AURES
TOUCH THE DIFFERENCE

FIRST HALF
FINANCIAL REPORT
2023

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Société anonyme (French public limited company) with share capital of €1,000,000

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INTERIM BUSINESS REVIEW

At its meeting on 27 October 2023, the Board of Directors approved the accompanying interim financial statements for the six months ended 30 June 2023.
In accordance with regulations applicable to companies listed on Euronext Growth Paris, a limited review of the Group's interim consolidated financial statements was not performed by the Statutory Auditors.

1. Significant events and impact on the interim financial statements

In the first half of 2023, the Group's loss increased to €3,769K from €83K in the same prior-year period, due to the decline in its revenue.

Over the same period, the Group continued to tie up part of its cash in inventories, which remained virtually identical at 30 June 2023 (€32.1 million excluding impairment) to the level at end-2022.

This situation led to the very tight cash position described by the Group in its press release of 23 August 2023.

2. Financial position and results

2.1. Revenue

Consolidated revenue totalled €40,695K for first-half 2023, down 20.7% from €51,303K in first-half 2022.

At constant exchange rates, consolidated revenue declined by around 20.2%.

This sharp fall is primarily a result of the current state of crisis, inflation and uncertainty that continues to affect the European markets in which the Group operates.

2.2. Operating loss

The Group's operating loss widened 243.16% to €3,863K versus the €1,126K operating loss recorded in first-half 2022.

The higher operating loss mainly reflects:

- An increase in the gross margin to 52.4% in first-half 2023 versus 45.2% in first-half 2022.

This improvement reflects the sharp fall in goods forwarding costs (€1,877K) compared with the same year-ago period.

It partially offsets the decrease in gross profit volume (€4,800K calculated based on the gross margin for the first half of 2022) due to the decline in revenue.

- An amortisation expense of zero charged against intangible assets arising on the acquisition of J2 (approximately €300K), as these assets had been amortised in full at 31 December 2022.

- Income of zero relating to the research tax credit, compared with €290K in income in the first half of 2022.

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

	First-half 2023	First-half 2022
Revenue	40,695	51,303
- Cost of goods sold	(19,365)	(28,104)
Gross profit	21,330	23,199
As a % of revenue	**52.41%**	**45.22%**

The operating loss figure at 30 June 2023 still includes personnel costs relating to the investment in the development of the ETK middleware and the Group's 360 digital solution for connection to customer ERP systems, in an amount of €1,064K (including a €136K earnout) versus €880K in first-half 2022.

2.3. Financial loss

The Group recorded a financial loss of €87K versus financial profit of €1,210K in first-half 2022, mainly reflecting currency fluctuations.

The components comprising financial profit and loss are detailed in Note 5.22 to the consolidated financial statements for the six months ended 30 June 2023.

2.4. Net loss

After a tax benefit of €182K, the net loss attributable to owners of the parent came in at €3,753K, or negative 8.78% of revenue.

The net loss including non-controlling interests was €3,769K.

2.5. Net cash (net debt)

The Group ended the period with a net debt position of €6.1 million.

The cash position remains tight due to the very high level of inventories.

Changes in net debt were as follows:

Gross debt at 31 December 2022	**(15,112)**
Repayments during the period	2,618
New borrowings	0
Gross debt at 30 June 2023	**(12,494)**
Bank overdrafts	(1,960)
Cash and cash equivalents	8,343
Net debt at 30 June 2023	**(6,111)**

3. Subsequent events

On 23 August 2023, AURES was granted a waiver for the "Consolidated net debt/consolidated gross operating profit + finance lease payments" covenant breach at 31 December 2022, relating to the loan taken out by the Group with CIC for its acquisition of Retail Technology Group (RTG) on 16 October 2018.

The loan granted by BNP for this same acquisition, which was also subject to a covenant breach on 31 December 2022, was repaid in full on 11 October 2023 in accordance with the initial loan repayment schedule.

On 16 October 2023, the AURES Group called a General Meeting pursuant to Articles L. 234-1 and R. 234-3 of the French Commercial Code (*Code de commerce*), as requested by its Statutory Auditors. This meeting was held on 2 November 2023.

On 13 October 2023, the Group entered into a definitive financing agreement with an industrial group in the form of a €3.2 million convertible bond issue, pursuant to the delegation of authority granted by the sixth extraordinary resolution of the Issuer's Combined General Meeting on 26 January 2023.

The main features of the convertible bond issue ("2023 CBs") are as follows:

Amount of bonds convertible into shares	€3.2 million
Number of 2023 CBs	800,000
Nominal value of 2023 CBs (representing a premium of €2.6206 compared to the share price of €1.3794)(1)	€4.00
Ratio	1 2023 CB gives right to 1 share
Term of convertible bonds	2 years from the issue date of the 2023 CBs
Interest rate	Interest paid: 4%
Maximum nominal amount of the capital increase (excluding protection measures)	€200,000

(1) Based on the weighted average of the share price over the last three trading days preceding the issue.

