CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ekinops®

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros)	Notes	December 31, 2020	December 31, 2019 [1]
Goodwill	4.1	28 349	28 689
Intangible assets	4.2	27 191	34 340
Tangible assets	4.3	3 137	2 582
Non-current financial assets	4.5	1 090	1 084
Rights of use	4.6	5 261	6 164
Other non-current assets	4.5	10 244	8 739
Deferred tax assets	5.7	2 371	2 293
Total non-current assets		**77 643**	**83 891**
Inventories	4.7	13 911	10 497
Trade receivables and related accounts	4.8	22 341	21 364
Other current assets	4.9	4 963	7 057
Cash and cash equivalents	4.10	49 635	32 588
Total current assets		**90 850**	**71 506**
TOTAL ASSETS		**168 493**	**155 397**
Issued capital	4.11	12 731	12 064
Share premiums		112 020	109 435
Consolidated reserves – Group share		(33 711)	(36 254)
Translation reserves		(3 272)	(390)
Profit (loss) for the period – Group share		3 173	1 583
Shareholders' equity (Group share)		**90 941**	**86 437**
Total shareholders' equity		**90 941**	**86 437**
Non-current financial debt	4.12	22 935	11 485
Non-current lease liabilities	4.6	3 885	4 907
Non-current provisions	4.14	765	765
Commitments to personnel	4.15	3 384	3 144
Other non-current liabilities	4.17	864	489
Deferred tax liabilities	5.7	3 345	5 139
Total non-current liabilities		**35 178**	**25 929**
Current financial debt	4.12	14 908	12 524
Current lease liabilities	4.6	1 605	1 571
Current provisions	4.14	1 402	1 253
Debts on acquisition of current securities	4.16	147	756
Derivative instrument liabilities	4.18	80	42
Trade payables and related accounts	4.18	12 381	13 831
Current tax payable	4.18	438	680
Other current liabilities	4.18	11 413	12 374
Total current liabilities		**42 374**	**43 031**
TOTAL LIABILITIES		**168 493**	**155 397**

The accompanying notes are an integral part of the condensed consolidated annual financial statements.

[1]: The Group finalized the Ekinops Brasil purchase price allocation during the 2020 financial year. Some items were affected by the retrospective impact of this purchase price allocation. The column "December 31, 2019" and the notes incorporate these impacts, which are detailed in Note 4.1 of this report.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	December 31, 2020	December 31, 2019 [1]
Revenue	**5.1**	92 800	93 477
Cost of sales	**3.3.2.1**	(41 681)	(43 594)
Gross margin		**51 119**	**49 883**
Research and development costs	**5.2**	(22 086)	(18 678)
Marketing and sales costs	**5.2**	(18 005)	(18 470)
General and administrative expenses	**5.2**	(7 523)	(8 237)
Current operating profit (loss)		**3 505**	**4 497**
Other operating income and expenses	**5.5**	(186)	(2 572)
Operating profit (loss)		**3 319**	**1 925**
Net borrowing cost	**5.6**	(557)	(442)
Other financial income and expenses	**5.6**	(792)	62
Pre-tax profit (loss)		**1 970**	**1 544**
Tax expense	**5.7**	1 202	39
Net income for the period		**3 173**	**1 583**
Portion attributable to Ekinops SA shareholders:	**5.8**	3 173	1 583
Portion attributable to non-controlling interests:		-	-
Basic earnings per share (€/share):	**5.8**	**0,13**	**0,07**
Diluted earnings per share (€/share):		**0,12**	**0,07**
EBITDA	**11**	**14 769**	**14 954**

OTHER COMPREHENSIVE INCOME

(In thousands of euros)	December 31, 2020	December 31, 2019 [1]
Net income for the period	**3 173**	**1 583**
Other recyclable components of comprehensive income:	**(2 882)**	**(709)**
Currency translation adjustments, net of taxes	(2 882)	(709)
Currency translation adjustments	(2 882)	(709)
Tax effect	-	-
Other non-recyclable components of comprehensive income:	**(106)**	**(552)**
Actuarial gains and losses, net of taxes	(68)	(536)
Actuarial gains (losses) on commitments to personnel	(68)	(536)
Tax effect	-	-
Financial instruments, net of taxes	(38)	(16)
Change in fair value of hedging financial instruments	(38)	(16)
Tax effect	-	-
Total other comprehensive income	**(2 988)**	**(1 261)**
Comprehensive income	**185**	**322**
Portion attributable to Ekinops SA shareholders:	185	322
Portion attributable to non-controlling interests:	-	-

The accompanying notes are an integral part of the condensed consolidated annual financial statements.

[1]: The Group finalized the Ekinops Brasil purchase price allocation during the 2020 financial year. Some items were affected by the retrospective impact of this purchase price allocation. The column "December 31, 2019" and the notes incorporate these impacts, which are detailed in Note 4.1 of this report.

3. CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Number of shares	Capital	Share premium	Reserves and retained earnings	Translation reserves	Shareholders' equity, Group share	Non-controlling interests	Total shareholders' equity
At January 1, 2019	**21 529 161**	10 765	103 163	(38 486)	318	**75 759**	-	**75 759**
Net income for the period	-	-	-	1 623	-	**1 623**	-	**1 623**
Other comprehensive income	-	-	-	(552)	(709)	**(1 261)**	-	**(1 261)**
Comprehensive income	**-**	-	-	1 071	(709)	**362**	-	**362**
Impact of first-time adoption of IFRS 16 (net of corporate tax)				(278)		**(278)**	-	**(278)**
Treasury shares	-	-	-	1	-	**1**	-	**1**
Share-based payments	-	-	-	1 800	-	**1 800**	-	**1 800**
Capital increase	2 598 516	1 299	6 272	(237)	-	**7 334**	-	**7 334**
Other - OneAccess earnout payable in shares	-	-		1 499	-	**1 499**	-	**1 499**
At December 31, 2019 - reported	**24 127 677**	12 064	109 435	(34 630)	(391)	86 477	-	86 477
Retrospective impact of the finalization of the Ekinops Brasil purchase price allocation	-	-	-	(40)	-	**(40)**	-	**(40)**
At January 1, 2020 restated[1]	**24 127 677**	12 064	109 435	(34 670)	(391)	**86 437**	-	**86 437**
Net income for the period	-	-	-	3 173	-	**3 173**	-	**3 173**
Other comprehensive income	-	-	-	(106)	(2 882)	**(2 988)**	-	**(2 988)**
Comprehensive income	**-**	-	-	3 067	(2 882)	**185**	-	**185**
Treasury shares	-	-	-	18	-	**18**	-	**18**
Options exercised and bonus shares issued	1 334 328	667	2 817	(232)	-	**3 252**	-	**3 252**
Share-based payments	-	-	-	872	-	**872**	-	**872**
Other	-	-		177	-	**177**	-	**177**
At December 31, 2020	**25 462 005**	12 731	112 252	(30 768)	(3 273)	90 941	-	90 941

The accompanying notes are an integral part of the condensed consolidated annual financial statements.

[1]: The Group finalized the Ekinops Brasil purchase price allocation during the 2020 financial year. Some items were affected by the retrospective impact of this purchase price allocation. The column "December 31, 2019" and the notes incorporate these impacts, which are detailed in Note 4.1 of this report.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	December 31, 2020	December 31, 2019 [1]
Net income for the period		**3 173**	**1 583**
Elimination of amortization (excluding rights of use), depreciation, and provisions	**5.4**	8 781	6 762
Elimination of amortization of rights of use (IFRS 16)	**4.6.1**	1 633	1 686
Elimination of share-based payment expenses	**4.11.2**	872	1 800
Elimination of deferred taxes	**5.7**	(1 977)	(834)
Elimination of other items without cash flow impact		129	38
Cash flow after taxes and net borrowing costs		**12 611**	**11 035**
Elimination of change in earnout fair value	**4.16**	-	157
Elimination of tax expense (income)	**5.7**	776	795
Neutralization of financial interest related to rent liabilities	**4.6**	145	194
Neutralization of borrowing costs disbursed	**5.6**	283	210
Cash flow before taxes and net borrowing costs		**13 815**	**12 391**
Impact of change in working capital requirements	**4.19**	(5 599)	(1 886)
Taxes paid		(981)	(861)
Cash flows from operating activities		**7 235**	**9 644**
Acquisitions of tangible and intangible assets	**4.4**	(4 312)	(3 933)
Disposal of tangible and intangible assets		-	-
Acquisition of securities	**4.16**	(609)	(12 249)
Change in loans, advances, and security deposits	**4.5**	(15)	96
Cash flows from investing activities		**(4 937)**	**(16 086)**
Change in share capital and share premiums	**3**	3 252	7 334
Trading in treasury shares		18	1
Issue of new loans	**4.11**	16 608	11 714
Loan repayments	**4.11**	(3 892)	(4 392)
Financial interest paid		(283)	(212)
Repayment of rent liabilities	**4.6**	(1 645)	(1 682)
Financial interest related to rent liabilities	**4.6**	(145)	(194)
Change in factoring debt	**4.11**	1 082	1 729
Change in other financial debt	**4.11**	(55)	(311)
Cash flows from financing activities		**14 940**	**13 987**
Impact of foreign exchange rate fluctuations		(190)	(72)
Net increase (decrease) in cash and cash equivalents		**17 047**	**7 473**
Opening cash and cash equivalents:		32 588	25 115
Closing cash and cash equivalents:		49 635	32 588

The accompanying notes are an integral part of the condensed consolidated annual financial statements.

[1]: The Group finalized the Ekinops Brasil purchase price allocation during the 2020 financial year. Some items were affected by the retrospective impact of this purchase price allocation. The column "December 31, 2019" and the notes incorporate these impacts, which are detailed in Note 4.1 of this report.

5. NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

NOTE 1 – GENERAL PRESENTATION

Ekinops is a leading supplier of open, interoperable telecommunications solutions for service providers (telecommunications operators and companies) around the world.

The highly programmable and scalable solutions offered by Ekinops enable the fast, flexible deployment of new services for high-capacity and high-speed optical transport as well as enterprise services, particularly through network virtualization. The portfolio of solutions consists of two sets of fully complementary products:

- the “Ekinops 360” platform to meet the needs of metropolitan, regional, and long-distance networks based on a simple, highly integrated architecture for network layer 1 (transport);
- "OneAccess" solutions to offer a wide range of physical and virtualized deployment options for layers 2 and 3 (access and routers).

As service providers embrace SDN (Software Defined Networking) and NFV (Network Functions Virtualization) deployment models, the Ekinops solutions allow them to migrate transparently to open, virtualized architectures.

Thanks to its global organization, Ekinops operates on four continents.

Since February 26, 2020, Ekinops SA is now listed for trading on compartment B of the Euronext Paris market (ISIN code: FR0011466069, symbol: EKI).

On March 2, 2021, the Board of Directors approved and authorized the publication of the consolidated annual financial statements of Ekinops SA covering the 12-month period ending December 31, 2020.

The consolidated financial statements are presented in thousands of euros, and all values are rounded to the nearest thousand unless otherwise stated.

NOTE 2 – SIGNIFICANT EVENTS

As of the end of the 2020 financial year, Ekinops generated consolidated revenue of €92.8 million, down slightly by -0.7%.

Ekinops held up very well overall in 2020 in a turbulent environment, in particular with its strong momentum on the major strategic focuses.

The optical transport market benefited from the contribution of OTN solutions, which served as catalysts for sales of WDM products.

In the access market, sales of mid-range routers offering high added value and greater margins doubled in 2020.

The company won new contracts and new customers in the virtualization and SD-WAN markets, which are promising segments for 2021 and beyond.

In accordance with the instructions of the governments of the countries where the Group has a physical presence, Ekinops implemented the precautionary measures necessary to ensure the safety of its employees, help curb the spread of the virus, and minimize the impact of the situation on its business activity.

The company's employees who were able to work remotely did so, and strict health rules were implemented at the Group's sites around the world.

The business continuity plan was implemented to ensure the continuity of as many services as possible and to insure the expected levels of activity in terms of both product delivery and customer support.

The Group did not resort to partial unemployment measures but felt that it would be wise and helpful to take advantage of the financial assistance available to businesses, including the government-backed loan and the deferment of taxes and social security contributions.

As of the date of this document, most of the Group's employees continue to work remotely.

NOTE 3 – ACCOUNTING METHODS AND PRINCIPLES

3.1 – General principles

The consolidated financial statements are presented in thousands of euros, and all values are rounded to the nearest thousand unless otherwise stated.

3.2 – Financial reporting framework

The main accounting methods applied when preparing the consolidated financial statements are described below. Unless otherwise indicated, these methods were applied consistently to all of the periods presented.

Pursuant to Regulation 1126/2008 of the European Council adopted on November 3, 2008, the Ekinops group's consolidated financial statements at December 31, 2020, were prepared in accordance with international accounting standards as approved by the European Union as of December 31, 2020, and mandatory as of that date.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their interpretations issued by IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee).

All of the texts adopted by the European Union are available on the European Commission website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

Standards, amendments, and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2020

Amendments to IAS 1 and IAS 8……………………………	Definition of Material
Amendments to IFRS 4……………………………………..	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IAS 39, IFRS 7, and IFRS 9………………..	Interest Rate Benchmark Reform

These publications had no material impact on the Group's consolidated financial statements.

Standards, amendments, and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after June 1, 2020

Amendment to IFRS 16…………………………………….	COVID-19-Related Rent Concessions

This publication had no material impact on the Group's consolidated financial statements.

Standards, amendments, and interpretations applied beginning on July 1, 2020, not adopted by the European Union

Amendment to IFRS 17……………………………………..	Modification of IFRS 17

3.3 – Valuation rules and methods

3.3.1 – Scope

The Group controls all its subsidiaries, which are therefore fully consolidated.

During the financial year ended December 31, 2020, the changes in the scope of consolidation were as follows:

- Dissolution of OneAccess Network Inc (USA), a non-operating company,
- Creation of Ekinops Deutschland Gmbh, whose main activity is commercial.

The table below presents the information relating to all entities included in the scope of consolidation as of the end of each financial year.

Company	Country	Comments	2020 Percentage of interest	2020 Consolidation method	2020 Number of months of activity	2019 Percentage of interest	2019 Consolidation method	2019 Number of months of activity
Ekinops SA	France		Parent	FC	12 months	Parent	FC	12 months
Ekinops Corp	United States		100%	FC	12 months	100%	FC	12 months
Ekinops France SA	France		100%	FC	12 months	100%	FC	12 months
Ekinops Belgium	Belgium		100%	FC	12 months	100%	FC	12 months
Ekinops Italia	Italy	*in liquidation*	100%	FC	12 months	100%	FC	12 months
Ekinops India	India		100%	FC	12 months	100%	FC	12 months
Ekinops Australia	Australia		100%	FC	12 months	100%	FC	12 months
Ekinops Espana	Spain		100%	FC	12 months	100%	FC	1 months
Ekinops Brasil	Brazil		100%	FC	12 months	100%	FC	6 months
Ekinops Deutschland	Germany		100%	FC	12 months	-	-	-

3.3.2 – Consolidation methods

The financial statements of subsidiaries cover the same reference period as those of the parent company using the same accounting methods.

All intra-group balances, intra-group transactions, and unrealized income, expenses, and gains that are included in the book value of assets from internal transactions are fully eliminated.

Companies in which the Group directly or indirectly exercises sole control are fully consolidated.

3.3.3 – Translation methods

a) Translation of financial statements of foreign subsidiaries

The operating currency of foreign companies is the local currency.

The financial statements of foreign companies using a currency different from the Group’s consolidated reporting currency are translated using the “closing rate” method.

Their balance sheet items are translated at the exchange rate prevailing at the end of the financial year, and income statement items are translated at the average rate of the period. The resulting translation differences are recorded in translation differences in the consolidated reserves.

b) Transactions in foreign currencies

Transactions in foreign currencies are translated into euros at the exchange rate in force on the day of the transaction. At the end of each period, monetary financial assets and liabilities denominated in a foreign currency are translated using the rate prevailing on that date.

The resulting exchange losses and gains are recognized in other financial income and expenses on the income statement, with the exception of foreign exchange differences relating to monetary items meeting the definition of net investment in a foreign activity. These items are recognized in other comprehensive income and are recognized in profit or loss on disposal of the net investment.

3.3.4 – Judgments and estimates

In order to prepare the financial statements in accordance with IFRS, the Group’s Management had to make assumptions, judgments, and estimates that could affect the amounts presented as assets and liabilities and the amounts presented as expenses and income for the period as of the date of preparation of the financial statements.

The main significant estimates made by the Group’s Management include:

- fair value measurement of stock options (stock option plans, startup warrants, bonus share, and share warrants) granted to founders, managers, employees of the Group, and certain service providers. The measurement of this fair value results from models requiring the use of calculation assumptions (volatility, staff turnover, exercisability period, etc.);
- valuation of employee benefits, especially end-of-career benefits;
- valuation of provisions and especially the warranty provision
- estimate of repayment flows of repayable grants and advances;
- valuation of deferred taxes;

- goodwill impairment tests;
- accounting treatment of leases in the application of IFRS 16.

The Group's Management makes these estimates and assessments on an ongoing basis according to the going-concern assumption, its experience, and the information available as of the closing date. These estimates may be revised if the circumstances on which they were based change or if new information becomes available. Consequently, actual results may differ substantially from these estimates.

3.3.5 – Goodwill

In accordance with the provisions of the revised IFRS 3 – Business Combinations, Goodwill represents the difference between:

- The sum of the following items:
- The price for acquisition of control;
- The amount of the non-controlling interest in the acquisition determined at fair value at the date of acquisition (full goodwill method); and
- The net amount of assets acquired and liabilities assumed, measured at fair value at the date of acquisition.

Costs directly attributable to business combinations are recognized as expenses on the income statement in "Other operating income and expenses."

The recognized goodwill is not amortized but undergoes at least one annual impairment test to determine whether an impairment loss must be recognized. For impairment testing purposes, goodwill is allocated to Cash-Generating Units (CGU): a CGU is the smallest identifiable group of assets whose continued use generates cash inflows that are independent of cash inflows generated by other assets or groups of assets. The Group conducts impairment tests at the end of each year or whenever an indication of impairment loss is identified in order to estimate the recoverable amount of the CGU. The recoverable amount is the greater of the net fair value of the asset and its value in use (present value of cash flows expected from use of the CGU). An impairment loss is recognized for a CGU if the recoverable amount is less than the carrying amount. This impairment loss must first be allocated to the CGU's goodwill.

Impairment tests carried out for the 2020 financial year did not lead to the recognition of any impairment loss.

3.3.6 – Intangible assets

In accordance with IAS 38 – Intangible Assets, only items whose cost can be reliably estimated and by which future economic benefits are likely to accrue to the Group are recognized as intangible assets.

Intangible assets are valued according to the amortized cost method (historical cost as of the initial recognition date plus subsequent amortizable expenses and minus accumulated amortization and recognized impairment losses).

They primarily consist of:

- User licenses for software applications/packages, amortized on a straight-line basis over their useful life of between 1 and 6 years
- Development costs.

