AURES
TOUCH THE DIFFERENCE

FIRST HALF
FINANCIAL REPORT
2020

CONTENTS

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INTERIM BUSINESS REVIEW

At its meeting on 20 October 2020, the Board of Directors approved the accompanying interim financial statements for the six months ended 30 June 2020.

1. Significant events and impact on the interim financial statements

The global health crisis caused by Covid-19 was the main event with which AURES had to contend in the period, and affected all of the countries where the Group conducts business.

In just a few days, 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.

As the Group's products are designed for use in the retail and hospitality industries and at points of sales (themselves severely affected by the measures), AURES' business operations in 2020 were severely impacted by the restrictions, from March onwards in France and as from April in other countries.

The financial ramifications for the Group are significant, but cannot be assessed with any degree of certainty at the reporting date. This new economic environment was taken into account when testing the Group's cash-generating units (CGUs) for impairment.

Details of these impairment tests can be found in Note 5.1 to the consolidated financial statements.

2. Financial position and results

2.1. Revenue

Consolidated revenue came in at €42,896K for first-half 2020, down 25% from €57,229K in first-half 2019.

Sales fell by more than 47% in second-quarter 2020, after edging up 0.53% in the three months to 31 March.

At constant exchange rates, consolidated revenue was down 25.7%.

2.2. Operating profit

Operating profit for first-half 2020 was €887K, down 74.7% from €3,505K in first-half 2019 due mainly to the fall in revenue.

However, thanks to effective crisis management involving staff cuts (mainly at RTG), short-time working arrangements in Europe and Australia, and the Paycheck Protection Program (PPP) in the United States, the Group posted an operating profit of €887K, representing 2.1% of revenue, testifying to its ability to weather the crisis.

Financial support recognised during the period in connection with the Group's various short-time working schemes totalled €818K.

First-half 2020 operating profit also includes €416K in amortisation expense recorded against intangible assets related to the acquisition of RTG.

Adjusted for this amortisation expense (recognised for the first time in the 2019 reporting period), operating profit was €1,303K, representing 3% of revenue.

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

	First-half 2020	First-half 2019
Revenue	42,896	57,229
Cost of goods sold	(22,197)	(29,349)
Gross margin	20,699	27,880
as a % of revenue	**48.25%**	**48.72%**

The percent gross margin narrowed to 48.25% from 48.72% in first-half 2019. During the period, the 2.5% rise in the average USD/EUR exchange rate had only a limited impact on revenue.

Goods forwarding costs rose by around €200K in the period owing to the Group's use of air freight (which saw a steep hike in prices) in a bid to shorten lead times in the context of the Covid-19 health crisis.

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

It should be noted that less than two years after first being included in the Group's reporting scope, RTG posted operating profit (excluding intangible asset amortisation) for the first time, coming in at €336K for first-half 2020 (versus an operating loss of €299K for first-half 2019).

2.3. Financial profit and loss

The Group recorded a financial loss of €250K versus €271K in first-half 2019, mainly reflecting currency fluctuations.

The elements comprising the financial loss are detailed in Note 5.22 to the consolidated financial statements for the six months ended 30 June 2020.

2.4. Net profit

After a tax expense of €197K, net profit attributable to owners of the parent came in at €414K, or 0.97% of revenue. The tax expense represents 30.84% of pre-tax profit, compared with 38.43% in first-half 2019.

Excluding RTG intangible asset amortisation, net profit was €722K, representing a net margin of 1.68%.

Net profit including non-controlling interests was €441K.

2.5. Net cash position

Amid the Covid-19 health crisis, the Group had access to:

- a government-backed loan ("PGE") in France totalling €10.5 million, taken out with three financial institutions. The repayment terms for this loan are not known at the date of this report as AURES has not yet decided whether to repay the loan in full at the first anniversary date or to spread the repayments over several years;
- a Paycheck Protection Program (PPP) loan representing USD 3 million (€2.7 million) in the United States under the Coronavirus Aid, Relief and Economic Security (CARES) Act no. 116-136. The portion of this 1% fixed-interest loan that will not be converted into a grant based mainly on compliance with criteria relating to job protection measures will be repaid over an 18-month period.

Changes in net debt were as follows:

Gross debt at 31 December 2019	**(10,175)**
Repayments during the period	827
New borrowings	(13,590)
Impact of exchange rate fluctuations	42
Gross debt at 30 June 2020	**(22,896)**
Bank overdrafts	(50)
Cash and cash equivalents	22,136
Net debt at 30 June 2020	**(810)**

3. Subsequent events

No events that could have a significant impact on the consolidated financial statements took place between 30 June 2020 and the date on which this report was prepared.

4. Outlook

As it is impossible to know when the Covid-19 crisis will end, any forecasts are subject to a high degree of uncertainty.

