

# INTERIM FINANCIAL REPORT AT JUNE 30, 2020

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## DECLARATION BY RESPONSIBLE PERSONS

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I certify that, to my knowledge, the condensed consolidated financial statements for the past six months were drawn up in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position, and profits and losses of the Company and of all companies included in the scope of consolidation and that the interim business report provides a true picture of the significant events that occurred during the first six months of the financial year, their impact on the interim financial statements, and the main related-party transactions, together with a description of the main risks and uncertainties for the remaining six months of the year.

Lannion, July 27, 2020

Didier Brédy, Chief Executive Officer of Ekinops

# INTERIM BUSINESS REPORT

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## 1. Activity during the first six months

Over the first half of 2020, Ekinops generated consolidated revenue of €45.8 million, up 2% from €45.0 million a year earlier.

International business represented 65% of revenue in the first half of 2020 compared with 68% in the 2019 financial year overall.

The gross margin for the first half of €24.9 million represents 54.3% of consolidated revenue.

EBITDA for the first half of 2020 was €6.5 million, representing 14.3% of consolidated revenue.

Current operating income was €1.1 million compared with €2.6 million in the first half of 2019.

Other operating income and expenses, which totaled €2.8 million in the first half of 2019, primarily consisted of expenses related to external growth operations.

Net income for the first half of 2020 was €0.9 million compared with a loss of €0.6 million a year earlier.

## 2. Update on COVID-19

The Group maintained its path to growth in the first half of 2020 despite the impacts of the COVID-19 pandemic.

During this period, and 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.

In mid-March, 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 it took advantage of the various financial assistance opportunities for business. As of June 30, 2020 this represented:

- tax, social security, and bank payment deferrals.....€4.2 million
- government-backed loan (and equivalent) .....€12.5 million
- other€0.6 million

As of the date of this document, most of the Group's employees have stopped teleworking, with the exception of the R&D centers based in India and Brazil.

## 3. Events after the end of the interim period

No significant events occurred after the end of the interim period.

## 4. Foreseeable business development until the end of the year

Visibility for the rest of the year is now not as good as usual. Although the Group is seeing signs of a recovery, the likelihood of generating double-digit organic growth over the entire year seems uncertain today. However, Ekinops remains very confident in its ability to return to its long-term growth objectives once this crisis is behind us.

Value-creation opportunities have emerged during this crisis, and Ekinops is particularly well equipped to seize them. The traction generated by OTN, our virtualized offer, and the launch of SD-WAN products is undeniable and should amplify the effect of the recovery.

## 5. Information on risks and uncertainties for the next six months

There have been no notable changes in the risk factors presented in the universal registration document (URD) published by Ekinops and filed with the AMF on April 3, 2020, in terms of either their nature or their level. Despite the recovery of activity to its "normal" level since mid-June (with the exception of Brazil, India, and partially the United States), the COVID-19 pandemic situation is still evolving and unpredictable. The Group remains vigilant with regard to its development and is therefore maintaining its analysis as presented in chapter 1.6.1 of the 2019 URD.

## **6. Main related-party transactions**

During the interim period, there were no related-party transactions other than those in the ordinary course of business.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## I - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros)	Notes	June 30, 2020	December 31, 2019 <sup>1</sup>
Goodwill	6.1	28 382	28 689
Intangible assets	6.2	29 744	34 340
Tangible assets	6.3	2 414	2 582
Non-current financial assets	6.5	1 030	1 084
Rights of use	6.6	5 828	6 164
Other non-current assets	6.5	8 351	8 739
Deferred tax assets		2 116	2 293
<b>Total non-current assets</b>		<b>77 865</b>	<b>83 891</b>
Inventories	6.7	12 920	10 497
Trade receivables and related accounts	6.8	24 586	21 364
Derivatives in assets		20	
Other current assets	6.9	6 823	7 057
Cash and cash equivalents	6.10	47 933	32 588
<b>Total current assets</b>		<b>92 282</b>	<b>71 506</b>
<b>TOTAL ASSETS</b>		<b>170 147</b>	<b>155 397</b>
Issued capital	6.11	12 680	12 064
Share premiums		111 943	109 435
Consolidated reserves – Group share		(33 909)	(36 254)
Translation reserves		(2 929)	(390)
Profit (loss) for the period – Group share		920	1 583
<b>Shareholders' equity (Group share)</b>		<b>88 705</b>	<b>86 437</b>
<b>Total shareholders' equity</b>		<b>88 705</b>	<b>86 437</b>
Non-current financial debt	6.12	25 373	11 485
Non-current lease liabilities	6.6	4 454	4 907
Non-current provisions	6.15	765	765
Commitments to personnel	6.14	3 131	3 144
Other non-current liabilities		410	489
Deferred tax liabilities	7.7	4 731	5 139
<b>Total non-current liabilities</b>		<b>38 864</b>	<b>25 929</b>
Current financial debt	6.12	10 024	12 524
Current lease liabilities	6.6	1 613	1 571
Current provisions	6.15	1 085	1 253
Debts on acquisition of current securities	6.16	147	756
Derivative instrument liabilities	6.17	0	42
Trade payables and related accounts	6.17	15 134	13 831
Current tax payable	6.17	453	680
Other current liabilities	6.17	14 122	12 374
<b>Total current liabilities</b>		<b>42 578</b>	<b>43 031</b>
<b>TOTAL LIABILITIES</b>		<b>170 147</b>	<b>155 397</b>

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

<sup>1</sup> The Group finalized the Ekinops Brasil purchase price allocation as of June 30, 2020. Some items were affected by the retrospective impact of this purchase price allocation. The column "December 31, 2019" incorporates these impacts, which are detailed in Note 6.1 of this report.