The allocation of the OneAccess France and Ekinops Brasil purchase prices during the 2018 and 2020 financial years respectively led to the determination of the fair value of intangible items with the following amortization periods:

- Developed technologies .... 6 - 7 years
- Customer relations ....10 years
- Order book.. 1 year

Development costs

The Group capitalizes development costs when they meet all the conditions defined by IAS 38:

- the technical feasibility of completing the intangible asset for use or sale,
- the intention to complete the asset for its use or sale,
- the ability to use or sell the produced asset,
- the ability of the asset to generate future economic benefits,

- the current or future availability of the technical, financial, or other resources necessary to carry out the project,
- the ability to reliably measure the expenditure attributable to this asset during its development phase.

Capitalized development costs include costs related to external service providers as well as the gross salaries and social security contributions of the employees who participated in the project, measured on the basis of the time spent plus a share of indirect costs. Research costs are systematically recorded as expenses.

The amortization of development costs begins from the date of marketing of the equipment or deployment of the software. Development costs are amortized on a straight-line basis over their estimated useful life.

Development costs for which amortization has not begun as of the end of the financial year are presented as “Ongoing development costs.”

Residual values and useful lives are reviewed at each close and are adjusted where appropriate.

3.3.7 – Tangible assets

Tangible assets are valued at their acquisition cost (purchase price and incidental costs) or at their production cost for certain tangible assets produced internally. This capitalized production mainly concerns demonstration equipment.

Tangible assets are depreciated on a straight-line basis according to their useful life:

- Technical facilities ....10 years
- Equipment and tools..3 to 10 years
- Office and IT equipment ....3 to 5 years
- Demo equipment and development..4 years
- Improvements... 5 to 10 years

Depreciable residual values and useful lives are reviewed at each close and are adjusted where appropriate.

3.3.8 – Asset impairment

In accordance with the provisions of IAS 36 – Impairment of Assets, where an event or change in market conditions presents a risk of impairment for an intangible or tangible asset, its carrying amount is reviewed to ensure that it remains below its recoverable amount. The recoverable amount is the higher value between the fair value minus the costs of sale and the value in use. Value in use is measured by discounting future cash flows to be generated by the continued use of the asset and its ultimate disposal. The recoverable amount at the closing date takes into account, in particular, the commercial evolution of products as well as technological developments.

If the recoverable amount is less than the carrying amount, an impairment loss corresponding to the difference between these two values is immediately recognized in net income.

An impairment loss recognized for a tangible or intangible asset that has a fixed useful life may be reversed if the recoverable amount again exceeds the carrying amount. However, the reversal may not exceed the initially recognized impairment loss.

3.3.9 – Rights of use and lease liabilities

IFRS 16 – "Leases" became mandatory on January 1, 2019. This new standard replaces existing standards regarding leases, in particular IAS 17 – “Leases,” IFRIC 4 – “Determining Whether an Arrangement Contains a Lease,” SIC-15 – “Operating Leases – Incentives,” and SIC-27 – “Evaluating the Substance of Transactions in the Legal Form of a Lease.”

IFRS 16 requires lessees to recognize for all their leases an asset representing the right to use the underlying asset and a liability for the obligation to pay the associated rents.

As of the effective date of the lease, the right of use is measured according to the cost model, including, as of the effective date of the lease, the initial amount of the liability, the initial direct costs incurred in entering into the lease, and an estimate of the costs of dismantling or restoring the leased asset according to the terms of the lease. The right-of-use asset is depreciated on a straight-line basis over the term of the lease or the useful life of the leased asset if there is reasonable assurance that ownership will be transferred.

As of this date, this lease liability is measured at amortized cost using the effective interest rate (EIR) model and corresponds to the effective date of the lease at the present value of future payments over the term of the lease (fixed rents, variable rents based on a rate or index, residual value guarantees, call option strike price if reasonably certain, termination or non-renewal penalties). The lease term is defined lease by lease and corresponds to the non-cancelable period of the commitment taking into account the optional periods reasonably certain to be exercised.

Subsequently, the debt and the right to use the underlying asset must be reassessed to take into account the following situations:

- revision of the lease term
- any change related to the assessment of the reasonably certain (or not) nature of the exercise of an option,
- reassessment of residual value guarantees,
- revision of the rates or indices on which rents are based,
- rent adjustments

The Group applies the following simplification measures provided for in the standard:

- Exclusion of short-term leases that do not include an option to purchase,
- Exclusion of leases on low-value assets,

Rents related to these leases are then directly recognized as operating expenses.

The Group has leases mainly for buildings (production center, offices).

3.3.10 – Inventories

Inventories are measured at the lower value between their cost price and their net realizable value. Net realizable value represents the estimated selling price under normal operating conditions minus marketing costs. The cost price is determined using the weighted average unit cost method.

The gross value of inventories of components includes the purchase price, customs duties, other taxes, and directly attributable handling, transport, and other costs.

The cost price of finished goods includes the cost of materials, the cost of direct labor, and a share of indirect production costs.

A provision for impairment is established on a case-by-case basis if the value in use is less than the book value. This is particularly the case when inventories are recorded for an amount greater than the amount that the company expects to obtain from their sale or use. The recoverable amount of inventories may also be allocated if those inventories are damaged, if they have become fully or partially obsolete, or if their selling price has declined.

Estimates of net realizable value take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm the conditions existing at the end of the period.

3.3.11 – Financial assets (excluding financial derivatives)

Financial assets, excluding cash and financial instruments, consist of loans and receivables. Loans and receivables are non-derivative financial assets not listed on an active market and with income that is determined or can be determined. They are included in current assets, except for assets with a term expiring more than 12 months after the closing date. Loans are valued at the amortized cost using the effective interest method. The recoverable amount of loans and receivables is reviewed where there is any indication that the asset may have suffered an impairment loss and at least at each close. If the recoverable amount is less than the carrying amount, an impairment loss is immediately recognized on the consolidated statement of net income.

Management regularly reviews and assesses the recoverable amount of trade receivables. If the recoverable amount is less than the net book value, a provision for impairment or a loss on bad debt is recognized in net income. This credit risk assessment is based on past experience in debt collection and payment defaults, the age of receivables where the due date has been exceeded, and the granted payment conditions. A due date is deemed to have been exceeded when payment has still not been made as of the date fixed by contract.

3.3.12 – Cash and cash equivalents

Cash mainly includes liquidity in current account balances. Cash equivalents include short-term investments that are highly liquid and present a risk of a change in value considered negligible. Investments with an initial maturity of more than three months without the possibility of an early exit and restricted bank accounts (frozen accounts) are excluded from cash and cash equivalents.

Cash equivalents are measured at fair value, and changes in fair value are recognized on the consolidated statement of net income.

Bank overdraft facilities are included in current financial debt.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above, net of current bank overdrafts.

3.3.13 – Financial derivatives

The Group may need to use financial instruments in particular to reduce its exposure to risks of exchange rate fluctuation.

Financial derivatives are initially recognized at fair value at the inception date and are subsequently revalued at each closing date. The recognition of profits and losses at fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedged item.

Cash flow hedging

This is intended to protect against exposure to the variability of future cash flows relating to a particular risk associated with either an asset or liability recorded on the balance sheet or a highly probable future transaction, which may affect net income.

The Group applies cash flow hedge accounting only when the following conditions are met:

- There is internal documentation on the implemented hedging.
- The transaction being hedged is highly probable and involves exposure to changes in cash flow that could affect net income.

For hedging instruments documented as cash flow hedges, changes in value are recorded in equity for their effective portion; the ineffective portion is recorded on the income statement.

Fair value hedging

This is intended to protect against exposure to changes in the fair value of an asset, liability, or firm commitment (or an identified portion of an asset, liability, or firm commitment), which may be attributed to a specific risk and will have an impact on net income.

For hedging instruments documented as fair value hedging or not documents, changes in value are recorded on the income statement.

3.3.14 – Share buyback commitments

The Group may make commitments with minority shareholders of certain subsidiaries to buy back their holdings in the form of put options granted to them. The strike price of these transactions is fixed and established according to a predefined calculation formula. These put options granted to minority shareholders give rise to the recognition of a financial liability at fair value, and any subsequent changes in fair value will be recognized in profit or loss where appropriate.

3.3.15 – Measurement and recognition of other financial liabilities

Other financial liabilities are initially recognized at fair value at the transaction date. They are subsequently valued at the amortized cost using the effective interest method. The effective interest rate is the rate that equalizes the expected future cash outflows at the current net book value of the financial liability to deduct its amortized cost.

3.3.16 – Conditional advances, subsidies, and tax credits

The Group receives a number of subsidies or conditional advances. Subsidies are recognized where there is reasonable assurance that:

- the Group will comply with the conditions attached to the subsidies and,
- the subsidies will be received.

A forgivable loan subject to conditions is treated as a government subsidy when there is reasonable assurance that the company will meet the conditions for forgiveness of the loan. Otherwise, it is classified in financial debt and measured at amortized cost. Any difference between the amortized cost of the loan and its nominal value is recognized in subsidy income and spread over the during of the financed project.

A government subsidy receivable as immediate financial support to the company without future related costs is recognized as income in the year during which the receivable is acquired. Where the purpose of the subsidy is to offset the expense, it is recognized as a deduction from that expense.

Tax credits related to operating expenses are recognized in operating income net of the expenses to which they relate.

The research tax credit (CIR) and the innovation tax credit (CII) are presented as a deduction from “Research and development costs” on the consolidated statement of net income.

3.3.17 – Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, the Group recognizes provisions only if the following three conditions are met:

- an entity has a present obligation (legal or constructive) to a third party as a result of a past event;
- it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation; and
- the amount of the obligation can be estimated reliably.

The determination of risk exposure and the recognition and measurement of provisions involve a significant amount of judgment and estimation. These judgments and estimates are inherently subject to change, particularly if new information or new assessment factors become available.

Where the Group expects partial or full repayment of the provision, for example as a result of an insurance policy, accrued income may be recognized as an asset on the balance sheet if the repayment is virtually certain.