However, assuming the health crisis stabilises, the Group is aiming to report operating profit for full-year 2020.

5. Risks and uncertainties

The risks and uncertainties facing the Company's business activities in the months ahead are broadly similar to those presented in the management report contained in the 2019 annual report.

Since there were no significant developments during the period in disputes that were in progress at the end of 2019, the Company maintained the position it adopted at the time of preparing its financial statements for the year ended 31 December 2019.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

➢ Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ thousands)

Notes	ASSETS	30 June 2020	31 Dec. 2019
	NON-CURRENT ASSETS		
5.1	Goodwill	7,526	7,526
5.2	Intangible assets	6,709	7,591
5.4	Right-of-use assets under leases	5,548	6,960
5.3	Property, plant and equipment	1,773	1,649
5.5	Other financial assets	1,371	1,531
5.24	Deferred tax assets	2,939	2,988
	TOTAL NON-CURRENT ASSETS	**25,864**	**28,246**
	CURRENT ASSETS		
5.6	Inventories and work-in-progress	20,233	23,204
5.7	Trade receivables	11,464	17,523
5.8	Other current assets	3,598	3,987
	Financial assets at fair value	0	0
5.9	Cash and cash equivalents	22,136	10,684
	TOTAL CURRENT ASSETS	**57,431**	**55,398**
	TOTAL ASSETS	**83,295**	**83,644**

Notes	EQUITY AND LIABILITIES	30 June 2020	31 Dec. 2019[1]
	EQUITY		
	Share capital	1,000	1,000
	Reserves	27,647	25,259
	Profit for the period	414	2,993
	Shareholders’ equity	29,061	29,252
	Non-controlling interests	220	194
5.10	**TOTAL EQUITY**	**29,281**	**29,445**
	NON-CURRENT LIABILITIES		
5.12	Non-current borrowings and debt	19,948	7,020
5.13	Non-current lease liabilities	4,641	5,489
5.24	Deferred tax liabilities	1,723	1,880
5.11	Provisions for contingencies and expenses	1,276	1,485
5.16	Other non-current liabilities	506	504
	TOTAL NON-CURRENT LIABILITIES	**28,094**	**16,378**
	CURRENT LIABILITIES		
5.14	Trade payables	8,710	16,003
5.13	Current lease liabilities	1,168	1,658
5.12	Current borrowings and debt	3,000	5,571
	Derivative instruments	31	34
	Current tax	237	247
5.15	Contract liabilities	7,350	7,686
5.16	Other current liabilities	5,424	6,622
	TOTAL CURRENT LIABILITIES	**25,920**	**37,821**
	TOTAL EQUITY AND LIABILITIES	**83,295**	**83,644**

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

CONSOLIDATED INCOME STATEMENT (€ thousands)

Notes		First-half 2020	First-half 2019
5.17	Revenue	42,896	57,229
	Cost of goods sold	(22,197)	(29,349)
	Personnel costs	(10,138)	(12,783)
	External expenses	(7,520)	(8,728)
	Taxes other than on income	(271)	(313)
5.2/5.3/5.4	Depreciation and amortisation expense	(1,879)	(1,508)
5.6/5.7/5.11	(Additions to) /Reversals of provisions	(726)	(864)
5.20	Other operating income and expenses	692	(179)
	Recurring operating profit	**857**	**3,505**
5.21	Other income from operations	33	3
5.21	Other expenses from operations	(3)	(3)
	Operating profit	**887**	**3,505**
	Cost of gross debt	(55)	(91)
5.22	**Cost of net debt**	**(55)**	**(91)**
5.22	Other financial income	405	39
5.22	Other financial expenses	(599)	(219)
5.23	Income tax expense	(197)	(1,243)
	Net profit for the period	**441**	**1,991**
	Attributable to owners of the parent	414	1,970
	Attributable to non-controlling interests	27	21
5.25	Basic earnings per share (€)	0.11	0.50
5.25	Diluted earnings per share (€)	0.11	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ thousands)

Notes		First-half 2020	First-half 2019
	Consolidated net profit attributable to owners of the parent	**414**	**1,970**
	Other comprehensive income (loss) to be reclassified to the income statement		
	Translation gains and losses	(560)	(6)
	Other comprehensive income (loss) not to be reclassified to the income statement		
	Actuarial gains and losses on defined benefit plans		
	Total other items of comprehensive income (loss)	**(560)**	**(6)**
	Net profit (loss) attributable to non-controlling interests		
	Attributable to owners of the parent	**(146)**	**1,964**
	Attributable to non-controlling interests	**27**	**21**
	Total comprehensive income (loss)	**(119)**	**1,985**

CONSOLIDATED STATEMENT OF CASH FLOWS (€ thousands)

