AURES
TOUCH THE DIFFERENCE

ANNUAL FINANCIAL REPORT 2020

CONTENTS

AURES Technologies SA

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REPORT OF THE BOARD OF DIRECTORS FOR THE COMBINED GENERAL MEETING OF 24 JUNE 2021

To the Shareholders,

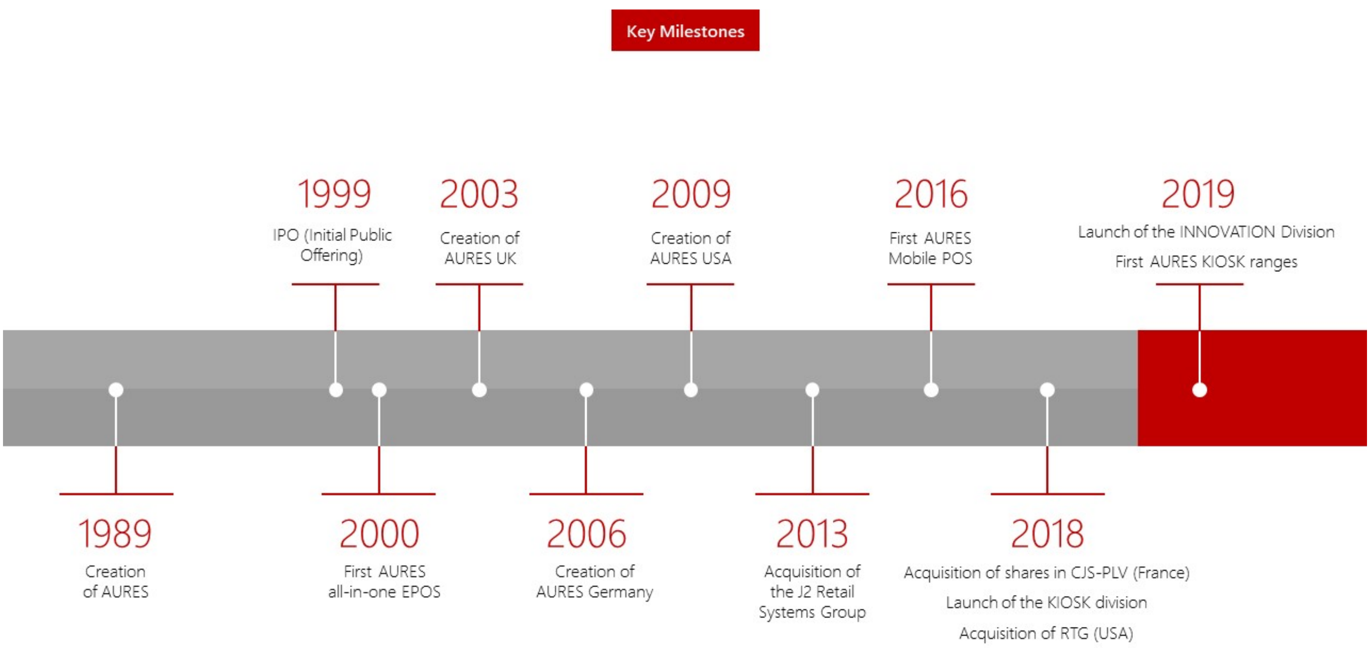
We have called you to this Combined General Meeting in accordance with French law and with the Company's articles of association, to present to you the Company's business operations during the year ended 31 December 2020, the results of these operations, the progress made and difficulties encountered, and our outlook for the future. We also submit for your approval the consolidated and parent company financial statements for this financial year (income statement, statement of financial position and accompanying notes) along with the appropriation of profit as determined in the financial statements.

➢1.1. The Group

The AURES Group is an IT equipment manufacturer providing a complete range of hardware solutions and applications for the point-of-sale (POS) market.

It has a global presence, with its headquarters in France, subsidiaries in the United Kingdom, Germany, Australia, the United States, and, since 2021, Tunisia, as well as a network of partners, distributors and resellers in over 60 other countries.

1. History of the Group



AURES, which means “ears” in Latin, was founded by Patrick Cathala, the current Chairman and Chief Executive Officer, in 1989.
From the outset, the Company’s philosophy has been based on knowing how to listen to the market, to trends in demand and to customers.

Initially, the Company marketed and sold integration products (original equipment).
In 1994, it launched its point-of-sale (POS) business, with the marketing and sale of peripherals such as printers and scanners.
In 1999, a decade after its creation, the AURES Group was listed on the Paris stock market and has since been listed on Euronext.

The Company began to expand internationally in the 2000s, creating subsidiaries in the United Kingdom (2003), Germany (2006) and the United States (2009).

During this decade, AURES also launched “Odyssé”, its first-ever own-brand POS terminal, and was the first manufacturer of POS hardware at the time to offer a full palette of unique, interchangeable colours.

In 2013, growth picked up pace when AURES carried out its first acquisition in the form of the UK’s J2 Retail Systems, a POS market player, giving the Group a foothold in Australia and enabling it to make further inroads in the UK and US markets.
The AURES Group then took on a new dimension, with consolidated revenue increasing from €32.4 million in 2012 to €52.4 million in 2013.

2018 marked a new stage in the Group’s growth strategy, with the launch of the kiosks (digital terminals) business, encompassing the engineering, industrialisation, production, and marketing and sale of digital and interactive terminals.
To further develop its kiosks business, on 4 January 2018 the Group acquired a 15% stake in the share capital of France’s CJS-PLV, specialised in the industrial design and production of POS equipment and fittings.

AURES pursued its growth strategy in the United States with the acquisition of US-based Retail Technology Group (RTG) on 16 October 2018. RTG is not only a leading POS services, maintenance and support provider in the United States (mainly in the restaurant and catering markets) but also the only company to offer a full range of services, from installation to round-the-clock hotline solutions for hardware and software.
The acquisition of RTG allows the AURES Group to round out its hardware solutions offer with an array of complementary services to meet the legitimate demands of major companies in the United States. It also confirms the Group’s aim of accelerating its growth in the country and ultimately becoming, as it is in Europe, one of the leading firms on the US market.

In 2019, the Group built on its initial contract wins in the kiosk business in 2018 and continued to expand this business by strengthening its teams and developing its first range of kiosk solutions.

The emergence of connected, omni-channel and mobility-focused businesses presented the Group with significant challenges.
A new innovation department was therefore created by the Group to anticipate and meet the challenges resulting from the transformation in buying habits and thereby support customers with their own digital change management projects.

In 2020, the Group continued to focus on structuring its kiosks business. This involved recruiting new employees, setting up a standard product range, and reflecting on the need to be able to provide end-to-end solutions for all types and sizes of markets by proposing not only hardware but also middleware (an IT environment that can provide partners’ and customers’ software with additional interconnection services and functionalities and component applications, such as click & collect, drive-through, self-ordering and equipment monitoring.

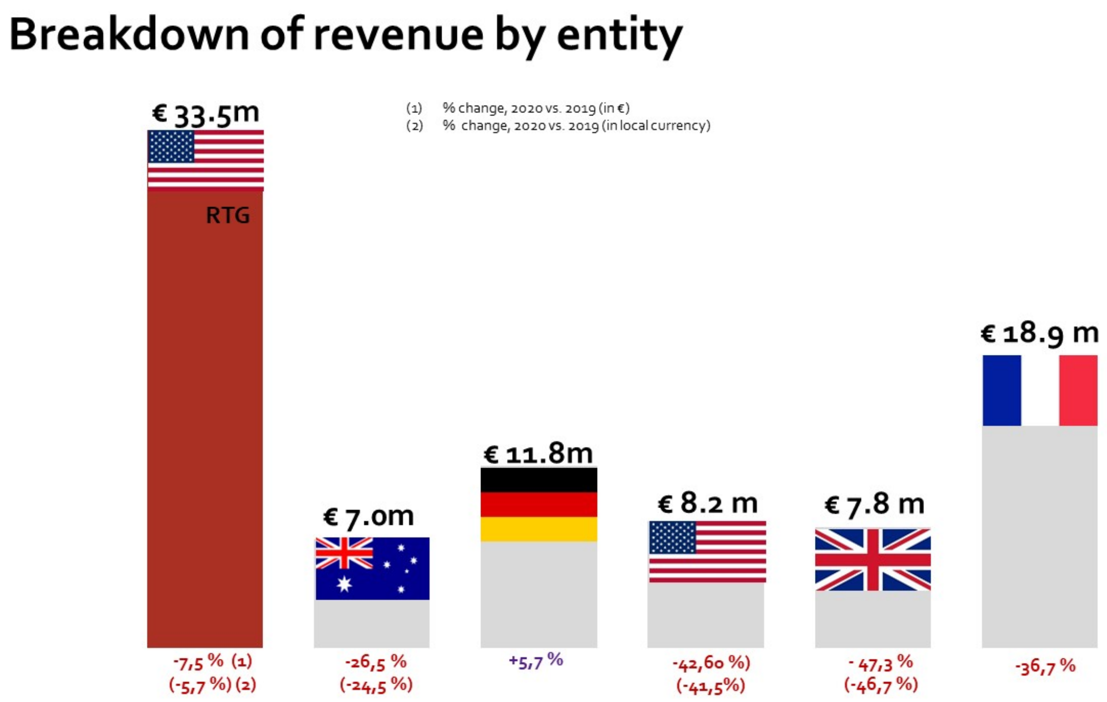
2. Performance indicators and key figures

The Group monitors the following alternative performance indicators (APIs):

- changes in revenue based on constant exchange rates, which are calculated using the exchange rates for the period prior to the published period;
- gross margin, which is determined by deducting cost of goods sold from revenue;
- percent gross margin, which corresponds to gross profit divided by revenue;
- operating margin, corresponding to operating profit divided by revenue;
- net margin, corresponding to net profit divided by revenue;
- net debt (or net cash), which represents the difference between gross debt (non-current borrowings and debt) and cash as reported in the statement of cash flows, comprising cash and cash equivalents less bank overdrafts.

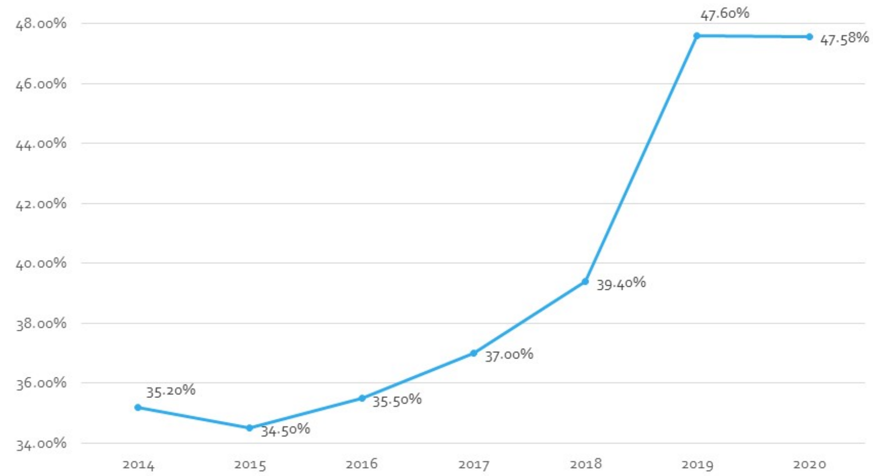
Key figures and the main alternative performance indicators (APIs) monitored by the Group are presented below:

- ***Breakdown of revenue by entity***



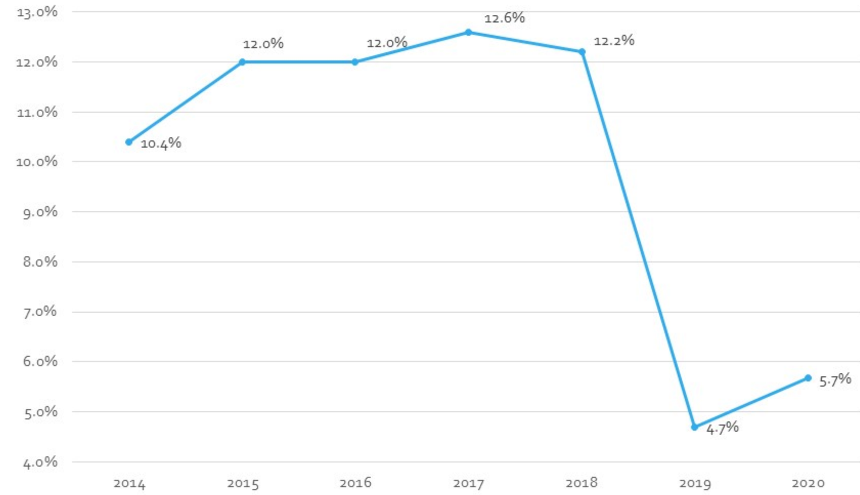
- ***Gross margin***

Gross margin



- ***Operating margin***

Operating margin



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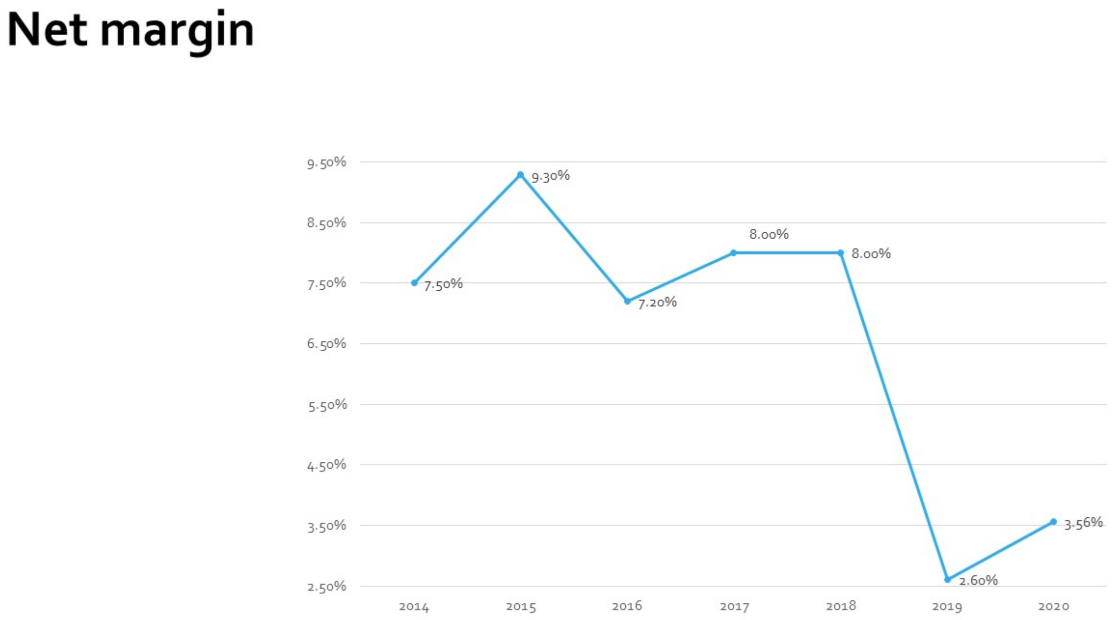
- ***Net margin***

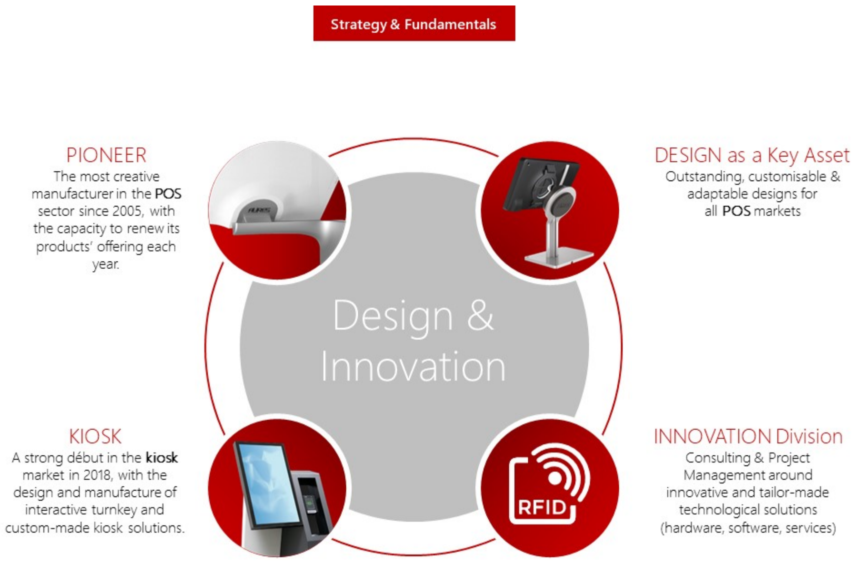


- ***Net debt***

Gross debt at 31 December 2019	**(10,177)**
Repayments during the period	2,787
New borrowings	(13,843)
Gross debt at 31 December 2020	**(21,233)**
Bank overdrafts	(20)
Cash and cash equivalents	23,468
Net cash at 31 December 2020	**2,215**

3. Business and strategy

A strategy focused on design and technology to create unique POS terminals:



Since 2005 and the launch of Odyssé, its first-ever own-brand terminal, design has been the linchpin of the strategy pursued by AURES, which develops, markets and sells leading-edge POS hardware with a contemporary look.

AURES was the first manufacturer of POS hardware at the time to offer a full palette of unique, interchangeable colours.

AURES seeks an optimum combination between contemporary design and advanced technology.
All AURES hardware incorporates the very latest POS and mobile POS technologies: AURES integrates motherboards and powerful, new-generation processors and offers USB-C technology.
Security and reliability are the basis for all product drawings and designs for AURES POS hardware.

AURES' fanless hardware solutions provide superior durability and performance, while guaranteeing greater energy efficiency in step with ever stricter environmental regulations.

Since 2018, the Group has been developing its offering of interactive, multi-function kiosks with an exclusive design.
Designed, assembled and developed by the Group, kiosk solutions are suited to many different business sectors thanks to multiple management applications, including booking and order taking, click & collect, purchase and sale assistance, queue management, subscriptions and customer loyalty initiatives, and naturally all transactions including till and payment operations (contact and contactless).
The exclusive AURES design draws on an array of meticulously integrated high-quality and high-performance sub-systems.

Today, the AURES Group offers complementary hardware solutions that combine AURES designs with proven technical and economic performance.

AURES sells its products to an exclusively professional clientele through its French, German, UK, US and Australian subsidiaries, and has a global network of distributors and resellers.

The acquisition of Retail Technology Group (RTG) in October 2018 has allowed AURES to round out its hardware solutions offer in the United States with an array of complementary services to meet the legitimate demands of major companies on the market. RTG is not only a leading POS services, maintenance and support provider in the United States (mainly in the restaurant and catering markets) but also the only company to offer a full range of services, from installation to round-the-clock hotline solutions for hardware and software.

Single Point of Contact

4. 2020 highlights

- The global health crisis caused by Covid-19 heavily impacted the Group's business in 2020 in all of the countries in which it operates.

In March and April, the Group had to temporarily close a number of its entities (in France, the United Kingdom and California in the United States), and put in place extensive home-working measures wherever possible.
In the second quarter of the year, the Group had to ensure that the return to on-site activity was managed in line with the local health situation and government recommendations in each country, with the threefold objective of:
 - ensuring the safety of its people;
 - ensuring the continuity of its business; and
 - managing the financial consequences of the crisis in order to limit the impacts on the Group.

Against this backdrop, the Group recorded a 24.7% decline in revenue in 2020.

The new economic environment was taken into account in the impairment tests performed on the Group's cash-generating units (CGUs) (see Note 5.1.1 to the consolidated financial statements).

During the crisis, the Group used furlough schemes and short-time working arrangements in Europe and Australia and also reduced its workforce (mainly at RTG).

In terms of cash, the Group obtained a €10.5 million French government-backed loan ("PGE") from three financial institutions in France, as well as a USD 3 million (€2.6 million) loan for its two American entities under the Paycheck Protection Program (PPP) introduced by US Public Law 116-136 – Coronavirus Aid, Relief and Economic Security (the "CARES" Act).
The PPP loan has a fixed interest rate of 1% for a period of 18 months and is forgivable if the applicable criteria are met, which primarily correspond to maintaining payroll after obtaining the loan.

At the date these financial statements were approved for issue, the Group had submitted its "PPP forgiveness" application, which has been transmitted to the SBA for review.
In application of IAS 20, and based on the work carried out when the file was put together, as well as the legal validity of the application following its transmission to the SBA, at 31 December 2020, the Group considered that the PPP loan should be forgiven (i.e., converted in full into a grant) and therefore recognised the €2.6 million amount of the loan as income in its consolidated financial statements at that date.
In accordance with current legislation, the SBA has 90 days to confirm forgiveness of the loan, which means that the Group should receive a response by early July 2021 at the latest.

- Continuation of the integration process for RTG

RTG – which has been consolidated since 16 October 2018 – recorded a €1,525K operating loss in 2019 (including an €819K amortisation expense for intangible assets), but restructuring measures put in place in 2020 helped it to move into positive territory during the year.
For the year ended 31 December 2020, RTG contributed €2,164K to the Group's operating profit, including an €804K amortisation expense for intangible assets and €2,475K in other operating income related to the PPP forgiveness application.

5. 2021 outlook

2021 began with the same disruptions as in 2020 due to the lack of visibility as to when the Covid-19 crisis will end. Any forecasts would therefore still be subject to a high degree of uncertainty.

In terms of business, following the acquisition carried out in February 2021, the Group's primary goal is to complete its middleware as quickly as possible, with the help of its development teams in Tunisia, in order to provide a comprehensive solution for the kiosk market (combining hardware, middleware and applications) covering all types of sectors, with a view to significantly boosting kiosk sales.

Lastly, 2021 will be a complex year due to the risk of a global shortage of electronic components and the pressure on sea and air freight, in terms of both capacity and prices, the impacts of which cannot be assessed with certainty.

6. Subsequent events

- ***Brexit***

Following the end of the transition period on 31 December 2020 and the signature of the EU-UK Trade and Cooperation Agreement on 30 December 2020, the Group – and particularly its UK entity – analysed the practical consequences of Brexit on its business (goods transport, customs formalities, tax issues, etc.) in order to minimise disruption of deliveries to UK customers who have points of sale in the European Union.

Drawing on its presence in France and Germany, the Group worked in partnership with its customers to select, on a case-by-case basis, the most appropriate solution to suit their needs.

Apart from the difficulties arising from the fact that the Trade and Cooperation Agreement was signed at such a late date, and the logistics delays experienced in January 2021, the Group does not foresee any other particular difficulties related to Brexit.

- ***Acquisitions***

On 22 February 2021, the Group completed the acquisition of all the shares of two companies specialised in designing, developing and marketing software products, the French company Softavera and the Tunisia-based Leader Solution Tactile (LST), as well as their trademarks and associated software.
These acquisitions constitute a structural operation for the Group, as it will now be able to draw on a team of some 60 developers with a view to swiftly developing its middleware. This middleware will be an environment that can provide partners' and customers' software with additional interconnection services and functionalities and application tiles, such as click & collect, drive-through, self-ordering and equipment monitoring. It will mean that the Group will be able to offer end-to-end solutions to markets of all types and sizes by proposing not only hardware but also middleware.

- ***Conversion of the French government-backed loan ("PGE")***

In view of the ongoing Covid-19 health crisis, the Group decided to convert the €10.5 million French government-backed loan ("PGE") that it obtained in 2020 from three financial institutions in France into a loan repayable over five years with a one-year deferment period. Without the guarantee from the French government, the fixed interest rate on the loan ranges between 0.28% and 0.75%.

Based on the situation at the date when these financial statements were approved for issue, the Group does not believe that the conversion of this loan will affect its ability to operate as a going concern.

- ***Transfer of AURES Inc.'s logistics and administrative operations to RTG's premises***

In order to enhance the quality of its services and to optimise costs, the Group has transferred the logistics and administrative operations of California-based AURES Inc. to RTG's premises.
AURES Inc.'s sales teams are still based in California, working from home.

No other significant events took place after 31 December 2020.

7. Risks

The Group has reviewed the risks that could have a material adverse impact on its operations, financial position and results, and considers that no material risks exist other than those presented below:

- ***Currency risk***

The AURES Group is exposed to two types of currency risk that could impact its profit and equity:

- currency risk resulting from the translation of the financial statements of its foreign subsidiaries (United Kingdom, Australia and United States) into euros;
- currency risk arising on cash flows from commercial and financial transactions carried out in currencies other than the euro, which is the Group's functional currency.

The Group has a policy aimed at minimising and managing these currency risks:

- Cash flows exchanged in connection with purchases of goods for resale are generally pooled by AURES Technologies SA, therefore providing the Company with a natural hedge for a portion of these purchases.
- Hedges are in place to protect against the currency risk arising on transactions. These hedges consist of forward purchases ranging from six months to one year and protect the Group's earnings from adverse changes in exchange rates against the euro. However, the hedges are flexible and are set up gradually, so as to maximise the benefit from any favourable exchange rate fluctuations.

At 31 December 2020, the amount outstanding under forward currency contracts was USD 7,895K.

- The Group's policy is not to hedge risks arising on the translation into euros of the financial statements of consolidated subsidiaries with a functional currency other than the euro.

The main exchange rates used to prepare the financial statements are presented in Note 3 to the consolidated financial statements.

The Group did not and is unable to analyse sensitivity to currency risk. However, it presents:

- the impact of exchange rate fluctuations on its revenue on page 16 of this report (including changes in revenue based on constant exchange rates);
- the impact of exchange rate fluctuations on its gross profit on page 17 of this report; and
- the impact of exchange rate fluctuations on equity on page 52 of this report.

- ***Liquidity risk***

As part of its operating activities, the AURES Group may use bank overdraft facilities in France.

AURES may look to increase its borrowings and debt in order to finance its acquisitions.
Borrowings contracted by the Company for this purpose are subject to bank covenants.

- ***Interest rate risk***

The consolidated income statement may be impacted by interest rate risk in the event that adverse fluctuations in interest rates have a negative impact on borrowing costs.

However, as part of its financing policy, the Group looks to limit interest rate risk by using only fixed-rate non-current borrowings.

- ***Credit risk***

The AURES Group closely monitors the recovery of receivables.
Each Group company has its own recovery department, which sends out reminders and is responsible for the recovery of past due amounts.
Insurance mechanisms (credit insurance, letters of credit) are set up when a risk arises in respect of a given customer, country or region.

Provisions for doubtful receivables amounted to €305K at 31 December 2020, representing 3.02% of the total amount of trade receivables (versus €294K and 1.65% of total trade receivables at end-2019).
The year-on-year increase was mainly due to changes in the ageing profile of RTG's trade receivables.

Write-offs of bad debt represented €346K in 2020 and €160K in 2019. The 2020 figure included approximately €67K related to company insolvencies during the Covid-19 crisis
and a provision was set aside for the majority of the remaining write-offs.

Apart from the cases mentioned above, the Group did not identify any major defaults in 2020.

- ***Procurement risk***

As the Group conducts business worldwide, major political tensions, health crises or climate events could interrupt its operations. Likewise, any difficulties encountered in the supply chain could temporarily prevent the Group from selling its products.
If such problems persist, they could ultimately lead to a loss of customers, which could impact the Group's operations, financial position and results.

In addition to its policy of diversifying its purchases, the Group assesses the ability of its suppliers and partners to meet the long-term needs of AURES in terms of capacity and compliance with logistical, economic and qualitative requirements.

- ***"Key executive" risk***

In light of the Group's shareholding structure and the presence of the founder and Chief Executive Officer, AURES takes into account "key executive" risk and, following the acquisition of J2 Retail Systems, set up a management committee whose members are responsible for managing the Company's day-to-day operations.

- ***Security risk***

Cybersecurity
With RTG now a member of the consolidated group, AURES was required to reconsider cybersecurity risks, mainly due to the Group's new software helpdesk business.

Hackers are relentless and constantly test information system security. Any failures in cybersecurity could have an adverse impact on the Group's reputation through its subsidiary RTG.
Human error may also occur, and employees may not respect the Group's rules and regulations.
Risks relating to cybercrime may lead to the loss or unlawful disclosure of data, the termination of contracts by our customers, or additional costs.

