2020 CONSOLIDATED FINANCIAL STATEMENTS

Linedata

CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes	31/12/2019	31/12/2020
Revenue	***5.1***	**169 653**	**161 013**
Purchases and external expenses	*5.6*	(35 361)	(29 655)
Taxes and duties		(3 010)	(2 846)
Employee expenses	*6.2*	(82 659)	(78 160)
Other recurring operating income and expenses	*5.7*	(1 449)	(1 241)
Depreciation, amortization, impairment and provisions		(16 503)	(15 642)
Recurring operating profit		**30 671**	**33 469**
As % of revenue		**18.1%**	**20.8%**
Other operating income and expenses	*5.8*	(898)	(847)
Operating profit		**29 773**	**32 622**
As % of revenue		**17.5%**	**20.3%**
Net borrowing costs	*9.2.1*	(2 265)	(2 109)
Other financial income	*9.2.2*	1 589	480
Other financial expenses	*9.2.2*	(2 103)	(3 637)
Income tax	*10.1*	(9 535)	(7 101)
Profit from continuing operations		**17 461**	**20 256**
Profit from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**17 461**	**20 256**
As % of revenue		**10.3%**	**12.6%**
Attributable to non-controlling interests		(349)	-
Attributable to owners of the Company		17 810	20 256

EARNINGS PER SHARE (in euros)			
Basic earnings per share	*11.2*	2.69	3.09
Diluted earnings per share	*11.2*	2.69	3.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	31/12/2019	31/12/2020
Consolidated profit for the year	**17 461**	**20 256**
Currency translation adjustments	2 837	(8 271)
Change in derivative financial instruments	(5)	37
Of which tax effects	*2*	*(18)*
Items that may be subsequently reclassified to profit or loss	**2 832**	**(8 234)**
Actuarial gains and losses on retirement benefit obligations	(408)	22
Of which tax effects	*131*	*(9)*
Items that will not be subsequently reclassified to profit or loss	**(408)**	**22**
Total other comprehensive income (loss) for the year, net of tax	**2 424**	**(8 212)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**19 885**	**12 044**

Translation reserves include translation differences between the operating currencies of Group entities and the reporting currency and the effects of hedges of net investments in foreign operations. Movements are recognised in “Other comprehensive income”. These translation reserves are also impacted by the sale of foreign operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	31/12/2019	31/12/2020
Goodwill	*7.1*	159 565	151 171
Intangible assets	*7.2*	26 543	26 191
Right of use IFRS 16	*7.3*	12 762	15 796
Property, plant and equipment	*7.4*	22 764	21 586
Non-current financial assets		1 239	1 176
Other non-current assets		488	423
Deferred tax assets	*10.2*	2 784	3 300
Non-current assets		**226 145**	**219 643**
Trade and other receivables	*5.3*	48 570	43 458
Tax receivables		1 419	4 311
Cash and cash equivalents	*9.1.2*	17 178	30 180
Current assets		**67 167**	**77 949**
TOTAL ASSETS		**293 315**	**297 592**

EQUITY AND LIABILITIES (in € thousands)	Notes	31/12/2019	31/12/2020
Capital stock		6 626	6 626
Reserves		94 334	94 576
Profit for the year		17 810	20 256
Equity attributable to owners of the Company		**118 770**	**121 458**
Non-controlling interests		**(216)**	**-**
TOTAL EQUITY	***11***	**118 554**	**121 458**
Provisions for retirement and other post-employment benefits	*6.3*	8 216	8 371
Non-current provisions	*8.1*	24	39
Non-current loans and other financial liabilities	*9.1.1*	72 643	75 130
Non-current rent debts IFRS 16		9 166	13 308
Deferred tax liabilities	*10.2*	10 744	12 361
Other non-current liabilities		124	777
Non-current liabilities		**100 917**	**109 986**
Current provisions	*8.1*	303	303
Current loans and other financial liabilities	*9.1.1*	21 312	22 196
current rent debts IFRS 16		3 924	3 676
Current operating liabilities	*5.4*	45 042	37 124
Current tax liabilities		3 262	2 849
Current liabilities		**73 843**	**66 148**
TOTAL EQUITY AND LIABILITIES		**293 315**	**297 592**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Number of shares	Capital stock	Additional paid-in capital	Consolidated reserves	Treasury stock	Other comprehensive income (loss)	Profit for the year	Total Equity Group share	Minority share	Total Equity
As of 12/31/2018	**7 294 029**	**7 134**	**31 265**	**82 781**	**(14 088)**	**(13 714)**	**19 653**	**113 031**	**-**	**113 031**
Appropriation of profit for the year	-	-	-	19 653	-	-	(19 653)	**-**	-	**-**
Profit for the year	-	-	-	-	-	-	17 810	**17 810**	(349)	**17 461**
Capital stock transactions	-	(508)	(17 277)	-	17 785	-	-	**-**	-	**-**
Treasury stock transactions	-	-	-	-	(5 246)	-	-	**(5 246)**	-	**(5 246)**
Share-based payments	-	-	-	(1 431)	1 367	-	-	**(64)**	-	**(64)**
Dividends paid	-	-	-	(9 033)	-	-	-	**(9 033)**	-	**(9 033)**
Other comprehensive income (loss)	-	-	-	-	-	(408)	-	**(408)**	-	**(408)**
Foreign currency translation adjustm	-	-	-	-	-	2 832	-	**2 832**	-	**2 832**
Other movements	-	-	-	(152)	-	-	-	**(152)**	132	**(20)**
As of 12/31/2019	**6 625 726**	**6 626**	**13 988**	**91 818**	**(182)**	**(11 290)**	**17 810**	**118 770**	**(217)**	**118 553**
Appropriation of profit for the year	-	-	-	17 810	-	-	(17 810)	**-**	-	**-**
Profit for the year	-	-	-	-	-	-	20 256	**20 256**	-	**20 256**
Capital stock transactions	-	-	-	-	-	-	-	**-**	-	**-**
Treasury stock transactions	-	-	-	-	(3 248)	-	-	**(3 248)**	-	**(3 248)**
Share-based payments	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(6 243)	-	-	-	**(6 243)**	-	**(6 243)**
Other comprehensive income (loss)	-	-	-	-	-	59	-	**59**	-	**59**
Foreign currency translation adjustm	-	-	-	-	-	(8 271)	-	**(8 271)**	-	**(8 271)**
Other movements	-	-	-	(21)	21	135	-	**135**	217	**352**
As of 12/31/2020	**6 625 726**	**6 626**	**13 988**	**103 364**	**(3 409)**	**(19 367)**	**20 256**	**121 458**	**(0)**	**121 458**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	Notes	31/12/2019	31/12/2020
Profit for the year from continuing operations		**17 460**	**20 256**
Net amortization and provisions	*6.2, 7.2, 7.4 & 8.1*	16 960	15 618
Unrealized (gains) losses from changes in fair value		(15)	-
(Income) expenses from share-based compensation	*6.2*	21	-
Other non-cash income and expenses		(59)	-
Net (gain) loss on non-current assets sold or scrapped		27	-
Net borrowing costs	*9.2.1*	2 265	2 109
Deferred taxes	*10.2*	999	1 876
Net change in working capital (Corporate income tax)		243	(2 263)
Net change in working capital	*5.9*	(2 201)	392
Net cash from (used in) operating activities		**35 700**	**37 988**
Acquisitions/disposals of property, plant and equipment and intangible assets	*7.2 & 7.4*	(11 039)	(12 169)
Acquisitions of long-term investments, net of cash acquired	*3.4*	(2 142)	(300)
Change in other financial assets		109	275
Net cash from (used in) investing activities		**(13 072)**	**(12 194)**
Treasury stock transactions		(5 246)	(3 236)
Dividends paid	*11.1.3*	(9 033)	(6 243)
Increase in non-current loans and other liabilities	*9.1.1*	16 400	15 000
Repayment of non-current loans and other liabilities	*9.1.1*	(22 459)	(11 010)
Repayment of IFRS 16 rental debt		(4 082)	(4 325)
Interest paid		(2 309)	(2 127)
Net cash from (used in) financing activities		**(26 729)**	**(11 941)**
Effects of exchange rate fluctuations		(444)	(852)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**(4 545)**	**13 001**
Net cash and cash equivalents at beginning of year		21 717	17 178
Net cash and cash equivalents at end of year		17 172	30 179
Of which :		-	-
Cash and cash equivalents	*9.1.3*	*17 178*	*30 180*
Bank overdrafts	*9.1.3*	*(6)*	*(1)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

Linedata Services is a French corporation (société anonyme) subject to the regulations applicable to commercial companies, whose registered office is at 27, Rue d'Orléans, 92200 Neuilly-sur-Seine, France. Linedata Services is listed on Euronext Paris. Linedata Services and its subsidiaries in France and abroad (hereafter "the Group") are major players in the development and distribution of financial software, solutions integration, product development, consultancy and training for its software products.

Its areas of expertise are Asset Management and Lending and Leasing.

The consolidated financial statements for the year ended December 31, 2020 have been drawn up under the responsibility of the Board of Directors and examined during its meeting on February 16, 2021.

1.1. Accounting framework applied

The consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards are available on the European Commission's website : https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr

1.1.1. New standards and interpretations whose application is mandatory

The new standards, amendments to existing standards and interpretations that are of mandatory application for fiscal years beginning on or after January 1, 2020, are :

- amendments to IAS 1 and IAS 8, relating to the definition of materiality
- amendment to IFRS 3, relating to the definition of an activity ("business")
- amendments to IFRS 7, IAS 39 and IFRS 9, in connection with the reform of benchmark interbank rates.
- amendment to IFRS 16 relating to reductions in rents granted under Covid 19.

The Group considers that the first application of these amendments does not have a significant impact for the Group.

1.1.2. Standards and interpretations adopted by the European Union which may be adopted early

None

1.1.3. Standards and interpretations published by the IASB but not yet adopted by the European Union

The new standards, amendments to existing standards and interpretations which are mandatory after December 31, 2020 are:

- IFRS 17 "Insurance contracts";
- IAS 1: classification of liabilities as current and non-current liabilities
- amendment to IAS 16 relating to the proceeds from the sale of property, plant and equipment before intended use
- amendment to IAS 37 relating to the costs to be considered in determining whether a contract is in dificit.
- amendment to IFRS 4 relating to the extension of the temporary exemption from the application of IFRS 9
- annual process for improving 2018-2020 cycle standards

1.2. Basis of preparation – Accounting estimates and judgments

When preparing the financial statements, Management is required to make estimates and adopt assumptions concerning the measurement of certain assets and liabilities stated in the consolidated statement of financial position, as well as certain items in the income statement. Management is also required to exercise its judgment when applying the Group's accounting methods.

These estimates and judgments, which are continually updated, are based partly on historical information and partly on expected future events judged reasonable in view of the prevailing circumstances. Given the uncertainty surrounding assumptions used in respect of future events and circumstances, the resulting accounting estimates may differ from the actual amounts when they are known.

Brexit: United Kingdom's departure from the European Union

Following the departure of the United Kingdom from the European Union, the Group has not seen any significant impact of this decision on its business and does not expect any in this regard for the coming year. Indeed, the possible impact of Brexit on Linedata's business will be moderated by the Group's presence both in Great Britain and in Europe. Linedata could thus serve its clients in all the potential scenarios implied by Brexit.

NOTE 2 IMPACTS OF THE COVID 19 PANDEMIC

The health crisis that the world has been facing for several months has led the Group to mobilize to ensure the continuity of its services, by setting up business continuity plans, broken down by country, while protecting the health of its employees.

From the start of the Covid-19 crisis, in February / March 2020, priority was given to protecting the health of employees and ensuring continuity of service. Thus, the use of teleworking, generalized to more than 99% of employees at the height of the epidemic and continuing to apply in many offices, enabled business continuity.

Anticipating a slowdown in its activity, the Group implemented, from the start of the health crisis, a program to reduce its overheads by canceling or postponing all non-essential expenses, and by reassigning on an ad hoc basis during confinement teams whose workload was reduced on other missions deemed to have priority.

With the development of the pandemic and the measures to restrict movement and containment of populations around the world, the Group has observed a slowdown in consulting activities due to the closure of several customer sites. In addition, the signing of certain customer contracts in the process of being finalized have been delayed, particularly in the Lending & Leasing activity, which is more severely affected by the wait-and-see attitude linked to the health crisis.

In this context of crisis, the Group was able to rely on a resilient profile. Its activities revolve around recurring services for 79% of its turnover as of December 31, 2020 (Licenses, Business Process Services, IT infrastructure management, Application maintenance).

