A French corporation (*société anonyme*) with a share capital of 5,173,434
Site Sactar – 84500 – Bollene – France
Avignon Companies Register (RCS) No.: 338 070 352

2020 UNIVERSAL REGISTRATION DOCUMENT

The original French version of this Universal Registration Document was filed on June 2, 2021 with the AMF (*Autorité des Marché Financiers*), the French financial market regulator, as the competent authority under regulation (UE) No. 2017-1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary together with any amendments to the universal registration document. It has been approved in its entirety by the AMF in accordance with Regulation (EU) No. 2017-1129.

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CORRESPONDENCE TABLES

1 General comments

1.1 Definitions

In this Universal Registration Document, except where indicated otherwise:

- “Company” “EGIDE SA” means EGIDE SA having its registered office at Site Sactar – CS 20205 - 84500 Bollène, France, registered in Avignon (No. 341 699 106);
- “EGIDE” or “Group” means the group of companies comprised by the Company and its first and second tier subsidiaries;
- “Document” means this Universal Registration Document (*Document d’Enregistrement Universel*) registered by the French Financial Market Authority (*Autorité des Marchés Financiers* or AMF).

1.2 Disclaimer

The report contains information relative to the Group’s business and the markets in which it operates. This information is based on research carried out either within or outside the Group (e.g.: industry publications, specialist studies, information published by market research companies and analysts' reports). The Group considers that this information gives a true and fair image of its reference market to date and its competitive positioning in this market. Nonetheless, it has not been possible to have this information verified by an independent expert and the Group cannot guarantee that the same results would be obtained by a third party using different methods to collate, analyze or calculate this market information.

1.3 Forward-looking statements

The Universal Registration Document also contains information on the Group’s objectives and growth priorities. This information may be identified by the use of the future or conditional tenses and words relating to future situations, such as “estimate”, “consider”, “aim to”, “expect”, “intend”, “should”, “wish” and “could” or any variations on these expressions or similar terminology. Such information is based on data, assumptions, and estimates that the Group considers reasonable on the date of this Universal Registration Document. Readers are advised that these objectives and growth priorities are not historical facts and may not be interpreted as a guarantee that the facts and data set out will materialize, or that the underlying assumptions will be verified or that the objectives will be reached. By their nature these objectives may not be attained and the information presented in the Universal Registration Document could prove erroneous. The Group is in no way obliged to update the information, subject to applicable regulations, and notably the AMF General Regulation and EU Regulation No. 596/2014 of April 16, 2014 on market abuse, (the MAR regulation).

1.4 Risk factors

Investors are also advised to carefully take into consideration the risk factors described in Chapter 4 “Risk Factors” of this Universal Registration Document before making their investment decision. The occurrence of all or any of these risks is likely to have an adverse effect on the Group’s business, financial position, results of operations, financial position or objectives. Furthermore, other risks that have not yet been identified or which we consider to be of little significance may also have a negative impact and investors could lose some or all of their investment.

2 Responsibility for the French version of the registration document

2.1 Person responsible for the French version of the Universal Registration Document

James F. Collins, Chief Executive Officer.

2.2 Responsibility statement

"I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information in this 2020 Universal Registration Document is accurate and there are no omissions likely to alter its import.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the company and all entities included in the company's scope of consolidation. I also declare that to the best of my knowledge, the management report included in this document gives a true and fair view of the businesses, earnings, financial position and all entities included in the company's scope of consolidation and describes the main risks and uncertainties faced by the company.

Bollène, June 2, 2021

James F. Collins
Chair-Chief Executive Officer

2.3 Person responsible for financial information

Mr. Luc Ardon
Chief Financial Officer
Address: Site Sactar – CS 20205 - 84500 Bollène, France
Email: finance@fr.egide-group.com

3 Statutory auditors

3.1 Identity of the auditors

3.1.1 Statutory auditors

RSM PARIS (formally SYC SAS)
Ms. Régine Stéphan
26 rue Cambacérès - 75008 Paris
Member of the Paris Regional Association of Statutory Auditors

First appointment: general meeting of June 19, 2009, replacing the firm JWA, having resigned.

Renewal: combined ordinary and extraordinary general meeting of June 16, 2016.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2021.

PricewaterhouseCoopers Audit
Mr. Thierry Charron
63 rue de Villiers - 92208 Neuilly sur Seine
Member of the Versailles Regional Association of Statutory Auditors

Date of first appointment: June 29, 2001

Renewal: combined ordinary and extraordinary general meeting of June 11, 2019.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2024.

3.1.2 Alternate auditors

FIDINTER (formally MBV & Associés)
39 avenue de Friedland - 75008 Paris

First appointment: general meeting of June 19, 2009, replacing Jean-Marc Le Mer, having resigned. For information, on November 22, 2010, SYC Audit was merged into MBV & Associés, its sole partner, through a simplified merger procedure (*Transmission Universelle de Patrimoine)*.

Renewal: annual general meeting of June 16, 2016.

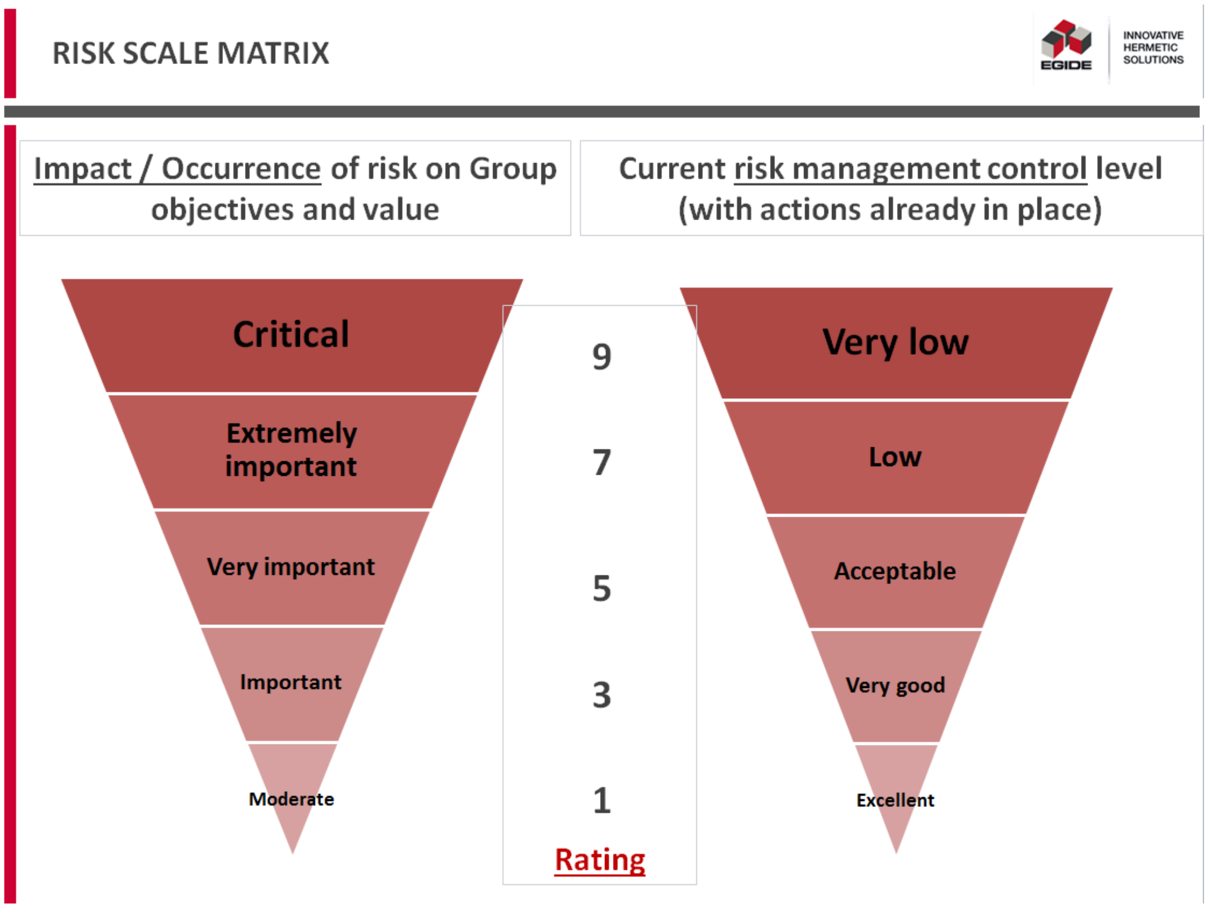
Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2021.

