AURES
TOUCH THE DIFFERENCE

ANNUAL FINANCIAL REPORT 2019

CONTENTS

AURES Technologies SA

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REPORT OF THE BOARD OF DIRECTORS FOR THE COMBINED GENERAL MEETING OF 24 SEPTEMBER 2020

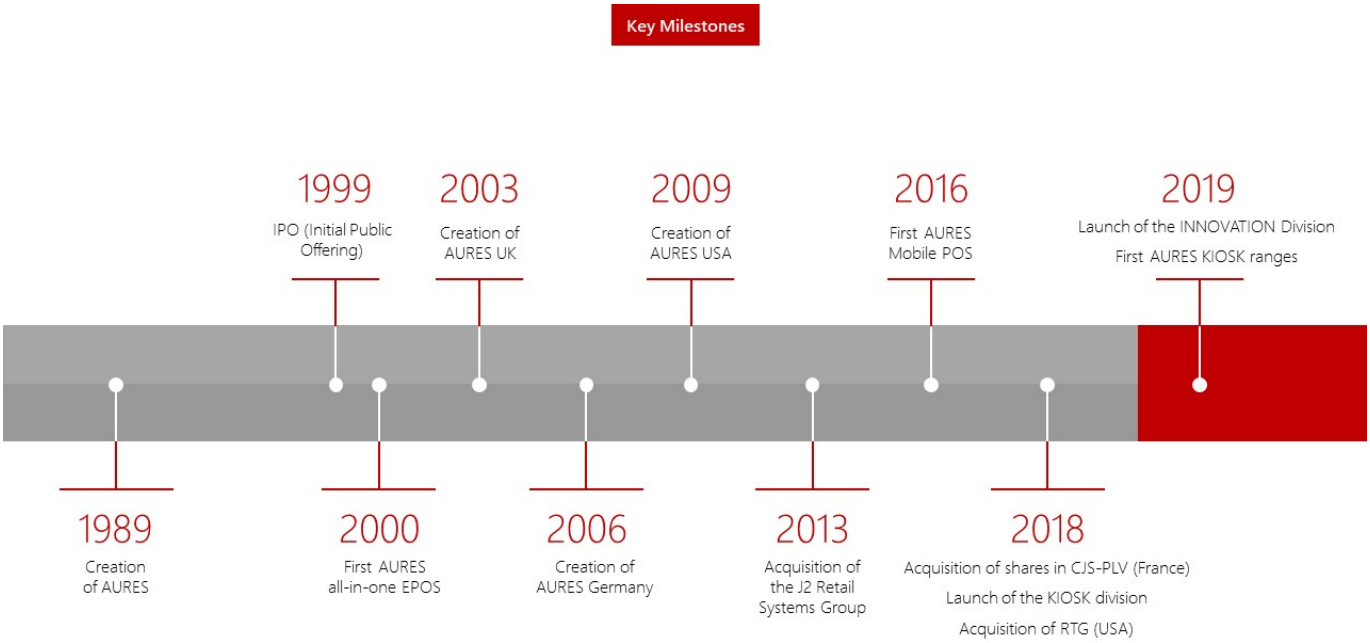
To the Shareholders,

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 2019, 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

AURES is an IT manufacturer providing a complete range of hardware solutions for the POS market (point of sale and services, retail, hospitality, etc.) and the kiosk sector (interactive kiosks and integration).
The AURES Group has a global presence with its headquarters in France, subsidiaries in the United Kingdom, Germany, Australia and the United States, and 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 own-brand POS terminal, and was the first developer 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 engineering, industrialisation, production, and the 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 presents 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 clients with their own digital change management projects.

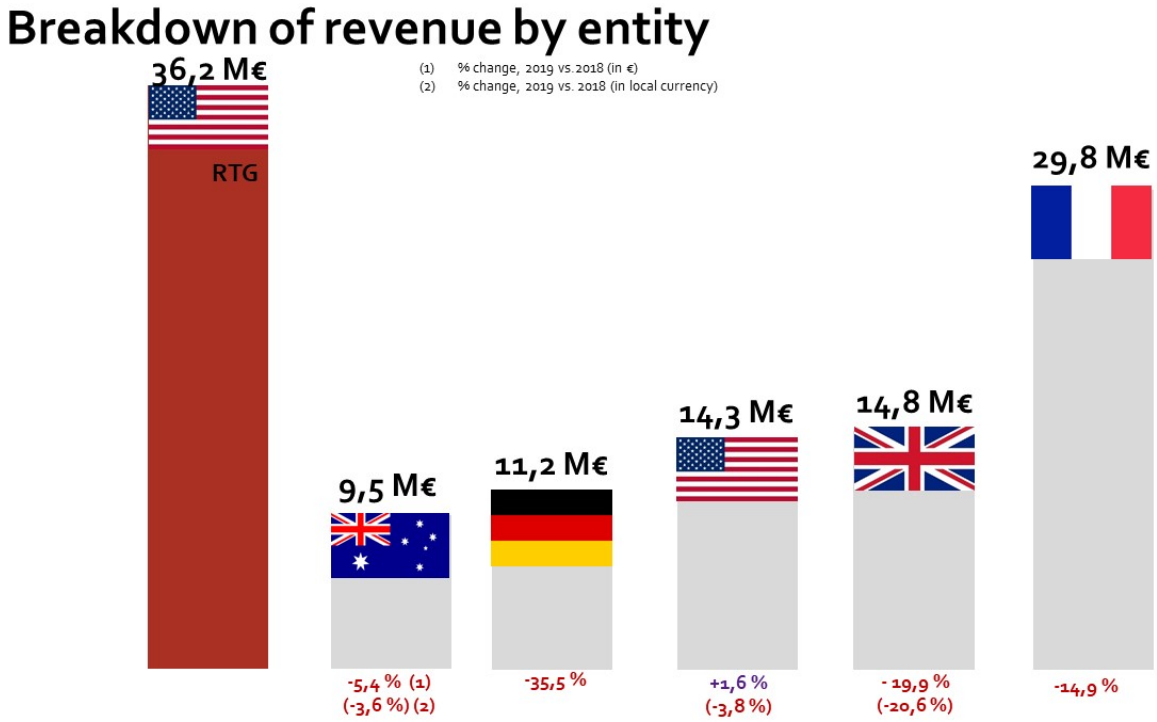
2. Performance indicators and key figures

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

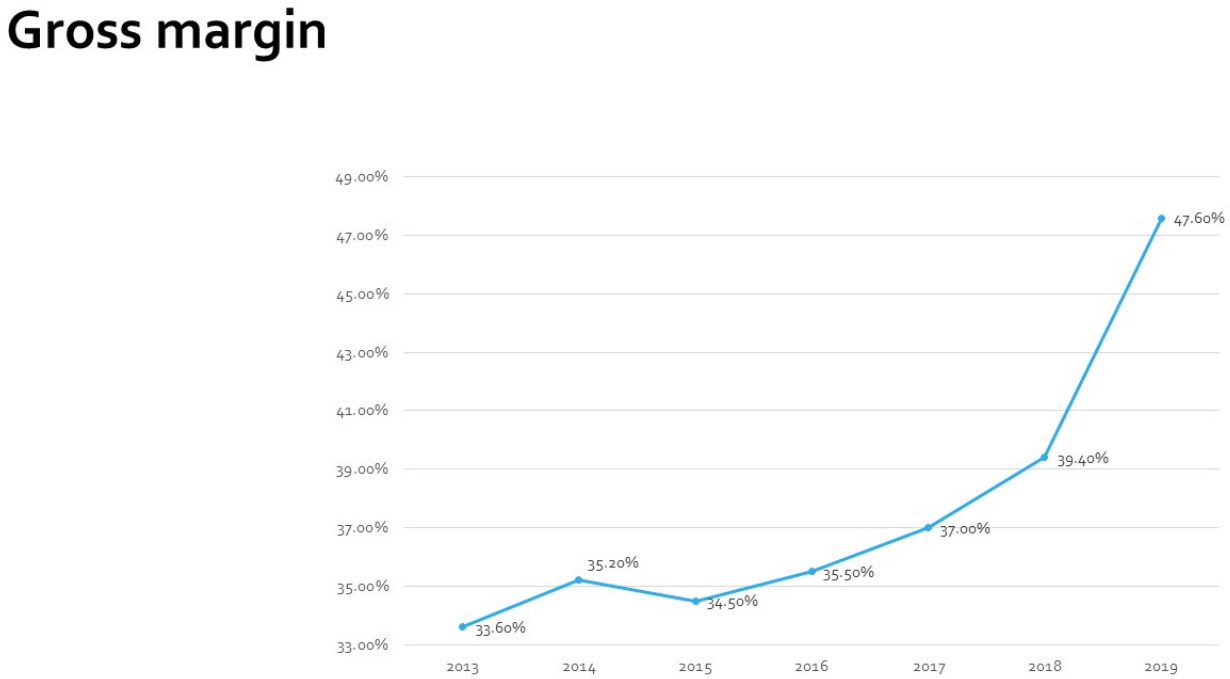
- changes in revenue based on constant exchange rates, which are calculated using the exchange rates for the period prior to the published period;
- gross margin, which is determined by deducting cost of goods sold from revenue;
- percent gross margin, which corresponds to gross margin divided by revenue;
- 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:

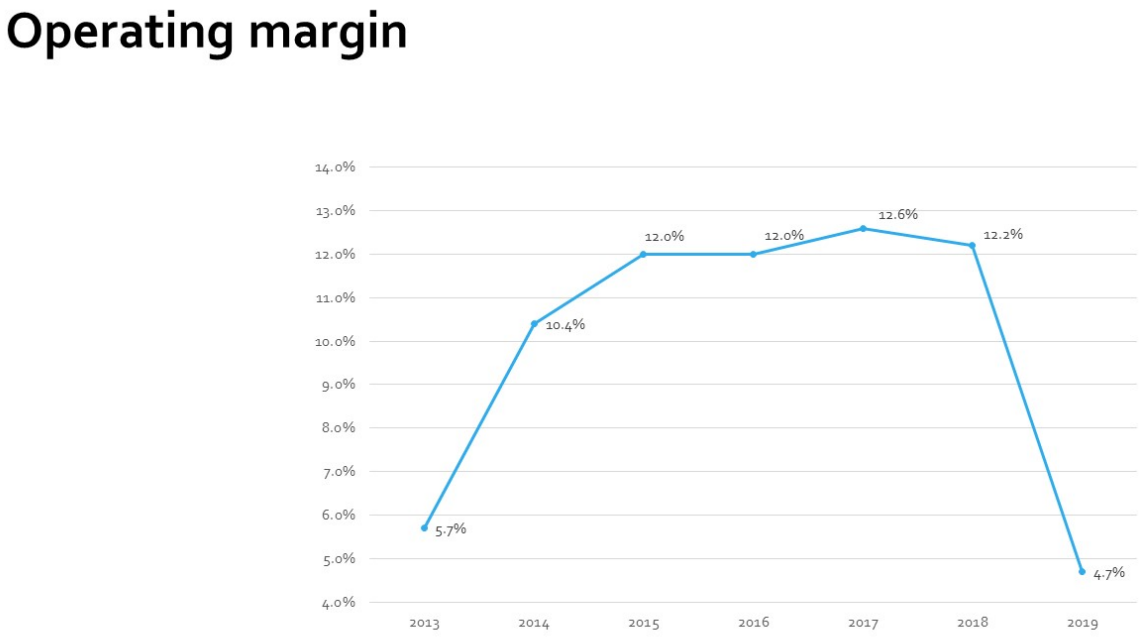
- ***Breakdown of revenue by entity***



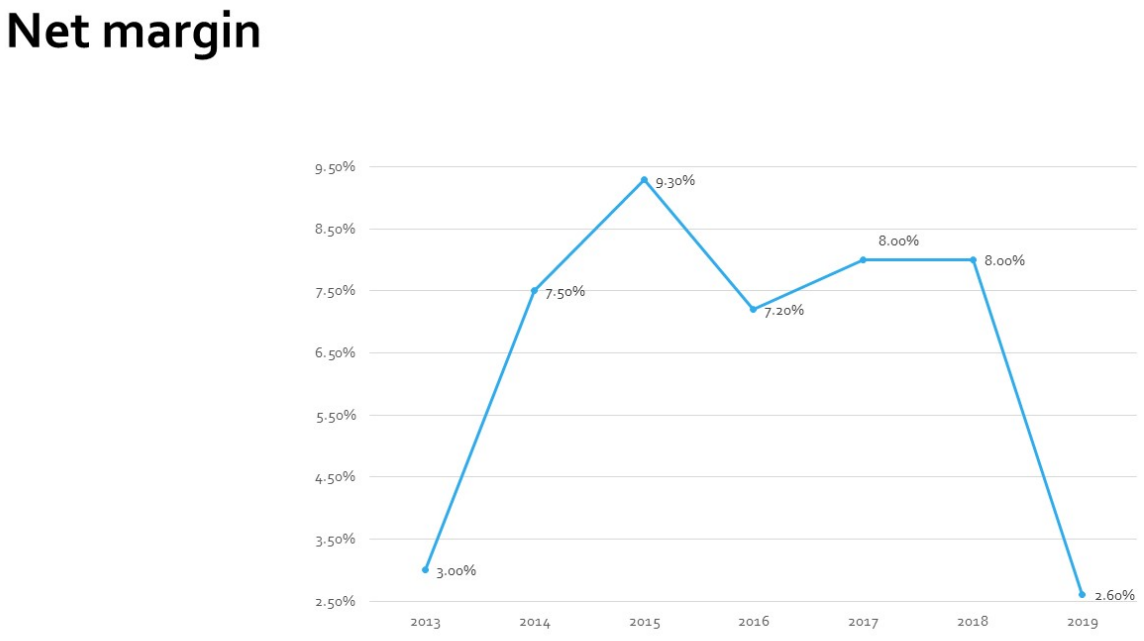
- ***Gross margin***



- ***Operating margin***



- ***Net margin***

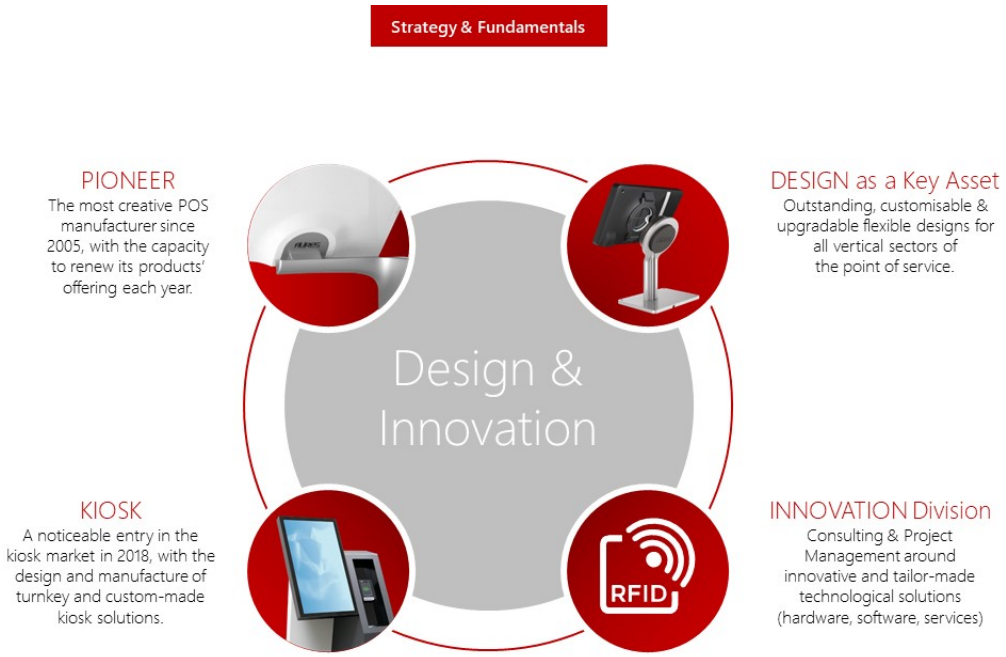


- ***Net debt***

Gross debt at 31 December 2018	**(10,021)**
Repayments during the period	2,846
New borrowings	(3,000)
Gross debt at 31 December 2019	**(10,175)**
Bank overdrafts	(2,416)
Cash and cash equivalents	10,684
Net debt at 31 December 2019	**(1,907)**

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 that time to provide 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. 2019 highlights

Key events concerning the Group's business include:

- A decrease in sales for the Group's historical reporting scope (excluding RTG), with revenue down 16.2% compared with 2018

It is important to note, however, that the sales decline slowed as the year went on, with revenue contracting 27% in the first quarter, 19% in the second quarter, 9% in the third quarter and 7% in the fourth quarter.

During 2019, the Group had to contend with:

- a strong base effect, particularly in the first half of the year;
- the impact of economic uncertainties related to Brexit;
- the adverse, year-long impact of the "yellow vest" movement on the French retail, restaurant and catering markets; and
- the end of the NF 525 compliance transition period for POS payment systems in France.

- The start of the integration process for RTG

AURES acquired the US-based Retail Technology Group Inc. (RTG) on 16 October 2018 and it has been consolidated since that date.

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.

- Continued development of the kiosks business, with reinforced teams and the development of the product range

- Creation of an innovation department

The emergence of connected, omni-channel and mobility-focused businesses presents the Group with significant challenges.

A new innovation department has therefore been created by the Group to anticipate and meet the challenges resulting from the transformation in buying habits and thereby support clients with their own digital change management projects.

5. 2020 outlook

Due to the Covid-19 crisis, the Group has abandoned its growth targets as they are no longer relevant.