## II - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	June 30, 2020	June 30, 2019 <sup>1</sup>
Revenue	7.1	45 783	45 017
Cost of sales		(20 909)	(20 120)
<b>Gross margin</b>		<b>24 874</b>	<b>24 897</b>
Research and development expenses	7.2	(10 787)	(8 910)
Sales and marketing expenses	7.2	(8 995)	(8 924)
General and administrative expenses	7.2	(4 039)	(4 499)
<b>Current operating profit (loss)</b>		<b>1 052</b>	<b>2 564</b>
Other operating income and expenses	7.5	178	(2 755)
<b>Operating profit (loss)</b>		<b>1 231</b>	<b>(192)</b>
Net borrowing cost	7.6	(94)	(100)
Other financial income and expenses	7.6	(152)	(205)
<b>Pre-tax profit (loss)</b>		<b>985</b>	<b>(497)</b>
Tax expense	7.7	(65)	(146)
<b>Net income for the period</b>		<b>920</b>	<b>(643)</b>
- attributable to owners of parent:	7.8	920	(643)
- attributable to non-controlling interests:		-	-
<b>Basic earnings per share (€/share):</b>	7.8	<b>0,04</b>	<b>(0,03)</b>
<b>Diluted earnings per share (€/share):</b>		<b>0,04</b>	<b>(0,03)</b>
<b>EBITDA</b>	7.9	<b>6 545</b>	<b>8 058</b>

## CONSOLIDATED OTHER COMPREHENSIVE INCOME

(In thousands of euros)	June 30, 2020	June 30, 2019 <sup>1</sup>
<b>Net income for the period</b>	<b>920</b>	<b>(643)</b>
<b>Components of comprehensive income recognized directly</b>	<b>(2 539)</b>	<b>17</b>
Currency translation adjustments, net of taxes	(2 539)	17
Currency translation adjustments	(2 539)	17
Tax effect	-	-
<b>Other components of comprehensive income:</b>	<b>75</b>	<b>(156)</b>
Actuarial gains and losses, net of taxes	30	(174)
Actuarial gains (losses) on commitments to personnel	42	(174)
Tax effect	(12)	-
Financial instruments, net of taxes	45	18
Change in fair value of hedging financial instruments	62	18
Tax effect	(17)	-
<b>Total other comprehensive income</b>	<b>(2 464)</b>	<b>(139)</b>
<b>Total comprehensive income</b>	<b>(1 544)</b>	<b>(782)</b>
- attributable to owners of parent:	(1 544)	(782)
- attributable to non-controlling interests:	-	-

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

<sup>1</sup> The consolidated statement of comprehensive income at June 30, 2019, was impacted by the retrospective adjustment of the valuation of the earnout relating to the acquisition of the OneAccess Group. The column "June 30, 2019" incorporates this impact, which is detailed in Note 7.5 of this report.

### III - CONSOLIDATED CHANGES IN 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
<b>At January 1, 2019 <sup>1</sup></b>	<b>21 529 161</b>	<b>10 765</b>	<b>103 163</b>	<b>(38 486)</b>	<b>317</b>	<b>75 759</b>	<b>-</b>	<b>75 759</b>
Net income for the period	-	-	-	(643)	-	(643)	-	(643)
Other comprehensive income	-	-	-	(156)	17	(139)	-	(139)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(799)</b>	<b>17</b>	<b>(782)</b>	<b>-</b>	<b>(782)</b>
Impact of first-time adoption of IFRS 16 (Simplified retroactive approach)	-	-	-	(281)	-	(281)	-	(281)
Treasury shares	-	-	-	(5)	-	(5)	-	(5)
Share-based payments	-	-	-	1 068	-	1 068	-	1 068
Exercised stock options	10 075	5	22	-	-	27	-	27
Capital increase	2 152 916	1 076	6 155	-	-	7 231	-	7 231
<b>At June 30, 2019 <sup>1</sup></b>	<b>23 692 152</b>	<b>11 846</b>	<b>109 340</b>	<b>(38 503)</b>	<b>334</b>	<b>83 017</b>	<b>-</b>	<b>83 017</b>
<b>At January 1, 2020 - reported<sup>2</sup></b>	<b>24 127 677</b>	<b>12 064</b>	<b>109 435</b>	<b>(34 630)</b>	<b>(391)</b>	<b>86 477</b>	<b>-</b>	<b>86 477</b>
Retrospective impacts of the finalization of the Ekinops Brasil purchase price allocation	-	-	-	(40)	-	(40)	-	(40)
<b>At January 1, 2020 restated<sup>2</sup></b>	<b>24 127 677</b>	<b>12 064</b>	<b>109 435</b>	<b>(34 670)</b>	<b>(391)</b>	<b>86 437</b>	<b>0</b>	<b>86 437</b>
Net income for the period	-	-	-	920	-	920	-	920
Other comprehensive income	-	-	-	75	(2 539)	(2 464)	-	(2 464)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995</b>	<b>(2 539)</b>	<b>(1 544)</b>	<b>-</b>	<b>(1 544)</b>
Treasury shares	-	-	-	-	-	0	-	-
Options exercised and bonus shares issued	1 233 142	616	2 525	(233)	-	2 908	-	2 908
Share-based payments	-	-	-	742	-	742	-	742
Other	-	-	(17)	177	-	161	-	161
<b>12 At June 30, 2020</b>	<b>25 360 819</b>	<b>12 680</b>	<b>111 943</b>	<b>(32 989)</b>	<b>(2 929)</b>	<b>88 704</b>	<b>-</b>	<b>88 705</b>

<sup>1</sup> The consolidated profit (loss) at June 30, 2019, was impacted by the retrospective adjustment of the valuation of the earnout relating to the acquisition of OneAccess Group, as detailed in Note 7.5 of this report

<sup>2</sup> The Group finalized the Ekinops Brasil purchase price allocation as of June 30, 2020. Some items were affected by the retrospective impact of this purchase price allocation, as detailed in Note 6.1 of this report.