4 Risk factors

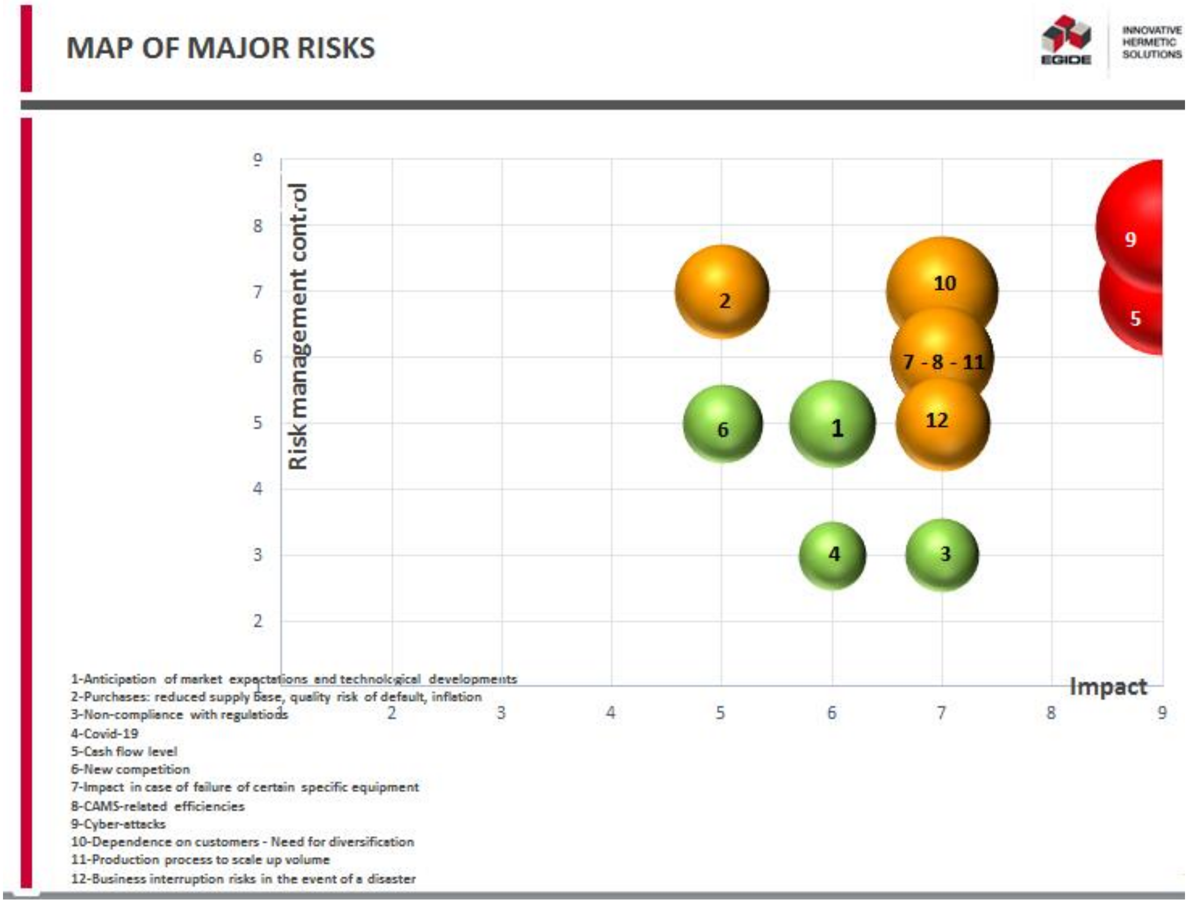
In application of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (“Prospectus 3”) which entered into effect on July 21, 2019 and in order to comply with ESMA guidance applicable in France from December 4, 2019, the Company has reviewed the risks that could have a material adverse effect on the Group, its business activity, financial position, financial performance, outlook or ability to meet its objectives. It considers that, as of the Document approval date, there are no material risks other than those presented in this section.

However, investors’ attention is drawn to the fact that the list of risks and contingencies described below is not exhaustive. Other known or unknown risks or uncertainties, whose occurrence is not considered likely to have a material adverse effect on the Group, its business activity, financial position or results as of the Universal Registration Document date, may exist or become major factors that could have a material adverse effect on the Group, its business activity, financial position, results, development or outlook.

The company produces a risk map each year of its quality process as part of its management review. This presentation is considered relevant when considering certain major risks within a broader context by contributing to a twofold assessment, namely concerning both the scope of the risk and the company’s management thereof. For this purpose, the following matrix is used:



Based on this dual-approach whereby a higher note means a higher degree of risk, the company has accordingly produced a risk map organized as follows:



These risks are classified into 4 categories without any order of importance:

- Financial risks,
- Market risks,
- Risks related to the Group's business and organization,
- Other risks.

Within each category, the most important risks following the assessment carried out by the Company are presented first and foremost in terms of their negative impact on the Company and Group and their probability of occurrence on the Document filing date.

The following risk factors are presented according to their degree of materiality ranked from high to low on the Document filing date and, when possible, with quantitative information on the risk factor's materiality.

4.1 Financial risks

4.1.1 Liquidity risks (level of cash)

This was historically a major risk as the company was required to address a series of adaptations which generated a number of losses over the years. Since the last capital increase in 2019, the group restructured operations and adopted numerous cost-saving measures that have significantly lowered its break-even point. While 2020 was impacted by be very exceptional events of the Covid-19 health crisis and the Cambridge fire, it provided an opportunity for the group to strengthen its financial position. However, after conducting an in-depth review of its liquidity risk, the Company considers that it is able to honor its future debt obligations. Information concerning the business as a going concern and debt is presented respectively in notes 20.3.1.5.2.5 and 20.3.1.5.3.6 to the consolidated financial statements included in this Document. As Egide currently has sufficient liquid resources to settle its debts on maturity, the company is consequently able to meet its current liabilities with its current assets.

The Group expects that it will require financing to develop its technologies and sell its products. Estimated operating cash flows are sufficient to self-finance the business' development strategy. The Group also has investment projects to modernize its production facilities and has largely secured financing in the form of investment grants, new loans or leases.

See also Section 10.3 – Borrowing requirements and funding structure

While the Company has improved its assessment of its the risk management capabilities but continues to rank the probability of this risk as **high**.

4.2 Market risks,

4.2.1 New market entrants (international competition)

The know-how needed to develop and produce hermetic packages or specific dissipative components remains difficult to acquire and must be preceded by a long and costly qualification process. It is then necessary to be able to achieve constant production performances in terms of output and quality in order to meet both technical but also commercial and economic requirements. These constraints constitute barriers to entry for new competitors seeking to develop into Egide's markets. Nevertheless, the effects of global imbalances could facilitate the market penetration of second-tier competitors for high-volume products using a technology not necessarily requiring the same high level of expertise comparable to that of Egide.

The Company has ranked the probability of this risk as **moderate**.

4.2.2 Technological risks

4.2.2.1 Launch of substitution products (technological developments)

Requirements in terms of hermeticity and heat dissipation are inherent to the very existence of integrated electronic systems or complex chips extremely sensitive to the thermal or atmospheric environment. Hybrid circuits used in the defense and space industries as well as lasers for broadband telecommunications need to be hermetically sealed so that they will work reliably without risk of breakdown. The same applies to immersed or buried optoelectronic circuits since the cost of changing a defective component is prohibitive when compared with the price of the equipment. The demand for high quality also applies to products sought after by civilian sector industries such as aeronautics or healthcare or, more generally, safety.

However, in the event hermeticity is no longer required, other solutions may be used. With the integration of Santier Inc., a company specialized in the manufacture of dissipative materials and whose business provides a complementary fit with packages, the Group can now address the needs of the electronics industry in the area of components with heat dissipation capacity that do not require hermeticity.

The Company has ranked the probability of this risk as **moderate**.

4.2.2.2 Price reductions (volume manufacturing)

Certain Egide products address applications positioned in "top-of-the-line" segments (long-distance optical telecommunications, aeronautics and space industries, defense and security). While this significantly reduces the impact of price declines, it does not eliminate the risk in the case of high production volumes. When reducing production costs is not enough to reach the target price while maintaining a satisfactory margin, there is a risk of not being able to process the customer order. Concerning other products involving simpler technologies, with companies in Asia often better positioned in terms of price, Egide has decided not to compete with them indiscriminately.

Whenever possible, it seeks suppliers combining low-cost and reliability for selected components used in the manufacture of its hermetic packages, which limits the effects of price declines on margins, and makes it possible to propose satisfactory prices to the customer in relation to the competition and the market price. In addition, continuing efforts to improve productivity and yields are deployed at each site, so as to anticipate price decreases which may be requested, while maintaining margins.

The Company has ranked the probability of this risk as **moderate**.

4.2.2.3 Upgrading manufacturing processes

The company is adapting its manufacturing processes to be more modern, efficient and to capture volume markets. The adaptation of its processes is not considered a risk as such though if not successful, this would be prejudicial. For that reason, the company has internally identified this risk to emphasize the importance and document the need for adaptation. To this extent, it is more a priority than a risk.

The company has ranked the probability of this risk as **moderate**.

4.3 Risks related to the Group's business and organization

4.3.1 Computer assisted maintenance management system (CAMS)

In France, the company uses a computer-assisted management tool that has been modified and customized over the years. The core software application is more than 20 years old for which support has no longer been provided for some time. The risk identified by the company concerns the possibility of a malfunction of very old databases, but also the perception that a more modern tool might offer better results.

To remedy this, a modern ERP system will be implemented before year-end. Other investment projects to modernize production include an MES (manufacturing execution system).

The Company has ranked the probability of this risk as **moderately high**.

4.3.2 Customer dependency risk

The dependency on a limited number of customers is addressed in note 6.2.6.