Notes		First-half 2020	First-half 2019
	Consolidated net profit (1)	441	1,991
	+/- Net depreciation, amortisation and provision expense (2)	1,643	1,388
5.22	-/+ Unrealised gains and losses on changes in fair value	(51)	98
	-/+ Income and expenses related to stock options and other	(4)	76
	-/+ Capital gains and losses on disposals	(15)	(12)
5.22	+ Cost of net debt	169	213
5.23	+/- Income tax expense (including deferred taxes)	197	1,243
	= CASH FLOW FROM OPERATIONS BEFORE COST OF NET DEBT AND INCOME TAX EXPENSE (A)	2,380	4,997
	- Income tax paid (B)	(261)	(1,697)
	+/- Change in working capital relating to operations (3) (C)	435	(2,862)
	= NET CASH FROM OPERATING ACTIVITIES (D) = (A)+(B)+(C)	2,554	**438**
	- Outflows relating to purchases of property, plant and equipment and intangible assets	(144)	(167)
	+ Inflows relating to disposals of property, plant and equipment and intangible assets	0	0
5.5	- Outflows relating to purchases of long-term financial assets (non-consolidated equity investments)	0	0
	+/- Impact of changes in the scope of consolidation	0	0
	+/- Change in loans and advances granted	129	35
	= NET CASH FROM (USED IN) INVESTING ACTIVITIES (E)	(16)	**(132)**
6.6	-/+ Buybacks and sales of treasury shares	0	(975)
	- Dividends paid during the period:	0	0
	- Dividends paid to owners of the parent	0	0
	- Dividends paid to non-controlling shareholders of consolidated companies	0	0
5.12	+ Inflows relating to new borrowings	13,655	3,034
5.12	- Repayments of borrowings	(827)	(1,208)
	- Decrease in lease liabilities	(1,066)	(802)
5.22	- Net interest paid	(169)	(213)
	= NET CASH FROM (USED IN) FINANCING ACTIVITIES (F)	11,593	**(164)**
	+/- Impact of exchange rate fluctuations (G)	(314)	11
5.9/5.12	**= NET CHANGE IN CASH AND CASH EQUIVALENTS (4) H = (D)+(E)+(F)+(G)**	13,818	**153**
5.11	**NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)**	8,268	7,400
	NET CASH AND CASH EQUIVALENTS AT END OF PERIOD (J)	22,085	7,553

(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).

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

	First-half 2020	First-half 2019
Change relating to trade receivables and contract assets net of contract liabilities	8,401	(2,048)
Change relating to trade payables	(9,852)	2,973
Change relating to other receivables and payables	(873)	(488)
Change relating to inventories	2,759	(3,298)
= Change in working capital relating to operations	435	(2,862)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€ thousands)

	Share capital	Consolidated reserves	Translation reserves	Shareholders' equity	Non-controlling interests	Total equity
Total equity at 31 December 2018[(1)]	**1,000**	**31,063**	**(1,505)**	**30,558**	**133**	**30,691**
Net profit for the period		1,970		1,970	21	1,991
Translation gains and losses			(6)	(6)		(6)
Actuarial gains and losses on defined benefit plans						
Comprehensive income		**1,970**	***(6)***	**1,964**	***21***	**1,985**
Dividends approved		(3,925)		(3,925)		(3,925)
Treasury share transactions		(985)		(985)		(985)
Free share awards		76		76		76
Other		(7)		(7)		(7)
Total equity at 30 June 2019[(1)]	**1,000**	**28,192**	**(1,511)**	**27,681**	**155**	**27,836**

	Share capital	Consolidated reserves	Translation reserves	Shareholders' equity	Non-controlling interests	Total equity
Total equity at 31 December 2019[(1)]	**1,000**	**29,282**	**(1,030)**	**29,252**	**193**	**29,445**
Net profit for the period		414		414	27	441
Translation gains and losses			(560)	(560)		(560)
Actuarial gains and losses on defined benefit plans						
Comprehensive income		***414***	***(560)***	***(146)***	***27***	***(119)***
Dividends paid						
Treasury share transactions		(40)		(40)		(40)
Free share awards		0				
Other		(5)		(5)		(5)
Total equity at 30 June 2020	**1,000**	**29,651**	**(1,590)**	**29,061**	**220**	**29,281**

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

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

1. Accounting policies and methods

1.1. General accounting principles and accounting standards

The AURES Group has prepared its condensed interim financial statements for the six months ended 30 June 2020 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and mandatorily applicable prior to 30 June 2020.
The standards can be consulted on the European Commission website.

The interim consolidated financial statements for the six months ended 30 June 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting". As these are condensed financial statements, they do not include all of the disclosures required by IFRS and must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.
The accounting policies and methods used by the Group to prepare its condensed interim financial statements are identical to those used to prepare the consolidated financial statements for the year ended 31 December 2019.