In addition, because the operating context is still uncertain, the Group is unable to provide an updated outlook.

6. Subsequent events

- ***Covid-19 impact***

The global health crisis caused by Covid-19, as well as the public health state of emergency declared in France (by way of French law 2020-290 dated 23 March 2020), and the various Covid-19 restrictions imposed in the countries where the Group conducts business, together constitute an event subsequent to 31 December 2019.

As announced in its press releases issued on 20 March, 3 April and 11 May 2020, the Group had to temporarily close some entities (in France, the United Kingdom and the United States (California)), put in place extensive home-working measures wherever possible, and then ensure that the return to on-site activity was managed in line with the local health situation and government recommendations in each country.

The restrictions have had a major impact on the Group's business. AURES estimates that revenue will probably be hit harder in the second quarter of 2020 than in the first quarter, when it came in on a par with the first quarter of 2019.

From an operational perspective, the Group is constantly adapting the size of its teams in line with business levels, and is using the various short-time working schemes available in the countries where it operates, except for the United States.

In the United States, the Group reduced its employee numbers at RTG (a services company operating in the US restaurant and catering market).

To secure its cash resources, the Group applied for and was granted a government-backed loan ("PGE") in France and is eligible for the Paycheck Protection Program (PPP) in the United States.

In France, the Group also took up the following support measures:

- 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.

In view of the above measures, and the Company's situation at 1 July 2020, the Group does not believe that its ability to operate as a going concern is in jeopardy.

No other significant events took place after 31 December 2019.

7. Risks

The Group has reviewed the risks that could have a material adverse impact on its business, financial position and results of operations, 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 consolidated 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 2019, an amount of USD 10,572K was outstanding under forward currency contracts.

- 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 15 of this report (including changes in revenue based on constant exchange rates);
- the impact of exchange rate fluctuations on its gross margin on page 16 of this report; and
- the impact of exchange rate fluctuations on equity on page 49 of this report.

- ***Liquidity risk***

As part of its operating activities, the AURES Group may use bank overdraft facilities in France and short-term credit lines in the United States, the amount of which is calculated by reference to trade receivables eligible for financing and inventory levels.

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 €294K at 31 December 2019, or 1.65% of the total amount of trade receivables (end-2018: €260K, or 1.55% of total trade receivables).

Write-offs of bad debt represented €160K in 2019 and €31K in 2018.
A provision had been set aside for the large majority of these losses.

The AURES Group did not identify any major default in 2019.

- ***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.

- ***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***

As the current situation has reminded us, 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 first case mentioned in the 2018 Annual Financial Report ended in 2019. This dispute had been referred to the French Supreme Court (***Cour de cassation***) by a former senior executive (as learnt by the Company on 21 March 2017), but the application was rejected in 2019.

On 17 May 2019, a former employee of the Company filed a claim in front of the Evry Employment Court (***Conseil de prud'hommes***) following the termination of their employment contract. No provision was set aside for this dispute in the financial statements for the year ended 31 December 2019.

- ***Tax risk***

The €280K 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 2019.

- ***Other risks***

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 cost of these checks and analyses totalled USD 486K and was recognised as an adjustment to RTG's liabilities and goodwill at 1 January 2019.

At 31 December 2019, this provision amounted to €267K.

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 ggoverning 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 division.
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 Group's Chief Technology Officer and Group Finance Director.

RTG uses NetSuite, a cloud version of the Oracle ERP.
The upgrade scheduled to take place in 2019 has been postponed so that the Group can complete its work on identifying the adaptations required to meet its management and internal control requirements.

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 advisors.

- ***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 2019, 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, in accordance with the Archiving Directive.

9. Condensed consolidated income statement

In € thousands	2019	2018
Revenue	115,873	102,657
Operating profit	5,389	12,535
Financial loss	(492)	(143)
Recurring profit before tax	4,897	12,392
Income tax expense	(1,844)	(4,095)
Consolidated net profit	3,053	8,297
Net profit attributable to owners of the parent	2,993	8,144

10. Condensed consolidated statement of financial position

In € thousands	31 Dec. 2019	31 Dec. 2018 [1]
Non-current assets	28,246	22,428
Current assets	55,398	51,522
TOTAL ASSETS	**83,644**	**73,950**
Shareholders' equity	27,810	29,144
Non-controlling interests	194	133
Total equity	28,004	29,277
Non-current liabilities	15,874	11,247
Current liabilities	39,766	33,426
TOTAL EQUITY AND LIABILITIES	**83,644**	**73,950**

11. Group business review for the year ended 31 December 2019

The AURES Group posted revenue of €115.9 million for 2019, a rise of 12.9% at actual exchange rates for the reporting scope including RTG.

Based on this same scope and at constant exchange rates (as defined in the note on indicators and key figures on page 4 of this report), revenue climbed 10.5%.

2019 was a transition year and all of the entities in the Group's historical reporting scope saw revenue declines.

The German subsidiary's revenue fell by a sharp 35.5%, with a very unfavourable base effect stemming from the accelerated deployment of the contract signed in 2017 with the German hypermarket chain, Kaufland (over 1,000 stores in Europe).

The French entity was weighed down by the adverse, year-long impact of the "yellow vest" movement on the French retail, restaurant and catering markets, as well as by the end of the NF 525 compliance transition period for POS payment systems. These factors resulted in revenue falling 14.9% year on year.

The historical US entity (i.e., excluding RTG) ended the year with revenue down 3.8% in local currency compared with 2018.

The Australian entity posted a 3.6% year-on-year revenue decline in local currency.

Revenue for the UK entity retreated 20.6% in local currency terms, owing to Brexit-related uncertainty.

Lastly, RTG contributed €36.2 million to consolidated revenue in 2019.

Revenue breaks down by as follows by destination:

In € thousands	2019	2018
France	20,548	24,277
United Kingdom	12,599	16,146
Germany	7,576	12,278
Australia	8,982	8,865
United States	50,418	21,513
Other EU countries	12,010	15,206
Other non-EU countries	3,740	4,372
TOTAL	**115,873**	**102,657**

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.

[1] Based on the final methods used for allocating RTG's purchase price

Consolidated operating profit was €5,389K (versus €12,535K in 2018) and operating margin was 4.7%, down 57% year on year. The main reasons for this contraction were as follows:

- the revenue decline posted by the Group's historical reporting scope, which reduced gross margin by around €5.6 million;
- the decrease in the percent gross margin for the historical reporting scope from 36.5 % in 2018 to 35.9% in 2019 due to the sharp 5.2% increase in the average USD/€ exchange rate;
- the recognition of €6,235K in intangible assets related to the acquisition of RTG, and an €819K amortisation expense recorded against these assets.
- RTG's €706K operating loss (excluding amortisation of intangible assets).

Excluding the above new amortisation expense, consolidated operating profit amounted to €6,208K (representing 5.4% of revenue), 50.4% lower than in 2018.

As a result of the Group's first-time application of IFRS 16, €1,898K in rental expenses was removed from the income statement and €1,780K in depreciation was recognised.

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

	2019	2018
Revenue	115,873	102,657
Cost of goods sold	(60,750)	(62,227)
Gross margin	55,123	40,430
as a % of revenue	**47.57%**	**39.40%**

Gross margin for the Group's historical reporting scope totalled €28,603K, representing 35.9% of revenue, versus €34,720K and 36.5% of revenue in 2018.
The year-on-year decrease in gross margin as a percentage of revenue was due to the sharp 5.2% rise in the average USD/€ exchange rate.

The Group reported a financial loss of €492K versus a loss of €143K at 31 December 2018.
The 2019 figure includes €245K in interest expense on lease liabilities recognised on the adoption of IFRS 16.

The income tax expense for 2019 came to €1,844K, including a €76K adjustment to deferred taxes following the decrease in the French corporate income tax rate from 34.43% to 32.02%.
The overall income tax rate was 37.65% compared with 33.04% in 2018.

Consolidated net profit for the year totalled €3,053K (€2,993K attributable to owners of the parent) down 63.2% on the 2018 figure of €8,297K (€8,144K attributable to owners of the parent). This corresponded to a 2.6% net profit margin for 2019.

Excluding amortisation of intangible assets, net profit attributable to owners of the parent was €3,599K in 2019 (representing a net margin of 3.1%), 55.8% lower than in 2018.

- ***Segment information***

The Group reports on three geographical segments: France, Europe, 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 kiosk POS and kiosk products;
- POS services.

	2019						2018					
In €K	Marketing and sales				Services		Marketing and sales				Services	
	France (1)	Europe (2)	US/ Australia (3)	Sub-total	US	Total	France (1)	Europe (2)	US/ Australia (3)	Sub-total	US	Total
				(1)+(2)+(3)						(1)+(2)+(3)		
Revenue	29,859	26,002	23,801	79,662	36,211	115,873	35,067	35,851	24,124	95,042	7,615	102,657
Operating profit	4,762	1,115	1,037	6,914	(1,525)	5,389	7,006	3,496	1,517	12,019	516	12,535
Consolidated net profit	3,047	718	600	4,364	(1,311)	3,053	4,560	2,505	878	7,943	354	8,297

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 main factor affecting the subsidiaries in 2019 was their overall revenue decline, which affected their operating profit due to lower margins.

- Germany

The German subsidiary contributed €11,182K to consolidated revenue in 2019 versus €17,334K in 2018.

Operating profit reported by the German subsidiary totalled €879K, and operating margin was 7.9% (versus €2,155K and 12.4% respectively in 2018).
During the second half of 2019, the Group laid off four members of staff at the German subsidiary in order to scale its structure to the size of its business.
The provision for impairment of inventories was raised 74% from €108K to €189K, reflecting the increasing age of certain items held in inventory.

The German subsidiary's contribution to consolidated net profit was €603K (€543K attributable to owners of the parent) versus €1,534K in 2018.

- United Kingdom

The UK subsidiary contributed €14,820K to consolidated revenue versus €18,516K in 2018.
Operating profit reported by the UK subsidiary totalled €236K and operating margin was 1.6% (versus €1,341K and 7.2% respectively in 2018).
In the second half of 2019, the Group laid off four members of staff at the UK subsidiary and did not replace two employees who resigned, in order to scale its structure to the size of its business.

The UK subsidiary's contribution to consolidated net profit was €114K, compared with €972K in 2018.

- United States (California)

The historical US subsidiary contributed €14,277K to consolidated revenue compared with €14,057K in 2018.

Operating profit reported by the US subsidiary totalled €410K and operating margin was 2.9% (versus €544K and 3.9% respectively in 2018).
Personnel costs rose 16%, directly reflecting the increase in average headcount.
The provision for impairment of inventories increased by 41% from €312K to €441K, reflecting the increasing age of certain items held in inventory.

The US subsidiary's contribution to consolidated net profit was €285K, compared with €335K in 2018.

- Australia

The Australian subsidiary contributed €9,523K to consolidated revenue compared with €10,067K in 2018.
Operating profit reported by the Australian subsidiary totalled €822K, or 8.6% of revenue (2018: €1,013K, or 10.1% of revenue).
The provision for impairment of inventories increased by more than 88%, from €154K to €290K, reflecting the increasing age of certain items held in inventory.

The Australian subsidiary's contribution to consolidated net profit was €511K, compared with €580K in 2018.

- RTG

As RTG has only been consolidated since 16 October 2018, year-on-year comparisons for this entity are not relevant.

In 2019, RTG contributed €36,210K to consolidated revenue. It ended the year with an operating loss of €1,525K and its contribution to consolidated net profit was a negative €1,310K.

It should be noted that 2019 was the first year in which RTG's operating loss included the amortisation of intangible assets, following the completion of the process for allocating the purchase price of RTG. Excluding this amortisation expense, which amounted to €819K in 2019, RTG's operating loss comes out at €706K.

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

	31 Dec. 2019			31 Dec. 2018		
	TOTAL	Managerial-grade employees (*cadres*)	Other employees	TOTAL	Managerial-grade employees (*cadres*)	Other employees
FR	53.4	24.6	28.8	49.2	23.8	25.4
DE	21.9	1.0	20.9	18.1	1.0	17.1
UK	29.0	4.7	24.3	30.3	4.8	25.5
US	12.3	1.0	11.3	10.6	1.0	9.6
AUS	15.6	1.0	14.6	15.9	1.0	14.9
RTG	301.2	10.7	290.4	280.6	10.0	270.6
TOTAL	**433.3**	**43.0**	**390.3**	**404.7**	**41.6**	**363.1**

13. Research and development expenses

AURES did not incur any research and development expenses in 2019.

➢1.2. AURES TECHNOLOGIES SA ON THE STOCK MARKET

1. Share capital

At 31 December 2019, the Company's share capital was made up of 4,000,000 shares each with a par value of €0.25, representing 5,397,996 theoretical voting rights and 5,327,065 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.

To the best of the Company's knowledge, its shareholding structure was as follows at 31 December 2019:

Shareholder	Shares	% capital	Theoretical voting rights	% theoretical voting rights	Actual voting rights	% actual voting rights
Free float	2,085,574	52.14	2,106,554	39.02	2,106,554	39.54
Patrick Cathala	1,481,082	37.03	2,858,098	52.95	2,858,098	53.65
Alpenstock Mont Blanc	251,376	6.28	251,376	4.66	251,376	4.72
Moneta Asset Management	100,000	2.50	100,000	1.85	100,000	1.88
Employees	11,037	0.28	11,037	0.20	11,037	0.21
Treasury shares	70,931	1.77	70,931	1.31	-	
TOTAL	**4,000,000**	**100%**	**5,397,996**	**100%**	**5,327,065**	**100%**

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 2019 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%				
Alpenstock Mont Blanc	251,376	6.28	251,376	4.66
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	53.65
Holding more than 66 2/3%				
Holding more than 90%				
Holding more than 95%				

By way of a registered letter dated 20 June 2019, Moneta Asset Management informed the Company that on 19 June 2019 it had raised its interest to above the threshold of 2% of the Company's capital and that at that date it held 85,000 AURES Technologies shares carrying the same number of voting rights, representing 2.13% of the Company's capital and 1.58% of the voting rights.

By way of a registered letter dated 18 July 2019, Moneta Asset Management informed the Company that on 17 July 2019 it had raised its interest to above the threshold of 2.5% of the Company's capital and that at that date it held 100,000 AURES Technologies shares carrying the same number of voting rights, representing 2.50% of the Company's capital and 1.85% of the voting rights.

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).

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.

Pursuant to this authorisation, on 21 October 2016 the Board of Directors decided to award up to 8,000 free shares to two employees, subject to performance conditions and to their continuing employment by the Group (service condition). Since the performance conditions were not met, the shares did not vest.

Pursuant to the authorisation granted at the Annual General Meeting on 16 June 2016, the Board of Directors also decided to award up to 6,533 free shares to a further 31 employees. These shares were not subject to any performance conditions but to a service condition that was met by all of the employees concerned.
The shares vested on 21 October 2017. The free shares awarded to the beneficiaries were existing ordinary shares and were subject to a one-year holding period, which expired on 20 October 2018.

Pursuant to the above-mentioned authorisation, on 31 October 2017 the Board of Directors decided to award up to 3,500 free shares to 31 employees. These shares were not subject to any performance conditions but to a service condition, which was met by 30 of the 31 employees, representing 3,357 shares.

The shares vested on 31 October 2018. The free shares awarded to the beneficiaries were existing ordinary shares and were subject to a one-year holding period, which expired on 31 October 2019.

Lastly, pursuant to the above-mentioned authorisation, on 23 July 2018 the Board of Directors decided to award up to 3,467 free shares to 47 employees. These shares were not subject to any performance conditions but to a service condition, which was met by 41 of the 47 employees, representing 3,202 shares. The shares vested on 23 July 2019. The free shares awarded to the beneficiaries were existing ordinary shares and were subject to a one-year holding period, which expired at midnight on 22 July 2020.

The authorisation granted at the Annual General Meeting on 16 June 2016 was therefore used to award 21,500 shares, leaving a residual 378,500 shares.
Since no executive corporate officers were beneficiaries of any free share awards, the Board of Directors did not need to determine the specific shareholding terms and conditions for any such award.
A table summarising outstanding free share plans is provided in Note 6.8 to the consolidated financial statements included in this annual financial report.

2. Treasury shares and cross-shareholdings

None.

3. Disposal of cross-shareholdings

None.

4. Interests acquired in French entities during the year

AURES did not acquire any interests in any French entity during 2019.

5. Share buybacks by the Company

At the Annual General Meeting held on 25 June 2019, 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 December 2020. 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. 2019			31 Dec. 2018		
	Number of shares	Price per share	Total price	Number of shares	Price per share	Total price
		€	€K		€	€K
Market-making	1,934	23.870	46	2,851	29.123	83
Treasury shares	68,997	22.318	1,540	37,793	15.423	583
TOTAL	**70,931**		**1,586**	**40,644**		**666**
	representing 1.77% of the Company's capital					

Within the scope of this share buyback programme, the Company carried out the following transactions in connection with its liquidity agreement in 2019:

	Number of shares	Average price	% capital
Number of shares purchased	55,978	€24.62	1.40%
Number of shares sold	56,895	€24.87	1.42%
Number of shares cancelled	None		
Market-making account at 31 Dec. 2019	**1,934**	**€23.87**	**0.05%**
Number of treasury shares held at 31 Dec. 2019 other than under the liquidity agreement	**68,997**	**€22.32**	**1.72%**

The Company has purchased its own shares within the scope of the share buyback programme.

On 27 November 2018, the Company signed a mandate with an independent financial services provider to buy back its own shares, up to a maximum of 10% of its share capital over a period of one year after the date of signing. The buyback price under the mandate may not exceed €80 for shares bought back to cover existing or future employee share ownership plans.