No other events that could have a significant impact on the consolidated financial statements took place between 30 June 2023 and the date on which this report was prepared.

4. Outlook

Given the uncertainty caused by the global economic and geopolitical situation, the Group does not expect any significant change in its business outlook in the second half of the year.

It is therefore pursuing its talks with various players regarding partnerships and/or additional financing with the aim of improving its cash position over the next 12 months.

The Group has also set up a crisis management team to adapt to current market conditions and remedy the issues that have led to its poor financial performance.

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 2022 annual report.
Since there were no significant developments during the period in the disputes that were in progress at the end of 2022 or in their outcome versus the analysis presented at the time of preparing its financial statements for the year ended 31 December 2022, the Company has maintained the position that it adopted at that date.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

➢ Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ thousands)

Notes	ASSETS	30 June 2023	31 Dec. 2022
	NON-CURRENT ASSETS		
5.1	Goodwill	10,001	10,129
5.2	Intangible assets	5,642	5,933
5.4	Right-of-use assets under leases	5,736	6,083
5.3	Property, plant and equipment	1,621	2,126
5.5	Other financial assets	667	1,625
5.24	Deferred tax assets	2,993	2,965
	TOTAL NON-CURRENT ASSETS	**26,660**	**28,860**
	CURRENT ASSETS		
5.6	Inventories and work-in-progress	27,972	29,010
5.7	Trade receivables	13,876	15,876
5.8	Other current assets	3,714	4,744
	Financial assets at fair value	25	-
5.9	Cash and cash equivalents	8,343	5,940
	TOTAL CURRENT ASSETS	**53,930**	**55,570**
	TOTAL ASSETS	**80,590**	**84,430**

Notes	EQUITY AND LIABILITIES	30 June 2023	31 Dec. 2022
	EQUITY		
	Share capital	1,000	1,000
	Reserves	31,739	34,181
	Loss for the period	(3,753)	(2,417)
	Shareholders' equity	28,986	32,763
	Non-controlling interests	289	305
5.10	**TOTAL EQUITY**	**29,275**	**33,068**
	NON-CURRENT LIABILITIES		
5.12	Non-current borrowings and debt	8,177	9,564
5.13	Non-current lease liabilities	4,404	4,924
5.24	Deferred tax liabilities	696	914
5.11	Provisions for contingencies and expenses	1,664	1,534
5.16	Other non-current liabilities	914	720
	TOTAL NON-CURRENT LIABILITIES	**15,854**	**17,656**
	CURRENT LIABILITIES		
5.14	Trade payables	11,911	9,252
5.13	Current lease liabilities	1,810	1,698
5.12	Current borrowings and debt	6,278	6,479
	Derivative instruments	-	259
	Current tax	271	394
5.15	Contract liabilities	9,663	9,227
5.16	Other liabilities	5,529	6,397
	TOTAL CURRENT LIABILITIES	**35,461**	**33,706**
	TOTAL EQUITY AND LIABILITIES	**80,590**	**84,430**

CONSOLIDATED INCOME STATEMENT (€ thousands)

Notes		First-half 2023	First-half 2022
5.17	Revenue	40,695	51,303
	Cost of goods sold	(19,365)	(28,104)
	Personnel costs	(11,724)	(11,877)
	External expenses	(10,692)	(9,384)
	Taxes other than on income	(400)	(412)
5.2/5.3	Depreciation and amortisation expense	(1,677)	(1,934)
5.5/5.6/5.11	(Additions to) Reversals of provisions	(711)	(663)
5.20	Other operating income and expenses	(50)	(39)
	Recurring operating loss	**(3,925)**	**(1,111)**
5.21	Other income from operations	62	9
5.21	Other expenses from operations	0	(25)
	Operating loss	**(3,863)**	**(1,126)**
5.22	Cost of net debt	(154)	(162)
5.22	Other financial income	726	2,352
5.22	Other financial expenses	(659)	(980)
5.23	Income tax benefit (expense)	182	(167)
	Net loss for the period	**(3,769)**	**(83)**
	Attributable to owners of the parent	(3,753)	(81)
	Attributable to non-controlling interests	(16)	(2)
5.25	Basic loss per share (€)	(0.95)	(0.02)
5.25	Diluted loss per share (€)	(0.95)	(0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ thousands)