The following standards, amendments and interpretations applicable for reporting periods beginning on or after 1 January 2020 do not have a material impact on the financial statements or are not applicable:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to the IFRS Conceptual Framework
- Amendments to IAS 1 and IAS 8 "Definition of Material"

There are no major standards, amendments or interpretations either adopted or not yet adopted by the European Union but available for early adoption and due to come into force for reporting periods beginning on or after 30 June 2020.

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

The consolidated financial statements for the six months ended 30 June 2020 were approved by the Board of Directors on 20 October 2020.

1.2. Significant estimates and assumptions

Preparing financial statements in accordance with the IFRS Conceptual Framework requires the Group to make estimates and assumptions which affect the amounts reported in those financial statements. Estimates and assumptions that are deemed likely to result in a significant adjustment to the carrying amount of assets and liabilities in the next reporting period are detailed below.

1.2.1. Goodwill impairment

The Group tests its goodwill for impairment annually, in accordance with the method described in Note 5.1.1 to the consolidated financial statements for the year ended 31 December 2019. The recoverable amounts of the Group's cash-generating units are determined based on value in use. Value-in-use calculations are based on estimates. In view of the impacts of the health crisis on its business operations, the Group carried out impairment tests at 30 June 2020 (see Note 5.1).

1.2.2. Income tax

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is probable that the Group will generate future taxable income. They are recognised in the financial statements if the Group considers that they are likely to be recovered. The amount recognised is determined based on forecasts of future taxable income based on a reasonable likelihood that the assets would be realised or recovered, as estimated in light of available forecasts.

The Group is therefore required to exercise judgement as to the impact of recent events on the value of these assets and, in particular, any changes in estimates of future taxable profit and in the timing of their reversal. The position adopted by the Group may depend on its interpretation of applicable tax legislation, and this interpretation may be uncertain.

1.2.3. Other significant estimates

Other significant estimates made by management when preparing the consolidated financial statements chiefly concern:

- the measurement of intangible assets (brands, customer relationships, non-compete clauses, etc.);
- the measurement of right-of-use assets and lease liabilities;
- provisions for claims and disputes;
- post-employment benefits;
- asset impairment;
- provisions for contingencies and expenses.

2. Scope of consolidation

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

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

FC: Full consolidation

NC: Not consolidated

3. Foreign currency translation

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

	Average rate 2020 (6 months)	Average rate 2019 (6 months)	Closing rate 30 June 2020	Closing rate 31 Dec. 2019
US dollar	1.1015	1.1298	1.1198	1.1234
Australian dollar	1.6775	1.6002	1.6344	1.5995
Pound sterling	0.8744	0.8736	0.91243	0.8508

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

4. Alternative performance indicators

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, excluding lease liabilities) and cash as reported in the statement of cash flows, comprising cash and cash equivalents less bank overdrafts.

5. Notes to the financial statements for the six months ended 30 June 2020

Amounts are expressed in thousands of euros.

5.1. Goodwill

Movements in goodwill can be analysed as follows:

In € thousands	31 Dec. 2019	Impact of exchange rate fluctuations	30 June 2020
Goodwill (J2)	348	(23)	325
Goodwill (RTG)	7,178	23	7,201
TOTAL	**7,526**	**(0)**	**7,526**

5.1.1. Impairment test

The impairment test carried out in the period on the goodwill related to RTG did not result in the recognition of an impairment loss, as the recoverable amount of the asset tested was higher than its carrying amount. The recoverable amounts of the Group's cash-generating units were determined based on value in use. Value in use is calculated using cash flow projections contained in business plans covering up to 2025. Beyond 2025, cash flows from a standard year are used, discounted to perpetuity. A 12.93% pre-tax discount rate and a 2.0% long-term growth rate were used. The sensitivity tests performed on the discount rate (+/- 100bps) and organic growth rate (+/- 100bps), which also assume a decline in revenue in 2021 and an EBITDA margin for 2021 identical to 2020, confirm the Group's analysis.

5.2. Intangible assets

Movements in intangible assets can be analysed as follows:

In € thousands	31 Dec. 2019	Acquisitions	Disposals	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Customer relationships	12,002					(382)	11,620
Non-compete clause	395					(6)	389
Concessions, patents and other rights	1,840	1				(7)	1,834
Gross value of intangible assets	**14,236**	**1**				**(395)**	**13,842**
Customer relationships	(4,917)	(675)				297	(5,296)
Non-compete clause	(157)	(30)				7	(180)
Concessions, patents and other rights	(1,571)	(94)				7	(1,658)
Total amortisation	**(6,645)**	**(800)**				**311**	**(7,134)**
Net amount of intangible assets	**7,591**	**(799)**				**(84)**	**6,709**