Other than under the liquidity agreement, the Company held 68,997 of its own shares on 31 December 2019 further to the transactions listed below:

- purchase of 34,406 shares, or 0.86% of the share capital at 31 December 2019, at an average price of €28.34;
- transfer of 3,202 shares to employees as part of free share plans.

Trading fees on share purchases and sales during the year came to €3K.

The Company did not reallocate any shares during the year. The carrying amount of the portfolio at 31 December 2019 was €1,586,017.95, for a market value of €1,605,735.98 and a total nominal amount of €17,249.25.

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

In 2019, the Company received three declarations of share transactions as required by Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*):

Name	Position held within the issuer	Transaction date	Purchase of shares
Patrick Cathala	Chairman and CEO	13 May 2019	Per-share price: €23.7486
			Total amount: €296,857.50
Patrick Cathala	Chairman and CEO	2 Oct. 2019	Per-share price: €16.29
			Total amount: €324,855.18
Patrick Cathala	Chairman and CEO	11 Oct. 2019	Per-share price: €17.16
			Total amount: €85,800.00

7. Employee share ownership

In accordance with Article L. 225-102 of the French Commercial Code, we inform you that employees held 0.28% of the share capital at 31 December 2019.

➢1.3. AURES TECHNOLOGIES SA

1. Company business review

In € thousands	2019	2018
Operating income	61,870	74,020
Operating expenses	56,575	66,223
Net operating profit	5,295	7,797
Net financial profit	177	1,798
Net recurring profit	5,472	9,595
Net non-recurring profit (loss)	(19)	265
Income tax expense	(1,760)	(2,756)
Net profit for the year	**3,693**	**7,104**

- Net operating profit

The Company's operating profit amounted to €5,295K in 2019 compared with €7,797K in 2018. This 32.1% year-on-year decrease reflects the following factors:

- Revenue dropped 15.9%. However, the non-Group/ Group sales mix remained the same as in 2018, at 50%/50%.

The revenue decline stemmed from:

  - the adverse, year-long impact of the "yellow vest" movement and other industrial unrest on the French retail, restaurant and catering markets; and
  - the end of the NF 525 compliance transition period for POS payment systems.

- Gross margin came in at 23.9% versus 24.1% in 2018, due to the year-on-year change in the USD/€ exchange rate.

- External expenses represented 6.2% of revenue, more or less unchanged from the 6.1% figure reported in 2018.

- Total payroll expensed in the year amounted to €5,500K compared with €5,801K in 2018.

This year-on-year decrease in total payroll was due to (i) the reduction in variable remuneration calculated based on sales performance and (ii) the fact that no provisions were set aside for any exceptional bonus for the Chairman and Chief Executive Officer or for the incentive scheme (versus €300K and €189K provisioned respectively in 2018) as the applicable eligibility criteria were not met.

A €245K accrual (2018: €212K) to the provision for customer warranties is shown within additions to provisions for contingencies and expenses.

- Net financial profit

Net financial profit amounted to €177K in 2019 and €1,798K in 2018. The 2019 figure does not include any dividends paid by subsidiaries (compared with €2,070K in 2018).
The main components of financial profit for 2019 are interest receivable on current accounts with subsidiaries and amounts receivable from equity investments (€359K), interest on bank overdrafts and borrowings (€114K), net foreign exchange losses on hedging transactions (€108K), and other financial income and expenses (€42K).

- Non-recurring loss

The Company ended 2019 with a non-recurring loss of €19K, primarily made up of gains and losses on sales of treasury shares.

- Net profit

Net profit for 2019 was €3,693K, down 48% from €7,104K in 2018.

2. Statement of financial position

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

In € thousands	31 Dec. 2019	31 Dec. 2018
Non-current assets	19,617	18,028
Inventories	9,884	6,789
Advances and downpayments	25	47
Trade receivables	15,519	15,327
Other receivables	2,607	2,504
Marketable securities	1,540	583
Cash and cash equivalents	4,051	5,618
Prepaid expenses	126	92
Unrealised translation losses	128	18
TOTAL ASSETS	**53,497**	**49,005**
Equity	29,450	29,683
Provisions for contingencies and expenses	321	247
Debt	23,365	18,789
Unrealised translation gains	361	286
TOTAL EQUITY AND LIABILITIES	**53,497**	**49,005**

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 2018.

3. Proposed appropriation of profit

The profit appropriation we are proposing is in line with French law and with the articles of association.

We recommend appropriating the full amount of the Company's net profit for the year ended 31 December 2019 – totalling €3,692,656 – to the retained earnings account, which would be increased from €22,977,406.97 to €26,670,062.97.

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:

	AMOUNT ELIGIBLE FOR TAX RELIEF		AMOUNT NOT ELIGIBLE FOR TAX RELIEF
Year	**DIVIDEND**	**OTHER AMOUNTS PAID OUT**	
2016	€1,920,000.00* i.e., €0.48 per share (post-stock split)	-	-
2017	€1,600,000* i.e., €0.40 per share (post-stock split)	-	-
2018	€4,000,000* i.e., €1 per share		

* 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	Net value of shares	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	2,656,680	100%			7,424,827	0	(219,619)	0
United Kingdom	AURES Technologies Ltd	GBP	5,000	4,872,572	100%	€291,899	€291,899		13,027,149	4,790	0
Germany	AURES Technologies GmH	EUR	25,000	2,239,298	90%	€22,500	€22,500	1,463,395	11,218,058	614,209	0
United Kingdom	J2 Systems Technology Ltd	GBP	42,229	(36,228)	100%	€7,607,036	€7,607,036		0	0	0
Australia	AURES Technologies Pty	AUD	10	6,068,215	100%				15,337,798	798,126	0
United States	AURES Technologies Inc.	USD	10,000	(1,125,643)	100%	€2,469,411	€2,469,411		16,483,246	294,980	0
United States	RTG	USD	500	(4,380,474)	100%				40,597,754	(1,106,627)	0

5. Intercompany loans

None.

6. Existing branches

None.

7. Presentation of the resolutions submitted at the Combined General Meeting of 24 September 2020 for approval

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.

Ordinary resolutions

- **Related-party agreements – placing on record that no new agreements have been entered into** (fourth resolution)

We remind shareholders that they are only asked to vote on the related-party agreements entered into during 2019 and at the beginning of 2020.

As no new related-party agreements falling within the scope of Article L. 225-38 of the French Commercial Code were entered into during 2019 or at the beginning of 2020, shareholders are simply invited to place this fact on record.

The following agreement was entered into and approved in previous years and remained in force during 2019:

- 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 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.

- **Terms of office of the Statutory Auditor and Alternate Auditor** (fifth and sixth resolutions)

The terms of office of the Company's Statutory Auditor – PricewaterhouseCoopers Audit – and its Alternate Auditor – Jean-Christophe Georghiou – are due to expire at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2019.

Acting on the recommendation of the Board of Directors meeting in its capacity as the Audit Committee, the Board is proposing that shareholders renew PricewaterhouseCoopers Audit's term as Statutory Auditor, for six financial years,

expiring at the close of the Annual General Meeting to be called in 2026 to approve the financial statements for the year ending 31 December 2025.

Also based on the recommendation of the Board of Directors meeting in its capacity as the Audit Committee, the Board is proposing that Jean-Christophe Georghiou's term as Alternate Auditor should not be renewed and that he should not be replaced, as permitted under the applicable law.

The Board of Directors meeting in its capacity as the Audit Committee has confirmed that it was not influenced by any third party in making these recommendations and that its decision making was not restricted by any contractual clause.

- **Re-appointment of directors** (seventh and eighth resolutions)

The terms of office of Patrick Cathala and Daniel Cathala as members of the Board of Directors are due to expire at the close of the upcoming Annual General Meeting.

We therefore invite you to re-appoint Patrick Cathala and Daniel Cathala as directors, each for a six-year term expiring at the close of the Annual General Meeting to be held in 2026 to approve the 2025 financial statements.

Gender balance

If all of these resolutions are approved, the Board of Directors would be made up of two women and four men. This gender ratio complies with the applicable law.

Skills, expertise and experience

Information concerning the expertise and experience of the directors put forward for re-appointment is provided in the Company's corporate governance report.

- **Approval of the remuneration policy for the Chairman and Chief Executive Officer** (ninth resolution)

Pursuant to Article L. 225-37-2 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 2019 annual financial report.

- **Approval of the remuneration policy for the members of the Board of Directors** (tenth resolution)

Pursuant to Article L. 225-37-2 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 2019 annual financial report.

- **Approval of the information disclosed in accordance with Article L.225-37-3, I of the French Commercial Code** (eleventh resolution)

Pursuant to Article L. 225-100, II of the French Commercial Code, we invite you to approve the information disclosed in accordance with Article L. 225-37-3, I of said Code, which is set out in section 1.3 of the corporate governance report included in the 2019 annual financial report.

- **Approval of the fixed, variable and exceptional components comprising the total remuneration and benefits paid during or awarded for 2019 to Patrick Cathala, Chairman and Chief Executive Officer** (twelfth resolution)

Pursuant to Article L. 225-100, III of the French Commercial Code, we invite you to approve the fixed, variable and exceptional components comprising the total remuneration and benefits paid during or awarded for 2019 to Patrick Cathala, Chairman and Chief Executive Officer, as presented in section 1.2 of the corporate governance report included in the 2019 annual financial report.

- **Proposal to renew the authorisation concerning the implementation of the share buyback programme** (thirteenth resolution)

In the thirteenth resolution, we invite you to grant the Board of Directors, for a period of 18 months, the powers necessary to purchase, on one or several occasions, at the times it deems fit, shares of the Company representing up to 10% of the number of shares comprising the share capital, adjusted where appropriate to reflect any capital increases or decreases that may be carried out during the period of validity of the programme.

This authorisation would terminate the authorisation given to the Board of Directors by the shareholders at the Annual General Meeting of 25 June 2019 (seventh 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 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, in accordance with the authorisation given in the eighth extraordinary resolution of the Annual General Meeting of 25 June 2019.

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 you set the maximum purchase price at €80 per share and therefore the maximum amount concerned by the buyback programme at €32,000,000.

The Board of Directors would therefore have the powers to take all necessary steps for such purposes.

Extraordinary resolutions

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.

The Board's current delegation of authority to increase the share capital in favour of a specific category of beneficiaries, without pre-emptive subscription rights for existing shareholders, is due to expire shortly, and we therefore invite you to renew it. We further invite you to renew the delegations of authority concerning (i) public offers (other than offers as defined in Article L.411-2, 1 of the French Monetary and Financial Code), and (ii) private placements (i.e., offers as defined in Article L. 411-2, 1 of the French Monetary and Financial Code). We are seeking these renewals in advance of the delegations' expiry dates in view of the order issued by the French State dated 21 October 2019 concerning public offers of securities, which amends certain articles of the applicable French law, changes the definition of public offers and introduces new pricing rules.

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 paragraph 6 of the corporate governance report.

In addition, in light of the authorisations 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.

- **Delegations of authority to issue ordinary shares and/or securities, without pre-emptive subscription rights for existing shareholders**

The delegations of authority previously granted for this purpose have not been used.

These delegations are intended to grant the Board of Directors full powers to carry out issues of shares or other securities, at the times it deems fit. The delegations of authority would be valid for a period of 26 months, with the exception of the delegation to increase the share capital in favour of a specific category of beneficiaries, without pre-emptive subscription rights for existing shareholders, which would be valid for 18 months. These delegations cover issues of:

- ordinary shares;
- and/or ordinary shares carrying rights to other ordinary shares or debt securities;
- and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to the 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.

- **Delegation of authority to issue ordinary shares giving access, where applicable, to ordinary shares or carrying rights to debt securities and/or securities giving access to ordinary shares, without pre-emptive subscription rights for existing shareholders, by way of an offer to the public (other than an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code) and/or as consideration for securities tendered to a public exchange offer** (fourteenth resolution)

Under this delegation, the issues would be carried out by way of an offer to the public (other than an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code) and/or as consideration for securities tendered to a public exchange offer.

Shareholders' pre-emptive subscription rights to ordinary shares and/or securities giving access to the share capital would be cancelled, with the Board of Directors having the option to grant shareholders a priority subscription right.

The aggregate nominal amount of the ordinary shares that may be issued pursuant to this delegation may not exceed €200,000, representing 20% of the share capital as of the date of this report.

Where applicable, the nominal amount of the capital increase needed to protect, in accordance with the law and, where applicable, with any contractual provisions to this effect, the rights of holders of rights or securities giving access to the Company's share capital would be added to this ceiling.

The amount of the issues carried out pursuant to this resolution would count towards the ceiling for issues of ordinary shares set in the fifteenth resolution of this Annual General Meeting.

The amount paid or to be paid to the Company for each of the ordinary shares issued would be determined in accordance with the applicable laws and regulations after taking into account the subscription price of any share warrants issued and would therefore be at least equal to the minimum required by Article R. 225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (weighted average price over the three last trading days preceding the start of the offer, less a discount of up to 10% where applicable). In accordance with the above-mentioned provisions, this pricing rule does not apply to public offers as defined in Article L. 411-2-1 of the French Monetary and Financial Code.

In the event of an issue of securities as consideration for securities tendered to a public exchange offer, the Board of Directors would have the appropriate authority, within the limits specified above, to determine the list of securities tendered to the exchange, to set the terms and conditions of issue, the exchange ratio and, where applicable, the amount of the balancing cash adjustment payable, and to define the precise terms of the issue.

If the subscriptions do not absorb the entire issue, the Board of Directors may:

- limit the amount of the issue to the amount of subscriptions received, where applicable within the limits provided for by applicable regulations; or
- freely allocate some or all of the securities that have not been subscribed.

The Board of Directors would have the powers necessary, within the limits set out above, to set the terms and conditions of the issue or issues; record any resulting capital increases; amend the articles of association accordingly; charge, on its own initiative, the capital increase expenses to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary for the legal reserve to equal one-tenth of the revised share capital following each capital increase; and more generally to take all necessary steps for such purposes.

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

- **Delegation of authority to issue ordinary shares giving access, where applicable, to ordinary shares or carrying rights to debt securities and/or securities giving access to ordinary shares, without pre-emptive subscription rights for existing shareholders, by means of a private placement (i.e., an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code)** (fifteenth resolution)

Under this delegation, the issues would be carried out by means of an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code.

Shareholders' pre-emptive subscription rights to ordinary shares and/or securities giving access to the share capital would be cancelled.

The aggregate nominal amount of the ordinary shares that may be issued may not exceed €200,000, representing 20% of the share capital as of the date of this report, it being specified that the issues would also be limited to 20% of the share capital per annum.

Where applicable, the nominal amount of the capital increase needed to protect, in accordance with the law and, where applicable, with any contractual provisions to this effect, the rights of holders of rights or securities giving access to the Company's share capital would be added to this ceiling.

The amount of the issues carried out pursuant to this resolution would count towards the ceiling for issues of ordinary shares set in the fourteenth resolution of this Annual General Meeting.

The amount paid or to be paid to the Company for each of the ordinary shares issued would be determined in accordance with the applicable laws and regulations after taking into account the subscription price of any share warrants issued and would therefore be at least equal to the minimum required by Article R. 225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (weighted average price over the three last trading days preceding the start of the offer, less a discount of up to 10% where applicable). In accordance with the above-mentioned provisions, this pricing rule does not apply to public offers as defined in Article L. 411-2-1 of the French Monetary and Financial Code.

If the subscriptions do not absorb the entire issue, the Board of Directors may:

- limit the amount of the issue to the amount of subscriptions received, where applicable within the limits provided for by applicable regulations; or
- freely allocate some or all of the securities that have not been subscribed.

The Board of Directors would have the powers necessary, within the limits set out above, to set the terms and conditions of the issue or issues; record any resulting capital increases; amend the articles of association accordingly; charge, on its own initiative, the capital increase expenses to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary for the legal reserve to equal one-tenth of the revised share capital following each capital increase; and more generally to take all necessary steps for such purposes.

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

- **Authorisation to set the issue price, in the event of an issue without pre-emptive subscription rights for existing shareholders, within the limit of 10% of the share capital per annum, under the conditions determined by the shareholders** (sixteenth resolution)

Pursuant to Article L. 225-136-1° paragraph 2 of the French Commercial Code and in the event the Board of Directors decides to issue ordinary shares or securities giving access to the share capital without pre-emptive subscription rights for existing shareholders by way of a public offer (other than an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code) and/or a private placement (i.e., an offer as defined in Article L. 411-2, 1 of the French Monetary and Financial Code) (fourteenth and fifteenth resolutions), which fall within the scope of Article L. 225-136, 1° paragraph 1 of the French Commercial Code, we invite you to authorise the Board to depart from the pricing conditions specified in the above resolutions and to set the price for the equity securities to be issued as follows, within the limit of 10% of the share capital per annum:

The issue price for the equity securities to be issued immediately or in the future may not, at the Board of Directors' discretion, be less than:

- either the weighted average price of the Company's share on the day before the issue price is set, less a discount of up to 15% where appropriate;
- or the average of the listed share price over five consecutive days chosen from among the 30 trading days preceding the date on which the issue price is set, less a discount of up to 10% where appropriate.

This exceptional price-setting rule may give the Board a certain degree of flexibility in determining the amount of the discount when setting the issue price depending on the transaction and the market situation concerned, as well as the average of the benchmark share prices.

- **Delegation of authority to issue ordinary shares giving access, where applicable, to ordinary shares or carrying rights to debt securities and/or securities giving access to ordinary shares, without pre-emptive subscription rights for existing shareholders, in favour of a specific category of beneficiaries** (seventeenth resolution)

Under this delegation, the issues would be carried out for a specific category of beneficiaries, in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code in particular.