As part of the preparation of the consolidated financial statements at December 31, 2020, the following points can be highlighted:

Valuation tests on intangible assets (goodwill)
As of December 31, 2020, the Group performed impairment tests on all of the group's CGUs.
Due to the deterioration of the environment and the uncertainty over the economic outlook linked to the current health crisis, these tests are based on assumptions including a revised business plan, which notably includes a time lag in the achievement period of the Group's objectives. The estimates of the values in use of the CGUs thus updated did not generate any depreciation in the context of the closing of the accounts.

Recoverable amount of operating assets (trade receivables, contract assets, etc.)

A review of the impact of the Covid 19 pandemic on the collection of trade receivables has been carried out.
The Group, having strengthened its debt collection system in 2020, observed an improvement in customer settlement times and did not identify any one-off bad debt situations that would have required the recording of provisions for significant customer account impairment as of December 31, 2020.
The Group remains attentive to any changes in the economic environment that could give rise to the risk of default by its counterparties and will adjust its customer provisions if necessary during the next closings.

Cash and Net Liquidity

The Covid 19 pandemic has led the Group to secure its liquidity and financial situation.
From the first quarter of 2020, the Group has stepped up its monitoring of cash, investments and working capital requirements.
In the second quarter of 2020, Linedata negotiated with its banking partners a postponement of loan maturities for a total amount of € 9.7 million for April 2022 and January 2023.
Since the second quarter of 2020, in connection with the “CARES Act”, the American subsidiaries of Linedata have benefited from €772 thousand (USD 947 thousand) of deferred payment of social debts, which will be paid at 50% in December 2021 and 50% in December 2022.

Covenants
The Group has not encountered any situation of non-compliance with covenants.
Given the major uncertainty about the evolution of the pandemic around the world (new wave and possible new containment measures), the Group remains attentive to developments in the current crisis. Its possible economic and financial consequences for the Group will be taken into account, if applicable, in the context of future closings.

NOTE 3 CONSOLIDATION SCOPE

3.1 Accounting principles related to the consolidation scope

3.1.1 Consolidation method

Linedata Services is the consolidating company.

The financial statements of companies under Linedata Services' exclusive control are fully consolidated. Control is deemed to exist where the parent company holds, directly or indirectly via subsidiaries, more than half of an entity's voting rights. Control is also deemed to exist where the parent company holds half or less than half of an entity's voting rights but has:

- ✓ power over more than half of the voting rights by virtue of an agreement with other investors,
- ✓ power to govern the entity's financial and operational policies by virtue of a regulation or contract,
- ✓ power to appoint or remove from office the majority of the members of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body, or
- ✓ power to control the majority of the voting rights at meetings of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation.
The financial statements of all consolidated companies are close to December 31 each year. They are, where relevant, adjusted to ensure the consistency of the accounting and measurement rules applied by the Group.

3.1.2 Foreign currency translation

Functional currency and financial statements' presentation currency
Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").
The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Linedata Services.

Translation of financial statements of foreign subsidiaries
The subsidiaries have as their functional currency their local currency, in which most of their transactions are denominated. The financial statements of all Group entities whose functional currency is different from the presentation currency are translated into euros as follows:

- ✓ assets and liabilities are translated at the closing exchange rate,
- ✓ revenues, expenses and cash flows are translated at the average exchange rate for the financial year,
- ✓ all resulting translation differences are recognized as a separate component of equity under the heading "Translation reserves".

Translation differences resulting from the translation of net investments in foreign operations are recognized as a separate component of equity under the heading "Translation reserves", in accordance with IAS 21. Translation differences relating to intragroup loans are regarded as forming an integral part of the Group's net investment in the foreign subsidiaries concerned.
The goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

The Group does not consolidate any entity operating in a hyperinflationary economy.

Details are provided in Note 13 of the rates used to translate foreign currencies.

Translation of foreign currency transactions
Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling on the date of the transaction. Foreign currency translation gains and losses resulting from the settlement of these transactions and those caused by the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3.1.3 Business combinations

The Group applies revised IFRS 3 to the purchase of assets and the assumption of liabilities that constitute a business. The acquisition of assets or groups of assets that do not constitute a business is recognized in accordance with the standards applicable to such assets (IAS 16, IAS 38 and IFRS 9).

The Group recognizes all business combinations in accordance with the acquisition method, which involves:

- ✓ measuring and recognizing at fair value on the acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management policies,
- ✓ measuring and recognizing on the acquisition date the difference, known as “goodwill”, between:
  - ✓ the acquisition price of the acquiree, to which is added the amount of any non-controlling interest in the acquiree, and
  - ✓ the net amount of the identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group obtains control of the acquiree.
The acquisition price of the acquiree corresponds to the fair value, as of the acquisition date, of the elements of the consideration transferred to the vendor in exchange for control of the acquiree, excluding any element which is consideration for a transaction that is separate from the acquisition of control.
In cases in which the business combination can only be recognized on a provisional basis by the end of the reporting period in which it occurs, the acquirer recognizes the business combination using provisional amounts. The acquirer must then recognize adjustments to these provisional amounts necessary to finalize recognition of the combination within the 12 months following the acquisition date.

3.2 List of consolidated companies

Company's name	Country	% control	Consolidation method
Linedata Services	France	-	Parent company
Linedata Services Asset Management	France	100%	Full consolidation
Linedata Services Leasing & Crédit	France	100%	Full consolidation
Loansquare SAS	France	100%	Full consolidation
Linedata Services Luxembourg	Luxembourg	100%	Full consolidation
Linedata Services Lending & Leasing SL	Spain	100%	Full consolidation
Linedata Services Tunisie	Tunisia	100%	Full consolidation
Linedata Technologies Tunisie	Tunisia	100%	Full consolidation
Linedata Maroc	Morocco	100%	Full consolidation
Linedata Ltd	United Kingdom	100%	Full consolidation
Derivation Software Limited	United Kingdom	100%	Full consolidation
Linedata Services (UK) Ltd	United Kingdom	100%	Full consolidation
Linedata Limited	Ireland	100%	Full consolidation
Linedata Services (Latvia) SIA	Latvia	100%	Full consolidation
Linedata Services Inc	United States	100%	Full consolidation
Linedata Asset Management Inc (ex-Linedata Lending & Leasing Inc)	United States	100%	Full consolidation
Linedata L&C Inc	United States	100%	Full consolidation
Gravitas Technology Services LLC	United States	100%	Full consolidation
Linedata Services Lending & Leasing Corp	Canada	100%	Full consolidation
Linedata Services H.K. Limited	Hong Kong	100%	Full consolidation
QRMO	Hong Kong	100%	Full consolidation
Linedata Services India Private Limited	India	100%	Full consolidation
Gravitas Technology Private Limited	India	100%	Full consolidation

Linedata SA de C.V, Linedata Canada and Derivation Software Corp, did not trade and were not consolidated as of December 31, 2020.

All Group companies were consolidated on the basis of their financial statements close to December 31, of a 12- month period,

3.3 Acquisition of Loansquare at 100%

On January 7, 2019, the Linedata Group has acquired 70% of the share capital of the French start-up Loansquare, that is a new player in the world of corporate finance platforms. Since that date, the Group consolidates this company under the full consolidation method, as it holds complete control over it.

The purchase price was made up of:

- an initial payment of € 700 thousand for the first 70 percent acquired

- an earn-out clause for the additional 30 percent, the value of which has been estimated on the basis of the various possible acquisition scenarios.

As of March 31, 2020, the Group bought back the additional 30% from Loansquare minority shareholders for an amount of € 300 thousand for an estimated value of € 477 thousand as of December 31, 2019.

Loansquare is a portal that digitizes interactions between borrowers and their banks, enabling companies to apply for and monitor their financing directly.

By integrating the Loansquare platform, which facilitates the implementation and management of all types of loans via a digital platform enhancing communication between borrowers and financial institutions, Linedata is enriching its loans and financing offer through innovative concepts.

3.4 Impact on cash flows of changes in scope

The impact of changes in scope on net cash flows breaks down as follows:

(in € thousands)	12/31/2019	31/12/2020
Purchase price of acquisition paid	(700)	(300)
Net debt / Net cash of acquired companies	4	
Purchase price of acquisition - Additional price	154	
Disbursement of guarantee retention in respect of previous acquisitions	(1 599)	
ACQUISITIONS OF TITLES OF PARTICIPATION, NET OF THE ACQUIRED TREASURY	**(2 141)**	**(300)**

On January 7, 2019, the Linedata Group has acquired 70% of the share capital € 0.7 million of Loansquare company and the remaining 30% of the shares on March 31, 2020 for € 0.3 million.

In April 2019, more than one year after the acquisition of QRMO, an agreement with the vendors was reached and led to a price adjustment arising from events which occurred after the acquisition date. This adjustment, net of consulting fees, represents a cash inflow of €154 thousand.

Holdback disbursements for previous acquisitions relate to the acquisition of Derivation Software in 2016 for which the last installment of retainer money was disbursed during the first half of 2019.

3.5 Off-balance sheet commitments related to the consolidation scope

In connection with asset acquisitions, the Group has given the following guarantees:

Description	Received/ given	Purpose	Start date	End date	Beneficiary	Ceiling
Acquisition of the Derivation Software shares	Received	Capacity to contract, capital and ownership of the shares, companies' legal compliance, intellectual property	04/08/2016	04/08/2022	Linedata Ltd	Purchase price paid by Linedata to each vendor
		Taxes	04/08/2016	04/08/2023	Linedata Ltd	2 M£
Acquisition of the Quality Risk Management & Operations (QRMO) shares	Received	Standard guarantees: contractual capacity, capital and share ownership, intellectual property…	08/07/2017	For guarantees linked to share ownership and intellectual property: 07/08/2023 (6 years) or the end date applicable to the guarantee type concerned. For other guarantees: 07/08/2019 (2 years)	Linedata Services (HK) Limited	For guarantees relating to share ownership and intellectual property: 100% of the acquisition price (i.e. 5.6 M$). For other guarantees: 50% of the acquisition price (i.e. 2.8 M$).
Acquisition of Loansquare company's shares	Received	Standard guarantees: Capacity to contract, capital and ownership of shares, legal existence of the company, tax, social and customs situation, intellectual property....	07/01/2019	**For guarantees relating to :** 1. Company's tax, social and customs situation, as well as intellectual property: the guarantee expires at the latest of the following three time limits - expiry of a period of 30 days subsequent to the 24th month following the Completion Date - expiry of a period of 30 days after the expiry of the statutory limitation period - expiry of a period of 30 days following a final administrative or judicial decision 2. The Capacity of the Transferors (including the actual ownership and their freedom of action with respect to the securities issued), the Incorporation and Valid Status of the Company, any disputes against the Company, the details of the shares issued, as well as any statements relating to the absence of participation, direct or indirect, in any entity of any form whatsoever. The right to file a claim expires in accordance with the various legal prescriptions (see *). 3. The guarantee relating to "prohibited payment" which concerns : - all the actions that the Transferors may have done on the dividends, capital, loans (write-offs), assets etc... - Payment by the Company of the fees, taxes, costs and expenses related to the Transfer. The Transferors guarantee that the Company has not made any Prohibited Payment from the Reference Date (October 31, 2018) until the Completion Date of the transfer of the shares. The right to file a claim expires after 18 months.	Linedata Services Leasing & Credit	70% of the Final Price

NOTE 4 SEGMENT REPORTING

Information by sector of activity

Pursuant to IFRS 8, segment information is prepared on the basis of the internal management data communicated to the Executive Committee, the Group's main operational decision-making body.

The reported segments correspond to the following business segments:
- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

Aggregate used for performance measurement

Performance measurement for each business segment, as reviewed by the Executive Committee, is based mainly on EBITDA before IFRS 16 *(Earnings Before Interest, Tax, Depreciation and Amortization)* determined by excluding from the operating profit or loss the main line having no cash counterpart "Net depreciation, amortisation and provisions" as well as "Net provisions for pension commitments" included in personnel expenses. EBITDA is a key indicator for the Group, simply reflecting the level of cash generated by the Group's day-to-day operations. It is thus commonly used to calculate the business's financial and valuation ratios.

Information by Geographic Area

The Group's activities by origin of sales are broken down into four geographical areas:

- ✓ Southern Europe,
- ✓ Northern Europe,
- ✓ North America,
- ✓ Asia.