5.3. Property, plant and equipment

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

In € thousands	31 Dec. 2019	Acquisitions	Disposals	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Buildings, fixtures and fittings	1,874	12				(16)	1,870
Technical installations, equipment and tooling	528					(8)	520
Other property, plant and equipment	1,276	25	(1)			(7)	1,293
Property, plant and equipment in progress	176	296					472
Gross value of property, plant and equipment	**3,854**	**333**	**(1)**			**(31)**	**4,155**
Buildings, fixtures and fittings	(863)	(130)				17	(976)
Technical installations, equipment and tooling	(481)	(9)				8	(482)
Other property, plant and equipment	(862)	(71)	1			7	(925)
Depreciation of property, plant and equipment	**(2,205)**	**(210)**	**1**			**32**	**(2,382)**
Net amount of property, plant and equipment	**1,649**	**123**				**1**	**1,773**

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 (€1,207K).

5.4. Right-of-use assets

Right-of-use assets relating to property, plant and equipment can be analysed as follows:

In € thousands	31 Dec. 2019	New leases	Depreciation	Terminated leases	Depreciation	Translation gains and losses and other movements	30 June 2020
		Increases			Decreases		
Right-of-use assets – Property	5,693		(623)			12	5,083
Right-of-use assets – Plant and equipment	4		(3)				1
Right-of-use assets – Vehicles	1,263	25	(243)	(965)	369	17	465
TOTAL	**6,960**	**25**	**(869)**	**(965)**	**369**	**29**	**5,548**

5.5. Long-term financial assets

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

In € thousands	31 Dec. 2019	Increases	Decreases	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Non-consolidated equity investments	951						951
Long-term financial assets	580	4	(164)				420
TOTAL	**1,531**	**4**	**(164)**				**1,371**

Non-consolidated equity investments relate to the acquisition of a 15% stake in the capital of CJS-PLV on 4 January 2018. In the current environment, the Group did not find any evidence that this investment might be impaired at 30 June 2020.

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

5.6. Inventories

In € thousands	30 June 2020	31 Dec. 2019
Inventories	23,257	25,476
Impairment	(3,024)	(2,272)
NET	**20,233**	**23,204**

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

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG
Inventories	23,257	2,311	7,272	4,256	2,797	2,859	3,763
Impairment	(3,024)	(362)	(550)	(236)	(547)	(451)	(878)
NET	**20,233**	**1,949**	**6,722**	**4,020**	**2,250**	**2,407**	**2,885**

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

In € thousands	31 Dec. 2019	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Impairment	(2,272)	(3,058)	2,273		33	(3,024)

Impairment recognised against inventories is included in operating profit.

The increase in impairment charged against inventories in the period primarily reflects the slower inventory turnover due to the contraction in the Group's business as a result of the Covid-19 health crisis.

5.7. Trade receivables

In € thousands	30 June 2020	31 Dec. 2019
Gross value	11,834	17,818
Impairment	(370)	(295)
NET	**11,464**	**17,523**

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

In € thousands	31 Dec. 2019	Impairment	Reversals of impairment	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Impairment	(295)	(200)	123		2	(370)

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	11,822	633	4,099	1,008	963	1,028	4,091
Doubtful receivables	12		12				
Gross value	11,834	633	4,111	1,008	963	1,028	4,091
Impairment	(369)	(65)	(10)	(37)	(0)	0	(257)
NET	**11,465**	**568**	**4,101**	**971**	**962**	**1,028**	**3,834**

5.8. Accrued receivables and other

In € thousands	30 June 2020	31 Dec. 2019
State	2,430	2,689
Personnel-related receivables	24	48
Amounts receivable from suppliers	50	5
Credit notes receivable	166	145
Advances granted to suppliers	23	59
Other receivables	80	284
Accrued income	0	5
Prepaid expenses	824	752
TOTAL	**3,598**	**3,987**

5.9. Cash and cash equivalents

In € thousands	30 June 2020	31 Dec. 2019
Bills for collection	0	0
Bank accounts	22,127	10,677
Petty cash	9	7
TOTAL	**22,136**	**10,684**

5.10. Equity

Equity includes shareholders' equity and non-controlling interests as shown in the statement of financial position.
The consolidated statement of changes in equity can be found on page 10 of the consolidated financial statements.

Consolidated equity is not subject to any third-party restrictions.

Treasury shares held at 30 June 2020 amounted to €1,617K.

5.11. Provisions for contingencies and expenses

In € thousands	31 Dec. 2019	Additions	Reversals	Remeasurement	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Employee benefit obligations (1)	567	27	0	0	0	0	594
Customer warranties (2)	651	502	(656)	0	0	(6)	491
Other provisions for contingencies (3)	267	0	(78)	0	0	2	191
TOTAL	**1,485**	**529**	**(734)**	**0**	**0**	**(4)**	**1,276**

- (1) Employee benefit obligations

In accordance with IAS 34, employee benefit obligations were not fully recalculated at 30 June 2020.