During 2019, the Group carried out work to analyse, redefine and ensure compliance with its security policy, mainly within RTG. This work did not reveal any major failings.

A provision has been recognised concerning a data breach within RTG, of which the Group has been aware since 29 January 2019.

Analyses have been performed on RTG's IT systems in order to identify the causes of the breach and IT security checks have also been carried out. The cumulative cost of these checks and analyses was USD 776K, and a related adjustment of USD 486K was recognised to RTG's liabilities and goodwill in 2019.

- ***Regulatory risks***

Data protection
The Group is subject to various local and international data protection regulations, particularly due to the introduction of the EU General Data Protection Regulation in May 2018.
The Group may be held liable in the event of failure to comply with applicable data protection rules, or an intentional or unintentional disclosure of personal data belonging to third parties.

Financial penalties may be handed down by data protection authorities, thereby exposing the Group to a financial and reputational risk.

Procedures exist within each entity to ensure compliance with local applicable data protection regulations.

Failure to comply with laws and regulations
The Group does business in various countries and is therefore subject to many different laws and regulations, which are constantly changing.
The broad scope of applicable local laws and regulations, and frequent regulatory developments, expose the Group to a compliance risk.
Besides its strict operational oversight, the Group also calls on independent advisers so that it can better protect its businesses.

- ***Health risks***

Health risks can never be ruled out. Any industrial and commercial business can be exposed to health risks due to the spread of a virus or as a result of other events arising within a particular country and/or population.
Such risks could affect the Group's operations and financial position.

Since 2020, the global health crisis caused by Covid-19 has impacted the Group's operations in two main ways: (i) by making it impossible for some employees to go to their workplace, particularly for staff working in after-sales services and order preparation and shipping, and (ii) by making it difficult to continue operations due to a decrease in orders or shipping restrictions.
As part of its Covid-19 crisis management, the Group put in place an overall plan to guarantee the safety of all of its employees, in compliance with the governmental measures recommended in each country.

In addition, special working arrangements were set up Group-wide, both at headquarters and in the subsidiaries, so employees could continue with their work. Home-working was introduced whenever possible in order to ensure physical distancing.

- ***Claims and disputes***

The main legal proceedings in process at 31 December 2020 were:

- three disputes with former employees of the French entity before the Evry Employment Court (***Conseil de prud'hommes***) following the termination of their employment contracts, for which a €105K provision has been recognised in the consolidated financial statements; and
- a patent troll dispute in the United States, for which a €17K provision has been recognised.

- ***Tax risk***

The €157K provision for tax risk set aside in relation to the Group's US subsidiary, RTG, is intended to cover the risk of a tax reassessment in the event of a tax audit.
In accordance with IFRIC 23, this provision was classified as relating to current taxes at 31 December 2020.

8. Internal control and risk management procedures

- ***Internal control objectives***

Internal control denotes all procedures approved by management to:

- ensure that management actions, operations and employee behaviour all comply with the policies and objectives defined by governing bodies, applicable laws and regulations, and internal rules and procedures;
- prevent and manage risks resulting from the Company's business, along with the risks of error or fraud;
- verify that accounting, financial and management information gives a true, fair and prudent view of the Company's business and position;
- ensure that assets are duly protected.

Like any system of control, internal control can only provide reasonable assurance that these objectives will be met.

- ***Overview of internal control procedures***

The Company has a simple structure owing to its size.
Responsibility for internal control lies partly with executive management and partly with the finance department.
Strategic decisions of the Board of Directors are implemented by executive management, which coordinates the different businesses thanks to a management team representing four operating departments:

- Sales
- Marketing and communication
- Technical
- Finance

The management team meets as necessary and draws up specific action plans. Progress made is monitored at subsequent meetings.
The Company's business is a trade and services business and does not involve the transformation of raw materials.

Company assets mainly comprise goods held for resale in inventory as well as IT and office equipment.

The companies in the Group's historical reporting scope use the Microsoft Dynamics (Navision) ERP software, which allows their inventories to be managed on a continuous basis. A physical inventory is also taken each year.

Accounting records are kept internally on the standard Microsoft Dynamics ERP, which has been specifically adapted to the Company.

The segregation of duties principle is applied in a manner consistent with the Company's size.
In this respect, Microsoft Dynamics users only have ERP user rights in their specific field, except for two key users, the Chief Technology Officer and the Group Finance Director.

RTG uses NetSuite, a cloud version of the Oracle ERP.
The upgrade initially scheduled to take place in 2019 was postponed, firstly so that the Group could complete its work on identifying the adaptations required to meet its management and internal control requirements, and then due to the Covid-19 health crisis.

IT risk management is primarily based on daily back-ups of data, as well as login and password procedures governing access to the IT network and sensitive data flows.
A SIEM (Security Information & Event Management) system has been implemented within the Company in France, which tracks the integrity of network data flows and triggers alerts in the event of any suspicious flows.

All IT memoranda are pooled and form the basis of procedures.

The Company also maintains and regularly updates documentation on regulatory developments affecting its business sector and subscribes to a number of specialist journals.

Subsidiaries' accounting records are reviewed by the Group's finance department. In Germany, the accounting books are reviewed by a local independent accountant and the Group's finance department.
In order to prepare local tax returns, Group subsidiaries call on external advisers.

- ***Other internal control procedures***

The following key controls exist at the level of the Group's operating processes:

- The sales departments produce monthly performance reports for each Group entity in order to monitor and track the sales performance, orders taken and percent margins, and to compare actual figures for each business with the previous year.

- The marketing and communication department oversees the progress of communication and marketing initiatives in terms of performance and cost compared with the objectives set.

- The technical department monitors and oversees the progress and volume of business in terms of after-sales support, technical assistance, product tests and listing, and troubleshooting.

- The finance department, which includes accounting, treasury, finance and management control functions, produces a cash report, monitors debt recovery, manages inventories, tracks currency hedges and reports on personnel costs regarding sales staff.

Controls in place when preparing and processing financial and accounting information:

- These controls fall under the responsibility of the finance department and are based on the Microsoft Dynamics ERP, which makes it easier to monitor the completeness and accurate measurement of transactions and to prepare accounting and financial information in accordance with the accounting rules and procedures applied by the Company when preparing both its parent company and consolidated financial statements.

- Since 2010, the consolidated financial statements have been generated via the EtatFi Conso software, with the SaaS version currently used.

- Executive management verifies the substance of the accounting and financial information produced by the finance department.

- Accounting and financial information is reported on a regular basis through several types of media (press releases, Company website, Actusnews website, legal publications), in accordance with the Company's Euronext Paris listing requirements. In 2020, the Company entered into an agreement for documents to be automatically posted to the "Investor Relations" section of its website at the same time as they are published, as recommended by the French securities regulator, the AMF.

9. Condensed consolidated income statement

In € thousands	**2020**	**2019**
Revenue	87,243	115,873
Operating profit	4,947	5,389
Financial profit (loss)	(1,630)	(492)
Recurring profit before tax	3,317	4,897
Income tax expense	(209)	(1,844)
Consolidated net profit	3,108	3,053
Net profit attributable to owners of the parent	3,026	2,993

10. Condensed consolidated statement of financial position

In € thousands	31 Dec. 2020	31 Dec. 2019[1]
Non-current assets	26,133	28,246
Current assets	59,922	55,398
TOTAL ASSETS	**86,055**	**83,644**
Shareholders' equity	31,752	29,252
Non-controlling interests	255	194
Total equity	32,007	29,445
Non-current liabilities	28,422	16,378
Current liabilities	25,626	37,821
TOTAL EQUITY AND LIABILITIES	**86,055**	**83,644**

[1] After the retrospective application of reclassifications linked to the purchase price accounting for RTG.

11. Group business review for the year ended 31 December 2020

- ***Revenue***

In a year severely impacted by the Covid-19 health crisis, the Group's revenue totalled €87.2 million, representing a decline of 24.7% at constant exchange rates.
The various restrictions imposed by the governments of the Group's host countries (such as full or partial lockdowns and the closure of "non-essential" businesses) negatively affected the business of its customers (points of sale, hotels, restaurants, etc.) and, in turn, that of the Group.

At constant exchange rates (as defined in the note on indicators and key figures on page 5 of this report), revenue retreated by 23.8%.

All of the Group's entities saw their revenue decrease during the year, apart from the German subsidiary, which was never affected by full lockdown measures and posted 5.7% growth.

The French entity reported a 36.7% drop in revenue.

The historical US entity (i.e., excluding RTG) ended the year with revenue down 41.4% in local currency compared with 2019.

The Australian entity posted a 24.4% year-on-year revenue decline in local currency.

Revenue for the British subsidiary shrank 46.6% in local currency terms.

Lastly, RTG's revenue also contracted, but by a modest 5.7% in local currency.

Revenue breaks down by as follows by destination:

In € thousands	2020	2019
France	14,244	20,548
United Kingdom	6,364	12,599
Germany	8,438	7,576
Australia	6,597	8,982
United States	41,662	50,418
Other EU countries	6,255	12,010
Other non-EU countries	3,684	3,740
TOTAL	**87,243**	**115,873**

The criterion used to allocate revenue in the table above is the destination of sales.

This is different from that used in earnings press releases issued by the Group, in which revenue is presented by legal entity.

- ***Operating profit***

Consolidated operating profit amounted to €4,947K (versus €5,389K in 2019), and operating margin was 5.7%.

This performance – which demonstrates the Group's resilience – was achieved thanks to effective crisis management through reducing the workforce (mainly at RTG), using furlough and short-time working schemes in Europe and Australia, and obtaining a loan under the Paycheck Protection Program (PPP) in the United States.
The financial support recognised during the year in connection with the various furlough and short-time working schemes used and the amount that will be recorded as a grant if the PPP loan is forgiven totals €3,449K.

It is also important to note that, less than two years after joining the Group, RTG generated operating profit in 2020.

Operating margin was down 8.2% year on year, primarily reflecting:
- the decline in revenue, which reduced gross profit by around €13.6 million;
- the near stability of gross margin, which edged up from 47.57% in 2019 to 47.59% in 2020;
- a €6.4 million (24.5%) reduction in personnel costs as a direct result of the application of furlough and short-time working measures and the reduction in the Group's workforce (296.5 FTEs in 2020 versus 433.3 in 2019);
- a €3.1 million (17%) reduction in external expenses, particularly advertising costs, which decreased by €639K (65.6%) and travel costs, which were €1 million (71.5%) lower.

Comparing the other operating profit lines does not bring to light any factors enabling users to better understand the financial statements due to the sharp fluctuations in the line items caused by the Covid-19 health crisis.

Based on the consolidated income statement, gross profit is calculated as follows:

	2020	2019
Revenue	87,243	115,873
Cost of goods sold	(45,727)	(60,750)
Gross profit	41,516	55,123
as a % of revenue	**47.59%**	**47.57%**

Gross profit totalled €41,516K, representing 47.59% of revenue, versus €55,123K and 47.57% of revenue in 2019.

Although gross margin remained stable overall between 2019 and 2020, it contracted during the second half of 2020 (to 46.95% of revenue from 48.25% in the first half). This was due to the sharp increase in sea and air freight costs, which is another consequence of the Covid-19 health crisis.

For the year as a whole, goods transportation costs rose by around 5%, whereas the volume of goods purchased for resale decreased by 32%.

Taking into account the currency hedges set up by the Group, the fluctuation in the average USD/€ exchange rate for purchases had only a limited impact (0.21%).

- ***Financial loss***

The Group recorded a financial loss of €1,630K versus €492K in 2019. The year-on-year increase mainly reflects movements in the currency markets, and particularly the sharp fluctuation in the US dollar exchange rate at the year-end.
The components comprising the financial loss are detailed in Note 5.20 to the consolidated financial statements.

- ***Net profit***

The income tax expense for 2020 came to €209K, including a €143K tax benefit arising from an adjustment to deferred taxes following the decrease in the French corporate income tax rate from 32.02% to 27.375%.

The effective tax rate was much lower than in 2019 (6.29% versus 37.65%), mainly due to the fact that the €2,475K in income recognised in relation to the PPP forgiveness is not taxable.

Consolidated net profit for the year totalled €3,108K (€3,026K attributable to owners of the parent), up 1.8% on the 2019 figure of €3,053K (€2,993K attributable to owners of the parent). This corresponded to a net margin of 3.6% for 2020.

- ***Segment information***

The Group reports on three geographical segments: France, Europe (including the United Kingdom) and the United States and Australia.
This information reflects the key indicators monitored and used internally by the Group's chief operating decision-makers.

Following the addition of RTG to its consolidated group, AURES now also presents the total of each indicator for each business sector, in order to track overall trends in those sectors:
- marketing and sale of POS and kiosk products;
- POS services.

	2020						2019					
In € thousands	**Marketing and sales**				**Services**		**Marketing and sales**				**Services**	
	France (1)	**Europe (2)**	**US/ Australia (3)**	**Sub-total (1)+(2)+(3)**	**US**	**Total**	**France (1)**	**Europe (2)**	**US/ Australia (3)**	**Sub-total (1)+(2)+(3)**	**US**	**Total**
Revenue	18,914	19,632	15,202	53,748	33,496	87,244	29,859	26,002	23,801	79,662	36,211	115,873
Operating profit (loss)	626	1,404	752	2,782	2,164	4,946	4,762	1,115	1,037	6,914	(1,525)	5,389
Consolidated net profit (loss)	(577)	1,046	466	935	2,174	3,108	3,047	718	600	4,364	(1,311)	3,053

12. Subsidiary business review

The Group's subsidiaries conduct business within and outside their home countries, with the exception of RTG, which only does business in the United States.

The decline in revenue seen in 2020 by all of the Group's subsidiaries, except in Germany, resulted in lower margins and was therefore the main factor affecting their operating profit during the year.

- Germany

The German subsidiary contributed €11,815K to consolidated revenue in 2020, versus €11,182K in 2019.

Operating profit reported by the German subsidiary totalled €1,175K, and operating margin was 10% (versus €879K and 7.9% respectively in 2019).

Travel and advertising costs decreased, as was the case for all of the Group's entities due to the Covid-19 health crisis.
Salaries remained more or less stable.

The entity received €18.7K during the year under government-backed furlough and short-time working schemes similar to those set up in France. This amount was recognised in "Other operating income".
The provision for impairment of inventories was raised by 27.5% from €189K to €240K, reflecting the increasing age of certain items held in inventory.

The German subsidiary's contribution to consolidated net profit was €816K (€735K attributable to owners of the parent), up 35.3% on the €603K recorded for 2019.

- United Kingdom

The UK subsidiary contributed €7,816K to consolidated revenue in 2020, versus €14,820K in 2019.

Operating profit reported by the UK subsidiary totalled €229K, and operating margin was 2.9% (versus €236K and 1.6% respectively in 2019).
The increase in operating margin mainly stemmed from a €578K, or 25.2%, decrease in salaries compared with 2019, due to the use of furlough and short-time working schemes and the workforce reduction measures put in place in the second half of 2019.

The entity received €209K under government-backed furlough and short-time working schemes similar to those set up in France. This amount was recognised in "Other operating income".
The provision for impairment of inventories was raised by 27.2% from €299K to €380K, reflecting the increasing age of certain items held in inventory.

The UK subsidiary's contribution to consolidated net profit was €229K, versus €114K in 2019.

- United States (California)

The historical US subsidiary contributed €8,202K to consolidated revenue in 2020, versus €14,277K in 2019.

The US subsidiary ended 2020 with an operating loss of €192K, and operating margin was a negative 2.3% (versus operating profit of €410K and a positive 2.9% operating margin in 2019).
Personnel costs were 22.3% lower, reflecting the suspension of some employment contracts during the Covid-19 health crisis.

The entity received a €170K PPP loan during the year and has filed a forgiveness application. Based on IAS 20, the Group estimated that the total amount of this loan will be forgiven and therefore recognised the full €170K in "Other operating income".

The US subsidiary's contribution to consolidated net profit was a negative €32K in 2020, versus a positive €285K in 2019.

- Australia

The Australian subsidiary contributed €6,999K to consolidated revenue in 2020, versus €9,523K in 2019.

Operating profit reported by the Australian subsidiary totalled €962K, and operating margin was 13.7% (versus €822K and 8.6% respectively in 2019).

The increase in operating margin mainly stemmed from a €440K, or 30.9%, decrease in salaries compared with 2019, due to the use of furlough and short-time working schemes and the workforce reduction measures put in place as a result of the Covid-19 health crisis.

The entity received €188K under government-backed furlough and short-time working schemes similar to those set up in France. This amount was recognised in "Other operating income".

The provision for impairment of inventories was raised by more than 19.7% from €290K to €347K, reflecting the increasing age of certain items held in inventory.

The Australian subsidiary's contribution to consolidated net profit was €546K, versus €511K in 2019.

- RTG

Less than two years after joining the Group, RTG generated €2,164K in operating profit, whereas in 2019 it reported an operating loss of €1,525K.

The 2020 operating profit figure includes €804K in amortisation charged against intangible assets (compared with €819K in 2019), as well as the recognition of €2,475K in income related to the PPP forgiveness application filed by the entity.

Even when adjusted for these two amounts, RTG still ended the year with operating profit of €493K, whereas in 2019 the figure as adjusted for the amortisation charged against intangible assets represented a €706K operating loss.
This spectacular turnaround stems from the Group's rapid decision – taken as from the first wave of the Covid-19 health crisis – to significantly reduce RTG's workforce (172.5 FTEs in 2020 compared with 301.2 in 2019), and to restructure its organisation.

RTG's contribution to consolidated net profit was €2,174K.

The Group's headcount broken down by company is as follows:

	31 Dec. 2020			31 Dec. 2019		
	TOTAL	Managerial-grade employees (*cadres*)	Other employees	TOTAL	Managerial-grade employees (*cadres*)	Other employees
FR	56.6	25.2	31.3	53.4	24.6	28.8
DE	20.2	1.0	19.2	21.9	1.0	20.9
UK	23.6	4.8	18.7	29.0	4.7	24.3
US	10.1	1.0	9.1	12.3	1.0	11.3
AUS	13.8	2.0	11.8	15.6	1.0	14.6
RTG	172.5	7.4	165.1	301.2	10.7	290.4
TOTAL	**296.5**	**41.4**	**255.1**	**433.3**	**43.0**	**390.3**

13. Research and development expenses

AURES did not incur any research and development expenses in 2020.

➢1.2. AURES TECHNOLOGIES SA ON THE STOCK MARKET

1. Share capital

At 31 December 2020, the Company's share capital was made up of 4,000,000 shares each with a par value of €0.25, representing 5,400,924 theoretical voting rights and 5,328,862 exercisable voting rights.

The difference between the number of shares and the number of theoretical voting rights reflects the existence of double voting rights, while the difference between the number of theoretical and exercisable voting rights is due to treasury shares.

2. Principal shareholders

To the best of the Company's knowledge, its shareholding structure was as follows at 31 December 2020:

Shareholder	Shares	% capital	Theoretical voting rights	% theoretical voting rights	Actual voting rights	% actual voting rights
Free float	1,549,284	38.73%	1,573,192	29.13%	1,573,192	29.52%
Patrick Cathala	1,481,082	37.03%	2,858,098	52.92%	2,858,098	53.63%
Amiral Gestion	314,683	7.87%	314,683	5.83%	314,683	5.91%
Alpenstock Mont Blanc	251,376	6.28%	251,376	4.65%	251,376	4.72%
Moneta Asset Management	200,045	5.00%	200,045	3.70%	200,045	3.75%
DNCA Investments	121,153	3.03%	121,153	2.24%	121,153	2.27%
Employees	10,315	0.26%	10,315	0.19%	10,315	0.19%
Treasury shares	72,062	1.80%	72,062	1.33%	-	-
TOTAL	**4,000,000**	**100.00%**	**5,400,924**	**100.00%**	**5,328,862**	**100.00%**

Pursuant to Article L. 233-13 of the French Commercial Code (*Code de commerce*), to the best of the Company's knowledge, at 31 December 2020 the different percentages of share capital and voting rights as referred to in Article L. 233-7 were as follows:

Shareholder	Number of shares	%	Number of voting rights	%
Holding more than 5%	-	-	-	-
Amiral Gestion	314,683	7.87%	314,683	5.83%
Alpenstock Mont Blanc	251,376	6.28%	251,376	4.65%
Holding more than 10%	-	-	-	-
Holding more than 15%	-	-	-	-
Holding more than 20%	-	-	-	-
Holding more than 25%	-	-	-	-
Holding more than 30%	-	-	-	-
Holding more than 33 1/3%	-	-	-	-
Patrick Cathala	1,481,082	37.03%	-	-
Holding more than 50%	-	-	-	-
Patrick Cathala	-	-	2,858,098	52.92%
Holding more than 66 2/3%	-	-	-	-
Holding more than 90%	-	-	-	-

3. Crossing of disclosure thresholds

Article 9 of AURES Technologies SA's articles of association states that any individual or legal entity, acting alone or in concert within the meaning of Article L. 233-10 of the French Commercial Code, that comes to hold or ceases to hold a number of shares representing any multiple of 2.5% of the Company's capital or voting rights must disclose to the Company the crossing of the relevant threshold. Said disclosure must be made by the close of trading on the fourth trading day following the date the threshold was crossed and the disclosing party must state the number of shares and voting rights held. The disclosing party must also state the number of securities they own that carry rights to the Company's capital and any voting rights attached to such securities, as well as any other information required by the applicable law. In the event of failure to comply with the above disclosure requirements, the shares in excess of the relevant threshold will be stripped of voting rights until the situation is remedied and after the expiration of a two-year period following the remedy date. This sanction may only be applied at the request of one or more shareholders holding at least 5% of the Company's capital, as evidenced in the minutes of the Shareholders' Meeting in which the request is made.

During 2020, the Company was notified that the following disclosure thresholds had been crossed:

By way of a registered letter dated 19 March 2020, Moneta Asset Management informed the Company that it had raised its interest to above (i) the thresholds of 4% of the Company's capital and 3% of the voting rights on 12 March 2020, and (ii) the threshold of 5% of the Company's capital on 16 March 2020, and that it held 205,231 AURES Technologies shares carrying the same number of voting rights, representing 5.13% of the Company's capital and 3.80% of the voting rights. The crossing of this disclosure threshold resulted from a purchase of AURES Technologies shares on the open market (disclosure also sent to the AMF by way of a letter received on 18 March 2020 – AMF notice no. 220C1008).

By way of a registered letter dated 7 July 2020, Moneta Asset Management informed the Company that, on 2 July 2020, it had lowered its interest to below the threshold of 5% of the Company's capital and that, at that date, it held 195,231 AURES Technologies shares carrying the same number of voting rights, representing 4.88% of the Company's capital and 3.62% of the voting rights. The crossing of this disclosure threshold resulted from a sale of AURES Technologies shares on the open market (disclosure also sent to the AMF by way of a letter received on 3 July 2020 – AMF notice no. 220C2316).

On 9 September 2020, Amiral Gestion informed the AMF that, on 4 September 2020, it had raised its interest to above the threshold of 5% of the Company's capital and that, at that date, it held 202,543 AURES Technologies shares carrying the same number of voting rights, representing 5.06% of the Company's capital and 3.76% of the voting rights. The crossing of this disclosure threshold resulted from a purchase of AURES Technologies shares on the open market (AMF notice no. 220C3507).

On 22 October 2020, Amiral Gestion informed the AMF that, on 29 September 2020, it had raised its interest to above the threshold of 5% of the Company's voting rights and that, at that date, it held 279,181 AURES Technologies shares carrying the same number of voting rights, representing 6.98% of the Company's capital and 5.17% of the voting rights. This disclosure was sent to remedy the fact that an earlier disclosure was not made.
The crossing of this disclosure threshold resulted from a purchase of AURES Technologies shares on the open market. Amiral Gestion stated that, at 23 October 2020, it held 314,683 AURES Technologies shares carrying the same number of voting rights, representing 7.87% of the Company's capital and 5.83% of the voting rights (AMF notice no. 220C4540).

By way of a registered letter dated 29 October 2020, DNCA informed the Company that, on 1 October 2020, it had raised its interest to above the threshold of 2.5% of the Company's capital and that, at that date, it held 121,153 AURES Technologies shares carrying the same number of voting rights, representing 3.03% of the Company's capital and 2.24% of the voting rights.

On 19 November 2020, Moneta Asset Management informed the AMF that, on 17 November 2020, it had raised its interest to above the threshold of 5% of the Company's capital and that, at that date, it held 200,045 AURES Technologies shares carrying the same number of voting rights, representing 5% of the Company's capital and 3.71% of the voting rights. The crossing of this disclosure threshold resulted from a purchase of AURES Technologies shares on the open market (AMF notice no. 220C5061).

Pursuant to Article 9 of the articles of association, all registered shares that can be proven to have been registered in the name of the same shareholder for at least four years carry double voting rights.

- **Free share awards**

At the Annual General Meeting held on 16 June 2016, the shareholders authorised the Board of Directors to award free new or existing shares over a period of 38 months, within the scope of Article L. 225-197-1 of the French Commercial Code (seventh resolution).

At the Annual General Meeting held on 25 June 2019, the shareholders authorised the Board of Directors to award free new or existing shares over a period of 38 months, within the scope of Article L. 225-197-1 of the French Commercial Code (eighteenth resolution).
The number of free shares that may be awarded by the Board of Directors pursuant to this authorisation may not represent more than 10% of the share capital at the date of the above-mentioned Annual General Meeting.

The authorisation granted at the Annual General Meeting of 25 June 2019 was used on 1 January 2020 to award 21,500 shares, leaving a residual 378,500 shares.

On 18 December 2020, the Board of Directors used the 25 June 2019 authorisation again, for the purpose of awarding up to 10,000 free shares to two employees, without any performance conditions attached but subject to a service condition.
The shares have a two-year vesting period, expiring on 20 December 2022 at midnight. However, they are not subject to a one-year lock-up period.
The free shares awarded to the beneficiaries will be existing ordinary shares.

The authorisation granted at the Annual General Meeting of 25 June 2019 was therefore used to award 31,500 shares, leaving a residual 368,500 shares.

A table summarising outstanding free share plans is provided in Note 6.8 to the consolidated financial statements included in this annual financial report.

4. Treasury shares and cross-shareholdings

None.

5. Disposal of cross-shareholdings

None.

6. Interests acquired in French entities during the year

AURES did not acquire any interests in any French entity during 2020.

7. Share buybacks by the Company

At the Annual General Meeting held on 24 September 2020, the shareholders, acting within the scope of Articles L. 225-209 *et seq.* of the French Commercial Code, authorised the Company to purchase its own shares on the stock market up to a limit of 10% of the share capital, i.e., a maximum of 400,000 shares under the share buyback programme. This programme is designed to:

- stimulate trading in the secondary market and the liquidity of the AURES Technologies share, through an investment services provider acting under a liquidity agreement that complies with practices authorised by applicable regulations, it being specified in this respect that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares purchased, less the number of shares sold;
- hold the shares purchased and subsequently remit them for exchange or as payment with respect to any acquisitions that may be carried out;
- cover stock option and/or free share or similar plans for Group employees and/or corporate officers, as well as any allocation of shares under a Company or Group savings or similar plan, in connection with employee profit-sharing and/or any other type of share allocation to Group employees and/or corporate officers;
- cover marketable securities entitling holders to shares of the Company within the scope of applicable regulations;
- where appropriate, cancel the shares bought back.

This authorisation was granted for a period of 18 months, i.e., until 24 March 2022. The maximum purchase price was set at €80 per share, representing a maximum amount of €32,000,000 for the operation.

The shares held within the scope of the share buyback programme undertaken by the Company are as follows:

	31 Dec. 2020			31 Dec. 2019		
Account	Number of shares	Price per share	Total price	Number of shares	Price per share	Total price
		€	€K		€	€K
Market-making	3,065	21.36	65	1,934	23.87	46
Treasury shares	68,997	22.32	1,540	68,997	22.32	1,540
TOTAL	**72,062**		**1,605**	**70,931**		**1,586**

Within the scope of this share buyback programme, the Company carried out the following transactions in connection with its liquidity agreement in 2020:

	Number of shares	Average price	% capital
Number of shares purchased	43,304	18.17	1.08%
Number of shares sold	42,173	18.20	1.05%
Number of shares cancelled	None	-	-
Market-making account at 31 Dec. 2020	3,065	21.36	0.08%
Number of treasury shares held at 31 Dec. 2020 other than under the liquidity agreement	68,997	22.32	1.72%

The Company did not buy back any of its own shares in 2020.