4.1. Segment results

4.1.1. Year ended December 31, 2019

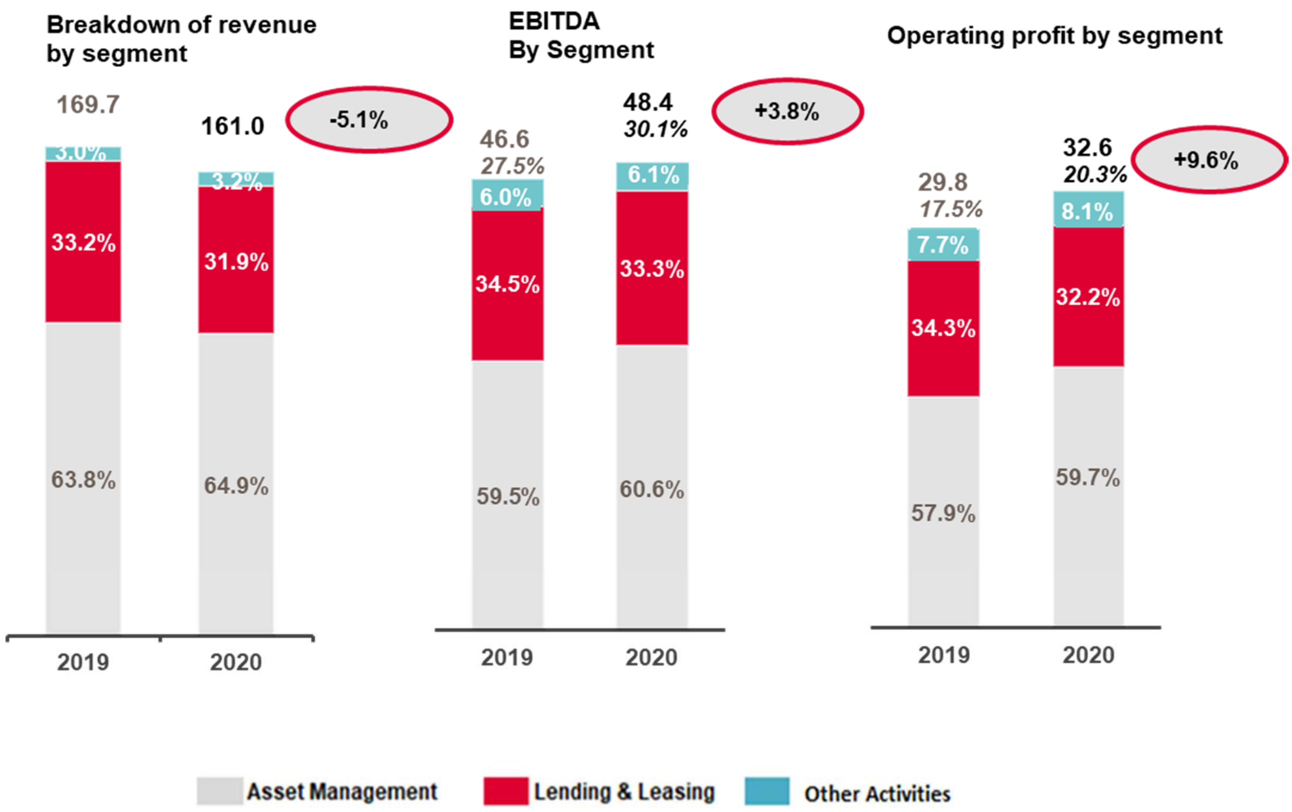
(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Order book	**126 446**	**65 155**	**6 101**	**197 702**
Revenue	**108 257**	**56 349**	**5 048**	**169 653**
EBITDA	**27 760**	**16 097**	**2 790**	**46 647**
% EBITDA	**25.6%**	**28.6%**	**55.3%**	**27.5%**
Operating Profit	**17 252**	**10 214**	**2 307**	**29 773**
% Operating Profit	**15.9%**	**18.1%**	**45.7%**	**17.5%**
Intangible assets	103 670	48 949	6 946	159 565
Right of use IFRS 16	19 157	7 341	45	26 543
Property, plant and equipment	9 205	3 277	281	12 762
Non-current financial assets	16 418	5 845	501	22 764
Other non-current segment assets	1 343	354	29	1 727
Current segment assets	35 290	29 100	1 358	65 748
Segment Assets	**185 083**	**94 867**	**9 159**	**289 108**
Non-current sectoral liabilities	2 183	5 417	764	8 365
Current sectoral liabilities	25 211	18 880	1 254	45 345
Sector Liabilities	**27 394**	**24 297**	**2 018**	**53 709**
Intangible investments	**5 911**	**1 725**	**9**	**7 645**
Tangible investments	**2 187**	**1 177**	**30**	**3 394**

4.1.2. Year ended December 31, 2020

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Order book	**108 122**	**64 519**	**4 570**	**177 211**
Revenue	**104 491**	**51 394**	**5 128**	**161 013**
EBITDA	**29 340**	**16 140**	**2 952**	**48 432**
% EBITDA	**28.1%**	**31.4%**	**57.6%**	**30.1%**
Operating Profit	**19 475**	**10 501**	**2 646**	**32 622**
% Operating Profit	**18.6%**	**20.4%**	**51.6%**	**20.3%**
Intangible assets	97 013	47 143	7 015	151 171
Right of use IFRS 16	20 578	5 591	22	26 191
Property, plant and equipment	12 364	2 942	490	15 796
Non-current financial assets	16 897	4 020	669	21 587
Other non-current segment assets	1 262	315	22	1 599
Current segment assets	41 841	29 134	2 664	73 638
Segment Assets	**189 956**	**89 144**	**10 881**	**289 981**
Non-current sectoral liabilities	2 491	5 866	831	9 187
Current sectoral liabilities	22 359	14 283	785	37 427
Sector Liabilities	**24 850**	**20 148**	**1 615**	**46 614**
Intangible investments	**6 266**	**1 931**	**4**	**8 201**
Tangible investments	**3 560**	**241**	**88**	**3 889**

The order book corresponds to the revenue remaining to be recognized in respect of performance obligations not yet fulfilled or partially fulfilled on the closing date.
Information relating to the order book is detailed in Note 5.1.

4.1.3. Sector data



4.2. Reconciliation with Group data

EBITDA is reconciled with the Group's operating profit or loss as follows:

(in € thousands)	31/12/2019	31/12/2020
EBITDA	**46 647**	**48 432**
Net allocations to depreciation and provisions	(16 503)	(15 642)
Net allocations to provisions on pension commitment	(373)	(167)
OPERATING PROFIT	**29 770**	**32 622**

Total segment assets and liabilities are reconciled with the Group's total assets and liabilities as follows:

(in € thousands)	31/12/2019	31/12/2020
Segment Assets	**289 108**	**289 981**
Deferred taxes on assets	2 787	3 300
Tax receivables	1 419	4 311
TOTAL GROUP ASSETS	**293 314**	**297 592**
Sector Liabilities	**53 709**	**46 614**
Equity capital	118 554	121 458
Borrowings and financial debts	107 045	114 310
Deferred tax liabilities	10 744	12 361
Current tax liabilities	3 262	2 849
TOTAL GROUP LIABILITIES	**293 314**	**297 592**

4.3. Information by geographic zone

External revenue by source of sales is as follows:

(in € thousands)	31/12/2019		31/12/2020	
Southern Europe	56 883	33.5%	52 241	32.4%
Northern Europe	32 921	19.4%	30 692	19.1%
North America	70 665	41.7%	69 727	43.3%
Asia	9 185	5.4%	8 353	5.2%
REVENUE	**169 653**	**100.0%**	**161 013**	**100.0%**

The largest contributors to revenue by country are as follows: the Group generated revenue of €69.7 million in 2020 (€70.7 million in 2019) from the US entities included in the North America region and €52.2 million in 2020 (€56.9 million in 2019) from the French entities included in the Southern Europe region.

4.4. Revenue by main clients

During the 2020 financial year, Linedata's top five financial group clients accounted for 16% of revenue, and the top 10 accounted for 25%. In 2019, Linedata's top five financial group clients accounted for 16% of revenue, and the top 10 accounted for 26%.

NOTE 5 ACTIVITY

5.1. Revenue

The applicable standard is IFRS 15 “Revenue from Contracts with Customers”.

Revenue must be recognized so as to reflect the transfer of control of the goods or services promised to the client for the amount of consideration to which the Group expects to be entitled in exchange.

The analysis conducted by the Group was carried out with reference to the various steps of the standard, namely:

✓ **Step 1: Contract identification**

The Group systematically signs a contract with its clients regardless of the services sold. The criteria mentioned by the standard are covered during the legal and financial reviews:

- ✓ recovery of the price is probable,
- ✓ rights to the goods and services and payment terms can be identified,
- ✓ the contract is approved and the parties are committed to complying with their obligations.

✓ Step 2: Identification of performance obligations

With regard to the step involving identification of the performance obligations defined by the standard, it is identified that the Group’s business model relies on the simultaneous sale of the following items:

1.a) sale of a perpetual or fixed-term licence: this licence provides a right of use and not a right of access to the intellectual property. The granting of this right may be perpetual or for a limited period. The Group never authorises its clients to have access to the source code. The operative event is the signing by the client of a software acceptance report.

1.b) sale of “user packs” in addition to the license agreement: the Group may sell additional licenses based on the number of additional users requested by the client. These are generally “user packs”, optional for the client, the quantity and price of which are negotiated in the initial contract. Otherwise, an amendment to the main contract is negotiated and signed with the client. This will involve a separate and optional sale of a license for the client. Pursuant to IFRS 15, if the original license is unchanged and the number of users can be increased at the client’s discretion, the addition of a user will not constitute a license sale, and payment by the client will be treated as a royalty based on usage during the term of the agreement.

2.) sale of an implementation service: this service consists of configuring the software so that it can be adapted to the client's organization and activity. This will involve configuring the standard software and not developing additional software.

3.) sale of consulting services: this involves helping the client to define and implement new functionalities.

4.) sale of a maintenance and support service: insofar as the Group does not include a “legal guarantee of compliance” within the meaning of the DGCCRF, it is proposed that clients can sign an additional maintenance contract characterized by so-called “corrective” maintenance to facilitate correction of any “bugs”. Regarding “upgrade” maintenance, major updates, those requiring transition to a so-called “major” version, are reinvoiced to clients. Linedata systematically provides ongoing upgrade maintenance insofar as this service requires in-depth knowledge of the software. To date, there are no third parties performing maintenance in Linedata’s place.

5.) sale of ASP services (Saas): the sale of an ASP service is mainly characterised by:

- ✓ granting of a temporary right to use a Linedata software,
- ✓ maintenance and support for the software in question,
- ✓ the provision of hardware and software infrastructure for production and acceptance-testing environments,
- ✓ provision of hosting, operation and administration services.

Linedata owns the hardware, software and methods while the client is the sole owner of its data.
In consideration of this service, the client undertakes to pay an annual fee covering all the services described above.

In application of the criteria set out in the standard, and given that:

- ✓ clients cannot use other resources that are readily available and are obliged to call upon Linedata to provide this service,
- ✓ some contracts do not specify the nature of the various services, while others explain them in detail,

The Group identified that in an ASP contract, goods and services form a whole and are totally dependent on each other. The client simultaneously receives and consumes all the benefits generated by the service as and when it is provided. Hosting and maintenance can be separated from the license.

With regard to significant judgements made concerning amounts excluded from the balance of performance obligations remaining to be satisfied, due to application of the variable counterparty capping rule, and in particular for contracts containing variable elements, the Group has calculated the average amount of revenue over the last three financial years and then, where appropriate, a percentage of attrition risk based on knowledge of the attrition risks.

✓ **Step 3: Determination of the transaction price**

The transaction price is the amount of consideration that the Company expects to receive in exchange for transfer of the goods or services. Prices are included in the contracts signed with clients.
IFRS 15 introduces the following applicable criteria to be considered when determining the transaction price:

- ✓ Variable portion of the price: the Group does not offer discounts, rebates or price reductions to clients. Maintenance contracts include penalty clauses in the event that the performance criteria are not met. Historically, the Group has not incurred any penalties on these contracts. Furthermore, these contracts do not present a loss on completion. Lastly, the agreements do not provide for any performance-related bonuses.
- ✓ Financial component: given the duration of the contracts and the low level of interest rates, the Group does not recognize a separate financial component.

✓ **Step 4: Allocation of the transaction price**

The Group allocates the transaction price to each performance obligation in proportion to the individual sale price.

✓ **Step 5: Revenue recognition when each performance obligation is satisfied**

The Group has established that the recognition of revenue according to the various performance obligations is as follows:

- ✓ In the event that the client can use the standard software before the start of the implementation phase: the license sale is recognized at a “point in time”, i.e. upon delivery, and the implementation service is recognized “over time”, i.e. based on progress.
- ✓ In the case of a complex installation (the development and/or implementation services are considered to be decisive or when the transaction involves a significant modification of the software package): the license sale, integration service and maintenance are recognized “over time” since the client simultaneously receives and consumes the benefits of the maintenance.
- ✓ The sale of consulting is recognized “over time”, or on a cost plus basis.
- ✓ The sale of additional users is recognized at a “point in time”, i.e. upon delivery.
- ✓ Maintenance and support are recognized “over time” (fixed amount spread over the duration of the contract).
- ✓ The ASP is recognized “over time”.