Notes		First-half 2023	First-half 2022
	Net loss for the period	**(3,769)**	**(83)**
	Items of other comprehensive income that may be reclassified to profit or loss	0	0
	Translation gains and losses	7	207
	Items of other comprehensive income that will not be reclassified to profit or loss	0	0
	Actuarial gains and losses on defined benefit plans	0	102
	Total other comprehensive income	**7**	**309**
	Total comprehensive income (loss)	(3,762)	226
	Attributable to owners of the parent	**(3,746)**	**228**
	Attributable to non-controlling interests	**(16)**	**(2)**

CONSOLIDATED STATEMENT OF CASH FLOWS (€ thousands)

Notes		First-half 2023	First-half 2022
	Consolidated net loss (1)	**(3,769)**	**(83)**
	+/- Net depreciation, amortisation and provision expense (2)	1,775	2,055
5.22	-/+ Unrealised gains and losses on changes in fair value	(190)	(206)
	-/+ Income and expenses related to stock options and other	0	57
	-/+ Capital gains and losses on disposals	(179)	1
5.22	+ Cost of net debt	154	162
5.23	+/- Income tax expense (including deferred taxes)	(183)	167
	= CASH FLOW FROM OPERATIONS BEFORE COST OF NET DEBT AND INCOME TAX (A)	(2,393)	2,154
	- Income tax paid (B)	(128)	(1,271)
	+/- Change in working capital relating to operations (3) (C)	6,200	(11,056)
	= NET CASH FROM (USED IN) OPERATING ACTIVITIES (D) = (A)+(B)+(C)	**3,679**	**(10,173)**
	- Outflows relating to purchases of property, plant and equipment and intangible assets	174	(552)
	+ Inflows relating to disposals of property, plant and equipment and intangible assets	1	0
5.5	- Inflows relating to disposals of long-term financial assets (non-consolidated equity investments)	1,130	0
5.5	- Outflows relating to purchases of long-term financial assets (non-consolidated equity investments)	0	0
5.1	+/- Impact of changes in scope of consolidation	0	0
	+/- Change in loans and advances granted	7	8
	= NET CASH FROM (USED IN) INVESTING ACTIVITIES (E)	**1,312**	**(544)**
6.6	-/+ Buybacks and sales of treasury shares	(18)	(17)
	- *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	46	69
5.12	- Repayments of borrowings	(2,598)	(1,324)
	- Repayments of lease liabilities	(940)	(890)
5.2	- Net interest paid	(154)	(162)
	= NET CASH USED IN FINANCING ACTIVITIES (F)	**(3,664)**	**(2,324)**
	+/- Impact of exchange rate fluctuations (G)	46	128
5.9/5.12	**= NET CHANGE IN CASH AND CASH EQUIVALENTS (4) (H) = (D)+(E)+(F)+(G)**	**1,373**	**(12,913)**
	NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)	**5,009**	**20,234**
	NET CASH AND CASH EQUIVALENTS AT END OF PERIOD (J)	**6,383**	**7,319**

(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 2023	First-half 2022
Change relating to trade receivables and contract assets net of contract liabilities	2,387	(1,529)
Change relating to trade payables	2,398	(2,558)
Change relating to other receivables and payables	556	(1,037)
Change relating to inventories	859	(5,932)
= Change in working capital relating to operations	**6,200**	**(11,056)**

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 2022	**1,000**	**34,927**	**(814)**	**35,113**	**312**	**35,425**
Comprehensive loss	-	(2,336)	(188)	(2,524)	(7)	(2,531)
Dividends paid	-	-	-	-	-	-
Treasury share transactions	-	68	-	68	-	68
Free share awards	-	108	-	108	-	108
Other	-	-	-	-	-	-
Total equity at 31 December 2022	**1,000**	**32,767**	**(1,002)**	**32,763**	**305**	**33,068**
Net loss for the period	-	(3,753)	-	(3,753)	(16)	(3,769)
Translation gains and losses	-	-	7	7	-	7
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-
Comprehensive loss	-	(3,753)	7	(3,746)	(16)	(3,762)
Treasury share transactions	-	(13)	-	(13)	-	(13)
Free share awards	-	-	-	-	-	-
Other	-	(18)	-	(18)	-	(18)
Total equity at 30 June 2023	**1,000**	**28,983**	**(995)**	**28,986**	**289**	**29,275**

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 2023 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and applicable to annual reporting periods beginning prior to 30 June 2023.
The standards can be consulted on the European Commission website.

The interim consolidated financial statements for the six months ended 30 June 2023 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 2022.
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 2022.

The other standards, amendments and interpretations applicable for reporting periods beginning on or after 1 January 2023 did not have a material impact on the financial statements or are not applicable.
These mainly correspond to the following:

- Amendments to IAS 1 – Disclosure of Accounting Policies, published by the IASB in February 2021 and adopted by the European Union in March 2022;
- Amendments to IAS 8 – Definition of Accounting Estimates, published by the IASB in February 2021 and adopted by the European Union in March 2022;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, adopted by the European Union in August 2022.