If the impact is significant, the provisions are discounted at a rate that reflects the risks specific to the liabilities. At each subsequent closing, the increase in the provision resulting from the lapse of time leads to the recognition of an “undiscounting” expense on the income statement.

When the provision is used, the provision writeback is credited to the expense account in which the expenditure covered by the provision was recorded. When the provision writeback reflects the extinguishment of the expected risk without an associated expenditure, the writeback is credited to provision allowance account.

Provision for warranty

A provision is established for expenses to be incurred in future years for warranties on equipment sold. This provision was established on the basis of historical data on warranties and by weighting possible exits according to their probability. The incurred costs include labor, travel, and spare parts.

According to the Group’s forecasts, most of the provision will be consumed in the following financial year.

3.3.18 – Employee benefits

Certain employees of the Group are eligible for pension benefits provided by law:

- retirement compensation paid by the Company upon retirement (defined-benefit plan);
- payment of retirement pensions by social security agencies, funded by contributions from companies and employees (defined-contribution scheme).

Pension plans, similar compensation, and other employee benefits that are analyzed as defined-benefit plans (a plan in which the Company guarantees a defined amount or benefit level) are recognized on the balance sheet on the basis of an actuarial valuation of obligations as of the closing date minus, where applicable, the fair value of the related plan assets dedicated to them.

This actuarial valuation is based on the projected unit credit method. This method takes into account, on the basis of actuarial assumptions, the employee's expected length of service, the future compensation level, life expectancy, and employee turnover. The obligation is discounted using, where appropriate, an appropriate discount rate for each country where the obligations are located. It is recorded in proportion to the years of service of the employees.

Changes in actuarial assumptions are recorded in equity for the year.

The income statement incorporates the cost of services rendered, which shows the increase in obligations related to the acquisition of an additional year of service, and an interest expense that reflects the "undiscounting" of the obligations.

Contributions relating to defined-contribution plans are recognized in social security contributions on the income statement of the period to which they relate.

3.3.19 – Current liabilities

Current liabilities are liabilities to be settled or negotiated in the normal operating cycle or within twelve months of the end of the financial year.

3.3.20 – Share-based payment transactions

Since its creation, the Company has put in place several compensation plans settled in equity instruments (stock option plans, share warrants, startup warrants, and bonus shares) granted to the founders, directors, and certain employees of the Group. In accordance with IFRS 2 – *Share-based Payment*, these equity instrument awards are measured at fair value at the grant date. Fair value is determined using the most appropriate valuation model based on the characteristics of each plan.

The fair value determined at the grant date is recognized in payroll expenses on a straight-line basis on each milestone in the vesting period, with a corresponding increase in equity.

At each closing date, the Group reviews the number of options that may become exercisable. Where applicable, the impact of a revision of the estimate is recognized in the consolidated statement of net income with a corresponding adjustment in equity.

- <u>Stock warrants, startup warrants, and stock options:</u>

The fair value of services received in consideration for the award of such instruments is definitively measured by reference to the fair value of such instruments at their grant date and to the number of instruments for which the vesting conditions will be satisfied at the end of the vesting period. To carry out this assessment, the Group uses a binomial mathematical valuation model. During the vesting period, the determined total fair value is spread on a straight-line basis over the entire vesting period of the plan in question, it being specified that plans classified as "graded vesting" are treated as independent plans.

The expense related to these instruments is recognized in profit or loss in payroll expenses with a corresponding increase in shareholders' equity. When the options are exercised, the strike price received by the Group is recorded in cash with an offset in shareholders' equity.

- <u>Bonus shares:</u>

Bonus share plans are within the scope of IFRS 2, like share-based payments settled with equity instruments. Bonus shares are valued at their grant date. Fair values are spread on a straight-line basis over the plan's vesting period in payroll expenses with a corresponding increase in shareholders' equity.

3.3.21 – Recognition of revenue from ordinary business activities

Revenues generated by the Group come from the sale of equipment and service contracts.

a) Equipment sales

Equipment marketed by the Group is generally sold on the basis of customer purchase orders containing fixed and determinable prices, with no right of return or significant post-delivery obligations outside the general terms and conditions of sale. Income is recognized at the time of the transfer of control that occurs when the property is transferred to customers.

The Group considers that the contractual promise made to the customer under the warranty regarding the operation of equipment does not meet the definition of a separate performance obligation because it does not give rise to an "additional service." As such, warranty costs will continue to be recognized in accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets."

b) Delivery of services

Delivered services relate mainly to maintenance contracts, warranty extensions, and installation services.

Revenue from installation services is recognized over the period during which the services are rendered.

Revenue corresponding to service contracts (mainly maintenance and warranty extension) is recognized on a straight-line basis over the effective duration of the contracts. The share of service contracts not relating to the current financial period is recognized in contract liabilities.

3.3.22 – Cost of sales

The cost of sales primarily consists of:

- purchases of components, optical modules, and other products necessary for the production of the sold goods;
- delivery of services of third parties for the manufacture, assembly, installation, and maintenance of the sold goods;
- customs duties, transport costs, and other taxes directly attributable to these purchases;
- direct and indirect costs allocated to the product manufacturing process.

3.3.23 – Operating profit (loss)

Operating profit (loss) includes all income and costs directly related to the Group’s activities, whether such income and expenses are recurring or result from decisions or one-off operations.

For easier reading of the income statement and the performance of the Group, unusual and significant items at the consolidated level are identified on the operating profit (loss) line entitled “Other income and expenses.”

Other operating income and expenses, excluded from current operating profit (loss), include:

- restructuring costs;
- impairment losses recognized mainly through impairment testing of cash-generating units (CGU) and goodwill;
- direct costs related to business combinations;
- disputes not arising from the Group’s operational activity.

3.3.24 – Taxes

Current and prior-year tax assets and liabilities are valued at the amount expected to be recovered from or paid to tax authorities. The tax rates and regulations used to determine these amounts are those adopted or substantially adopted as of the closing date.

Deferred taxes are determined using the liability method for:

- all temporary differences between the tax base and the accounting base for assets and liabilities, except goodwill.
- tax losses that can be carried forward.

Tax assets are recognized only if it is likely that the Group will have future tax benefits against which they can be applied.

The assessment of the Group’s ability to recover these assets takes into account, in particular, forecasts of future taxable profits as well as the history of results for tax purposes in previous years.

The Group has opted to present the company value-added contribution (CVAE) as a tax expense.

3.3.25 – Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to the Group's shareholders by the average number of common shares outstanding during the period.

Diluted earnings per share are determined by adjusting the net profit or loss for the period attributable to the Group's shareholders by the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. If the consideration of deferred equity instruments (share warrants, stock options) for calculation of diluted earnings per share creates an anti-dilution effect, these instruments are not taken into account.

Treasury shares deducted from shareholders' equity are not taken into account in the calculation of basic and diluted earnings per share.

NOTE 4 – NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 – Goodwill

The goodwill resulted from the acquisition of the OneAccess Group on September 29, 2017, and Ekinops Brasil in July 2019.

(In thousands of euros)	OneAccess	Ekinops Brasil	TOTAL
Net value at 12/31/2018	27 523	-	27 523
Acquisitions (Provisional goodwill)	-	1 115	**1 115**
Disposals	-	-	-
Impairment loss	-	-	-
Currency translation adjustment	-	(73)	**(73)**
Net book value at 12/31/2019 - Reported	27 523	1 042	28 565
Impact of the purchase price allocation	-	133	**133**
Currency translation adjustment	-	(9)	**(9)**
Net value at 01/01/2019 - Restated	27 523	1 166	28 689
Acquisitions	-	-	-
Disposals	-	-	-
Impairment loss	-	-	-
Currency translation adjustment	-	(340)	**(340)**
Net value at 12/31/2020	27 523	826	28 349

The Group finalized the Ekinops Brasil purchase price allocation during the first half of 2020 and, in particular, the determination of the fair value of developed technology.

Purchase price (A)	11 090
Net accounting position acquired	9 975
Capitalized R&D adjustment	(8 456)
Fair value of developed technology	8 417
Deferred tax liabilities	(94)
Fair value of net assets acquired (B)	9 842
Goodwill (A) – (B)	1 248

Developed technology is amortized on a straight-line basis over seven years.

The finalization of the purchase price allocation led the Group to retrospectively impact the financial data for the 2019 financial year.

The retrospective impact on the Group's reserves and profit (loss) for the financial year ended December 31, 2019, is presented below:

Reserves and profit (loss) - Group share - reported	(34 630)
Retrospective amortization expense	(61)
Change in deferred taxes	21
Retrospective impact	(40)
Reserves and profit (loss) - Group share - restated	(34 670)

- ***Determination of the recoverable amount of goodwill***

The parameters used to determine the recoverable amount are:

- Methodology... Discounted cash flows
- Growth rate to infinity... 2%
- Discount rate.. 8.7%

The projection horizon is 5 years and includes a terminal value.

A sensitivity of net cash flows is retained. The analysis leads to a change in the parameters of the growth rate to infinity by (1%) and the discount rate by +1.5%.

The determined recoverable amount does not lead to an impairment loss.