#### IV - CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	June 30, 2020	June 30, 2019 <sup>1</sup>
<b>Net income for the period</b>		<b>920</b>	<b>(643)</b>
Elimination of amortization (excluding rights of use), depreciation, and provisions	7.4	3 933	3 546
Elimination of amortization of rights of use (IFRS 16)	6.6	818	880
Elimination of share-based payment expenses	6.11	742	1 068
Elimination of other non-cash items		15	21
<b>Cash flow after non-cash items</b>		<b>6 428</b>	<b>4 872</b>
Elimination of other non-operating items	6.15	-	363
Elimination of tax expense (income)	7.7	65	146
Neutralization of financial interest related to rent liabilities	6.6	72	96
Neutralization of borrowing costs disbursed	7.6	81	79
<b>Cash flow before taxes and net borrowing costs</b>		<b>6 646</b>	<b>5 556</b>
Impact of change in working capital requirements	6.18	(1 893)	(2 042)
Taxes paid		(480)	(400)
<b>Cash flows from operating activities</b>		<b>4 273</b>	<b>3 114</b>
Acquisition of tangible and intangible assets	6.4	(1 622)	(1 393)
Acquisition of securities	6.16	(609)	-
Change in loans, advances, and security deposits	6.5	41	(89)
Disposal of tangible and intangible assets		-	-
<b>Cash flows from investing activities</b>		<b>(2 190)</b>	<b>(1 482)</b>
Change in share capital and share premiums	6.6	2 894	7 258
Trading in treasury shares		-	(4)
Issue of new loans	6.12	14 041	8 357
Loan repayments	6.12	(2 657)	(1 238)
Financial interest paid	6.12	(78)	(79)
Repayment of rent liabilities	6.6	(826)	(892)
Financial interest related to rent liabilities	6.6	(74)	(96)
Change in other financial debt		156	(15)
<b>Cash flows from financing activities</b>		<b>13 456</b>	<b>13 291</b>
Impact of foreign exchange rate fluctuations	6.10	(194)	(5)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>15 345</b>	<b>14 918</b>
Opening cash and cash equivalents:		32 588	25 115
Closing cash and cash equivalents:		47 933	40 014

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

<sup>1</sup> The consolidated profit (loss) at June 30, 2019, was impacted by the retrospective adjustment of the valuation of the earnout relating to the acquisition of OneAccess Group, as detailed in Note 7.5 of this report.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1 – General information

Ekinops SA, registered at 3 Rue Blaise Pascal 22300 Lannion, France, is the consolidating entity of the Ekinops Group.

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);
- access solutions to offer a wide range of physical and virtualized deployment options for layers 2 and 3 (link and network).

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.

Ekinops SA is listed for trading on compartment C of the Euronext Paris market (ISIN code: FR0011466069, symbol: EKI).

The condensed interim consolidated financial statements at June 30, 2020, were examined by the Board of Directors of Ekinops on July 27, 2020.

The condensed interim consolidated financial statements reflect the accounting position of Ekinops SA and its subsidiaries.

The group's functional currency is the euro. Unless stated otherwise, the financial statements are presented in thousands of euros.

## NOTE 2 – Highlights of the first half of 2020

Over the first half of 2020, Ekinops generated consolidated revenue of €45.8 million, compared with €45.0 million over the first half of 2019.

The COVID-19 pandemic impacted on the Group's organization of work and limited visibility of its commercial activity, but the Group was able to maintain full operation and did not resort to partial work arrangements.

In addition, the Group 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.

No other significant events occurred during the interim period.

## NOTE 3 – Accounting policies

### 3.1 – Accounting principles

The Group's condensed consolidated financial statements for the six-month period ended June 30, 2020, were prepared in accordance with the provisions of IAS 34 on interim financial reporting and on the basis of IFRS and interpretations published by the International Accounting Standards Board (IASB) as adopted in the European Union and mandatory as of January 1, 2020.

In accordance with IAS 34, the purposes of the explanatory notes to these condensed financial statements are:

- to update the accounting and financial information contained in the latest consolidated financial statements reported as of December 31, 2019; and
- to include new accounting and financial information about significant events and transactions that occurred during the period.

These notes therefore discuss significant events and transactions that occurred in the first six months and should be read in conjunction with the consolidated financial statements at December 31, 2019. They are inseparable from the information presented in the consolidated financial statements included in the Group's Financial Report published for the 2019 financial year.

This document is available on the websites of the Group ([www.ekinops.com](http://www.ekinops.com)) and the AMF ([www.amf-france.org](http://www.amf-france.org)) and can be obtained from the Group at the address indicated above.

The accounting principles used for the preparation of the condensed interim consolidated financial statements comply with the IFRS and interpretations as adopted by the European Union and applicable as of June 30, 2020, which are available on the website of the European Commission.

<https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/>

These accounting principles are identical to those applied for the preparation of the 2019 annual consolidated financial statements.

**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 IAS 39, IFRS 7, and IFRS 9.....	Interest Rate Benchmark Reform

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

**STANDARDS, AMENDMENTS, AND INTERPRETATIONS APPLIED BEGINNING ON JUNE 1, 2020, NOT ADOPTED BY THE EUROPEAN UNION**

Amendment to IFRS 16.....	COVID-19-Related Rent Concessions
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**3.2 – Use of judgments and estimates**

In preparing these interim financial statements, management made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty in the estimates are identical to those described in the last annual financial statements.

**3.3 – Scope and methods of consolidation**

The changes in scope during the first half of 2020 were the following:

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

**NOTE 4 – Information on seasonality or cyclicity of business**

Revenue is generally characterized by low seasonality between the two six-month periods of the calendar year.

## NOTE 5 – Financial risk management

The risk factors are the same as those identified in the 2019 Registration Document.

## NOTE 6 – Notes to the consolidated statement of financial position

### 6.1 – 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
<b>Net value at 12.31.2018</b>	27 523	-	27 523
Acquisitions (Provisional goodwill)	-	1 115	1 115
Disposals	-	-	-
Impairment loss	-	-	-
Currency translation adjustment	-	(73)	(73)
<b>Net book value at 12.31.2019 – Reported</b>	27 523	1 042	28 565
Impact of the purchase price allocation	-	133	133
Currency translation adjustment	-	(9)	(9)
<b>Net value at 01.01.2019 - Restated</b>	27 523	1 166	28 689
Acquisitions	-	-	-
Disposals	-	-	-
Impairment loss	-	-	-
Currency translation adjustment	-	(308)	(308)
<b>Net value at 06.30.2020</b>	27 523	859	28 382

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.

<b>Purchase price (A)</b>	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)
<b>Fair value of net assets acquired (B)</b>	9 842
<b>Goodwill (A) – (B)</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:

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

As of the close of the first half of the year on June 30, 2020, the Group did not identify any evidence of impairment losses.