This delegation would be valid for a period of 18 months as from the date of the Annual General Meeting.

The aggregate nominal amount of the capital increases that may be carried out pursuant to this delegation may not exceed €50,000, representing 5% of the share capital as of the date of this report.

Where applicable, the nominal amount of the capital increase needed to protect, in accordance with the law and, where applicable, with any contractual provisions to this effect, the rights of holders of rights or securities giving access to the Company's share capital would be added to this ceiling.

This ceiling would be independent of all of the ceilings provided for by other resolutions of this Annual General 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 giving access to the share 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 beneficiaries:

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.

If the subscriptions do not absorb the entire issue, the Board of Directors may:

- limit the amount of the issue to the amount of subscriptions received, where applicable within the limits provided for by applicable regulations; or
- freely allocate among the applicable category of beneficiaries some or all of the securities that have not been subscribed.

The Board of Directors would have full powers to use this delegation 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 beneficiaries;

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, on its own initiative, the capital increase expenses to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary for the legal reserve to equal one-tenth of the revised share capital following each capital increase;

j) 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 giving access 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 for such purposes.

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

- **Authorisation to increase the issue amount** (eighteenth resolution)

Within the scope of the foregoing delegations without pre-emptive subscription rights for existing shareholders (fourteenth, fifteenth and seventeenth 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 in by 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.

- **Delegation of authority to increase the share capital in favour of members of a Company savings plan (*Plan d'épargne d'entreprise* – PEE)** (nineteenth resolution)

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 Company 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 several occasions, by issuing ordinary shares or securities giving access to the Company's share capital in favour of 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 giving access to the Company's share capital, for the purpose of (i) the Company 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 the top-up contribution and/or the discount, the Board would be authorised to capitalise reserves, profits 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 increases that could 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, the nominal amount of the capital increase needed to protect, in accordance with the law and, where applicable, with any contractual provisions to this effect, the rights of holders of rights or securities giving access to the Company's share capital, would be added to this amount.

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.

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

- **Authorisation to award stock options to employees (and/or certain corporate officers)** (twentieth resolution)

We invite you to grant the Board of Directors a thirty-eight month authorisation to award stock options to some or all employees, or to certain categories of employees and/or corporate officers – who meet the legal definition of corporate officer – of the Company or of entities or economic interest groupings related to the Company within the meaning of Article L. 225-180 of the French Commercial Code.

The total number of options that may be awarded by the Board of Directors pursuant to this authorisation would be such that the shares subscribed or purchased on exercise of those options would not represent more than 10% of the share capital as of the date of the Annual General Meeting. Where applicable, the nominal amount of the capital increase needed to protect, in accordance with the law and, where applicable, with any contractual provisions to this effect, the rights of stock option holders in the event of transactions in the Company's capital would be added to this ceiling.

The exercise price of the stock options would be set on the date the options are awarded by the Board of Directors and would represent at least 95% of the average of the share prices listed over the 20 trading days preceding that date.

The life of the options, as set by the Board, would not be able to exceed 10 years as from their award date.

No options could be awarded during the blackout periods provided for by the applicable laws and regulations.

This authorisation would automatically entail the express waiver of shareholders' pre-emptive rights to subscribe for the shares issued on exercise of the stock options.

Subject to the limits set out above, the Board of Directors would have full powers to set the terms and conditions applicable to the award(s) and exercise of the stock options, and in particular to:

- set the terms and conditions of each award, draw up the list or categories of beneficiaries as described above, set any seniority and performance conditions that the beneficiaries would be required to meet, and

decide on the terms and conditions for making any adjustments to the price and number of the shares, especially in the cases provided for in Articles R. 225-137 to R. 225-142 of the French Commercial Code;
- set the exercise periods for the options awarded, it being specified that the life of the options would not be able to exceed 10 years as from their award date;
- provide for the possibility of temporarily suspending the exercise of the options for up to three months if any financial transactions are carried out that require the exercise of rights attached to shares;
- purchase any necessary shares under the share buyback programme and allocate those shares to the stock option plan(s);
- carry out, either directly or through an agent, any and all actions and formalities required to complete any capital increases that may be carried out pursuant to this resolution, amend the articles of association accordingly, and generally take all necessary steps;
- charge, on its own initiative and if it deems fit, the capital increase expenses to the amount of the corresponding additional paid-in capital and deduct from this amount the sums necessary for the legal reserve to equal one-tenth of the revised share capital following each capital increase.

This authorisation would, where applicable, cancel the unused portion of any previous authorisation granted for the same purpose.

- **Amendment to Article 12 of the articles of association to allow certain decisions of the Board of Directors to be taken by way of written consultation** (twenty-first resolution)

In the twenty-first resolution, we invite you to amend Article 12 of the articles of association in order to allow the Board of Directors to take certain decisions by way of written consultation, in the circumstances and under the conditions provided for in the applicable laws and regulations.

For information purposes, the Board decisions that can currently be taken by written consultation as provided for in the applicable law (Article L. 225-37 of the French Commercial Code, as amended) are as follows:
- Appointing members of the Board (Article L. 225-24);
- Authorising guarantees, deposits and endorsements (Article L. 225-35);
- Amending the articles of association to comply with the applicable law and regulations, if so authorised by extraordinary resolution of the shareholders sitting in an Annual General Meeting (Article L. 225-36);
- Calling general meetings of shareholders (Article L. 225-103, I);
- Relocating the Company's registered office to an address in the same French *département* (Article L. 225-37 of said Code).

- **Amendment of the articles of association to align them with recently amended laws and regulations** (twenty-second resolution)

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

Concerning the procedure for identifying holders of bearer shares:
- to amend Article 8 of the articles of association so that it complies with the provisions of Articles L. 228-2 ***et seq.*** of the French Commercial Code related to identifying holders of bearer shares, as amended by French law 2019-486 of 22 May 2019, by adopting broader wording that will enable the Company to make use of the new options provided for in the amended legislation, including the possibility of directly asking financial intermediaries to provide such information.

Concerning the requirement for the Board of Directors to take into account the social and environmental impacts of the Company's operations:
- to amend Article 13 of the articles of association so that it complies with the provisions of Article L. 225-35 of the French Commercial Code, as amended by French law 2019-486 of 22 May 2019, by providing that the Board of Directors determines the Company's overall strategy and oversees the implementation of that strategy, in the Company's best interests and taking into consideration the social and environmental impacts of its operations.

The Board of Directors invites you to approve the resolutions put to your vote, with the exception of the nineteenth 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 €94,764 in 2019 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. 441-6-1 and D. 441-4 of the French Commercial Code, the following table shows details of supplier and customer payment terms at 31 December 2019:

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	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)	0.10%	0.59%	0.15%	0.17%	0.51%	1.42%
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	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)						
As a % of revenue for the period (excl. VAT)	0.44%	0.91%	2.17%	0.44%	1.18%	4.69%
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					

For information purposes, the following table shows details of supplier and customer payment terms at 31 December 2018:

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	25	50	6	3	33	117
Total amount of invoices (incl. VAT)	22	160	3	1	351	537
As a % of total purchases for the period (excl. VAT)	0.04%	0.28%	0.00%	0.00%	0.60%	0.92%
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	115	252	66	29	214	676
Total amount of invoices (incl. VAT)	1,148	832	1,196	1,041	3,810	8,027
As a % of total purchases for the period (excl. VAT)						
As a % of revenue for the period (excl. VAT)	1.61%	1.17%	1.68%	1.46%	5.36%	11.28%
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			

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

In accordance with Article L. 225-102-1 and Articles 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 its 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 with 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:

- have 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 ask you to approve the various resolutions that will be put to your vote, with the exception of the nineteenth 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 2019, 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	63	French	AGM 21/05/2008 AGM 11/06/2014	AGM 2020
Daniel Cathala	Director	66	French	AGM 21/05/2008 AGM 11/06/2014	AGM 2020
Régis Cathala	Director	60	French	AGM 30/06/2011 AGM 20/06/2017	AGM 2023
Alfredo Freire	Director	52	French	AGM 30/06/2011 AGM 20/06/2017	AGM 2023
Isabelle Baptiste	Director	56	French	AGM 20/06/2018	AGM 2024
Sabine De Vuyst	Director	46	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 are due to expire at the upcoming Annual General Meeting due to be held on 24 September 2020. At that meeting, shareholders will be asked to re-appoint both directors, each for six-year terms expiring at 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 2019.

At 31 December 2019, 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. 225-37-4 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 1.9 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 11 June 2014 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 period, i.e., until the expiry of his directorship at the close of the Annual General Meeting to be held on 24 September 2020.

1.2. Components of remuneration and benefits in kind paid during or awarded for 2019 to Patrick Cathala, Chairman and Chief Executive Officer (twelfth resolution of the 24 September 2020 Annual General Meeting) – ex-post "say on pay"

In accordance with Article L. 225-100, II of the French Commercial Code, in the twelfth 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 2019, determined pursuant to the remuneration principles and criteria approved at the Annual General Meeting of 25 June 2019 in its sixth ordinary resolution.

Components of remuneration paid or awarded in respect of 2019	Amount or accounting estimate submitted for shareholder approval	Description
Fixed remuneration	€513,270 (amount awarded for 2019 and paid in 2019)	Annual fixed remuneration calculated by reference to the level and degree of difficulty of the position, the experience brought to the position, seniority within the Company, and practices observed in comparable companies.
Annual variable remuneration	€200,000 (amount paid in 2019 after approval by shareholders at the 2019 Annual General Meeting) €0 for 2019	Annual variable remuneration (paid in 2019) was based on the net margin,* it being specified that, for confidentiality reasons, the expected level of this margin is not disclosed. The Chairman's annual variable remuneration cannot exceed 45% of his annual fixed remuneration. The Chairman and Chief Executive Officer's annual variable remuneration (awarded for 2019) was also contingent on the net margin.* At its meeting on 1 July 2020, the Board of Directors placed on record that the applicable criteria for the Chairman and Chief Executive Officer's 2019 variable remuneration had not been met.
Exceptional remuneration	€100,000 (amount paid in 2019 after approval by shareholders at the 2019 Annual General Meeting) €0 for 2019	Exceptional remuneration was calculated based on the Group's business development projects.
Benefits in kind	€10,296 (Accounting estimate, amount awarded for 2019)	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. 225-37-3, I of the French Commercial Code for each of the Company's corporate officers (eleventh resolution of the 24 September 2020 Annual General Meeting) – overall ex-post "say on pay"

The Chairman and Chief Executive Officer receives gross annual fixed remuneration of €513,270, calculated by reference to the level and degree of difficulty of his position, the experience brought to the position, his seniority within the Company, and practices observed in comparable companies

Pursuant to Article L. 225-37-3 of the French Commercial Code, please note that an aggregate gross amount of €823,566 was paid or awarded (subject to approval by the shareholders) to the Chairman and Chief Executive Officer in 2019, calculated by reference to the remuneration principles and criteria approved at the Annual General Meeting of 25 June 2019 in the sixth 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 2019	Amount awarded for 2019	Amount paid in 2019	Amount awarded for 2019		
	513,270	200,000*	0**	100,000*	0**	10,296	None

** Amount paid in 2019 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 amount paid in 2019 represents the variable remuneration for 2018.

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

(2) Exceptional remuneration is awarded if the Company carries out any major business development projects, such as acquisitions, or if any exceptional events take place.

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

Patrick Cathala did not receive any free shares in 2019.

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 2019 to members of the Board (except for the Chairman and Chief Executive Officer) were as follows:

	Amounts awarded for 2018 and paid in 2019	Amounts awarded for 2019
Daniel Cathala	€2,500	€1,500
Sabine De Vuyst	€2,500	€1,500
Alfredo Freire	€2,000	€1,500

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 Group's subsidiaries, and they have not been given any specific commitments in terms of pension benefits.

In addition, neither the directors nor the Chairman and Chief Executive Officer have been granted any financial advances by the Company.

The other components of the corporate officers' remuneration have not been disclosed for confidentiality reasons in view of the Company's size and operating methods.

➢ 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 paragraphs 6 and 7 of Article L. 225-37-3 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 FTE-basis average remuneration of the Company's employees other than its senior executives:

	Ratio of Chairman & CEO's remuneration/average remuneration of the Company's employees	Ratio of Chairman & CEO's remuneration/median remuneration of the Company's employees
2018	16.2	22.6
2019	16.4	22.8

	Year-on-year change in the Chairman and CEO's remuneration (2019 vs. 2018)	Year-on-year change in the average FTE-basis remuneration of the Company's employees (2019 vs. 2018)	Year-on-year change in the Company's performance (2019 vs. 2018)		Year-on-year change in pay equity ratios (2019 vs. 2018)	
					Average remuneration ratio	Median remuneration ratio
			Consolidated net profit	% change	Chairman and CEO	Chairman and CEO
2019	+1.1%	-0.1%	€3,053K	-63.2%	+1.2%	+0.9%

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. 225-37-2 and R. 225-29-1 of the French Commercial Code, the Company has drawn up a remuneration policy for each of its corporate officers. These policies are in the Company's best interests, help achieve the goals underlying its commercial strategy, and contribute to ensuring its longevity 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 must comply with the remuneration policy approved by the shareholders. If no such policy is in place then 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.

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 (ninth resolution of the 24 September 2020 Annual General Meeting)

This section has been prepared in application of Articles L. 225 -37-2 and R. 225-29-1 of the French Commercial Code.

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 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 2018 and 2019 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 the Company controls or is controlled by 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 2019 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 2019 or awarded for that year (ex-post individual vote).

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

➢ Directors' remuneration policy (tenth resolution of the 24 September 2020 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 up 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 Group 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)*
- 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.*

* 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 entered into on arm's length terms

The Board of Directors has decided that in 2020 it will adopt a procedure for regularly assessing whether agreements concerning routine transactions and entered into on arm's length terms actually meet these criteria. Any persons directly or indirectly involved in such agreements will not take part in the assessment of the agreements concerned.

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 three times in 2019, with an average attendance rate of 66.7%.
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:

26 April 2019

- Approval of the parent company and consolidated financial statements for the year ended 31 December 2018
- 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

25 June 2019

- Implementation of the authorisation granted at the Annual General Meeting of 25 June 2019 to trade in the Company's own shares pursuant to Article L. 225-209 of the French Commercial Code
- Individual allocation of directors' remuneration out of the total amount approved by the shareholders (formerly directors' fees)

23 September 2019

- Business and outlook
- Approval of the interim consolidated financial statements at 30 June 2019
- Draft press release
- Preparation of the revised interim management planning documents
- Information relating to the signature of a fit-out contract with AXESS and the authorisation of a bank financing agreement
- Miscellaneous issues

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. 225–238 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 of Directors' 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 two occasions in 2019.

The agenda of each Audit Committee meeting was as follows:

26 April 2019

- Statutory Auditors' independence
- Receipt of the draft report by the Statutory Auditors
- Approval of an assignment entrusted to one of the Company's statutory auditors for reviewing and ensuring the correct nature of the translation from French to English of regulated financial reporting documents, which constitutes a service falling within the scope of Article L. 822-11-2 of the French Commercial Code
- Approval of an assignment entrusted to one of the Company's statutory auditors for drawing up a statement on the information prepared by the Company (covenants) for the year ended 31 December 2018 related to a loan agreement with BNP Paribas, 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 by AFEP-MEDEF in June 2018, and has considered them in light of its own principles.

In accordance with Article L. 225-37-4, 8° 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.

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.

For the 2020 Annual General Meeting, these terms and conditions of participation will be subject to the measures put in place for preventing the spread of Covid-19.

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 2019	Residual amount at 31 Dec. 2019
Delegation to increase the share capital by capitalising reserves, profits or additional paid-in capital	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	25 June 2019	24 Aug. 2021	€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	25 June 2019	24 Aug. 2021	€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	25 June 2019	24 Dec. 2021	€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	20 June 2017	19 Aug. 2020	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		378,500 shares
Delegation to increase the share capital in favour of members of a Company savings plan	25 June 2019	24 Aug. 2021	1% of the share capital at the date of the AGM	-		1% of the share capital at the date of the AGM

**Blanket ceilings.*

7. Factors likely to influence a public offer

Pursuant to Article L. 225-37-5 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 paragraph 1 – "Share capital" and paragraph 4 – "Subsidiaries and equity interests" of the "AURES Technologies on the stock market" section of the Board of Directors' report to the 24 September 2020 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. There is also an authorisation currently in force allowing for the award of free shares (see the end of paragraph 1 – "Share capital" of the "AURES Technologies on the stock market" section of the Board of Directors' report to the 24 September 2020 Annual General Meeting).