Lastly, the Linedata Group has chosen not to use the two simplification measures provided for in IFRS 15 concerning contracts with an initial term of less than one year and the "performance obligations", which are recognized according to the "rights to invoice" method to determine the level of the order book presented.

5.1.1 Year ended December 31, 2019

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	38 072	4 373	1 630	44 075
Maintenance and support	21 159	27 890	2 429	51 478
Recurring licenses	30 753	885	-	31 638
Recurring revenue	**89 984**	**33 148**	**4 059**	**127 191**
Implementation, Consulting and Services	17 468	18 940	839	37 247
Perpetual licenses	804	4 261	150	5 215
Non-recurring revenue	**18 272**	**23 201**	**989**	**42 462**
REVENUE	**108 256**	**56 349**	**5 048**	**169 653**

5.1.2 Year ended December 31, 2020

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	37 812	3 840	1 868	43 520
Maintenance and support	20 966	31 358	1 694	54 018
Recurring licenses	29 680	755	-	30 435
Recurring revenue	**88 458**	**35 953**	**3 562**	**127 973**
Implementation, Consulting and Services	15 763	12 191	1 012	28 966
Perpetual licenses	270	3 249	555	4 074
Non-recurring revenue	**16 033**	**15 440**	**1 567**	**33 040**
REVENUE	**104 491**	**51 393**	**5 129**	**161 013**

In 2020, the Group generated 79% of its revenue in the form of recurring services compared to 75% in 2019.

The order book corresponding to the revenue still to be recognized in respect of performance obligations not yet executed or partially executed on the closing date is presented below as at 31 December 2020:

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	34 635	7 875	1 900	44 410
Maintenance and support	32 746	49 095	1 929	83 770
Recurring licenses	33 090	3 346	-	36 436
Recurring activity	**100 471**	**60 316**	**3 828**	**164 615**
Implementation, Consulting and Services	5 970	3 502	742	10 213
Perpetual licenses	1 682	701	-	2 383
Non-recurring activity	**7 651**	**4 203**	**742**	**12 596**
ORDER BOOK	**108 122**	**64 519**	**4 570**	**177 211**

At 31 December 2020, the order book stood at €177.2 million and corresponds to the performance obligations that the Group expects to execute and recognize as revenue for the 2021 to 2026 financial years.

5.2. Contract assets and liabilities

For a given contract, the cumulative amount of revenue recognized in respect of all contract performance obligations, less any payments received and trade receivables that are recognized separately, is presented within "Contract assets" if the balance is positive or "Contract liabilities" if the balance is negative.

Changes in net contract assets (liabilities) are shown below:

(in € thousands)	Contract assets (Customer receivables -gross value)	Contract liabilities (Deferred revenue)	Net contract assets (liabilities)
Balance 12/31/2019	**42 552**	**(16 003)**	**26 549**
Increase	174 073	(5 549)	168 524
Decrease	(175 696)	8 877	(166 819)
Foreign currency translation adjustments	(4 004)	947	(3 057)
BALANCE 12/31/2020	**36 925**	**(11 728)**	**25 197**

Linedata records payments from clients based on a plan for discharging receivables in accordance with the contracts.
Contract assets relate to performance obligations to be exercised in the following financial year in accordance with the contracts.

Contract liabilities relate to clients payments received in advance of the realisation of performance obligations.
Contract liabilities are recorded in revenue as soon as the performance obligations are realised in accordance with the client contracts.

5.3. Trade and other receivables

Trade and other receivables are shown below:

(in € thousands)	31/12/2019	31/12/2020
Trade receivables, gross	42 552	36 925
Impairment of trade receivables	(891)	(1 044)
Trade receivables, net	**41 661**	**35 881**
Staff and social organisations	506	507
Tax receivables	1 584	2 564
Loans, sureties and other financial receivables due in less than one year	314	26
Other receivables & Miscellaneous receivables	1 093	800
Prepaid expenses	3 412	3 681
Other operating receivables, net	**6 909**	**7 578**
TRADE & OTHER RECEIVABLES	**48 570**	**43 458**

Trade receivables are monitored regularly by the management. The Group conducted a review of its portfolio of past due receivables to calculate the necessary impairment based on its best estimate of anticipated recovery.
This analysis has been done in coherence with IFRS 9.

(in € thousands)	31/12/2019	31/12/2020
Accumulated impairment losses on trade receivables as of January 1	**889**	**892**
Impairment losses	658	704
Reversals used	(742)	(266)
Reversals not used	-	(248)
Reversals to opening reserves following the application of IFRS 9 on 1 January	68	-
Foreign currency translation adjustments	18	(38)
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**892**	**1 044**

5.4. Current operating liabilities and other payables

(in € thousands)	31/12/2019	31/12/2020
Trade payables	11 476	7 467
Amount due on fixed assets in less than one year	146	207
Tax and social security liabilities	15 295	15 643
Employee profit-sharing and incentive bonuses	871	348
Other liabilities	1 251	1 731
Deferred income	16 003	11 728
CURRENT OPERATING LIABILITIES & OTHER PAYABLES	**45 042**	**37 124**

5.5. Other non-current assets and liabilities

(in € thousands)	31/12/2019	31/12/2020
Gross amount	488	423
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**488**	**423**

The other non-current assets correspond to the research tax credit in North America which can be recovered over more than one year.

(in € thousands)	31/12/2019	31/12/2020
Amount due on fixed assets - non-current	-	-
Other non-current liabilities	124	777
OTHER NON-CURRENT LIABILITIES	**124**	**777**

The other non-current liabilities correspond mainly to the delay in payment of social debts which will be paid in December 2022 for € 0.4 million.

5.6. Purchases and external expenses

(in € thousands)	31/12/2019		31/12/2020	
Sub-contracting purchased: telecom, telematics and publishing	(10 427)	29.5%	(9 867)	33.3%
Other purchases	(924)	2.6%	(980)	3.3%
Property and other rental expenses	(557)	1.6%	(523)	1.8%
maintenance, upkeep and repair	(6 388)	18.1%	(6 070)	20.5%
Temporary employees, service providers and sub-contracting	(5 875)	16.6%	(5 146)	17.4%
Capitalized development costs	498	(1.4%)	775	(2.6%)
Professional fees and insurance	(5 211)	14.7%	(4 218)	14.2%
Traveling and transportation expenses	(3 327)	9.4%	(807)	2.7%
Telecommunication and postage	(722)	2.0%	(739)	2.5%
Bank charges	(141)	0.4%	(162)	0.5%
Other external expenses	(2 287)	6.5%	(1 918)	6.5%
PURCHASES & EXTERNAL EXPENSES	**(35 361)**	**100.0%**	**(29 655)**	**100.0%**

Rental charges relate to rentals that do not fall within the scope of IFRS16, as well as rental charges on real estate contracts.

5.7. Other recurring operating income and expenses

(in € thousands)	31/12/2019	31/12/2020
Operating foreign currency translation profit	73	16
Royalties	(928)	(863)
Losses on irrecoverable receivables	(270)	(273)
Attendance fees	(107)	(68)
Other recurring operating income and expenses	(217)	(53)
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(1 449)**	**(1 241)**

5.7.1. Other operating income and expenses

(in € thousands)	31/12/2019	31/12/2020
Gains and losses on disposals of intangible assets and property, plant and equipment	19	(2)
Other non-recurring income	292	110
Other non-recurring expenses	(1 209)	(955)
OTHER OPERATING INCOME (EXPENSES)	**(898)**	**(847)**

Since 2019, other non-recurring expenses mainly consist of an expense in the amount of € 0.9 million to finance the project in Uganda,
Linedata has deployed a corporate charity project, "Linedata Charity". It has selected three main areas of intervention: Environment, Education and Health. With regard to Education more specifically, Linedata is contributing to the construction of a medical university in Uganda, through the financing of the university residence, with the sponsorship of AKA (Aga Kan University). Through this initiative, Linedata aims to facilitate access to knowledge for Ugandan students, who in return will participate to their country's development. This project includes the creation of an internal solidarity fund, which is financed each year out of the income generated by Linedata's operational activity. The governance of this fund is ensured by an internal committee, which defines the main orientations, votes its budget and monitors the use of subsidies.
This is a non-binding agreement; the annual payment of an amount of 1 million US dollars until 2026 included (i.e. 8 years) is subject to prior approval by the Company's Board of Directors. Company's Board of Directors gave its approval on December 10, 2020.

In 2020, other non-current operating expenses and income also consist of charges incurred in connection with water damage and insurance reimbursements relating to this water damage.

5.8. Reconciliation of the net change in the WCR with the consolidated statement of cash flows

The effect on cash generation of the working capital requirement ("WCR") items recorded in the statement of financial position is explained as follows:

(in € thousands)	31/12/2019	31/12/2020	Net Change	Change with no cash effect		Cash impact
				Change	Other	Items WCR
Trade receivables - net	41 661	35 881	(5 780)	(1 322)	4	(4 462)
Staff and social organisations	506	507	1	(45)	-	46
Tax receivables	1 584	2 564	980	(62)	(15)	1 057
Other receivables & Miscellaneous receivables	548	800	252	(9)	-	261
Prepaid expenses	3 412	3 681	269	(212)	-	481
Other non-current assets	488	423	(65)	(39)	-	(26)
Total asset	**48 200**	**43 855**	**(4 343)**	**(1 689)**	**(11)**	**(2 643)**
Trade payables	11 476	7 467	(4 009)	(363)	(86)	(3 560)
Tax and social security liabilities	15 295	15 643	348	(555)	326	577
Employee profit-sharing and incentive bonuses	871	348	(523)	-	-	(523)
Other liabilities	708	1 731	1 023	(2 397)	412	3 008
Deferred income	16 003	11 728	(4 275)	(838)	-	(3 437)
Other non-current liabilities	124	777	653	(47)	(985)	1 685
Total liability	**44 477**	**37 695**	**(6 783)**	**(4 199)**	**(333)**	**(2 251)**
TOTAL WCR	**3 723**	**6 160**	**2 440**	**2 510**	**322**	**(392)**

5.9. Transactions with other related parties

The Group's related parties are the companies over which the Group has significant influence or which are not consolidated, companies that have one of the Group's directors as a director, and the Group's senior management.
To determine the transactions carried out with related parties, a review of contracts is carried out covering those entered into with related parties before the start of the year and all contract entered into during the year.

(in € thousands)	31/12/2019	31/12/2020
Linedata Services' transactions with Amanaat	**-**	**-**
Receivables due from related parties	-	-
Revenue	11	15

In late-December 2015, Linedata Services signed a contract for the provision of administrative and financial services with its parent company, Amanaat.
Lastly, on 11 December 2017, Linedata Services signed a services contract with Odigo Consulting LLC, whose Chairwoman is Mrs Shabrina Jiva, a member of Linedata Services' Board of Directors.
Revenue-generating transactions with related parties are at arm's length. No guarantees have been given or received in respect of the liabilities due to or receivables due from related parties.

5.10. Fees payable to the statutory auditors

Fees payable to the statutory auditors and members of their networks recognised in 2020 by Linedata Services, together with its fully consolidated subsidiaries, are as follows:

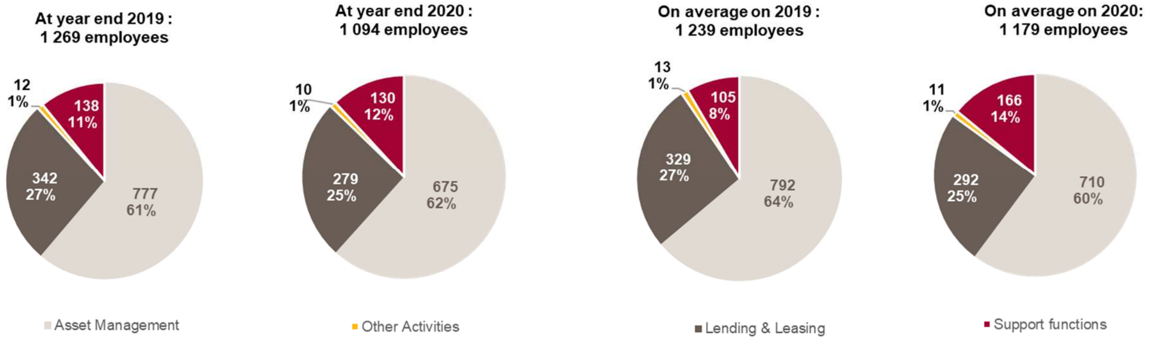
(in € thousands)	ERNST & YOUNG & Others		FINEXSI Audit	
	Amount	%	Amount	%
Certification of the company and consolidated financial statements and review	368	99.6%	149	99.0%
Services other than certification of the company financial statements	2	0.4%	2	1.0%
FEES PAYABLE TO THE STATUTORY AUDITORS	**369**	**100.0%**	**151**	**100.0%**

Services other than certification of the financial statements relate to certifications in respect of bank covenants provided in connection with Linedata Services' bank borrowings and bonds.

