>

Deployment of the Ethics charter

Hoffmann Green implemented and distributed an Ethics charter for its employees and partners in 2023. An action that is benefiting from a deployment and support plan in 2024.

Election of the SEC

2024 will be the year of election of the second SEC. The first election four years ago failed to mobilise any candidates. At the time, the Company just exceeded the minimum number of employees to establish this employee representation body.

RESPONSIBLE PARTNER

As a newcomer, Hoffmann Green is attracting great interest. To promote their acceptance, its new clinker-free cements must guarantee the highest level of **quality** – without this, it would be impossible to influence the purchasing behaviour of construction players. Similarly, **governance** must be exemplary to implement the development plan in a relationship of dialogue and trust with the various stakeholders. Lastly, Hoffmann Green is committed to non-profit organisations and economic players to serve solidarity and the environment.

Issue: Qualitative cement

- **The estimated life of a building is between 70 and 100 years. Construction materials therefore serve a triple purpose: performance, reliability and durability. The cements developed by Hoffmann Green are currently "non-standard" in the sense that they do not comply with the EN 197-1 standard which defines cement, in particular by the presence of clinker (with the exception of H-IONA, which meets the NF EN 15743 standard).**

- To guarantee performance levels at least equivalent to those of traditional cements, Hoffmann Green relies in particular on an R&D team that makes up one-third of the Company's total workforce. In charge of developing solutions, it relies on independent certifying bodies to validate the quality of these new cements. The solution certification process thus meets all the certification steps for other cements. Operated by an independent body, the CSTB certifications obtained since 2019 reflect the commitments made and the quality guarantee of Hoffmann solutions.

ACTIONS IMPLEMENTED

Continuous customer-oriented quality control

To guarantee the quality of these new cements, Hoffmann Green Cement Technologies has set up a quality control system at each stage of production. A team has been set up, to coordinate this monitoring and guarantee the same level of standards.

Development of the "quality" laboratory

Hoffmann Green has developed a quality laboratory with a full-fledged team in direct contact with the production teams. A new laboratory was set up on the production site to optimise this quality monitoring. The new equipment deployed as well as the quality monitoring methodology made it possible to obtain AFNOR certification for H-IONA cements.

In 2023, a quality laboratory was deployed at the Hoffmann Microtech plant.

First clinker-free cement in the world validated under ATEx[29] of case A by CSTB

After four years of physical, chemical and mechanical tests, H-UKR cement benefits from a Technical Assessment (ATEx of case A) issued by CSTB, the public company that guarantees the quality and safety of buildings. This assessment covers a very large number of structures ranging from single-family houses to high-rise buildings for structural applications (floors, walls, beams, posts, etc.). The design of H-UKR cement-based concrete structures is carried out in accordance with Eurocode 2 and Eurocode 8, calculation standards recognised in France and Europe. The Technical Assessment of Products and Materials (ETPM) of the H-UKR technology has just been enriched and further assesses the durability and quality of the H-UKR cement by validating the expected useful life of 100 years, thus opening the way for the use of H-UKR cement-based concrete in civil engineering structures (bridges, tunnels, etc.).

The monitoring and continuous improvement of assessments made it possible in 2023 to further strengthen this ATEx with the recognition of reinforcement rules identical to those of standardised cements.

The certifications can be downloaded from the Hoffmann cement website: https://www.ciments-hoffmann.fr/technologies/telechargements/.

Two new favourable assessments by CSTB for H-UKR

In 2022, Hoffmann Green continued the assessment plan for its H-UKR cement with two new assessments issued by the benchmark public company in terms of building quality, sustainability and safety. Identifiable thanks to the numbers 3019_V1 and 3020_V1, these two ATEx validate the use of H-UKR cement-based concrete for superstructure and foundation applications of all types of buildings: residential, public buildings, office buildings, high-rise buildings, etc. All applications used to create the interior and exterior structure of the building are targeted: footings, stringers, rafters, floors, columns, beams, walls and slabs.