The Company has ranked the probability of this risk as **moderately high**.

4.3.1 Equipment failure

Certain equipment such as vacuum chambers or a cutting machine are unique in nature and old. As a result, production delays may be expected to occur should such equipment break down. To minimize the risk, an inventory of this equipment is carried out each year and preventive maintenance or replacement of this equipment is given priority, and notably through the modernization plan.

The Company has ranked the probability of this risk as **moderately high**.

4.3.2 Regulatory risks

The Group is subject to a regulatory environment concerning notably environmental protective and safety measures, and in particular with respect to industrial safety, employee health and safety and the safety of the products that it manufactures and sells.

To comply with these regulations, ongoing costs are incurred by the Group. An infringement of these regulations or the inability of the Group to adapt to future developments in this area could result in the application of different types of sanctions (financial, civil, administrative or criminal). Furthermore, changes in these laws and regulations and their interpretation could result in expenses and/or significant investments concerning mainly plant and machinery and/or adapting the design of its products which could have a material adverse effect on its business, results and long-term prospects.

The company's operations are not exposed to exceptional risks. Nevertheless, use of hazardous products (hydrogen, chemicals) in connection with operations increases the potential consequences of an explosion or fire if not rapidly brought under control.

With respect to industrial accidents, no serious incidents have been recorded to date in France or the United States. The only incidents recorded to date have concerned limited and superficial burns. Use of nickel, widely employed in the company, sometimes causes allergic skin reactions which may require an occupational illness-related dismissal.

This risk is right by the Company as **moderate** in light of the regular investments the Group has made to comply with these regulations.

The Company considers the probability of occurrence of this risk to be **low**.

4.3.3 Raw material risks (supply chain management)

Materials used by Egide Group are mainly ASTM F15 (or Kovar™), alumina, precious metals or not as raw materials. ASTM F15 is an iron, nickel and cobalt alloy entering into the composition of metal products purchased by the Group from machinists, molders or powder suppliers. While Kovar is sometimes sourced by Egide from specialized French, American or Japanese companies, it is generally supplied directly by its component suppliers. At the time of writing, Nickel and Copper prices have already doubled worldwide and in general, the trend is towards higher prices and supply chain pressure. And while the consequences however remain limited, it will be necessary to qualify suppliers to ensure the necessary flexibility. The impact on cost prices is being carefully monitored and will undoubtedly require the renegotiation of terms with customers entailing long-term commitments.

The value of inventories is inevitably impacted by trends for raw materials prices. However this remains limited as the percentage of pure material represents approximately 10% of the cost of a package. In effect, the largest share originates from the cost of metalwork subcontracting (machining, drawing, casting) unrelated to the price of material worked.

The components purchased by Egide are specific to each client and to each product. Such components are purchased only when the order has been received. It is not possible to achieve production yields of 100% in our business. This can result in a surplus inventory of components which explains our sourcing policy (see section 20.3.1.5.3.2).

The Company has ranked the probability of this risk as moderately high.

4.3.4 Environmental risks

With the exception of those governing anti-pollution measures, Egide is not subject to any specific regulations. The manufacturing process entails the use of hazardous products such as hydrogen and aurocyanide. These products are stored and used according to the standards in force and are under constant surveillance. The sites are also regularly inspected.

Prior to the acquisition of Electronic Packaging Products (renamed Egide USA Inc.) in 2000, Egide performed an environmental audit that did not identify any risk. This was also the case when performing the due diligence for the acquisition of the operating assets and liabilities which led to the creation of the subsidiary Santier Inc. in California in February 2017.

All production equipment used within the Egide Group comply with applicable safety and environmental standards. The Group regularly conducts regulatory verifications using certified entities (verification of fire protection equipment, electrical installations, wastewater disposal systems, etc.).

The Group is also in compliance with European Community Regulation on chemicals and their safe use concerning the Registration, Evaluation, Authorization and Restriction of Chemical substances (EC Directive 1907/2006 of December 18, 2006) or REACH. This regulation also encourages the use of alternative methods in valuating dangers related to substances in order to reduce the number of tests on animals.

This risk is ranked by the Company as **moderate**, as the Group ensures that it complies with applicable regulations.

4.4 Other risks

4.4.1 Pandemic-related risks

The group had never identified the risk of pandemic before 2019 and Covid-19 took the company by surprise as it did for the rest of the world. Overall, the company believes it will get through this period without too much damage for the following reasons:

- The group's markets and customers, while not representing absolutely essential activities, are nevertheless considered as priorities and have not been significantly impacted. The status is better formalized in the United States by means of the DO-DX rating which imposes an obligation of performance as a government supplier.
- The manufacturing facilities are adapted to the requirements of social distancing, even though modifications have been required in the organization of working hours to reduce the number of employees present at the site at the same time.
- Few suppliers have reduced their activity and the strategy of multi-supplier sourcing has ensured the continuity of operations.
- Finally, the group's facilities are not located in high density population areas. Even Santier which is in San Diego, California is located outside of the city.

The pandemic risk this appears to be limited for Egide. A corollary risk however exists concerning the repercussions of a global economic shutdown, with particular questions regarding investment budget financed by governments.

This risk is ranked by the Company as **moderate**, as the Group respects applicable safety rules.

4.4.1 Cyber-attacks

Cyber-attacks are multiplying and concern all types of organizations. The group's IT resources are secure and all staff are aware of the importance of this issue. In the US, an outside firm was hired to implement the recommendations of the National Institute of Standards and Technology (NIST). In addition, specific insurance coverage has been obtained to cover this risk. However, the nature of this risk is evolving and difficult to predict.

The company has ranked the probability of this risk as **high**.

4.5 Information on internal control and risk management procedures

4.5.1 General principles of the risk management system

Risk management aims to provide comprehensive system that covers all activities, processes and assets of the company. It is organized as a dynamic system, defined and implemented on this basis under the company's responsibility. It includes a set of tools, practices, procedures and actions that enables executives to keep the risks to an acceptable level for the company.

Risk represents the possibility of an event occurring that could affect the company's personnel, assets, environment, objectives or reputation. The objectives of risk management are as follows:

- Create and preserve the company’s value, assets and reputation,
- Secure decision-making and the company’s processes to attain its objectives,
- Promote the consistency of the company’s actions with its values (credibility),
- Bring the company’s employees together behind a shared vision of the main risks,

Within Egide, the risk management system is based on:

- An organizational framework: the executive committee formed by the Chief Executive Officer and line managers,
- A management process: risk mapping, with one or more risks (along with its causes and consequences) identified in each sector. Each risk is then assessed according to its impact on objectives and on the value of the Group and according to the monitoring, in light of measures already adopted,
- Ongoing controls: with the executive committee having direct responsibility for risk management, the different meetings in which it regularly participates provide opportunities for evaluating, anticipating and drawing appropriate conclusions about the possible effects of risks having occurred.

Specific attention is devoted to the issue of financial risk management. Points to be watched cover mainly accounting and management systems, IT services, legal issues and in particular the communication of accounting and financial information.

The first priorities seek to ensure the accuracy of the accounts, the absence of fraud or misappropriation and also the correct measurement of production costs to prevent the risk of negative sales margins. With all of the above managed through automated means, particular attention is paid to the data processing, backup and computer systems. With respect to legal affairs, legislative developments are monitored to ensure that any new legal provisions are applied, namely through legal watch (meetings, publications, etc.); the company consults with its legal counsel when required.

In the area of accounting and financial reporting, particular attention is paid to any items (financial or otherwise) released to the public. Accounting and financial information is first sent to executive management and the Board of Directors as well as to third parties (shareholders, bankers, investors, employees, customers, suppliers, etc.). For each recipient, the frequency and amount of information provided is different.

Egide SA's executive committee and the managers of each subsidiary receive every month a report on sales, order intake, the order book, headcount and the cash position by entity and for the Group.

The managers of the units also receive every month a P&L report enabling them to compare actual performances with the budget. In the event of a significant variances, additional controls are performed to identify either a material error (accounting recognition problem or omission) or a problem related to the company (for example, poor production output may result in higher than planned material usage).

The chief executive officer provides the chairman of the board of directors, through PowerPoint slides, a report on all Group indicators presenting key items relating to order intake, invoicing, short-term cash flow forecasts, headcount, statements of profit or loss, and all comments required to understand these indicators. Information is generally distributed through electronic mail but also may be provided to directors in the form of presentations at working meetings, if necessary.

With respect to communications, the finance Department is responsible for compliance with disclosure obligations as a listed company traded on a regulated market. Only the chief executive officer or the chief financial officer are authorized to proceed with such disclosures. Until December 31, 2018 the company published figures for Group sales for the quarter ended. As of January 1, 2019, figures for Group revenue will henceforth be published on a six-month basis only. The finance Department also publishes the consolidated interim financial statements for the period ending June 30 as well as the separate annual and consolidated financial statements. These accounts are produced by the finance department and executive management, reviewed by the audit committee and approved by the Board of Directors. Interim financial statements for the six-month period are subject to a limited review and the annual financial statements to an audit. These controls are performed on the separate statutory accounts of the parent company and each subsidiary and, then on the consolidated financial statements of the Group and on that basis, reports are produced by the company's statutory auditors. All information referred to above is included in a Universal Registration Document also submitted to the statutory auditors and filed each year with the French financial market authority (*Autorité des Marchés Financiers* or AMF).