Other than under the liquidity agreement, the Company held 68,997 of its own shares at 31 December 2020.
The Company did not reallocate any shares during the year.

The carrying amount of the portfolio at 31 December 2020 was €1,605,334.96, for a market value of €1,574,554.70 and a total nominal amount of €17,249.25.

8. Share transactions carried out during the year by corporate officers, senior executives and their relatives

None.

9. Employee share ownership

In accordance with Article L. 225-102 of the French Commercial Code, we inform you that employees held 0.26% of the share capital at 31 December 2020.

➢1.3. AURES TECHNOLOGIES SA

1. Company business review

In € thousands	2020	2019
Operating income	40,529	61,870
Operating expenses	40,831	56,575
Operating profit (loss)	(302)	5,295
Financial profit	240	177
Recurring profit (loss)	(62)	5,472
Non-recurring profit (loss)	(13)	(19)
Income tax	150	(1,760)
Net profit for the year	**74**	**3,693**

- Operating loss

The Company made an operating loss of €302K in 2020 versus operating profit of €5,295K in 2019.
In view of the Covid-19 health crisis, the Company's revenue decreased by a sharp 35.6%, to €38,520K from €59,837K in 2019.

As announced in its various press releases, the Company closed its premises between 16 March and 15 April 2020 during the first wave of the crisis and hardly generated any revenue in that period except for intra-group sales.
The non-Group/Group sales mix was 48%/52% in 2020.

After the closure, the return to on-site activity was only partial and depended on the various restrictions applied by the French government (such as full or partial lockdowns and the closure of "non-essential" businesses).

Gross margin contracted to 21.3% from 23.9% in 2019 due to the sharp increase in sea and air freight costs, which is another consequence of the Covid-19 health crisis.

External expenses decreased by €835K, or 22.4%, mainly reflecting lower transport costs included in sales, as well as reduced costs for advertising, temporary staff, and travel.

Total payroll expensed in the year contracted to €4,880K from €5,500K in 2019, due to the use of furlough and short-time working schemes and to the lower amount of variable compensation based on revenue and sales performance.

- Financial profit

Financial profit totalled €240K in 2020 versus €177K in 2019.
The 2020 figure includes €180K in dividends received from the German subsidiary.
The remaining amount is made up of interest receivable on current accounts with subsidiaries and amounts receivable from equity investments (€386K), interest on bank overdrafts and borrowings (€90K), net foreign exchange losses on hedging transactions (€42K), a provision for impairment of marketable securities (€201K) and other financial income and expenses (€4K).

- Non-recurring loss

The Company reported a non-recurring loss of €13K in 2020, primarily comprising gains and losses on sales of treasury shares.

- Net profit

Net profit for 2020 was €74K, down 98% from €3,693K in 2019.

2. Statement of financial position

The following table presents the condensed statement of financial position of AURES Technologies:

In € thousands	31 Dec. 2020	31 Dec. 2019
Non-current assets	22,059	19,617
Inventories	8,514	9,884
Advances and downpayments	95	25
Trade receivables	8,757	15,519
Other receivables	2,017	2,607
Marketable securities	1,339	1,540
Cash and cash equivalents	13,813	4,051
Prepaid expenses	178	126
Unrealised translation losses	857	128
TOTAL ASSETS	**57,628**	**53,497**
Equity	29,525	29,450
Provisions for contingencies and expenses	1,059	321
Debt	27,004	23,365
Unrealised translation gains	40	361
TOTAL EQUITY AND LIABILITIES	**57,628**	**53,497**

The statement of financial position, income statement and notes to the financial statements are presented using the same format and valuation methods as those used in 2019.

3. Proposed appropriation of profit

We recommend that shareholders appropriate the full amount of the Company's net profit for the year ended 31 December 2020 – totalling €74,278.93 – to the retained earnings account, which would be increased from €26,670,062.97 to €26,744,341.90.

In accordance with Article 243 ***bis*** of the French Tax Code (*Code général des impôts*), shareholders are advised that the Company's dividend history over the past three years is as follows:

Year	AMOUNT ELIGIBLE FOR TAX RELIEF		AMOUNT NOT ELIGIBLE FOR TAX RELIEF
	DIVIDEND	OTHER AMOUNTS PAID OUT	
2017	€1,600,000* i.e., €0.40 per share (post-stock split)	-	-
2018	€4,000,000* i.e., €1 per share	-	-
2019	-	-	-

* Including dividends not paid on treasury shares and allocated to retained earnings.

4. Subsidiaries and equity investments

Country	Subsidiaries (more than 50%-owned)	Currency	Share capital	Other equity	% interest	Gross value of shares (in €)	Net value of shares (in €)	Loans and advances	Gross revenue for the year	Profit (loss) for the year	Dividends collected during the year
	Corporate name										
United States	AGH US Holding Company	USD	1,000	2,603,147	100%	2,469,411	2,469,411	10,536,318	-	(53,534)	-
United Kingdom	AURES Technologies Ltd	GBP	5,000	4,996,945	100%	291,899	291,899	-	6,984,111	124,372	-
Germany	AURES Technologies GmH	EUR	25,000	2,871,171	90%	22,500	22,500	-	11,888,938	831,873	180,000
United Kingdom	J2 Systems Technology Ltd	GBP	42,229	(36,228)	100%	7,607,036	7,607,036	-	-	-	-
Australia	AURES Technologies Pty	AUD	10	6,836,468	100%	-	-	-	11,590,397	856,167	-
United States	AURES Technologies Inc.	USD	10,000	(1,249,823)	100%	-	-	-	9,537,180	(104,180)	-
United States	RTG	USD	500	(1,532,055)	100%	-	-	-	38,299,867	3,166,269	-
France	AURES Konnect SAS	EUR	50,000	-	100%	50,000	50,000	-	-	-	-

5. Intercompany loans

None.

6. Existing branches

None.

7. Presentation of the resolutions submitted for approval at the Combined General Meeting of 24 June 2021

This section of the Board of Directors' report to the 24 June 2021 Combined General Meeting sets out the draft resolutions that will be submitted by the Board of Directors to the shareholders.

In addition to the resolutions that you will be asked to approve at the Combined General Meeting regarding the consolidated and parent company financial statements and proposed appropriation of profit, we also invite you to approve the resolutions set out below.

- **Fourth resolution – Statutory Auditors' special report on related-party agreements and approval of those agreements**

We remind shareholders that they are only asked to vote on the related-party agreements entered into during 2020 and at the beginning of 2021.

We invite you to approve the following agreement:

  - Commercial lease for Le Cristal Un SCI

Related party: Patrick Cathala, Legal Manager (*Gérant*) of Le Cristal Un SCI and Chairman of the AURES Technologies SA Board of Directors.

Nature and purpose: Le Cristal Un SCI agreed to rent offices and business and storage facilities located at ZAC des Folies – 24 bis, rue Léonard de Vinci, 91090 Lisses, France, to AURES Technologies SA under a commercial lease.

Terms and conditions: On 28 September 2020, the Board of Directors authorised the signature of a commercial lease for these premises, to be used by the Company from 1 January 2021, in return for an annual rent plus the reimbursement of certain charges, with the storage facilities made available as from October 2020. This lease is described in the Statutory Auditors' special report on related-party agreements, which will be presented to the shareholders at the Annual General Meeting and is available on the Company's website.

The following agreement was entered into and approved in previous years and remained in force during 2020:

  - Commercial lease for Le Cristal Un SCI

Related party: Patrick Cathala, Legal Manager (*Gérant*) of Le Cristal Un SCI and Chairman of the AURES Technologies SA Board of Directors.

Nature and purpose: Le Cristal Un SCI agreed to rent offices and business and storage facilities located at ZAC des Folies – 24 bis, rue Léonard de Vinci, 91090 Lisses, France, to AURES Technologies SA under a commercial lease.

Terms and conditions: On 20 September 2016, the Board of Directors authorised the signature of a commercial lease for these premises, which have been used by the Company since 1 January 2017, in return for an annual rent plus the reimbursement of certain charges.

The Board of Directors analysed this agreement, its financial terms and conditions and its benefits for the Company and concluded that the agreement continues to meet the criteria with respect to which it was originally approved.

- **Fifth resolution – Approval of the remuneration policy for the Chairman and Chief Executive Officer**

Pursuant to Article L. 22-10-8 of the French Commercial Code, we invite you to approve the remuneration policy for the Chairman and Chief Executive Officer, as presented in section 1.4 of the corporate governance report included in the 2020 annual financial report.

- **Sixth resolution – Approval of the remuneration policy for the members of the Board of Directors**

Pursuant to Article L. 22-10-8 of the French Commercial Code, we invite you to approve the remuneration policy for the members of the Board of Directors, as presented in section 1.4 of the corporate governance report included in the 2020 annual financial report.

- **Seventh resolution – Approval of the information disclosed in accordance with Article L. 22-10-9, I of the French Commercial Code**

Pursuant to Article L. 22-10-34, I of the French Commercial Code, we invite you to approve the information disclosed in accordance with Article L. 22-10-9, I of said Code, which is set out in section 1.3 of the corporate governance report included in the 2020 annual financial report.

- **Eighth resolution – Approval of the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid during or awarded for 2020 to Patrick Cathala, Chairman and Chief Executive Officer**

Pursuant to Article L. 22-10-34, II of the French Commercial Code, we invite you to approve the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid during or awarded for 2020 to Patrick Cathala, Chairman and Chief Executive Officer, as presented in section 1.2 of the corporate governance report included in the 2020 annual financial report.

- **Ninth resolution – Authorisation for the Board of Directors to carry out a share buyback programme in accordance with Article L. 22-10-62 of the French Commercial Code, and Tenth resolution – Authorisation for the Board of Directors to cancel the shares bought back by the Company in accordance with Article L. 22-10-62 of the French Commercial Code.**

In the ninth resolution, we invite you to grant the Board of Directors, for a period of 18 months, the powers necessary to purchase, on one or more occasions, at the times it deems fit, and in accordance with Articles L. 22-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, shares of the Company representing up to 10% of the number of shares comprising the share capital as at the date of this Meeting, adjusted where appropriate to reflect any capital increases or decreases that may be carried out during the programme.

This authorisation would terminate the authorisation given to the Board of Directors by the shareholders at the Annual General Meeting of 24 September 2020 (thirteenth resolution).

Shares may be purchased under this authorisation in order to:

- stimulate trading in the secondary market and the liquidity of the AURES Technologies share, through an investment services provider acting under a liquidity agreement that complies with practices authorised by applicable regulations, it being specified in this respect that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares purchased, less the number of shares sold;
- hold the shares purchased and subsequently remit them for exchange or as payment with respect to any mergers, demergers, asset contributions or acquisitions that may be carried out;
- cover stock option and/or free share or similar plans for employees and/or corporate officers of the Group, including economic interest groups and subsidiaries, as well as any allocation of shares under a Company or Group savings or similar plan, in connection with employee profit-sharing and/or any other type of share allocation to employees and/or corporate officers of the Group, including economic interest groups and subsidiaries;
- cover marketable securities entitling holders to shares of the Company within the scope of applicable regulations;
- where appropriate, cancel the shares bought back in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Shares may be bought back by any means, including by purchasing a block of shares, at the times deemed fit by the Board of Directors.

The Company would reserve the right to use options or derivative instruments within the scope of applicable regulations.

We propose that the shareholders set the maximum purchase price at €80 per share. In the event that any corporate actions are carried out – notably a stock split, reverse stock split or bonus share issue – the above amount would be adjusted in the same proportions (by applying a multiplication coefficient equal to the ratio between the number of shares making up the Company's share capital before the corporate action and the number of shares after the corporate action).

The maximum amount that could be invested in the share buyback programme would be set at €32,000,000.

In view of the objective to cancel shares, in the tenth resolution we invite you to authorise the Board of Directors, for a period of 24 months, to cancel, at its sole discretion, on one or more occasions, in an amount representing up to 10% of the share capital as calculated on the date of the cancellation decision, less any shares that may have been cancelled in the previous 24 months, the shares held or that may be held by the Company following the share purchases made within the scope of its buyback programme and to reduce the share capital accordingly, in compliance with the applicable laws and regulations.

The Board of Directors would have full powers to carry out the above operations, set the terms and conditions thereof, enter into any and all agreements and carry out all the required formalities.

Financial delegations of authority

The Board of Directors wishes to have the delegations of authority it needs to carry out, if it deems fit, any issues that may be necessary for the development of the Company's business.
We therefore invite you to renew the financial delegations of authority that are due to expire. A table showing the present status of the delegations of authority and authorisations previously granted to the Board of Directors by the shareholders, as well as the extent of their use, is provided in section 6 of the corporate governance report.
In addition, in light of the delegations of authority that may subsequently result in a cash capital increase, we invite you to vote on a delegation of authority to increase the share capital in favour of members of a Company savings plan, in accordance with applicable regulations.

- **Eleventh resolution – Delegation of authority for the Board of Directors to increase the share capital by capitalising reserves, profit and/or additional paid-in capital**

The outstanding delegation of authority previously granted for this purpose expires this year and has not been used.

Therefore, having considered the Board of Directors' report, in accordance with Articles L. 225-129-2, L. 225-130 and L. 22-10-50 of the French Commercial Code, you are invited to:

- Authorise the Board of Directors to increase the Company's share capital, on one or more occasions, at the times it deems fit and based on the terms and conditions set by the Board, to be paid up by capitalising reserves, profit, additional paid-in capital or any other eligible items, by issuing bonus shares and/or raising the par value of existing ordinary shares.
- Resolve that if the Board of Directors uses this delegation of authority, pursuant to Articles L. 225-130 and L. 22-10-50 of the French Commercial Code, in the event of a bonus share issue, any rights to fractions of shares will be non-transferable and non-tradeable and the corresponding shares will be sold, with the proceeds of such sale allocated to the holders of the rights within the timeframe provided for in the regulations in force at that date.
- Resolve that this delegation of authority will be valid for a period of twenty-six months from the date of this Meeting.
- Resolve that the amount of the capital increase(s) to be carried out under this authorisation may not exceed a nominal amount of €200,000. This ceiling would not include the par value of any additional shares to be issued pursuant to the applicable laws and any contractual stipulations in order to protect the rights of holders of securities and other instruments carrying rights to the Company's capital. This ceiling would be independent of all of the ceilings provided for by other resolutions of this Meeting.
- Grant the Board of Directors full powers to use this delegation of authority and generally to take any and all measures and carry out any and all formalities required in order to complete each capital increase, place on record the new capital and amend the Company's articles of association accordingly.
- Note that this delegation of authority would cancel the unused portion of any previous delegation granted for the same purpose.

- **Twelfth resolution – Delegation of authority for the Board of Directors to issue ordinary shares and/or securities carrying rights to the Company's capital and/ or to debt securities (of the Company or another Group entity), with pre-emptive subscription rights for existing shareholders**

The outstanding delegations of authority previously granted for this purpose expire this year and have not been used.

Therefore, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129-2, L. 228-92 and L. 225-132 ***et seq.***, you are invited to:

- Authorise the Board of Directors to issue, on one or more occasions, on the French and/or international markets and in the proportions and at the times it deems fit, the following securities, which may be denominated in euros, foreign currency or any other monetary unit determined by reference to a basket of currencies and may be issued with or without consideration:
  - ordinary shares;
  - and/or securities carrying rights to the Company's capital and/or to debt securities.

In accordance with Article L. 228-93 of the French Commercial Code, the securities issued pursuant to this delegation of authority may carry rights to ordinary shares to be issued by any company that holds, directly or indirectly, more than half of the Company's share capital, or by any company of which the Company holds, directly or indirectly, more than half of its share capital.

- Resolve that this delegation of authority will be valid for a period of twenty-six months from the date of this Meeting.
- Resolve to set the following ceiling on the issues carried out if the Board of Directors uses the delegation of authority provided for in this resolution:

The aggregate par value of the ordinary shares that may be issued pursuant to this delegation of authority may not exceed €500,000.
Where applicable, this ceiling would be adjusted to add the nominal amount of any capital increase needed to protect, in accordance with the law and any applicable contractual stipulations, the rights of holders of rights or securities carrying rights to the Company's capital.
This ceiling would be independent of all of the ceilings provided for by other resolutions of this Meeting.

- In the event that the Board of Directors uses this delegation of authority for the purpose of carrying out issues referred to in 1) above:
  If an issue is not taken up in full by shareholders exercising their pre-emptive subscription rights, the Board of Directors may take one or more of the following courses of action:
  - limit the amount of the issue to the amount of subscriptions received, subject to the ceilings provided for by the applicable regulations;
  - freely allocate some or all of the unsubscribed securities;
  - offer some or all of the unsubscribed securities to the public.

Company share warrants may be issued by way of a subscription offer, but also free of charge to the owners of existing shares, it being specified that the Board of Directors would have the right to decide that allocation rights on fractional shares will not be tradeable and that the corresponding securities will be sold.

The Board of Directors would have the powers necessary, within the limits specified above, to (i) set the terms and conditions of the issue(s) and the issue price; (ii) place on record any resulting capital increases; (iii) amend the Company's articles of association accordingly; (iv) charge, at its own discretion, the costs of the capital increase(s) to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital following each capital increase; and (v) more generally, take all necessary steps for such purposes.

This delegation would cancel the unused portion of any previous delegation granted for the same purpose.

- **Thirteenth resolution – Delegation of authority for the Board of Directors to issue, to a specific category of persons or entities, ordinary shares and/or securities carrying rights to the Company's capital and/or to debt securities (of the Company or another Group entity), without pre-emptive subscription rights for existing shareholders**

The outstanding delegation of authority previously granted for this purpose expires this year and has not been used.

Therefore, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of the French Commercial Code, notably Articles L. 225-129-2, L. 225-138 and L. 228-92, you are invited to:

- Authorise the Board of Directors to issue the following securities to the category of persons or entities defined below, on one or more occasions, on the French and/or international markets and in the proportions and at the times it deems fit, without pre-emptive subscription rights for existing shareholders:
  - ordinary shares;
  - and/or securities carrying rights to the Company's capital and/or to debt securities.

In accordance with Article L. 228-93 of the French Commercial Code, the securities issued pursuant to this delegation of authority may carry rights to ordinary shares to be issued by any company that holds, directly or indirectly, more than half of the Company's share capital, or by any company of which the Company holds, directly or indirectly, more than half of its share capital.

- Resolve that this delegation of authority will be valid for a period of eighteen months from the date of this Meeting.
- Set at €50,000 the maximum aggregate par value of the ordinary shares that may be issued pursuant to this delegation of authority.

Where applicable, this ceiling would be adjusted to add the nominal amount of any capital increase needed to protect, in accordance with the law and any applicable contractual stipulations, the rights of holders of rights or securities carrying rights to the Company's capital.
This ceiling would be independent of all of the ceilings provided for by other resolutions of this Meeting.

- In accordance with Article L. 225-138 of the French Commercial Code, the issue price for the ordinary shares that may be issued pursuant to this delegation of authority would be set by the Board of Directors and in any event must be at least equal to the weighted average of the share price over the last 20 trading days preceding the date on which the issue price is set.
- Shareholders' pre-emptive subscription rights to ordinary shares and other securities carrying rights to the Company's capital to be issued pursuant to Article L. 228-91 of the French Commercial Code would be cancelled in favour of the following category of persons or entities or one or more sub-categories of said category: Any French or foreign private individuals or legal entities controlling, within the meaning of Article L. 233-3, I or II of the French Commercial Code, a company engaged in a POS hardware business, all or part of which is being acquired by the Company.
- Resolve that if an issue referred to in 1) above is not taken up in full, the Board of Directors may take one or more of the following courses of action in the order of its choice:
    - limit the amount of the issue to the amount of subscriptions received, subject to any ceilings provided for by the applicable regulations; or
    - freely allocate some or all of the unsubscribed securities among the eligible category of persons or entities.
- The Board of Directors would have full powers to use this delegation of authority and particularly to:
    - a) set the terms and conditions of the issue(s);
    - b) draw up the list of beneficiaries from among the applicable category of persons or entities;
    - c) set the number of securities to be allocated to each beneficiary;
    - d) determine the amount of the issue(s) and the price thereof, as well as the amount of any premium that may apply;
    - e) set the dates and terms and conditions of the issue(s), as well as the type, form and features of the securities to be issued, which may or may not be subordinated and may or may not be dated;
    - f) decide how the new or existing shares and/or other securities would be paid up;
    - g) set, where appropriate, the terms and conditions for exercising the rights attached to the new or existing securities, and in particular set the dividend rights date for new shares (which may be retroactive), as well as any and all other terms and conditions for carrying out the issue(s);
    - h) suspend, if it deems fit, the exercise of rights attached to the issued securities for a maximum period of three months;
    - i) charge, at its own discretion, the costs of the capital increase(s) to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital following each capital increase;
    - j) place on record the completion of each capital increase and amend the articles of association accordingly;
    - k) make any and all adjustments required in accordance with the applicable laws and, where appropriate, determine the method to be used to protect the rights of existing holders of securities carrying rights to the share capital;
    - l) generally, enter into any agreements, take any and all necessary measures and carry out any and all formalities required for issuing and servicing the securities issued pursuant to this delegation and for the exercise of any rights attached to such securities; and more generally take all necessary steps to use the delegation of authority provided for in this resolution.
- If the Board of Directors uses the delegation of authority granted under this resolution, it would report to the shareholders thereon at the next Ordinary General Meeting in accordance with the applicable laws and regulations.

- This delegation would cancel the unused portion of any previous delegation granted for the same purpose.

- **Fourteenth resolution – Authorisation to increase the amount of issues**

Within the scope of the foregoing delegations with and without pre-emptive subscription rights for existing shareholders (twelfth and thirteenth resolutions), we invite you to grant the Board of Directors the power to increase the number of securities specified in the initial issue, under the conditions set out in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code and within the limit of the ceilings set by the shareholders. Accordingly, it would be possible for the number of securities to be increased within 30 days of the end of the subscription period, up to 15% of the initial issue and at the same price as the initial issue, within the limit of the ceilings set by the shareholders.

- **Fifteenth resolution – Delegation of authority for the Board of Directors to increase the Company's capital by up to 10% by issuing ordinary shares and/or securities carrying rights to the Company's capital, to be used as consideration for shares and/or share equivalents transferred to the Company**

In order to facilitate acquisitions, we invite you to renew the delegation of authority to increase the share capital by issuing ordinary shares or securities carrying rights to the Company's capital, to be used as consideration for any contributions in kind granted to the Company and consisting of shares or securities carrying rights to the share capital of another entity.
This delegation would be granted for a period of 26 months.
The aggregate par value of the ordinary shares that could be issued pursuant to this delegation would not be able to exceed 10% of the Company's capital at the date of this Meeting, not including the nominal amount of any capital increase needed to protect, in accordance with the law and any applicable contractual stipulations, the rights of holders of rights or securities carrying rights to the Company's share capital.
This ceiling would be independent of all of the ceilings provided for by other resolutions of this Meeting.

The Board of Directors would have full powers to use this delegation of authority, and notably to (i) approve the value of the assets contributed to the Company, (ii) decide to carry out the ensuing capital increase, (iii) place on record the completion of the capital increase, (iv) charge any and all issuance costs against the contribution premium, (v) deduct from the contribution premium any amount necessary to increase the legal reserve to one tenth of the new share capital after every increase, (vi) amend the articles of association accordingly, and (vii) take all necessary steps to use the delegation of authority provided for in this resolution.

This delegation would cancel the unused portion of any previous delegation granted for the same purpose.

- **Sixteenth resolution – Delegation of authority for the Board of Directors to increase the Company's share capital by issuing ordinary shares and/or securities carrying rights to the Company's capital to members of a corporate savings plan, without pre-emptive subscription rights for existing shareholders, in accordance with Articles L. 3332-18 *et seq.* of the French Employment Code**

We are inviting you to vote on this resolution in order to comply with Article L. 225-129-6 of the French Commercial Code, according to which the shareholders sitting in an Annual General Meeting must also vote on an extraordinary resolution to increase the share capital in favour of members of a corporate savings plan when they grant delegations that could give rise to, immediately or in the future, a capital increase paid up in cash.

Within the scope of this delegation, we invite you to authorise the Board of Directors to increase the share capital, on one or more occasions, by issuing ordinary shares or securities carrying rights to the Company's capital to members of one or more Company or Group savings plans set up by the Company and/or by the French or foreign subsidiaries that are related to it under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Employment Code (*Code du travail*).

Pursuant to Article L. 3332-21 of the French Employment Code, the Board of Directors would have the option to allocate to the above-defined beneficiaries, free of charge, new or existing shares, or other new or existing securities carrying rights to the Company's capital, for the purpose of (i) the employer's top-up contribution that may be paid in application of the rules and regulations of Company or Group savings plans and/or (ii) any discount applied. If new shares are issued for the purpose of such top-up contribution and/or the discount, the Board would be authorised to capitalise reserves, profit or additional paid-in capital in the amounts required to pay up the shares.

In accordance with the law, the pre-emptive subscription rights of existing shareholders would be cancelled. The maximum nominal amount of the capital increase(s) that could be carried out pursuant to this delegation would be 1% of the amount of the share capital at the time the Board of Directors decides to carry out this increase, this amount being independent of any other ceilings provided for under delegations of authority to increase the share capital. Where applicable, this ceiling would be adjusted to add the nominal amount of any capital increase needed to protect, in accordance with the law and any applicable contractual stipulations, the rights of holders of rights or securities carrying rights to the Company's capital.

This delegation would be granted for a period of 26 months.

It is specified that, pursuant to Article L. 3332-19 of the French Employment Code, the price of the shares to be issued must not be more than 30% below – or more than 40% below when the lock-up period provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Employment Code is ten years or more – the average of the opening listed prices of the share during the 20 trading days preceding the date on which the decision setting the start of the subscription period is taken, or higher than this average.

The Board of Directors would have the choice of whether or not to use this delegation of authority and would have the necessary powers to take all measures and carry out all necessary formalities for the purposes of using it.

However, insofar as the Board of Directors considers this delegation to be neither timely nor relevant, you are invited to reject it.

- **Seventeenth resolution – Aligning the Company's articles of association with the applicable laws and regulations**

We invite you to make the following amendments to the articles of association in order to align them with the applicable laws and regulations:

Reference to a recodified article of the French Commercial Code:

- Amendment to the fourth paragraph of Article 16 of the articles of association in order to simplify its wording and to no longer cite Article L. 225-107-1 of the French Commercial Code, which was recodified by Government Order°2020-1142 dated 16 September 2020, with the rest of Article 16 remaining unchanged:

"In accordance with Article L. 228-1 of the French Commercial Code, shareholders not domiciled in France may register an intermediary to act as shareholder on their behalf. In accordance with the applicable laws and regulations*, that intermediary may act as proxy for the owner of the shares they are representing at all general meetings of shareholders. If an intermediary (i) has not been declared as an intermediary, or (ii) cannot provide evidence of the identity of the owners of the shares represented as required under Article L. 228-2 or L. 228-3 of the French Commercial Code, any votes or proxies issued by that intermediary will be null and void."*

The replacement of "Works Council" by "Social and Economic Committee":

- Amendments to the fourth and fifth paragraphs of Article 21 of the articles of association in order to align them with Article L. 2311-2 of the French Employment Code, created by way of Government Order 2017-1386 dated 22 September 2017, which provides for the replacement of the Works Council by the Social and Economic Committee, with the rest of Article remaining unchanged:

"The above documents are analysed in the written reports on the Company's trends and developments drawn up by the Board of Directors. These documents and reports are sent to the Statutory Auditors and, where appropriate, simultaneously to the Social and Economic Committee.
If these provisions are not complied with, or if the information given in the reports referred to in the above paragraph leads to comments by the Statutory Auditors, the Statutory Auditors issue a report to the Board of Directors notifying the Board thereof. This Statutory Auditors' report is sent at the same time to the Social and Economic Committee, and shareholders are provided with a copy at the next Annual General Meeting."