Other amendments have no impact on the Group's financial statements at 30 June 2023.

AURES has chosen not to early adopt the standards, amendments and interpretations adopted by the IASB, in the process of being adopted by the European Union and set to be effective after 1 January 2024.

These include:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, published by the IASB in January and July 2020;
- Amendments to IAS 1 – Non-current Liabilities with Covenants, published by the IASB in October 2022;
- Amendments to IFRS 7 – Financial Instruments: Supplier Finance Arrangements, published by the IASB in May 2023;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback, published by the IASB in September 2022.

The Group does not expect these amendments to have a material impact on its financial statements. There are no standards, amendments or interpretations published by the IASB that are effective for reporting periods beginning on or after 1 January 2023, but not yet approved at European level, that would have a material impact on the financial statements at 30 June 2023.

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 2022. The recoverable amounts of the Group's cash-generating units (CGUs) are determined based on value in use. Value-in-use calculations are based on estimates.

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 will 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.
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 (trademarks, 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;
- research tax credits.

2. Scope of consolidation

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

	30 June 2023			**31 Dec. 2022**		
	% 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
AGH US Holding Company Inc	100%	100%	FC	100%	100%	FC
Retail Technology Group Inc	100%	100%	FC	100%	100%	FC
AURES Konnect	100%	100%	FC	100%	100%	FC
Softavera	100%	100%	FC	100%	100%	FC
Leader Solution Tactile	100%	100%	FC	100%	100%	FC

FC: Full consolidation

NC: Not consolidated

On 5 May 2023, the Group sold its non-consolidated interest in CJS-PLV to the Hestia group (to which CJS belongs).

3. Foreign currency translation

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

	Average rate 2023	Average rate 2022	Closing rate	Closing rate
	(6 months)	(6 months)	30 June 2023	31 Dec. 2022
US dollar	1.0811	1.0940	1.0860	1.0666
Australian dollar	1.5994	1.5207	1.6398	1.5693
Pound sterling	0.8766	0.8422	0.85828	0.88693
Tunisian dinar	3.3412	3.2610	3.3687	3.3102

Translation gains and losses recognised in other comprehensive income primarily result from fluctuations in the US dollar, Australian dollar and pound sterling between 2022 and 2023.

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 profit, which is determined by deducting cost of goods sold from revenue;
- gross margin, which corresponds to gross profit divided by revenue;
- operating margin, which corresponds 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 2023

Amounts are expressed in thousands of euros.

5.1. Goodwill

Movements in goodwill can be analysed as follows:

In € thousands	31 Dec. 2022	Impact of exchange rate fluctuations	30 June 2023
J2 goodwill	334	11	345
RTG goodwill	7,560	(139)	7,421
Softavera and LST goodwill	2,234	0	2,234
TOTAL	**10,129**	**(128)**	**10,001**

5.2. Intangible assets

Movements in intangible assets can be analysed as follows:

In € thousands	31 Dec. 2022	Acquisitions	Disposals	Transfers	Impact of exchange rate fluctuations	30 June 2023
Customer relationships	12,084	-	-	-	73	12,157
Non-compete clause	405	-	-	-	(3)	402
Concessions, patents and other rights	3,567	5	-	327	(4)	3,895
Trademarks	600	-	-	-	-	**600**
Gross amount of intangible assets	**16,656**	**5**	**-**	**327**	**66**	**17,054**
Customer relationships	(8,892)	(393)	-	-	(130)	(9,415)
Non-compete clause	(343)	(31)	-	-	2	(372)
Concessions, patents and other rights	(1,413)	(172)	52	-	4	(1,529)
Trademarks	(74)	(20)	-	-	-	(94)
Amortisation	**(10,722)**	**(617)**	**52**	**-**	**(124)**	**(11,411)**
Net amount of intangible assets	**5,934**	**(612)**	**52**	**327**	**(58)**	**5,643**

5.3. Property, plant and equipment

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

In € thousands	31 Dec. 2022	Acquisitions	Disposals	Transfers	Impact of exchange rate fluctuations	30 June 2023
Buildings, fixtures and fittings	2,876	0	-	-	(8)	2,868
Technical installations, equipment and tooling	548	1	(127)	3	(4)	420
Other property, plant and equipment	1,669	19	(30)	-	(19)	1,639
Property, plant and equipment in progress	330	-	-	(330)	-	(0)
Gross amount of property, plant and equipment	**5,423**	**20**	**(158)**	**(327)**	**(31)**	**4,927**
Buildings, fixtures and fittings	(1,521)	(102)	-	-	5	(1,618)
Technical installations, equipment and tooling	(523)	(5)	127	-	4	(397)
Other property, plant and equipment	(1,253)	(78)	29	-	11	(1,290)
Depreciation	**(3,297)**	**(186)**	**157**	**-**	**21**	**(3,305)**
Net amount of property, plant and equipment	**2,126**	**(166)**	**(1)**	**(327)**	**(11)**	**1,621**

Movements recorded under "Transfers" relate to the transfer of property, plant and equipment in progress to their final asset categories.
During the period, they correspond to product models.