## 6.2 – Intangible assets

(In thousands of euros)	Developed technologies	Customer relations	Order book	Development costs	Ongoing development costs	Licenses and other intangible assets	Total intangible assets
<b>Gross value at December 31, 2019 – Reported</b>	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
<b>Gross value at December 31, 2019 – Restated</b>	32 578	8 997	1 021	7 104	432	4 445	54 577
Capitalization of development costs	-	-	-	954	210	-	1 164
Acquisitions	-	-	-	-	-	7	7
Reclassification/commissioning	-	-	-	77	-	(77)	0
Effect of foreign exchange rate fluctuations	(2 075)	-	-	(108)	-	(22)	(2 205)
<b>Gross value at June 30, 2020</b>	30 503	8 997	1 021	8 027	642	4 353	53 543
<b>Accumulated amortization at December 31, 2019 – Reported</b>	(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)
<b>Accumulated amortization at December 31, 2019 – Restated</b>	(9 362)	(2 025)	(1 021)	(3 548)	-	(4 281)	(20 237)
Allowance for the period	(2 513)	(450)	-	(654)	-	(13)	(3 629)
Effect of foreign exchange rate fluctuations	65	-	-	-	-	2	67
<b>Accumulated depreciation at June 30, 2020</b>	(11 810)	(2 475)	(1 021)	(4 202)	-	(4 292)	(23 799)
<b>Net value at December 31, 2019</b>	23 216	6 972	0	3 556	432	164	34 340
<b>Net value at June 30, 2020</b>	18 694	6 523	0	3 825	642	61	29 744

## 6.3 – Tangible assets

(In thousands of euros)	Plant and machinery	Office furniture and equipment, computer hardware	Tangible assets in progress	Total tangible assets
<b>Gross value at December 31, 2019</b>	12 313	6 423	-	18 736
Acquisition	154	307	-	461
Disposal	-	-	-	-
Impact of foreign exchange rate fluctuations	(133)	(35)	-	(168)
<b>Gross value at June 30, 2020</b>	12 334	6 696	-	19 030
<b>Accumulated depreciation at December 31, 2019</b>	(10 512)	(5 642)	-	(16 154)
Allowance for the period	(385)	(162)	-	(547)
Decrease	-	-	-	-
Disposal	-	-	-	-
Impact of foreign exchange rate fluctuations	57	28	-	85
<b>Accumulated depreciation at June 30, 2020</b>	(10 840)	(5 776)	-	(16 616)
<b>Net value at December 31, 2019</b>	1 801	781	-	2 582
<b>Net value at June 30, 2020</b>	1 494	920	-	2 414

## 6.4 – Reconciliation of investments with the statement of cash flows

(In thousands of euros)	June 30, 2020	June 30, 2019
Acquisition of intangible assets	(1 172)	(958)
Acquisition of tangible assets	(461)	(432)
Change in fixed asset supplier debts	11	(2)
<b>Total</b>	<b>(1 622)</b>	<b>(1 393)</b>

## 6.5 – Financial assets

(In thousands of euros)	Security deposit	Other	Non-current financial assets	Non-current share of CIR receivables	Other non-current assets
<b>Gross value at December 31, 2019</b>	737	347	1 084	8 739	8 739
Increase	1	22	23	594	594
Decrease	(64)		(64)	(983)	(983)
Currency fluctuations	(4)	(9)	(13)		0
<b>Gross value at June 30, 2020</b>	670	360	1 030	8 351	8 351
<b>Accumulated impairment losses at December 31, 2019</b>	-	-	-	-	-
Allowances for the period	-	-	-	-	-
<b>Accumulated impairment losses at June 30, 2020</b>	-	-	-	-	-
<b>Net value at December 31, 2019</b>	737	347	1 084	8 739	8 739
<b>Net value at June 30, 2020</b>	670	360	1 030	8 351	8 351

## 6.6 – Rights of use and lease liabilities

### 6.6.1 – Rights of use

(In thousands of euros)	December 31, 2019	New contracts and change over period	Amortization/Depreciation	Translation adjustments	June 30, 2020
Rights of use – Technical equipment	391	1	(59)	-	333
Rights of use – Computer & office equipment	-	-	-	-	-
Rights of use – Buildings	4 930	430	(593)	(21)	4 746
Rights of use – Vehicles	843	72	(165)	-	749
<b>Net value of rights of use</b>	<b>6 164</b>	<b>503</b>	<b>(817)</b>	<b>(21)</b>	<b>5 828</b>

### 6.6.2 – Lease liabilities

(In thousands of euros)	December 31, 2019	New contracts and change over period	Reclassification	Rent liability repayments	Translation adjustments	June 30, 2020
Lease liability – Technical equipment	244	26	(63)	-	-	207
Lease liability – Computer & office equipment	-	-	-	-	-	-
Lease liability – Buildings	4 130	291	(602)	-	(15)	3 805
Lease liability – Vehicles	533	73	(164)	-	-	442
<b>Total Non-current</b>	<b>4 907</b>	<b>390</b>	<b>(829)</b>	<b>0</b>	<b>(15)</b>	<b>4 454</b>
Lease liability – Technical equipment	133	(3)	63	(63)	-	130
Lease liability – Computer & office equipment	-	-	-	-	-	-
Lease liability – Buildings	1 121	76	602	(602)	(10)	1 187
Lease liability – Vehicles	317	(21)	164	(164)	-	296
<b>Total Current</b>	<b>1 571</b>	<b>52</b>	<b>829</b>	<b>(829)</b>	<b>(10)</b>	<b>1 613</b>
<b>Total</b>	<b>6 478</b>	<b>442</b>	<b>-</b>	<b>(829)</b>	<b>(25)</b>	<b>6 067</b>

## 6.7 – 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	June 30, 2020
Inventories of components	5 924	127				6 051
Finished product inventories	5 390	2 222			(34)	7 578
<b>Gross values</b>	<b>11 314</b>	<b>2 349</b>	<b>0</b>	<b>0</b>	<b>(34)</b>	<b>13 629</b>
Impairment losses – Components	(653)		(24)	159		(518)
Impairment losses – Finished products	(164)		(27)			(191)
<b>Accumulated impairment losses</b>	<b>(817)</b>	<b>0</b>	<b>(51)</b>	<b>159</b>	<b>0</b>	<b>(709)</b>
<b>Net value of inventories</b>	<b>10 497</b>	<b>2 349</b>	<b>(51)</b>	<b>159</b>	<b>(34)</b>	<b>12 920</b>

## 6.8 – Trade receivables and related accounts

(In thousands of euros)	December 31, 2019	Change	Impact of foreign exchange rate fluctuations	June 30, 2020
Trade receivables and related accounts	22 474	3 140	(38)	25 576
Accumulated impairment losses	(1 110)	120		(990)
<b>Net value</b>	<b>21 364</b>	<b>3 260</b>	<b>(38)</b>	<b>24 586</b>

The amount of receivables under financing corresponding to factoring contracts without transfer of risk and therefore included in trade receivables was €7.6 million at June 30, 2020.