[29] Created at the initiative of the CSTB and construction stakeholders, ATEx is a rapid technical assessment procedure formulated by a group of experts for any innovative product, process or equipment.

Issue: Governance

Good governance practices help coordinate the short, medium and long term, integrate the social and environmental issues of the activities, be attentive to the interests of the Company's stakeholders, thus promoting more balanced decisions and lasting relationships with partners based on trust, ethics and transparency.

- Listed on the stock market since November 2019, Hoffmann Green Cement Technologies has adopted the Middlenext code, and has structured its governance to continue to develop its activity transparently with its stakeholders.

ACTIONS IMPLEMENTED

Structuring of the CSR strategy

Given the consistency of CSR with the contribution of its products to society, since 2019 the Company has structured its CSR approach by defining three main areas fuelled by concrete actions updated annually. These actions are assessed during the year and reported annually. The CSR strategy is thus placed under the immediate responsibility of the Chairman of the Management Board. However, Hoffmann Green remains a young company (seven years) and must structure its development by relying on what is still a small team (52 people). Corporate Responsibility is, by the very nature of its activity, included in its strategy with strong immediate challenges in terms of the "responsible producer" pillar. The completion in 2020 of a materiality analysis of societal issues related to the Company's activity should lead to a rebalancing with the other two CSR pillars by strengthening actions on these subjects.

Dual governance

Hoffmann Green has opted for dual governance with a Management Board and a Supervisory Board in order to separate its management and control functions. This governance structure facilitates management of the Company and helps reconcile the short, medium and long term. At 31 December 2023, the Supervisory Board has six members, three of whom are independent directors chosen for their experience. Two women sit on the Supervisory Board.

Stakeholder involvement

Given the innovative nature of the Company's products and their contribution to society, the Company's stakeholders are heavily involved in the development model.

- **Local investors**

From its inception, Hoffmann Green has been supported by a pool of local partners who financed the first plant and supported industrial development. These initial investor partners, most of whom are based in the Vendée region, contributed their expertise as entrepreneurs and their industrial know-how. Some currently sit on the Supervisory Board.

- **Business partners**

For its commercial development, Hoffmann Green has signed partnership agreements with its customers to jointly experiment with the use and deployment of these new cements. Hoffmann Green has one person dedicated to this relationship with partners, who acts as the link between the R&D department and field teams.

- **Local companies**

The vast majority of factories are built by local companies. These are local partners who provide all the expertise needed to build these new types of plants. Thus, the investment of each plant (€22 million for the second plant under construction) comes back to the local area.

100% aligned with green taxonomy

In 2022, Ethifinance assessed the eligibility and alignment of the Hoffmann Green Cement Technologies Group's activities with regard to the available texts structuring the European Taxonomy updated in 2022. It shows that 100% of the Company's activities are aligned with this classification.

The European taxonomy allows investors and companies to determine which economic activities and investments contribute substantially to one of the six environmental objectives of the EU:

1. Climate change mitigation.
2. Adaptation to climate change.
3. Sustainable use and protection of aquatic resources.
4. Transition to the circular economy.
5. Pollution prevention and reduction.
6. Protection and restoration of biodiversity and ecosystems.

ELIGIBILITÉ		ALIGNEMENT			
Activité éligible	% CA associé	Satisfaction des TSC*	Satisfaction des DNSH**	Satisfaction des MS***	Alignement Taxonomie
☑ Fabrication de ciment 0% clinker Trois produits commercialisés à ce jour : ♦ HUKR – 96% du CA ♦ HIONA – 2.2% du CA ♦ HEVA – 1.8% du CA	100%	☑ Satisfait	☑ Satisfait	☑ Satisfait	100% du CA, et des CAPEX / OPEX associés est Aligné
TOTAL % éligible	100%				

* TSC – Technical Screening Criteria ** DNSH – Do No Significant Harm *** MS – Minimum Social safeguards

Two voluntary ESG assessments

To measure its activity and strategy through the prism of ESG criteria[30], the Company was assessed by two non-financial independent rating agencies.