"Other property, plant and equipment" mainly includes vehicles (€114K) and office and IT equipment (€1,284K).

5.4. Right-of-use assets

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

		Increases	Decreases			
In € thousands	**31 Dec. 2022**	**Depreciation**	**End of contracts**	**Depreciation**	**Impact of exchange rate fluctuations and other movements**	**30 June 2023**
Right-of-use assets – Property	5,456	(701)	0	0	(51)	4,765
Right-of-use assets – Plant and equipment	5	0	0	0	(5)	0
Right-of-use assets – Vehicles	622	(226)	(53)	50	(40)	962
TOTAL	**6,083**	**(927)**	**(53)**	**50**	**(95)**	**5,727**

5.5. Long-term financial assets

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

In € thousands	**31 Dec. 2022**	**Increases**	**Decreases**	**Impact of exchange rate fluctuations**	**30 June 2023**
Non-consolidated equity investments	951	0	(951)	0	0
Other long-term financial assets	674	8	(15)	(5)	667
TOTAL	**1,625**	**8**	**(966)**	**(5)**	**667**

The non-consolidated 15% interest in the capital of CJS-PLV acquired on 4 January 2018 was sold to the Hestia group (to which CJS belongs) on 5 May 2023 for €1,130K.

Other 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 2023**	**31 Dec. 2022**
Goods held for resale	32,094	32,613
Impairment	(4,121)	(3,604)
NET	**27,972**	**29,010**

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

In € thousands	**TOTAL**	**AUS**	**FR**	**GMBH**	**US**	**UK**	**RTG**	**SOFTAVERA**
Goods held for resale	32,094	2,981	13,381	4,943	2,783	2,604	5,304	98
Impairment	(4,121)	(324)	(1,391)	(392)	(563)	(681)	(770)	0
NET	**27,972**	**2,657**	**11,991**	**4,551**	**2,219**	**1,923**	**4,534**	**98**

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

In € thousands	**31 Dec. 2022**	**Impairment**	**Reversals of impairment**	**Impact of exchange rate fluctuations and other movements**	**30 June 2023**
Impairment	(3,604)	(4,122)	3,588	17	(4,121)

Impairment recognised against inventories is included in operating items.

5.7. Trade receivables

In € thousands	30 June 2023	31 Dec. 2022
Gross value	14,294	16,246
Impairment	(418)	(369)
NET	**13,876**	**15,876**

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

In € thousands	31 Dec. 2022	Impairment	Reversals of impairment	Impact of exchange rate fluctuations and other movements	30 June 2023
Impairment	(369)	(104)	54	1	(418)

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 items.

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

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG	SOFTAVERA
Trade receivables	13,973	1,000	4,018	1,583	489	772	4,984	1,127
Doubtful receivables	321	71	0	0	21	142	0	88
Gross value	14,294	1,071	4,018	1,583	510	914	4,984	1,215
Impairment	(418)	(65)	0	(70)	(21)	(118)	(72)	(73)
NET	**13,876**	**1,006**	**4,018**	**1,513**	**489**	**796**	**4,913**	**1,141**

5.8. Accrued receivables and other

In € thousands	30 June 2023	31 Dec. 2022
State	2,211	3,424
Personnel-related receivables	9	9
Amounts receivable from suppliers	90	20
Credit notes receivable	4	66
Advances granted to suppliers	295	258
Other receivables	208	216
Accrued income	0	6
Prepaid expenses	895	744
TOTAL	**3,714**	**4,744**

"State" includes €524K corresponding to the research tax credit receivable and €705K corresponding to income tax prepayments made in 2022.

"Other receivables" includes €162K 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	30 June 2023	31 Dec. 2022
Bills for collection	0	0
Bank accounts	8,332	5,932
Petty cash	11	8
TOTAL	**8,343**	**5,940**

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 2023 amounted to €1,515K.

5.11. Provisions for contingencies and expenses

In € thousands	31 Dec. 2022	Additions	Reversals	Remeasure-ment	Transfers	Changes in scope of consolidation	Impact of exchange rate fluctuations	30 June 2023
Employee benefit obligations (1)	607	38	0	0	0	0	0	645
Customer warranties (2)	825	89	0	0	0	0	1	916
Other provisions for contingencies (3)	103	0	0	0	3	0	(3)	103
TOTAL	**1,535**	**127**	**0**	**0**	**3**	**0**	**(2)**	**1,664**

- (1) Employee benefit obligations

In accordance with IAS 34, employee benefit obligations were not fully recalculated at 30 June 2023.
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 2023 from the total obligation as calculated at 31 December 2022.
- No actuarial differences resulting from changes in the discount rate were reported in first-half 2023. A discount rate of 3.75% was used at both 30 June 2023 and 31 December 2022.
- 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 2023, 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

These correspond to the labour disputes described in the 2022 annual financial report. A €103K provision has been set aside in this respect.