In compliance with the European Transparency Directive, regulated information is distributed electronically and to that purpose, the company uses a professional service for its dissemination as defined by the AMF. Information is also available from the company' website while hard copy documents may be obtained from the company's registered office or administrative headquarters. The deadline for adopting the new ESEF format has been extended by one year and will be implemented for the FY 2021 URD.

4.5.2 Coordination of risk management and internal control systems

Risk management and internal control procedures contribute in a complementary manner in the effective management of company operations.

As it has been presented, the risk management system seeks to identify and analyze the main risks to which the company is exposed. Managing this process calls for the implementation of controls which are part of the internal control system.

The internal control system in turn is supported by the risk management system for identifying and handling the main risks.

4.5.3 General principles of internal control

Internal control is a system implemented by the company for the purpose of ensuring:

- Compliance with the laws and regulations of each of the entities comprising the Group,
- Implementation of the instructions and directions given by executive management or the executive board;
- Proper functioning of the company’s internal processes of the Group entities, especially those relating to the protection of its assets;
- The reliability of financial information.

And, more generally, contributing to the effective management of its activities and operations and the efficient use of resources.

By contributing to preventing and managing risks of not meeting the objectives set by the Company, the internal control system has a key role in running and steering its different activities. However, no system of internal control can provide an absolute guarantee that the Company's objectives will be achieved.

By addressing requirements imposed by standards ISO 9001:2015 (Egide SA) or AS 9100 (Egide USA and Santier), Egide Group is equipped with a set of procedures to ensure the effective operation of the quality system in place (contained in its quality & environment manual). This system covers all production activities of the Group (commercial services, sourcing, production, shipping). Management undertakes to apply the quality policy set forth in this guideline. Quantified objectives are set each year by executive management and communicated to all personnel and action plans are monitored using process indicators and management tools. These actions are coordinated by the quality departments, analyzed in executive committee meetings or management reviews at each of the sites.

The main metrics monitored are the rate of customer returns, the rate for late deliveries, yields, productivity, the quantity of supplies used in relation to the estimates, procurement lead time and effective relations between Egide and the relevant stakeholders (customers, suppliers, employees and other third parties).

Executive management is responsible for all resources made available contributing to the quality of the service.

For each of the sites, to ensure compliance with procedures in effect, resources are adopted to monitor and analyze processes (indicators linked to processes) and products (control plans and management tools). An internal audit system is defined and managed by the quality manager with the approval of the quality department and executive management. These audits, performed by different qualified personnel of the company, make it possible to verify the relevance and suitability of the quality management system in relation to the company's objectives. Information on the preparation, conduct of the audit and the results is produced by the audit manager. The quality manager who plans and monitors timetables for execution, verifies the audit report and ensures its distribution.

At Egide SA, management reviews once a year the quality management system to ensure it remains relevant, adequate and effective. In the Egide USA and Santier subsidiaries, this review is performed respectively every six months and every quarter. The management reviews are prepared by the quality departments responsible for establishing an agenda and convening all company managers. These reviews are based primarily from internal quality reports, client ratings, customer rating results, customer satisfaction surveys, audits by customers or outside entities and prior management reviews.

These reviews allow the company to measure the efficacy of the quality management systems, redefine the corresponding objectives and, if necessary, make adjustments in the quality strategy. A report is produced on each review under the responsibility of the quality management. Decisions made in this context provide the basis for action plans (corrective or preventive) and contribute to the continuing improvement of Group entities.

4.5.4 Parties involved in risk management and internal control procedures

The accounting and finance Department complies with statute and accounting standards applicable in each country (France and the United States). It also applies its own rules for operations and control, as in contrast to other departments of the company (purchasing, sales, engineering department, production, etc.), it is not yet fully integrated in the procedures implemented in connection with ISO 9001 or AS 9100 and described in the Quality Manuals (only an "accounting and finance process" exists).

Egide SA parent company : management of the finance department is assured by the chief administrative and financial officer who oversees the chief accountant and his deputy. Financial reporting and information systems are also under the finance department's responsibility, which reports directly to executive management. An accounting manual describes accounting procedures for the most important transactions. Resources exist for monitoring regulatory developments (subscription to professional journals), making it possible to identify and anticipate changes in the company's regulatory environment (changes in accounting and tax doctrine). The department's small size calls for a high degree of self-assessment on the part of staff. Certain tasks considered particularly sensitive to the risks of fraud, such as changes in suppliers' bank details, are subject to multiple control measures.

Egide USA Inc. subsidiary: the company has its own accounting and finance organization. Management is assured by the site manager. In the department, a financial controller and an assistant are in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Santier's finance department provides support, training and oversight. Egide SA's finance department ensures that the Group's general policy is applied by the subsidiary.

Santier Inc.: the subsidiary is equipped with its own accounting and financial structure managed by a local chief financial officer that has also been overseeing Egide USA since January 1, 2021. In the department, an accounting employee is in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to its management and to the parent company. Egide SA's finance department ensures that the Group's general policy is applied by the subsidiary.

Egide USA LLC subsidiary: this structure is the holding company that directly owns the Group's two US subsidiaries (Egide USA Inc. and Santier Inc.). Its sole shareholder is Egide SA. The accounting of this company is directly assured by Egide SA's finance department, though given the absence of activity, there are very few transactions to record. The company moreover does not have a bank account.

Overall, the subsidiaries apply Group accounting standards which are defined by the parent company, while respecting all obligations of their countries. Information for monthly reporting to the parent company is first checked directly by each subsidiary, with a subsequent review performed, as required, by Egide SA’s finance department. The consolidation of the annual and interim financial statements in accordance with IFRS has been outsourced to an accounting firm based in Avignon, providing an additional level of oversight and expertise.

The main controls which are non-exhaustive, are performed by the finance departments using namely the following procedures:

- Procedures for reconciliation between the main accounting system and subledger management systems,
- Procedures for monitoring and managing accounts receivable (receivables aging, reminders, monitoring settlements, monitoring factoring companies, etc.),
- Procedures for the approval of significant purchases and investments as well as the payment of trade payables,
- Procedures for physical inventory monitoring and valuations,
- Procedures for monitoring and managing Group cash (producing cash positions, bank reconciliations, signing authorities, etc.),
- Procedures for the access, backup and security of information systems, managed internally or through IT services companies.

Information systems managers (IT manager or the unit manager in the absence of a dedicated person) furthermore ensure that the company is able to fulfill its record keeping obligations for information, data and processing routines used directly or indirectly to prepare accounting records and financial statements.

4.5.5 Parties involved in risk management and internal control procedures

Risk management and internal control procedures concern both corporate governance bodies (executive management, Board of Directors, audit committee) and the company's staff (risk manager, internal audit, human resources).

4.5.5.1 **Executive management**

Executive management ensures that accounting and financial information produced by the finance department is reliable and provides a true and fair view of the company's earnings and financial situation in a timely manner. To this end, executive management ensures that the system addresses the following points:

- The organization structure and scope of responsibility of the accounting and financial reporting functions
- The incentive and compensation agreements within the accounting and financial reporting functions are compatible with internal control objectives
- The formalization and dissemination of accounting rules and procedures
- Record keeping requirements for information, data and processing routines used to prepare accounting records and financial statements
- Periodic review of the suitability of the systems cited above and the resources made available to the accounting and financial reporting functions (human resources, data processing tools,)
- Procedures for monitoring regulatory developments so that the company can adapt to changes in its environment.

In connection with preparing interim and annual financial statements, executive management ensures that all transactions are recorded in accordance with applicable accounting standards. For this purpose, it describes and explains the main options applied to produce the accounts and the estimates requiring management judgments. It notes, as applicable, and informs the audit committee of changes in key accounting policies. Finally, with the finance department, it establishes the financial statements and the financial communications strategy (indicators presented, financial press release timetable).

4.5.5.2 **The board of directors**

For the preparation and control of accounting and financial information and its communication, the Board is informed by the audit committee of any major aspects that are likely to jeopardize business continuity. It checks with said committee that the monitoring and control systems are capable of ensuring that the financial information published by the company is reliable and provides a fair view of the company's and the group's earnings and financial situations.

In the performance of these controls, the Board is furthermore regularly informed through its Chairman, of key events relating to the company' business operations and its cash position. It is also informed of major investment, divestment or financing projects and approves their completion.

The Board of Directors approves the annual financial statements and examines the interim financial statements. For this purpose, it must obtain any information from executive management and audit manager it deems necessary (information about cut-off options, changes in accounting methods and explanations about earnings components) and obtains confirmation from the statutory auditors that they had access to all information needed to perform their duties and assurances that the auditors have made enough progress on their work at the cut-off date to be able to present all their material observations.

4.5.5.3 **Audit committee**

The audit committee is comprised of three independent directors of the company (out of the four members comprising the Board of Directors, of which the Chair-CEO). It meets on a regular basis to review the risk map and the draft interim and annual financial statements The annual budget is also subject to review and validation. A report is drawn up for each meeting which is then presented to the Board of Directors.