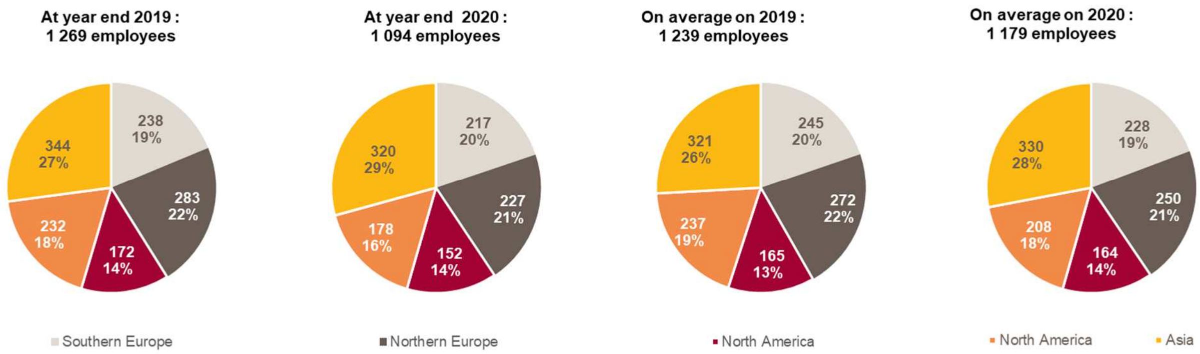
NOTE 6 EMPLOYEE EXPENSES AND BENEFITS

6.1. Workforce

6.1.1. Workforce by segment



6.1.2. Workforce by geographical area



6.2. Employee expenses

(in € thousands)	31/12/2019	31/12/2020
Salaries and wages	(72 131)	(69 088)
Social security contributions	(17 028)	(16 502)
Employee profit-sharing and incentive bonuses	(871)	(348)
Share-based compensation	55	12
Net additions to (reversals of) provisions for retirement benefit obligations	(373)	(167)
Capitalized development costs	6 970	7 214
Research tax credit	719	719
EMPLOYEE EXPENSES	**(82 659)**	**(78 160)**

6.3. Provisions for retirement and other post-employment benefits

In accordance with the laws and practices of each country, the Group offers certain benefits that guarantee to the employees fulfilling the required conditions the payment of retirement benefits or lump-sum payments to which they are entitled as a result of their length of service (long-service award plan). These plans, known as defined benefit plans, relate mainly to France.

The costs associated with defined benefit plans are born directly by the Group, which recognizes provisions in its financial statements for the cost of benefits to be provided in accordance with the procedures detailed below.

The Group uses the projected unit credit method to determine the value of its obligation in respect of defined benefits: this method stipulates that each period of service gives rise to an additional unit in terms of benefit entitlement and that each unit is assessed separately so as to calculate the final obligation.

These calculations include various actuarial assumptions such as the employee’s expected length of service, the level of future compensation, life expectancy and employee turnover.

The commitment thus calculated is discounted at the interest rate applicable to investment-grade corporate bonds, denominated in the payment currency and whose term is close to the estimated average term of the retirement obligation concerned.

Changes in these estimates and assumptions are likely to result in a significant change in the amount of the commitment.

The amount of the provision set aside in respect of retirement benefit and similar obligations corresponds to the discounted value of the obligation in respect of defined benefits. The actuarial differences resulting from the change in the value of the discounted obligation in respect of the defined benefits include both the effects of the differences between the former actuarial assumptions and the actual amounts, and the effects of changes in the actuarial assumptions.

In France and Tunisia, defined benefit plans concern the payment of retirement benefits. Gravitas Technology Private Limited is subject to a pension scheme in accordance with India’s Payment of Gratuity Act of 1972.

6.3.1. Actuarial assuptions actuarielles en France

	31/12/2019	31/12/2020
Discount rate for retirement benefits	0,75%	0.30%
Discount rate for long-service awards	0,40%	0.00%
Rate of future salary increases	3,00%	3,00%
Actuarial life table	TG H/F 2005	TG H/F 2005
Retirement age:	-	-
Managers born before 01/01/1950	64 Years	64 Years
Managers born after 01/01/1950	66 Years	66 Years
Other employees born before 01/01/1950	62 Years	62 Years
Other employees born after 01/01/1950	64 Years	64 Years

Turnover	31/12/2019	31/12/2020
Before 25 years	Between 18% & 25%	Between 18% & 25%
25 to 29 years	Between 13% & 17%	Between 13% & 17%
30 to 34 years	Between 9% & 12%	Between 9% & 12%
35 to 39 years	Between 6% & 8%	Between 6% & 8%
40 to 44 years	Between 4% & 6%	Between 4% & 6%
45 to 49 years	Between 2% & 4%	Between 2% & 4%
50 years and over	< 2%	< 2%

These obligations are discounted at a rate corresponding to the yield on European AA-rated investment grade corporate bonds of the same duration as the obligations. The Group uses the International Index Company's iBoxx index rates for AA-rated corporate bonds.

The approximate rates applied on December 31, 2020 are:

- ✓ 0,30% by reference to the iBoxx € Corporates AA 10+ for retirement benefits,
- ✓ 0,00% by reference to the iBoxx € Corporates AA 7-10 for long service awards.

The rates of social security charges used to measure commitments in respect of retirement indemnities and long-service awards in France range from 50.11% to 53.38% depending on the rates observed by each subsidiary.

6.3.2. Change in the provisions

(in € thousands)	Retirement benefits - France	Retirement benefits - Tunisia & India	Long-service awards	12/31/2018	Retirement benefits - France	Retirement benefits - Tunisia & India	Long-service awards	31/12/2020
Provision as of January 1	**6 664**	**179**	**422**	**7 265**	**7 545**	**241**	**430**	**8 216**
Changes in Group structure	-	-	-	-	-	-	-	-
Change in actuarial gains and losses	520	-	-	520	(39)	-	-	(39)
Benefits paid to employees	(182)	-	(39)	(221)	(401)	-	(29)	(430)
Foreign currency translation adjustments	-	8	-	8	-	(27)	-	(27)
Expense for the year	543	54	47	644	485	159	7	651
Cost of services rendered	*429*	*54*	*29*	*512*	*428*	*176*	*32*	*636*
Interest expense	*108*	-	*4*	*112*	*57*	-	*2*	*59*
Amortization of actuarial gains and losses	-	-	*14*	*14*	-	-	*(27)*	*(27)*
Others (transfers/reversals)	*6*	-	-	*6*	-	*(17)*	-	*(17)*
PROVISION AS OF DECEMBER 31	**7 545**	**241**	**430**	**8 216**	**7 590**	**373**	**408**	**8 371**

Recognized actuarial gains and losses include the effect of changes in actuarial assumptions and of differences between the actuarial assumptions used and the actual experience.

the recognized actuarial gain of €38 thousand in 2020 results from a gain of €743 thousand in experience differences, a loss of €703 thousand due to deviations in assumptions mainly related to changes in discount rates.

For retirement liabilities in France, a +/-0.25 point change in the discount rate would impact the commitments by - €299 thousand/+ €249 thousand.The impact of changes in the discount rate for other countries is immaterial at the group level.

The breakdown by maturity of the commitment in respect of retirement benefits in France is as follows:

(in € thousands)	31/12/2019	31/12/2020
Present value of theoretical services to be paid by the employer:		
Due within one year	282	65
1 to 5 years	1 064	1 188
5 to 10 years	2 568	2 563
More than 10 years	3 631	3 774
TOTAL COMMITMENT	**7 545**	**7 590**

6.4. Remuneration of senior management (related parties)

The Group's main corporate officers comprise the Chief Executive Officer, members of the Board of Directors and members of the Executive Committee.

The Combined Annual General Meeting of April 27, 2017 approved directors' attendance fees of €200 thousand, to be divided between the members of the Board of Directors.
Post-employment benefits correspond to contractual retirement benefits. No commitments exist with regard to the management concerning post-employment or other long-term benefits.

(in € thousands)	31/12/2019	31/12/2020
Short-term benefits	3 249	3 417
Termination benefits	78	143
REMUNERATION OF SENIOR MANAGEMENT	**3 327**	**3 560**

NOTE 7 GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

7.1. Goodwill

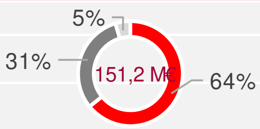
Goodwill is initially recognized at the time of a business combination as described in Note 3.1.3.

Subsequent to its initial recognition, this goodwill is not amortized but is tested for impairment as soon as there are indications of impairment and at least once a year. The procedures used to carry out the impairment tests in 2020 are described in Note 7.5.

Goodwill changed as follows :

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
As of 12/31/2019	**175 728**	**(16 163)**	**159 565**
Foreign currency translation adjustments	(8 717)	323	(8 394)
As of 12/31/2020	**167 011**	**(15 840)**	**151 171**

The breakdown of goodwill by segment is as follows:



(in € thousands)	31/12/2019	31/12/2020
Asset Management	103 670	97 032
Lending & Leasing	48 949	47 150
Insurance/Pension Funds	6 945	6 989
GOODWILL, NET	**159 565**	**151 171**

7.2. Intangible assets

<u>Separately acquired intangible assets</u>
These assets correspond to purchased software recognized at acquisition cost. They are amortized on a straight-line basis over a period of one to ten years in accordance with their estimated useful lives.

<u>Intangible assets acquired as part of a business combination</u>
The main components of this category are software and customer base measured at their fair value in connection with the allocation of the acquisition price of entities acquired as part of a business combination. These assets are amortized on a straight-line basis over eight years in accordance with their estimated useful lives.

<u>Internally-generated intangible assets</u>
Pursuant to IAS 38 "*Intangible Assets*":

- ✓ research costs are recognized as an expense in the period in which they are incurred,
- ✓ software development costs are recognized as an intangible asset if the Group can demonstrate the following :
  - ✓ the technical feasibility of completing development of the software so that it will be available for use or sale,
  - ✓ its intention to complete development of the software and use or sell it,
  - ✓ its ability to use or sell the software,
  - ✓ how the software will generate probable future economic benefits,
  - ✓ the availability of adequate technical, financial and other resources to complete development and to use or sell the software,
  - ✓ its ability to measure reliably the expenditure attributable to the software during its development.

Fulfillment of these criteria is determined on a product-by-product basis. Software development costs that cannot be capitalized are immediately expensed.

These assets are amortized on a straight-line basis over five years in accordance with their estimated useful lives, which are reviewed at each reporting date. The useful life is estimated based on projections of the expected future economic benefits of developments made.

Intangible assets changed as follows:

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Gross amount as of 12/31/2019	**54 438**	**47 022**	**20 551**	**2 115**	**124 126**
Acquisitions	215	7 985	-	-	8 200
Other movements	2 059	(14)	-	(2 044)	1
Foreign currency translation adjustments	(2 545)	(2 712)	(1 526)	(60)	(6 843)
GROSS AMOUNT AS OF 12/31/2020	**54 167**	**52 281**	**19 025**	**11**	**125 484**

Acquisitions relate to the capitalization of R&D totaling €8.0 million, notably related to the AMP (Asset Management Platform) and Alchemy projects.
Research and development costs are € 17.6 million (before capitalization) in 2020, representing 11.0% of turnover in 2020, stable compared to 2019 when they represented 11.1% of turnover, € 18.8 million (before capitalization)

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Accumulated amortization as of 12/31/2019	**(48 481)**	**(28 638)**	**(18 070)**	**(2 393)**	**(97 582)**
Amortization expense	(3 046)	(1 757)	(1 414)	(336)	(6 553)
Other movements	(2 026)	(667)	-	2 682	(11)
Foreign currency translation adjustments	2 329	1 071	1 417	36	4 853
ACCUMULATED AMORTIZATION AS OF 12/31/2020	**(51 224)**	**(29 991)**	**(18 067)**	**(11)**	**(99 293)**

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Net amount as of 12/31/2019	**5 957**	**18 384**	**2 481**	**(278)**	**26 543**
NET AMOUNT AS OF 12/31/2020	**2 943**	**22 290**	**958**	**-**	**26 191**

7.3. Right of use IFRS 16

In accordance with IFRS 16, leases are recorded under tangible fixed assets for the right of use of the leased asset. Such leases are recognized at the beginning of the contract for the discounted value of the minimum lease payments, in counterpart of a liability, corresponding to the lease liabilities owed to the lessor.

The restatements relate to operating leases for offices and vehicles.

These assets are depreciated using the straight-line method over the term of the lease, which corresponds to the non-cancellable period of each contract, unless the Group is reasonably certain that it will be able to exercise the renewal options provided under the contract. Also, in December 2019, the IFRIC published its final decision regarding the determination of the enforceable term of a lease and the amortization period of irremovable fixtures. In the financial statements presented, the Group has implemented this decision of mandatory application on 12/31/2020.