5.12. Non-current and current borrowings and debt

At 30 June 2023, 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	(12,494)	(4,317)	(8,177)	0
Short-term bank overdrafts	(1,960)	(1,960)	0	0
TOTAL	**(14,454)**	**(6,278)**	**(8,177)**	**0**

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

In € thousands	31 Dec. 2022	Increases	Decreases	Changes in scope of consolidation	Translation gains and losses	30 June 2023
Cash liabilities	(931)	(1,277)	243	0	4	(1,960)
Borrowings and debt	(15,112)	(1)	2,618	0	1	(12,494)
TOTAL	**(16,043)**	**(1,277)**	**2,861**	**0**	**5**	**(14,454)**
O/w current	(6,479)					(6,278)
O/w non-current	(9,564)					(8,176)

(1) See Note 6.1 “Off-balance sheet commitments – Bank covenants” for further information.

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

In 2020, the Group arranged a bank loan in euros with a final maturity in 2027 and bearing fixed-rate interest at 0.52%, taken out in connection with financing for fixtures and fittings for its headquarters.
During the Covid crisis, the Group also obtained a €10.5 million government-backed loan (“PGE”) in France from three financial institutions. On its anniversary date, this loan was converted into a loan repayable over five years with a one-year deferment period and a final maturity in 2026. The loan bears fixed-rate interest at between 1.65% and 2.14%.

The Group was granted a €2.5 million government-backed loan (“PGE”) in December 2022 under France’s recovery and resilience plan. Upon request, this loan may be converted into a loan repayable over five years with a one-year deferment period, provided that the request is made no earlier than four months and no later than two months before the end of the initial period. Without the guarantee from the French government, the loan bears fixed interest at 2.51% over its initial term.

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. 2022	New leases	Increases	Decreases	Translation gains and losses	30 June 2023
Non-cash impacts	13,218	569	24	0	0	13,812
Cash impacts	(6,596)	0	0	(940)	(62)	(7,598)
TOTAL	**6,622**	**569**	**24**	**(940)**	**(62)**	**6,214**
O/w current	1,698					1,810
O/w non-current	4,924					4,404

Lease liabilities at 30 June 2023 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	6,214	1,830	4,059	324

5.14. Trade payables

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

In € thousands	TOTAL	AUS	FR	GMBH	US	UK	RTG	SOFTAVERA
Trade payables	11,589	211	8,916	406	57	217	1,706	76
Amounts payable on non-current assets	322	0	322	0	0	0	0	0
TOTAL	**11,911**	**211**	**9,238**	**406**	**57**	**217**	**1,706**	**76**

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

5.15. Contract liabilities

In € thousands	30 June 2023	31 Dec. 2022
Customer advances	4,613	4,335
Deferred income	5,050	4,891
TOTAL	**9,663**	**9,227**

Deferred income relates to:

- revenue earned on extended warranties for the residual warranty period and relating to future years, totalling €4,003K (including the impact of IFRS 15 for €1,957K). 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 €1,047K.

5.16. Accrued payables and other

In € thousands	30 June 2023	31 Dec. 2022
Other non-current liabilities	914	720

In € thousands	30 June 2023	31 Dec. 2022
Tax and social security liabilities	4,992	5,920
Amounts payable to customers	305	357
Credit notes not yet issued	194	77
Other payables	36	43
TOTAL	**5,529**	**6,397**

Other non-current liabilities correspond to future benefits payable within four years to employees of the acquired companies, Softavera and LST, subject to service conditions and sales objectives.

The "Other payables" line corresponds to (i) the one-year deferred cash payment due in connection with the RTG acquisition and (ii) the deferred cash payments relating to the acquisition of the set of companies (Softavera and LST) and their trademarks and associated copyrights.

5.17. Segment information

The Group reports on three geographical segments: France, Europe and the United States/Australia.
This information reflects the key indicators monitored and used internally by the Group's chief operating decision-makers.
Following the first-time consolidation of Softavera and LST in 2021, the Group aggregated segment information into the following two segments in order to track overall trends in those segments:

- marketing and sales of POS, kiosk and software products;
- POS services.

Information analysing revenue by source is also presented.

The two sources of revenue are now:

- sales of goods (including sales carried out by RTG in the course of its services business) and software products;
- sales of services including installation, warranties, repairs of equipment no longer under warranty, and billed shipping costs.