4.2 – Intangible assets

(In thousands of euros)	Developed technologies	Customer relations	Order book	Development costs	Ongoing development costs	Licenses and other intangible assets	Total
Gross value at December 31, 2019 - Reported	24 712	8 997	1 021	14 586	432	4 862	**54 610**
Reclassification	-	-	-	446	-	(446)	**0**
Purchase price allocation - Ekinops Brasil	8 417	-	-	(8 456)	-	-	**(39)**
Effect of foreign exchange rate fluctuations	(551)	-	-	528	-	29	**6**
Gross value at December 31, 2019 – Restated	32 578	8 997	1 021	7 104	432	4 445	**54 577**
Capitalization of development costs	-	-	-	1 620	-	-	**1 620**
Acquisitions	-	-	-	-	950	13	**963**
Reclassification/commissioning	-	-	-	74	-	(74)	**0**
Disposals	-	-	-	-	-	(21)	**(21)**
Effect of foreign exchange rate fluctuations	(2 293)	-	-	(98)	-	(32)	**(2 423)**
Gross value at December 31, 2020	30 285	8 997	1 021	8 699	1 382	4 331	**54 715**
Accumulated amortization at December 31, 2019 – Reporte	(9 268)	(2 025)	(1 021)	(3 578)	-	(4 281)	**(20 173)**
Purchase price allocation - Ekinops Brasil	-	-	-	-	-	-	**-**
Retrospective impact of the purchase price allocation	(94)	-	-	30	-	-	**(64)**
Accumulated amortization at December 31, 2019 - Restate	(9 362)	(2 025)	(1 021)	(3 548)	-	(4 281)	**(20 237)**
Allowance for the period	(4 916)	(900)	-	(1 495)	-	(29)	**(7 340)**
Decrease for the period	-	-	-	-	-	21	**21**
Effect of foreign exchange rate fluctuations	27	-	-	-	-	4	**31**
Accumulated amortization at December 31, 2020	(14 250)	(2 925)	(1 021)	(5 043)	-	(4 285)	**(27 524)**
Net value at December 31, 2019	23 216	6 972	-	3 556	432	164	**34 340**
Net value at December 31, 2020	16 035	6 072	-	3 656	1 382	46	**27 191**

4.3 – Tangible assets

(In thousands of euros)	Plant and machinery	Office furniture and equipment, computer hardware	Tangible assets in progress	Total
Gross value at December 31, 2019	12 313	6 423	-	**18 736**
Acquisition	850	958	-	**1 808**
Disposal/retirement of assets	(1 383)	(680)	-	**(2 063)**
Impact of foreign exchange rate fluctuations	(161)	(81)	-	**(242)**
Gross value at December 31, 2020	11 619	6 620	-	**18 239**
Accumulated depreciation at December 31, 2019	(10 512)	(5 642)	-	**(16 154)**
Allowance for the period	(784)	(359)	-	**(1 143)**
Decrease for the period	1 383	680	-	**2 063**
Impact of foreign exchange rate fluctuations	68	64	-	**132**
Accumulated depreciation at December 31, 2020	(9 845)	(5 257)	-	**(15 102)**
Net value at December 31, 2019	1 801	781	-	**2 582**
Net value at December 31, 2020	1 774	1 363	-	**3 137**

4.4 – Reconciliation of investments with the statement of cash flows

(In thousands of euros)	December 31, 2020	December 31, 2019
Acquisition of intangible assets	(2 583)	(2 269)
Acquisition of tangible assets	(1 808)	(1 279)
Change in fixed asset supplier debts	79	(386)
Total	**(4 312)**	**(3 933)**

4.5 – Non-current financial assets & other non-current assets

(In thousands of euros)	Security deposit	Other	**Non-current financial assets**	Non-current share of CIR receivables	**Other non-current assets**
Gross value at December 31, 2019	737	347	**1 084**	8 739	**8 739**
Increase	27	42	**69**	3 599	**3 599**
Decrease	(54)	-	**(54)**	(2 094)	**(2 094)**
Currency fluctuations	(9)	-	**(9)**	-	**-**
Gross value at December 31, 2020	701	389	**1 090**	10 244	**10 244**
Accumulated impairment losses at December 31, 2019	-	-	**-**	-	**-**
Allowances for the period	-	-	**-**	-	**-**
Accumulated impairment losses at December 31, 2020	-	-	**-**	-	**-**
Net value at December 31, 2019	737	347	**1 084**	8 739	**8 739**
Gross value at December 31, 2020	701	389	**1 090**	10 244	**10 244**

4.6 – Rights of use and lease liabilities

4.6.1 – Rights of use

(In thousands of euros)	**December 31, 2019**	Modifications / New contracts	Amortization/Depreciation	Translation adjustments	**December 31, 2020**
Rights of use – Technical equipment	**391**	1	(119)	-	**273**
Rights of use – Computer & office equipment	**-**	-	-	-	**-**
Rights of use – Buildings	**4 930**	514	(1 175)	(47)	**4 222**
Rights of use – Vehicles	**843**	262	(338)	-	**766**
Net value of rights of use	**6 164**	**777**	**(1 633)**	**(47)**	**5 261**

4.6.2 – Lease liabilities

(In thousands of euros)	**December 31, 2019**	Modifications / New contracts	Reclassification	Rent liability repayments	Translation adjustments	**December 31, 2020**
Lease liability – Technical equipment	**244**	26	(161)	-	-	**109**
Lease liability – Computer & office equipment	**-**	-	-	-	-	**-**
Lease liability – Buildings	**4 130**	370	(1 191)	-	(9)	**3 300**
Lease liability – Vehicles	**533**	277	(336)	-	-	**475**
Total Non-current	**4 908**	**673**	**(1 688)**	**-**	**(9)**	**3 885**
Lease liability – Technical equipment	**133**	-	161	(161)	-	**133**
Lease liability – Computer & office equipment	**-**	-	-	-	-	**-**
Lease liability – Buildings	**1 121**	62	1 191	(1 191)	(18)	**1 165**
Lease liability – Vehicles	**317**	(10)	336	(336)	-	**307**
Total Current	**1 571**	**52**	**1 688**	**(1 688)**	**(18)**	**1 605**
Total	**6 479**	**725**	**-**	**(1 688)**	**(27)**	**5 490**

Schedule of lease liabilities

(In thousands of euros)	31-déc-20	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Lease liability – Technical equipment	242	128	98	16	-	-	-
Lease liability – Computer & office equipment	-	-	-	-	-	-	-
Lease liability – Buildings	4 465	1 165	1 097	907	623	372	301
Lease liability – Vehicles	782	307	236	172	50	17	-
Financial debt	**5 490**	**1 600**	**1 431**	**1 095**	**673**	**390**	**301**

4.7 – Inventories

(In thousands of euros)	December 31, 2019	Change	Allowance for inventory impairment provision	Writeback of inventory impairment provision	Impact of foreign exchange rate fluctuations	December 31, 2020
Inventories of components	**5 924**	1 091	-	-	-	**7 015**
Finished product inventories	**5 390**	3 284	-	-	(52)	**8 622**
Gross values	**11 314**	4 375	-	-	(52)	**15 637**
Impairment losses – Components	**(653)**	-	(663)	124	-	**(1 192)**
Impairment losses – Finished products	**(164)**	-	(375)	1	3	**(535)**
Accumulated impairment losses	**(817)**	-	(1 038)	125	3	**(1 727)**
Net values	**10 497**	4 375	(1 038)	125	(49)	**13 911**

4.8 – Trade receivables and related accounts

(In thousands of euros)	December 31, 2019	Change	Impact of foreign exchange rate fluctuations	December 31, 2020
Trade receivables and related accounts	22 474	1 327	(418)	23 383
Accumulated impairment losses	(1 110)	69	(1)	(1 042)
Net values	**21 364**	1 396	(419)	**22 341**

The amount of mobilized receivables not yet due corresponding to factoring contracts without any transfer of risks and therefore included in trade receivables and related accounts was €9,796 K.

4.9 – Other current assets

(In thousands of euros)	December 31, 2019	Change	Reclassifications and other changes	December 31, 2020
Corporate tax, CVAE receivable	408	(3)	(34)	371
Tax credits (CIR, CII, CICE)	2 261	(2 261)	2 094	2 094
Other taxes and social security receivable	3 483	(1 626)	(62)	1 795
Prepaid expenses	730	31	(3)	758
Other	283	(212)	-	71
Gross values	**7 165**	**(4 071)**	**1 995**	**5 089**
Accumulated impairment losses	(108)	(18)		(126)
Net values	**7 057**	**(4 089)**	**1 995**	**4 963**

4.10 – Cash and cash equivalents

(In thousands of euros)	December 31, 2019	Change	Impact of foreign exchange rate fluctuations	December 31, 2020
Cash	32 588	17 238	(191)	49 635
Cash equivalents	-	-	-	-
Cash and cash equivalents	**32 588**	17 238	(191)	**49 635**
Bank overdraft facilities	-	-	-	-
Total net cash position	**32 588**	17 238	(191)	**49 635**

4.11– Capital and equity instruments

4.11.1 – Share capital and share premiums

As of December 31, 2020, the capital of the parent company, Ekinops S.A., consisted of 25,462,005 fully paid-up common shares with a nominal unit value of €0.50.