- **Eighteenth resolution – Powers to carry out formalities**

The shareholders give full powers to the bearer of a copy or extract of the minutes of the Meeting to perform all of the legally required filing and publication formalities.

The Board of Directors invites you to approve the resolutions put to your vote, with the exception of the sixteenth resolution, which it invites you to reject.

THE BOARD OF DIRECTORS

8. Legal disclosures

8.1. Non-deductible expenses

The following disclosure is provided pursuant to Article 223 ***quater*** of the French Tax Code. The Company's non-deductible expenses and charges – as defined in Article 39-4 of the French Tax Code – amounted to €104,517 in 2020 and were added back to its taxable profit as required by Article 39-4 of said Code.

8.2. Information on payment terms

Pursuant to Articles L. 441-14 and D. 441-6 of the French Commercial Code, the following table shows details of supplier and customer payment terms at 31 December 2020:

Invoices received and due but not settled at the reporting date

In € thousands	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
A. Days late	-	-	-	-	-	-
Number of invoices	43	62	17	18	29	126
Total amount of invoices (incl. VAT)	209	214	59	19	79	372
As a % of total purchases for the period (excl. VAT)	0.66%	0.68%	0.19%	0.06%	0.25%	1.18%
As a % of revenue for the period (excl. VAT)						
B. Invoices excluded from (A) relating to disputed or unrecognised receivables and payables	None					
Number of invoices excluded						
Total amount of invoices excluded						
C. Reference contractual payment terms used						
Payment terms used to calculate late payments	Contractual terms granted by suppliers					

Invoices issued and due but not settled at the reporting date

In € thousands	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
A. Days late						
Number of invoices	95	157	86	45	210	498
Total amount of invoices (incl. VAT)	708	462	543	103	2,515	3,623
As a % of total purchases for the period (excl. VAT)						
As a % of revenue for the period (excl. VAT)	1.84%	1.20%	1.41%	27.00%	6.53%	36.13%
B. Invoices excluded from (A) relating to disputed or unrecognised receivables and payables	None					
Number of invoices excluded						
Total amount of invoices excluded						
C. Reference contractual payment terms used						
Payment terms used to calculate late payments	30 days net					

For information purposes, the following table shows details of supplier and customer payment terms at 31 December 2019:

Invoices issued and due but not settled at the reporting date

In € thousands	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
A. Days late						
Number of invoices	24	57	11	6	19	93
Total amount of invoices (incl. VAT)	51	289	75	85	253	702
As a % of total purchases for the period (excl. VAT)						
As a % of revenue for the period (excl. VAT)	0.10%	0.59%	0.15%	0.17%	0.51%	1.42%
B. Invoices excluded from (A) relating to disputed or unrecognised receivables and payables	None					
Number of invoices excluded						
Total amount of invoices excluded						
C. Reference contractual payment terms used						
Payment terms used to calculate late payments	30 days net					

Invoices received and due but not settled at the reporting date

In € thousands	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
A. Days late						
Number of invoices	152	242	84	42	142	510
Total amount of invoices (incl. VAT)	261	542	1,296	264	705	2,807
As a % of total purchases for the period (excl. VAT)	0.44%	0.91%	2.17%	0.44%	1.18%	4.70%
As a % of revenue for the period (excl. VAT)						
B. Invoices excluded from (A) relating to disputed or unrecognised receivables and payables	None					
Number of invoices excluded						
Total amount of invoices excluded						
C. Reference contractual payment terms used						
Payment terms used to calculate late payments	Contractual terms granted by suppliers					

9. Information on the social and environmental impact of the Company's business

In accordance with Articles L. 225-102-1, L. 22-10-36 and R. 225-105 ***et seq.*** of the French Commercial Code, the Company is not required to prepare a non-financial information statement since it does not meet the thresholds prescribed by French law triggering the disclosure of this information.

Certain information from the "Corporate social responsibility" (CSR) section of the 2017 annual financial report regarding the impact of the Company's business and of the use of the goods and services that it produces on climate change, as well as its commitments to promote sustainable development, the circular economy and the prevention of food waste, is set out below.

The Group's business is:

- in France, a commercial business, a product development business (design and creation), and an after-sales services business;
- in its foreign subsidiaries, a commercial business and an after-sales services business.

AURES has no industrial production activities. Accordingly, it does not use significant amounts of raw materials intended for production and subsequent sale, and it does not emit significant quantities of waste or greenhouse gases into the environment.

- Measures to prevent, reduce and/or remedy air, water and soil emissions with a significant harmful impact on the environment

The risk of environmentally harmful air, water and soil emissions from AURES' business activities is not considered significant.

- Noise pollution

AURES' business activities do not cause significant noise pollution.

- Other forms of pollution specific to a business activity

AURES' business activities do not cause other significant forms of pollution.

- Adaptation to the consequences of climate change

AURES' business activities are not significantly exposed to climate change.

- Waste prevention, recycling and elimination measures

Since the Group has no direct production activities, it produces a limited amount of waste. The Group works with a specialist service provider to manage and recycle waste electrical and electronic equipment (WEEE).
The Group pays particular attention to the management of its products at the end of their lifecycle. AURES' customers can contact the Group when they wish to dispose of their end-of-life products, in which case AURES will take back the products and assume responsibility for their management and recycling (see AURES' website for further information).

- Measures taken to improve efficiency in the use of raw materials

AURES works with its contractors in Taiwan and South Korea to develop prototypes that take into account criteria such as energy performance and the use of certain materials (aluminium and polycarbonate) to ensure that the materials it uses can be fully recycled and are compliant with regulations.

- Measures taken to ensure consumer health and safety and partnership initiatives

All technological solutions marketed by the AURES Group comply with applicable standards on the target markets.

- Initiatives to prevent food waste

AURES' business activities do not generate significant quantities of food waste.

10. Appendices required by law

The appendices to this report include the table referred to in Article R. 225-102 of the French Commercial Code showing the results of the Company over the last five years, the appendices required by law and providing details on subsidiaries and equity investments, and an overview of the remuneration awarded to the Company's five highest paid employees.

Please note that shareholders:

- had a right to request documents for a specified time before the General Meeting;
- were able to ask the Company to provide them with certain documents before the General Meeting;
- have, at any time during the year, an ongoing right to request documents pertaining to the General Meetings held over the last three years.

We invite you to approve the various resolutions that will be put to your vote, with the exception of the sixteenth resolution (delegation of authority with regard to the Company savings plan).

THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE REPORT
(ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE)

This report was prepared by the Board of Directors in accordance with Articles L. 225-37 ***et seq.*** of the French Commercial Code.

1. Company corporate officers

At 31 December 2020, the Board of Directors had six members, as follows:

Name	Position	Age	Nationality	Date appointed/ reappointed	Expiry of term of office
Patrick Cathala	Director, Chairman and Chief Executive Officer	64	French	AGM 21/05/2008 AGM 24/09/2020	AGM 2026
Daniel Cathala	Director	67	French	AGM 21/05/2008 AGM 24/09/2020	AGM 2026
Régis Cathala	Director	61	French	AGM 30/06/2011 AGM 20/06/2017	AGM 2023
Alfredo Freire	Director	53	French	AGM 30/06/2011 AGM 20/06/2017	AGM 2023
Isabelle Baptiste	Director	57	French	AGM 20/06/2018	AGM 2024
Sabine De Vuyst	Director	47	French	AGM 20/06/2017	AGM 2023

Directors are appointed for six-year terms of office.

The terms of office of Patrick Cathala and Daniel Cathala were renewed for a period of six years at the Annual General Meeting of 24 September 2020, i.e., until the close of the Annual General Meeting to be held in 2026 to approve the 2025 financial statements.

The terms of office of Régis Cathala and Alfredo Freire were renewed for a period of six years at the Annual General Meeting of 20 June 2017, i.e., until the close of the Annual General Meeting to be held in 2023 to approve the 2022 financial statements.

Sabine De Vuyst was appointed as a director for a period of six years at the Annual General Meeting of 20 June 2017, i.e., until the close of the Annual General Meeting to be held in 2023 to approve the 2022 financial statements.

The term of office of Isabelle Baptiste was renewed for a period of six years at the Annual General Meeting of 20 June 2018, i.e., until the close of the Annual General Meeting to be held in 2024 to approve the 2023 financial statements.

There were no changes in the Board of Directors' membership structure in 2020.

At 31 December 2020, the Board of Directors comprised two women and four men. This gender ratio complies with the statutory rules on equal representation.

Pursuant to Article L. 22-10-10 of the French Commercial Code, it is herein specified that the Company does not apply a diversity policy as regards its Board of Directors, insofar as it is controlled by the Chairman and Chief Executive Officer and this factor has influenced its governance philosophy since the Company was founded.

However, in light of its size and current composition, the Board respects a certain diversity in terms of gender balance and its aim is to maintain a similar gender balance over the longer term.
Details of other positions and offices held by Company directors are provided in section 1.5 of this report.

1.1. Method of management

At the Board of Directors' meeting of 21 May 2008, the directors decided to combine the offices of Chairman of the Board and Chief Executive Officer, further to which Patrick Cathala took on the duties of Chief Executive Officer.

At its meeting on 24 September 2020 the Board decided that Patrick Cathala should continue to serve in the combined offices of Chairman and Chief Executive Officer for a further six-year term, i.e., until the expiry of his directorship at the close of the Annual General Meeting to be held in 2026.

1.2. Components of remuneration and benefits in kind paid during or awarded for 2020 to Patrick Cathala, Chairman and Chief Executive Officer (eighth resolution of the 24 June 2021 Annual General Meeting) – Ex-post "say on pay"

In accordance with Article L. 22-10-34, II of the French Commercial Code, in the eighth resolution shareholders are invited to vote on the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or awarded to Patrick Cathala in respect of his duties as Chairman and Chief Executive Officer in 2020, determined pursuant to the remuneration policy approved at the Annual General Meeting of 24 September 2020 in its ninth ordinary resolution.

Components of remuneration paid in or awarded for 2020	Amount or accounting estimate submitted for shareholder approval	Description
Fixed remuneration	€480,616 (amount awarded for 2020 and paid in 2020)	Annual fixed remuneration calculated based on the level of responsibility and complexity that comes with the role of Chairman and Chief Executive Officer, as well as Patrick Cathala's experience in that role, his status as the Company's reference shareholder and his personal financial investment in the Group. The Chairman and Chief Executive Officer agreed to a reduction in his fixed remuneration in 2020 due to the Covid-19 health crisis.
Annual variable remuneration	€0 (amount paid in 2020 after approval by shareholders at the 2020 Annual General Meeting) €0 for 2020	Annual variable remuneration (paid in 2020) was based on the net margin*, it being specified that, for confidentiality reasons, the expected level of this margin is not disclosed. The Chairman and Chief Executive Officer's annual variable remuneration cannot exceed 45% of his annual fixed remuneration. The Chairman and Chief Executive Officer's annual variable remuneration (awarded for 2020) was also contingent on the net margin*. At its meeting on 29 April 2021, the Board of Directors placed on record that the applicable criteria for the Chairman and Chief Executive Officer's 2020 variable remuneration had not been met.
Exceptional remuneration	None	The Board of Directors may decide to award the Chairman and Chief Executive Officer exceptional remuneration in special circumstances.
Benefits in kind	€11,045 (accounting estimate, amount awarded for 2020)	Company car.

** The net margin corresponds to the ratio resulting from net profit attributable to owners of the parent divided by revenue, using the figures for those metrics reported in the consolidated financial statements.*

1.3. Disclosures pursuant to Article L. 22-10-9, I of the French Commercial Code for each of the Company's corporate officers (seventh resolution of the 24 June 2021 Annual General Meeting) – Overall ex-post "say on pay"

The Chairman and Chief Executive Officer received gross annual fixed remuneration of €480,616 in 2020, calculated based on the level of responsibility and complexity that comes with the role of Chairman and Chief Executive Officer, as well as Patrick Cathala's experience in that role, his status as the Company's reference shareholder and his personal financial investment in the Group. This amount takes into account the reduction in the Chairman and Chief Executive Officer's fixed remuneration decided in 2020 due to the Covid-19 health crisis.

Pursuant to Article L. 22-10-9 of the French Commercial Code, please note that an aggregate gross amount of €491,661 was paid or awarded (subject to approval by the shareholders) to the Chairman and Chief Executive Officer in 2020, calculated by reference to the principles of the remuneration policy approved at the Annual General Meeting of 24 September 2020 in the ninth ordinary resolution, breaking down as follows:

	Fixed remuneration	Variable remuneration (1)		Exceptional remuneration (2)		Benefits in kind (3)	Directors' remuneration (formerly directors' fees)
Patrick Cathala		Amount paid in 2020	Amount awarded for 2020	Amount paid in 2020	Amount awarded for 2020		
	480,616	0*	0**	0*	0**	11,045	None

** Amount paid in 2020 after approval by the shareholders at the Annual General Meeting.*

*** Amount to be paid once approved by the shareholders.*

(1) The Chairman and Chief Executive Officer's annual variable remuneration reflects the Group's overall performance as it is contingent on the Group's net margin. The Board of Directors has determined the expected achievement level, but the figure is not disclosed for confidentiality reasons.
The net margin corresponds to the ratio resulting from net profit attributable to owners of the parent divided by revenue, using the figures for those metrics reported in the consolidated financial statements.

The Chairman and Chief Executive Officer's annual variable remuneration cannot represent more than 45% of his annual fixed remuneration.

(3) Benefits in kind relate to the use of a company car.

Patrick Cathala did not receive any free shares in 2020.

The remuneration policy applicable to the Chairman and Chief Executive Officer is in the Company's best interests, helps achieve the goals underlying its commercial strategy, and contributes to ensuring its longevity, due to the fact that:

- the conditions that have to be met in order to trigger payment of the Chairman and Chief Executive Officer's annual variable remuneration are set in advance by the Board of Directors; and
- the Chairman and Chief Executive Officer does not receive any free shares.

At the Annual General Meeting held on 20 June 2017, the shareholders set the total amount of annual directors' remuneration at €7,500.

The amounts of directors' remuneration paid in and awarded for 2020 to members of the Board (except for the Chairman and Chief Executive Officer) – out of the overall amount determined in accordance with the remuneration policy approved in the tenth resolution of the 24 September 2020 Annual General Meeting – were as follows:

	Amounts awarded for 2019 and paid in 2020	**Amounts awarded for 2020**
Daniel Cathala	€1,500	€3,000
Sabine De Vuyst	€1,500	€2,500
Alfredo Freire	€1,500	€2,000

The individual remuneration awarded to the directors from the overall set amount is calculated based on their actual attendance at Board meetings, except for the Chairman and Chief Executive Officer, who does not receive any remuneration for his role as a director of the Company.

Neither the directors nor the Chairman and Chief Executive Officer receive any remuneration for duties they perform within the companies controlled by the Group.
No specific agreements have been entered into with the directors or the Chairman and Chief Executive Officer in respect of pensions or similar benefits, and no financial advances have been granted to them.

The other components of the corporate officers' remuneration received pursuant to their employment contracts have not been disclosed for confidentiality reasons in view of the Company's size and operating structure.

➢ Pay equity ratios between the Chairman and Chief Executive Officer's remuneration and the average and median remuneration of the Company's employees

In accordance with the disclosure requirements of Article L. 22-10-9, I of the French Commercial Code, the tables below set out the ratios between the Chairman and Chief Executive Officer's remuneration and (i) the average remuneration (on a full-time equivalent – "FTE" – basis) of the Company's employees other than corporate officers and (ii) the median remuneration (on an FTE basis) of the Company's employees other than corporate officers, as well as year-on-year changes in the Chairman and Chief Executive Officer's remuneration, the Company's performance and the average FTE-basis remuneration of the Company's employees other than its senior executives:

	Ratio of Chairman and CEO's remuneration/average remuneration of the Company's employees	Ratio of Chairman and CEO's remuneration/median remuneration of the Company's employees
2018	16.2	22.6
2019	16.4	22.8
2020[1]	10.6	14.4

[1] Includes the impact of the Covid-19 health crisis and the use of furlough and short-time working schemes for employees as well as the reduction in remuneration agreed by the Chairman and Chief Executive Officer at the start of the pandemic.

	Year-on-year change in the Chairman and CEO's remuneration (Y/Y-1)	Year-on-year change in the average FTE-basis remuneration of the Company's employees (Y/Y-1)	Year-on-year change in the Company's performance (Y/Y-1)		Year-on-year change in pay equity ratios (Y/Y-1)	
			Consolidated net profit	% change	Average remuneration ratio Chairman and CEO	Median remuneration ratio Chairman and CEO
2019	+1.1%	-0.1%	€3,053K	-63.2%	+1.2%	+0.9%
2020	-40.3%	-7.1%	€3,108K	+1.8%	-35.4%	-36.8%

No meaningful ratios can be presented for data before 2018.

1.4. Remuneration policy for corporate officers – Ex-ante “say on pay”

In accordance with Articles L. 22-10-8 and R. 22-10-14 of the French Commercial Code, the Board of Directors has drawn up a remuneration policy for each of the Company’s corporate officers. These policies are in the Company’s best interests, contribute to ensuring its longevity, and help achieve the goals underlying its commercial strategy, as described in the “Business and strategy” section of the management report.

The Board has determined the Chairman and Chief Executive Officer’s remuneration policy in line with these factors, in particular by setting performance conditions for his variable remuneration that relate to the implementation of the Company’s commercial strategy in its best interests, as specified in section 1.3 of this report.

All remuneration components that are set, awarded or paid by the Company and any commitments given by the Company must comply with the remuneration policy approved by the shareholders. If no such policy is in place, they must comply with the Company’s existing remuneration packages and practices.

The Board of Directors determines, reviews and implements the remuneration policies for each corporate officer, with the Chairman and Chief Executive Officer not taking part in any discussions or votes on any remuneration components and/or commitments concerning himself.

In the decision-making processes used to determine and review these remuneration policies, the Board takes into account the best interests of the Company and seeks to ensure that the corporate officers’ remuneration packages are consistent with the remuneration of the Company’s employees.

➢ Remuneration policy for the Chairman and Chief Executive Officer (fifth resolution of the 24 June 2021 Annual General Meeting)

In calculating the total remuneration payable to the Chairman and Chief Executive Officer, the Board of Directors took particular account of his level of responsibility and the difficult tasks associated with such a post, as well as his experience in serving as Chairman and CEO, his status as the Group’s reference shareholder, and his personal investment in the Group.

The components making up the total remuneration and benefits in kind that can be awarded to the Chairman and Chief Executive Officer for serving in that role, as set by the Board of Directors, as well as their respective weightings, are as follows:

•Fixed remuneration

The Chairman and Chief Executive Officer receives fixed remuneration paid on a monthly basis.

The amount of his basic fixed remuneration did not change between 2019 and 2020 despite the fact that the size of the Group has increased since the acquisition of RTG in October 2018. The same decision was taken concerning the remuneration of the French entity’s employees.

•Annual variable remuneration

The Chairman and Chief Executive Officer receives annual variable remuneration representing up to 45% of his annual fixed remuneration.

The amount of his annual variable remuneration is contingent on the Group’s net margin. The net margin corresponds to the ratio resulting from net profit attributable to owners of the parent divided by revenue, using the figures for those metrics reported in the consolidated financial statements.

Net margin was chosen as the criterion for setting the Chairman and Chief Executive Officer’s variable remuneration as it best reflects the strategy and goals set by the Group.

•Exceptional remuneration

The Board of Directors may decide to award the Chairman and Chief Executive Officer exceptional remuneration in special circumstances.

The payment of exceptional remuneration must be justified by events such as the completion of an acquisition by the Company, a major business development project or an exceptional event.

Any exceptional remuneration awarded to the Chairman and Chief Executive Officer may not represent more than 45% of his annual fixed remuneration.

•Benefits in kind
The Chairman and Chief Executive Officer has the use of a company car.

Neither the Company nor any entity that is controlled by the Company or which controls the Company has given the Chairman and Chief Executive Officer any commitment concerning any remuneration, indemnity or benefit payable in the event of loss of office or a change in duties and responsibilities.

The variable remuneration and any exceptional remuneration awarded for 2020 to the Chairman and Chief Executive Officer for serving in that role can only be paid if the shareholders at the Annual General Meeting approve the components of his remuneration paid during 2020 or awarded for that year (ex-post individual vote).

In the fifth resolution, shareholders are invited to approve the remuneration policy set out above.

➢ Directors' remuneration policy (sixth resolution of the 24 June 2021 Annual General Meeting) – Ex-ante "say on pay"

In the tenth ordinary resolution of the 20 June 2017 Annual General Meeting, the total annual remuneration of the members of the Board of Directors was set at €7,500. This amount has remained unchanged since that date and will remain so until otherwise decided by the shareholders in an Annual General Meeting.

The criteria for allocating individual remuneration to the directors out of the aggregate annual amount approved by the shareholders – except to the Chairman and Chief Executive Officer who does not receive any remuneration for his duties as a director of the Company – are set by the Board and are based on each director's actual attendance at Board meetings.

However, Board meetings held in the form of the Audit Committee – which take place on different dates to the Board of Directors' meetings – are accounted for and remunerated separately.

➢ Information on the terms of office, employment contracts and/or service agreements of corporate officers vis-à-vis the Company

Pursuant to the articles of association, the Company's directors are appointed for six-year terms (Article 11).

The Chairman's term of office may not exceed his term as a director (Article 12).

If he is a director, the Chief Executive Officer's term of office may not exceed his term as a director (Article 14).

The table below shows the duration of any employment contracts and/or service agreements entered into by corporate officers with the Company as well as any notice periods and termination conditions applicable to them.

Corporate officer	Office(s) held	Employment contract with the Company	Service agreement with the Company	Notice periods	Termination conditions
Daniel Cathala	Director	Yes – permanent employment contract covering his sales work for the indirect POS business	No	3-month notice period for his salaried duties	Termination of corporate office in accordance with French legislation and case law
Sabine De Vuyst	Director	Yes – permanent employment contract covering her duties as Chief Financial Officer	No	3-month notice period for her salaried duties	Termination of corporate office in accordance with French legislation and case law

1.5. Details of offices and positions held

Pursuant to Article L. 225-37-4, 1° of the French Commercial Code, details of the offices and positions held by each corporate officer during the year in all companies are provided below:

Patrick Cathala
- Chairman and Chief Executive Officer of AURES Technologies SA (FR)
- Managing director (***Geschäftsführer***) of AURES GmbH (DE)*
- Director of AURES Technologies Ltd (UK)*
- Director of J2 Technology Systems Ltd (UK)*
- President of AURES Technologies Inc. (US)*
- Director of AURES Technology Pty Ltd (AU)*
- Chairman and President of AGH US Holding Company (US)*
- Chairman and President of Retail Technology Group Inc. (US)*
- Permanent representative of AURES Technologies SA at AURES Konnect SAS*

- Chairman of Cafi SAS (FR)
- Legal Manager (***Gérant***) of Cabou SCI (FR)
- Legal Manager of Le Tessalit SCI (FR)
- Legal Manager of Desca SCI (FR)
- Legal Manager of Pagae SARL (FR)
- Legal Manager of Le Cristal Un SCI (FR)
- Legal Manager of Laurest SCI (FR)
- Permanent representative of AURES Technologies SA, director of CJS

Daniel Cathala
- Director of AURES Technologies SA

Régis Cathala
- Director of AURES Technologies SA

Alfredo Freire
- Director of AURES Technologies SA

Isabelle Baptiste
- Director of AURES Technologies SA

Sabine De Vuyst
- Director of AURES Technologies Ltd (UK)*
- Director of J2 Technology Systems Ltd (UK)*
- Company Secretary of AURES Technologies Inc. (US)*
- Director of AURES Technologies SA
- Secretary and Chief Financial Officer of AGH US Holding Company (US)*
- Secretary and Senior Vice President Finance of Retail Technology Group Inc. (US)*

* AURES Group companies.

None of the companies in which these offices and positions are held are listed, with the exception of AURES Technologies SA.

1.6. Agreements entered into between a director or shareholder holding more than 10% of the Company's voting rights and a controlled company

No agreements have been entered into between (i) any corporate officer or shareholder holding more than 10% of the voting rights and (ii) a controlled company as defined in Article L. 233-3 of the French Commercial Code.

1.7. Procedure for assessing agreements concerning routine transactions and entered into on arm's length terms

In accordance with paragraph 2 of Article L. 22-10-12 of the French Commercial Code, on 28 September 2020 the Board of Directors approved an Internal Charter specifying the methods used for:
(i) identifying and classifying agreements that are subject to the procedures applicable to "regulated" (i.e., subject to approval) related-party agreements within the Company prior to their signature, renewal or termination; and
(ii) regularly assessing whether "unregulated" (i.e., concerning routine transactions and entered into on arm's length terms and therefore not subject to approval) related-party agreements meet the criteria for being classified as this type of agreement.
The procedure for classifying agreements as "unregulated" is reviewed annually by the Board of Directors based on a preliminary analysis carried out by the finance department.
If, during its annual analysis, the finance department believes that an agreement previously included in this category no longer meets the applicable criteria, it informs the Board of Directors thereof. The Board then decides

whether or not to reclassify the agreement as a "regulated" agreement. If it is reclassified, the Board ratifies the agreement and subsequently submits it for shareholder approval at the next Annual General Meeting on the basis of a special report drawn up by the Statutory Auditors, in accordance with Article L. 225-42 of the French Commercial Code.

2. Conditions for preparing and organising the Board's work

2.1. Frequency of meetings, attendance rate and review of work carried out

The Board of Directors met six times in 2020, with an average attendance rate of 58.3%.
Article 12 of the articles of association states that the Board of Directors will meet as often as necessary in the interests of the Company and that meetings are called by the Chairman of the Board.

The agenda of each Board meeting was as follows:

1 July 2020

- Approval of the parent company and consolidated financial statements for the year ended 31 December 2019
- Proposed appropriation of profit
- Related-party agreements
- Calculation of the Chairman and Chief Executive Officer's remuneration
- Preparation and notice of the Annual General Meeting
- Preparation of interim management planning documents
- Miscellaneous issues

4 August 2020

- Decision on holding a virtual Annual General Meeting

24 September 2020

- Implementation of the authorisation granted at the Annual General Meeting of 24 September 2020 to trade in the Company's own shares pursuant to Article L. 225-209 of the French Commercial Code
- The Company's executive management structure and renewal of the Chairman and Chief Executive Officer's term of office
- Individual allocation of directors' remuneration out of the total amount approved by the shareholders (formerly directors' fees)

28 September 2020

- Authorisation of an agreement governed by Article L. 225-38 of the French Commercial Code
- Adoption of a procedure for assessing agreements concerning routine transactions entered into on arm's length terms, in application of the "Pacte Act"
- Adoption of the Board of Directors' Rules of Procedure

20 October 2020

- Business review and outlook
- Approval of the interim consolidated financial statements at 30 June 2020
- Draft press release
- Preparation of the revised interim management planning documents
- Miscellaneous issues

18 December 2020

- Free share awards to employees.

2.2. Notice of meeting

Pursuant to Article 12 of the articles of association, the directors were called to meetings of the Board by all means, including verbally.
Pursuant to Article L. 823-17 of the French Commercial Code, the Statutory Auditors were invited to attend the Board meetings reviewing and approving the interim and annual financial statements, and participated in those meetings.

2.3. Information provided to directors

All documents, technical files and information needed for directors to perform their duties were provided to them eight days before any Board meeting.

2.4. Location of Board meetings

Board meetings are held at the registered office or at any other location indicated in the notice of meeting.

2.5. Board committees

The Board of Directors has not set up any special committees.
In accordance with Article L. 823-20 of the French Commercial Code, the Board has decided to fulfil the duties of the Audit Committee.
When the Board meets in its capacity as the Audit Committee, the Chairman and Chief Executive Officer does not chair the meeting.
The Board met in its capacity as the Audit Committee on one occasion in 2020.

The agenda of the Audit Committee meeting was as follows:

1 July 2020

- Statutory Auditors' independence
- Receipt of the draft report by the Statutory Auditors
- Approval of an assignment entrusted to one of the Statutory Auditors for drawing up a statement on the information prepared by the Company (covenants) for the year ended 31 December 2019 related to loan agreements with BNP Paribas and CIC, which constitutes a service falling within the scope of Article L. 822-11-2 of the French Commercial Code
- Miscellaneous issues

2.6. Minutes of meetings

The minutes of Board of Directors' meetings are drawn up at the end of each meeting and promptly communicated to all of the directors.