5.17.1. Results by operating segment

Segment information is determined in light of consolidated data as defined in Note 5.17.

	First-half 2023						First-half 2022					
€K	Marketing and sales				Services		Marketing and sales				Services	
	France (1)	Europe (2)	United States/ Australia (3)	Sub-total	United States	Total	France (1)	Europe (2)	United States/ Australia (3)	Sub-total	United States	Total
				(1)+(2)+(3)						(1)+(2)+(3)		
Revenue	10,006	9,198	5,509	24,714	15,981	40,695	15,355	11,764	9,523	36,641	14,662	51,303
Operating profit (loss)	(2,308)	(200)	(402)	(2,911)	(773)	(3,684)	(767)	(17)	674	(110)	(1,016)	(1,126)
Consolidated net profit (loss)	(2,527)	(188)	(428)	(3,144)	(626)	(3,769)	455	(117)	323	661	(745)	(83)

France includes AURES SA, AURES Konnect, Softavera and LST.

Europe includes the UK and German entities.
United States (services) includes RTG.

5.18. Revenue by source

Consolidated revenue can be analysed by source as follows:

In € thousands	First-half 2023	First-half 2022
Sales of goods held for resale	26,649	38,231
Sales of services	14,046	13,072
TOTAL	**40,695**	**51,303**

5.19. Geographic breakdown

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

In € thousands	First-half 2023	First-half 2022
France	8,377	12,519
United Kingdom	3,489	5,012
Germany	3,828	4,429
Australia	3,449	4,476
United States	17,787	18,981
Other EU countries	1,974	1,357
Exports (non-EU)	1,792	4,530
TOTAL	**40,695**	**51,303**

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.

5.20. Other operating income and expenses

Other operating income and expenses consist of the following:

In € thousands	First-half 2023	First-half 2022
Royalties and patents	(11)	(30)
Debt write-offs	(54)	(26)
Directors' remuneration (formerly directors' fees)	(4)	(4)
Other operating expenses	0	0
Other operating income	19	19
TOTAL	**(50)**	**(40)**

Royalties relate to amounts paid on sales of J2 products.

The Group hedges losses on its trade receivables.

5.21. Other income and expenses from operations

Other income and expenses from operations consist of the following:

In € thousands	First-half 2023	First-half 2022
Net carrying amount of non-current assets sold	(1)	(3)
Other expenses from operations	(2)	(22)
Proceeds from disposals of non-current assets	57	1
Terminated leases (IFRS 16)	0	0
Other income from operations	7	8
TOTAL	**62**	**(15)**

5.22. Financial items

The following items make up financial profit and loss:

In € thousands	First-half 2023	First-half 2022
Interest expense	(61)	(54)
Interest expense on lease liabilities	(94)	(108)
Cost of net debt	**(154)**	**(162)**
Other financial income	183	1
Foreign exchange gains	352	2,145
Foreign exchange losses	(659)	(980)
Fair value of financial instruments	190	206
Other financial expenses	**66**	**1,372**
FINANCIAL PROFIT (LOSS)	**(89)**	**1,210**

- 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 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 condensed consolidated financial statements.

5.23. Income tax

Income taxes in the income statement break down as follows:

In € thousands	First-half 2023	First-half 2022
Current tax	(78)	(571)
Deferred tax	260	404
TOTAL	**182**	**(167)**

The table below reconciles:

- the Group's theoretical tax expense as calculated by multiplying consolidated profit before tax by the tax rate applicable in 2023, with
- the total tax expense recognised in the consolidated income statement.

In € thousands	First-half 2023	First-half 2022
Consolidated profit (loss) before tax	(3,950)	3,438
Theoretical tax (benefit) expense	(1,020)	888
As a %	25.83%	25.83%
Impact of non-taxable income and expenses	61	106
Impact of different tax rates	38	104
Unrecognised tax loss carryforwards generated	739	0
EFFECTIVE TAX (BENEFIT) EXPENSE AND TAX RATES	**(182)**	**1,098**
	4.61%	**31.93%**

5.24. Deferred tax

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

	30 June 2023	31 Dec. 2022
Deferred tax assets on temporary differences	1,133	1,175
Deferred tax assets on tax loss carryforwards	815	733
Deferred tax assets on employee benefit obligations	167	157
Deferred tax assets on adjustments (inventory margin)	258	225
Deferred tax assets on adoption of IFRS 15	522	519
Deferred tax assets on adoption of IFRS 16	100	113
Deferred tax assets on fair value	0	42
Deferred tax assets	**2,995**	**2,965**
Deferred tax liabilities on temporary differences	(75)	(187)
Deferred tax liabilities on provisions	(169)	(118)
Deferred tax liabilities on intangible assets	(446)	(608)
Deferred tax liabilities on fair value	(7)	0
Deferred tax liabilities	**(696)**	**(914)**
Net deferred tax assets	**2,298**	**2,051**

At 30 June 2023, 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 €815K on the USD 3.1 million tax losses carried forward by the entity.