Date	Type of operation	Capital	Number of shares created	Nominal value
At December 31, 2018		**10 764 581 €**	**21 529 161**	**0,50 €**
May 2019	Capital increases following exercise of options	5 038 €	10 075	0,50 €
June 11, 2019	Capital increase by private placement	1 076 458 €	2 152 916	0,50 €
July 16, 2019	Share issue - Exercise of share subscription warrants	201 736 €	403 471	0,50 €
December 2019	Capital increases following exercise of options	16 027 €	32 054	0,50 €
At December 31, 2019		**12 063 839 €**	**24 127 677**	**0,50 €**
2020	Capital increases following exercise of options	434 383 €	868 765	0,50 €
July 2020	Issue of bonus shares	232 782 €	465 563	0,50 €
At December 31, 2020		**12 731 003 €**	**25 462 005**	**0,50 €**

4.11.2 – Share-based payments

a) *Stock options (OSA)*

	Starting new potential shares	Awarded during the period	Exercised during the period	Canceled or lapsed during the period	Ending new potential shares	Strike price (In €)	Remaining contractual life	Expense recognized at 12/31/2020 (In €K)	Expense recognized at 12/31/2019 (In €K)
15 septembre 2011	1 550	-	-	-	1 550	3,80 €	0,7 ans	-	-
25 février 2013	3 100	-	-	-	3 100	4,31 €	2,2 ans	-	-
19 juin 2014	210 800	-	(5 425)	-	205 375	5,07 €	3,5 ans	-	-
19 mai 2016	57 320	-	(30 721)	-	26 599	2,65 €	5,4 ans	-	
29 juillet 2019	150 000	-	(6 667)	(20 000)	123 333	3,66 €	8,6 ans	(121)	(74)
Total stock options (OSA)	**422 770**	**-**	**(42 813)**	**(20 000)**	**359 957**	N/A	N/A	**(121)**	**(74)**

b) *Share subscription warrants (BSA)*

	Starting new potential shares	Awarded during the period	Exercised during the period	Canceled or lapsed during the period	Ending new potential shares	Strike price (In €)	Remaining contractual life	Expense recognized at 12/31/2020 (In €K)	Expense recognized at 12/31/2019 (In €K)
28 septembre 2007	31 000	-	-	(31 000)	-	4,83 €	-	-	-
Total Share Subscription Warrants (BSA)	**31 000**	**-**	**-**	**(31 000)**	**-**	N/A	N/A	**-**	**-**

c) Startup warrants (BCE)

	Starting new potential shares	Awarded during the period	Exercised during the period	Canceled or lapsed during the period	Ending new potential shares	Strike price (In €)	Remaining contractual life	Expense recognized at 12/31/2020 (In €K)	Expense recognized at 12/31/2019 (In €K)
22 juin 2010	742 479	-	(739 453)	(3 026)	-	3,80 €	-	-	-
21 octobre 2010	36 062	-	(32 962)	(3 100)	-	3,80 €	-	-	-
12 mai 2011	59 474	-	(48 422)	-	11 052	3,80 €	0,4 ans	-	-
20 décembre 2012	63 206	-	(2 015)	-	61 191	3,80 €	0,4 ans	-	-
25 février 2013	333 250	-	(3 100)	-	330 150	4,31 €	2,2 ans	-	-
Total startup warrants (BCE)	**1 234 471**	**-**	**(825 952)**	**(6 126)**	**402 393**	N/A	N/A	-	-

d) Awarded bonus shares (AGA)

	Starting new potential shares	Awarded during the period	Vested during the period	Canceled or lapsed during the period	Ending new potential shares	Expense recognized at 12/31/2020 (In €K)	Expense recognized at 12/31/2019 (In €K)
13 juin 2018	1 005 000	-	(465 563)	-	539 437	(655)	(1 681)
16 juillet 2019	103 782	-	-	-	103 782	(97)	(44)
Total bonus shares awarded (AGA)	**1 108 782**	**0**	**(465 563)**	**-**	**643 219**	**(751)**	**(1 726)**

e) Summary of movements and reconciliation of the share-based payment expense

	Starting new potential shares	Awarded during the period	Exercised or acquired during the period	Canceled or lapsed during the period	Ending new potential shares	Expense recognized at 12/31/2020 (In €K)	Expense recognized at 12/31/2019 (In €K)
OSA	422 770	-	(42 813)	(20 000)	359 957	(121)	(74)
Share subscription warrants (BSA)	31 000	-	-	(31 000)	0	-	-
Startup warrants (BCE)	1 234 471	-	(825 952)	(6 126)	402 393	-	-
AGA	1 108 782	-	(465 563)	-	643 219	(751)	(1 726)
GRAND TOTAL	**2 797 023**	**-**	**(1 334 328)**	**(57 126)**	**1 405 569**	**(872)**	**(1 800)**

4.12 – Financial debt

a) Change in financial debt

(In thousands of euros)	December 31, 2019 1	Increases	Repayments	(Discounting) / Undiscounting	Other changes	Currency translation adjustment	December 31, 2020
Bank loans	6 770	14 022	-	103	(3 458)	(36)	17 401
Bank loans/CIR financing	3 688	2 586	-	-	(1 473)	-	4 801
Finance lease debts	0	-	-	-	-	-	-
Conditional advances and interest-free loans	975	-	-	-	(309)	-	666
Discounting of advances and interest-free loans	(19)	-	-	-	15	-	(4)
Miscellaneous financial debt	71	-	-	-	-	-	71
Total non-current financial debt	**11 485**	16 608	-	103	(5 225)	(36)	**22 935**
Bank loans	2 992	-	(1 932)	-	3 458	-	4 518
Bank loans/CIR financing	1 651	-	(1 651)	-	1 473	-	1 473
Finance lease debts	-	-	-	-	-	-	-
Conditional advances and interest-free loans	618	-	(309)	12	309	-	630
Discounting of advances and interest-free loans	(26)	-	-	14	(15)	-	(27)
Factoring debt	6 684	31 170	(30 088)	-	-	-	7 764
Miscellaneous financial debt	605	-	(55)	-	-	-	550
Total current financial debt	**12 524**	31 170	(34 035)	26	5 225	-	**14 908**
Total financial debt	**24 009**	47 778	(34 035)	129	-	(36)	**37 843**

- "Conditional advances and interest-free loans" correspond to the interest-free loans for innovation from Banque Publique d'Investissement (BPI). These loans do not bear any interest. They are therefore restated as described in the accounting principles and methods (Note 3.3.16): They are valued at amortized cost (using the market rate applicable to each loan at the effective interest rate), and the difference between the valuation at amortized cost of the loan and its nominal value is considered as a subsidy received from the State and spread over the life of the loan.

- Factoring debts correspond to drawdowns under factoring contracts put in place by the Group. Given that these contracts do not transfer credit risk, the financial assets transferred to the Factor are not derecognized and are shown as trade receivables, whereas the drawdowns not yet repaid are included in financial debt.

- The Group may use bank loans to pre-finance the CIR. The repayment of these loans takes place simultaneously with the liquidation of the debt by the tax authorities.
- Bank loans include €12 million in government-backed loans.

b) Breakdown of financial debt by interest rate

(In thousands of euros)	December 31, 2020	Fixed Rate	Variable Rate
Non-current financial debt	22 935	18 134	4 801
Current financial debt	14 908	5 671	9 237
Total financial debt	**37 843**	23 805	14 038

4.13 – Information on net debt

Net debt corresponds to current and non-current financial debt minus cash and cash equivalents.

a) Breakdown of debt by currency

(In thousands of euros)	December 31, 2020	EUR	USD	AUD	Other currencies
Bank loans	21 919	21 433	486	-	-
Bank loans/CIR financing	6 274	6 274	-	-	-
Conditional advances and interest-free loans	1 296	1 296	-	-	-
Discounting of advances and interest-free loans	(31)	(31)	-	-	-
Factoring debt	7 764	7 764	-	-	-
Miscellaneous financial debt	621	621	-	-	-
Financial debt	**37 843**	37 357	486	-	-
Cash and cash equivalents	(49 635)	(43 595)	(4 710)	(1 002)	(328)
Net debt / (Cash and cash equivalents)	**(11 792)**	(6 238)	(4 224)	(1 002)	(328)

b) Breakdown of debt by maturity

(In thousands of euros)	December 31, 2020	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Bank loans	21 919	4 518	5 403	3 903	3 900	2 700	1 392
Bank loans/CIR financing *	6 274	1 473	1 345	2 549	907	-	-
Conditional advances and interest-free loans	1 296	630	506	160	-	-	-
Discounting of advances and interest-free loans	(31)	(27)	(4)	-	-	-	-
Factoring debt	7 764	7 764	-	-	-	-	-
Miscellaneous financial debt	621	550	71	-	-	-	-
Financial debt	**37 843**	14 908	7 321	6 612	4 807	2 700	1 392
Cash and cash equivalents	(49 635)	(49 635)	-	-	-	-	-
Net debt / (Cash and cash equivalents)	**(11 792)**	(34 727)	7 321	6 612	4 807	2 700	1 392

4.14 – Provisions

(In thousands of euros)	December 31, 2019	Allowances	Writeback used	Writeback not used	Reclassification	December 31, 2020
Provisions for disputes	500	-	-	-	-	500
Provisions for social risks	265	-	-	-	-	265
Provisions for liabilities and charges Non-current portion	**765**	-	-	-	-	**765**
Provision for warranty	775	81	(74)	-	-	782
Provisions for disputes	380	214	(180)	-	-	414
Provisions for social risks	98	116	(38)	-	-	176
Provisions for other liabilities and charges	-	30	-	-	-	30
Provisions for liabilities and charges Current portion	**1 253**	441	(292)	-	-	**1 402**
Total	**2 018**	441	(292)	-	-	**2 167**

4.15 – Commitments to personnel

a) Change in net commitment recognized on the balance sheet

(In thousands of euros)	December 31, 2020	December 31, 2019
Starting actuarial debt	**3 144**	**2 496**
Cost of services rendered	274	230
Use (retirement)	(96)	(157)
Financial cost	22	36
Actuarial losses (gains)	68	536
Effect of foreign exchange rate fluctuations	(28)	3
Ending actuarial debt	**3 384**	**3 144**

As the Group does not have hedging assets, the entire commitment set out above is recorded in the Group's liabilities.