## 6.9 – Other current assets

(In thousands of euros)	December 31, 2019	Change	Reclassifications and other changes	June 30, 2020
Corporate tax, CVAE receivable	408	(43)	(16)	349
Tax credits (CIR, CII, CICE)	2 261	(167)		2 094
Other taxes and social security receivable	3 483	102	(52)	3 533
Prepaid expenses	730	82	(1)	811
Other	283	(128)	(11)	144
<b>Gross values</b>	<b>7 165</b>	<b>(154)</b>	<b>(80)</b>	<b>6 931</b>
Accumulated impairment losses	(108)			(108)
<b>Net values</b>	<b>7 057</b>	<b>(154)</b>	<b>(80)</b>	<b>6 823</b>

## 6.10 – Cash and cash equivalents

(In thousands of euros)	December 31, 2019	Change	Impact of foreign exchange rate fluctuations	June 30, 2020
Cash	32 588	15 508	(163)	47 933
Cash equivalents	-	-	-	-
<b>Cash and cash equivalents</b>	<b>32 588</b>	<b>15 508</b>	<b>(163)</b>	<b>47 933</b>
Bank overdraft facilities	-	-	-	-
<b>Total net cash position</b>	<b>32 588</b>	<b>15 508</b>	<b>(163)</b>	<b>47 933</b>

## 6.11 – Capital

### 6.11.1 - Issued capital

As of June 30, 2020, the capital consisted of 25,360,819 fully paid-up common shares with a nominal unit value of €0.50.

Date	Type of operation	Capital	Number of shares created	Nominal value
<b>At December 31, 2018</b>		<b>10 764 581 €</b>	<b>21 529 161</b>	<b>0,50 €</b>
June 11, 2019	Capital increase by private placement	1 076 458 €	2 152 916	0,50 €
1st half 2019	Capital increase following exercise of options	5 038 €	10 075	0,50 €
July 16, 2019	Share issues - Exercise of share subscription warrants	201 736 €	403 471	0,50 €
December 2019	Capital increase following exercise of options	16 027 €	32 054	0,50 €
<b>At December 31, 2019</b>		<b>12 063 839 €</b>	<b>24 127 677</b>	<b>0,50 €</b>
June 13, 2019	Issue of bonus shares	232 782 €	465 563	0,50 €
1st half 2019	Capital increase following exercise of options	383 790 €	767 579	0,50 €
<b>At June 30, 2020</b>		<b>12 680 410 €</b>	<b>25 360 819</b>	<b>0,50 €</b>

## 6.11.2 – Share subscription warrants and stock options

### 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	Adjusted strike price (in €)	Remaining contractual life
15 septembre 2011	1 550	-	-	-	1 550	3,80 €	1,2 ans
25 février 2013	3 100	-	-	-	3 100	4,31 €	2,7 ans
19 juin 2014	210 800	-	-	-	210 800	5,07 €	4,0 ans
19 mai 2016	57 320	-	(6 975)	-	50 345	2,65 €	5,9 ans
29 juillet 2019	150 000	-	-	-	150 000	3,66 €	9,1 ans
<b>Total stock options (OSA)</b>	<b>422 770</b>	<b>-</b>	<b>(6 975)</b>	<b>-</b>	<b>415 795</b>	<b>N/A</b>	<b>N/A</b>

### 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	Adjusted strike price (in €)	Remaining contractual life
28 septembre 2007	31 000	-	-	-	31 000	4,83 €	0,4 ans
<b>Total Share Subscription Warrants (BSA)</b>	<b>31 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 000</b>	<b>N/A</b>	<b>N/A</b>

### 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	Adjusted strike price (in €)	Remaining contractual life
22 juin 2010	742 479	-	(739 453)	(3 026)	-	3,80 €	-
21 octobre 2010	36 062	-	(11 169)	-	24 893	3,80 €	0,3 ans
12 mai 2011	59 474	-	(9 982)	-	49 492	3,80 €	0,9 ans
20 décembre 2012	63 206	-	-	-	63 206	3,80 €	0,9 ans
25 février 2013	333 250	-	-	-	333 250	4,31 €	2,7 ans
<b>Total startup warrants (BCE)</b>	<b>1 234 471</b>	<b>-</b>	<b>(760 604)</b>	<b>(3 026)</b>	<b>470 841</b>	<b>N/A</b>	<b>N/A</b>

### d) Bonus shares awarded (AGA)

	Starting new potential shares	Awarded during the period	Vested during the period	Canceled or lapsed during the period	Ending new potential shares
13 juin 2018	1 005 000	-	(465 563)	-	539 437
16 juillet 2019	103 782	-	-	-	103 782
<b>Total bonus shares awarded (AGA)</b>	<b>1 108 782</b>	<b>-</b>	<b>(465 563)</b>	<b>-</b>	<b>643 219</b>

## 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 06.30.2020 (In €K)	Expense recognized at 06.30.2019 (In €K)
OSA	422 770	-	(6 975)	-	415 795	(87)	-
Share subscription warrants (BSA)	31 000	-	-	-	31 000	-	-
Startup warrants (BCE)	1 234 471	-	(760 604)	(3 026)	470 841	-	-
AGA	1 108 782	-	(465 563)	-	643 219	(655)	(1 068)
<b>GRAND TOTAL</b>	<b>2 797 023</b>	<b>-</b>	<b>(1 233 142)</b>	<b>(3 026)</b>	<b>1 560 855</b>	<b>(742)</b>	<b>(1 068)</b>