The simplifying measures specified by the standard have been implemented : (exclusion of contracts of less than one year and contracts relating to low-value assets).

The discount rates used to calculate the rights of use and lease liabilities for each lease, correspond to the marginal debt rates estimated by the management for leased assets. These rates are differentiated (i) by country and (ii) by the contract residual lease term (iii) differentiation by category of assets is also being used.

Discount rates range from 2.00% to 8% and are calculated according to the maturity of the restated contract and the country risk.

The term used for the valuation of these lease commitments extends until November 2030 and corresponds to the non-cancellable period plus any period subject to renewal options, provided that the exercise of these options is "reasonably certain".

The evolution of the rights of use IFRS 16 is analyzed below :

(in € thousands)	Land, Buildings	car fleets	TOTAL
GROSS AMOUNT AS OF 12/31/2019	**16 999**	**134**	**17 133**
Increase in user fees of IFRS 16	10 310	79	10 389
Changes to rental contracts	(1 829)	-	(1 829)
End of rental contracts	(572)	(34)	(606)
Other movements	-	-	-
Foreign currency translation adjustments	(1 591)	-	(1 591)
GROSS AMOUNT AS OF 12/31/2020	**23 317**	**179**	**23 496**
AMORTIZATION AS OF 12/31/2019	**(4 312)**	**(59)**	**(4 371)**
Amortization expense	(4 238)	(66)	(4 304)
Reprises d'amortissements	503	34	537
Other movements	-	-	-
Foreign currency translation adjustments	437	-	437
ACCUMULATED AMORTIZATION AS OF 12/31/2020	**(7 610)**	**(91)**	**(7 701)**
NET AMOUNT AS OF 12/31/2019	**15 707**	**88**	**15 795**

The increase in the rights of use is explained up to €8,030 thousand by the signing of a new lease signed by LDS Inc for the Boston offices, which will expire in November 2030. In addition, during the financial year, the rental period of a lease was reestimated, leading to a reduction in the value of its right use of €1,829 thousand.

The breakdown of IFRS 16 lease liabilities by maturity is as follows :

(in € thousands)	31/12/2019	31/12/2020
Due on 31/12/2020	3 884	-
Due on 31/12/2021	3 135	3 676
Due on 31/12/2022	2 341	2 881
Due on 31/12/2023	1 639	2 425
Due on 31/12/2024 and after	2 036	2 157
Due on 31/12/2025 and after	-	5 844
TOTAL	**13 035**	**16 984**

7.4. Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost excluding financial expenses, less accumulated depreciation and any impairment losses. They have not been revalued.

Depreciation is calculated using the straight-line method and the expected useful lives of the various categories of property, plant and equipment:

- ✓ buildings 5 to 20 years
- ✓ improvements 5 to 20 years
- ✓ equipment and tools 2 to 5 years
- ✓ office furniture and equipment 2 to 5 years

Depreciation is calculated based on the acquisition cost, reduced by any residual value. Residual values and expected useful lives are reviewed at each reporting date.

Property, plant and equipment changed as follows:

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	*Of which finance leases*
Gross amount as of 12/31/2019	**33 794**	**14 322**	**34 663**	**82 779**	***15 762***
Acquisitions	10 316	2 000	2 023	14 339	*79*
Disposals	(572)	(36)	-	(608)	*(34)*
Other movements	(1 829)	-	(71)	(1 900)	-
Foreign currency translation adjustments	(1 687)	(605)	(2 134)	(4 426)	*(193)*
GROSS AMOUNT AS OF 12/31/2020	**40 022**	**15 681**	**34 481**	**90 184**	***15 614***

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	*Of which finance leases*
Accumulated amortization as of 12/31/2019	**(5 286)**	**(12 321)**	**(29 644)**	**(47 254)**	***(3 989)***
Amortization expense	(4 989)	(1 073)	(2 822)	(8 884)	*(613)*
Reversal of amortization expense	503	34	-	537	*34*
Other movements	(1 619)	1 619	-	-	-
Foreign currency translation adjustments	473	500	1 825	2 798	*192*
ACCUM. AMORTIZATION AS OF 12/31/2020	**(10 918)**	**(11 241)**	**(30 641)**	**(52 800)**	***(4 376)***

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	*Of which finance leases*
Net amount as of 12/31/2019	**28 508**	**2 001**	**5 019**	**35 525**	***11 773***
NET AMOUNT AS OF 12/31/2020	**29 104**	**4 440**	**3 840**	**37 384**	***11 238***

Investments almost exclusively concern servers, IT and office equipment, as well as work on the Boston head office.

7.5. Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment as soon as there are objective indications of impairment. Goodwill and intangible assets not yet ready to be brought into service are tested for impairment as soon as there are indications of impairment and systematically at December 31, the Company's reporting date.

Impairment tests are carried out at the level of the cash generating units (CGUs) to which the assets are allocated. The CGUs are operational entities generating independent cash flows.

The CGUs adopted by the Group correspond to the following business segments:
- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

The impairment tests involve comparing the carrying amount of the CGUs with their recoverable amount. A CGU's recoverable amount is the higher of its fair value (generally its market value) less costs to sell and its value in use.

A CGU's value in use is determined using the discounted cash flow method, incorporating the following cash flows:
- ✓ cash flows for a plan period of five years, with cash flows for the first year based on the budget, (in 2020, the budget was revised taking into account the effects of Covid-19),
- ✓ cash flows beyond the five-year plan period, which are calculated by applying a perpetual growth rate.

Cash flows are discounted using an average discount rate equal to:
- ✓ the ten-year risk-free money rate,
- ✓ plus the market risk premium adjusted by a risk coefficient specific to the asset or CGU.

If the CGU's carrying amount exceeds its recoverable amount, an impairment loss is recognized to reduce the assets' carrying amount to their recoverable amount. The impairment loss is allocated first to reduce the carrying amount of the goodwill and recorded in profit or loss under *"Other operating expenses"*. The reversal of impairment losses on goodwill in respect of fully-consolidated subsidiaries is prohibited. The reversal of impairment losses on property, plant and equipment and intangible assets (excluding goodwill) is permitted, up to the limit of the impairment loss initially recognized, if the recoverable amount subsequently becomes higher than carrying amount.

7.5.1. Impairment testing procedures

The tests were carried out in accordance with the following assumptions:

- ✓ the forecasts used were based on past experience, the order books and products under development,
- ✓ the growth rate to infinity was calculated at 1.5%. This rate, which is identical to that used for previous exercises, is in line with the average long-term growth rate in the Group's business sector;
- ✓ the discount rate calculated is 10% after tax (identical to that used for previous exercises). The main components of the weighted average cost of capital are a market risk premium, a risk-free rate corresponding to an average of the interest rates on government bonds with a high maturity, a beta calculated based on a sample of companies in the sector.
- ✓ the tax rate is differentiated by CGU by applying an effective tax rate that is weighted according to the revenue generated by geographic region.

The key assumptions about the growth rate to infinity and the discount rate are identical for each CGU to which goodwill is allocated insofar as the business and financial risks of the CGUs used present common characteristics due to:

- ✓ the identical profile of their clients, made up of large companies, banking or financial institutions with an immaterial credit risk;
- ✓ the geographic regions in which the Group operates, which have a limited risk profile and similar growth criteria.

The tests carried out in respect of the business segments indicated that there was no need to recognize any impairment losses in goodwill for the year ended December 31, 2020.

7.5.2. Sensitivity of goodwill impairment tests

The margin for testing, which corresponds to the difference between the value in use and the carrying amount, as well as the impacts of changes in the key assumptions on this margin, are shown separately for each business segment in the following table:

(in € millions)	Asset Management	Lending & Leasing	Other Activities
Difference between value in use and carrying amount	**67.6**	**66.4**	**8.5**
Impact on recoverable amount in the event of :	-	-	-
a 1-point increase in the discount rate	(21.7)	(13.2)	(1.7)
a 0.5-point fall in the perpetual growth rate	(8.0)	(4.9)	(0.6)
Combination of the two factors	**(27.9)**	**(17.0)**	**(2.1)**
5% turnover decrease & 10% EBITDA decrease	(28.3)	(15.1)	(1.8)
Combination of the three factors	**(52.5)**	**(30.1)**	**(3.7)**

NOTE 8 OTHER PROVISIONS AND CONTINGENT LIABILITIES

8.1. Other provisions

A provision is recognized when:

- ✓ the Group has a legal, contractual or constructive obligation resulting from a past event,
- ✓ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- ✓ the amount of the obligation can be measured reliably .

Provisions are measured in accordance with IAS 37 based on the most probable assumptions.

Changes in the provisions were as follows:

(in € thousands)	Provisions for legal proceedings	Other provisions	PROVISIONS
PROVISION AS OF 12/31/2019	**329**	**-**	**329**
Additions	16	-	16
Reversals - provision used	-	-	-
Reversals - provision not used	-	-	-
Effect of conversion and other variations	(2)	-	(2)
PROVISION AS OF 12/31/2020	**343**	**-**	**343**
Of which non-current provisions	39	-	39
Of which current provisions	303	-	303

Provisions for litigation mainly cover commercial litigation.

The pending litigation has been analyzed. Where applicable, these disputes have given rise to the establishment of a provision estimated by Group Management on the basis of facts and circumstances, in accordance with IAS 37. The residual uncertainty inherent in any dispute could not have an material impact on the profit or loss.

8.2. Contingent liabilities

In contrast to the above definition of a provision, a contingent liability is:

✓ a possible obligation arising from a past event whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain event not within the Group's control, or

✓ a present obligation arising from a past event for which either the amount of the obligation cannot be measured reliably or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The Group has not identified any contingent liabilities.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS

9.1. Financial assets and liabilities

The main components of financial assets and liabilities are:

- ✓ long-term financial liabilities, short-term loans and bank overdrafts that make up the Group's gross debt (see Note 9.1.2)
- ✓ loans and other long-term financial assets and cash and cash equivalents that are added to the gross debt to calculate the Group's net debt (see Note 9.1.3)
- ✓ derivative financial instruments (see Note 9.1.4)
- ✓ other current and non-current financial assets and liabilities (see Note 9.1.5)

9.1.1. Fair value of financial assets and liabilities

(in € thousands)	31/12/2020		Breakdown by type of financial instrument				
	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 176	1 176	-	-	1 176	-	-
Trade and other receivables	36 925	36 925	-	-	36 925	-	-
Cash and cash equivalents	30 180	30 180	30 180	-	-	-	-
FINANCIAL ASSETS	**68 281**	**68 281**	**30 180**	**-**	**38 101**	**-**	**-**
Non-current loans and financial liabilities	75 130	75 130	-	-	-	75 082	48
Non-current rent debts IFRS 16	13 308	13 308	-	-	-	13 308	-
Current loans and financial liabilities	22 196	22 196	-	-	-	22 196	-
current rent debts IFRS 16	3 676	3 676	-	-	-	3 676	-
Current operating liabilities	7 467	7 467	-	-	7 467	-	-
FINANCIAL LIABILITIES	**121 777**	**121 777**	**-**	**-**	**7 467**	**114 262**	**48**

(in € thousands)	12/31/2019		Breakdown by type of financial instrument				
	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 239	1 239	-	-	1 239	-	-
Trade and other receivables	42 552	42 552	-	-	42 552	-	-
Cash and cash equivalents	17 178	17 178	17 178	-	-	-	-
FINANCIAL ASSETS	**60 969**	**60 969**	**17 178**	**-**	**43 791**	**-**	**-**
Non-current loans and financial liabilities	72 643	72 643	-	-	-	72 540	103
Non-current rent debts IFRS 16	9 166	9 166	-	-	-	9 166	-
Current loans and financial liabilities	21 312	21 312	-	-	-	21 312	-
current rent debts IFRS 16	3 924	3 924	-	-	-	3 924	-
Current operating liabilities	11 476	11 476	-	-	11 476	-	-
FINANCIAL LIABILITIES	**118 521**	**118 521**	**-**	**-**	**11 476**	**106 942**	**103**

9.1.2. Gross debt

Gross debt comprises bonds and bank borrowings as well as other borrowings, short term loans and bank overdrafts.

Loans are initially recognized at their fair value, net of transaction costs incurred. Loans are subsequently recognized at their amortized cost. The amount of interest recognized in financial expenses is determined by applying the borrowing's effective interest rate to its carrying amount. The difference between the expense calculated using the effective interest rate and the coupon affects the value of the liability.
Financial liabilities hedged by interest rate swaps are generally recognized using hedge accounting.
The finance lease liabilities are recognized at the inception of each lease, the amount of which is equal to the discounted value of future lease payments.