As specified in the accounting rules and methods, all actuarial gains or losses are recognized in equity. The cost of services rendered is recorded as an operating expense, and the financial cost is recorded in other financial income and expenses.

b) Actuarial assumptions

The main actuarial assumptions used for the calculation of end-of-career obligations are as follows:

Actuarial assumptions	December 31, 2020	December 31, 2019
Retirement age	65 years	65 years
Discount rate	0,34%	0,77%
Employer contribution rates	47,0%	47,0%
Rate of salary increases	2,30%	2,30%
Employee turnover		
< 25 years	*10% - 15%*	*10% - 15%*
25 - 30 years	*10% - 20%*	*10% - 20%*
30 - 35 years	*20% - 25%*	*20% - 25%*
35 - 40 years	*15,0%*	*15,00%*
40 - 45 years	*2% - 10%*	*2% - 10%*
45 - 50 years	*2,00%*	*2,00%*
50 - 55 years	*2,00%*	*2,00%*
> 55 years	*0,0%*	*0,00%*
Mortality table	TGHF05	TGHF05

c) *Sensitivity of the net commitment to the discount rate*

The following table examined the sensitivity of the end-of-career compensation plan to the discount rate. Amounts expressed in thousands of euros correspond to the valuation of the actuarial debt at the end of two financial years presented in the event of an increase or decrease in the discount rate:

End-of-career compensation commitment sensitivity analysis (In thousands of euros)	Decrease of 1 point	Decrease of 0.25 points	Increase of 0.25 points	Increase of 1 point
December 31,2020	3 754	3 473	3 306	3 078
December 31,2019	3 486	3 225	3 070	2 857

4.16 – Debts on acquisition of securities

Debts on acquisition of securities recognized as of December 31, 2020, break down as follows:

(In thousands of euros)	December 31, 2019	Increase	Change	Reclassifications and other changes	December 31, 2020
Share buyback commitments	756	-	(609)	-	147
Total debts on acquisition of securities	**756**	**-**	**(609)**	**-**	**147**

4.17 – Other non-current liabilities

(In thousands of euros)	December 31, 2019	Change	Reclassifications and other changes	December 31, 2020
Discounting - BPI interest-free loans	19	2	-	21
Other subsidies	-	-	-	-
Contract liabilities – portion at more than one year	470	374	-	844
Total other non-current liabilities	**489**	**-**	**-**	**864**

4.18 – Other current liabilities

(In thousands of euros)	December 31, 2019	Change	Reclassifications and other changes	December 31, 2020
Forward exchange purchases	42	-	38	80
Derivative instrument liabilities	**42**	-	38	**80**
Trade payables	13 831	(1 311)	(138)	12 382
Trade payables	**13 831**	(1 311)	(138)	**12 382**
Corporate taxes payable	680	(208)	(34)	438
Corporate taxes payable	**680**	(208)	(34)	**438**
Debts on acquisitions of tangible and intangible assets.	27	78	-	105
Taxes and social security contributions payable	10 969	(1 251)	(182)	9 536
Contract liabilities – portion at less than one year	1 295	341	(83)	1 553
Customer advances and credit balances	83	144	(10)	217
Other				
Total other current liabilities	**12 374**	(688)	(275)	**11 412**

4.19 – Impact of change in working capital requirements

(In thousands of euros)	December 31, 2020	December 31, 2019
Net (incr.)/decr. in inventories	(3 462)	924
Net (incr.)/decr. in trade receivables	(1 396)	(642)
Net incr./(decr.) in trade payables	(1 311)	(130)
Net (incr.)/decr. in other items	570	(2 038)
(Incr.)/decr. in WCR	**(5 599)**	**(1 886)**

4.20 – Categories of financial assets and liabilities

The following tables show the Group's categories of financial assets and liabilities as of the end of the presented financial years:

a) Financial assets

December 31, 2020				
In thousands of euros	Balance sheet value	Amortized cost	Fair value through profit or loss	Fair value
Non-current financial assets	1 090	1 090	-	1 090
Trade receivables and related accounts	22 341	22 341	-	22 341
Other current assets*	71	71	-	71
Cash and cash equivalents	49 635	-	49 635	49 635
Total	**73 137**	**23 502**	**49 635**	**73 137**

** excluding social security contributions and taxes receivables and prepaid expenses*

December 31, 2019				
In thousands of euros	Balance sheet value	Amortized cost	Fair value through profit or loss	Fair value
Non-current financial assets	1 084	1 084	-	1 084
Trade receivables and related accounts	21 364	21 364	-	21 364
Other current assets*	283	283	-	283
Cash and cash equivalents	32 588	-	32 588	32 588
Total	**55 319**	**22 731**	**32 588**	**55 319**

** excluding social security contributions and taxes receivables and prepaid expenses*

b) Financial liabilities

December 31, 2020				
In thousands of euros	Balance sheet value	Amortized cost	Fair value through profit or loss	Fair value
Financial debt	37 843	37 843	-	37 843
Debts on acquisition of securities	147	-	147	147
Trade payables and related accounts	12 381	12 381	-	12 381
Derivative instrument liabilities	80	-	80	80
Other liabilities*	322	322	-	322
Total	**50 773**	**50 546**	**227**	**50 773**

** Excluding taxes and social security contributions payable and deferred income*

December 31, 2019				
In thousands of euros	Balance sheet value	Amortized cost	Fair value through profit or loss	Fair value
Financial debt	15 767	15 767	-	15 767
Debts on acquisition of securities	6 234	-	6 234	6 234
Trade payables and related accounts	13 958	13 958	-	13 958
Derivative instrument liabilities	26	-	26	26
Other liabilities*	120	120	-	120
Total	**36 105**	**29 845**	**6 260**	**36 105**

** Excluding taxes and social security contributions payable and deferred income*

c) Fair value hierarchy

Financial instruments are presented in three categories according to a hierarchy of fair value determination methods:

- *Level 1:* fair value calculated using rates/prices quoted on an active market for identical assets and liabilities;
- *Level 2:* fair value calculated using valuation techniques based on observable data such as prices of similar assets or liabilities or parameters quoted on an active market;
- *Level 3:* fair value calculated using valuation techniques based in whole or in part on unobservable data such as prices on an inactive market or valuation on the basis of multiples for unlisted securities or an agreement between the parties.

In thousands of euros	Level 1 category	Level 2 category	Level 3 category
Derivative instrument liabilities	-	80	-
Debts on acquisition of current securities	-	-	147
Total	**-**	**80**	**147**

Financial instruments consist of long-term contracts in US dollars. The fair value of financial assets was valued on the basis of bank valuations.

NOTE 5 – NOTES TO THE INCOME STATEMENT

5.1 – Income from ordinary activities

a) By type

(In thousands of euros)	December 31, 2020	December 31, 2019
Sales of produced goods	85 768	88 517
Sales of produced services	7 031	4 960
Total revenue	**92 800**	**93 477**

b) By geographic region

(In thousands of euros)	December 31, 2020	December 31, 2019
North and South America	15 739	15 606
Europe / Middle East / Africa / Asia-Pacific	77 061	77 872
Total revenue	**92 800**	**93 477**

5.2 – Type of allocated expenditure by function

a) Details of research and development costs

(In thousands of euros)	December 31, 2020	December 31, 2019
Payroll expenses	(20 986)	(19 541)
Allowances for amortization/depreciation and provisions	(8 520)	(7 309)
Operational subcontracting and external personnel	(1 541)	(1 584)
Rental and lease expenses	(168)	(157)
Supplies, equipment, maintenance	(1 874)	(971)
Professional fees and consulting	(818)	(456)
Tax credit	3 638	3 481
Subsidies	950	1 753
Capitalization of development costs	2 569	2 211
Manufacturing costs allocated to costs of sales	5 246	4 633
Travel expenses	(111)	(406)
Other	(472)	(332)
Total research and development costs	**(22 086)**	**(18 677)**

b) Details of sales and marketing expenses

(In thousands of euros)	December 31, 2020	December 31, 2019
Payroll expenses	(13 427)	(13 290)
Outside personnel	(709)	(1 119)
Business travel and trips	(418)	(1 119)
Professional fees and consulting	(750)	(707)
Rental and lease expenses	(398)	(360)
Supplies, equipment, maintenance	(360)	(296)
Fairs, promotions, and advertising	(237)	(406)
Allowances for amortization/depreciation and provisions	(1 207)	(798)
Other	(499)	(375)
Total marketing and sales expenses	**(18 005)**	**(18 470)**

c) Details of general and administrative expenses

(In thousands of euros)	December 31, 2020	December 31, 2019
Payroll expenses – Excluding payments in shares	(4 004)	(3 752)
Payroll expenses – Payments in shares	(872)	(1 800)
Professional fees and consulting	(1 260)	(1 304)
Supplies, equipment, maintenance	(641)	(597)
Outside personnel	(91)	(73)
Insurance	(162)	(202)
Bank charges	(129)	(155)
Rental and lease expenses	(27)	(28)
Allowances for amortization/depreciation and provisions	(412)	(427)
Other	75	102
Total general and administrative expenses	**(7 523)**	**(8 237)**

5.3 – Payroll expenses and Group headcount

a) Breakdown of personnel costs by function

(In thousands of euros)	December 31, 2020	December 31, 2019
Total research and development costs	(20 986)	(19 540)
Total marketing and sales expenses	(13 427)	(13 290)
Total general and administrative expenses	(4 876)	(5 552)
Total payroll expenses	**(39 289)**	**(38 382)**

b) Breakdown of personnel expenses by type

(In thousands of euros)	December 31, 2020	December 31, 2019
Salaries and wages	(28 090)	(26 906)
Social security contributions and payroll taxes	(10 053)	(9 441)
Cost of services rendered	(274)	(235)
Payment in shares	(872)	(1 800)
Total payroll expenses	**(39 289)**	**(38 382)**

c) Group headcount

(In units)	December 31, 2020	December 31, 2019
Salaried personnel	425	415
Seconded personnel	35	33
Total headcount	**460**	**448**