3. Powers of the Chairman and Chief Executive Officer

There are no limits on the powers of the Chairman and Chief Executive Officer.

4. Corporate Governance Code to which the Company refers

In terms of corporate governance, the Company has familiarised itself with the Corporate Governance Codes published by Middlenext in September 2016 and AFEP-MEDEF in January 2020, and has considered them in light of its own principles.
In accordance with Article L. 22-10-10, 4° of the French Commercial Code, the Company hereby states that it does not refer to any of the Corporate Governance Codes mentioned above as the basis for its corporate governance policy.
This policy is in fact based on the facts and principles specific to the Company, including the wish to maintain a stable shareholding structure that reflects its status as a family business.

In 2020, a set of Rules of Procedure was drawn up for the Board of Directors.

5. Participation of shareholders in the General Meeting

The means by which shareholders can participate in General Meetings are set out in Article 16 of the Company's articles of association.

All shareholders are entitled to participate in General Meetings, to be represented or vote by proxy, regardless of the number of shares held, provided that these shares have been paid up in full and registered in their name by midnight (CET) on the second business day preceding the Meeting date, either in the registered securities account held by the Company or in the bearer shareholder account held by the authorised intermediary.
These terms and conditions are subject to any other measures that may need to be put in place as a result of the Covid-19 health crisis.

6. List of outstanding delegations and authorisations to increase the share capital

Type of delegation or authorisation	Date of AGM	Expiry date	Amount authorised	Use in previous years	Use in 2020	Residual amount at 31 Dec. 2020
Delegation to increase the share capital by capitalising reserves, profits or additional paid-in capital 1	25 June 2019	24 Aug. 2021	200,000	-	-	200,000
Delegation to issue ordinary shares and securities with pre-emptive subscription rights for existing shareholders	25 June 2019	24 Aug. 2021	€500,000 (ordinary shares)	-	-	€500,000 (ordinary shares)
Delegation to issue ordinary shares and securities without pre-emptive subscription rights for existing shareholders by way of a public offer	24 Sept. 2020	23 Nov. 2022	€200,000* (ordinary shares)	-	-	€200,000* (ordinary shares)
Delegation to issue ordinary shares and securities without pre-emptive subscription rights for existing shareholders by way of a private placement	24 Sept. 2020	23 Nov. 2022	€200,000 and 20% of the share capital p.a.* (ordinary shares)	-	-	€200,000 and 20% of the share capital p.a.* (ordinary shares)
Delegation to issue ordinary shares and securities without pre-emptive subscription rights for existing shareholders in favour of a specific category of beneficiaries	24 Sept. 2020	23 Mar. 2022	€50,000 (ordinary shares)	-	-	€50,000 (ordinary shares)
Delegation to increase the share capital as consideration for shares or securities tendered	25 June 2019	24 Aug. 2021	10% of the share capital at the date of the AGM	-	-	10% of the share capital at the date of the AGM
Authorisation to issue stock options	24 Sept. 2020	23 Nov. 2023	10% of the share capital at the date of the AGM	-	-	10% of the share capital at the date of the AGM
Authorisation to award free shares	25 June 2019	24 Aug. 2022	10% of the share capital at the date of the AGM (i.e., 400,000 shares)	21,500 shares	10,000 shares	368,500 shares

* *Blanket ceilings.*

7. Factors likely to influence a public offer

Pursuant to Article L. 225-10-11 of the French Commercial Code, we set out below factors that are likely to influence a public offer:

- Details of the Company's capital structure and direct and indirect shareholdings in the Company of which it is aware, along with all relevant information in this respect, are provided in sections 1 – "Share capital" and 4 – "Subsidiaries and equity interests" of the "AURES Technologies SA on the stock market" and "AURES Technologies SA" sections, respectively, of the Board of Directors' report to the 24 June 2021 Annual General Meeting.

The articles of association do not place any restrictions on the exercise of voting rights or on share transfers, it being specified that, at the Annual General Meeting held on 20 June 2017, the shareholders amended the articles of association, introducing a notification obligation for shareholders when their holdings reach, cross or fall below 2.5% of the share capital or voting rights. Failure to comply will cause any shares exceeding the undeclared fraction to be stripped of voting rights at the request of one or more shareholders holding at least 5% of the share capital.

- No securities carry special ownership rights. Nevertheless, all fully paid-up shares that can be proven to have been registered in the name of the same shareholder for at least four years carry double voting rights (Article 9 of the articles of association).

- No control mechanisms exist in the event of a system of employee share ownership with ownership rights that are not exercised by the employee shareholders.

- To the best of the Company's knowledge, no shareholder agreements or other commitments have been signed between shareholders that could restrict share transfers or the exercise of shareholders' voting rights.

- Appointments and reappointments to the Board of Directors are made in accordance with legal rules and the articles of association.

- The Company's articles of association are amended in accordance with applicable laws and regulations.

- Regarding powers of the Board of Directors, delegations and authorisations currently in force allowing for the Board to increase the share capital are set out in section 6 of this report. The authorisation to award free shares is included in the table above.

- The powers of the Board of Directors to buy back shares are described in section 7 – "Share buybacks by the Company" of the "AURES Technologies SA on the stock market" section of the Board of Directors' report to the 24 June 2021 Annual General Meeting.

- The Company has not entered into any agreements that are to be amended or that terminate in the event of a change of control of the Company.

- There are no agreements providing for severance benefits for directors or employees if they resign or are dismissed without just cause or if their employment is terminated on account of a public offer.

CONSOLIDATED FINANCIAL STATEMENTS

➢ Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ thousands)

Notes	ASSETS	31 Dec. 2020	31 Dec. 2019
	NON-CURRENT ASSETS		
5.1	Goodwill	6,901	7,526
5.2	Intangible assets	5,583	7,591
5.4	Right-of-use assets under leases	7,633	6,960
5.3	Property, plant and equipment	1,924	1,649
5.5	Other financial assets	1,418	1,531
5.22	Deferred tax assets	2,673	2,988
	TOTAL NON-CURRENT ASSETS	**26,133**	**28,246**
	CURRENT ASSETS		
5.6	Inventories and work-in-progress	19,526	23,204
5.7	Trade receivables	9,793	17,523
5.8	Other current assets	7,135	3,987
	Financial assets at fair value	-	-
5.9	Cash and cash equivalents	23,468	10,684
	TOTAL CURRENT ASSETS	**59,922**	**55,398**
	TOTAL ASSETS	**86,055**	**83,644**

Notes	EQUITY AND LIABILITIES	31 Dec. 2020	31 Dec. 2019[(1)]
	EQUITY		
	Share capital	1,000	1,000
	Reserves	27,725	25,259
	Profit for the year	3,026	2,993
	Shareholders' equity	31,752	29,252
	Non-controlling interests	255	194
5.9	**TOTAL EQUITY**	**32,007**	**29,445**
	NON-CURRENT LIABILITIES		
5.12	Non-current borrowings and debt	18,550	7,020
5.13	Non-current lease liabilities	6,544	5,488
5.22	Deferred tax liabilities	1,538	1,880
5.11	Provisions for contingencies and expenses	1,328	1,485
5.16	Other non-current liabilities	462	504
	TOTAL NON-CURRENT LIABILITIES	**28,422**	**16,378**
	CURRENT LIABILITIES		
5.14	Trade payables	9,539	16,003
5.13	Current lease liabilities	1,400	1,658
5.12	Current borrowings and debt	2,704	5,571
	Derivative instruments	260	34
	Current tax	453	247
5.15	Contract liabilities	6,072	7,686
5.16	Other liabilities	5,199	6,622
	TOTAL CURRENT LIABILITIES	**25,626**	**37,821**
	TOTAL EQUITY AND LIABILITIES	**86,055**	**83,644**

(1) After the retrospective application of reclassifications linked to the purchase price accounting for RTG.

CONSOLIDATED INCOME STATEMENT (€ thousands)

Notes		2020	2019
5.17	Revenue	87,243	115,873
	Cost of goods sold	(45,727)	(60,750)
	Personnel costs	(19,524)	(25,864)
	External expenses	(15,468)	(18,628)
	Taxes other than on income	(437)	(525)
5.2/5.3	Depreciation and amortisation expense	(3,629)	(3,869)
5.5/5.6/5.10	(Additions to) Reversals of provisions	(739)	(586)
5.18	Other operating income and expenses	3,105	(263)
	Recurring operating profit	**4,824**	**5,388**
5.19	Other income from operations	845	59
5.19	Other expenses from operations	(723)	(58)
	Operating profit	**4,947**	**5,389**
	Cost of net debt	(312)	(451)
5.20	**Cost of net debt**	**(312)**	**(451)**
5.20	Other financial income	562	998
5.20	Other financial expenses	(1,879)	(1,039)
5.21	Income tax expense	(209)	(1,844)
	Net profit for the year	**3,108**	**3,053**
	Attributable to owners of the parent	3,026	2,993
	Attributable to non-controlling interests	82	60
5.23	Basic earnings per share (€)	0.77	0.76
5.23	Diluted earnings per share (€)	0.77	0.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ thousands)

Notes		2020	2019
	Consolidated net profit attributable to owners of the parent	**3,026**	**2,993**
	Other comprehensive income (loss) to be reclassified to the income statement	-	-
	Translation gains and losses	(516)	476
	Other comprehensive income (loss) not to be reclassified to the income statement	-	-
	Actuarial gains and losses on defined benefit plans	27	79
	Total other items of comprehensive income (loss)	**(489)**	**555**
	Net profit attributable to non-controlling interests	-	-
	Attributable to owners of the parent	**2,537**	**3,548**
	Attributable to non-controlling interests	**82**	**60**
	Total comprehensive income	**2,619**	**3,608**

CONSOLIDATED STATEMENT OF CASH FLOWS (€ thousands)

Notes		2020	2019
	Consolidated net profit (1)	3,108	3,053
	+/- Net depreciation, amortisation and provision expense (2)	3,468	3,522
5.20	-/+ Unrealised gains and losses on changes in fair value	88	120
	-/+ Income and expenses related to stock options and other	(5)	74
	-/+ Capital gains and losses on disposals	(3)	(30)
5.18	+ Cost of net debt	312	451
5.19	+/- Income tax expense (including deferred taxes)	209	1,844
	= CASH FLOW FROM OPERATIONS BEFORE COST OF NET DEBT AND INCOME TAX EXPENSE (A)	**7,176**	**9,034**
	- Income tax paid (B)	18	(2,436)
	+/- Change in working capital relating to operations (3) (C)	(435)	1,249
	= NET CASH FROM OPERATING ACTIVITIES (D) = (A)+(B)+(C)	**6,760**	**7,847**
	- Outflows relating to purchases of property, plant and equipment and intangible assets	(2,037)	(400)
	+ Inflows relating to disposals of property, plant and equipment and intangible assets	7	4
5.4	- Outflows relating to purchases of long-term financial assets (non-consolidated equity investments)	-	-
5.1	+/- Impact of changes in scope of consolidation (5)	-	-
	+/- Change in loans and advances granted	94	41
	= NET CASH FROM (USED IN) INVESTING ACTIVITIES (E)	**(1,936)**	**(355)**
6.7	-/+ Buybacks and sales of treasury shares	(14)	(957)
	- Dividends paid during the year:	-	-
	- Dividends paid to owners of the parent	-	(3,925)
	- Dividends paid to non-controlling shareholders of consolidated companies	(20)	-
5.11	+ Inflows relating to new borrowings	15,323	3,060
5.11	- Repayments of borrowings	(2,613)	(2,827)
	- Repayments of lease liabilities	(1,820)	(1,627)
5.18	- Net interest paid	(312)	451
	= NET CASH FROM (USED IN) FINANCING ACTIVITIES (F)	**10,544**	**(5,825)**
	+/- Impact of exchange rate fluctuations (G)	(189)	102
5.8	**= NET CHANGE IN CASH AND CASH EQUIVALENTS (4) (H) = (D)+(E)+(F)+(G)**	**15,178**	**1,768**
5.11	**NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)**	**8,268**	**7,400**
	NET CASH AND CASH EQUIVALENTS AT END OF YEAR (J)	**23,447**	**8,268**
	(1) Including non-controlling interests.		
	(2) Excluding additions relating to current asset items.		
	(3) Including changes relating to employee benefit obligations.		
	(4) Including cash and cash equivalents and bank overdrafts (see Notes 5.8 and 5.11).		
	(5) See Note 5.1, Goodwill.		

The change in working capital (C) can be analysed as follows:

	2020	2019
Change relating to trade receivables and contract assets net of contract liabilities	5,840	2,013
Change relating to trade payables	(5,562)	3,570
Change relating to other receivables and payables	(3,780)	(2,853)
Change relating to inventories	3,067	(1,481)
= Change in working capital relating to operations	**(435)**	**1,249**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€ thousands)

	Share capital	Consolidated reserves	Translation reserves	Shareholders' equity	Non-controlling interests	Total equity
Total equity at 1 January 2019[(1)]	**1,000**	**31,063**	**(1,505)**	**30,558**	**133**	**30,691**
Comprehensive income	**-**	**3,072**	**475**	**3,547**	**60**	**3,607**
Dividends paid	-	(3,925)	-	(3,925)	-	(3,925)
Treasury share transactions	-	(959)	-	(959)	-	(959)
Free share awards	-	74	-	74	-	74
Other	-	(42)	-	(42)	-	(42)
Total equity at 31 December 2019[(1)]	**1,000**	**29,283**	**(1,030)**	**29,253**	**193**	**29,446**
Net profit for the year	-	3,026	-	3,026	82	3,108
Translation gains and losses	-	-	(516)	(516)	-	(516)
Actuarial gains and losses on defined benefit plans	-	27	-	27	-	27
Comprehensive income	***-***	***3,053***	***(516)***	***2,537***	*82*	***2,619***
Dividends paid	-	-	-	-	(20)	(20)
Treasury share transactions	-	(33)	-	(33)	-	(33)
Free share awards	-	(5)	-	(5)	-	(5)
Total equity at 31 December 2020	**1,000**	**32,298**	**(1,546)**	**31,752**	**255**	**32,007**

[(1)] After the retrospective application of reclassifications linked to the purchase price accounting for RTG.

Unless otherwise specified, all the information below is expressed in thousands of euros.
Certain minimal figure differences may occur due to rounding.

➢ 2020 highlights

The global health crisis caused by Covid-19 heavily impacted the Group's business in 2020 in all of the countries in which it operates.

In March and April, the Group had to temporarily close a number of its entities (in France, the United Kingdom and California in the United States), and put in place extensive home-working measures wherever possible.

In the second quarter of the year, the Group had to ensure that the return to on-site activity was managed in line with the local health situation and government recommendations in each country, with the threefold objective of:

- ensuring the safety of its people;
- ensuring the continuity of its business; and
- managing the financial consequences of the crisis in order to limit the impacts on the Group.

Against this backdrop, the Group recorded a 24.7% decline in revenue in 2020.

The new economic environment was taken into account in the impairment tests performed on the Group's cash-generating units (CGUs) (see Note 5.1.1 to the consolidated financial statements).

During the crisis, the Group used furlough schemes and short-time working arrangements in Europe and Australia and also reduced its workforce (mainly at RTG).

In terms of cash, the Group obtained a €10.5 million French government-backed loan ("PGE") from three financial institutions in France, as well as a USD 3 million (€2.6 million) loan for its two American entities under the Paycheck Protection Program (PPP) introduced by US Public Law 116-136 – Coronavirus Aid, Relief and Economic Security (the "CARES" Act).

The PPP loan has a fixed interest rate of 1% for a period of 18 months and is forgivable if the applicable criteria are met, which primarily correspond to maintaining payroll after obtaining the loan.

At the date these financial statements were approved for issue, the Group had submitted its "PPP forgiveness" application, which has been transmitted to the SBA for review.

In application of IAS 20, and based on the work carried out when the file was put together, as well as the legal validity of the application following its transmission to the SBA, at 31 December 2020, the Group considered that the PPP loan should be forgiven (i.e., converted in full into a grant) and therefore recognised the €2.6 million amount of the loan as income in its consolidated financial statements at that date.

In accordance with current legislation, the SBA has 90 days to confirm forgiveness of the loan, which means that the Group should receive a response by early July 2021 at the latest.

RTG – which has been consolidated since 16 October 2018 – recorded a €1,525K operating loss in 2019 (including an €819K amortisation expense for intangible assets), but restructuring measures put in place in 2020 helped it to move into positive territory during the year.

For the year ended 31 December 2020, RTG contributed €2,164K to the Group's operating profit, including an €804K amortisation expense for intangible assets and €2,475K in other operating income related to the PPP forgiveness application.

1. Accounting policies and methods

1.1. General accounting principles and accounting standards

Pursuant to European Commission regulation no. 1606/ 2002, the AURES Group has prepared its consolidated financial statements for the year ended 31 December 2020 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and mandatorily effective at that date.

The standards can be consulted on the European Commission website.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 29 April 2021.

The new standards, amendments and interpretations mandatorily applicable in 2020 are:

- Amendments to IFRS 3 – "Definition of a Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7 – "Interest Rate Benchmark Reform"
- Amendments to the IFRS Conceptual Framework
- Amendments to IAS 1 and IAS 8 – "Definition of Material"
- Amendment to IFRS 16 – "Covid-19-Related Rent Concessions"
- Amendments to IFRS 4 – Insurance Contracts – "Deferral of Effective Date of IFRS 9"

The above-mentioned standards, amendments and interpretations either had no impact on the consolidated financial statements at 31 December 2020 or were not relevant for the Group.

The Group analysed IFRIC's December 2019 decision concerning the enforceable term of a lease and the useful life of non-removable leasehold improvements and does not believe that it will have a material impact on its financial statements.

The Group did not opt for the early adoption of standards, amendments and interpretations applicable for reporting periods beginning on or after 1 January 2021.

In particular, the Group did not early adopt the following standards, amendments and interpretations in its 2020 consolidated financial statements:

- IFRS 17 – Insurance Contracts
- Amendments to IAS 1 – Presentation of Financial Statements – "Classification of Liabilities as Current or Non-current"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – "Interest Rate Benchmark Reform – Phase 2"
- Amendments to IFRS 3 – Business Combinations
- Amendments to IAS 16 – Property, Plant and Equipment
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
- Annual improvements to IFRSs (2018-2020 cycle)
- Amendment to IFRS 4 – Insurance Contracts – "Extension of the Temporary Exemption from Applying IFRS 9"

The Group chooses not to apply standards, amendments and interpretations whose application is optional in a given period.

The consolidated financial statements have been prepared using the historical cost convention, except for certain categories of assets and liabilities which are accounted for in accordance with the rules prescribed by IFRS.
The categories concerned are mentioned in the notes below.

1.2. Basis of consolidation

1.2.1. Consolidation methods

The consolidated financial statements include the financial statements of AURES Technologies SA and the financial statements of subsidiaries that it controls, which are fully consolidated.
AURES Technologies SA does not jointly control or exercise significant influence over any other entities.

1.2.2. Goodwill

Upon acquiring exclusive control of an entity, the assets, liabilities and any contingent liabilities of that entity are measured at fair value.
Goodwill represents the difference between the cost of acquiring the subsidiary and the fair value of the Group's share in the subsidiary's net identifiable assets at the acquisition date.
In accordance with IAS 36, goodwill is allocated to cash-generating units (CGUs) for impairment testing purposes.

It is tested for impairment at least annually, and more frequently whenever there is an indication that it may be impaired, and is recorded at cost less cumulative impairment losses. Impairment losses recognised against goodwill cannot be reversed.

1.2.3. Estimates

Because it is difficult to accurately measure certain items included in the consolidated financial statements, Group management has to make certain estimates. Management revises these estimates in the event of a change in the underlying circumstances or in the light of new information or more experience. Consequently, the estimates used for the year ended 31 December 2020 may be significantly revised and actual future results may differ considerably from these estimates due to different assumptions or conditions.
Estimates primarily concern:

- Provisions: see Note 1.3.13.
- Intangible assets: see Note 1.3.1.
- Employee benefit obligations: since these benefits are settled many years after the employees concerned have provided the related services, employee benefit obligations are calculated using actuarial methods based on financial and demographic assumptions such as the discount rate, inflation rate, rate of future salary increases and mortality rate. Since employee benefit plans are long-term plans, changes in actuarial assumptions may result in actuarial gains and losses that can lead to significant changes in the obligation recognised (see Note 1.3.14).
- Deferred tax assets: deferred tax assets are recognised to the extent that it is probable that the Group will generate sufficient taxable income against which unused tax savings can be utilised (see Note 1.3.18).

1.2.4. Foreign currency transactions

- ***Functional currency and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

- ***Foreign currency transactions, assets and liabilities***

Foreign currency transactions within the Group's companies are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date.

In order to manage the risk arising from fluctuations in exchange rates, forward contracts are generally taken out for purchases in foreign currencies.
Forwards are put in place to hedge commercial transactions recognised in the statement of financial position and cash flows expected to arise on highly probable future commercial transactions.
Non-monetary items carried at historical cost are translated at the historical exchange rate at the transaction date, while non-monetary items carried at fair value are translated using the exchange rate prevailing at the date fair value was determined.
Any resulting foreign exchange differences are recognised in the income statement, with the exception of:

- differences arising on a gain or loss recognised directly in equity, which are also recognised in equity; and
- differences arising on the translation of a net investment in a foreign operation, which are recognised in equity and taken to the income statement when the investment is sold.

- ***Translation of the financial statements of Group companies***

The financial statements of Group companies whose functional currency is different from the presentation currency and which do not operate in a hyperinflationary economy are translated into the presentation currency as follows:

- assets and liabilities are translated at the exchange rate prevailing at the date of each statement of financial position;
- income statement items are translated at the average exchange rate for the year or at the exchange rate prevailing at the transaction date for material transactions;
- all resulting translation differences are recognised as a separate component of equity.

When a foreign operation is sold, or when control of any such operation is relinquished, the translation differences initially recognised in equity are taken to the income statement in gains and losses on disposals.

1.2.5. Reporting date

All entities included in the consolidated group have a 31 December year-end (reporting date).

1.2.6. Non-controlling interests

All profit (loss) from fully consolidated subsidiaries is allocated between the Group and any non-controlling interests, even if this leads to the recognition of non-controlling interests for a negative amount within equity.

1.3. Principal accounting methods

The principal accounting methods used are described below.

1.3.1. Intangible assets

This caption does not include research and development expenses, which are included in operating expenses for the period according to their nature.
Software is amortised on a straight-line basis over a period of one to eight years depending on the type of software concerned.
Customer relationships are amortised on a straight-line basis over a period of eight to ten years.
Non-compete clauses are amortised on a straight-line basis over a period of two to five years.

Goodwill is not amortised but tested for impairment at least annually or whenever there is an indication that it may be impaired (see Note 5.1).
For impairment testing purposes, goodwill and intangible assets are allocated to cash-generating units (CGUs). CGUs represent the smallest level at which assets are monitored internally and relate to each operating segment as defined in Note 5.17 to the consolidated financial statements.

1.3.2. Property, plant and equipment

In accordance with IAS 16 – Property, Plant and Equipment, the gross value of property, plant and equipment represents their acquisition cost. Property, plant and equipment are not remeasured.

Property, plant and equipment is depreciated on a straight-line or declining balance basis over the following estimated useful lives:

- Technical installations, equipment and tooling: 1 to 5 years
- General equipment, fixtures and fittings: 2 to 10 years
- Vehicles: 4 to 5 years
- Office and IT equipment: 1 to 8 years
- Office furniture and equipment: 4 to 10 years

The useful lives applied by Group companies for each asset category are consistent.

1.3.3. Leases

The Group recognises a lease when it has the right to direct an identified asset's use and when it obtains substantially all the economic benefits from that use.

The Group primarily has property leases, such as for offices and warehouses, although it also leases vehicles and office equipment.

Leases are recognised in the statement of financial position upon commencement of the lease for the present value of the future lease payments.

The Group therefore recognises:

- non-current right-of-use assets under leases; and
- lease liabilities reflecting lease payment obligations.

1.3.4. Right-of-use assets

Upon commencement of a lease, right-of-use assets represent the initial amount of the liability plus any initial direct costs and any adjustments for restoration obligations or payments made to the lessor prior to commencement of the lease, net of any incentives received from the lessor.

Right-of-use assets are depreciated over the lease term, generally corresponding to the non-cancellable term of the lease including any extension options that are reasonably certain to be exercised.
Depreciation recognised against right-of-use assets is included in recurring operating profit.

1.3.5. Lease liabilities

Upon commencement of a lease, lease liabilities are recognised for an amount equal to the present value of future lease payments, including fixed lease payments, variable lease payments that depend on an index or a rate defined in the lease, and payments relating to extension, purchase, termination or non-renewal options, provided that the Group is reasonably certain that it will exercise those options.
When the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure right-of-use assets and the corresponding lease

liabilities. The incremental borrowing rate notably takes into account the terms applicable to the Group's own borrowings and the economic environment in which the lease was entered into.

Lease liabilities are subsequently measured at amortised cost using the effective interest method.
After the commencement of the lease, the carrying amount of the lease liability is:

- (a) increased to reflect interest on the lease liability;
- (b) reduced to reflect the lease payments made;
- (c) remeasured to reflect any reassessment or lease modifications as specified in IFRS 16, or to reflect revised in-substance fixed lease payments.

Interest expense over the period is shown within financial income and expenses.
Lease liabilities are presented separately from net debt.

1.3.6. Exemptions

As permitted under IFRS 16.5, lease payments on short-term leases and leases with a low-value underlying asset (less than or equal to USD 5,000 or the foreign currency equivalent) are recognised directly in rental expenses.

1.3.7. Long-term financial assets

This caption mainly comprises deposits and guarantees.
At the reporting date, the Company held one non-consolidated equity investment but no receivables were due from that investment.

Non-consolidated equity investments are measured at fair value at the reporting date, with any changes recognised within other comprehensive income.

1.3.8. Inventories

Inventories are measured at the lower of cost, determined based on the weighted average cost formula, and realisable value.
The gross value of supplies includes their purchase price and any ancillary expenses, such as shipping, customs duties and insurance.
Inventories are written down whenever their net realisable value falls below their weighted average cost, i.e., mainly as a result of obsolescence owing to changes in technology or product range.

1.3.9. Receivables and payables

Receivables and payables are carried at nominal value.

If there is a risk of non-recovery, an appropriate impairment provision is recorded on a case-by-case basis or based on an aged analysis.

Obligations relating to an earn-out clause linked to financial performance (revenue, operating margin) granted in a business combination are recognised at fair value at the acquisition date.

Any changes (excluding the impact of discounting) resulting from facts and circumstances existing at the acquisition date that occur within 12 months of that date (measurement period) are recognised against goodwill. Otherwise, they are included in financial income and expenses.

1.3.10. Cash and cash equivalents

Cash and cash equivalents include cheques and bills for collection, petty cash and demand deposits. Cash equivalents are short-term investments that are highly liquid, readily convertible into a known amount of cash, and subject to an insignificant risk of changes in value.

1.3.11. Treasury shares

In accordance with IAS 32, treasury shares are recognised at their acquisition cost as a deduction from consolidated equity. If they are sold, the cost of the batch of shares sold is determined using the first-in-first-out method (FIFO), while the gains or losses on disposal are taken directly to equity.

1.3.12. Share-based payment

The Group has operated long-term equity-settled plans in the form of free share awards since 2016. The plans are accounted for in accordance with IFRS 2 – Share-based Payment. The fair value of the services provided by employees in exchange for free shares is expensed against equity. The total amount expensed over the vesting period of the free shares is calculated based on the fair value of the options awarded at the award date.

1.3.13. Provisions for contingencies and expenses

In accordance with IAS 37, a provision is set aside for present obligations to third parties at the reporting date that are likely to result in an outflow of resources, when these obligations can be estimated reliably.

1.3.14. *Provisions for employee benefit obligations*

Obligations to all employees of all ages under defined benefit plans are measured using the projected unit credit method based on the collective bargaining agreements in force within each company. The present value of the employer's future obligation changes in line with future salary increases, employee turnover and the discount rate used.
Actuarial gains and losses arising from changes in actuarial assumptions or experience adjustments are recognised in other comprehensive income.