Changes in the Group's gross debt during the financial year are broken down as follows:

(in € thousands)	12/31/2019	Changes in Group structure	Additions	Repayments	Change in fair value	Reclassification	Other variations	Foreign currency translation adjustments	12/31/2020
Bond loans	34 716	-	-	-	-	100	-	-	34 816
Syndicated loans	11 980	-	-	-	-	(3 982)	-	-	7 998
Other bank loans	17 585	-	15 000	-	-	(6 703)	-	-	25 882
Finance lease liabilities	7 718	-	-	-	-	(1 335)	-	-	6 383
	-	-	-	-	-	-	-	-	-
Other financial liabilities	644	(541)	-	-	(55)	-	-	-	48
Non-current loans and other financial liabilities	**72 643**	**(541)**	**15 000**	**-**	**(55)**	**(11 920)**	**-**	**-**	**75 127**
Non-current rent debts IFRS 16 (note 7)	**9 166**	**-**	**10 000**	**-**	**-**	**(3 037)**	**(1 829)**	**(992)**	**13 308**
Non-current Financial debt	**81 809**	**(541)**	**25 000**	**-**	**(55)**	**(14 957)**	**(1 829)**	**(992)**	**88 435**
Bond loans	(32)	-	-	65	-	(100)	-	-	(67)
Syndicated loans	7 961	-	-	(3 961)	-	3 982	-	-	7 982
Other bank loans	11 582	-	-	(5 780)	-	6 703	-	-	12 505
Finance lease liabilities	1 335	-	-	(1 335)	-	1 335	-	-	1 335
Accrued interest	460	-	-	(18)	-	-	-	-	442
Other financial liabilities	-	-	-	-	-	-	-	-	-
Bank overdrafts	6	-	-	(5)	-	-	-	-	1
Current loans and other financial liabilities	**21 312**	**-**	**-**	**(11 034)**	**-**	**11 920**	**-**	**-**	**22 198**
current rent debts IFRS 16	**3 924**	**-**	**1 296**	**(4 325)**	**-**	**3 037**	**-**	**(257)**	**3 675**
Current Financial debt	**25 236**	**-**	**1 296**	**(15 359)**	**-**	**14 957**	**-**	**(257)**	**25 873**
FINANCIAL GROSS DEBT	**107 045**	**(541)**	**26 296**	**(15 359)**	**(55)**	**-**	**(1 829)**	**(1 249)**	**114 308**

In September 2020, Linedata Services SA subscribed a BPI loan for € 15 million to strengthen the financial structure.

Linedata Services SA made the following reimbursements:
- on the syndicated loan of € 20 million in the amount of € 4 million in January 2020.
- on the BNP Paribas loan in the amount of € 3.1 million during the year.
- on BPI loans in the amount of € 2.7 million during the year.
- on property finance lease for € 1.3 million during the year.

The change in other miscellaneous financial debts of € 541 thousand is mainly linked to the Loansquare earn-out clause (Cf. 3.3).

At the end of December 2020, therefore, the Group had the following credit lines:

(in € thousands)	Grant date	Maturity date	Notional amount when granted	capital outstanding at 12/31/2020
Bond loans	June 2015	May 2022	35 000	35 000
Syndicated loan - in EUR	January 2017	January 2022	20 000	16 000
Bilateral credit	August 2018	April 2022	20 000	12 475
Bilateral credit	June 2017	June 2022	5 000	2 000
Credit facility	July 2017	July 2022	5 000	2 250
Credit facility	May 2019	May 2022	10 000	6 666
Credit facility	September 2020	September 2025	15 000	15 000
			110 000	**89 391**

As a precaution, in the context of the current global health crisis, the Linedata Group has requested an deadline extension from its banking partners.

On the Syndicated Loan, originally valued at € 20 million, the July 2020 deadline has been extended to April 2022 for an amount of € 4 million.

On the BNP loan, originally valued at € 20 million, the maturities of the 2nd and 3rd quarter of 2020 are postponed to April 2022 for an amount of € 3.1 million.

On the BPI loans, originally valued at € 20 million, the March and August 2020 maturities are postponed from August 2022 to January 2023 for an amount of € 2.6 million.

The applicable bank terms are as follows:

- ✓ the bond loan and bilateral credits contracted in June,July 2017 and September 2020 have a fixed interest rate
- ✓ the interest rate is equal to Euribor for the syndicated borrowing denominated in euros, applicable during the drawdown period, plus a margin that is adjusted half-yearly based on the leverage ratio (consolidated net debt to EBITDA ratio),
- ✓ the interest rate is equal to Euribor plus a margin for the bilateral credits contracted in August 2018 and May 2019.

Details of the covenants relating to the financial liabilities are provided in Note 9.4.1.

9.1.3. Net debt

Net debt comprises bonds and bank borrowings, other borrowings, short term loans and bank overdrafts less cash and cash equivalents. The "Cash and cash equivalents" heading comprises cash, marketable securities and bills of exchange presented for collection whose maturity date falls before the reporting date. All of the items included under this heading qualify as cash equivalents since they are readily convertible to known amounts of cash whilst being subject to an insignificant risk of changes in value. These current financial assets, recognized at their fair value through profit or loss, are held to help the Group meet its short-term cash requirements.

(in € thousands)	31/12/2019	31/12/2020
Bond loans	34 684	34 749
Syndicated loans	19 941	15 980
Other bank loans	29 167	38 387
Finance lease liabilities	9 053	7 718
Rent debts IFRS 16	13 090	16 984
Accrued interest	460	442
Other financial liabilities	644	48
Bank overdrafts	6	1
Financial Gross Debt	**107 045**	**114 309**
Marketable securities	-	-
Cash	17 178	30 180
Cash and cash equivalents	**17 178**	**30 180**
FINANCIAL NET DEBT	**89 867**	**84 129**

9.1.4. Derivative financial instruments

The Group uses derivative financial instruments for hedging purposes, to protect itself against fluctuations in interest rates, since its medium-term borrowings are at variable rates.

Most of the derivative financial instruments used by the Group are deemed to be cash flow hedging instruments. As regards changes in the fair value of these hedging instruments, those relating to the effective portion of the hedge are recognized in equity whereas those relating to the ineffective portion (or when the hedged item is itself recognized in profit or loss) are recognized in the income statement under "*Other financial income" or "Other financial expenses".*

In the case of derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in fair value is recognized in the income statement under "*Other financial income" or "Other financial expenses".*

Derivative financial instruments are recognized within financial assets or liabilities by reference to their value.

9.1.5. Other financial assets and liabilities

The main components of other non-current assets and liabilities are guarantee deposits and available-for-sale financial assets. Guarantee deposits are measured at fair value with changes in fair value being recognized through profit or loss. Available-for-sale financial assets comprise investments in unconsolidated entities and are recognized initially at fair value. Any change in this fair value is subsequently recognized in other comprehensive income or in the profit or loss for the year in the event of a significant or prolonged fall in their fair value. Unrealized gains and losses recognized in other comprehensive income are recognized in profit or loss when the securities concerned are sold.

Other current financial assets and liabilities comprise trade receivables and payables, which are initially recognized at fair value and subsequently at their amortized cost, minus any impairment. The fair value of trade receivables and trade payables is considered to be the same as their face value, given their due dates for payment.

(in € thousands)	31/12/2019	31/12/2020
Deposits and sureties	1 230	1 171
Other non-current financial assets	9	5
Gross amount	**1 239**	**1 176**
Provision for impairment losses	-	-
NON-CURRENT FINANCIAL ASSETS	**1 239**	**1 176**

9.2. Financial income and expenses

Financial income and expenses comprise, on the one hand, interest income and expenses related to the cost of the net debt and, on the other hand, other financial income and expenses.

9.2.1. Net borrowing costs

Interest expenses correspond to the amount of interest recognized in respect of financial liabilities, and interest income corresponds to the amount of interest received on cash investments.

(in € thousands)	31/12/2019	31/12/2020
Income from cash and cash equivalents	11	5
Interest expense	(2 251)	(2 114)
Gains (losses) on hedging instruments (interest rate differential)	(25)	-
NET BORROWING COSTS	**(2 265)**	**(2 109)**

The average amount of borrowings outstanding was €89.6 million in 2020, compared with €97.4 million in 2019.
The average cost of borrowing after factoring in hedging instruments was 2.4% in 2020, compared to 2.3% in 2019.

9.2.2. Other financial income and expenses

(in € thousands)	31/12/2019	31/12/2020
Foreign currency translation gains	1 551	448
Change in the value of derivative financial instruments	15	-
Other financial income	23	31
Total other financial income	**1 589**	**479**
Foreign currency translation losses	(1 235)	(3 036)
Change in the value of derivative financial instruments	-	-
Other financial expenses - IFRS 16	(619)	(464)
Other financial expenses	(249)	(136)
Total other financial expenses	**(2 103)**	**(3 636)**
OTHER FINANCIAL INCOME (EXPENSES)	**(513)**	**(3 157)**

Foreign currency translation gains and losses related mainly to commercial transactions denominated in foreign currencies, mainly in US dollars and Pound Sterling.
The Interest expense on rental obligations corresponds to the impact of discounting the lease liabilities, pursuant to IFRS 16.

9.3. Financial risk management policy

9.3.1. Market risks

Currency risk

The currency risk mainly concerns conversion of the foreign subsidiaries' financial statements. No specific hedges are in place for this risk.

The risk of fluctuations in foreign currency denominated commercial transactions is low as each entity predominantly intervenes in their country and currency.

Moreover, as part of intragroup transactions, Linedata Services is exposed to foreign exchange risk with regard to:

- ✓ short-term current commercial transactions, mainly with Group entities located outside the euro zone. These exchange rate fluctuations have no material impact on profit.

As of December 31, 2019, the net carrying amount of the assets and liabilities recorded by the Group's entities in a currency other than their operating currency was as follows:

(in € thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converted to EUR
Assets	129 019	3 702	35 386	7 318	89 145	7 507	371 259	176 646
Liabilities	29 827	2 797	7 600	4 550	32 869	3 657	260 682	46 086
Net position before hedging	**99 192**	**905**	**27 786**	**2 768**	**56 276**	**3 850**	**110 577**	**130 560**
Hedging financial instruments	-	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**99 192**	**905**	**27 786**	**2 768**	**56 276**	**3 850**	**110 577**	**130 560**

The position at December 31, 2020 is as follows:

(in € thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converti en euros
Assets	140 914	5 092	37 564	6 572	79 352	4 133	391 593	174 962
Liabilities	36 838	1 749	8 828	4 146	26 136	2 729	246 223	47 964
Net position before hedging	**104 076**	**3 343**	**28 736**	**2 426**	**53 216**	**1 404**	**145 370**	**126 998**
Hedging financial instruments	-	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**104 076**	**3 343**	**28 736**	**2 426**	**53 216**	**1 404**	**145 370**	**126 998**

Sensibility analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €14,111 thousand on the net position as of December 31, 2020 compared with (-) €13,729 thousand as of December 31, 2019. A 10% increase in these exchange rates would have a positive impact of €11,545 thousand on the net position as of December 31, 2020, compared with €11,291 thousand as of December 31, 2019.

Interest rate risk

Interest rate risk is managed by the Group's Finance division in collaboration with its main partner banks. The Group's available cash is invested in money market funds, certificates of deposit or interest-bearing accounts, which have little exposure to market fluctuations and pose no capital risk.

Loan hedging instruments

The Group entered into hedging agreements when it subscribed to the bond and syndicated loans in January 2017. The aim therefore is to protect against the risk of an increase in this rate.

As of December 31, 2020, the Group had a swap contract (3-month Euribor swappable for fixed rate of 0.165%) which represents a hedge of 75% of the syndicated loan in euros, or a notional hedged amount of €12 million maturing on January 24, 2022.

As of December 31, 2020, these different hedging contracts were valued at (-) €48 thousand (carried entirely as a liability) compared with (-) €103 thousand as of December 31, 2019.

The valuation difference, i.e. (-) €55 thousand, has an impact on equity when it concerns contracts that are qualified as perfect hedges pursuant to IFRS 9, which is all of these contracts.

Summary of interest rate risk exposure

The following table shows the Group's exposure to interest rate risk based on outstanding commitments at December 31, 2020:

(in € thousands)	Less than 1 year		1 to 5 years		More than 5 years		Total carrying amount		
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Total
Bond loans	(67)	-	34 816	-	-	-	34 749	-	34 749
Syndicated loans	-	7 982	-	8 000	-	-	-	15 982	15 982
Other bank loans	2 938	9 567	16 312	9 570	-	-	19 250	19 137	38 387
Finance lease liabilities	1 252	-	3 812	-	2 654	-	7 718	-	7 718
Rent debts IFRS 16	3 676	-	8 847	-	4 459	-	16 983	-	16 983
Accrued interest	-	442	-	-	-	-	-	442	442
Other financial liabilities	44	-	-	-	-	-	44	-	44
Bank overdrafts	-	1	-	-	-	-	-	1	1
NET EXPOSURE BEFORE HEDGING	**7 843**	**17 993**	**63 787**	**17 570**	**7 113**	**-**	**78 744**	**35 563**	**114 306**
Interest rate hedging instruments	6 000	(6 000)	6 000	(6 000)	-	-	12 000	(12 000)	-
NET EXPOSURE AFTER HEDGING	**13 843**	**11 993**	**69 787**	**11 570**	**7 113**	**-**	**90 744**	**23 563**	**114 306**

Sensitivity analysis on the net borrowing costs to changes in interest rates

For 2020, based on average loan outstandings and current bank overdrafts, a 100 basis point increase in interest rates would have resulted in a €272 thousand increase in the cost of the Group's net debt, i.e. 12.9% of that cost.