Gaïa Rating

EthiFinance
ESG ratings

Note ESG globale

L'entreprise **Hoffmann Green Cement Technologies** obtient, pour la campagne EthiFinance ESG Ratings 2023, une note de 63 / 100. Cette note porte sur les données de l'année 2022.

Les notes vont de 0 à 100, où 100 est la meilleure.

Le tableau met en évidence le détail des notes obtenues par pilier et sous pilier E-S-G-PPE. Le benchmark utilisé regroupe toutes les sociétés du secteur Matériaux notées pendant la campagne EthiFinance ESG Ratings 2023, à savoir 130 entreprises.

La couleur rouge signifie que l'entreprise sous-performe par rapport au benchmark. A l'inverse le vert indique que l'entreprise surperforme. Le jaune signifie que la note de l'entreprise est similaire à celle du benchmark.

A la date de cette publication, EthiFinance ESG Ratings n'a pas identifié de controverse significative pour Hoffmann Green Cement Technologies.

Notation	2020	2021	2022	Tendance 2021-2022	Benchmark
GOUVERNANCE	54	54	**63**	↗	≃
SOCIAL	40	53	**72**	↗	↑
ENVIRONNEMENT	70	80	**62**	↘	≃
PARTIES PRENANTES EXTERNES	35	41	**41**	=	↓
Note Globale	52	59	**63**	↗	≃

Légende

l'entreprise fait mieux que l'indice de référence

la performance de l'entreprise est inférieure à celle de l'indice de référence

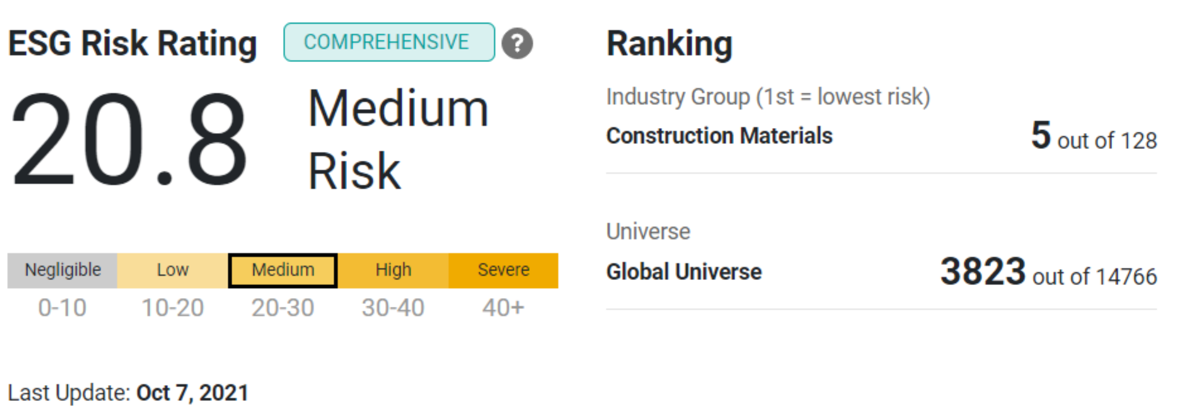
[30] ESG: Environment, Social & Societal, Governance.

Hoffmann Green maintained its score compared to the previous year (63/100) after an increase of 12 points compared to the 2019 assessment and 15 points compared to 2018 assessment.

In 2021, this rating placed Hoffmann Green in 131st place in Gaïa Rating's ESG 230 panel and in 23rd position among the 78 companies in the panel with revenue of less than €150 million.

Résultat de la campagne Gaïa Rating 2020
Classement Global : **131/230**
Classement au sein de la catégorie de chiffre d'affaires < 150 millions d'euros : **23/78**

Sustainalytics



Score: 20.8

The rating corresponds to the low value of a medium risk (rating between 20 and 30). Hoffmann Green thus ranks fifth out of 128 companies producing construction materials.