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 2023, AURES Technologies' share capital comprised 4,000,000 shares and the Company held 63,450 treasury shares (Note 6.6).

In € per share (except for number of shares)	First-half 2023
Net loss attributable to owners of the parent (in €K)	(3,753)
Average number of shares outstanding	0
Before dilution	3,936,974
Impact of dilution	0
Free shares	0
After dilution	3,936,974
Attributable loss per share	0
Basic	(0.95)
Diluted	(0.95)

5.26. Related-party transactions

The Group carried out the following related-party transactions:

In € thousands	First-half 2023	First-half 2022
	Le Cristal Un SCI	Le Cristal Un SCI
External expenses (rent and insurance)	210	202
Taxes other than on income	34	0
Guarantee deposits	3	1
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 2023	30 June 2022
Forward purchases of foreign currencies	2,380	3,744
Pledge of business goodwill	403	5,410
Guarantees	23	167
TOTAL	**2,806**	**9,321**

- Forward purchases of foreign currencies

At 30 June 2023, the amount outstanding under forward currency contracts taken out by the Group totalled USD 2,611K, of which USD 303K was allocated to the payment of trade payables.
The average exchange rate for the hedges in force at 30 June 2023 is EUR 1 = USD 1.0968.
Forward contracts are carried in the financial statements at their fair value and were recognised in financial assets in an amount of €247K at 30 June 2023.

- Pledge of business goodwill

On 10 January 2017, €402,500 in business goodwill was pledged to BPI France 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 until 2023, i.e., €23K (USD 25K based on the exchange rate at 30 June 2023).

- 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 30 June 2023, the “Free cash flow/interest expense” and “Consolidated net debt/consolidated gross operating profit + finance lease payments” ratios were not met.

There is no risk in light of the information given in Note 6.4.

6.2. Headcount

The AURES Technologies Group had a headcount of 377.4 at 30 June 2023:

	30 June 2023	30 June 2022
Managerial-grade employees (cadres)	52.2	51.6
Other employees	325.1	348.9
TOTAL	**377.4**	**400.5**

6.3. Employee profit-sharing and incentive schemes

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

6.4. Subsequent events

On 23 August 2023, AURES was granted a waiver for the "Consolidated net debt/consolidated gross operating profit + finance lease payments" covenant breach at 31 December 2022, relating to the loan taken out by the Group with CIC for its acquisition of Retail Technology Group (RTG) on 16 October 2018.

The loan granted by BNP for this same acquisition, which was also subject to a covenant breach on 31 December 2022, was repaid in full on 11 October 2023 in accordance with the initial loan repayment schedule.

On 16 October 2023, the AURES Group called a General Meeting pursuant to Articles L. 234-1 and R. 234-3 of the French Commercial Code, as requested by its Statutory Auditors. This meeting was held on 2 November 2023.

On 13 October 2023, the Group entered into a definitive financing agreement with an industrial group in the form of a €3.2 million convertible bond issue, pursuant to the delegation of authority granted by the sixth extraordinary resolution of the Issuer's Combined General Meeting on 26 January 2023.

The main features of the convertible bond issue ("2023 CBs") are as follows:

Amount of bonds convertible into shares	€3.2 million
Number of 2023 CBs	800,000
Nominal value of 2023 CBs (representing a premium of €2.6206 compared to the share price of €1.3794)(1)	€4.00
Ratio	1 2023 CB gives right to 1 share
Term of convertible bonds	2 years from the issue date of the 2023 CBs
Interest rate	Interest paid: 4%
Maximum nominal amount of the capital increase (excluding protection measures)	€200,000

(1) Based on the weighted average of the share price over the last three trading days preceding the issue.

No other events that could have a significant impact on the consolidated financial statements took place between 30 June 2023 and the date on which this report was prepared.

6.5. Executive remuneration

Remuneration paid to members of AURES Technologies' managing bodies totalled €261K 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.

No advances were granted during the period.

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 28 June 2023.

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

	30 June 2023			31 Dec. 2022		
Account	**Number of shares**	**Price per share €**	**Total price €K**	**Number of shares**	**Price per share €**	**Total price €K**
Market-making	4,453	5.50	24	3,041	9.61	29
Treasury shares	58,997	25.26	1,490	58,997	25.26	1,490
TOTAL	**63,450**		**1,515**	**62,038**		**1,519**

STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF 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 business review 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 2023, and the main related-party transactions.

Patrick Cathala
Chairman and Chief Executive Officer

AURES Technologies
Touch the difference

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