1.3.15. *Revenue*

The Group applies IFRS 15 – Revenue from Contracts with Customers to recognise revenue.

- Consolidated revenue primarily results from sales of POS hardware and, to a lesser extent, from sales of services including extended warranties (warranties extended beyond the statutory warranty period – usually on-site warranties instead of workshop returns), hardware repairs of equipment no longer under warranty, and billed shipping costs.

- Revenue generated by the kiosk business also relates to sales of hardware.

For sales of POS hardware and kiosks, revenue is recognised when control of these products is transferred to the customer.

- In certain cases, the extended warranty service is not billed separately but is included in the selling price of the POS hardware.

Warranties included in the contract can be treated as an additional free service. These warranties are measured based on their stand-alone selling price, i.e., the catalogue price, and are recognised in revenue on a straight-line basis over the warranty period.

- Revenue earned on other services is recognised in the period in which the services are provided, with the customer benefiting from these services as and when the Group provides them.

The Group has also altered its presentation of certain amounts in the consolidated statement of financial position in order to reflect the terminology used in IFRS 15:

- Liabilities relating to contracts and customer downpayments, previously shown in "Accrued payables and other" in the consolidated statement of financial position, are now shown within "Contract liabilities".

1.3.16. *CVAE tax on value added*

The Group presents CVAE tax within "Taxes other than on income".

1.3.17. *Recurring operating profit and operating profit*

Recurring operating profit represents the difference between revenue and operating expenses. These include selling expenses as well as general and administrative expenses.

Operating profit also includes other income and expenses from operations, corresponding to gains and losses on disposals of property, plant and equipment and intangible assets, and other identified material non-recurring income and expenses (mainly provisions for claims and disputes).

The classification of these items is consistent with recommendation no. 2013-03 issued by the French accounting standards-setter (***Autorité des normes comptables*** – ANC).

1.3.18. *Income tax*

Income tax expense corresponds to the income tax due by each consolidated entity, adjusted for any deferred tax.
Deferred taxes may be recognised for any temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax base as resulting from the applicable tax rules.

Deferred tax is calculated based on the tax rates known or anticipated at the reporting date. The impact of changes in tax rates is recognised in the period in which the decision to change the tax rate is made.
Deferred tax assets arising on tax loss carryforwards which are not expected to be recovered are not recognised.
Deferred tax assets and liabilities are not discounted.

1.3.19. Earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share takes account of the impact of any potentially dilutive shares on profit for the period and on the weighted average number of shares outstanding.

1.3.20. Financial instruments

Forwards are put in place by the Group to hedge commercial transactions recognised in the statement of financial position and cash flows expected to arise on highly probable future commercial transactions.

Derivatives are initially recognised at fair value: attributable transaction costs are taken to the income statement as they are incurred.
Derivatives are measured at fair value at the reporting date, with changes in fair value taken to the income statement for the period in light of the lack of any formal documentation demonstrating hedge effectiveness.

2. Scope of consolidation

The ultimate parent company is AURES Technologies SA.
The following entities are included in the scope of consolidation:

	31 Dec. 2020			**31 Dec. 2019**		
	% ownership	% control	Consolidation method	% ownership	% control	Consolidation method
AURES Technologies Limited	100%	100%	FC	100%	100%	FC
AURES Technologies GmbH	90%	90%	FC	90%	90%	FC
AURES Technologies Inc.	100%	100%	FC	100%	100%	FC
AURES Technologies Pty	100%	100%	FC	100%	100%	FC
J2 Systems Technology Limited	100%	100%	FC	100%	100%	FC
CJS PLV	15%	15%	NC	15%	15%	NC
AGH US Holding Company Inc.	100%	100%	FC	100%	100%	FC
Retail Technology Group Inc.	100%	100%	FC	100%	100%	FC
AURES Konnect	100%	100%	FC	-	-	-

FC: Full consolidation

NC: Non-consolidated

AURES Konnect is a newly-formed company incorporated under French law, set up specially in October 2020 for the purposes of the acquisition project that was completed on 22 February 2021.

3. Foreign currency translation

The table below shows the exchange rates used to translate entities' foreign currency financial statements into euros:

	Average rate	Average rate	Closing rate	Closing rate
	2020	2019	31 Dec. 2020	31 Dec. 2019
US dollar	1.1410	1.1196	1.2271	1.1234
Australian dollar	1.6556	1.6106	1.5896	1.5995
Pound sterling	0.8892	0.8773	0.8990	0.8508

Translation gains and losses recognised in other comprehensive income primarily result from fluctuations in the US dollar, Australian dollar and pound sterling between 2019 and 2020.

4. Change in accounting methods

None.

5. Notes to the financial statements for the year ended 31 December 2020

Amounts are expressed in thousands of euros.

5.1. Goodwill

Movements in goodwill can be analysed as follows:

In € thousands	31 Dec. 2019	Impact of exchange rate fluctuations	31 Dec. 2020
Goodwill (J2)	348	(19)	329
Goodwill (RTG)	7,178	(607)	6,572
TOTAL	**7,526**	**(625)**	**6,901**

5.1.1. Impairment test

The impairment test carried out in 2020 on the goodwill related to RTG did not result in the recognition of an impairment loss, as the recoverable amount of the asset tested was higher than its carrying amount. The recoverable amounts of the Group's cash-generating units were determined based on value in use. Value in use is calculated using cash flow projections contained in business plans covering up to 2025.

Beyond 2025, cash flows from a standard year are used, discounted to perpetuity.

A 12.6% post-tax discount rate and a 2% long-term growth rate were used.

The sensitivity tests performed on the discount rate (+/- 100bps) and organic growth rate (+/- 100bps), which also assume a decline in revenue in 2022 and an EBITDA margin for 2022 identical to 2021, confirm the Group's analysis.

5.2. Intangible assets

Movements in intangible assets can be analysed as follows:

In € thousands	31 Dec. 2019	Acquisitions/ Amortisation expense	Disposals/ Reversals of amortisation	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Customer relationships	12,001	-	-	-	-	(829)	11,172
Non-compete clause	395	-	-	-	-	(32)	363
Concessions, patents and other rights	1,840	18	(10)	-	-	(35)	1,813
Gross value of intangible assets	**14,236**	**18**	**(10)**	**-**	**-**	**(896)**	**13,348**
Customer relationships	(4,918)	(1,314)	-	-	-	346	(5,886)
Non-compete clause	(157)	(59)	-	-	-	14	(201)
Concessions, patents and other rights	(1,570)	(146)	7	-	-	31	(1,678)
Total amortisation	**(6,645)**	**(1,519)**	**7**	**-**	**-**	**391**	**(7,765)**
Net amount of intangible assets	**7,591**	**(1,501)**	**(3)**	**-**	**-**	**(505)**	**5,583**

In 2020, no indications of impairment of intangible assets were identified.

5.3. Property, plant and equipment

Movements in property, plant and equipment can be analysed as follows:

In € thousands	31 Dec. 2019	Acquisitions/ Depreciation expense	Disposals/ Reversals of depreciation	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Buildings, fixtures and fittings	1,874	71	(23)	-	-	(71)	1,852
Technical installations, equipment and tooling	528	-	(8)	-	-	(33)	487
Other property, plant and equipment	1,276	33	(64)	-	-	(45)	1,201
Property, plant and equipment in progress	176	652	-	(49)	-	(1)	779
Gross value of property, plant and equipment	**3,854**	**756**	**(95)**	**(49)**	**-**	**(149)**	**4,319**
Buildings, fixtures and fittings	(863)	(255)	23	-	-	59	(1,035)
Technical installations, equipment and tooling	(481)	(16)	8	-	-	32	(457)
Other property, plant and equipment	(862)	(136)	56	-	-	40	(902)
Depreciation of property, plant and equipment	**(2,205)**	**(407)**	**87**	**-**	**-**	**131**	**(2,393)**
Net amount of property, plant and equipment	**1,649**	**350**	**(8)**	**(49)**	**-**	**(18)**	**1,925**

Movements recorded under "Transfers" relate to the transfer of property, plant and equipment in progress to their final asset categories.

"Other property, plant and equipment" mainly includes vehicles (€46K) and office and IT equipment (€1,155K).

5.4. Right-of-use assets

Right-of-use assets related to property, plant and equipment (see Note 1.3.4) can be analysed as follows:

		Increases		Decreases			
In € thousands	**31 Dec. 2019**	**New leases**	**Depreciation**	**End of contracts**	**Depreciation**	**Impact of exchange rate fluctuations**	**31 Dec. 2020**
Right-of-use assets – Property	5,693	2,979	(1,286)	-	-	(318)	7,068
Right-of-use assets – Plant and equipment	4	3	(6)	-	-	0	0
Right-of-use assets – Vehicles	1,263	481	(411)	(983)	212	3	565
TOTAL	**6,960**	**3,463**	**(1,704)**	**(983)**	**212**	**(315)**	**7,633**

5.5. Long-term financial assets

Movements in long-term financial assets can be analysed as follows:

In € thousands	31 Dec. 2019	Increases	Decreases	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Non-consolidated equity investments	951	-	-	-	-	-	951
Other long-term financial assets	580	48	(161)	-	-	0	467
TOTAL	**1,531**	**48**	**(161)**	**-**	**-**	**0**	**1,418**

Non-consolidated equity investments relate to the acquisition of a 15% stake in the capital of CJS-PLV on 4 January 2018.

Other long-term financial assets mainly comprise deposits and guarantees given on the signature of leases regarding various Group entities and two holdbacks (€250K) deducted by BPI at the time of arranging financing in 2018.

5.6. Inventories

In € thousands	31 Dec. 2020	31 Dec. 2019
Inventories	22,427	25,476
Impairment	(2,901)	(2,272)
NET	**19,526**	**23,204**

Inventories and work-in-progress can be analysed as follows for each Group entity:

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG
Inventories	22,427	1,759	8,968	2,802	2,147	2,487	4,265
Impairment	(2,901)	(347)	(454)	(240)	(461)	(380)	(1,019)
NET	**19,526**	**1,412**	**8,514**	**2,561**	**1,686**	**2,107**	**3,246**

Movements in the “Impairment” line can be analysed as follows:

In € thousands	31 Dec. 2019	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Impairment	(2,272)	(3,003)	2,232	-	142	(2,901)

Impairment recognised against inventories is included in operating profit.

The year-on-year increase in impairment mainly stemmed from lower inventory turnover due to the decrease in the Group’s business volumes caused by the Covid-19 health crisis.

5.7. Trade receivables

In € thousands	31 Dec. 2020	31 Dec. 2019
Gross value	10,098	17,818
Impairment	(305)	(295)
NET	**9,793**	**17,523**

Movements in impairment of trade receivables can be analysed as follows:

In € thousands	31 Dec. 2019	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Impairment	(295)	(205)	176	-	18	(305)

All trade receivables fall due within one year, with the exception of doubtful receivables.
The maximum exposure to credit risk on trade receivables is their carrying amount.

Impairment recognised against trade receivables is included in operating profit.

Trade receivables can be analysed as follows for each Group entity:

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG
Trade receivables	10,007	767	2,723	675	983	803	4,057
Doubtful receivables	91	74	15	-	-	2	-
Gross value	10,098	840	2,738	675	983	805	4,057
Impairment	(305)	(67)	(13)	(5)	-	(2)	(218)
NET	**9,793**	**773**	**2,725**	**670**	**983**	**803**	**3,839**

5.8. Accrued receivables and other

In € thousands	31 Dec. 2020	31 Dec. 2019
State	3,322	2,689
Personnel-related receivables	8	48
Amounts receivable from suppliers	99	5
Credit notes receivable	50	145
Advances granted to suppliers	125	59
Other receivables	2,761	284
Accrued income	4	5
Prepaid expenses	766	752
TOTAL	**7,134**	**3,987**

"State" includes €1,468K corresponding to payments on account for corporate income tax.

"Other receivables" includes:

- €194K corresponding to a receivable due following the triggering of the seller's warranty given in connection with the RTG acquisition; and
- €2,459K, corresponding to the estimated amount when the Group filed its forgiveness application for the USD 3 million loan obtained under the Paycheck Protection Program (PPP) introduced by US Public Law 116-136 – Coronavirus Aid, Relief and Economic Security (the "CARES" Act).

5.9. Cash and cash equivalents

In € thousands	31 Dec. 2020	31 Dec. 2019
Bills for collection	-	-
Bank accounts	23,458	10,677
Petty cash	10	7
TOTAL	**23,468**	**10,684**

5.10. Equity

Equity includes shareholders' equity and non-controlling interests as shown in the statement of financial position.
Consolidated equity is not subject to any third-party restrictions.

The share buyback programmes put in place within the Group are described in Note 6.7 to the consolidated financial statements.

5.11. Provisions for contingencies and expenses

In € thousands	31 Dec. 2019	Additions	Reversals	Remeasurement	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2020
Employee benefit obligations (1)	568	19	-	(27)	-	-	-	560
Customer warranties (2)	651	216	(410)	-	-	-	(6)	451
Free share plans (3)	-	1	-	-	-	-	-	1
Other provisions for contingencies (4)	267	123	(54)	-	-	-	(20)	316
TOTAL	**1,486**	**359**	**(464)**	**(27)**	**-**	**-**	**(26)**	**1,328**

- (1) Employee benefit obligations

The Company has no pension obligations. Its only employee benefit obligations concern termination benefits payable upon retirement, pursuant to the collective bargaining agreement.

Termination benefits are calculated based on the average remuneration that the employee concerned received or would have received over the last 12 months of service prior to retirement. In the event of voluntary retirement, payroll taxes are deducted from the termination benefits.
Termination benefits are not funded by insurance contracts.
The actuarial method used to measure these benefits is the projected unit credit method.

To reflect the impact of increases in benefit entitlement based on seniority, benefits are allocated on a straight-line basis over the employee's active working life.

The portion of the benefit obligation allocated to reporting periods prior to the measurement date (defined benefit obligation) corresponds to the Company's obligation for services provided.

The actuarial liability corresponds to the amount of the benefit obligation for which a provision should be set aside in the financial statements.
The portion of the benefit obligation allocated to the reporting period following the measurement date (service cost) reflects the likely increase in the obligation owing to the additional year of service provided by the employee at the end of that period.

The future benefit obligation is calculated on a case-by-case basis in accordance with the recommendations of the International Accounting Standards Board (IASB) (revised IAS 19). The sum of these obligations gives the total benefit obligation for the Company.

The assumptions used to calculate the benefit obligation at 31 December 2020 and 31 December 2019 are as follows:

	31 Dec. 2020	31 Dec. 2019
Mortality rate	TD/TV 2014-2016	TD/TV 2013-2015
Discount rate	0.35%	0.80%
Rate of future salary increases	1.50%	1.50%
Theoretical retirement age for managerial-grade employees (*cadres*)	65 years	65 years
Theoretical retirement age for other employees	63 years	63 years
Employee turnover rate	2.30%	1.90%
Employer payroll tax rate	47.15%	47.15%

The sensitivity of the provision for employee benefit obligations to changes in the discount rate is not material:

Discount rate	0.10%	0.35%	0.60%
	576.9	560.0	543.9

Service cost for 2020 amounted to €45K (2019: €49K) and interest cost to €4K (2019: €9K). Actuarial gains totalled €27K (€79K in 2019) and were recognised in other comprehensive income.

- (2) Customer warranties

A provision calculated on a statistical basis is set aside in the financial statements for the costs of setting up contractual warranties for customers on sales of equipment.
The provision is calculated based on the revenue earned and the residual warranty period at the reporting date.

- (3) Free share plans

A provision is set aside to cover social security contributions due on free share plans.

- (4) Other provisions for contingencies

  - Claims and disputes

The main legal proceedings in process at 31 December 2020 were:

- three disputes with former employees of the French entity before the Evry Employment Court (*Conseil de prud'hommes*) following the termination of their employment contracts, for which a €105K provision has been recognised in the consolidated financial statements at 31 December 2020; and
- a patent troll dispute in the United States, for which a €17K provision has been recognised.

  - Other contingencies

Other provisions for contingencies include the provision relating to the data breach at RTG whose management is still in process. At 31 December 2020, this provision amounted to €194K.

5.12. Non-current and current borrowings and debt

At 31 December 2020, non-current and current borrowings and debt can be analysed by maturity as follows:

In € thousands	**TOTAL**	**1 year or less**	**More than 1 year and less than 5 years**	**More than 5 years**
Other borrowings and debt	21,233	2,683	18,550	-
Short-term bank overdrafts	20	20	-	-
TOTAL	**21,253**	**2,704**	**18,550**	**-**

Changes in non-current and current borrowings and debt in the period can be analysed as follows:

In € thousands	**31 Dec. 2019**	**Increases**	**Decreases**	**Changes in scope of consolidation**	**Impact of exchange rate fluctuations**	**31 Dec. 2020**
Cash liabilities	(2,415)	(13)	2,355	-	53	(20)
Borrowings and debt	(10,177)	(13,843)	2,613	-	174	(21,233)
TOTAL	**(12,591)**	**(13,857)**	**4,969**	**-**	**227**	**(21,253)**
O/w current	(5,572)	-	-	-	-	(2,704)
O/w non-current	(7,020)	-	-	-	-	(18,550)

In 2016, to finance the fixtures and fittings for its new headquarters, the Company was granted two bank loans in euros bearing fixed-rate interest at between 1.15% and 1.64%, with a final maturity in 2023.

In connection with the acquisition of RTG on 16 October 2018, the Company was granted three bank loans in euros bearing fixed-rate interest at between 0.95% and 1%, with a final maturity in 2024.
In 2020, the Group arranged a bank loan in euros with a final maturity in 2027 and bearing fixed-rate interest at 0.52%, taken out in connection with financing for fixtures and fittings for its headquarters.

Amid the Covid-19 health crisis, the Group also arranged:

- A government-backed loan ("PGE") in France totalling €10.5 million, taken out with three financial institutions. On the anniversary date of this loan the Company decided to convert it into a loan repayable over five years with a one-year deferment period.

- A Paycheck Protection Program (PPP) loan representing USD 3 million (€2.45 million) in the United States under US Public Law 116-136 – Coronavirus Aid, Relief and Economic Security (the "CARES" Act). The Group has filed a "forgiveness" application for this loan and believes that its application will be successful (i.e., that the loan will be forgiven and converted in full into a grant). If this is not the case, the loan will continue to correspond to a 1% fixed-rate loan, with the remaining balance payable over a period of 18 months.

The Group considers that it is not exposed to interest rate risk and that the fair value of the various borrowings and debt corresponds to their carrying amount in the statement of financial position.

5.13. Lease liabilities

Movements in lease liabilities can be analysed as follows:

In € thousands	31 Dec. 2019	New leases	Increases	Decreases	Impact of exchange rate fluctuations	Other	31 Dec. 2020
Non-cash impacts	8,784	2,016	1,479	(549)	(360)	31	11,401
Cash impacts	(1,636)	-	-	(1,820)	-	-	(3,456)
TOTAL	**7,147**	**2,016**	**1,479**	**(2,369)**	**(360)**	**31**	**7,944**
O/w current	1,658	-	-	-	-	-	1,400
O/w non-current	5,488	-	-	-	-	-	6,544

Lease liabilities at 31 December 2020 can be analysed by maturity as follows:

In € thousands	TOTAL	1 year or less	More than 1 year and less than 5 years	More than 5 years
Lease liabilities	7,944	1,400	4,940	1,604
TOTAL	**7,944**	**1,400**	**4,940**	**1,604**

5.14. Trade payables

Trade payables can be analysed as follows for each Group entity:

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG
Trade payables	9,539	182	6,487	345	76	100	2,349
Amounts payable on non-current assets	-	-	-	-	-	-	-
TOTAL	**9,539**	**182**	**6,487**	**345**	**76**	**100**	**2,349**

All amounts included within "Trade payables" fall due within one year.

5.15. Contract liabilities

In € thousands	31 Dec. 2020	31 Dec. 2019
Customer advances	1,647	1,389
Deferred income	4,425	6,297
TOTAL	**6,072**	**7,686**

Deferred income relates to:

- revenue earned on extended warranties for the residual warranty period and relating to future years (including the impact of IFRS 15 for €1,629K). It includes a financial component that is not considered material by the Group in light of the parent company's borrowing costs; and
- revenue earned on services performed by RTG for the residual period and relating to future years, amounting to €1,170K.

5.16. Accrued payables and other

In € thousands	31 Dec. 2020	31 Dec. 2019(1)
Other non-current liabilities	462	504

In € thousands	31 Dec. 2020	31 Dec. 2019(1)
Tax and social security liabilities	3,999	4,850
Amounts payable to customers	287	638
Credit notes not yet issued	273	253
Other payables	640	881
TOTAL	**5,199**	**6,622**

(1) After the retrospective application of reclassifications linked to the purchase price accounting for RTG.

Other non-current liabilities correspond to the earn-out payment due in 2022 in connection with the RTG acquisition. The Group continued to recognise this liability in its consolidated statement of financial position at 31 December 2020 in view of the difficulty in accurately estimating RTG's earnings outlook in an economic environment that is still impacted by the Covid-19 health crisis.

The "Other payables" line primarily corresponds to the one-year deferred cash payment relating to the RTG acquisition. The net amount of this payment at 31 December 2020 was €632K after deducting an aggregate €549K (USD 674K) in sums withheld pursuant to the seller's warranty (for RTG's data breach and tax audit).

5.17. Segment information

The Group reports on three geographical segments: France, Europe and the United States and Australia.
This information reflects the key indicators monitored and used internally by the Group's chief operating decision-makers.

Following the addition of RTG to its consolidated group, AURES now also presents the total of each indicator for each business sector, in order to track overall trends in those sectors:

- marketing and sale of POS and kiosk products;
- POS services.

Information analysing revenue by source is also presented. There are two sources of revenue:

- sales of goods;
- sales of services including warranties, repairs of equipment no longer under warranty, and billed shipping costs for trading companies, along with the RTG business.

5.17.1. Results by business sector

Sector information is determined in light of consolidated data as defined in Note 5.17:

	2020						2019					
In € thousands	Marketing and sales				Services		Marketing and sales				Services	
	France (1)	Europe (2)	US/ Australia (3)	Sub-total (1)+(2)+(3)	US	Total	France (1)	Europe (2)	US/ Australia (3)	Sub-total (1)+(2)+(3)	US	Total
Revenue	18,914	19,632	15,202	53,748	33,496	87,244	29,859	26,002	23,801	79,662	36,211	115,873
Operating profit (loss)	626	1,404	752	2,782	2,164	4,946	4,762	1,115	1,037	6,914	(1,525)	5,389
Consolidated net profit (loss)	(577)	1,046	466	935	2,174	3,108	3,047	718	600	4,364	(1,311)	3,053

5.17.2. Revenue by source

Consolidated revenue can be analysed by source as follows:

In € thousands	2020	2019
Sales of goods held for resale	59,224	83,278
Sales of services	28,019	32,595
TOTAL	**87,243**	**115,873**

5.17.3. Geographic breakdown

Consolidated revenue can be analysed by destination of sales as follows:

In € thousands	2020	2019
France	14,244	20,548
United Kingdom	6,364	12,599
Germany	8,438	7,576
Australia	6,597	8,982
United States	41,662	50,418
Other EU countries	6,255	12,010
Other non-EU countries	3,684	3,740
TOTAL	**87,243**	**115,873**

The criterion used to allocate revenue in the table above is the destination of sales. This is different from that used in earnings press releases prepared by the Group, in which revenue is presented by entity.

5.18. Other operating income and expenses

Other operating income and expenses consist of the following:

In € thousands	2020	2019
Royalties and patents	(61)	(146)
Debt write-offs	(346)	(160)
Directors' remuneration (formerly directors' fees)	(4)	(8)
Other operating expenses	(2)	(4)
Amounts received in respect of short-time working or similar arrangements	3,449	-
Other operating income	69	55
TOTAL	**3,105**	**(263)**

Royalties relate to amounts paid on sales of J2 products.

The Group hedges losses on its trade receivables.

Amounts received in respect of short-time working or similar arrangements concerns France (€388K), the United Kingdom (€209K), Australia (€188K) and Germany (€19K).

In accordance with IAS 20, they also include the Group's best estimate of the amount of the PPP loan obtained by the two US entities, which is expected to be forgiven (i.e., converted into a grant) (€2,645K).

5.19. Other income and expenses from operations

Other income and expenses from operations consist of the following:

In € thousands	**2020**	**2019**
Net carrying amount of non-current assets sold	(10)	(13)
Other expenses from operations	(170)	(7)
Proceeds from disposals of non-current assets	7	4
Terminated leases (IFRS 16)	6	-
Other income from operations	289	17
TOTAL	**122**	**1**

5.20. Financial profit and loss

The following items make up financial profit and loss:

In € thousands	**2020**	**2019**
Interest expense	(92)	(246)
Interest expense on lease liabilities	(220)	(205)
Cost of net debt	**(312)**	**(451)**
Other financial income	4	43
Foreign exchange gains	420	955
Foreign exchange losses	(1,653)	(919)
Fair value of financial instruments	(88)	(120)
Other financial expenses	**(1,317)**	**(41)**
FINANCIAL PROFIT (LOSS)	**(1,629)**	**(492)**

- Currency risk

The AURES Group is exposed to two types of currency risk that could impact its profit and equity:

- currency risk resulting from the translation of the financial statements of its foreign subsidiaries (United Kingdom, Australia and United States) into euros;
- currency risk arising on cash flows from commercial and financial transactions carried out in currencies other than the euro, which is the Group's functional currency.

The Group has a policy aimed at minimising and managing these currency risks:

- Cash flows exchanged in connection with purchases of goods for resale are generally pooled by AURES Technologies SA, therefore providing the Company with a natural hedge for a portion of these purchases.
- Hedges are in place to protect against the currency risk arising on transactions. These hedges consist of forward purchases ranging from six months to one year and protect the Group's earnings from adverse changes in exchange rates against the euro. However, the hedges are flexible and are set up gradually, so as to maximise the benefit from any favourable exchange rate fluctuations.

- Cash flows exchanged in connection with purchases of goods for resale are generally pooled by AURES Technologies SA. The impact of hedges is set out in Note 6.1, Off-balance sheet commitments.
- The Group's policy is not to hedge risks arising on the translation into euros of the financial statements of consolidated subsidiaries with a functional currency other than the euro.

The main exchange rates used to prepare the financial statements are presented in Note 3 to the consolidated financial statements.

5.21. Income tax

The income tax expense for the year can be analysed as follows:

In € thousands	2020	2019
Current tax	(254)	(2,371)
Deferred tax	45	527
TOTAL	**(209)**	**(1,844)**

The table below reconciles:

- the Group's theoretical tax expense as calculated by multiplying consolidated profit before tax by the tax rate applicable in 2020, with
- the total tax expense recognised in the consolidated income statement.

In € thousands	2020	2019
Consolidated profit before tax	3,317	4,897
Theoretical tax expense	908	1,568
%	27.38%	32.02%
Impact of non-taxable income and expenses	(825)	128
Impact of different tax rates	126	148
EFFECTIVE TAX EXPENSE AND TAX RATES	**209**	**1,844**
	6.29%	**37.65%**

5.22. Deferred tax

Deferred tax assets and liabilities can be analysed by category as follows:

	31 Dec. 2020	31 Dec. 2019[1]
Deferred tax assets on temporary differences	1,121	895
Deferred tax assets on tax loss carryforwards	697	941
Deferred tax assets on employee benefit obligations	153	182
Deferred tax assets on adjustments (inventory margin)	144	283
Deferred tax assets on adoption of IFRS 15	444	624
Deferred tax assets on adoption of IFRS 16	65	35
Deferred tax assets on fair value	48	28
Deferred tax assets	2,673	2,988
Deferred tax liabilities on temporary differences	-	(94)
Deferred tax liabilities on provisions	(261)	(85)
Deferred tax liabilities on intangible assets	(1,278)	(1,704)
Deferred tax liabilities on fair value	-	-
Deferred tax liabilities	(1,538)	(1,879)
Net deferred tax assets	**1,135**	**1,109**

[1] After the retrospective application of reclassifications linked to the purchase price accounting for RTG.