Issue: regional anchoring

Companies are major players in their regions. Through their activity, they participate in the economy. Through their commitments, they support community life.

As a company rooted in a region, Hoffmann Green is committed to local sports associations, which promote the cohesion and dynamism of the region. Entirely committed to meeting environmental challenges, Hoffmann Green is also committed to associations and companies that share its struggles. Recognised involvement in obtaining labels such as Solar Impulse or FT 2030, which highlight the Company's contribution to the major challenges of our time.

Sponsorship of local sports clubs

Hoffmann Green is a partner of many local sports clubs: Basket Club Aizenay, ASPTT Nantes Handball, Tennis Entente Yonnaise (La Roche-sur-Yon), Sables Étudiants Club (Les Sables-d'Olonne), Vendée Fontenay Foot (Fontenay-le-Comte), US Bournezeau Saint-Hilaire.

Involvement alongside local non-profit organisations is part of the Company's commitment to its region.

Solar Impulse certification

The Solar Impulse Efficient Solution label, initiated by the explorer Bertrand Piccard, aims to accredit responsible products and solutions, in order to promote their use to quickly achieve environmental objectives, in particular energy and carbon neutrality. Following a rigorous assessment process involving independent experts, Hoffmann Green obtained this certification, which guarantees the quality and economic profitability of its H-UKR cement.

French Tech 2030 winner

Hoffmann Green Cement Technologies was selected for the French Tech 2030 programme, an ambitious new support programme operated by La Mission French Tech alongside the French General Secretariat for Investment (SGPI) and Bpifrance. One year after joining the 2022 class of the French Tech Green20 programme, which provided specific support on greentech issues, Hoffmann Green is one of the 125 winning companies selected to join a new government programme that aims to defend French sovereignty and develop the global leaders of tomorrow.

RESPONSIBLE PARTNER OUTLOOK:

Creation of a Quality Department

To further strengthen its commitment to decarbonised cements offering an optimal level of quality, Hoffmann Green is setting up a Quality Department in 2024 composed of five people under the supervision of the Certification, Assessment and Quality Department.

APPENDIX: SCOPE & METHODOLOGY

The reporting covers the period corresponding to the financial year 2023, from 1 January 2023 and 31 December 2023, except for the Bilan carbone® assessment data covering the period 2019 to 2023.

The scope covers the sites in the Vendée at Bournezeau, Chaillé and Hoffmann Microtech in Mareuil en Périgord (24340), i.e. all activities.

- Carbon footprint issue/cements

Indicator: metric tons of CO_2 equivalent avoided due to the use of Hoffmann Green cements:

8,486.02 metric tons CO_2eq

By replacing traditional cement, according to the current mix of cement consumption, with a clinker-free decarbonised cement for the 2023 production of Hoffmann Green Cement Technologies, taking into account the three Hoffmann technologies in proportion to their distribution in terms of sales.

Technologies	Pourcentage du CA	Quantité (en tonne)	Empreinte carbone
H-UKR	91,9%	20 195,59	0,252 Teq CO_2 / tonne
H-IONA	1,8%	213,78	0,161 Teq CO_2 / tonne
H-EVA	6,3%	971,97	0,272 Teq CO_2 / tonne

H-UKR	Proportion dans la consommation globale en % (Source INSEE)	Émission T eq. CO_2/tonne moyenne	Gain par tonne avec les ciments H-UKR (0,252 Teq CO_2/ tonne)	Gain 2023 (en tonnes) sur la base des 20 195,95 tonnes de ciment H-UKR produites calcul : proportion x quantité produite x gain eq. CO_2 / tonne
CEM 1	23,9	0,881	0,629	3 036
CEM II	57,4	0,650	0,398	4 613,8
CEM III ET V	11	0,420	0,168	373,22
Autres ciments (ciments Spéciaux, ciments divers, liants géotechnique)	7,06	Non pris en compte dans le calcul		