Changes in the net benefit obligation were estimated as follows:

- Interest cost and past service cost were estimated based on data extrapolated at 30 June 2020 from the total obligation as calculated at 31 December 2019.
- No actuarial differences resulting from changes in the discount rate were reported in first-half 2020. A discount rate of 0.80% was used at both 30 June 2020 and 31 December 2019.
- Other actuarial assumptions relating to the total benefit obligation (rate of salary increases, employee turnover, etc.) are generally updated at the end of the year.

At 30 June 2020, the Group did not identify any items that could have a material impact on the amount of its projected benefit obligation.

- Other actuarial differences resulting from experience adjustments were not recalculated since no significant changes are expected in the year.

◦ (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) Other provisions for contingencies

As indicated in Note 5.1, Goodwill, of the 2019 annual financial report, the Group booked a provision relating to the data breach at RTG. Of this amount, €78K was utilised and written back at 30 June 2020.

5.12. Non-current and current borrowings and debt

At 30 June 2020, non-current and current borrowings and debt can be analysed by maturity as follows:

In € thousands	TOTAL	1 year or less	More than 1 year and less than 5 years	More than 5 years
Other borrowings and debt	22,897	2,949	19,948	
Short-term bank overdrafts	51	51		
TOTAL	**22,948**	**3,000**	**19,948**	

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

In € thousands	31 Dec. 2019	Increases	Decreases	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2020
Cash liabilities	(2,416)	(187)	2,587	0	(35)	(51)
Borrowings and debt	(10,175)	(13,590)	827	0	42	(22,897)
TOTAL	**(12,591)**	**(13,777)**	**3,414**	**0**	**7**	**(22,948)**
O/w current	(5,571)	0	0	0	0	(3,000)
O/w non-current	(7,020)	0	0	0	0	(19,948)

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

In connection with the acquisition of RTG on 16 October 2018, the Company was granted three bank loans in euros bearing fixed-rate interest at between 0.95% and 1%, with a final maturity in 2024.

In 2020, the Group arranged a bank loan in euros with a final maturity in 2024 and bearing fixed-rate interest at 0.52%, taken out in connection with financing for fixtures and fittings for its headquarters.

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

◦ a government-backed loan ("PGE") in France totalling €10.5 million, taken out with three financial institutions. The repayment terms for this loan are not known at the date of this report as AURES has not yet decided whether to repay the loan in full at the first anniversary date or to spread the repayments over several years;

◦ a Paycheck Protection Program (PPP) loan representing USD 3 million (€2.7 million) in the United States under the Coronavirus Aid, Relief and Economic Security (CARES) Act no. 116-136. The portion of this 1% fixed-interest loan that will not be converted into a grant based mainly on compliance with criteria relating to job protection measures will be repaid over an 18-month period.

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

5.13. Lease liabilities

Movements in lease liabilities can be analysed as follows:

In € thousands	31 Dec. 2019	New leases	Increases	Decreases	Impact of exchange rate fluctuations	30 June 2020
Non-cash impacts	8,784	228	31	(586)	25	8,482
Cash impacts	(1,636)	0	0	(1,036)	0	(2,672)
TOTAL	**7,148**	**228**	**31**	**(1,622)**	**25**	**5,809**
O/w current	1,658	0	0	0	0	1,168
O/w non-current	5,489	0	0	0	0	4,641

At 30 June 2020, lease liabilities 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	5,809	1,168	3,467	1,174

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	8,710	125	5,149	186	132	118	3,001
Amounts payable on non-current assets	0	0	0	0	0	0	0
TOTAL	**8,710**	**125**	**5,149**	**186**	**132**	**118**	**3,001**

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

5.15. Contract liabilities

In € thousands	30 June 2020	31 Dec. 2019
Customer advances	2,416	1,389
Deferred income	4,934	6,297
TOTAL	**7,350**	**7,686**

The increase in customer advances chiefly concerns RTG (€2,394K versus €1,338K at 31 December 2019) and is related to a delay in services owing to the Covid-19 health crisis for which advance payments had been made.

Deferred income relates to:

- revenue earned on extended warranties for the residual warranty period and relating to future years, totalling €3,429K (including the impact of IFRS 15 for €1,788K). It includes a financial component that is not considered material by the Group in light of the parent company's borrowing costs; and
- revenue earned on services performed by RTG for the residual period and relating to future years, amounting to €1,505K.