## 6.12 – Financial debt

### a) Change in financial debt

(In thousands of euros)	December 31, 2019	Increases	Repayments	(Discounting) / Undiscounting	Other changes	Currency translation adjustment	June 30, 2020
Bank loans	6 770	14 041	-	-	(151)	(11)	20 649
Bank loans/CIR financing	3 688	-	-	-	-	-	3 688
Finance lease debts	-	-	-	-	-	-	-
Conditional advances and interest-free loans	975	-	-	-	-	-	975
Discounting of advances and interest-free loans	(19)	-	-	9	-	-	(10)
Miscellaneous financial debt	71	-	-	-	-	-	71
<b>Total non-current financial debt</b>	<b>11 485</b>	<b>14 041</b>	<b>-</b>	<b>-</b>	<b>(152)</b>	<b>(12)</b>	<b>25 373</b>
Bank loans	2 993	-	(531)	-	151	-	2 613
Bank loans/CIR financing	1 651	-	(1 651)	-	-	-	0
Finance lease debts	-	-	-	-	-	-	-
Conditional advances and interest-free loans	618	-	-	-	-	-	618
Discounting of advances and interest-free loans	(26)	-	-	6	-	-	(20)
Factoring debt	6 684	14 928	(15 349)	-	-	-	6 263
Miscellaneous financial debt	604	-	(54)	-	-	-	550
<b>Total current financial debt</b>	<b>12 524</b>	<b>14 928</b>	<b>(17 585)</b>	<b>6</b>	<b>151</b>	<b>-</b>	<b>10 024</b>
<b>Total financial debt</b>	<b>24 009</b>	<b>28 969</b>	<b>(17 585)</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>35 397</b>

The increase in bank loans is mainly due to a €12 million government-backed loan.

### b) Breakdown of financial debt by interest rate

(In thousands of euros)	June 30, 2020	Fixed Rate	Variable Rate
Non-current financial debt	25 373	21 685	3 688
Current financial debt	10 024	3 761	6 263
<b>Total financial debt</b>	<b>35 397</b>	<b>25 446</b>	<b>9 951</b>

## 6.13 – Information on financial debt

### a) Breakdown of debt by currency

(In thousands of euros)	June 30, 2020	EUR	USD	AUD	Other currencies
Bank loans	23 262	22 721	541	-	-
Bank loans/CIR financing	3 688	3 688	-	-	-
Conditional advances and interest-free loans	1 593	1 593	-	-	-
Discounting of advances and interest-free loans	(30)	(30)	-	-	-
Factoring debt	6 263	6 263	-	-	-
Miscellaneous financial debt	621	621	-	-	-
<b>Financial debt</b>	<b>35 397</b>	<b>34 856</b>	<b>541</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents	(47 933)	(40 459)	(6 053)	(1 207)	(214)
<b>Net debt / (Cash and cash equivalents)</b>	<b>(12 536)</b>	<b>(5 603)</b>	<b>(5 512)</b>	<b>(1 207)</b>	<b>(214)</b>

### b) Breakdown of debt by maturity

(In thousands of euros)	June 30, 2020	< 1 year	1–2 years	2-3 years	3–4 years	4-5 years	> 5 years
Bank loans	23 262	2 613	3 520	5 505	3 300	2 850	5 474
Bank loans/CIR financing *	3 688	-	1 473	2 215	-	-	-
Conditional advances and interest-free loans	1 593	618	581	394	-	-	-
Discounting of advances and interest-free loans	(30)	(20)	(9)	(1)	-	-	-
Factoring debt	6 263	6 263	-	-	-	-	-
Miscellaneous financial debt	621	550	71	-	-	-	-
<b>Financial debt</b>	<b>35 397</b>	<b>10 024</b>	<b>5 636</b>	<b>8 113</b>	<b>3 300</b>	<b>2 850</b>	<b>5 474</b>
Cash and cash equivalents	(47 933)	(47 933)	-	-	-	-	-
<b>Net debt / (Cash and cash equivalents)</b>	<b>(12 536)</b>	<b>(37 909)</b>	<b>5 636</b>	<b>8 113</b>	<b>3 300</b>	<b>2 850</b>	<b>5 474</b>

## 6.14 – Commitments to personnel

### a) Change in net commitment recognized on the balance sheet

(In thousands of euros)	June 30, 2020	December 31, 2019
<b>Starting actuarial debt</b>	<b>3 144</b>	<b>2 496</b>
Cost of services rendered	130	230
Use (retirement)	(97)	(157)
Financial cost	11	36
Actuarial losses (gains)	(43)	536
Effect of foreign exchange rate fluctuations	(14)	3
<b>Ending actuarial debt</b>	<b>3 131</b>	<b>3 144</b>

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

All actuarial gains or losses are recognized in shareholders' equity. The cost of services rendered is recorded in operating expenses, 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	June 30, 2020	December 31, 2019
Retirement age	65 years	65 years
Discount rate	0,76%	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	15,00%	15,00%
40 - 45 years	2.0% - 10%	2.0% - 10%
45 - 50 years	2,00%	2,00%
50 - 55 years	2,00%	2,00%
> 55 years	0,00%	0,00%
Mortality table	TGHF05	TGHF05

### 6.15 – Provisions

(In thousands of euros)	December 31, 2019	Allowances	Writeback used	Writeback not used	June 30, 2020
Provisions for disputes	500	-	-	-	500
Provisions for social and tax risks	265	-	-	-	265
<b>Provisions for liabilities and charges – Non-current portion</b>	<b>765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>765</b>
Provision for warranty	775	34	(22)	-	787
Provision for disputes	380	-	(180)	-	200
Provision for tax and social risks	98	-	-	-	98
<b>Provisions for liabilities and charges – Current portion</b>	<b>1 253</b>	<b>34</b>	<b>(202)</b>	<b>-</b>	<b>1 085</b>
<b>Total provisions for liabilities and charges</b>	<b>2 018</b>	<b>34</b>	<b>(202)</b>	<b>-</b>	<b>1 850</b>

### 6.16 – Debts on acquisition of securities

(In thousands of euros)	December 31, 2019	Change	June 30, 2020
Debt relating to share buyback commitments	756	(609)	147
<b>Total debts on acquisition of securities</b>	<b>756</b>	<b>-</b>	<b>147</b>

### 6.17 – Other current liabilities

(In thousands of euros)	December 31, 2019	Change	Reclassifications and other changes	June 30, 2020
Forward exchange purchases	42	-	(42)	-
<b>Derivative instrument liabilities</b>	<b>42</b>	<b>-</b>	<b>(42)</b>	<b>-</b>
Trade payables	13 831	1 433	(130)	15 134
<b>Trade payables</b>	<b>13 831</b>	<b>1 433</b>	<b>(130)</b>	<b>15 134</b>
Corporate taxes payable	680	(210)	(17)	453
<b>Corporate taxes payable</b>	<b>680</b>	<b>(210)</b>	<b>(17)</b>	<b>453</b>
Debts on acquisitions of tangible and intangible assets.	27	11	-	38
Taxes and social security contributions payable	10 969	1 654	(108)	12 515
Deferred income	1 295	208	(3)	1 500
Customer advances and credit balances	83	(13)	(1)	69
Other	-	-	-	0
<b>Total other current liabilities</b>	<b>12 374</b>	<b>1 860</b>	<b>(112)</b>	<b>14 122</b>