H-IONA	Proportion dans la consommation globale en % (Source INSEE)	Émission T eq. CO_2/tonne moyenne	Gain par tonne avec les ciments H-IONA (0,161 Teq CO_2/ tonne)	Gain 2023 (en tonnes) sur la base des 213,78 tonnes de ciment H-IONA produites calcul : proportion x quantité produite x gain eq. CO_2 / tonne
CEM 1	23,9	0,881	0,720	36,7
CEM II	57,4	0,650	0,489	60
CEM III ET V	11	0,420	0,259	6
Autres ciments (ciments Spéciaux, ciments divers, liants géotechnique)	7,06	Non pris en compte dans le calcul		

H-EVA	Proportion dans la consommation globale en % (Source INSEE)	Émission T eq. CO_2/tonne moyenne	Gain par tonne avec les ciments H-EVA (0,272 Teq CO_2/ tonne)	Gain 2023 (en tonnes) sur la base des 971,97 tonnes de ciment H-EVA produites calcul : proportion x quantité produite x gain eq. CO_2 / tonne
CEM 1	23,9	0,881	0,609	133,6
CEM II	57,4	0,650	0,378	210,9
CEM III ET V	11	0,420	0,148	15,8
Autres ciments (ciments Spéciaux, ciments divers, liants géotechnique)	7,06	Non pris en compte dans le calcul		

- <u>Carbon footprint issue/company</u>

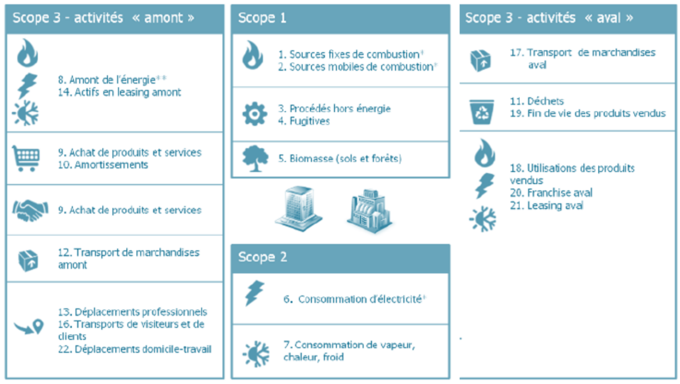
Indicator: Bilan carbone®

The Company's direct and indirect greenhouse gas emissions, in metric tons of CO_2 equivalent calculated using the Bilan carbone® methodology

Time scope: 2023

Geographical scope: Bournezeau (H1, H2, concrete batching plant), Chaillé-sous-les-Ormeaux (registered office), Mareuil en Périgord (Hoffmann Microtech)

Emission sources:



Les postes d'émissions suivants ne sont pas inclus dans le périmètre de l'évaluation : 5, 14, 16, 18, 19, 20 et 21

- <u>Issue: Resource conservation/Energy</u>

Indicator: Energy consumption by type

Electricity and natural gas consumption according to our suppliers' bills (in MWh)

Indicator: Energy efficiency

Electricity consumed per metric ton of cement produced in kWh/t

Calculation: Electricity consumption (kWh)/production in metric tons

Indicator: share of renewable energy

Share of electricity consumed from renewable sources in %

Calculation: Renewable energy production/Electricity consumption

- <u>Resource conservation/Limestone issue</u>

Indicator: Limestone extraction avoided: 17,289.9 metric tons

Quantity of limestone saved by replacing conventional cement with de-carbonised clinker-free cement for the quantity of cement produced by Hoffmann Green in 2023.

Based on the current cement consumption mix in France, calculation of a weighted average of the limestone used to produce the same quantity of cement as the Hoffmann Green production in 2023. This amount corresponds to the extraction of limestone avoided due to the replacement of conventional cements by Hoffmann Green cements.

It takes 1.3 metric tons of limestone to produce one metric ton of clinker.