The Audit Committee reviews all agreements (both regulated and ordinary agreements) between any of the companies of the Group and the Chief Executive Officer, the Deputy Chief Executive Officer and examines any of their relations, in accordance with Article 225-37-4 of the French Commercial Code of 10/6/2019. This procedure, adopted by the Board of Directors on April 24, 2020, will be applied as of fiscal year 2020. If deemed necessary, said agreements may be reviewed by the Audit Committee

4.5.5.4 **Risk manager**

At Egide, this function is performed by the Deputy Chief Executive Officer (*directeur général délégué*) assisted in this role by the executive committee.

4.5.5.5 **Internal audit**

At Egide, this function is performed by executive management assisted in this role by the executive committee.

4.5.5.6 **Human resources**

The Group relies on its internal organization, management system and quality monitoring required to maintain its ISO 9001 and AS 9100 certifications, as well as its procedures for preparing accounting and financial information to identify as best as possible the main risks associated with the company's business. These standards and procedures incorporate the breakdown of objectives for personnel of each entity, whereby the latter possesses the information required to establish and operate the internal control system.

4.5.6 Role of the statutory auditors

In the performance of their engagement, the statutory auditors acquire an understanding and rely on internal audit work, to obtain a better understanding and formulate an opinion on the appropriateness of this work in complete independence.

In its role as responsible for producing financial statements and implementing internal controls for accounting and finance, executive management shares information with the auditors, and ensures that the auditors have access to all information needed to produce financial statements and is informed of the auditors' conclusions on their work that are presented to the audit committee. For all Group companies, these same auditing firms have been selected to audit the accounts, using their local offices for the US entities.

4.5.7 Measures taken to safeguard business activity

4.5.7.1 **The protection of intellectual property rights**

To reduce the risks presented above, the Group engages in procedures of formalization and legal and technical validation for all the production and operating phases of a product. When a need is identified, specialized legal professionals ensure the management, oversight and acquisition of intellectual property rights for the Group. The Group also works with legal firms known for their expertise in this area and uses services to monitor intellectual property rights, as applicable. The Group has filed the trademarks and copyrights of its products in countries where it considered necessary, mainly in Europe and the United States.

The Group does not file patent for its products and is not dependent on a particular patent.

4.5.7.2 Supply risks

The Group seeks to reduce supply risks by diversifying and securing its supply chain. The supply of raw materials used to manufacture the Group's products is abundant on the world market, and the Group has not identified any risk of shortages. However, in the post-Covid recovery period, the supply chain for certain rare raw materials is subject to pressure and certain prices are tending to rise.

4.5.7.3 Insurance

The Group benefits from worldwide coverage, notably for property damage, business interruption and professional civil liability and intellectual property. The Group also has D&O insurance for its directors and executive officers. Generally speaking, the Group is not subject to specific risks of an extraordinary nature. Local insurance policies (notably in North America) have been obtained for the purpose of taking into account the specific characteristics of national markets.

4.5.8 Limitations of risk management and internal control

No matter how well-conceived and rigorously applied risk management and internal control systems are, they cannot provide an absolute guarantee that the company’s objectives will be reached. The probability of reaching these goals depends on more than just the company’s will. Every system and process has its limitations. These limitations stem from many factors, such as uncertainty about the outside world, the use of sound judgment or problems that may arise from technical and human failures or from ordinary errors.

Risk management choices are made by weighing the opportunities against the cost of risk management measures, with due consideration of their potential effects on the occurrence and/or consequences of the risk in order to avoid taking expensive actions.

5 Information about the issuer

5.1 Company name

Egide S.A.

5.2 Place of incorporation and registration number

The Company is registered with the Avignon Trade and Companies Register (RCS) under number 338 070 352. It was previously registered under the same number in the Versailles Trade and Companies Register (RCS) prior to the transfer of its registered office pursuant to the decision of May 28, 2010.

5.3 Date of incorporation and term

The company was created on July 11, 1986 for a term of 99 years (until July 10, 2085), saving early dissolution or extension provided for by law. The Egide SA APE code is 2611Z.

5.4 Registered office and legal form

The registered office is located at Site Sactar – 84500 Bollène - France (Tel: +33 4 90 30 97 11).

Egide is a French public limited company (*société anonyme*) governed by present and future laws and regulations, and in particular the French Commercial Code as well as the company's bylaws (*statuts*).

5.5 Website:

https://www.egide-group.com
The information available on the website does not constitute an integral part of this universal registration document.

5.6 Important events in the development of the business

1986: Created in response to French defense industry needs for hermetic packaging for sensitive components, Egide specializes in glass-to-metal seals.

1992: Egide acquires the "encapsulation" operations of Xéram, at that time a subsidiary of the Pechiney group that developed a ceramic-to-metal sealing activity. Egide becomes the only European High Temperature Cofired Ceramic (HTCC) specialist, enabling it to develop "intelligent" packages.

1994: Egide enters the telecommunications market (optical transmissions), which will provide the impetus for its accelerated expansion in 1998.

1999: Egide is listed on the Paris Stock Exchange.

2000: Egide acquires the American packaging manufacturer, Electronic Packaging Products (EPP), renamed Egide USA, ensuring a market presence in the United States. Egide creates a subsidiary in Morocco.

2001: Burst of the Internet bubble, which will have a direct impact on company sales (with the telecommunications sector at that time accounting for 95% of total revenue).

2002: Acquisition of the principal assets of the British company Europlus through the Egide UK subsidiary created for this purpose. Europlus brings metal injection molding (MIM) technology, involving special alloys, necessary for the competitiveness of components, particularly in telecommunications.

2002: Opening of the subsidiary Egima’s factory in Morocco, designed for high-volume, low cost production, targeting new commercial markets.

2005: Pursuit of diversification to balance sales across the company's different markets.

2009: Global economic (subprime) crisis with an impact on all the company's markets and requiring the reorganization of the Group's industrial structure. Egima, the Moroccan subsidiary discontinues operations.

2010: Emergence from crisis in the second half of the year, with strong growth in infrared technology markets and significant recovery of the fiber optics telecommunications market. Legal transfer of the registered office (see section 5.1.4).

2011: A good first half performance for sales followed by a decline in the second half linked to the sovereign debt crisis in the euro zone and the United States, triggering a crisis of confidence, reduced visibility and the postponement of orders in the short-term.

2012: a worldwide economic environment slips into a period of entrenched crisis, significantly impacting Egide SA's markets. Markets of the US and English subsidiaries remain less affected.

2013: the UK subsidiary Egide UK and the Moroccan subsidiary Egima are sold.

2014: the Group rolls out an ambitious strategy centered upon its core businesses of hermetic packages for critical applications. Modification in corporate governance separating the functions of Chairman of the Board of Directors (exercised by Philippe Brégi) and Chief Executive Officer (exercised by Eric Michel, then by James F. Collins).

2015: implementation of the strategic plan. The duplication of the HTCC ceramic packages production line from Bollène (France) to Cambridge (USA) has commenced. This initiative was financed by the €5 million capital increase and is destined to supply the US military market with locally manufactured ITAR-compliant (International Trade in Arms Regulations) ceramic packages[1]. The first order was delivered to the US customer that is a leader in the thermal imaging market. The deployment of the commercial network that began at the end of 2014 continued in the period and capital investments for equipment for the Bollène site have begun.

2016: the ceramic development plan in the United States has slowed down by the uncertain environment linked to the US presidential elections of November which resulted in the freeze in the launching of new military programs that Egide USA intended to focus on; At the same time, sales have been improving for the French entity since 2010; In June, Mr. Brégi stepped down as chair of the board of directors that will henceforth be assured by Mr. Collins, general manager.

2017: the group announced the creation of a new US subsidiary, Santier Inc., based in San Diego California, a manufacturer of metallic components and thermal management materials. The acquisition of the assets and liabilities operated by Santier Inc. was financed by an €8.2 million capital increase completed in February;

2018: the Group's management team was strengthened by the arrival of new profiles (Eric Delmas as manager of the Bollene site, Vincent Courty as Director of Worldwide Sales and Gabriel Vitorla as North American Midwest Regional Sales Director). At the industrial level, the HTCC ceramic plan was ramped up with sales exceeding US$1 million.

2019: The market of recurring business which provided 10% of Bollène's volume came to a halt after a customer discontinued its product. In response to this decline in business, Egide SA carried out a reorganization, closing to the facility in Trappes that housed only the administrative services plus a small machining workshop and transferring all operations to Bollène.

2020: the Covid-19 global crisis and the fire in early July of Egide USA's electroplating workshop in Cambridge.

[1] ITAR (International Trade in Arms Regulations) provisions apply to any company working with US customers on products for military use. If a product is classified ITAR, the industrial property of said product (design, manufacturing process or usage) is prohibited from leaving the US territory under any circumstances, including electronically (through email) without the owner's authorization. In practical terms, this means that the product must be manufactured in the US by a local company. This company may be owned by a foreign company (as in the case Egide USA, whose sole shareholder is indirectly Egide SA in France). What is important is that no employee of Egide SA has access to the characteristics of the ITAR product and that this product is manufactured entirely in the United States. If this rule is infringed, the US site may lose is ITAR license which would prevent it from having access to the US military market.