Equity risk

The group holds no shares in other companies and no equity UCITS. Its available cash is invested mainly in money market funds or interest-bearing accounts. All transactions that concern treasury shares are recognized directly in equity.

9.3.2. Liquidity risk

The Group conducted a specific review of its liquidity risk and believes it is in a position to meet its future maturities.

As of December 31, 2020, the Group had gross cash and cash equivalents of €30.2 million and gross financial liabilities of €114.3 million.

The table below shows contractual cash flows undiscounted for consolidated net debt:

(in € thousands)	Carrying amount	Contractual cash flows						Total
		2021	2022	2023	2024	2025	2026 and beyond	
Bond loans	34 749	-	35 000	-	-	-	-	35 000
Syndicated loans	15 980	8 000	8 000	-	-	-	-	16 000
Other bank loans	38 387	12 509	15 572	3 752	3 752	2 806	-	38 391
Finance lease liabilities	7 718	1 252	953	953	953	953	2 654	7 718
Rent debts IFRS 16	16 983	3 676	2 881	2 425	2 157	1 384	4 459	16 983
Accrued interest	442	442	-	-	-	-	-	442
Other financial liabilities	48	-	-	-	-	-	-	-
Bank overdrafts	1	1	-	-	-	-	-	1
Financial Gross Debt	**114 308**	**25 881**	**62 406**	**7 130**	**6 862**	**5 143**	**7 113**	**114 535**
Cash and cash equivalents	30 180	30 180	-	-	-	-	-	30 180
FINANCIAL NET DEBT	**84 127**	**(4 299)**	**62 406**	**7 130**	**6 862**	**5 143**	**7 113**	**84 355**

9.3.3. Credit risk

Due to the nature of its business, the Group is exposed to credit risk, especially the risk of its customers defaulting. Details are provided in Note 5.3 of the amounts of the Group's trade receivables and their age.

9.4. Off-balance sheet commitments related to the Group’s financing

9.4.1. Covenants

In connection with the bond contract established in June 2015 and the bank loan contract signed in January 2017, Linedata Services undertook, under the terms of covenants, to ensure that as of December 31, 2020, the leverage ratio, i.e. the amount of the net debt divided by the consolidated EBITDA, would not exceed 2.25.

Given the impact of the application of IFRS 16 on the leverage ratio, Linedata has negotiated amendments to its loan agreements with bondholders and the banking pool, to ensure that the leverage ratio is established on the basis of the consolidated financial statements, excluding the application of this new standard.

As of December 31, 2020, the leverage ratio (excluding IFRS 16 impact) stood at 1.541.

9.4.2. Collateral

Linedata Services had not granted any pledges as at 31 December 2020.

9.4.3. Other commitments

As part of its bond loan contracts and syndicated loan, Linedata Services made a number of additional commitments to the banks when it signed its contract, which include a commitment not to subscribe to additional cumulated financial debt of more than €60 million on top of its existing loans, throughout the term of the loan contracts, or to limit the Group's total annual investment.

NOTE 10 INCOME TAX

10.1. Income tax

The income tax charge comprises the consolidated companies' current and deferred tax charges. Tax on items recognized directly in other comprehensive income is recognized in other comprehensive income rather than in the income statement.

10.1.1. Income tax expense

(in € thousands)	31/12/2019	31/12/2020
Current taxes	(8 794)	(5 225)
Deferred taxes	(741)	(1 876)
INCOME TAX EXPENSE	**(9 535)**	**(7 101)**

The amount of losses not recognized at December 31, 2019 totaled €7.248 million, i.e. unrecognized assets of €1.596 million (based on a rate of 21% in the United States 19% in the UK and 32% in France).

10.1.2. Analysis of the tax charge

(in € thousands)	31/12/2019		31/12/2020	
Profit (loss) before tax	26 996	-	27 357	-
Theoretical tax expense	**(8 644)**	**32.0%**	**(7 660)**	**28.00%**
Reconciliation	**-**	**-**	**-**	**-**
Other Permanent differences	(95)	0.4%	(161)	0.6%
Impact of unactivated tax losses	(254)	0.9%	(204)	0.7%
Impact of research tax credit	44	(0.2%)	47	(0.2%)
Impact of share-based payments	9	(0.0%)	-	-
Prior year accruals /deferrals (including US subsidiaries)	(238)	0.9%	565	(2.1%)
Adjustments on previous years - "IP Box"	-	-	1 171	(4.3%)
Corporate value-added tax (CVAE)	(592)	2.2%	(488)	1.8%
Tax rate differences - France / other currencies	1 962	(7.3%)	87	(0.3%)
Withholding tax on services abroad	(997)	3.7%	(661)	2.4%
Share of expenses and charges on dividends	(416)	1.5%	(250)	0.9%
transactions taxed at different rates	(198)	0.7%	-	-
Transactions taxed at different rates - "IP Box"	-	-	756	(2.8%)
Other	(116)	0.4%	(302)	1.1%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(9 535)**	**35.3%**	**(7 101)**	**25.95%**

The group notes a decrease in the effective tax rate which stands at 25.95%, mainly linked to the implementation of the "IP Box" system on net income from licenses of intangible assets, which benefit from a corporate tax rate reduced to 10% (compared to 28% for the standard rate).

The application of this new system led to a tax saving of € 1.171 million for the 2019 financial year, taken into account in the financial statements for the 2020 financial year.

The following table provides a breakdown of the tax charge by main geographical area:

(in € thousands)	31/12/2019		31/12/2020	
Southern Europe	(6 379)	43.2%	(2 754)	22.2%
Northern Europe	(984)	19.0%	(982)	18.1%
North America	(2 143)	32.6%	(3 354)	36.1%
Asia	(29)	6.0%	(11)	4.3%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(9 535)**	**35.3%**	**(7 101)**	**26.0%**

10.2. Deferred taxes

The Group recognizes deferred tax, in accordance with the liability method, for all temporary differences between the carrying amount and tax basis of its assets and liabilities recognized in the consolidated financial statements.

Deferred tax is measured by entity or tax group using the tax rates that have been enacted or substantially enacted as of the reporting date and that are expected to apply when the tax asset concerned is realized or the tax liability settled.

Deferred tax assets corresponding to temporary differences and tax losses carried forward are only recognized to the extent that it is probable that they will result in future tax savings.

Tax relating to items recognized directly in equity is recognized in equity, rather than in the income statement.

The following table provides a breakdown of deferred taxes by category of temporary difference:

(in € thousands)	31/12/2019	31/12/2020
Retirement benefit obligations	2 005	1 917
Activated tax losses	-	-
Intangible assets	(8 564)	(12 413)
Other temporary differences	(1 402)	1 434
NET DEFERRED TAXES	**(7 961)**	**(9 062)**
Of which:	-	-
Deferred tax assets in less than one year	*2 449*	*2 211*
Deferred tax assets in more than one year	*335*	*1 088*
Deferred tax liabilities in less than one year	*(1 208)*	*(1 070)*
Deferred tax liabilities in more than one year	*(9 537)*	*(11 291)*

Changes in net deferred tax during the financial year were as follows:

(in € thousands)	31/12/2019	31/12/2020
As of January 1	**(6 711)**	**(7 961)**
Taxes recognized in profit or loss	(741)	(1 876)
Taxes recognized in equity	(302)	(122)
Reclassification	-	-
Foreign currency translation adjustments	(207)	897
AS OF DECEMBER 31	**(7 961)**	**(9 062)**

NOTE 11 EQUITY AND EARNINGS PER SHARE

11.1. Equity

Linedata Services had capital stock of €6,625,726 on December 31, 2020, comprising 6,625,726 shares with a par value of €1.

11.1.1. Change in capital stock

On December 10, 2020, the Board of Directors has acknowledged, as of January 2021, the cancellation of 107,576 treasury shares and the correlative reduction of the share capital by a nominal amount of 107,576 euros to bring it back to 6,518,150 euros.

11.1.2. Treasury stock transactions

All Linedata Services shares held by the parent company are recognized at their acquisition cost as a deduction from equity.Gains or losses, net of tax, resulting from the sale of treasury stock are added to or deducted from consolidated reserves.

As of December 31, 2020, Linedata Services no longer holds any treasury shares acquired under the share repurchase programs authorized by the Shareholders' General Meeting.
All transactions involving treasury shares are taken directly to shareholders' equity. The impact for the fiscal year is (5,293) K€.

As of December 31, 2020, Linedata Services held 137,352 shares of its own shares, acquired under the buyback programs authorized by the Shareholders' General Meeting, for a total amount of € 3,409,000, i.e. an average purchase price of 24,77 €.

The valuation of treasury shares at the December 2020 closing price (€ 28,30) amounts to € 3,887 thousand.

As of December 31, 2020, Linedata Services also held 3,409 shares acquired under the contract ensuring the liquidity of its share with an investment service provider.
All transactions relating to treasury shares are charged directly to shareholders' equity. The impact of the year is € (3,248) thousand.

11.1.3. Dividends

The Combined Annual General Meeting of Linedata Services' shareholders on June 16, 2020, decided to pay, in respect of the year ended December 31, 2020, an ordinary dividend of €6,294 thousand (€0.95 per share). This dividend, excluding that in respect of treasury shares, totaled €6,097 thousand and was paid on July 8, 2020. The theoretical dividend in respect of the previous financial year was an ordinary dividend of €9,626 thousand (€1.35 per share).

11.2. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the profit for the year attributable to owners of the Company:

- ✓ basic earnings per share are determined on the basis of the weighted average number of common shares outstanding during the period, based on the shares' issue or repurchase date, less treasury stock.
- ✓ diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for the dilutive effect of the stock option plans in force as of the reporting date.Only common shares with a potentially dilutive effect are included in the calculation of diluted earnings per share, while shares with an accretive effect are excluded. Potential common shares resulting from stock options exercised at a strike price higher than the average share price are considered accretive.

	31/12/2019	31/12/2020
Profit for the year attributable to owners of the Company *(in € thousands)*	17 810	20 256
Weighted average number of common shares outstanding	6 625 726	6 558 373
BASIC EARNINGS PER SHARE (in €)	**2.69**	**3.09**

	31/12/2019	31/12/2020
Profit for the year attributable to owners of the Company *(in € thousands)*	17 810	20 256
Weighted average number of common shares outstanding	6 625 726	6 558 373
Weighted average number of shares retained in respect of dilutive items	-	-
Weighted average number of shares used to calculate diluted net earnings per share	6 625 726	6 558 373
DILUTED EARNINGS PER SHARE (in €)	**2.69**	**3.09**

11.3. Management of capital risk

The Group's purpose is to preserve business continuity while maximizing returns for its shareholders through capital structure and debt management.

The debt ratio (impacted by IFRS 16) changed as follows:

(in € thousands)	31/12/2019	31/12/2020
Loans and similar borrowings	93 380	97 276
IFRS 16 lease liabilities	13 090	16 984
Bank overdrafts	6	1
Cash and cash equivalents	(17 178)	(30 180)
Net debt(*)	**89 298**	**84 081**
Equity attributable to owners of the Company	118 554	121 458
GEARING RATIO	**75.3%**	**69.2%**

(*) not including miscellaneaous other financial liabilities

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

None

NOTE 13 FOREIGN CURRENCY CONVERSION RATES

	Average rate for the year			Rate as of December 31		
	2019	2020	Change	2019	2020	Change
Tunisian Dinar	3.2759	3.1939	(2.6%)	3.1275	3.2877	4.9%
Moroccan dirham	10.7565	10.8234	0.6%	10.7428	10.9187	1.6%
US Dollar	1.1196	1.1413	1.9%	1.1234	1.2271	8.5%
Canadian Dollar	1.4857	1.5294	2.9%	1.4598	1.5633	6.6%
Hong Kong Dollar	8.7724	8.8517	0.9%	8.7473	9.5142	8.1%
Pound Sterling	0.8773	0.8892	1.3%	0.8508	0.8990	5.4%
Indian Rupee	78.8502	84.5795	6.8%	80.1870	89.6605	10.6%

Sources: Oanda for Tunisian and Moroccan dinar rates, and Banque de France for other exchange rates.