5.16. Accrued payables and other

In € thousands	30 June 2020	31 Dec. 2019[1]
Other non-current liabilities	506	504

In € thousands	30 June 2020	31 Dec. 2019[1]
Tax and social security liabilities	3,740	4,850
Amounts payable to customers	146	638
Credit notes not yet issued	666	253
Other payables	872	881
TOTAL	**5,424**	**6,622**

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

Other non-current liabilities relate to the earn-out payment due in 2022 in connection with the RTG acquisition.
The "Other payables" line corresponds to the one-year deferred cash payment relating to the RTG acquisition.

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 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.

5.17.1. Results by business sector

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

	First-half 2020						First-half 2019					
In € thousands	**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	9,068	9,873	8,009	26,951	15,946	42,896	14,878	13,339	12,227	40,444	16,785	57,229
Operating profit (loss)	373	495	98	966	(78)	887	2,923	189	692	3,804	(299)	3,505
Consolidated net profit (loss)	299	360	(111)	548	(107)	441	1,764	129	431	2,324	(333)	1,991

5.18. Revenue by source

Consolidated revenue can be analysed by source as follows:

In € thousands	First-half 2020	First-half 2019
Sales of goods held for resale	28,580	41,377
Sales of services	14,316	15,852
TOTAL	**42,896**	**57,229**

5.19. Geographic breakdown

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

In € thousands	First-half 2020	First-half 2019
France	6,896	11,116
United Kingdom	3,635	6,311
Germany	3,772	3,664
Australia	2,974	4,969
United States	20,903	23,731
Other EU countries	3,256	5,405
Exports (non-EU)	1,460	2,033
TOTAL	**42,896**	**57,229**

The criterion used above to allocate revenue 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.

5.20. Other operating income and expenses

Other operating income and expenses consist of the following:

In € thousands	First-half 2020	First-half 2019
Royalties and patents	(42)	(74)
Debt write-offs	(99)	(132)
Directors' fees	(4)	(4)
Other operating expenses	0	(2)
Amounts received in respect of short-time working or similar arrangements	818	0
Other operating income	19	33
TOTAL	**692**	**(179)**

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

Amounts received in respect of short-time working or similar arrangements concerns France (€228K), the United Kingdom (€105K), Australia (€86K) and Germany (€19K).

In accordance with IAS 20, they also include the Group's best estimate at 30 June 2020 of the portion of RTG's PPP loan which is expected to be converted into a grant (€380K).

5.21. Other income and expenses from operations

Other income and expenses from operations consist of the following:

In € thousands	First-half 2020	First-half 2019
Net carrying amount of non-current assets sold	0	0
Other expenses from operations	(3)	(3)
Proceeds from disposals of non-current assets	0	0
Terminated leases (IFRS 16)	10	0
Other income from operations	23	3
TOTAL	**30**	**0**

5.22. Financial profit and loss

The following items make up financial profit and loss:

In € thousands	First-half 2020	First-half 2019
Interest expense	(55)	(91)
Cost of net debt	(55)	(91)
Interest expense on lease liabilities	(118)	(121)
Other financial income	4	23
Foreign exchange gains and losses	(132)	16
Fair value of financial instruments	51	(98)
Other financial expenses	(195)	(180)
FINANCIAL PROFIT (LOSS)	**(250)**	**(271)**

- Currency risk

The 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 the 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.

5.23. Income tax

Income taxes in the income statement break down as follows:

In € thousands	First-half 2020	First-half 2019
Current tax	(294)	(1,446)
Deferred tax	97	203
TOTAL	**(197)**	**(1,243)**

The table below reconciles:

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

In € thousands	First-half 2020	First-half 2019
Consolidated profit before tax	637	3,234
Theoretical tax expense	184	1,035
%	28.92%	32.02%
Impact of non-taxable income and expenses	(101)	97
Impact of different tax rates	114	111
EFFECTIVE TAX EXPENSE AND TAX RATES	**197**	**1,243**
%	**30.84%**	**38.43%**

5.24. Deferred tax

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

	30 June 2020	31 Dec. 2019
Deferred tax assets on temporary differences	1,095	895
Deferred tax assets on tax loss carryforwards	861	941
Deferred tax assets on employee benefit obligations	172	182
Deferred tax assets on adjustments (inventory margin)	244	283
Deferred tax assets on adoption of IFRS 15	512	624
Deferred tax assets on adoption of IFRS 16	46	35
Deferred tax assets on fair value	10	28
Deferred tax assets	2,939	2,988
Deferred tax liabilities on temporary differences	(103)	(94)
Deferred tax liabilities on provisions	(64)	(85)
Deferred tax liabilities on intangible assets	(1,556)	(1,704)
Deferred tax liabilities on fair value	0	0
Deferred tax liabilities	**(1,723)**	**(1,879)**
Net deferred tax assets	**1,216**	**1,109**

At 30 June 2020, the Group's historical US entity had cumulative tax losses of around USD 1,600K (taken on from AURES USA Inc. following the merger with the current entity, formerly known as J2 Retail Systems Inc.). These tax losses have not given rise to the recognition of any deferred tax assets in the financial statements.