6 Business overview

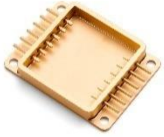
6.1 Principal activities

6.1.1 Hermetic packages

Egide designs, manufactures, and sells hermetic packages to protect and interconnect several kinds of electronic or photonic chips[2].

The purpose of these packages is to protect integrated electronic systems or complex, and therefore fragile, chips, which are sensitive to harsh thermal, atmospheric, or magnetic environments.

These components are the product of complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics[3], and hyper frequency modeling[4]. Egide is one of the few companies to master all of the technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics and glass beads internally.

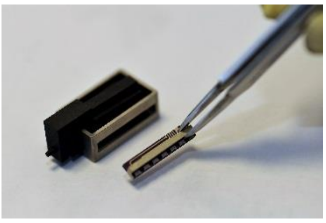
6.1.2 Sealing technologies

Glass-to-metal

This technology has represented the company's core business since its creation. The body of the component as well as the connection pins are made of metal. These pins are maintained and isolated by glass beads to ensure a perfect hermetic seal in the spot where the pins pierce the metal panels..

The metals used are special alloys, the most common being kovar, an alloy of iron, nickel, and cobalt. Other metals such as molybdenum, copper-tungsten, aluminum silicon carbide, or titanium are also used for applications where heat dissipation is important or the antimagnetic properties offer an advantage or weight is critical.

Metallic packages components are joined by brazing (soldering) them in very high temperature kilns. The braziers are themselves made of special alloys, such as gold-tin, gold-germanium, or silver-copper.

[2] The science of the study of components allowing for the generation, transmission, processing (modulation, amplification) or conversion of optical signals.
[3]Study of electronic components issuing or interacting with light, the foundations of fiber-optic telecommunications.
[4]Analysis of a very high radio frequency wave of between 1 GHz and 100 GHz, used in electronics.

Ceramic-to-metal

In this technology, which is occupying an increasingly important position though is difficult to carry out, the packages retain a metallic structure comparable to the glass-to-metal packages materials, using the same alloys and the same soldering, but the glass beads are replaced by ceramic inserts. The packages panels are pierced by a rectangular window in which a ceramic block with screen-printed tracks is hermetically soldered, thus replacing the glass beads. For the more complex HTCC packages notably for the microwave telecom, RF and sensor applications, the body of the package may in large part be made of multilayer ceramics.

Other packages require either ceramic components assembled with metal pins, primarily for infrared applications, or complex ceramic bases on which metal frames are inserted for Telecoms applications.

Integration of passive elements

Building on its expertise in complex assembly, Egide has expanded its field of activity by the integration of passive components for some of its clients (dissipative elements, TEC[5], optical). This offer is now part of the Egide range and allows the client to remain focused on its own core business.

The development of additive manufacturing solutions will over the long-term, in addition to providing benefits in terms of rapid prototyping miniaturization, facilitate the integration of these types of functions.

6.1.3 Surface treatment

Surface treatment is accomplished with electrolytic or chemical deposits (gold, nickel or silver) on a semi-automated, or manual surface treatment production line, depending on the manufacturing site and the applications.

These deposits, at the micron level, are necessary for different package manufacturing:

- nickel plating of ceramic components before assembly
- pre-treatment of metal components
- gold plating of glass-to-metal and ceramic packaging in the final manufacture stage
- silver plating of joints

Egide's extensive expertise in surface treatment and the integration of the line into the production flow represent major assets for ensuring optimal quality of the finished package, especially for products requiring reliable hermeticity, where adjusted surface treatment processes specifically adapted for this type of requirement often represent a source of differentiating added value.

6.1.4 Ceramics, from powder to component

The ceramic produced by Egide at its Bollene site is known as High Temperature Cofired Ceramic (HTCC). This technology, a source of miniaturization and complex connectivity, results in multiple applications such as making inserts, MEMS, sensors, multi-chip modules substrata (Multi-Chip Modules) or specific components that meet the needs of infrared and high-end telecommunications markets.

Egide's expertise covers the entire manufacturing process, from powder to component:

[5]Thermo Electric Cooler (a cooling technique using thermal electricity). For this, components are used referred to as "Peltier" modules that transform electronic current into a temperature flux).

Ceramic production or "green tape" production

"Raw" ceramic is derived from aluminum powder and organic compounds, which, when mixed, yield a paste-like material known as a slurry or slip. The latter is poured onto plastic bands then made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into sheets before use in a clean room.

Inks

Also manufactured at the Bollene site, inks are composed of tungsten powder and solvents. They are used for screen printing the conductive tracks on the various ceramic sheets and for filling the vias (minuscule holes on each of the sheets) to establish conduction from one layer to the other.

The High Temperature Cofired Ceramic (HTCC) process

Egide handles all operations in the transformation of the "raw" ceramic in a class 10,000 clean room: via and window piercing, via filling, screen printing the conductive tracks, pressing, and cutting. The combined mastery of ceramic and ink production constitutes a definite advantage in the success of the co-firing (aluminum-tungsten) step of the HTCC process. During this process, very robust ceramic components are obtained through the superimposition of different layers, and the pressing and firing in special high temperature kilns (1,600°).


6.1.5 Glass beads

Egide manufactures glass beads used for the glass-to-metal packages. The basic material is glass powder that is agglomerated and then heated at a high temperature (at approximately 600°) in a dedicated kiln. This activity completes the system for production integration and independent sourcing for one of the key glass-to-metal technology steps.



6.1.6 Thermal management materials and metallic components

With the addition of Santier Inc., the Group has the capacity to manufacture metallic components and thermal management materials such as CuMo (molybdenum copper) or CuW (Copper tungsten) at its industrial site in San Diego, California. Its applications include electronics (high-frequency, optronics) for the ITAR-compliant US defense market and the medical, **aerospace** and telecommunications sectors. The subsidiary is a potential supplier of thermal management materials used in the manufacture of hermetic packages and a potential customer for HTCC ceramic components manufactured in Cambridge, Maryland (United States).



6.1.7 Revenue by business

Consolidated sales by business breaks down as follows:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
Glass-to-metal products	22,468	70.8	23,185	73.0	21,881	73.0
Ceramic products	8,759	27.6	8,141	25.6	7,753	25.9
Engineering	250	0.8	260	0.8	151	0.5
Other	258	0.8	196	0.6	188	0.6
Total	**31,735**	**100.0**	**31,782**	**100.0**	**29,973**	**100**

Segment breakdown of consolidated sales by business breaks down as follows:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
Glass-to-metal products	5,822	40.5	5,275	43.6	5,460	40.7
Ceramic products	8,048	56.0	6,364	52.7	7,613	56.8
Engineering	250	1.7	260	2.1	151	1.1
Other	258	1.8	196	1.6	188	1.4
Egide SA subtotal	**14,378**	**100.0**	**12,094**	**100.0**	**13,412**	**100**
Glass-to-metal products	7,713	91.6	10,526	92.8	8,000	98.3
Ceramic products	710	8.4	817	7.2	139	1.7
Engineering	0	0.0	0	0.0	-	0.0
Other	0	0.0	0	0.0	-	0.0
Egide USA subtotal	**8,423**	**100.0**	**11,343**	**100.0**	**8,139**	**100**
Glass-to-metal products	8,446	94.5	7,384	88.5	7,926	94.1
Ceramic products	488*	5.5	960*	11.5	496 -	5.9
Engineering	0	0.0	0	0.0	-	0.0
Other	0	0.0	0	0.0	-	0.0
Subtotal – Santier	**8,934**	**100.0**	**8,344**	**100.0**	**8,422**	**100**
Total	**31,735**		**31,782**		29,973	

**Santier purchases ceramic components from Egide USA that it distributes to its customers. This activity was not restated as such. Historical sales in this presentation have been adjusted.*

6.2 Principal markets

Present from the beginning in the defense and space industries, and then in the telecommunications market by means of fiber optics, Egide has extended the scope of its activities to civil aeronautics, security and industrial applications of infrared technology. Because the same product can have both military and industrial applications, market segmentation is based on the applications, regardless of the end-use sector addressed.

6.2.1 Thermal imaging

This family of components includes products using infrared radiation to form an image. Components for thermal imaging applications concern cryogenically cooled detectors for military or space applications and also uncooled infrared detectors for military, industrial automotive or medical applications.

In the military field, products supplied by Egide are used to manufacture very high definition thermal cameras with a nighttime vision range of several kilometers. The desire to improve safety has been rapidly extended to multiple infrared applications: border surveillance, surveillance for industrial buildings and public places, medical diagnostic tools, blind flying assistance, gas detection. Originating from military applications, they have experienced considerable growth, thanks to products used by fire-fighters (seeing through smoke), security (site surveillance), predictive maintenance (diagnosing a short-circuit before it happens), the medical profession (tumor detection) or by the automotive industry (night vision).

This thermal imaging market continues to grow year after year (Source: Marketandmarkets). In 2020, this market was valued at US$3.4 billion. This same study forecasts annual growth of 6.2 % between 2020 and 2025.

Using primarily the ceramic technology, the packages for infrared applications are largely supplied by Egide SA and to a lesser degree Egide USA for the US military market which requires a local production source.