## 6.18 – Change in working capital requirement

(In thousands of euros)	June 30, 2020	June 30, 2019
Net (Increase) / Decrease in inventories	(2 457)	2 045
Net (Increase) / Decrease in trade receivables	(3 140)	(1 349)
Increase (Decrease) in trade payables	1 303	486
Net (Increase) / Decrease in other elements of the working capital requirement n	2 401	(3 224)
<b>(Increase) / Decrease in working capital requirement</b>	<b>(1 893)</b>	<b>(2 042)</b>

The decrease in other elements of WCR related to operations is mainly explained by the various deferments of taxes and social security contributions available to the Group under COVID-19 government programs.

## NOTE 7 – Notes to the income statement

### 7.1 – Income from ordinary activities

#### a) By type

(In thousands of euros)	June 30, 2020	June 30, 2019
Sales of produced goods	42 726	42 911
Sales of produced services	3 058	2 105
<b>Total revenue</b>	<b>45 783</b>	<b>45 017</b>

#### b) By geographic region

(In thousands of euros)	June 30, 2020	June 30, 2019
North and South America	7 544	6 600
Europe / Middle East / Africa / Asia-Pacific	38 240	38 417
<b>Total revenue</b>	<b>45 783</b>	<b>45 017</b>

### 7.2 – Details of expenditure allocated by function

#### a) Details of research and development costs

(In thousands of euros)	June 30, 2020	June 30, 2019
Payroll expenses	(10 499)	(9 084)
Allowances for amortization/depreciation and provisions	(4 222)	(3 599)
Outside personnel	(865)	(705)
Equipment and property rentals and rental charges	(89)	(78)
Supplies, equipment, maintenance	(718)	(625)
Tax credit	1 707	1 520
Subsidies	379	676
Capitalization of development costs	1 164	931
Allocation of manufacturing costs to costs of sales	2 722	2 456
Other	(366)	(402)
<b>Total research and development costs</b>	<b>(10 787)</b>	<b>(8 910)</b>

#### b) Details of sales and marketing expenses

(In thousands of euros)	June 30, 2020	June 30, 2019
Payroll expenses	(6 986)	(6 297)
Outside personnel	(433)	(639)
Business travel and trips	(307)	(511)
Professional fees and consulting	(376)	(368)
Equipment and property rentals and rental charges	(33)	(41)
Supplies, equipment, maintenance	(193)	(188)
Shows	(157)	(285)
Allowances for amortization/depreciation and provisions	(413)	(489)
Other	(96)	(106)
<b>Total marketing and sales expenses</b>	<b>(8 995)</b>	<b>(8 924)</b>

### c) Details of general and administrative expenses

(In thousands of euros)	June 30, 2020	June 30, 2019
Payroll expenses	(2 068)	(1 862)
Payment in shares	(742)	(1 068)
Professional fees and consulting	(489)	(705)
Outside personnel	(17)	(34)
Supplies, equipment, maintenance	(289)	(232)
Insurance	(92)	(110)
Bank charges	(70)	(69)
Equipment and property rentals and rental charges	(9)	(11)
Allowances for amortization/depreciation and provisions	(79)	(178)
Other expenses and income	(184)	(231)
<b>Total general and administrative expenses</b>	<b>(4 039)</b>	<b>(4 499)</b>

## 7.3 – Breakdown of personnel costs and headcount

### a) Breakdown of personnel costs by function

(In thousands of euros)	June 30, 2020	June 30, 2019
Total research and development costs	(10 499)	(9 084)
Total marketing and sales expenses	(6 986)	(6 297)
Total general and administrative expenses	(2 780)	(2 930)
<b>Total payroll expenses</b>	<b>(20 265)</b>	<b>(18 311)</b>

### b) Breakdown of personnel expenses by type

(In thousands of euros)	June 30, 2020	June 30, 2019
Salaries and wages	(14 279)	(12 810)
Social security contributions and payroll taxes	(5 114)	(4 291)
Cost of services rendered	(129)	(142)
Payment in shares	(742)	(1 068)
<b>Total payroll expenses</b>	<b>(20 265)</b>	<b>(18 311)</b>

### c) Headcount

(In units)	June 30, 2020	June 30, 2019
Employees	419	384
External and subcontractors	33	32
<b>Total headcount</b>	<b>452</b>	<b>416</b>

## 7.4 – Allowances for amortization/depreciation and provisions

(In thousands of euros)	June 30, 2020	June 30, 2019
Allowances for amortization – Intangible assets	(667)	(530)
Allowances for amortization – Developed technologies and Customer relations	(2 962)	(2 510)
Allowances for depreciation – Tangible assets	(547)	(443)
Allowances for amortization – Rights of use	(818)	(880)
Net allowance for provisions for liabilities and charges of the "Current operating profit (loss)"	288	97
Cost of services rendered and effect of IAS 19 discounting	(44)	(160)
<b>Subtotal (EBITDA)</b>	<b>(4 750)</b>	<b>(4 426)</b>
Net allowance for provisions for liabilities and charges of "Other operating income and expenses"	-	-
<b>Subtotal (SCF)</b>	<b>(4 750)</b>	<b>(4 426)</b>
Net allowance for writebacks of provisions on inventories	108	(187)
Net allowance for writebacks of provisions on other current assets	-	-
<b>Total</b>	<b>(4 642)</b>	<b>(4 613)</b>

## 7.5 – Other operating income and expenses

(In thousands of euros)	June 30, 2020	June 30, 2019 <sup>1</sup>
Professional fees and consulting	-	(2 392)
OneAccess - earnout - restated <sup>1</sup>	-	(363)
Other	178	-
<b>Total</b>	<b>178</b>	<b>(2 755)</b>

(1) The contract to acquire OneAccess shares provided for an earn-out in the amount determined with reference to the consolidated revenue generated by all "access" products and services over twelve months for the 2017 and 2018 financial years. This earn-out, payable half in cash and half in new Ekinops shares deliverable in the second half of 2019.