- The powers of the Board of Directors to buy back shares are described in paragraph 5 – "Share buybacks" of the "AURES Technologies on the stock market" section of the Board of Directors' report to the 24 September 2020 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 other 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. 2019	31 Dec. 2018 [1]
	NON-CURRENT ASSETS		
5.1	Goodwill	7,526	7,374
5.2	Intangible assets	7,591	8,801
5.4	Right-of-use assets under leases	6,960	
5.3	Property, plant and equipment	1,649	1,917
5.5	Other financial assets	1,531	1,535
5.22	Deferred tax assets	2,988	2,801
	TOTAL NON-CURRENT ASSETS	**28,246**	**22,428**
	CURRENT ASSETS		
5.6	Inventories and work-in-progress	23,204	21,425
5.7	Trade receivables	17,523	16,529
5.8	Other current assets	3,987	3,807
	Financial assets at fair value	0	35
5.9	Cash and cash equivalents	10,684	9,726
	TOTAL CURRENT ASSETS	**55,398**	**51,522**
	TOTAL ASSETS	**83,644**	**73,950**

Notes	EQUITY AND LIABILITIES	31 Dec. 2019	31 Dec. 2018
	EQUITY		
	Share capital	1,000	1,000
	Reserves	23,817	20,000
	Profit for the year	2,993	8,144
	Shareholders' equity	*27,810*	*29,144*
	Non-controlling interests	194	133
5.10	**TOTAL EQUITY**	**28,004**	**29,277**
	NON-CURRENT LIABILITIES		
5.12	Non-current borrowings and debt	7,020	7,621
5.13	Non-current lease liabilities	5,489	
5.22	Deferred tax liabilities	1,880	2,200
5.11	Provisions for contingencies and expenses	1,485	1,426
	TOTAL NON-CURRENT LIABILITIES	**15,874**	**11,247**
	CURRENT LIABILITIES		
5.14	Trade payables	16,003	10,407
5.13	Current lease liabilities	1,658	
5.12	Current borrowings and debt	5,571	4,726
	Derivative instruments	34	0
	Current tax	247	971
5.15	Contract liabilities	7,686	6,360
5.16	Other liabilities	8,567	10,962
	TOTAL CURRENT LIABILITIES	**39,766**	**33,426**
	TOTAL EQUITY AND LIABILITIES	**83,644**	**73,950**

[1] Based on the final methods used for allocating RTG's purchase price

CONSOLIDATED INCOME STATEMENT (€ thousands)

Notes		2019	2018
5.17	Revenue	115,873	102,657
	Cost of goods sold	(60,750)	(62,227)
	Personnel costs	(25,864)	(14,781)
	External expenses	(18,628)	(11,400)
	Taxes other than on income	(525)	(547)
5.2/5.3/5.4	Depreciation and amortisation expense	(3,869)	(1,098)
5.6/5.7/5.11	(Additions to) Reversals of provisions	(586)	(206)
5.18	Other operating income and expenses	(263)	(159)
	Recurring operating profit	**5,388**	**12,239**
5.19	Other income from operations	59	347
5.19	Other expenses from operations	(58)	(51)
	Operating profit	**5,389**	**12,535**
	Cost of gross debt	(451)	(122)
5.20	**Cost of net debt**	**(451)**	**(122)**
5.20	Other financial income	998	1,830
5.20	Other financial expenses	(1,039)	(1,851)
5.21	Income tax expense	(1,844)	(4,095)
	Net profit for the year	**3,053**	**8,297**
	Attributable to owners of the parent	2,993	8,144
	Attributable to non-controlling interests	60	153
5.23	Basic earnings per share (€)	0.76	2
5.23	Diluted earnings per share (€)	0.76	2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ thousands)

Notes		2019	2018
	Net consolidated profit attributable to owners of the parent	**2,993**	**8,144**
	Other comprehensive income (loss) to be reclassified to the income statement	448	(187)
	Translation gains and losses	448	(187)
	Other comprehensive income (loss) not to be reclassified to the income statement	79	(16)
	Actuarial gains and losses on defined benefit plans	79	(16)
	Total other items of comprehensive income (loss)	**527**	**(203)**
	Net profit attributable to non-controlling interests		
	Attributable to owners of the parent	**3,520**	**7,941**
	Attributable to non-controlling interests	**60**	**153**
	Total comprehensive income	**3,580**	**8,094**

CONSOLIDATED STATEMENT OF CASH FLOWS (€ thousands)

Notes		2019	2018
	Consolidated net profit (1)	**3,053**	**8,297**
	+/- Net depreciation, amortisation and provision expense (2)	3,522	932
5.20	-/+ Unrealised gains and losses on changes in fair value	120	(237)
	-/+ Income and expenses related to stock options and other	74	159
	-/+ Capital gains and losses on disposals	(30)	(52)
5.20	+ Cost of net debt	451	122
5.21	+/- Income tax expense (including deferred taxes)	1,844	4,095
	= CASH FLOW FROM OPERATIONS BEFORE COST OF NET DEBT AND INCOME TAX EXPENSE (A)	**9,034**	**13,316**
	- Income tax paid (B)	(2,436)	(3,700)
	+/- Change in working capital relating to operations (3) (C)	1,249	(5,602)
	= NET CASH FROM OPERATING ACTIVITIES (D) = (A)+(B)+(C)	**7,847**	**4,014**
	- Outflows relating to purchases of property, plant and equipment and intangible assets	(400)	(642)
	+ Inflows relating to disposals of property, plant and equipment and intangible assets	4	
5.4	- Outflows relating to purchases of long-term financial assets (non-consolidated equity investments)	0	(951)
5.1	+/- Impact of changes in scope of consolidation (5)	0	(6,108)
	+/- Change in loans and advances granted	41	(248)
	= NET CASH FROM (USED IN) INVESTING ACTIVITIES (E)	**(355)**	**(7,949)**
6.7	-/+ Buybacks and sales of treasury shares	(957)	(455)
	- Dividends paid during the year:		
	- Dividends paid to owners of the parent	(3,925)	(1,589)
	- Dividends paid to non-controlling shareholders of consolidated companies	0	(105)
5.12	+ Inflows relating to new borrowings	3,060	9,393
5.12	- Repayment of borrowings	(2,827)	(705)
	- Repayments of lease liabilities	(1,627)	
5.20	- Net interest paid	(451)	(122)
	= NET CASH FROM (USED IN) FINANCING ACTIVITIES (F)	**(6,727)**	**6,417**
	+/- Impact of exchange rate fluctuations (G)	102	(131)
5.9	**= NET CHANGE IN CASH AND CASH EQUIVALENTS (4) H = (D)+(E)+(F)+(G)**	**868**	**2,351**
5.12	**NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)**	**7,400**	**5,049**
	NET CASH AND CASH EQUIVALENTS AT END OF YEAR (J)	**8,268**	**7,400**

(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 5.9 and 5.12).

(5) See Note 5.1, Goodwill.

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

	2019	2018
Change relating to trade receivables and contract assets net of contract liabilities	2,013	(840)
Change relating to trade payables	3,570	(5,789)
Change relating to other receivables and payables	(2,853)	(2,274)
Change relating to inventories	(1,481)	3,301
= Change in working capital relating to operations	**1,249**	**5,602**

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 2018	**1,000**	**26,044**	**(1,318)**	**25,726**	**97**	**25,823**
Comprehensive income		8,128	(187)	7,941	153	8,094
Impact of applying IFRS 15		(1,116)		(1,116)	(12)	(1,128)
Dividends paid		(1,589)		(1,589)	(105)	(1,694)
Treasury share transactions		(514)		(514)		(514)
Free share awards		159		159		159
Other[1]		(1,463)		(1,463)		(1,463)
Equity at 31 December 2018	**1,000**	**29,649**	**(1,505)**	**29,144**	**133**	**29,277**
Net profit for the year		2,993		2,993	60	3,053
Translation gains and losses			448	448		448
Actuarial gains on defined benefit plans		79		79		79
Comprehensive income		***3,071***	***448***	***3,519***	***60***	***3,580***
Dividends paid		(3,925)		(3,925)		(3,925)
Treasury share transactions		(959)		(959)		(959)
Free share awards		74		74		74
Other		(42)		(42)		(42)
Equity at 31 December 2019	**1,000**	**27,868**	**(1,057)**	**27,811**	**193**	**28,005**

1 See Note 5.1.

Unless otherwise specified, all the information below is expressed in thousands of euros.

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 2019 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 2019 were approved by the Board of Directors on 1 July 2020.

The new standards, amendments and interpretations mandatorily applicable in 2019
are:

- IFRIC 23 "Uncertainty over Income Tax Treatments"
- Annual Improvements to IFRSs – 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
- Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"
- Amendment to IFRS 9 "Prepayment Features with Negative Compensation"
- Amendment to IAS 28 "Investments in Associates and Joint Ventures"

With the exception of IFRS 16, which affects accounting policies and methods, applying the other standards, amendments and interpretations had no impact on the consolidated financial statements for the year ended 31 December 2019.
The impacts of the first-time application of IFRS 16 are described in Note 4, Change in accounting methods.

The Group did not opt for the early adoption of standards, amendments and interpretations applicable for reporting periods beginning on or after 1 January 2020. In particular, the Group did not early adopt the following standards in its 2019 consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Revised Conceptual Framework

published on 10 December 2019.

The Group chooses not to apply standards 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 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 2019 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 1.3.19).

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 in force 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.

IFRS 15 introduces a new five-step revenue recognition approach:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue when (or as) the performance obligations are satisfied

The accounting principles adjusted in the light of IFRS 15 are described below:
Consolidated revenue primarily results from sales of point of sale (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. CICE employment incentive tax credit

The CICE employment incentive tax credit was discontinued in 2019 following the introduction of new French tax legislation.
Previously, the Group presented the CICE tax credit within operating profit as a deduction from personnel costs, in accordance with IAS 19.

1.3.18. 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).

1.3.19. 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.

1.3.20. 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.

1.3.21. 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. 2019			31 Dec. 2018		
	% 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

FC: Full consolidation

NC: Non-consolidated

3. Foreign currency translation

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

	Average rate 2019	Average rate 2018	Closing rate 31 Dec. 2019	Closing rate 31 Dec. 2018
US dollar	1.1196	1.1815	1.1234	1.1450
Australian dollar	1.6106	1.5798	1.5995	1.6220
Pound sterling	0.8773	0.8847	0.8508	0.89453

The exchange rates used to translate the financial statements of RTG (consolidated with effect from 16 October 2018) into euros were as follows:

	Average rate 2018	Opening rate 16 Oct. 2018	Closing rate 31 Dec. 2018
US dollar	1.1397	1.1587	1.1450

Translation gains and losses recognised in other comprehensive income primarily result from fluctuations in the US dollar, Australian dollar and pound sterling between 2018 and 2019.

4. Change in accounting methods

4.1. Impacts of the first-time application of IFRS 16

IFRS 16 – Leases, applicable for the first time for reporting periods beginning on or after 1 January 2019, replaces IAS 17 and its related interpretations.

As indicated in the notes to the consolidated financial statements for the year ended 31 December 2018, the Group opted for the simplified retrospective transition method, whereby the cumulative impact of applying IFRS 16 for the first time is recognised as an adjustment to opening equity, with no restatement of 2018 comparative information.
The Group's leases are primarily property leases, although it also leases vehicles and equipment.

At the date of its transition to IFRS 16, the Group used the following practical expedients available under the standard:

- the carrying amount of right-of-use assets under leases is equal to that of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, as recognised in the statement of financial position immediately before the date of first-time application;
- a single discount rate is used for groups of leases with similar characteristics;
- initial direct costs are excluded from the measurement of right-of-use assets.

Similarly, as allowed by the standard, the Group did not recognise leases with a low-value (i.e., less than USD 5K) underlying asset.
No IFRS 16 impact was recognised in equity at 1 January 2019.

- ***Leases capitalised at the date of first-time application***

  - Lease liabilities

At 1 January 2019, the Group recognised €7.4 million in lease liabilities, representing the present value of future lease payments due on operating leases identified at that date.
The lease term adopted for each of the leases is the non-cancellable period of the lease, taking into account any periods covered by an option if management considers the option could be exercised.
The discount rates applied at the transition date are based on the Group's incremental borrowing rate plus a spread to reflect the economic environment specific to each country.
These discount rates were determined taking into account the average residual terms of the leases at the date of first-time application of IFRS 16.

Finance lease liabilities reported within debt in the statement of financial position at 31 December 2018 for €21K were reclassified within lease liabilities at

1 January 2019.

The Group has chosen to present lease liabilities separately from net debt.

- Right-of-use assets

At 1 January 2019, the carrying amount of right-of-use assets under leases was equal to that of lease liabilities adjusted by the amount of any prepaid or accrued payments relating to those leases, net of any incentives received from lessors (€52K) and the net carrying amount of non-current assets held under finance leases at 31 December 2018 (€17K).

The Group had right-of-use assets under leases totalling €7.4 million at the date of transition to IFRS 16.

- Impact on the presentation of the financial statements

Right-of-use assets under leases and lease liabilities are reported on separate lines of the consolidated statement of financial position.

The related depreciation expense and interest expense are respectively accounted for within recurring operating profit and other financial expenses.

The table below shows the impacts of the first-time application of IFRS 16 on the Group's statement of financial position.

ASSETS (in € thousands)	31 Dec. 2018 published	IFRS 16	1 Jan. 2019 IFRS 16
Goodwill	13,088		13,088
Intangible assets	2,566		2,566
Property, plant and equipment	1,917	(17)	1,900
Right-of-use assets under leases	0	7,385	7,385
Other financial assets	1,535		1,535
Deferred tax assets	2,622		2,622
TOTAL NON-CURRENT ASSETS	**21,728**	**7,368**	**29,096**
Inventories and work-in-progress	21,425		21,425
Trade receivables	16,529		16,529
Other current assets	3,545		3,545
Financial assets at fair value	35		35
Cash and cash equivalents	9,726		9,726
TOTAL CURRENT ASSETS	**51,260**		**51,260**
TOTAL ASSETS	**72,988**	**7,368**	**80,356**

EQUITY AND LIABILITIES (in € thousands)	31 Dec. 2018 published	IFRS 16	1 Jan. 2019 IFRS 16
Share capital	1,000		1,000
Reserves	21,414		21,414
Profit for the year	8,144		8,144
Shareholders' equity	*30,558*		*30,558*
Non-controlling interests	133		133
TOTAL EQUITY	**30,691**		**30,691**
Non-current borrowings and debt	7,621	(21)	7,601
Non-current lease liabilities	0	7,440	7,440
Deferred tax liabilities	511		511
Provisions for contingencies and expenses	1,426		1,426
TOTAL NON-CURRENT LIABILITIES	**9,558**	**7,420**	**16,978**
Trade payables	10,407	(52)	10,356
Current borrowings and debt	4,726		4,726
Current portion of lease liabilities	0		0
Derivative instruments	0		0
Current tax	971		971
Contract liabilities	6,360		6,360
Other liabilities	10,275		10,275
TOTAL CURRENT LIABILITIES	**32,739**	**(52)**	**32,688**
TOTAL EQUITY AND LIABILITIES	**72,988**	**7,368**	**80,356**

The table below presents the impacts of the first-time application of IFRS 16 (excluding finance leases) on the income statement for 2019.

€ thousands	2019 published	IFRS 16	IAS 17
Revenue	115,873		57,229
EBITDA	**9,843**	**(1,898)**	**7,945**
Depreciation and amortisation expense	(3,869)	1,780	(2,089)
(Additions to) Reversals of provisions	(586)		(586)
Recurring operating profit	**5,388**	**(118)**	**5,270**
Other income from operations	59		59
Other expenses from operations	(58)		(58)
Operating profit	**5,389**	**(118)**	**5,271**
Cost of gross debt	(451)	245	(206)
Cost of net debt	**(451)**	**245**	**(206)**
Other financial income	998		998
Other financial expenses	(1,039)	0	(1,039)
Income tax expense	(1,844)	(34)	(1,878)
Net profit for the year	**3,053**	**93**	**3,146**

Lease liabilities repaid over the year amounted to €1,628K.

Financial expenses continue to be presented within operating items.

4.2. Impacts of the first-time application of IFRIC 23

The Group applied IFRIC 23 – Uncertainty over Income Tax Treatments for the first time at 1 January 2019. IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 – Income Taxes are applied when there is uncertainty over income tax treatments.

The Group applied IFRIC 23 at 1 January 2019 using the modified retrospective approach, i.e., with no restatement of comparative information.

The first-time application of IFRIC 23 had no impact on consolidated equity at that date but resulted in the reclassification of provisions for income taxes to current tax liabilities. No additional liabilities were recognised in respect of uncertainties over income taxes based on the analyses carried out.

5. Notes to the financial statements for the year ended 31 December 2019

Amounts are expressed in thousands of euros.

5.1. Goodwill

Movements in goodwill can be analysed as follows:

In € thousands	31 Dec. 2018 [1]	Impact of exchange rate fluctuations	31 Dec. 2019
Goodwill (J2)	331	17	348
Goodwill (RTG)	7,043	135	7,178
TOTAL	**7,374**	**152**	**7,526**

On 16 October 2018, the Group acquired the entire share capital of US company Retail Technology Group Inc. (RTG) through its entity AGH US Holding Company Inc.

[1] Based on the final methods used for allocating RTG's purchase price

At 31 December 2018, the provisional goodwill calculated by the Group amounted to €12.4 million, corresponding to the acquisition price plus the net liabilities of the company at the acquisition date (i.e., 16 October 2018).

The measurement of the assets acquired and liabilities assumed on the RTG acquisition, together with the final calculation of the related goodwill, as required under IFRS 3R, was completed at 31 December 2019.