At 31 December 2020, the Group's historical US entity had cumulative tax losses of around USD 1,600K (taken on from AURES USA Inc. following the merger with the current entity, formerly known as J2 Retail Systems Inc.). These tax losses have not given rise to the recognition of any deferred tax assets in the financial statements.

Since the US subsidiary is a UK and US tax resident, a portion of the tax losses generated by J2 Retail Systems Inc. in previous periods were offset against income taxed in the United Kingdom. The remaining tax losses may be offset against income generated and liable for income tax in the United States if the Company is no longer a UK tax resident.

Following the acquisition of RTG, the Group recognised deferred tax assets of €697K on the tax losses carried forward by the entity (in an amount of USD 3.2 million).
These were recognised to the extent that they may be utilised against future taxable differences, based on a reasonable likelihood that they would be realised or recovered, as estimated in light of available forecasts.

5.23. Earnings per share

At 31 December 2020, AURES Technologies' share capital comprised 4,000,000 shares and the Company held 72,062 treasury shares (Note 6.7).

In € per share (except for number of shares)	**31 Dec. 2020**
Net profit attributable to owners of the parent (in €K)	3,026
Average number of shares outstanding	
Before dilution	3,928,019
Impact of dilution	
Free shares	
After dilution	3,938,019
Attributable earnings per share	
Basic	0.77
Diluted	0.77

5.24. Related-party transactions

The Group carried out the following related-party transactions:

In € thousands	**2020**	**2019**
	Le Cristal Un SCI	Le Cristal Un SCI
External expenses (rent and insurance)	227	216
Taxes other than on income	59	59
Trade payables	71	-

Le Cristal Un SCI has a senior executive in common with AURES Technologies SA.
Remuneration expensed for senior executives during the year is presented in Note 6.6.

6. Other disclosures

6.1. Off-balance sheet commitments

In € thousands	**31 Dec. 2020**
Forward purchases of foreign currencies	6,682
Pledge of business goodwill	5,410
Guarantees	1,094
French government-backed loan ("PGE")	10,500

- Forward purchases of foreign currencies

At 31 December 2020, the amount outstanding under forward currency contracts taken out by the Group totalled USD 7,895K, of which USD 1,450K was allocated to the payment of trade payables.
The balance of these contracts hedges commitments given to purchase goods for resale at 31 December 2020.

The average exchange rate for the hedges in force at 31 December 2020 is €1 = USD 1.1815.

Forward contracts are carried in the financial statements at their fair value and were recognised in financial assets in an amount of €260K at 31 December 2020.

- Pledge of business goodwill

On 31 December 2012, business goodwill was pledged to Crédit du Nord and BNP Paribas in an amount of €5,060,000 in connection with ten-year financing set up for the J2 Systems Technology acquisition on 20 December 2012.

On 10 January 2017, business goodwill was pledged to BPI France in an amount of €350,000 in connection with financing set up in relation to fixtures and fittings for the new headquarters.

- Guarantees

Within the scope of the RTG acquisition on 16 October 2018, AURES Technologies SA provided a parent company guarantee to its subsidiary AGH US Holding Company Inc. It remains liable for the amounts due between end-2020 and 2022, i.e., €1,094K (USD 1,342K based on the exchange rate at 31 December 2020).

- Bank covenants

Other commitments given by the Company relate to bank covenants agreed at the time of arranging financing for the acquisition of RTG on 16 October 2018.
The Company undertook to comply with three covenant ratios defined in the loan agreement with BNP Paribas and CIC.

These three ratios, based on the consolidated financial statements, are:
- Net debt/equity
- Free cash flow/interest expense
- Consolidated net debt/consolidated gross operating profit + finance lease payments

At 31 December 2020, the Company must have:
- Stable net debt/equity: 1 or less
- Free cash flow/interest expense: more than 1
- Consolidated net debt/consolidated gross operating profit + finance lease payments: 3 or less

The Group complied with all of these covenant ratios at 31 December 2020.

6.2. Headcount

AURES Technologies had a headcount of 296.5 at 31 December 2020:

	31 Dec. 2020	31 Dec. 2019
Managerial-grade employees (*cadres*)	41.4	43.0
Other employees	255.1	390.3
TOTAL	296.5	433.3

6.3. Employee profit-sharing and incentive schemes

No Group companies are required to set up an employee profit-sharing or incentive scheme.

On 18 June 2018, AURES Technologies SA set up a discretionary incentive scheme for all employees with the exception of the Chairman and Chief Executive Officer.

This three-year scheme is effective as from the reporting period beginning 1 January 2018.

At 31 December 2020, the criteria for triggering payment of the incentive scheme bonus had not been met.

6.4. Statutory audit fees

The amount of fees paid to the Group's Statutory Auditors in 2020 and 2019 can be analysed as follows:

	PwC		F.-M. Richard et Associés	
In € thousands	**2020**	**2019**	**2020**	**2019**
Sub-total: statutory audit services	232	257	97	88
AURES Technologies SA	101	92	97	88
Fully consolidated subsidiaries	131	165	-	-
Sub-total: non-audit services	3	3	3	3
AURES Technologies SA	3	3	3	3
Fully consolidated subsidiaries	-	-	-	-
TOTAL	**235**	**260**	**100**	**91**

Non-audit services in 2020 corresponded to the verification of covenants and the issuance of a statement to the Group's banks.

6.5. Subsequent events

- ***Brexit***

Following the end of the transition period on 31 December 2020 and the signature of the EU-UK Trade and Cooperation Agreement on 30 December 2020, the Group – and particularly its UK entity – analysed the practical consequences of Brexit on its business (goods transport, customs formalities, tax issues, etc.) in order to minimise disruption of deliveries to UK customers who have points of sale in the European Union.

Drawing on its presence in France and Germany, the Group worked in partnership with its customers to select, on a case-by-case basis, the most appropriate solution to suit their needs.

Apart from the difficulties arising from the fact that the Trade and Cooperation Agreement was signed at such a late date, and the logistics delays experienced in January 2021, the Group does not foresee any other particular difficulties related to Brexit.

- ***Acquisitions***

On 22 February 2021, the Group completed the acquisition of all the shares of two companies specialised in designing, developing and marketing software products, the French company Softavera and the Tunisia-based Leader Solution Tactile (LST), as well as their trademarks and associated software.

These acquisitions constitute a structural operation for the Group, as it will now be able to draw on a team of some 60 developers with a view to swiftly developing its middleware. This middleware will be an environment that can provide partners' and customers' software with additional interconnection services and functionalities and application tiles, such as click & collect, drive-through, self-ordering and equipment monitoring. It will mean that the Group will be able to offer end-to-end solutions to markets of all types and sizes by proposing not only hardware but also middleware.

- ***Conversion of the French government-backed loan ("PGE")***

In view of the ongoing Covid-19 health crisis, the Group decided to convert the €10.5 million French government-backed loan ("PGE") that it obtained in 2020 from three financial institutions in France into a loan repayable over five years with a one-year deferment period. Without the guarantee from the French government, the fixed interest rate on the loan ranges between 0.28% and 0.75%.

No other significant events took place between 31 December 2020 and 29 April 2021, the date on which the financial statements were approved by the Board of Directors.

6.6. Executive remuneration

Remuneration paid to members of managing bodies totalled €492K in 2020.

No advances were granted during the year.

The above amount concerns remuneration payable to the Chairman and Chief Executive Officer.

Remuneration payable to other corporate officers is not disclosed for confidentiality reasons, given the Company's scale and operating methods.

The corporate officers do not receive any remuneration for the duties they perform within the companies controlled by the Group.

No specific agreements have been entered into with the corporate officers in respect of pensions or similar benefits, and no financial advances have been granted to them.

6.7. Treasury shares

A new share buyback programme was set up by the Board of Directors further to the authorisation given at the Annual General Meeting of 24 September 2020.

The shares held within the scope of all share buyback programmes undertaken by the Company are as follows:

	31 Dec. 2020			31 Dec. 2019		
Account	Number of shares	Price per share	Total price	Number of shares	Price per share	Total price
		€	€K		€	€K
Market-making	3,065	21.36	65	1,934	23.87	46
Treasury shares	68,997	22.32	1,540	68,997	22.32	1,540
TOTAL	**72,062**		**1,605**	**70,931**		**1,586**

Within the scope of this share buyback programme, the Company carried out the following transactions in connection with its liquidity agreement in 2020:

	Number of shares	Average price	% capital
Number of shares purchased	43,304	18.17	1.08%
Number of shares sold	42,173	18.20	1.05%
Number of shares cancelled	None	-	-
Market-making account at 31 Dec. 2020	3,065	21.36	0.08%
Number of treasury shares held at 31 Dec. 2020 other than under the liquidity agreement	**68,997**	**22.32**	**1.72%**

The Company did not purchase any of its own shares in 2020.

Other than under the liquidity agreement, the Company held 68,997 of its own shares at 31 December 2020.

The carrying amount of the portfolio at 31 December 2020 was €1,605,334.96, for a market value of €1,574,554.70 and a total nominal amount of €17,249.25.

6.8. Free share plans

At the Annual General Meeting held on 16 June 2016, the shareholders authorised the Board of Directors to award Group employees and/or certain corporate officers, on one or several occasions and over a maximum period of 38 months, free shares that may or may not be subject to performance conditions.
Part of this authorisation has been used. The terms and conditions of the authorisation along with a list of beneficiaries were approved by the Board of Directors at its meetings of 21 October 2016, 31 October 2017 and 23 July 2018.

At the Annual General Meeting held on 25 June 2019, the shareholders authorised the Board of Directors to award free new or existing shares over a period of 38 months, within the scope of Article L. 225-197-1 of the French Commercial Code (eighteenth resolution).

The number of free shares that may be awarded by the Board of Directors pursuant to this authorisation may not represent more than 10% of the share capital at the date of the above-mentioned Annual General Meeting.

The authorisation granted at the Annual General Meeting of 25 June 2019 was used on 1 January 2020 to award 21,500 shares, leaving a residual 378,500 shares.

On 18 December 2020, the Board of Directors used the 25 June 2019 authorisation again, for the purpose of awarding up to 10,000 free shares to two employees, without any performance conditions attached but subject to a service condition.
The shares have a two-year vesting period, expiring on 20 December 2022 at midnight. However, they are not subject to a one-year lock-up period.
The free shares awarded to the beneficiaries will be existing ordinary shares.

The authorisation granted at the Annual General Meeting of 25 June 2019 was therefore used to award 31,500 shares, leaving a residual 368,500 shares.

The main features of the free share plans are summarised below:

Overview	**2020-1 Plan**
-	Movements in 2020
Date of AGM	25 June 2019
Total number of shares that may be awarded	10% of the share capital at the date of the AGM
Total number of shares actually awarded	10,000
Date of Board of Directors' decision	18 Dec. 2020
Period during which the condition for awarding shares was assessed	Service condition assessed at the vesting date only
Vesting period	2 years
Post-vesting holding period	None
-	Movements in 2020
Number of shares subject to a service condition awarded during the year	10,000
Number of shares forfeited or cancelled during the year	-
Number of shares vested during the year	-
Share price at the award date	€22.20
Number of shares at 31 December 2020	10,000
Expense recognised against equity	€5K

The fair value of the shares awarded was determined by reference to the stock market price of the AURES Technologies SA share at the date on which the plan was approved by the Board of Directors, assuming that the full number of shares would be awarded. The expense charged against equity is recognised on a straight-line basis over the vesting period of each plan.

FINANCIAL STATEMENTS

➢ Financial statements

STATEMENT OF FINANCIAL POSITION – ASSETS (€ thousands)

Notes		Gross amount	Depreciation, amortisation and provisions	31 Dec. 2020	31 Dec. 2019
	Uncalled subscribed share capital				
1.1/1.4	**INTANGIBLE ASSETS**				
	Start-up costs				
	Research and development expenses				
	Concessions, patents and other rights	1,225	1,130	94	179
	Intangible assets in progress	34	-	34	34
	Advances and downpayments	-	-	-	-
1.2/1.4	**PROPERTY, PLANT AND EQUIPMENT**	-	-	-	-
	Land	-	-	-	-
	Buildings	830	240	590	600
	Technical installations, equipment and tooling	40	36	5	9
	Other	415	250	165	207
	Property, plant and equipment in progress	745	-	745	94
	Advances and downpayments	-	-	-	-
1.3/1.4	**LONG-TERM FINANCIAL ASSETS**	-	-	-	-
	Equity investments	11,392	-	11,392	11,342
	Receivables from equity investments	8,580	-	8,580	6,606
	Other long-term investments	-	-	-	-
	Loans	-	-	-	-
	Other long-term financial assets	455	-	455	546
	NON-CURRENT ASSETS	**23,715**	**1,656**	**22,059**	**19,617**
	INVENTORIES AND WORK-IN-PROGRESS	-	-	-	-
1.5	Inventories	8,968	454	8,514	9,884
	Advances and downpayments paid on orders	95	-	95	25
1.6	**RECEIVABLES**	-	-	-	-
	Trade receivables	8,770	13	8,757	15,519
	Other	2,017	-	2,017	2,607
	Share capital subscribed and called but not paid	-	-	-	-
1.8	CASH AND MARKETABLE SECURITIES	-	-	-	-
	Treasury shares	1,540	201	1,339	1,540
	Cash instruments	-	-	-	-
1.8	Cash and cash equivalents	13,813	-	13,813	4,051
1.9	Prepaid expenses	178	-	178	126
	CURRENT ASSETS	**35,380**	**668**	**34,712**	**33,752**
	Deferred expenses	-	-	-	-
	Loan repayment premiums	-	-	-	-
2.7	Unrealised translation losses	857	-	857	128
	TOTAL	**59,952**	**2,324**	**57,628**	**53,497**

STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (€ thousands)

Notes		31 Dec. 2020	31 Dec. 2019
2.1	Share capital	1,000	1,000
	Additional paid-in capital	-	-
	Revaluation adjustments	-	-
	Equity method adjustments	-	-
	Legal reserve	100	100
	Reserves under the articles of association or a contract	-	-
	Regulated reserves	-	-
	Other reserves	1,500	1,500
	Retained earnings	26,670	22,977
	PROFIT FOR THE YEAR	74	3,693
	Investment subsidies	-	-
	Regulated provisions	180	180
2.2	**EQUITY**	**29,525**	**29,450**
	Proceeds from issues of non-voting securities	-	-
	Conditional advances	-	-
	OTHER EQUITY	-	-
	Provisions for contingencies	1,059	321
	Provisions for expenses	-	-
2.3	**PROVISIONS FOR CONTINGENCIES AND EXPENSES**	**1,059**	**321**
	DEBT	-	-
	Bank borrowings and debt	18,749	10,162
	Other borrowings and debt	14	18
	Advances and downpayments received on orders in progress	7	51
		-	-
	OPERATING PAYABLES	-	-
	Trade payables	6,609	11,378
	Tax and social security liabilities	901	1,157
		-	-
	OTHER PAYABLES	-	-
	Amounts payable on non-current assets and other	-	-
	Other payables	193	137
	Deferred income	531	462
2.5	**DEBT**	**27,004**	**23,365**
2.7	Unrealised translation gains	40	361
	TOTAL	**57,628**	**53,497**

INCOME STATEMENT (€ thousands)

Notes		France	Export	2020	2019
	Sales of goods held for resale	13,332	24,326	37,658	58,771
	Sales of services	722	344	862	1,066
3.1	NET REVENUE	20,554	39,283	38,520	59,837
	Reversals of depreciation, amortisation and provisions, and expense transfers			1,103	515
	Other income			905	1,518
	OPERATING INCOME			**40,529**	**61,870**
	Purchases of goods held for resale (including customs duties)			29,022	48,754
	Change in inventories (goods)			1,288	(3,195)
	Purchases of raw materials and other supplies (including customs duties)			18	20
	Other purchases and external expenses			2,886	3,721
	Taxes, duties and other levies			334	436
	Wages and salaries			3,526	3,796
3.2	Payroll taxes			1,354	1,705
	Non-current assets: depreciation and amortisation expense			241	321
	Non-current assets: additions to provisions			-	-
	Current assets: additions to provisions			466	376
	Contingencies and expenses: additions to provisions			1,056	321
	Other expenses			638	320
	OPERATING EXPENSES			40,831	56,575
	OPERATING PROFIT (LOSS)			**(302)**	**5,295**
	Investment income			566	359
	Other interest income			4	42
	Reversals of provisions and expense transfers			2	-
	Foreign exchange gains			-	46
4	**FINANCIAL INCOME**			572	**447**
	Depreciation, amortisation and provision expense – financial items			201	2
	Interest expense			90	114
	Foreign exchange losses			42	154
	Net expenses on disposals of marketable securities			-	-
4	**FINANCIAL EXPENSES**			332	**270**
4	**FINANCIAL PROFIT**			**240**	**177**
	RECURRING PROFIT (LOSS) BEFORE TAX			**(62)**	**5,472**
	Non-recurring income on revenue transactions			4	5
	Non-recurring income on capital transactions			22	33
	Reversals of provisions and expense transfers			-	18
5	**NON-RECURRING INCOME**			27	**56**
	Non-recurring expenses on revenue transactions			1	2
	Non-recurring expenses on capital transactions			39	73
	Non-recurring depreciation, amortisation and provision expense			0	-
5	**NON-RECURRING EXPENSES**			40	**75**
5	**NON-RECURRING PROFIT (LOSS)**			**(13)**	**(19)**
	Employee profit-sharing			-	-
6	Income tax			(150)	1,760
	TOTAL INCOME			41,128	62,373
	TOTAL EXPENSES			41,203	56,920
	PROFIT FOR THE YEAR			**74**	**3,693**

Unless otherwise specified, all the information below is expressed in thousands of euros.
Certain minimal figure differences may occur due to rounding.

➢ 2020 highlights

In view of the Covid-19 health crisis, the Company's revenue decreased by a sharp 35.6%, to €38,520K from €59,837K in 2019.

As announced in its various press releases, the Company closed its premises between 16 March and 15 April 2020 during the first wave of the crisis and hardly generated any revenue in that period except for intra-group sales.

After the closure, the return to on-site activity was only partial and depended on the various restrictions applied by the French government (such as full or partial lockdowns and the closure of "non-essential" businesses).

During the crisis, the Company launched a business continuity plan using the following measures:

- furlough and short-time working schemes;
- an automatic six-month loan repayment holiday granted by the banks;
- deferral until July 2020 of employer social security and state pension contributions for March and April 2020;
- deferral of the first payment on account for 2020 corporate income tax;
- obtaining a €10.5 million French government-backed loan ("PGE") from three financial institutions.

At 31 December 2020, the Company had repaid all of its loan instalments, social security charges and pension contributions that had been suspended under payment holiday arrangements.

At its meeting on 28 September 2020, the Board of Directors authorised the signature of a commercial lease between the Company and SCI Le Cristal Un concerning an extension to its current premises located in rue Mona Lisa. The additional premises – delivered in as-new condition – correspond to an 857 sq.m storage area, a 155 sq.m operations area, 845 sq.m of offices and parking spaces. An internal corridor from one building to the other has been authorised. The Board took this decision in view of (i) the fact that the Company has accelerated its development of the kiosk business since 2019, and (ii) the Company's planned acquisition (which was completed in 2021).
The new premises will be available in January 2021.

For the purposes of the acquisition that was completed by the Group on 22 February 2021, on 20 November 2020 the Company created AURES Konnect SAS, a company governed by French law that is wholly owned by the Company. This new company was created to hold all the shares of the two acquired companies (Softavera and LST) as well as the associated brands and software.

There are no other facts or circumstances relating to the 2020 financial year that are likely to have an impact on the financial statements or that could prevent a meaningful year-on-year comparison of the statement of financial position and income statement.

➢ Subsequent events

- ***Conversion of the French government-backed loan ("PGE")***

In view of the ongoing Covid-19 health crisis, the Company decided to convert the €10.5 million French government-backed loan ("PGE") that it obtained in 2020 from three financial institutions in France into a loan repayable over five years with a one-year deferment period. Without the guarantee from the French government, the fixed interest rate on the loan ranges between 0.28% and 0.75%.

Based on the situation at the date when these financial statements were approved for issue, the Company does not believe that the conversion of this loan will affect its ability to operate as a going concern.

No other significant events took place between 31 December 2020 and 29 April 2021, the date on which the financial statements were approved by the Board of Directors.

➢ Accounting policies and methods

The financial year ended 31 December 2020 covers a 12-month period from 1 January 2020 to 31 December 2020.

Total assets before appropriation of profit represent €57,628K, while the income statement presented in list form shows net accounting profit of €74K.

The parent company financial statements were prepared in accordance with the French Commercial Code, French Generally Accepted Accounting Principles as set out in the French Chart of Accounts (ANC standard no. 2016-07 of 4 November 2016 regarding the Chart of Accounts), ANC standard no. 2015-05 and ANC standard no. 2018-01 of 20 April 2018.

The financial statements have been prepared on a going concern basis using the accrual and consistency methods, in accordance with the principle of prudence, with the aim of presenting a fair view of the Company's accounting position.

Unless otherwise stated, accounting items are carried at historical cost.

There were no changes in the Company's accounting policies in 2020.

➢ Notes to the statement of financial position

1. Notes to the statement of financial position – Assets

1.1. Intangible assets

This caption does not include research and development expenses.
Where appropriate, these are included in operating expenses for the period according to their nature.

Software is amortised on a straight-line basis over a period of one to eight years depending on the type of software concerned.
Intangible assets are recognised at cost.

1.2. Property, plant and equipment

The gross value of property, plant and equipment represents their acquisition or production cost.
Property, plant and equipment are not remeasured.

Borrowing costs are not capitalised as part of the cost of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Type of asset	Depreciation
Technical installations, equipment and tooling	1 to 5 years
General equipment, fixtures and fittings	2 to 10 years
Vehicles	4 to 5 years
Office and IT equipment	1 to 8 years
Office furniture and equipment	4 to 10 years

1.3. Long-term financial assets

Movements in long-term financial assets in 2020 are set out in Note 1.4, “Movements during the year” to the financial statements.

The caption includes deposits and guarantees, equity investments and amounts receivable from equity investments, along with treasury shares held by the Company in connection with its liquidity agreement.

- Equity investments

The gross value of equity investments reflects the amount at which they were initially recognised by the Company, including acquisition fees.

Equity investments are written down based on any difference between their gross value and their current value taking into account the share in net assets, unrealised capital gains on non-current assets, and the profitability outlook.

No impairment was recognised in 2020 against equity investments or amounts receivable from equity investments.

- Treasury shares

Treasury shares held by the Company in connection with the liquidity agreement are carried at acquisition cost.
They are written down when their recoverable value (as estimated based on their average price over the last month of the reporting period) falls below their carrying amount.

The average price of the shares in December 2020, i.e., €21.85, is greater than the price per share used in the market-making account.

Consequently, no impairment was recognised against treasury shares at 31 December 2020.

Treasury shares included in long-term financial assets at 31 December 2020 can be analysed as follows:

	Number of shares	Price per share €	Total price €K	Impairment
Market-making	3,065	€21.36	65	-

1.4. Movements during the year

Movements in non-current assets and depreciation/amortisation during the year are presented in the tables below.

1.4.1. Movements in non-current assets

In € thousands	31 Dec. 2019	Remeasurement	Acquisitions, contributions	Transfers	Sales	31 Dec. 2020
START-UP COSTS AND RESEARCH AND DEVELOPMENT EXPENSES	-	-	-	-	-	-
OTHER INTANGIBLE ASSETS	**1,250**	**-**	**18**	**-**	**(10)**	**1,258**
Building improvements	763	-	69	-	(3)	829
Technical installations, industrial equipment and tooling	48	-	-	-	(8)	40
Vehicles	12	-	-	-	-	12
Office and IT equipment, furniture	399	-	15	-	(10)	404
Property, plant and equipment in progress	94	-	652	-	-	746
PROPERTY, PLANT AND EQUIPMENT	**1,316**	**-**	**735**	**-**	**(20)**	**2,030**
Equity investments and amounts receivable from equity investments	17,948	-	2,024	-	-	19,972
Loans and other long-term financial assets	548	-	67	-	(161)	454
LONG-TERM FINANCIAL ASSETS	**18,496**	**-**	**2,091**	**-**	**(161)**	**20,426**
TOTAL	**21,062**	**-**	**2,845**	**-**	**(191)**	**23,715**

The year-on-year increase in “Equity investments and amounts receivable from equity investments” corresponds to (i) a €2,332K additional loan granted to AGH US Holding Company and €379K in interest on the loans granted to that entity, and (ii) a €50K payment made when AURES Konnect was formed.

The remainder of the year-on-year change in this item corresponds to the remeasurement of receivables owed by AGH US Holding Company, which are denominated in US dollars.

1.4.2. Movements in depreciation and amortisation

In € thousands	31 Dec. 2019	Additions	Reversals	31 Dec. 2020
START-UP COSTS AND DEVELOPMENT EXPENSES	-	-	-	-
OTHER INTANGIBLE ASSETS	1,037	101	(7)	1,130
Building improvements	163	80	(3)	240
Technical installations, industrial equipment and tooling	39	5	(8)	36
Vehicles	8	2	-	10
Office and IT equipment, furniture	196	54	(10)	240
PROPERTY, PLANT AND EQUIPMENT	406	140	(20)	526
LONG-TERM FINANCIAL ASSETS	2	-	(2)	0
TOTAL	**1,445**	**241**	**(30)**	**1,656**

1.5. Inventories and work-in-progress

Inventories are measured using the weighted average cost formula.
The gross value of supplies includes their purchase price and any related forwarding costs.

Inventories are written down whenever their estimated realisable value falls below their recoverable amount.

Inventories at 31 December 2020 can be analysed as follows:

In € thousands	31 Dec. 2020	31 Dec. 2019
Inventories	8,968	10,256
Impairment	(454)	(372)
NET	**8,514**	**9,884**

1.6. Receivables

Receivables are measured at nominal value.

A provision for impairment of receivables is recognised to reflect any potential recovery difficulties.

Receivables at 31 December 2020 can be analysed as follows:

In € thousands	31 Dec. 2020	31 Dec. 2019
Trade receivables	8,755	15,518
Doubtful or disputed receivables	15	10
Impairment	(13)	(9)
NET	**8,757**	**15,519**

Analysis of receivables by maturity:

In € thousands	Gross value	1 year or less	More than 1 year
Loans – Group	8,580	-	8,580
Current accounts – Group	-	-	-
Other long-term financial assets	455	-	455
Doubtful or disputed receivables	15	-	15
Other trade receivables	8,755	8,755	-
Employee-related receivables	4	0	4
Social security and other receivables	0	0	-
Income tax receivables	1,468	1,468	-
VAT receivables	85	85	-
Other tax receivables	295	295	-
Other receivables	165	163	3
Prepaid expenses	178	178	-
TOTAL	**19,999**	**10,943**	**9,056**

1.7. Accrued income

Accrued income can be analysed by statement of financial position caption at 31 December 2020 as follows:

In € thousands	31 Dec. 2020	31 Dec. 2019
Credit notes receivable	50	145
Other	4	5
TOTAL	**54**	**150**

1.8. Cash and cash equivalents and marketable securities

Cash and cash equivalents and marketable securities are carried at their acquisition cost.

They are written down to their average price over the last month of the reporting period if this is lower than their acquisition cost.

Cash and cash equivalents and marketable securities at 31 December 2020 can be analysed as follows:

In € thousands	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents in EUR	13,230	2,710
Cash and cash equivalents in USD translated into euros at the exchange rate at 31 December	583	1,341
Marketable securities (treasury shares)	1,540	1,540
TOTAL	**15,353**	**5,591**

The average price of the shares in December 2020, i.e., €21.85, is lower than the price per share used in the treasury share account at 31 December 2020.

Consequently, €201K in impairment was recognised at 31 December 2020.