6.2.2 Power components

This product family includes packages or components used for power converters. Typical applications include DC-to-DC converters, motor drives, switch mode power supplies, power hybrid circuits and power thrusters for military, aeronautic and space applications (FADEC – Full Authority Digital Engine Control).

Using primarily the glass-to-metal seal (GTMS) technology, components for power converter packages are largely supplied by Egide USA.

In 2020, we entered new power-related markets using ceramics which should represent a new growth driver for the Bollène entity.

6.2.3 Optronics

This family of components includes products submitting detecting or receiving light. The best-known final application in this field concerns fiber optic telecommunications.

Accordingly, Egide's products are found in several types of optoelectronic sub-assemblies since they call for chips made of sensitive complex materials for which hermetic packages and thermal management materials are indispensable:

- Transmitters, that transform an electronic signal into an optical signal transported by fiber,
- Receivers, which do the opposite,
- Transceivers (TROSA), with demand for high-speed products growing rapidly
- Modulators, which transform a continuous optical signal into digital signal,
- Amplifiers, which amplify an optical signal by means of high powered lasers,
- Multiplexers, which bundle, unbundle, and route communications,
- Dispersion compensators that correct certain signal errors,
- Wavelength switches (WSS) that allow the reuse of the same wavelength by several users.

Egide is currently pursuing developments in this sector for its "high-end" products, i.e. for the higher-speed (400 Gbps and above) range, for which very few manufacturers in the world possess expertise in HTCC manufacturing process, very high frequencies (above 60 kHz) and optical component integration.

Packages for optronics use mainly the ceramic technology at present supplied by Egide SA, with the US site currently devoted to ITAR compliant (International Trade in Arms Regulations). The thermal management materials are supplied by Santier.

6.2.4 RF/MW components

This product family includes components used by systems operating at frequencies ranging between 3 GHz and 100 GHz. The most frequent applications concern the defense, aerospace and telecommunications markets and in particular wireless base stations (cellular towers), Wi-Fi networks, satellite antennas, radars, air traffic control systems and fiber optic data transport networks.

They are generally manufactured using the HTCC ceramic technology, even though there also exist glass-to-metal connectors (GPO, GPPO, etc.) capable of addressing the customer needs. RF/MW components are supplied by the Group's three entities.

6.2.5 Sales by application

Consolidated sales by application break down as follows:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
Thermal imaging	10,720	33.8	9,250	29.1	9,433	31.5
Power packages	6,014	19	8,397	26.4	7,520	25.1
Optronics	5,416	17.1	4,792	15.1	4,303	14.4
RF/MW	6,156	19.4	5,251	16.5	4,965	16.6
Other	3,429	10.7	4,092	12.9	3,752	12.5
Total	**31,735**	**100**	**31,782**	**100**	**29,973**	**100**

Consolidated sales by segment break down as follows:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
Thermal imaging	9,165	63.7	7,155	59.2	8,791	65.5
Power packages	396	2.8	732	6.1	297	2.2
Optronics	2,179	15.2	2,163	17.9	1,597	11.9
RF/MW	1,278	8.9	1,183	9.8	1,326	9.9
Other	1,360	9.4	861	7.1	1,401	10.4
Egide SA subtotal	**14,378**	**100**	**12,094**	**100**	**13,412**	**100**
Thermal imaging	1,096	13	1,522	13.4	533	6.5
Power packages	4,848	57.6	6,250	55.1	6,014	73.9
Optronics	547	6.5	526	4.6	173	2.1
RF/MW	1,169	13.9	1,259	11.1	718	8.8
Other	763	9	1,786	15.8	701	8.6
Egide USA subtotal	**8,423**	**100**	**11,343**	**100**	**8,139**	**100**
Thermal imaging	459	5.1	572	6.9	110	1.3
Power packages	770	8.6	1,414	16.9	1209	14.4
Optronics	2,689	30.1	2,104	25.2	2,532	30.1
RF/MW	3,708	41.5	2,809	33.7	2,921	34.7
Other	1,308	14.7	1,445	17.3	1,650	19.6
Subtotal – Santier	**8,934**	**100**	**8,344**	**100**	**8,422**	**100**
Total	**31,735**		**31,782**		**29,973**	

Santier's "Other" sector covers the medical sector which is specific to this subsidiary.

6.2.6 Customers

In 2020, Egide Group's top ten customers for all segments combined accounted for 51 % of consolidated sales, the top five 40 % and the Group 's largest customer 16 %.. In 2019 this same breakdown was 45 %, 34 % and 11 % respectively.

In light of the profile of this portfolio, Egide considers that it is protected from the risk of customer default and, for that reason, credit insurance other than the coverage obtained in connection with factoring agreements, is not required. Advances are sometimes requested from new customers at the time of the first order. In almost all cases, customers are invoiced upon delivery. However, in France, engineering study services, which represented €151,000 in 2020, are recognized according to the proportional performance method for research and development work, whereas milestone payments are received, often involving a significant advance. The period covered by sales contracts often depends on product order volume. For low volume projects, orders will cover a period of few weeks and will be placed on a regular periodic basis during the course of a year. For programs involving larger volumes, orders will cover a period of several months with scheduled deliveries, or several years for master contracts. Major contracts are reported, with applicable, in Chapter 22.

The Group's commercial organization relies on direct employees as well as a network of agents specialized in high-tech products covering Italy, the United Kingdom, Scandinavia, Germany, Spain, the United States, China, India, Israel, Turkey, South Korea and Russia. Since mid-2018, Vincent Courty has been in charge of global commercial operations assisted by Gabe Vitorla who joined the Group as head of North American sales. The business development department has 10 employees located at 3 sites.

6.2.7 Revenue by region

Consolidated sales by region breaks down as follows:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
France	8,124	25.6	5,723	18	6,737	22.5
European Union (excl. France)	3,045	9.6	2,897	9.1	3,101	10.3
North America	15,643	49.3	18,217	57.3	14,599	48.7
Rest of the world	4,923	15.5	4,946	15.6	5,536	18.5
Total	**31,735**	**100**	**31,782**	**100**	**29,973**	**100**

Segment breakdown of consolidated sales by region:

	2018		2019		2020	
	€000s	%	€000s	%	€000s	%
France	8,124	56.5	5,772	47.3	6,737	50.2
European Union (excl. France)	1,862	12.9	1,963	16.2	1,409	10.5
North America	789	5.5	786	6.5	876	6.5
Rest of the world	2,029	14.1	3,623	30	4,390	32.7
Egide SA subtotal	**14,378**	**100**	**12,094**	**100**	**13,412**	**100**
France	0	0	0	0	0	0.0
European Union (excl. France)	441	5.2	290	2.6	96	1.2
North America	7,760	92.2	10,998	97	7,821	96.1
Rest of the world	222	2.6	54	0.5	222	2.7
Egide USA subtotal	**8,423**	**100**	**11,343**	**100**	**8,139**	**100**
France	0	0	0	0	0	0.0
European Union (excl. France)	741	0.1	643	7.7	1596	19.0
North America	7,094	79.4	6,433	77.1	5,902	70.1
Rest of the world	1,098	12.3	1,268	15.2	924	11.0
Subtotal – Santier	**8,934**	**100**	**8,344**	**100**	**8,422**	**100**
Total	**31,735**		**31,782**		**29,973**	

6.3 Exceptional events and outlook

Created in 1986, Egide registered strong growth and the telecommunications market and counted up to 1200 employees in France (Bollène, Trappes), Morocco and the United Kingdom. After the telecom bubble burst in 2001, followed by offshoring these markets, Egide was required to reinvent itself by focusing on strategic markets such as defense and high-tech niches. These developments rendered the closure of the sites in Morocco and the United Kingdom inevitable. The last phase of this difficult transition was in 2019 with the closure of the Trappes site and the transfer of all activities with the exception of Sales to a single site (Bollène). In three years, the Group has been completely transformed by expanding its scope to the management with the acquisition in California of Santier Inc. and the renewal of the management teams.

For Egide SA, 2020 was destined to serve as a trial run for its new organization with a tightly knit management team, a lower breakeven point and a few new customers. While this startup was to a certain extent disrupted by the health crisis, we responded by introducing a greater degree of agility, reducing daily work hours by eliminating the canteen lunch break to offset the impact of absences linked to childcare or measures to protect persons at risk. Overall, the impact of the crisis was limited though contributed to strengthening the team spirit. Revenue in the period was better than in 2019, though still less than 2018. However, it enabled us to reach breakeven and the second half, which was particularly encouraging.

For Egide USA Inc. after 2019 which marked a return to profit, 2020 was shaping up to be an excellent year after a good first half. Unfortunately, during the 4th of July weekend, a fire destroyed the surface treatment workshop and caused some ancillary damage. This fire was to a large degree well covered by the insurer both with respect to replacing the destroyed equipment and also for disinfection, cleaning, repairs and business interruption losses. Financially, the impact is limited, even positive, since the replaced fixed assets are recorded as exceptional income, partly offset by an immediate impairment charge (see chapter 9.1.1 /2020). The most visible impact was on revenue with an estimated amount of deferred sales of €4 million as orders were not canceled by customer but instead postponed. Despite this, during this period of disruption, the volume of new orders was nevertheless reduced. The Cambridge plant has been fully operational, including its electroplating workshop since the end of May 2021.