The table below shows the final allocation of the purchase price as of 16 October 2018, when the Group took over control of RTG:

ASSETS	31 Dec. 2018 published	Changes	31 Dec. 2018
	Provisional purchase price allocation		Final purchase price allocation
NON-CURRENT ASSETS			
Goodwill	13,088	(5,714)	7,374
Intangible assets	2,566	6,235	8,801
Property, plant and equipment	1,917		1,917
Other financial assets	1,535		1,535
Deferred tax assets	2,622	179	2,801
TOTAL NON-CURRENT ASSETS	**21,728**	**700**	**22,428**
CURRENT ASSETS			
Inventories and work-in-progress	21,425		21,425
Trade receivables	16,529		16,529
Other current assets	3,545	262	3,807
Financial assets at fair value	35		35
Cash and cash equivalents	9,726		9,726
TOTAL CURRENT ASSETS	**51,260**	**262**	**51,522**
TOTAL ASSETS	**72,988**	**962**	**73,950**

EQUITY AND LIABILITIES	31 Dec. 2018 published	Changes	31 Dec. 2018
	Provisional purchase price allocation		Final purchase price allocation
EQUITY			
Share capital	1,000		1,000
Reserves	21,414	(1,414)	20,000
Profit for the year	8,144		8,144
Shareholders' equity	*30,558*	*(1,414)*	*29,144*
Non-controlling interests	133		133
TOTAL EQUITY	**30,691**		**29,277**
NON-CURRENT LIABILITIES			
Non-current borrowings and debt	7,621		7,621
Deferred tax liabilities	511	1,689	2,200
Provisions for contingencies and expenses	1,426		1,426
TOTAL NON-CURRENT LIABILITIES	**9,558**	**1,689**	**11,247**
CURRENT LIABILITIES			
Trade payables	10,407		10,407
Current borrowings and debt	4,726		4,726
Derivative instruments	0		0
Current tax	971		971
Contract liabilities	6,360		6,360
Other liabilities	10,275	687	10,962
TOTAL CURRENT LIABILITIES	**32,739**	**687**	**33,426**
TOTAL EQUITY AND LIABILITIES	**72,988**	**2,376**	**73,950**

The intangible assets recognised correspond to:

- customer relationships with an estimated fair value of USD 6,805K (€5,943K), measured using the excess earnings method;
- non-compete clauses, measured based on the potential revenue loss, the impact of that revenue loss on discounted cash flows and the probability of competition if either or both of the two former shareholders leave RTG. The fair value of this intangible asset was estimated at USD 334K (€292K).

The amortisation periods for the above intangible assets are eight years for customer relationships and five years for the non-compete clauses.

The €262K change in "Other current assets" for 2019 corresponds to the amount received by the Group under the seller's warranty that was triggered to compensate costs related to the data breach (recognised in "Other liabilities"). The remainder of the amount recorded in "Other liabilities" corresponds to tax risks.

The recognition of the above-mentioned assets and liabilities led to the recognition of €1,689K in deferred tax liabilities and €179K in deferred tax assets.

The purchase price for the acquisition, which was estimated at USD 7,519K at 31 December 2018 and comprised:

- a cash payment upon closing the acquisition;
- a cash payment deferred for a period of one year;
- an earn-out payable over a period of three years;
- debt repayment;

was reduced to USD 5,900K at 31 December 2019.

The revised price reflects (i) a USD 1,133K decrease in the estimated amount of the earn-out, and (ii) a USD 486K price reduction related to the seller's warranty.

The table below shows the fair value of the assets acquired and liabilities assumed based on the final methods used to allocate the purchase price:

Total non-current assets	2,210
Total current assets	6,284
Total cash and cash equivalents	700
Total assets	**9,194**
Total non-current liabilities	(321)
Total current liabilities	(15,961)
Total liabilities	**(16,282)**
Net liabilities at the acquisition date	(7,087)
Acquisition price - Price adjustment	7,519 (1,619)
Final goodwill	**12,987**

5.1.1. Impairment test

The impairment test carried out in 2019 on goodwill (J2) allocated to cash-generating units did not result in the recognition of impairment, since the recoverable amount of the asset tested was higher than its carrying amount.

The impairment test carried out in 2019 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 six-year business plans.

Beyond the six-year period covered by these plans, cash flows from a standard year are used discounted to perpetuity.

A 12.55% pre-tax discount rate and a 1.8% long-term growth rate were used in 2019.

The sensitivity tests performed on the discount rate (+/- 100bps) and organic growth rate (+/- 100bps) confirm the Group's analysis.

5.2. Intangible assets

Movements in intangible assets can be analysed as follows:

In € thousands	31 Dec. 2018[1]	Acquisitions	Disposals	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2019
Customer relationships	11,597					405	12,002
Non-compete clause	385					10	395
Concessions, patents and other rights	1,813	146	(168)	39		11	1,840
Gross value of intangible assets	**13,795**	**146**	**(168)**	**39**	**0**	**426**	**14,236**
Customer relationships	(3,392)	(1,336)				(189)	(4,917)
Non-compete clause	(92)	(60)				(5)	(157)
Concessions, patents and other rights	(1,509)	(219)	168			(11)	(1,571)
Total amortisation	**(4,994)**	**(1,615)**	**168**	**0**	**0**	**(205)**	**(6,645)**
Net amount of intangible assets	**8,801**	**(1,470)**	**0**	**39**	**0**	**221**	**7,591**

In 2019, 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. 2018	Acquisitions	Disposals	Transfers	Impact of exchange rate fluctuations	31 Dec. 2019
Buildings, fixtures and fittings	1,827	21			26	1,874
Technical installations, equipment and tooling	520	6	(10)		12	528
Other property, plant and equipment	1,341	61	(101)	(42)	17	1,276
Property, plant and equipment in progress	47	177		(49)	1	176
Gross value of property, plant and equipment	**3,735**	**265**	**(111)**	**(91)**	**56**	**3,854**
Buildings, fixtures and fittings	(592)	(254)			(17)	(863)
Technical installations, equipment and tooling	(452)	(28)	10		(12)	(481)
Other property, plant and equipment	(775)	(191)	88	28	(12)	(862)
Depreciation of property, plant and equipment	**(1,818)**	**(473)**	**98**	28	**(41)**	**(2,205)**
Net amount of property, plant and equipment	**1,917**	**(208)**	**(13)**	**(63)**	**15**	**1,649**

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 (€86K) and office and IT equipment (€1,190K).

1 Based on the final methods used for allocating RTG's purchase price.

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	**First-time application of IFRS 16**	**Transfers relating to IFRS 16 (1)**	**New contracts**	**Depreciation**	**End of contracts**	**Depreciation**	**Translation gains and losses and other movements**	**31 Dec. 2019**
Right-of-use assets – Property	6,682		224	(1,205)			(8)	5,693
Right-of-use assets – Plant and equipment	42			(39)			0	4
Right-of-use assets – Vehicles	662	17	1,132	(541)	(95)	58	30	1,263
TOTAL	**7,386**	**17**	**1,356**	**(1,784)**	**(95)**	**58**	**22**	**6,960**

(1) Non-current assets held under finance leases at 31 December 2018 were reclassified to right-of-use assets in connection with the first-time application of IFRS 16.

5.5. Long-term financial assets

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

In € thousands	**31 Dec. 2018**	**Increases**	**Decreases**	**Transfers**	**Changes in scope of consolidation**	**Impact of exchange rate fluctuations**	**31 Dec. 2019**
Non-consolidated equity investments	951						951
Other long-term financial assets	584	4	(45)	37			580
TOTAL	**1,535**	**4**	**(45)**	**37**	**0**	**0**	**1,531**

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 (€375K) deducted by BPI at the time of arranging financing in 2012 and 2018.

5.6. Inventories

In € thousands	**31 Dec. 2019**	**31 Dec. 2018**
Inventories	25,476	23,272
Impairment	(2,272)	(1,847)
NET	**23,204**	**21,425**

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

In € thousands	**TOTAL**	**AUS**	**FR**	**GMBH**	**US**	**UK**	**RTG**
Inventories	25,475	2,102	10,256	3,702	2,796	3,411	3,208
Impairment	(2,272)	(290)	(372)	(189)	(441)	(298)	(681)
NET	**23,204**	**1,812**	**9,884**	**3,513**	**2,355**	**3,113**	**2,527**

Movements in the "Impairment" line can be analysed as follows:

In € thousands	31 Dec. 2018	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2019
Impairment	(1,847)	(1,601)	1,214		(38)	(2,272)

Impairment recognised against inventories is included in operating profit.

5.7. Trade receivables

In € thousands	31 Dec. 2019	31 Dec. 2018
Gross value	17,818	16,789
Impairment	(295)	(260)
NET	**17,523**	**16,529**

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

In € thousands	31 Dec. 2018	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2019
Impairment	(260)	(227)	191		1	(295)

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	17,807	883	6,392	1,047	2,185	1,690	5,610
Doubtful receivables	10		10				
Gross value	17,817	883	6,402	1,047	2,185	1,690	5,610
Impairment	(294)	(64)	(9)	(61)	0	0	(161)
NET	**17,523**	**819**	**6,394**	**986**	**2,185**	**1,690**	**5,449**

5.8. Accrued receivables and other

In € thousands	31 Dec. 2019	31 Dec. 2018
State	2,689	2,629
Personnel-related receivables	48	40
Amounts receivable from suppliers	5	24
Credit notes receivable	145	116
Advances granted to suppliers	59	53
Other receivables	284	290
Accrued income	5	59
Prepaid expenses	752	596
TOTAL	**3,987**	**3,807**

"Other receivables" includes €267K corresponding to a receivable due following the triggering of the seller's warranty given in connection with the RTG acquisition.

5.9. Cash and cash equivalents

In € thousands	31 Dec. 2019	31 Dec. 2018
Bills for collection	0	0
Bank accounts	10,677	9,721
Petty cash	7	5
TOTAL	**10,684**	**9,726**

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. 2018	Additions	Reversals	Remeasurement	Transfers	Impact of exchange rate fluctuations	31 Dec. 2019
Employee benefit obligations (1)	588	58		(79)			567
Customer warranties (2)	549	673	(577)			6	651
Free share plans (3)	9		(9)				0
Other provisions for contingencies (4)	280	267			(280)		267
TOTAL	**1,426**	**998**	**(586)**	**(79)**	**(280)**	**6**	**1,485**

- (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 for 2019 and 2018 are as follows:

	2019	2018
Mortality rate	TD/TV 2013-2015	TD/TV 2012-2014
Discount rate	0.80%	1.60%
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	1.90%	1.40%
Employer payroll tax rate	47.15%	48.70%

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

Discount rate	0.55%	0.80%	1.05%
Employee benefit obligations in € thousands	584.8	567.7	551.2

Service cost for 2019 amounted to €49K (2018: €47K) and interest cost to €9K (2018: €7K). Actuarial gains totalled €79K (compared with €16K in actuarial losses in 2018) 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 first case mentioned in the 2018 Annual Financial Report ended in 2019. This dispute had been referred to the French Supreme Court (***Cour de cassation***) by a former senior executive (as learnt by the Company on 21 March 2017), but the application was rejected in 2019.

On 17 May 2019, a former employee of the Company filed a claim before the Evry Employment Court (***Conseil de prud'hommes***) following the termination of their employment contract. No provision was set aside for this dispute in the financial statements for the year ended 31 December 2019.

  - Tax risk

The €280K provision for tax risk set aside at 31 December 2018 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 reclassified as relating to current taxes at 31 December 2019.

  - Other risks

As indicated in Note 5.1, "Goodwill", the Group booked a provision relating to the data breach at RTG. At 31 December 2019, this provision amounted to €267K.

5.12. Non-current and current borrowings and debt

At 31 December 2019, 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	10,177	3,157	7,020	
Short-term bank overdrafts	2,415	2,415		
TOTAL	**12,592**	**5,572**	**7,020**	**0**

Movements in non-current and current borrowings and debt in 2019 can be analysed as follows:

In € thousands	31 Dec. 2018	Increases	Decreases	Changes in scope of consolidation	Impact of exchange rate fluctuations	31 Dec. 2019
Cash liabilities	(2,325)	(71)	18		(38)	(2,416)
Borrowings and debt	(10,021)	(3,000)	2,846			(10,175)
TOTAL	**(12,346)**	**(3,071)**	**2,864**	**0**	**(38)**	**(12,591)**
O/w current	(4,726)					(5,571)
O/w non-current	(7,621)					(7,020)

The bank loans granted to the Company for the acquisition of J2 in 2013 have been fully repaid.

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.

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 break down as follows:

In € thousands	First-time application of IFRS 16	Transfers relating to IFRS 16 (1)	New contracts	Increases	Decreases	Impact of exchange rate fluctuations	31 Dec. 2019
Non-cash impacts	7,419	21	1,357			(13)	8,774
Cash impacts	0				(1,636)		(1,636)
TOTAL	**7,419**	**21**	**1,357**	**0**	**(1,636)**	**(13)**	**7,147**
O/w current							1,658
O/w non-current							5,489

(1) Finance lease liabilities at 31 December 2018 were reclassified to lease liabilities in connection with the first-time application of IFRS 16.

Lease liabilities at 31 December 2019 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	7,148	1,706	3,749	1,691
TOTAL	**7,148**	**1,706**	**3,749**	**1,691**

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	15,959	162	11,263	298	221	206	3,809
Amounts payable on non-current assets	44		44				
TOTAL	**16,003**	**162**	**11,307**	**298**	**221**	**206**	**3,809**

All amounts included within “Trade payables” fall due within one year.

5.15. Contract liabilities

In € thousands	31 Dec. 2019	31 Dec. 2018
Customer advances	1,389	153
Deferred income	6,297	6,207
TOTAL	**7,686**	**6,360**

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 €1,994K). 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 €2,524K.

5.16. Accrued payables and other

In € thousands	31 Dec. 2019	31 Dec. 2018
Tax and social security payables	4,850	5,980
Amounts payable to customers	638	63
Credit notes not yet issued	253	165
Other payables	2,826	4,754
TOTAL	**8,567**	**10,962**

Other payables includes the one-year deferred cash payment amounting to €1,291K and the €1,513K earn-out payable over three years relating to the acquisition of RTG.

5.17. Segment information

The Group reports on three geographical segments: France, Europe, 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:

	2019						2018					
In €K	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	29,859	26,002	23,801	79,662	36,211	**115,873**	35,067	35,851	24,124	95,042	7,615	**102,657**
Operating profit	4,762	1,115	1,037	6,914	(1,525)	**5,389**	7,006	3,496	1,517	12,019	516	**12,535**
Consolidated net profit	3,047	718	600	4,364	(1,311)	**3,053**	4,560	2,505	878	7,943	354	**8,297**

5.17.2. *Revenue by source*

Consolidated revenue can be analysed by source as follows:

In € thousands	2019	2018
Sales of goods held for resale	83,278	93,651
Sales of services	32,595	9,006
TOTAL	**115,873**	**102,657**

5.17.3. *Geographic breakdown*

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

In € thousands	2019	2018
France	20,548	24,277
United Kingdom	12,599	16,146
Germany	7,576	12,278
Australia	8,982	8,865
United States	50,418	21,513
Other EU countries	12,010	15,206
Other non-EU countries	3,740	4,372
TOTAL	**115,873**	**102,657**

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	2019	2018
Royalties and patents	(146)	(152)
Debt write-offs	(160)	(31)
Directors' fees	(8)	(5)
Other operating expenses	(4)	(2)
Other operating income	55	31
TOTAL	**(263)**	**(159)**

Royalties relate to amounts paid on sales of J2 products. The Group hedges losses on its trade receivables.

5.19. Other income and expenses from operations

Other income and expenses from operations consist of the following:

In € thousands	2019	2018
Net carrying amount of non-current assets sold	(51)	(1)
Other expenses from operations	(7)	(50)
Proceeds from disposals of non-current assets	42	0
Other income from operations	17	347
TOTAL	**1**	**296**

In 2018, other income from operations included a payment of €335K by a supplier to compensate for the delivery of faulty parts.

5.20. Financial profit and loss

The following items make up financial profit and loss:

In € thousands	2019	2018
Interest expense	(246)	(122)
Cost of net debt	(246)	(122)
Interest expense on lease liabilities (*)	(205)	
Other financial income	43	15
Translation gains and losses	36	(273)
Fair value of financial instruments	(120)	237
Other financial expenses	(246)	(21)
FINANCIAL LOSS	**(492)**	**(143)**

(*) Impact of the implementation of IFRS 16.

- 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 consolidated 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.

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	2019	2018
Current tax	(2,371)	(4,141)
Deferred tax	527	46
TOTAL	**(1,844)**	**(4,095)**

The table below reconciles:

- the Group's theoretical tax expense as calculated by multiplying consolidated profit before tax by the tax rate applicable in 2019, with
- the total tax expense recognised in the consolidated income statement.

In € thousands	2019	2018
Consolidated profit before tax	4,897	12,392
Theoretical tax expense	1,568	4,267
%	32.02%	34.43%
Impact of non-taxable income and expenses	128	211
Impact of different tax rates	148	(383)
EFFECTIVE TAX EXPENSE AND TAX RATES	1,844	4,095
	37.65%	33.04%

5.22. Deferred tax

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

	31 Dec. 2019	31 Dec. 2018
Deferred tax assets on temporary differences	895	837
Deferred tax assets on tax loss carryforwards	941	735
Deferred tax assets on employee benefit obligations	182	203
Deferred tax assets on adjustments (inventory margin)	283	346
Deferred tax assets on adoption of IFRS 15	624	679
Deferred tax assets on adoption of IFRS 16	35	0
Deferred tax assets on fair value	28	0
Deferred tax assets	**2,988**	**2,801**
Deferred tax liabilities on temporary differences	(94)	(87)
Deferred tax liabilities on provisions	(194)	(71)
Deferred tax liabilities on intangible assets	(1,591)	(2,030)
Deferred tax liabilities on fair value	0	(12)
Deferred tax liabilities	**(1,879)**	**(2,200)**
Net deferred tax assets	**1,109**	**601**

At 31 December 2019, 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 €895K on the tax losses carried forward by the entity (in an amount of USD 4.1 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 2019, AURES Technologies' share capital comprised 4,000,000 shares and the Company held 70,931 treasury shares (Note 6.7).