### Retrospective correction of the earn-out liability payable in new shares

The earn-out payable in new Ekinops shares had been determined on the basis of two calculation components:

- The amount of the earnout resulting from the economic performance of OneAccess and the calculation rules defined between the parties: €2,477 K,
- An Ekinops share value agreed between the parties when Ekinops acquired OneAccess: €6.144.

The Group had therefore determined that the number of new shares to be issued was 403,471 and recognized a debt of €2,477 K.

However, pursuant to IFRS 13, the Group should have assessed the fair value of this debt in view of the Ekinops share price: €3.56 as of June 30, 2019.

The Group therefore made a retrospective correction to its consolidated financial statements:

Period ended	December 31, 2018	June 30, 2019
Number of shares to be issued	6,14	6,14
Valuation used by the Group	403 471	403 471
<b>Amount of debt - reported (€K)</b>	<b>2 477</b>	<b>2 477</b>
Ekinops share price at closing date	2,66	3,56
<b>Amount of debt - adjusted (€K)</b>	<b>1 073</b>	<b>1 436</b>
<b>Impact - Other operating income and expenses</b>	<b>1 404</b>	<b>(363)</b>

As of June 30, 2020, the offsetting entry for this adjustment was booked in "other operating income and expenses" for - €363 K.

## 7.6 – Net borrowing cost and other financial income and expenses

### a) Net borrowing cost

(In thousands of euros)	June 30, 2020	June 30, 2019
Interest expenses	(79)	(58)
Effect of undiscouinting	(15)	(21)
<b>Net borrowing cost</b>	<b>(94)</b>	<b>(100)</b>

### b) Other financial income and expenses

(In thousands of euros)	June 30, 2020	June 30, 2019
Currency gains (losses)	(69)	(128)
Other financial income and expenses	(83)	(77)
<b>Other financial income and expenses</b>	<b>(152)</b>	<b>(205)</b>

## 7.7 – Tax expense

(In thousands of euros)	June 30, 2020	June 30, 2019
Current income taxes	(313)	(429)
Change in deferred taxes	248	283
<b>Tax expense</b>	<b>(65)</b>	<b>(146)</b>

## 7.8 – Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to Ekinops SA shareholders by the weighted average number of common shares outstanding during the period.

In thousands of euros / In units	June 30, 2020	June 30, 2019 <sup>1</sup>
Net income attributable to Ekinops SA shareholders	920	(643)
Weighted average number of outstanding shares:	24 901 564	21 751 919
- Weighted average number of common shares	24 906 932	21 758 219
- Weighted average number of treasury shares	(5 368)	(6 300)
<b>Basic earnings per share (€/share)</b>	<b>0,04</b>	<b>(0,03)</b>

## 7.9 – EBITDA<sup>1</sup>

The Group has opted to report on this aggregate, given its significance in analyzing its financial performance.

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	1st half 2020	FY 2019	2nd half 2019	1st half 2019
<b>Current operating profit (loss)</b>	<b>1 052</b>	<b>4 558</b>	<b>1 995</b>	<b>2 564</b>
Depreciation, amortization, and provisions	1 788	3 576	1 660	1 916
Amortization of Developed technologies and Customer relations	2 962	5 020	2 510	2 510
Payment in shares	742	1 800	732	1 068
<b>EBITDA</b>	<b>6 544</b>	<b>14 954</b>	<b>6 897</b>	<b>8 058</b>

## NOTE 8 – Segment information

The Group is managed on the basis of a single sector and does not distinguish between autonomous operational segments. The segment result of reference is the current operating profit (loss).

However, the Group monitors revenue between its two main business regions:

- Europe/Middle East/Africa/Asia Pacific; and
- North and South America.

This information is presented in Note 7.1.

## NOTE 9 – Off-balance sheet commitments

### 9.1 – Other commitments

The Group outsources the manufacturing of its equipment to its industrial 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 is estimated at €11.2 million as of 06/30/2020.

### 9.2 – Financial guarantee

None

<sup>1</sup> Earnings Before Interest, Taxes, Depreciation and Amortization

## **NOTE 10 – Main related-party transactions**

During the interim period, there were no substantial changes to recorded related-party transactions, compared with those in the financial statements for the 2019 financial year, likely to interfere with the analysis of the 2020 interim financial statements.

## **NOTE 11 – Events after the end of the interim period**

No significant events occurred after the end of the interim period.

# REPORT BY THE STATUTORY AUDITORS ON THE INTERIM FINANCIAL INFORMATION

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<b>Altonéo Audit</b>	<b>Deloitte &amp; Associés</b>
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Member of the Compagnie	Member of the Compagnie
régionale d'Angers	régionale de Versailles

## EKINOPS

Société Anonyme (public limited company)  
3, rue Blaise Pascal  
22300 Lannion, France

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### Statutory Auditors' Report

#### on the Interim Financial Information

Period from January 1 to June 30, 2020

To the shareholders of EKINOPS

Pursuant to the assignment entrusted to us by your general meetings and in application of Article L. 451-1-2 III of the French monetary and financial code, we carried out the following tasks:

- performed a limited review of the company's condensed consolidated interim financial statements for the period from January 1 to June 30, 2020, as appended to this report;
- checked the information provided in the interim business report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on July 27, 2020, on the basis of the information available as of that date in the evolving circumstances of the COVID-19 crisis and difficulties in understanding its implications and prospects. Our role is to express our conclusion on these financial statements based on our limited review.

#### I- Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review mainly consists of meeting with members of the management team responsible for accounting and financial issues and implementing analytical procedures. This work is less extensive than what is required for an audit performed in accordance with the professional standards applicable in France. As a result, the assurance obtained through a limited review that the financial statements, taken as a whole, do not include any material misstatements is a moderate assurance, which is not as certain as the assurance obtained from an audit.

On the basis of our limited review, we did not discover any material misstatements likely call into question the compliance of the condensed interim consolidated financial statements with IAS 34, a standard within the IFRS as adopted in the European Union relating to interim financial reporting.

## **II- Specific verification**

We also verified the information provided in the interim activity report established on July 27, 2020, commenting on the condensed interim consolidated financial statements that were the subject of our limited review. We have no comments to make on the fair presentation of that information or on its consistency with the condensed interim consolidated financial statements.

Angers and Paris-La Défense, July 29, 2020

The Statutory Auditors

**Altonéo Audit**

Julien Malcoste

**Deloitte & Associés**

Thierry Billac