Since the US subsidiary (AURES Inc.) is a UK and US tax resident, a portion of the tax losses generated by J2 Retail Systems Inc. in previous periods was 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 €861K on the tax losses carried forward by the entity (in an amount of USD 3.7 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.

5.25. Earnings per share

At 30 June 2020, AURES Technologies' share capital comprised 4,000,000 shares and the Company held 72,760 treasury shares (Note 6.6).

In € per share (except for number of shares)	30 June 2020
Net profit attributable to owners of the parent (in €K)	414
Average number of shares outstanding	0
Before dilution	3,928,257
Impact of dilution	0
Free shares	0
After dilution	3,928,257
Attributable earnings per share	0
Basic	0.11
Diluted	0.11

5.26. Related-party transactions

The Group carried out the following related-party transactions:

In € thousands	First-half 2020	First-half 2019
	Le Cristal Un SCI	Le Cristal Un SCI
External expenses (rent and insurance)	110	108
Taxes other than on income	18	18
Trade payables	0	0

Le Cristal Un SCI has a senior executive in common with AURES Technologies SA.

Remuneration expensed for senior executives during the period is detailed in Note 6.5.

6. Other disclosures

6.1. Off-balance sheet commitments

In € thousands	30 June 2020	30 June 2019
Forward purchases of foreign currencies	4,978	8,461
Pledge of business goodwill	5,060	5,060
Guarantees	2,813	4,017
TOTAL	**12,851**	**17,538**

- Forward purchases of foreign currencies

At 30 June 2020, the amount outstanding under forward contracts taken out by the Group totalled USD 5,578K, of which USD 2,515K was allocated to the payment of trade payables.

The average exchange rate for the hedges in force at 30 June 2020 is €1 = USD 1.1204.
Forward contracts are carried in the financial statements at their fair value and were recognised in financial liabilities in an amount of €31K at 30 June 2020.

- Pledge of business goodwill

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

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

- Guarantees

Within the scope of the RTG acquisition on 16 October 2018, AURES Technologies SA provided a parent company guarantee to its subsidiary AGH US Holding Company Inc. It remains liable for the amounts due between 2020 and 2022, i.e., €2,813K (USD 3,150K based on the exchange rate at 30 June 2020).

- Bank covenants

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

- Net debt/equity
- Free cash flow/interest expense
- Consolidated net debt/consolidated gross operating profit + finance lease payments

The Group complied with all of these covenant ratios at 30 June 2020.

6.2. Headcount

The AURES Technologies Group had a headcount of 358 at 30 June 2020:

	30 June 2020	30 June 2019
Managerial-grade employees (*cadres*)	41.9	46.1
Other employees	316.9	392.8
TOTAL	**358.8**	**438.9**

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.

No amounts were provisioned in this respect at 30 June 2020, since the criteria set had not been met.

6.4. Subsequent events

No events that could have a significant impact on the consolidated financial statements took place between 30 June 2020 and the date on which this report was prepared.

6.5. Executive remuneration

Remuneration paid to members of AURES Technologies' management bodies totalled €229K in the period. No advances were granted during the period.
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 advances were granted to them.

6.6. Treasury shares

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

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

	30 June 2020			31 Dec. 2019		
Account	Number of shares	Price per share €	Total price €K	Number of shares	Price per share €	Total price €K
Market-making	3,763	21	78	1,934	24	46
Treasury shares	68,997	22	1,540	68,997	22	1,540
TOTAL	**72,760**		**1,617**	**70,931**		**1,586**

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR 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 interim management report includes a fair description of all significant events that took place in the first six months of the year, together with details of the impact of those events on the interim financial statements, the principal risks and uncertainties for the second half of 2020, and the main related-party transactions.

Patrick Cathala
Chairman and Chief Executive Officer

STATUTORY AUDITORS' REPORT

AURES Technologies SA

Statutory Auditors' review report
on the 2020 interim financial information

(Six months ended 30 June 2020)

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' review report on the 2020 interim financial information

(Six months ended 30 June 2020)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AURES Technologies SA
24 bis, rue Léonard de Vinci
91090 Lisses
France

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of AURES Technologies SA for the six months ended 30 June 2020;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on 20 October 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis and the difficulties in assessing its impacts and the future prospects of the Group. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

II - Specific verification

We have also verified the information given in the interim management report prepared on 20 October 2020 on the condensed interim consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Paris, 20 November 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	F.-M. Richard & Associés
Pierre Marty	Julie Galophe

AURES Technologies
Touch the difference

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