In € per share (except for number of shares)	31 Dec. 2019
Net profit attributable to owners of the parent (in €K)	2,993
Average number of shares outstanding	
Before dilution	3,934,479
Impact of dilution	
Free shares	0
After dilution	3,934,479
Attributable earnings per share	
Basic	0.76
Diluted	0.76

5.24. Related-party transactions

The Group carried out the following related-party transactions:

In € thousands	2019	2018
	Le Cristal Un SCI	Le Cristal Un SCI
External expenses (rent and insurance)	216	229
Taxes other than on income	59	54
Trade payables	0	56

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. 2019
Forward purchases of foreign currencies	9,309
Pledge of business goodwill	5,410
Guarantees	2,814
TOTAL	**17,533**

- Forward purchases of foreign currencies

At 31 December 2019, the amount outstanding under forward contracts taken out by the Group totalled USD 10,572K, of which USD 2,288K was allocated to the payment of trade payables.
The balance of these contracts hedge commitments given to purchase goods for resale at 31 December 2019.

The average exchange rate for the hedges in force at 31 December 2019 is €1 = USD 1.1357.

Forward contracts are carried in the financial statements at their fair value and were recognised in financial assets in an amount of €34K at 31 December 2019.

- 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 2020 and 2022, i.e., €2,814K (USD 3,150K based on the exchange rate at 31 December 2019).

- 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 2019, 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 2019.

6.2. Headcount

AURES Technologies had a headcount of 433.3 at 31 December 2019:

	31 Dec. 2019	31 Dec. 2018
Managerial-grade employees (*cadres*)	43.0	41.6
Other employees	390.3	363.1
TOTAL	433.3	**404.7**

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 2019, 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 2019 and 2018 can be analysed as follows:

	PwC		F.-M. Richard et Associés	
In € thousands	**2019**	**2018**	**2019**	**2018**
Sub-total: statutory audit services	257	219	88	80
AURES Technologies SA	92	164	88	80
Fully consolidated subsidiaries	165	55		0
Sub-total: non-audit services	3	24	3	2
AURES Technologies SA	3	24	3	2
Fully consolidated subsidiaries		0		
TOTAL	260	**243**	91	**82**

Non-audit services in 2019 corresponded to the verification of covenants and the issuance of a statement to the Group's banks.

6.5. Subsequent events

- ***Covid-19 impact***

The global health crisis caused by Covid-19, as well as the public health state of emergency declared in France (by way of French law 2020-290 dated 23 March 2020), and the various Covid-19 restrictions imposed in the countries where the Group conducts business, together constitute an event subsequent to 31 December 2019. No adjustments have been made to the consolidated financial statements at 31 December 2019 as a result of this subsequent event.

As announced in its press releases issued on 20 March, 3 April and 11 May 2020, the Group had to temporarily close some entities (in France, the United Kingdom and the United States (California)), put in place extensive home-working measures wherever possible, and then ensure that the return to on-site activity was managed in line with the local health situation and government recommendations in each country.

The restrictions have had a major impact on the Group's business. AURES estimates that revenue will probably be hit harder in the second quarter of 2020 than in the first quarter, when it came in on a par with the first quarter of 2019 (up 0.57% in Q1 2020 to €26.6 million).

From an operational perspective, the Group is constantly adapting the size of its teams in line with business levels, and is using the various short-time working schemes available in the countries where it operates, except for the United States.

In the United States, the Group reduced its employee numbers at RTG (a services company operating in the US restaurant and catering market).

The Group's various entities have not yet fully returned to pre-Covid business levels.

To secure its cash resources, the Group applied for and was granted a government-backed loan ("PGE") in France and is eligible for the Paycheck Protection Program (PPP) in the United States.
In view of the above measures, and the Company's situation at 1 July 2020, the Group does not believe that its ability to operate as a going concern is in jeopardy.

No other significant events took place between 31 December 2019 and 1 July 2020, 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 €824K in 2019.

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 Combined General Meeting of 25 June 2019.

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

	31 Dec. 2019			31 Dec. 2018		
	Number of shares	Price per share	Total price	Number of shares	Price per share	Total price
		€	€K		€	€K
Market-making	1,934	23.870	46	2,851	29.123	83
Treasury shares	68,997	22.318	1,540	37,793	15.423	583
TOTAL	**70,931**		**1,586**	**40,644**		**666**

Within the scope of this share buyback programme, the Company carried out the following transactions in connection with its liquidity agreement in 2019:

	Number of shares	Average price	% capital
Number of shares purchased	55,978	€24.62	1.40%
Number of shares sold	56,895	€24.87	1.42%
Number of shares cancelled	None		
Market-making account at 31 Dec. 2019	**1,934**	**€23.87**	**0.05%**
Number of treasury shares held at 31 Dec. 2019 other than under the liquidity agreement	**68,997**	**€22.32**	**1.72%**

The Company has purchased its own shares within the scope of the share buyback programme.

On 27 November 2018, the Company signed a mandate with an independent financial services provider to buy back its own shares, up to a maximum of 10% of its share capital over a period of one year after the date of signing. The buyback price under the mandate may not exceed €80 for shares bought back to cover existing or future employee share ownership plans.

Other than under the liquidity agreement, the Company held 68,997 of its own shares on 31 December 2019 further to the transactions listed below:

- purchase of 34,406 shares, or 0.86% of the share capital at 31 December 2019, at an average price of €28.34;
- transfer of 3,202 shares to employees as part of free share plans.

Trading fees on share purchases and sales during the year came to €3K.

The Company did not reallocate any shares during the year.

The carrying amount of the portfolio at 31 December 2019 was €1,586,017.95, for a market value of €1,605,735.98 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.

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

Overview	2016-2 Plan	2017-1 Plan	2018-1 Plan
	Movements in 2016		
Date of AGM	16 June 2016	16 June 2016	16 June 2016
Total number of shares that may be awarded	10% of the share capital at the date of the AGM	10% of the share capital at the date of the AGM	10% of the share capital at the date of the AGM
Total number of shares actually awarded	6,533	3,500	3,467
Date of Board of Directors' decision	21 October 2016	31 October 2017	23 July 2018
Period during which the condition for awarding shares was assessed	Service condition assessed at the vesting date only	Service condition assessed at the vesting date only	Service condition assessed at the vesting date only
Vesting period	1 year	1 year	1 year
Post-vesting holding period	1 year	1 year	1 year
	Movements in 2017		
Number of shares subject to a service condition awarded during the year		3,500	
Number of shares forfeited or cancelled during the year	0	0	
Number of shares vested during the year	6,533	0	
Share price at the award date	€17.45	€34.27	
Number of shares at 31 December 2017	0	3,500	
Expense recognised against equity	€100K	€20K	
	Movements in 2018		
Number of shares subject to a service condition awarded during the year		0	3,467
Number of shares forfeited or cancelled during the year		0	0
Number of shares vested during the year		3,357	0
Share price at the award date		€34.27	€43.25
Number of shares at 31 December 2018		0	3,467
Expense recognised against equity		€95K	€64K
	Movements in 2019		
Number of shares subject to a service condition awarded during the year			0
Number of shares forfeited or cancelled during the year			0
Number of shares vested during the year			3,202
Share price at the award date			€43.25
Number of shares at 31 December 2019			0
Expense recognised against equity			€74K

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

STATEMENT OF FINANCIAL POSITION – ASSETS (€ thousands)

Notes		Gross amount	Depreciation, amortisation and provisions	31 Dec. 2019	31 Dec. 2018
	Uncalled subscribed share capital				
1.1/1.4	**INTANGIBLE ASSETS**				
	Start-up costs				
	Research and development expenses				
	Concessions, patents and other rights	1,216	1,037	179	260
	Intangible assets in progress	34		34	15
	Advances and downpayments				
1.2/1.4	**PROPERTY, PLANT AND EQUIPMENT**				
	Land				
	Buildings	763	163	600	672
	Technical installations, equipment and tooling	48	39	9	16
	Other	411	204	207	259
	Property, plant and equipment in progress	94		94	
	Advances and downpayments				
1.3/1.4	**LONG-TERM FINANCIAL ASSETS**				
	Equity investments	11,342		11,342	11,342
	Receivables from equity investments	6,606		6,606	4,874
	Other long-term investments				
	Loans				
	Other long-term financial assets	548	2	546	589
	NON-CURRENT ASSETS	**21,062**	**1,445**	**19,617**	**18,028**
	INVENTORIES AND WORK-IN-PROGRESS				
1.5	Goods held for resale	10,256	372	9,884	6,789
	Advances and downpayments paid on orders	25		25	47
1.6	**RECEIVABLES**				
	Trade receivables	15,528	9	15,519	15,327
	Other	2,607		2,607	2,504
	Share capital subscribed and called but not paid				
1.8	CASH AND MARKETABLE SECURITIES				
	Treasury shares	1,540		1,540	583
	Cash instruments				
1.8	Cash and cash equivalents	4,051		4,051	5,618
1.9	Prepaid expenses	126		126	92
	CURRENT ASSETS	**34,133**	**381**	**33,752**	**30,959**
	Deferred expenses			0	
	Loan repayment premiums			0	
2.7	Unrealised translation losses	128		128	18
	TOTAL	**55,323**	**1,826**	**53,497**	**49,005**

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

Notes		31 Dec. 2019	31 Dec. 2018
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	22,977	19,799
	PROFIT FOR THE YEAR	3,693	7,104
	Investment subsidies		
	Regulated provisions	180	180
2.2	**EQUITY**	**29,450**	**29,683**
	Proceeds from issues of non-voting securities		
	Conditional advances		
	OTHER EQUITY	0	0
	Provisions for contingencies	321	247
	Provisions for expenses		
2.3	**PROVISIONS FOR CONTINGENCIES AND EXPENSES**	**321**	**247**
	DEBT		
	Bank borrowings and debt	10,162	9,987
	Other borrowings and debt	18	16
	Advances and downpayments received on orders in progress	51	24
	OPERATING PAYABLES		
	Trade payables	11,378	6,041
	Tax and social security payables	1,157	2,212
	OTHER PAYABLES		
	Amounts payable on non-current assets and other	0	0
	Other payables	137	70
	Deferred income	462	439
2.5	**DEBT**	**23,365**	**18,789**
2.7	Unrealised translation gains	361	286
	TOTAL	**53,497**	**49,005**

INCOME STATEMENT (€ thousands)

Notes		France	Export	2019	2018
	Sales of goods held for resale	19,832	38,939	58,771	70,312
	Sales of services	722	344	1,066	820
3.1	NET REVENUE	20,554	39,283	59,837	71,132
	Reversals of depreciation, amortisation and provisions, and expense transfers			515	641
	Other income			1,518	2,247
	OPERATING INCOME			**61,870**	**74,020**
	Purchases of goods held for resale (including customs duties)			48,754	51,585
	Change in inventories (goods)			(3,195)	2,398
	Purchases of raw materials and other supplies (including customs duties)			20	29
	Other purchases and external expenses			3,721	4,086
	Taxes, duties and other levies			436	492
	Wages and salaries			3,796	3,891
3.2	Payroll taxes			1,705	1,929
	Non-current assets: depreciation and amortisation expense			321	308
	Non-current assets: additions to provisions				
	Current assets: additions to provisions			376	279
	Contingencies and expenses: additions to provisions			321	229
	Other expenses			320	997
	OPERATING EXPENSES			56,575	66,223
	NET OPERATING PROFIT			**5,295**	**7,797**
	Investment income			359	2,150
	Other interest income			42	14
	Foreign exchange gains			46	15
4	**NET FINANCIAL INCOME**			**447**	2,179
	Depreciation, amortisation and provision expense – financial items			2	
	Interest expense			114	49
	Foreign exchange losses			154	332
	Net expenses on disposals of marketable securities				
4	**FINANCIAL EXPENSES**			**270**	**381**
4	**FINANCIAL PROFIT**			**177**	**1,798**
	RECURRING PROFIT BEFORE TAX			**5,472**	**9,595**
	Non-recurring income from revenue transactions			5	341
	Non-recurring income on capital transactions			33	44
	Reversals of provisions and expense transfers			18	19
5	**NON-RECURRING INCOME**			**56**	**403**
	Non-recurring expenses on revenue transactions			2	9
	Non-recurring expenses on capital transactions			73	129
	Non-recurring depreciation, amortisation and provision expense			0	0
5	**NON-RECURRING EXPENSES**			**75**	**138**
5	**NET NON-RECURRING PROFIT (LOSS)**			**(19)**	**265**
	Employee profit-sharing				
6	Income tax expense			1,760	2,756
	TOTAL INCOME			62,373	76,601
	TOTAL EXPENSES			56,920	69,498
	PROFIT FOR THE YEAR			**3,693**	**7,104**

Unless otherwise specified, all the information below is expressed in thousands of euros.

➢ 2019 highlights

The Company's revenue decreased by a sharp 15.9% in 2019, to €59,837K from €71,132K in 2018.
During 2019, the Company had to contend with:

- the adverse, year-long impact of the "yellow vest" movement and other industrial unrest on the French retail, restaurant and catering markets; and
- the end of the NF 525 compliance transition period for POS payment systems.

Following the acquisition of a 15% stake in the France-based company, CJS-PLV, on 4 January 2018, and the initial contract wins for the kiosk business during that year, in 2019 the Company continued to expand this business by strengthening its teams and developing its first range of kiosk solutions.

Faced with the significant challenges raised by the emergence of connected, omni-channel and mobility-focused businesses, the Company created an innovation department to anticipate and meet the challenges resulting from the transformation in buying habits and thereby support clients with their own digital change management projects.

Lastly, the Company drew down the €3 million available under the final loan set up in 2018 for the purpose of acquiring the entire capital of the US company, RTG.

There are no other facts or circumstances relating to the 2019 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

- ***Covid-19 impact***

The global health crisis caused by Covid-19 and the public health state of emergency declared in France (by way of French law 2020-290 dated 23 March 2020) together constitute a subsequent event that did not require any adjustments to the parent company financial statements at 31 December 2019. In other words, the assets and liabilities and income and expenses respectively presented in the Company's statement of financial position and income statement at 31 December 2019 have been recognised and measured without taking into account said subsequent event and its consequences.

In accordance with French Generally Accepted Accounting Principles concerning disclosures required in the notes to financial statements, the Company hereby discloses that the Covid-19 crisis has had a significant impact on its business since 1 January 2020, without nevertheless jeopardising its status as a going concern.

As announced in its press releases dated 20 March, 3 April and 11 May 2020, the Company had to close its premises from 16 March 2020 until 15 April 2020.

Consequently, it generated almost no revenue during that period other than from intra-group sales.

Since 15 April 2020, business has only partially resumed.

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

- short-time working;
- 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 government-backed loan.

In view of the above measures, and the Company's situation at 1 July 2020, it does not believe that its ability to operate as a going concern is in jeopardy.

No other significant events took place between 31 December 2019 and 1 July 2020, the date on which the financial statements were approved by the Board of Directors.

➢ Accounting policies and methods

The financial year ended 31 December 2019 covers a 12-month period from 1 January 2019 to 31 December 2019.

Total assets before appropriation of profit represent €53,497K, while the income statement presented in list form shows net accounting profit of €3,693K.

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 2019.

➢ 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

This 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.

- 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 2019, i.e., €22.638, is lower than the price per share used in the market-making account.

Accordingly, €2K in impairment was recognised at 31 December 2019.

Treasury shares included in long-term financial assets at 31 December 2019 can be analysed as follows:

	Number of shares	Price per share €	Total price €K	Impairment
Market-making	1,934	23.867	46	2

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. 2018	Remeasurement	Acquisitions, contributions	Transfers	Sales	31 Dec. 2019
START-UP COSTS AND RESEARCH AND DEVELOPMENT EXPENSES						
OTHER INTANGIBLE ASSETS	1,305		119	(9)	(165)	1,250
Building improvements	758		6			763
Technical installations, industrial equipment and tooling	56				(8)	48
Vehicles	12					12
Office and IT equipment, furniture	393		10		(5)	399
Property, plant and equipment in progress	0		94			94
PROPERTY, PLANT AND EQUIPMENT	1,219		110		(12)	1,316
Equity investments and amounts receivable from equity investments	16,216		1,732			17,948
Loans and other long-term financial assets	589		20		(61)	548
LONG-TERM FINANCIAL ASSETS	16,805		1,752		(61)	18,496
TOTAL	**19,329**		**1,981**		**(238)**	**21,062**

The year-on-year increase in "Equity investments and amounts receivable from equity investments" corresponds to a €1,235K additional loan granted to AGH US Holding Company and €367K in interest on the loans granted to that entity.

The €87K recorded under "Transfers" relates to the reclassification within expenses of ancillary share acquisition fees incurred in connection with an acquisition.