5.4 – Amortization/depreciation and provisions: allowances and writebacks

(In thousands of euros)	December 31, 2020	December 31, 2019
Allowances for amortization – Intangible assets	(1 524)	(1 134)
Allowances for amortization – Developed technologies and Customer relations	(5 816)	(5 114)
Allowances for depreciation – Tangible assets	(1 143)	(961)
Allowances for amortization – Rights of use	(1 633)	(1 688)
Net allowance for provisions for liabilities and charges of the "Current operating profit (loss)"	(98)	312
Cost of services rendered	(178)	(73)
Subtotal (EBITDA)	**(10 392)**	**(8 657)**
IAS 19 financial cost	(22)	(41)
Net allowance for provisions for liabilities and charges in “Other operating income and expenses”	0	250
Subtotal (SCF)	**(10 414)**	**(8 448)**
Net allowance for writebacks of provisions on inventories	(913)	(369)
Total allowances for amortization/depreciation and provisions, net of writebacks	**(11 327)**	**(8 817)**

5.5 – Other operating income and expenses

(In thousands of euros)	December 31, 2020	December 31, 2019
M&A fees	(364)	(2 448)
OneAccess - addtional purchase price		(427)
Others	178	303
Total marketing and sales expenses	**(186)**	**(2 572)**

5.6 – Financial profit (loss)

a) Net borrowing cost

(In thousands of euros)	December 31, 2020	December 31, 2019
Interest expenses	(531)	(403)
Effect of undiscounting	(26)	(39)
Net borrowing cost	**(557)**	**(442)**

b) Other financial income and expenses

(In thousands of euros)	December 31, 2020	December 31, 2019
Currency gains (losses)	(770)	52
Other financial income and expenses	(22)	10
Other financial income and expenses	**(792)**	**62**

5.7 – Taxes

a) Breakdown of tax expense recorded for the presented financial years

(In thousands of euros)	December 31, 2020	December 31, 2019
Current income taxes	(776)	(795)
Change in deferred taxes	1 977	834
Tax expense	**1 202**	**39**

b) Tax analysis

(In thousands of euros)	December 31, 2020	December 31, 2019
Profit (loss) before taxes	1 970	1 544
Group theoretical tax rate	*-28,00%*	*-31,00%*
Theoretical tax expense at the Group's rate	**(552)**	**(479)**
Effect of tax credits (CIR, CICE, etc.)	1 047	1 082
Effect of share-based payments	(244)	(558)
Non-deductible earnouts	-	-
Use or recognition of temporary differences previously not recognized	1 451	1 200
Deficits and other net temporary differences not recognized	(317)	(205)
CVAE and other taxes presented in income taxes	(404)	(385)
Other permanent differences	100	(793)
Differences in rates related to foreign tax jurisdictions	120	177
Recognized tax expense	**1 202**	**39**

c) Deferred taxes

Balance at 12/31/2019	**(2 846)**
- Deferred tax assets	*2 293*
- Deferred tax liabilities	*(5 139)*
Change reflected in profit (loss)	1 977
Effect of foreign exchange rate fluctuations	(105)
Balance at 12/31/2020	**(974)**

The potential tax savings that would result from the application of tax loss carryforwards, not recognized as of December 31, 2020, total €18.9 million.

5.8 – Earnings per share

Below is information on earnings and shares used to calculate basic and diluted earnings per share for all activities.

a) Basic earnings per share

Basic earnings per share are calculated by dividing the net profit accruing to the Company's shareholders by the weighted average number of common shares outstanding during the year.

In thousands of euros / In units	December 31, 2020	December 31, 2019
Net income attributable to Ekinops SA shareholders	3 173	1 583
Weighted average number of outstanding shares:	24 920 801	22 908 325
- Weighted average number of common shares	*24 932 080*	*22 920 246*
- Weighted average number of treasury shares	*(11 279)*	*(11 921)*
Basic earnings per share (€/share)	**0,13**	**0,07**

b) Diluted earnings per share

In thousands of euros / In units	December 31, 2020	December 31, 2019
Net income attributable to Ekinops SA shareholders	3 173	1 583
Weighted average number of outstanding shares:	24 920 801	22 908 325
Weighted average number of potential shares:	813 877	931 492
Diluted earnings per share (€/share)	**0,12**	**N/A**

NOTE 6 – SEGMENT INFORMATION

The presented information is based on the internal reporting used by Management to evaluate the performance of the various segments. The segment result of reference is the current operating profit (loss). The Group is managed on the basis of a single segment and does not distinguish between autonomous geographical segments.

However, with regard to the monitoring of revenue, the Group distinguishes two main areas: North and South America and Europe / Middle East / Africa / Asia-Pacific. This information is provided in Note 5.1.

NOTE 7 – RELATED-PARTY DISCLOSURES

The amounts of compensation set out below were granted to the CEO and the members of the board of directors of the company. They were recorded as expenses during the presented financial years:

In thousands of euros	December 31, 2020	December 31, 2019
Compensation and benefits in kind	(654)	(693)
Payment in shares	-	(968)
Benefits in kind – GSC	(12)	(12)
Attendance fees	(46)	(32)
Total	**(712)**	**(1 705)**

NOTE 8 – EXPOSURES TO FINANCIAL RISKS

8.1 – Currency risk

The Group is subject to currency risks arising from purchases from component suppliers and commercial relations with its customers and its subsidiaries located outside the eurozone.

The Group's main currency risk exposure comes from the US dollar (USD).

The Group's net foreign currency position as of December 31, 2020, is as follows:

In thousands of euros	Trade receivables (a)	Trade payables (b)	Obligation in foreign currencies (c)	Obligation in foreign currencies (d) = (a) – (b) +/– (c)	Hedging instruments (e)	Net position after hedging (f) = (d) – (e)
USD	8 639	5 332	-	3 307	4 050	(743)
AUD	18	45	-	(28)	-	(28)
Other	-	324	-	(324)	-	(324)
TOTAL	**8 657**	**5 702**	**-**	**2 955**	**4 050**	**(1 095)**

To date, hedging transactions (through hedging contracts with different maturities) only involve purchases in US dollars.

The Group is therefore mainly exposed to currency risk from the US dollar (USD). As a result of the translation of these subsidiaries into the reporting currency (euro), a 10% increase or decrease in the US dollar against the euro would have had the following impacts on the consolidated statement of net income and the consolidated statement of changes in shareholders' equity:

In thousands of euros	December 31, 2020	
USD/EUR	**+10%**	**-10%**
Impact on net income	39	(39)
Impact on shareholders' equity	(392)	392

In addition, during 2020, the risk of an imbalance of flows resulted in the following figures: receipts in USD totaled 30.1 million, while total disbursements over the same period represented USD 38.1 million. To limit this risk, the Group has established a hedging policy described above.

8.2 – Credit risk

The maximum exposure to credit risk at the end of each financial year is represented by the book amount of the assets presented in the following table:

In thousands of euros	December 31, 2020	December 31, 2019
Non-current financial assets	1 090	1 084
Other non-current assets	10 244	8 739
Trade receivables and related accounts	22 341	21 364
Other current assets	4 963	7 057
Cash and cash equivalents	49 635	32 588
Total	**88 273**	**70 832**

- Receivables related to government subsidies and the research tax credit present a credit risk deemed insignificant in view of the Company's history.
- Credit risk related to cash, cash equivalents, and current financial instruments is not significant in view of the quality of the financial institutions party to the contracts.

With regard to trade receivables, there is a credit risk since a possible loss may occur if a customer fails to honor commitments on time. This credit risk related to receivables is limited due to, in particular, the quality of the Group's aged balance. The following table illustrates the aging of trade receivables and the related provisions for impairment losses:

In thousands of euros	December 31, 2020			December 31, 2019		
	Gross	%	Impairment losses	Gross	%	Impairment losses
Not yet due	20 811	89%	-	18 852	84%	-
Past due for 30 days or less	747	3%	-	728	3%	-
Past due for 31 to 60 days	163	1%	-	1 181	5%	-
Past due for 61 to 90 days	513	2%	-	261	1%	-
Past due for 91 to 180 days	106	0%	-	328	1%	-
Past due for more than 180 days	1 043	4%	(1 042)	1 123	5%	(1 110)
Total	**23 382**	**100%**	**(1 042)**	**22 473**	**100%**	**(1 110)**
Net value:			**22 341**			**21 364**

NOTE 9 – OFF-BALANCE SHEET COMMITMENTS

The Group subcontracts a large part of the production of its equipment to its partners. Orders for manufacturing finished products are launched on the basis of firm customer orders. In addition, the Group orders components or semi-finished products from these same subcontractors in order to be able to demonstrate commercial responsiveness. The Group therefore has a commitment to take back these inventories up to a certain limit.

The amount of this commitment relating to inventories of components and semi-finished products is estimated at €11.3 million as of December 31, 2020.

NOTE 10 – POST-CLOSING EVENTS

The Group plans to extend its government-backed loans for a period of five years.

There are no other significant events to report.

NOTE 11 – EBITDA[1]

The Group has chosen to disclose this aggregate in view of its significance for the analysis of its financial performance but also with regard to the conditions for the final vesting of bonus shares and stock options awarded to the Group’s employees.

The Group thus defines its EBITDA as current operating profit (loss) restated for (i) allowances for amortization/depreciation and provisions and (ii) calculated expenses and income related to share-based payments.

In thousands of euros	FY 2020	FY 2019
Current operating profit (loss)	**3 505**	**4 497**
Amortization (excluding rights of use), depreciation, and provisions	4 576	3 543
Amortization of Developed Technologies and Customer Relations	5 816	5 114
Payment in shares	872	1 800
EBITDA	**14 769**	**14 954**

NOTE 12 – STATUTORY AUDITORS' FEES

In thousands of euros	Statutory audit	Other services	Subtotal
Deloitte	127		**127**
- issuer	*56*		***56***
Mazars	16	5	**21**
- issuer	-		**-**
ALTONEO	32		**32**
- issuer	*32*		***32***
TOTAL	**174**	**5**	**179**

[1] *Earnings Before Interest, Taxes, Depreciation and Amortization.*