Marketable securities (treasury shares) can be analysed as follows at 31 December 2020:

	Number of shares	Price per share €	Total price €K	Impairment
Treasury shares	68,997	22.3178	1,540	201
TOTAL	**68,997**	**-**	**1,540**	**201**

1.9. Prepaid expenses

Prepaid expenses as detailed below consist only of ordinary expenses which impact profit in a subsequent period:

In € thousands	Period		Amount		
			Operating items	Financial items	Non-recurring items
Rentals	01/2021	04/2021	16		
Maintenance and repairs	01/2021	01/2021	2		
SaaS software	01/2021	12/2021	7		
IT maintenance	01/2021	07/2022	34		
Insurance	01/2021	12/2021	21		
Documentation	01/2021	12/2022	4		
Fees	01/2021	12/2026	36		
Advertising	01/2021	12/2021	54		
Postal and telecommunications expenses	01/2021	01/2021	2		
TOTAL			**178**		

2. Notes to the statement of financial position – Equity and liabilities

2.1. Share capital

The share capital represents €1,000,000, comprising 4,000,000 ordinary shares each with a par value of €0.25.

2.2. Equity

Movements in equity in 2020 can be analysed as follows:

In € thousands	31 Dec. 2019	Appropriation of 2019 profit	Dividends paid	2020 profit	Other movements	31 Dec. 2020
Share capital	1,000	-	-	-	-	1,000
Legal reserve	100	-	-	-	-	100
Other reserves	1,500	-	-	-	-	1,500
Retained earnings	22,978	3,693	-	-	-	26,670
Profit for the year	3,693	(3,693)	-	74	-	74
Regulated provisions	180	-	-	-	-	180
TOTAL EQUITY	**29,450**	**-**	**-**	**74**	**-**	**29,524**

Regulated provisions

In € thousands	31 Dec. 2020	Additions	Reversals	31 Dec. 2019
Accelerated depreciation/amortisation	180	0	-	180
TOTAL REGULATED PROVISIONS	**180**	**0**	**-**	**180**

2.3. Provisions for contingencies and expenses

A provision is set aside for present obligations to third parties at the reporting date that are likely or certain to result in an outflow of resources, when these obligations can be estimated reliably.

In € thousands	31 Dec. 2019	Additions	Reversals	O/w reversals of utilised provisions	31 Dec. 2020
Provisions for claims and disputes	-	105	-	-	105
Provision for warranties	245	181	(245)	-	181
Provision for free share awards	-	3	-	-	3
Provision for foreign exchange losses	75	770	(75)	-	770
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**321**	**1,059**	**(321)**	**-**	**1,059**

- Customer warranties

A provision calculated on a statistical basis is set aside in the financial statements for the costs of setting up contractual warranties for customers on sales of equipment.
The provision is calculated based on the revenue earned and the residual warranty period at the reporting date.

- Provisions for claims and disputes

At 31 December 2020, this item corresponds to €105K set aside in relation to three disputes in process with former employees before the Evry Employment Court (***Conseil de prud'hommes***) following the termination of their employment contracts.

- Provision for free share awards

The €3K provision recognised at 31 December 2020 corresponds to the estimated loss over the vesting period on the award of shares under the 2020 Plan, as well as the "Macron Law" employer's contribution recognised during the year.

2.4. Free share plans

At the Annual General Meeting held on 16 June 2016, the shareholders authorised the Board of Directors to award Group employees and/or certain corporate officers, on one or several occasions and over a maximum period of 38 months, free shares that may or may not be subject to performance conditions.

Part of this authorisation has been used. The terms and conditions of the authorisation along with a list of beneficiaries were approved by the Board of Directors at its meetings of 21 October 2016, 31 October 2017 and 23 July 2018.

At the Annual General Meeting held on 25 June 2019, the shareholders authorised the Board of Directors to award free new or existing shares over a period of 38 months, within the scope of Article L. 225-197-1 of the French Commercial Code (eighteenth resolution).

The number of free shares that may be awarded by the Board of Directors pursuant to this authorisation may not represent more than 10% of the share capital at the date of the above-mentioned Annual General Meeting.

The authorisation granted at the Annual General Meeting of 25 June 2019 was used on 1 January 2020 to award 21,500 shares, leaving a residual 378,500 shares.

On 18 December 2020, the Board of Directors used the 25 June 2019 authorisation again, for the purpose of awarding up to 10,000 free shares to two employees, without any performance conditions attached but subject to a service condition.
The shares have a two-year vesting period, expiring on 20 December 2022 at midnight. However, they are not subject to a one-year lock-up period.
The free shares awarded to the beneficiaries will be existing ordinary shares.

The authorisation granted at the Annual General Meeting of 25 June 2019 was therefore used to award 31,500 shares, leaving a residual 368,500 shares.

The main features of the free share plans are summarised below:

Overview	2020-1 Plan
Movements in 2020	
Date of AGM	25 June 2019
Total number of shares that may be awarded	10% of the share capital at the date of the AGM
Total number of shares actually awarded	10,000
Date of Board of Directors' decision	18 Dec. 2020
Period during which the condition for awarding shares was assessed	Service condition assessed at the vesting date only
Vesting period	2 years
Post-vesting holding period	None
Movements in 2020	
Number of shares subject to a service condition awarded during the year	10,000
Number of shares forfeited or cancelled during the year	0
Number of shares vested during the year	0
Share price at the award date	€22.20
Number of shares at 31 December 2020	10,000
Expense recognised during the year	€2.8K
Amount recognised in liabilities	€2.8K

2.5. Debt

At 31 December 2020, payables can be analysed by maturity as follows:

In € thousands	31 Dec. 2020	1 year or less	More than 1 year and less than 5 years	More than 5 years
Borrowings and debt – originally due within 1 year	4	4	-	-
Borrowings and debt – originally due after 1 year	18,745	2,655	15,964	127
Other borrowings and debt	14	14	-	-
Advances and downpayments received	7	7	-	-
Trade payables	6,609	6,540	69	-
Employee-related receivables	347	347	-	-
Social security and other payables	402	402	-	-
Income tax payables	-	-	-	-
VAT payables	54	54	-	-
Taxes, duties and similar levies payable	99	99	-	-
Other payables	193	193	-	-
Deferred income	531	240	291	-
TOTAL	27,004	10,554	16,324	127
Borrowings taken out during the year	11,200			
Borrowings repaid during the year	2,613			

Borrowings originally due after one year relate to:

- three French government-backed loans ("PGE") (€10.5 million);
- three bank loans for €7.39 million, with a final maturity in 2024, bearing fixed-rate interest of between 0.95% and 1%, taken out for the purposes of financing the acquisition of RTG;
- three bank loans for €855K, with a final maturity in 2027, bearing fixed-rate interest at between 0.626% and 1.64% and taken out in connection with financing for fixtures and fittings for the new headquarters.

Deferred income relates to revenue earned on extended warranties sold for the residual warranty period and relating to future years.

2.6. Accrued expenses

Accrued expenses can be analysed by statement of financial position caption at 31 December 2020 as follows:

In € thousands	31 Dec. 2020
Trade payables	2,871
Tax and social security liabilities	518
Accrued interest	17
TOTAL	**3,406**

2.7. Translation gains and losses

Foreign currency income and expenses are recognised at their equivalent value in euros at the transaction date, or at the hedged rate for hedged transactions in US dollars, with the associated foreign exchange gains and losses reclassified in other operating income and expenses.
Receivables and payables denominated in foreign currencies are carried in the statement of financial position at their equivalent value in euros at the exchange rate prevailing at the reporting date. Any resulting differences are recognised as unrealised translation gains or losses in the statement of financial position.
A provision for contingencies is set aside for any unrealised foreign exchange losses.

Translation differences arising on current bank accounts and petty cash in foreign currencies are included within foreign exchange gains and losses.

Translation gains and losses can be analysed as follows:

In € thousands	Assets	Provisions for foreign exchange losses	Liabilities
	Unrealised foreign exchange losses		Unrealised foreign exchange gains
Cash instruments	87		
Operating receivables/payables	770	770	40
TOTAL	**857**	**770**	**40**

➢ Notes to the income statement

3. Operating profit

3.1. Geographic breakdown of revenue

The table below provides a breakdown of revenue by region as follows in 2020:

In € thousands	2020	2019	% change
France	13,844	20,553	-32.6%
EU	13,399	22,877	-41.4%
Export	11,277	16,406	-31.3%
TOTAL	**38,520**	**59,837**	**-35.6%**

4. Financial profit

Financial income and expenses can be analysed as follows in 2020:

In € thousands	2020	2019
Provision for impairment of long-term financial assets	-	(2)
Provision for impairment of marketable securities	(201)	-
Interest on borrowings and overdrafts	(90)	(114)
Foreign exchange losses	(42)	(154)
TOTAL FINANCIAL EXPENSES	**(332)**	**(270)**
Investment income	180	-
Interest on amounts receivable from equity investments	386	359
Other financial income	4	42
Reversal of provision for impairment of long-term financial assets	2	-
Foreign exchange gains	-	46
TOTAL FINANCIAL INCOME	**572**	**447**
FINANCIAL PROFIT	**240**	**177**

5. Non-recurring loss

Non-recurring income and expenses in 2020 can be analysed as follows:

In € thousands	2020	2019
Technical loss on buyback of treasury shares	(36)	(72)
Accelerated depreciation/amortisation	0	-
Non-deductible fines and penalties	(1)	(2)
Net carrying amount of non-current assets	(3)	-
Other non-recurring expenses	(1)	-
TOTAL NON-RECURRING EXPENSES	**(40)**	**(75)**
Technical gain on disposal of treasury shares	22	33
Proceeds from disposals of non-current assets	-	-
Other non-recurring income	4	23
TOTAL NON-RECURRING INCOME	**27**	**56**
NON-RECURRING PROFIT (LOSS)	**(13)**	**(19)**

6. Income tax

Breakdown of income tax

In € thousands	Profit (loss) before tax	Income tax	Profit (loss) after tax
Recurring profit (loss)	(62)	123	61
Short-term non-recurring profit (loss)	(13)	27	13
PROFIT (LOSS) FOR THE YEAR	**(76)**	**150**	**74**

Deferred tax position

In € thousands	31 Dec. 2020	31 Dec. 2019
Other:		
Unrealised translation losses	857	128
DEFERRED TAX LIABILITIES	**857**	**128**
Temporarily non-deductible expenses:	0	0
Provisions and accrued expenses	(816)	(161)
Other:	0	0
Unrealised translation gains	40	(361)
DEFERRED TAX ASSETS	**(776)**	**(522)**
NET DEFERRED TAX ASSETS (LIABILITIES)	**80**	**(394)**

The Company's net deferred tax position at 31 December 2020 was calculated using a future income tax rate of 27.375% for the 2020 figures.

➢ Other disclosures

7. Related parties and related-party transactions

7.1. List of subsidiaries and equity investments

AURES Technologies SA is the parent company of the AURES consolidated group. All entities are consolidated using the full consolidation method.

Country	Subsidiaries (more than 50%-owned)	Currency	Share capital	Other equity	% interest	Gross value of shares (in €)	Net value of shares (in €)	Loans and advances	Gross revenue for the year	Profit (loss) for the year	Dividends collected during the year
	Corporate name										
United States	AGH US Holding Company	USD	1,000	2,603,147	100%	2,469,411	2,469,411	10,536,318	-	(53,534)	-
United Kingdom	AURES Technologies Ltd	GBP	5,000	4,996,945	100%	291,899	291,899	-	6,984,111	124,372	-
Germany	AURES Technologies GmH	EUR	25,000	2,871,171	90%	22,500	22,500	-	11,888,938	831,873	180,000
United Kingdom	J2 Systems Technology Ltd	GBP	42,229	(36,228)	100%	7,607,036	7,607,036	-	-	-	-
Australia	AURES Technologies Pty	AUD	10	6,836,468	100%	-	-	-	11,590,397	856,167	-
United States	AURES Technologies Inc.	USD	10,000	(1,249,823)	100%	-	-	-	9,537,180	(104,180)	-
United States	RTG	USD	500	(1,532,055)	100%	-	-	-	38,299,867	3,166,269	-
France	AURES Konnect SAS	EUR	50,000	-	100%	50,000	50,000	-	-	-	-

7.2. Related companies and equity investments

All transactions with related parties concern transactions with subsidiaries more than 90%-owned by AURES Technologies SA and are carried out at arm's length.

8. Off-balance sheet commitments

The table below shows the main commitments directly or indirectly given by the Company:

In € thousands	31 Dec. 2020	Less than 1 year	1-5 years	More than 5 years	31 Dec. 2019
Leases (a)	3,172	528	1,870	775	1,660
Forward purchases of foreign currencies (b)	6,682	6,682	-	-	9,309
Employee benefit obligations (c)	560	-	-	560	568
Pledge of business goodwill (d)	5,410	-	5,410	-	5,410
Guarantees (e)	1,094	632	462	-	2,814
French government-backed loan ("PGE") (f)	10,500	-	10,500	-	-
TOTAL	**27,418**	**7,842**	**18,242**	**1,335**	**19,760**

- Leases (a)

Leases concern:

- property leases relating to the Company's headquarters.

These correspond to (i) an initial nine-year lease that commenced in 2017,

and (ii) a second nine-year lease that commenced in 2020;

- three- or four-year vehicle leases;
- five-year industrial and IT equipment leases.

- Financial instruments (b)

As part of managing its currency risk, AURES Technologies SA takes out currency forwards.

These foreign currency instruments primarily consist of forward commitments to purchase USD at six months or one year. They are quoted on organised or over-the-counter markets and their counterparty risk is deemed to be low.

Gains and losses on financial instruments are recognised symmetrically with gains and losses on the hedged items.

- Employee benefit obligations (c)

The Company has no pension obligations. Its only employee benefit obligations concern termination benefits payable upon retirement, pursuant to the collective bargaining agreement.

The actuarial method used to measure these benefits is the projected unit credit method.

To reflect the impact of increases in benefit entitlement based on seniority, benefits are allocated on a straight-line basis over the employee's active working life.

The portion of the benefit obligation allocated to reporting periods prior to the measurement date (defined benefit obligation) corresponds to the Company's obligation for services provided. The actuarial liability corresponds to the amount of the benefit obligation for which a provision should be set aside in the financial statements.

The portion of the benefit obligation allocated to the reporting period following the measurement date (service cost) reflects the likely increase in the obligation owing to the additional year of service provided by the employee at the end of that period.

The future off-balance sheet obligation is shown in the table indicating the Company's various commitments. It is calculated on a case-by-case basis in accordance with the recommendations of the International Accounting Standards Board (IASB) (revised IAS 19).

The assumptions used to calculate the benefit obligation at 31 December 2020 and 31 December 2019 are as follows:

	31 Dec. 2020	31 Dec. 2019
Mortality rate	TD/TV 2014-2016	TD/TV 2013-2015
Discount rate	0.35%	0.80%
Rate of future salary increases	1.50%	1.50%
Theoretical retirement age for managerial-grade employees (*cadres*)	65 years	65 years
Theoretical retirement age for other employees	63 years	63 years
Employee turnover rate	2.30%	1.90%
Employer payroll tax rate	47.15%	47.15%

- Pledge of business goodwill (d)

On 31 December 2012, business goodwill was pledged to Crédit du Nord and BNP Paribas in an amount of €5,060,000 in connection with ten-year financing set up for the J2 Systems Technology acquisition on 20 December 2012.

On 10 January 2017, business goodwill was pledged to BPI France in an amount of €350,000 in connection with financing set up in relation to fixtures and fittings for the new headquarters.

- Guarantees (e)

Within the scope of the RTG acquisition on 16 October 2018, AURES Technologies SA provided a parent company guarantee to its subsidiary AGH US Holding Company Inc. It remains liable for the amounts due between 2020 and 2022, i.e., €1,094K (USD 1,342K based on the exchange rate at 31 December 2020).

- French government-backed loan (“PGE”) (f)

When the Company obtained its French government-backed loan (“PGE”), it was granted a €10.5 million guarantee by BPI.

- Bank covenants

Other commitments given by the Company relate to bank covenants agreed at the time of arranging financing for the acquisition of RTG on 16 October 2018.

The Company undertook to comply with three covenant ratios defined in the loan agreement with BNP Paribas and CIC.

These three ratios, based on the consolidated financial statements, are:

  - Net debt/equity
  - Free cash flow/interest expense
  - Consolidated net debt/consolidated gross operating profit + finance lease payments

At 31 December 2020, the Company must have:

  - Stable net debt/equity: 1 or less
  - Free cash flow/interest expense: more than 1
  - Consolidated net debt/consolidated gross operating profit + finance lease payments: 3 or less

The Company complied with all of these covenant ratios at 31 December 2020.

9. Stock options

There were no stock options plans in force at 31 December 2020.

10. Executive remuneration

Remuneration paid to members of managing bodies totalled €492K in 2020 (2019: €824K).
No advances were granted during the year.
The above amount concerns remuneration payable to the Chairman and Chief Executive Officer.

Remuneration payable to other corporate officers is not disclosed for confidentiality reasons, given the Company's scale and operating methods.

11. Average headcount

	2020	2019
Headcount	**Employees on the payroll**	**Employees on the payroll**
Managerial-grade employees (*cadres*)	25.21	24.57
Other employees	31.34	28.84
TOTAL	**56.55**	**53.41**

FIVE-YEAR FINANCIAL SUMMARY (€ THOUSANDS) (DISCLOSED IN ACCORDANCE WITH ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Reporting date	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Duration of reporting period (months)	12	12	12	12	12
CAPITAL AT 31 DECEMBER					
Share capital	1,000	1,000	1,000	1,000	1,000
Number of shares outstanding	-	-	-	-	-
- ordinary shares	4,000	4,000	4,000	4,000	4,000
- preferred shares					
Maximum number of shares to be created:	-	-	-	-	-
- by converting bonds	-	-	-	-	-
- through subscription rights	-	-	-	-	-
RESULTS OF OPERATIONS					
Revenue excluding VAT	38,520	59,837	71,132	67,323	62,777
Profit before tax, profit-sharing, depreciation, amortisation and provisions	787	5,955	10,035	8,099	8,599
Income tax	(150)	1,760	2,756	2,142	2,437
Employee profit-sharing	-	-	-	-	-
Depreciation, amortisation and provisions	862	502	175	256	410
Net profit for the year	74	3,693	7,104	5,701	5,753
Profit distributed	-	3,925	1,589	1,904	1,983
EARNINGS PER SHARE (€)					
Earnings per share after tax and profit-sharing, but before depreciation, amortisation and provisions	0	1	2	1	2
Earnings per share after tax, profit-sharing, depreciation, amortisation and provisions	0	1	2	1	1
Dividends per share	-	1	0	0	1
EMPLOYEES					
Average headcount	57	53	49	48	47
Total payroll	3,526	3,796	3,891	3,637	3,299
Employee benefits paid (social security, charities, etc.)	1,354	1,705	1,929	1,668	1,228

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all of the entities included in the consolidated group, and that the management report, presented on pages 3 to 36, includes a fair description of the business performance, results and financial position of the Company and all of the entities included in the consolidated group, along with a description of the principal risks and uncertainties they face.

Patrick Cathala
Chairman and Chief Executive Officer

STATUTORY AUDITORS' REPORTS

AURES Technologies SA

Statutory Auditors' report on
the consolidated financial statements

(For the year ended 31 December 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris

Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AURES Technologies SA
24 bis, rue Léonard de Vinci
91090 Lisses

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of AURES Technologies SA for the year ended 31 December 2020.

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 at 31 December 2020 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.

The audit opinion expressed above is consistent with our report to the Board of Directors meeting in its capacity as the Audit Committee.

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) no. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill and intangible non-current assets

Description of risk

As part of its business development, AURES Technologies SA acquired J2 Systems Technology in 2013 and Retail Technology Group Inc. (RTG) in 2018, and accordingly recognised goodwill and intangible assets.

Goodwill, which is described in Note 5.1 to the consolidated financial statements, represents the difference between the cost of acquiring J2 Systems Technology and RTG and the fair value of their net identifiable assets at the date of acquisition. The intangible assets recognised with respect to the acquisition of J2 Systems Technology and RTG mainly correspond to customer relationships. At 31 December 2020, consolidated non-current assets therefore included goodwill of €6,901 thousand, as well as customer relationships for a net amount of €5,286 thousand.

AURES Technologies SA management performs annual impairment tests, as explained in Notes 1.2.2 and 1.3.1 to the consolidated financial statements, by allocating goodwill and non-current assets to cash-generating units ("CGUs").

Given (i) their materiality in the consolidated financial statements and (ii) the measurement methods used in annual impairment tests, which rely in particular on projected future cash flows and for which purpose management must rely on assumptions and make estimates, we deemed the measurement of non-current assets to be a key audit matter.

The methods used to perform the impairment test and details about the assumptions used are described in Note 5.1.1 to the consolidated financial statements.

How our audit addressed this risk

We analysed the method used by management to determine the recoverable amount of each CGU in order to assess its compliance with IAS 36 and we verified the accuracy of the base data used in the impairment test with regard to the medium-term forecasts prepared by management.

With the support of our valuation experts, we assessed the reasonableness of the main estimations used, in particular:

- the consistency of projected revenue and margins amid the global health and economic crisis, the Group's past performance and the business development initiatives implemented;

- the consistency of inputs making up the discount rates applied to the projected cash flow with external benchmarks.

We reviewed the valuation model and the sensitivity analyses carried out on the recoverable amount of these assets compared to the main assumptions used.

Lastly, we ensured that the notes to the financial statements provided appropriate disclosures.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

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

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation no. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of AURES Technologies SA by the Annual General Meetings held on 20 May 2005 for F.-M. Richard & Associés and on 11 June 2014 for PricewaterhouseCoopers Audit.

At 31 December 2020, F.-M. Richard & Associés and PricewaterhouseCoopers Audit were in the sixteenth and seventh consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The Board of Directors meeting in its capacity as the Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

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

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

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 of 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 taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;

- obtain an understanding of the internal control procedures 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;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain 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 Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Board of Directors meeting in its capacity as the Audit Committee

We submit a report to the Board of Directors meeting in its capacity as the Audit Committee, which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Board of Directors meeting in its capacity as the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Board of Directors meeting in its capacity as the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Board of Directors meeting in its capacity as the Audit Committee.

Neuilly-sur-Seine and Paris, 7 May 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	F.-M. Richard & Associés
Pierre Marty	Julie Galophe

AURES Technologies SA

Statutory Auditors' report on the financial statements

(For the year ended 31 December 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris

Statutory Auditors' report on the financial statements

(For the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AURES Technologies SA
24 bis, rue Léonard de Vinci
91090 Lisses

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 AURES Technologies SA for the year ended 31 December 2020.

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 at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Board of Directors meeting in its capacity as the Audit Committee.

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) no. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments and associated receivables

<u>Description of risk</u>

Equity investments and associated receivables amounted to €11,392 thousand and €8,580 thousand respectively at 31 December 2020, representing one of the largest items on the balance sheet. As described in Note 1.3 to the financial statements, they are carried at cost and may be written down based on their estimated recoverable amount taking into account the share in net assets of the relevant investments, adjusted where necessary for any unrealised capital gains and profitability outlook.

In order to estimate this recoverable amount, management is required to exercise judgement to decide which inputs to use for each investee. These inputs either correspond to historical data or forecast data.

Accordingly, we deemed the measurement of equity investments and associated receivables to be a key audit matter, due to the inherent risk of certain inputs, in particular the likelihood of achieving projections.

<u>How our audit addressed this risk</u>

In order to assess the reasonableness of the estimated recoverable values of the equity investments and associated receivables, based on the information provided to us, our audit work consisted primarily in verifying that the estimated recoverable values determined by management were based on the appropriate measurement method and underlying data.

For measurements based on historical data, we verified that the equity values used were consistent with the financial statements of the entities concerned.

For measurements based on forecast data, we obtained the assumptions used by management in the analyses on the profitability outlook of these entities. We verified the consistency of the assumptions used with the economic environment and with the health crisis situation at the reporting date and at the date on which the financial statements were prepared.

Where the recoverable amount was lower than the acquisition value of equity investments and associated receivables, we verified that the appropriate write-down was made.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

In accordance with French law, we inform you that:

- the information concerning the remuneration and benefits paid to corporate officers other than the Chairman and Chief Executive Officer and any other commitments made to such officers provided for in Article L. 22-10-9 of the French Commercial Code has not been disclosed in the Board of Directors' report on corporate governance;
- year-on-year changes in remuneration, the Company's performance, the FTE-basis average remuneration of the Company's employees other than its senior executives and the ratios referred to in Article L. 22-10-9(6°) have only been disclosed for 2018, 2019 and 2020 and not for the last five years as provided for in Article L. 22-10-9(6°).

Accordingly, we are not in a position to attest to the presence of the information required by Article L. 22-10-9 of the French Commercial Code in the report nor to the accuracy and fair presentation of the information on remuneration and benefits paid or commitments made to corporate officers.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation no. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of AURES Technologies SA by the Annual General Meetings held on 20 May 2005 for F.-M. Richard & Associés and on 11 June 2014 for PricewaterhouseCoopers Audit.

At 31 December 2020, F.-M. Richard & Associés and PricewaterhouseCoopers Audit were in the sixteenth and seventh consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The Board of Directors meeting in its capacity as the Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

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 of 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 taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;

- obtain an understanding of the internal control procedures 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;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Board of Directors meeting in its capacity as the Audit Committee

We submit a report to the Board of Directors meeting in its capacity as the Audit Committee, which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Board of Directors meeting in its capacity as the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Board of Directors meeting in its capacity as the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Board of Directors meeting in its capacity as the Audit Committee.

Neuilly-sur-Seine and Paris, 7 May 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	F.-M. Richard & Associés
Pierre Marty	Julie Galophe

AURES Technologies SA

Statutory Auditors' special report on related-party agreements and commitments

(Annual General Meeting for the approval of the financial statements for the year ended 31 December 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris

Statutory Auditors' special report on related-party agreements and commitments

(Annual General Meeting for the approval of the financial statements for the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AURES Technologies SA
24 bis, rue Léonard de Vinci
91090 Lisses

To the Shareholders,

In our capacity as Statutory Auditors of AURES Technologies SA, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorised and entered into during the year

In accordance with Article 225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorised in advance by the Board of Directors.

1. Commercial lease for Le Cristal Un SCI

Related party:
Patrick Cathala, Legal Manager (*Gérant*) of Le Cristal Un SCI and Chairman of the AURES Technologies SA Board of Directors.

Nature and purpose:
Le Cristal Un SCI has committed to renting offices and business and storage facilities located at ZAC des Folies – 24 bis, rue Léonard de Vinci, 91090 Lisses, France, to AURES Technologies SA under a commercial lease.

Terms and conditions:
On 28 September 2020, the Board of Directors authorised the signing of a commercial lease for these premises. The financial terms and conditions are as follows:

- rent solely for the storage facility for use by the Company from 1 October 2020 until such time as the remainder of the premises becomes available, in an amount of €2,000;
- reduced rent in an annual amount of €175,000 excluding charges for the first seven years of the lease to enable the Company to absorb the €467,000 in costs to be borne to fit out the premises;
- beyond that, rent in an annual amount of €234,000 excluding charges.

The rent paid by the Company between 1 October and 31 December 2020 amounted to €6,000.

Reasons why the agreement is beneficial for the Company:
The Board of Directors justified the signing of this agreement by the accelerated development of the kiosk business since 2019.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years

In accordance with Article R. 225-30 of the French Commercial Code, we were informed of the following agreements and commitments, approved by the Annual General Meeting in previous years, which were implemented during the year.

1. Commercial lease for Le Cristal Un SCI

Related party:
Patrick Cathala, Legal Manager (*Gérant*) of Le Cristal Un SCI and Chairman of the AURES Technologies SA Board of Directors.

Nature and purpose:

Le Cristal Un SCI has committed to renting offices and business and storage facilities located at ZAC des Folies – 24 bis, rue Léonard de Vinci, 91090 Lisses, France, to AURES Technologies SA under a commercial lease.

Terms and conditions:
On 20 September 2016, the Board of Directors authorised the signing of a commercial lease for these premises, which have been used by the Company since 1 January 2017, in return for an annual rent plus the reimbursement of certain charges.

The amount paid by the Company in 2020 came to €280,435 and breaks down as follows:

– Rent	€221,200
– Taxes	€59,235

Reasons why the agreement is beneficial for the Company:
The Board of Directors justified the signing of this agreement by business growth.

Neuilly-sur-Seine and Paris, 7 May 2021

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AURES Technologies
Touch the difference

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