1.4.2. Movements in depreciation and amortisation

In € thousands	31 Dec. 2018	Additions	Reversals	31 Dec. 2019
START-UP COSTS AND DEVELOPMENT EXPENSES				
OTHER INTANGIBLE ASSETS	1,030	172	(165)	1,037
Building improvements	86	77		163
Technical installations, industrial equipment and tooling	39	10	(10)	39
Vehicles	6	2		8
Office and IT equipment, furniture	140	60	(4)	196
PROPERTY, PLANT AND EQUIPMENT	271	149	(14)	406
LONG-TERM FINANCIAL ASSETS	0	2	0	2
TOTAL	**1,301**	**323**	**(179)**	**1,445**

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 can be analysed as follows:

In € thousands	31 Dec. 2019	31 Dec. 2018
Goods held for resale	10,256	7,061
Impairment	(372)	(272)
NET	**9,884**	**6,789**

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 2019 can be analysed as follows:

In € thousands	31 Dec. 2019	31 Dec. 2018
Trade receivables	15,518	15,324
Doubtful or disputed receivables	10	19
Impairment	(9)	(16)
NET	**15,519**	**15,327**

Analysis of receivables by maturity:

In € thousands	31 Dec. 2019	1 year or less	More than 1 year
Loans – Group	6,606		6,606
Current accounts – Group			
Other long-term financial assets	548	125	423
Doubtful or disputed receivables	10	0	10
Other trade receivables	15,518	15,518	
Employee-related receivables	39	36	4
Social security and other receivables	9	9	
Income tax receivables	815	815	
VAT receivables	85	85	
Other tax receivables	39	39	
Other receivables	1,619	1,617	3
Prepaid expenses	126	126	
TOTAL	**25,415**	**18,370**	**7,045**

1.7. Accrued income

Accrued income can be analysed by statement of financial position caption at 31 December 2019 as follows:

In € thousands	31 Dec. 2019
Credit notes receivable	145
Other	5
TOTAL	**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 2019 can be analysed as follows:

In € thousands	31 Dec. 2019	31 Dec. 2018
Cash and cash equivalents in EUR	2,710	4,531
Cash and cash equivalents in USD translated into euros at the exchange rate at 31 December	1,341	1,087
Marketable securities (treasury shares)	1,540	583
TOTAL	**5,591**	**6,201**

The average price of the shares in December 2019, i.e., €22.638, is higher than the price per share used in the treasury share account at 31 December 2019.

No unrealised gains were recognised.

Marketable securities (treasury shares) can be analysed as follows at 31 December 2019:

	Number of shares	Price per share €	Total price €K	Impairment
Treasury shares	68,997	22.3178	1,540	0
TOTAL	**68,997**		**1,540**	**0**

1.9. Prepaid expenses

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

			Amount		
In € thousands	**Period**		**Operating items**	**Financial items**	**Non-recurring items**
Rentals	01/2020	07/2020	14		
Maintenance and repairs	01/2020	12/2020	4		
SaaS software	01/2020	12/2020	7		
IT maintenance	01/2020	12/2020	28		
Insurance	01/2020	12/2020	14		
Documentation	01/2020	02/2021	4		
Fees	01/2020	12/2026	8		
Advertising	01/2020	09/2020	39		
Travel	01/2020	02/2020	5		
Postal and telecommunications expenses	01/2020	01/2020	3		
TOTAL			**126**		

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 2019 can be analysed as follows:

In € thousands	**31 Dec. 2018**	**Appropriation of 2018 profit**	**Dividends paid**	**2019 profit**	**Other movements**	**31 Dec. 2019**
Share capital	1,000					1,000
Legal reserve	100					100
Other reserves	1,500					1,500
Retained earnings	19,799	3,179				22,978
Profit for the year	7,104	(3,179)	(3,925)	3,693		3,693
Regulated provisions	180					180
TOTAL EQUITY	**29,683**		**(3,925)**	**3,693**	**0**	**29,451**

Regulated provisions

In € thousands	**31 Dec. 2018**	**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.

Movements in provisions

In € thousands	31 Dec. 2018	Additions	Reversals	O/w reversals of utilised provisions	31 Dec. 2019
Provision for warranties	212	245	(212)	0	245
Provision for free share awards	18	0	(18)	(18)	0
Provision for foreign exchange losses	17	75	(17)	0	75
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**247**	**321**	**(247)**	**(18)**	**321**

- 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.

- Provision for claims and disputes

In 2017, a former senior executive referred a dispute with the Company to the French Supreme Court (*Cour de cassation*) but the application was rejected by way of an order dated 25 September 2019. This did not impact the 2019 parent company financial statements.

On 17 May 2019, a former employee of the Company filed a claim before the Evry Employment Court (*Conseil de prud'hommes*) following the termination of their employment contract. No provision was set aside for this dispute in the financial statements for the year ended 31 December 2019.

- Provision for free share awards

The €17K provision recognised at 31 December 2018 – corresponding to the estimated loss over the vesting period on the award of shares under the 2018 Plan, and the employer's contribution, as defined in the "Macron" Law – was written back in full in 2019 as the free shares awarded under the 2018 Plan vested on 23 July 2019.

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.

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

Overview	2016-2 Plan	2017-1 Plan	2018-1 Plan
Movements in 2016			
Date of AGM	16 June 2016	16 June 2016	16 June 2016
Total number of shares that may be awarded	10% of the share capital at the date of the AGM	10% of the share capital at the date of the AGM	10% of the share capital at the date of the AGM
Total number of shares actually awarded	6,533	3,500	3,467
Date of Board of Directors' decision	21 October 2016	31 October 2017	23 July 2018
Period during which the condition for awarding shares was assessed	Service condition assessed at the vesting date only	Service condition assessed at the vesting date only	Service condition assessed at the vesting date only
Vesting period	1 year	1 year	1 year
Post-vesting holding period	1 year	1 year	1 year
Movements in 2017			
Number of shares subject to a service condition awarded during the year		3,500	
Number of shares forfeited or cancelled during the year	0	0	
Number of shares vested during the year	6,533	0	
Share price at the award date	€17.45	€34.27	
Number of shares at 31 December 2017	0	3,500	
Expense recognised during the year	€0	€7K	
Amount recognised in liabilities	€0	€7K	
Movements in 2018			
Number of shares subject to a service condition awarded during the year		0	3,467
Number of shares forfeited or cancelled during the year		0	0
Number of shares vested during the year		3,357	0
Share price at the award date		€34.27	€43.25
Number of shares at 31 December 2018		0	3,467
Expense recognised during the year		€0	€18K
Amount recognised in liabilities		€0	€18K
Movements in 2019			
Number of shares subject to a service condition awarded during the year			0
Number of shares forfeited or cancelled during the year			0
Number of shares vested during the year			3,202
Share price at the award date			€43.25
Number of shares at 31 December 2019			0
Expense recognised during the year			€0
Amount recognised in liabilities			€0

2.5. Debt

At 31 December 2019, payables can be analysed by maturity as follows:

In € thousands	31 Dec. 2019	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	10,158	3,138	7,020	
Other borrowings and debt	18	18		
Advances and downpayments received	51	51		
Trade payables	11,377	11,377		
Employee-related receivables	333	333		
Social security and other payables	564	564		
Income tax payables		0		
VAT payables	150	150		
Taxes, duties and similar levies payable	110	110		
Other payables	137	137		
Deferred income	462	258	205	
TOTAL	**23,365**	**16,140**	**7,225**	**0**
Borrowings taken out during the year	3,000			
Borrowings repaid during the year	2,819			

Borrowings originally due after one year relate to:

- three bank loans for €9.8 million, with a final maturity in 2024, bearing fixed-rate interest at between 0.95% and 1% and taken out in connection with financing for the acquisition of RTG during the year;
- two bank loans for €384K, with a final maturity in 2023, bearing fixed-rate interest at between 1.15% 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 2019 as follows:

In € thousands	31 Dec. 2019
Trade payables	4,741
Tax and social security payables	547
Accrued interest	22
TOTAL	**5,309**

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 loss		Unrealised foreign exchange gain
Cash instruments	52		
Operating receivables/payables	75	75	361
TOTAL	**128**	**75**	**361**

➢ Notes to the income statement

3. Operating profit

3.1. Geographic breakdown of revenue

The table below provides a breakdown of revenue by region:

In € thousands	2019	2018	% change
France	20,553	24,596	-16.4%
EU	22,877	30,088	-24.0%
Export	16,406	16,448	-0.3%
TOTAL	**59,837**	**71,132**	**-15.9%**

4. Financial profit

Financial income and expenses can be analysed as follows in 2019:

In € thousands	2019	2018
Provision for impairment of long-term financial assets	(2)	
Interest on borrowings and overdrafts	(114)	(49)
Foreign exchange losses	(154)	(332)
TOTAL FINANCIAL EXPENSES	(270)	(381)
Investment income	0	2,070
Interest on amounts receivable from equity investments	359	80
Other financial income	42	14
Foreign exchange gains	46	15
TOTAL FINANCIAL INCOME	447	2,179
NET FINANCIAL PROFIT	**177**	**1,798**

5. Non-recurring profit (loss)

Non-recurring income and expenses in 2019 can be analysed as follows:

In € thousands	2019	2018
Technical loss on buyback of treasury shares	(72)	(90)
Accelerated depreciation/amortisation	0	0
Non-deductible fines and penalties	(2)	(8)
Net carrying amount of non-current assets	0	(1)
Other non-recurring expenses	0	(39)
TOTAL NON-RECURRING EXPENSES	(75)	(138)
Technical gain on disposal of treasury shares	33	38
Proceeds from disposals of non-current assets		0
Other non-recurring income	23	365
TOTAL NON-RECURRING INCOME	56	403
NET NON-RECURRING PROFIT (LOSS)	**(19)**	**265**

6. Income tax expense

Breakdown of income tax

In € thousands	Profit before tax	Tax payable	Net profit after tax
Recurring profit	5,472	(1,766)	3,706
Short-term non-recurring profit	(19)	6	(13)
PROFIT FOR THE YEAR	**5,453**	**(1,760)**	**3,693**

Deferred tax position

In € thousands	31 Dec. 2019	31 Dec. 2018
Other:		
Unrealised translation losses	128	18
DEFERRED TAX LIABILITIES	128	18
Temporarily non-deductible expenses:		
Provisions and accrued expenses	(161)	(120)
Other:		
Unrealised translation gains	(361)	(286)
DEFERRED TAX ASSETS	(522)	(406)
NET DEFERRED TAX LIABILITY	**(394)**	**(388)**

The Company's net deferred tax liability at 31 December 2019 was calculated using a future income tax rate of 32.02% for the 2019 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	Net value of shares	Loans and advances	Gross revenue for the year	Profit (loss) for the year	Dividends collected during the year
	Corporate name		Local currency	Local currency		EUR	EUR	Local currency	Local currency	Local currency	Local currency
United States	AGH US Holding Company	USD	1,000	2,656,680	100%			7,424,827	0	(219,619)	0
United Kingdom	AURES Technologies Ltd	GBP	5,000	4,872,572	100%	€291,899	€291,899		13,027,149	4,790	0
Germany	AURES Technologies GmH	EUR	25,000	2,239,298	90%	€22,500	€22,500	1,463,395	11,218,058	614,209	0
United Kingdom	J2 Systems Technology Ltd	GBP	42,229	(36,228)	100%	€7,607,036	€7,607,036		0	0	0
Australia	AURES Technologies Pty	AUD	10	6,068,215	100%				15,337,798	798,126	0
United States	AURES Technologies Inc.	USD	10,000	(1,125,643)	100%	€2,469,411	€2,469,411		16,483,246	294,980	0
United States	RTG	USD	500	(4,380,474)	100%				40,597,754	(1,106,627)	0

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. 2019	Less than 1 year	1-5 years	More than 5 years	31 Dec. 2018
Leases (a)	1,660	363.6	1,010	286	1,949
Forward purchases of foreign currencies (b)	9,309	9,309			5,780
Employee benefit obligations (c)	568			568	588
Pledge of business goodwill (d)	5,410		5,410		5,410
Guarantees (e)	2,814	1,295	1,518		4,017
TOTAL	**19,760**	**10,968**	**7,938**	**854**	**17,744**

- Leases (a)

Leases concern:

- a property lease relating to the headquarters.

The lease took effect in 2017 and is for a term of nine years.

It is likely to be renewed;

- 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. Forwards are subsequently measured at fair value at the reporting date and included within cash instruments in the statement of financial position, as described in Note 2.7.

- 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 sum of these obligations gives the total benefit obligation for the Company.

The assumptions used to calculate the benefit obligation for 2019 and 2018 are as follows:

	2019	2018
Mortality rate	TD/TV 2013-2015	TD/TV 2012-2014
Discount rate	0.8%	1.6%
Rate of future salary increases	1.5%	1.5%
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	1.9%	1.4%
Employer payroll tax rate	47.15%	48.7%

- 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., €2,814K (USD 3,150K based on the exchange rate at 31 December 2019).

- 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 2019, 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 2019.

9. Stock options

There were no stock options plans in force at 31 December 2019.

10. Executive remuneration

Remuneration paid to members of managing bodies totalled €824K in 2019 (2018: €815K).

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

	2019	2018
Headcount	**Employees on the payroll**	**Employees on the payroll**
Managerial-grade employees (*cadres*)	24.57	23.78
Other employees	28.84	25.39
TOTAL	**53.41**	**49.17**

FIVE-YEAR FINANCIAL SUMMARY (€ THOUSANDS)

(DISCLOSED IN ACCORDANCE WITH ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL CODE)

Reporting date	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
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	1,000
- preferred shares					
Maximum number of shares to be created:					
- by converting bonds					
- through subscription rights					
RESULTS OF OPERATIONS					
Revenue excluding VAT	59,837	71,132	67,323	62,777	58,865
Profit before tax, profit-sharing, depreciation, amortisation and provisions	5,955	10,035	8,099	8,599	8,287
Income tax expense	1,760	2,756	2,142	2,437	2,219
Employee profit-sharing					
Depreciation, amortisation and provisions	502	175	256	410	171
Net profit for the year	3,693	7,104	5,701	5,753	5,898
Profit distributed	3,925	1,589	1,904	1,983	1,487
EARNINGS PER SHARE (€)					
Earnings per share after tax and profit-sharing, but before depreciation, amortisation and provisions	1	2	1	2	6
Earnings per share after tax, profit-sharing, depreciation, amortisation and provisions	1	2	1	1	6
Dividends per share	1	0	0	1	2
EMPLOYEES					
Average headcount	53	49	48	47	47
Total payroll	3,796	3,891	3,637	3,299	3,284
Employee benefits paid (social security, charities, etc.)	1,705	1,929	1,668	1,228	1,521

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 34, 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 2019)

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine, France

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris, France

Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 December 2019)

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
France

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 2019. These consolidated financial statements were approved by the Board of Directors on 1 July 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

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 2019 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 applicable to us for the period from 1 January 2019 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 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 4.1 to the consolidated financial statements concerning the first-time application of IFRS 16 – Leases as of 1 January 2019.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) 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, approved in the context described above, 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

<u>Description of risk</u>

As part of its business development, AURES Technologies 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 mainly correspond to customer relationships. At 31 December 2019, consolidated non-current assets therefore included goodwill of €7,526 thousand, as well as customer relationships for €12,002 thousand.

AURES Technologies management performs annual impairment tests, as explained in Note 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 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 with the Group's past performance, business development initiatives implemented and the economic environment in the Group's host countries;
- 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, as a whole, provided appropriate disclosures.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report approved on 1 July 2020. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported at the Annual General Meeting called to approve these financial statements.

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

Report on other legal and regulatory requirements

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.

As at 31 December 2019, F.-M. Richard & Associés and PricewaterhouseCoopers Audit were in the fifteenth and sixth 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, 3 September 2020

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 2019)

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine, France

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris, France

Statutory Auditors' report on the financial statements

(For the year ended 31 December 2019)

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
France

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 2019. These financial statements were approved by the Board of Directors on 1 July 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

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 2019 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 applicable to us, for the period from 1 January 2019 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 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) 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, approved in the context described above, 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

Description of risk

Equity investments came to €11,342 thousand at 31 December 2019 and represented one of the largest assets on the balance sheet. As described in Note 1.3 to the financial statements, they are carried at cost and may be impaired based on their estimated recoverable amount taking into account the share in net assets of the concerned investments, adjusted where necessary for any unrealised gains on non-current assets 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 to be a key audit matter, due to the inherent risk of certain inputs, in particular the likelihood of achieving projections.

How our audit addressed this risk

In order to assess the reasonableness of the estimated values in use of equity investments, based on the information provided to us, our audit work consisted mainly in verifying that the estimated values in use determined by management were based on an 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 at the reporting date and at the date on which the financial statements were prepared.

Where the value in use was lower than the acquisition value of an investment, 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 approved on 1 July 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported at the Annual General Meeting called to approve these financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to payment terms referred to in article D.441-4 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.225-37-3 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.225-37-3(6°) have only been disclosed for 2018 and 2019 and not for the last five years as provided for in article L.225-37-3(7°);
- no description of the procedure put in place by the Company in accordance with paragraph 2 of article L.225-39 on agreements entered into in the ordinary course of business and the implementation of that procedure as provided for in article L.225-37-4(10°) is disclosed in the Board of Directors' report on corporate governance.

Accordingly, we are not in a position to attest to the presence of the information required by articles L.225-37-3 and L.225-37-4 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.225-37-5 of the French Commercial Code relating to those items your 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.

Report on other legal and regulatory requirements

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.

As at 31 December 2019, F.-M. Richard & Associés and PricewaterhouseCoopers Audit were in the fifteenth and sixth consecutive year of their engagement, respectively.
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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, 3 September 2020

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 2019)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

F.-M. Richard & Associés
1, place d'Estienne d'Orves
75009 Paris, France

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 2019)

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
France

To the Shareholders,

In our capacity as Statutory Auditors of AURES Technologies, 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

We were not informed of any agreement or commitment authorised and entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY 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 that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended 31 December 2019.

1. Commercial lease for Le Cristal Un SCI

Person concerned:
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 under a commercial lease.

Terms and conditions:
On 20 September 2016, your 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 amount paid by your Company in 2019 came to €275,217 and breaks down as follows:

- Rent and insurance €216,192
- Taxes €59,025

Neuilly-sur-Seine and Paris, 3 September 2020

The Statutory Auditors

PricewaterhouseCoopers Audit F.-M. Richard & Associés

Pierre Marty Julie Galophe

AURES Technologies
Touch the difference

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