Calculation: proportion x quantities produced x percentage of clinker x ton of limestone/ton of clinker

	Mix de la consommation globale de ciment en % (Source INSEE)	Pourcentage de clinker[20]	Extraction de calcaire évitée 2023 (sur la base de 21 378 tonnes de ciment produites)
CEM 1	23,9	95	6 310
CEM II	57,4	65	10 368,9
CEM III ET V	11	CEM III/A, B ou C : 20 à 64 % CEM III/ C : 5 à 19% CEM V/A ou B : 20 à 64 % (moyenne basse utilisée : 20%)	611
Autres ciments (ciments Spéciaux, ciments divers, liants géotechnique)	7,06	Non pris en compte dans le calcul	

- <u>Mixed and qualitative employment issue</u>

Indicator: change in the Company's workforce

- Workforce at 31 December: number of employees at 31 December 2023
- Recruitment: net change in headcount over the 2023 period
  Calculation: number of employees at 31 December 2023 - number of employees at 31 December 2022
- Turnover: Turnover = [(Number of departures in 2023 + Number of new hires in 2023)/2]/Headcount at 31 December 2022
- Number of apprentices/work-study students: number of apprentices/work-study students on work-study contracts with the Company as of 31 December 2023
- Percentage of permanent employees in the workforce: salaried workforce at 31 December 2021 with permanent contracts/total workforce at 31 December 2023
- Percentage of temporary staff: not applicable to date

Indicator: Gender balance

Percentage of female employees among the Company's employees
Calculation: female workforce as of 31 December 2023/Total workforce at 31 December 2023

- <u>Issue: Occupational health and safety</u>

Indicator: accidentology

- Workplace accident frequency rate: (No. of accidents entailing medical leave of absence/hours worked) x 1,000,000
- Workplace accident severity rate: (number of days lost due to temporary disability/hours worked) x 1,000

5. DOCUMENTS AVAILABLE

Copies of the Annual Financial Report are available free of charge at the Company's registered office.

The Annual Financial Report may also be consulted on the Company's website (www.ciments-hoffmann.fr).

The Articles of Association, minutes of General Meetings and other corporate documents of the Company, as well as historical financial information and any valuation or statement prepared by an expert at the Company's request that must be made available to shareholders, in accordance with the applicable legislation may be consulted, free of charge, at the Company's registered office.

Regulated information within the meaning of the provisions of the AMF General Regulation are also available on the Company's website (www.ciments-hoffmann.fr).

6. GLOSSARY

ADEME	French Environment Agency for Energy Management.
AOT	Authorisation for the temporary occupation of public property.
CNRS	National Centre for Scientific Research.
CSTB	Building Science and Technology Centre.
Decarbonation	CO_2 release reaction contained in limestone raw materials under the action of heat.
Circular economy	For ADEME; the circular economy is “an economic system of exchange and production that aims to increase the efficiency of the use of resources and reduce our impact on the environment. The aim is to decouple the consumption of resources from growth of gross domestic product (GDP) while ensuring a reduction in environmental impacts and an increase in well-being”.
ETPM	Technical Assessment of Products and Materials, issued by CSTB.
FCPI	Innovation Mutual Fund.
FDES	Environmental and Health Declaration Form.
ICPE	Installations Classified for the Protection of the Environment.
INPI	National Institute of Industrial Property.
MPa	Megapascal. Unit of pressure or constraint equal to one million pascals.
PIA	Investments for the Future Programme. This is an investment programme initiated by the French State in 2010 to invest in higher education and vocational training, in research, in industry and SMEs, in sustainable development and in all sectors of the future such as digital technology, biotechnology and nuclear energy.
EU ETS	European Union Emissions Trading Scheme.
SFIC	Syndicat Français de l’Industrie Cimentière (French Cement Industry Union).
EU	European Union.

HOFFMANN GREEN CEMENT

Catalyseur de la Transition Carbone

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Hoffmann Green Cement Technologies

A public limited company (*société anonyme*) with a Management Board and a Supervisory Board with a capital of €14,648,193.
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