For Santier Inc. 2020 was marked by mixed performances, with a small improvement at the end of the year.

Overall, with a number of exceptional events related to the fire and the US government relief Covid-19 aid measures (Paycheck Protection Program) the Group ended the year showing a small profit, following several years of losses.

At year-end, the order book was largely stable in relation to the level at the start of the year which was considered rather good. The world economy appears to be prepared for a strong rebound. Taking advantage of the French recovery plans, the Group has decided to modernize its manufacturing base, first in Bollène where a €1.7 million investment plan has already benefited from the support under the French Resilience Plan for the aerospace and electronic sectors followed by the US for the upcoming years.

In addition to the business development strategy being pursued for several years, the Group has strengthened the marketing plan and partnerships to develop new sectors. The plan to modernize the company's manufacturing base is designed to reduce the cost price of longer production runs in order to capture markets that are currently mainly addressed by companies in Asia, whereas Western companies are now seeking to source their components locally.

6.4 Strategies and objectives of the issuer

After years of successive reorganizations, the Group seems to have finally reached its breakeven point and is prepared for pursuing opportunities ahead for growth.
On this basis, the strategic priorities will focus on:

- Strengthening its offering on current markets (previous chapter)
- Developing new markets based on new approaches (marketing and partnerships)
- Strengthening R&D efforts by pursuing large-scale projects, particularly on 3D with external laboratories
- Team building and developing synergies across the Group's three sites (Bollène, Cambridge and San Diego)
- Continuing long-term diversification efforts in the hydrogen field.

6.5 Reliance on patents or licenses, industrial, commercial or financial contracts, or new manufacturing processes

Egide is largely autonomous with respect to know-how, technologies and patents. Materials and components are sourced from several suppliers and no particular contractual dependency on any supplier exists. This also applies to several subcontracting contracts for which a multi-sourcing strategy is in place to ensure greater flexibility in responding to market dynamics and limiting the risk of supply chain disruptions. Certain constituents used in the manufacture of ceramic powders and screen printing inks may be purchased from a single supplier to guarantee better homogeneity and consistent quality. Supplementing these sources with alternatives is under study in order to support the development of business volume of the Group's ceramic technology activity.

6.6 Competitive position

Egide has a limited number of competitors at the international level. These consist of either major international groups with divisions manufacturing electronics components, subsidiaries of large groups, or small structures. In this universe, Egide is the only independent pure player specialized in manufacturing hermetic packages.

Generally, US competitors operate in the glass-to-metal segment whereas the Japanese are specialized in ceramics technology. The other Asian competitors are more active in the segment for standard low-cost products, whether glass-to-metal or ceramics, and generally address their local markets.

Main competitors:

Name	**Country**	**Business application [1]**	**Revenue**	**Share listing**	**Market capitalization**
Ametek	United States	TI, P, O, RF/MW	€ 1.55 bn[2]	New York	€ 26 bn [3]
Kyocéra	Japan	TI, O, RF/MW	€ 2.1 bn [4]	Tokyo	€ 19.7 bn [5]
Electrovac	Austria	P, M/RF	Approx. € 75.0 million [8]	Privately held	-
Schott	Germany	O	Unavailable	Privately held	-
Hermetic Solution Group	United States	P, O, RF/MW	Unavailable	Privately held	-
NTK	Japan	O, RF/MW	€ 0.30 bn[6]	Tokyo	€ 2.6 bn [5]
Metal life	South Korea	TI, O, RF/MW	€ 13 million [7]	Seoul	€ 80 million

[1] TI: thermal imaging – P: power packages – O: optronics– RF/MW : radiofrequency and microwave
[2] source: annual report. Revenue at December 31, 2020 for the electromechanical business unit - $1.55 billion compared to $1.84 billion in 2019
[3] source: New York Stock Exchange. Stock price at May 10, 2021
[4] source: Results at March 31, 2021. Revenue for the “semiconductor business” - ¥ 263 billion compared to ¥ 247 billion in 2019-2020
[5] source: Tokyo Stock exchange. Stock price at May 10, 2021
[6] source: Tokyo Stock exchange. Press release of February 5, 2021 for the ceramic “components business” (calendar year) - ¥ 37 billion compared to ¥ 36 billion.
[7] source: Investing.com : Metal Life Co
[8]source: estimate

In this competitive environment, Egide is not dependent on any patents or licenses as its manufacturing processes, like those of its competitors, are generally based on the know-how and experience of its teams.

Egide has a worldwide reputation for quality and high tech expertise based on its experience in electronics for the defense and space industries that are distinguished by extremely demanding standards (AS9100 qualifications of the US sites and ISO 9001 of the French sites, regular audits,…), and occupies a top-tier position.

6.7 Investments

6.7.1 Principal future investments

No major investments were planned for 2020, with the exception of the replacement of a certain number of obsolete machines and the deployment of a CRM application in France and the US for worldwide customer management.
This plan was disrupted by the fire with €2.6 million received from the insurer to replace destroyed equipment including a significant portion of the roof of the Cambridge plant.
Capital expenditures of the Group for fiscal 2019 were €888,000, mainly for industrial equipment for the 3 sites, including in particular modern machining tools at Bollène and San Diego.

Acquisitions of intangible assets and property, plant and equipment for 2018 to 2020 were as follows:

(in thousands of euros)	**2018**	**2019**	**2020**
Intangible assets	18	0	38
Land and buildings	0	0	1,056
Plant, machinery and equipment	666	503	573
Other tangible fixed assets	190	386	183
Total	**874**	**888**	**1,850**

6.7.2 Principal investments in progress

The group's the budget for capital expenditures in 2021 is approximately €2 million, including the modernization of the Bollène plant. €1.1 million will be financed by an investment grant that will impact results by canceling the amortization

expenses during the period of use. The balance will be funded by finance leases for Egide SA and existing financing lines in the United States.
The completion of the reconstruction of the Cambridge facility is also plan with approximately €2.5 million of equipment financed by insurance payments. Investments in progress at the end of the year amounted to €1,015,000.

6.7.3 Principal future investments

The modernization/robotisation of Bollène will serve as a test and laboratory for the group. Once installed and successful, the manufacturing processes will then be deployed in the US.
In addition, the global health crisis has triggered a large-scale transformation of the industrial landscape and proposals for the sale of operations in Egide's sector are frequent. And even if external growth is not part of the group's strategy, it is important to remain attentive to potential opportunities.

6.7.4 Pledged assets

Information on assets pledged as security as of date of this document:

Asset pledges:	**Inception date**	**Maturity date**	**Amount of the asset pledged in € (a)**	**Total assets in € (b)**	**% (a) / (b)**
Intangible assets					
Property, plant and equipment			None		
Financial assets					
Total					

For information, there are no pledges as security on the capital.

6.7.5 Pledges on equipment acquired under leases

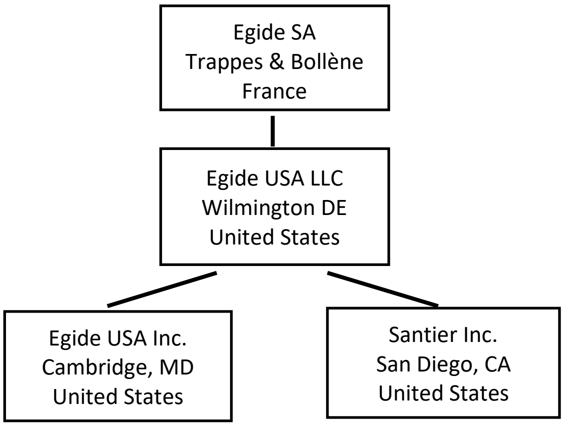
The following table provides information on pledges linked to lease agreements held by Egide SA as of the date of this document.

Pledge registration date	**Equipment**	**Amount excl. tax**	**Maturity date**
February 15, 2016	Dimensional measuring machine	€ 35,000	January 14, 2021
March 26, 2016	Machining lathe	€ 57,000	February 15, 2021
June 22, 2016	Tri-cylinder rolling mill	€ 35,061	May 1, 2021
September 1, 2019	Computer hardware	€41,133	February 1, 2022
September 26, 2019	Datron machining equipment	€141,401	August 26, 2024
Total		**€309,595**	

No pledges of any nature are registered at Egide USA or Santier.

7 Organizational structure

7.1 Group organization



7.2 Group subsidiaries and structure

Egide SA is the parent company. Egide USA LLC is a directly wholly-owned subsidiary in the United States that in turn wholly-owns two subsidiaries also based in the United States, Egide USA Inc. and Santier Inc.

Egide USA LLC is a holding company held by the parent company exclusively for holding the capital of Egide USA Inc. and Santier Inc.

Egide SA, Egide USA Inc. and Santier Inc. are companies with their own economic activity in the area of hermetically sealed interconnection devices (for the first to mention) and thermal management materials (for the latter which recently joined the Group consolidation scope). On this basis, they possess their own assets which enable them to produce and sell their products independently of each other. These companies furthermore possess their own liquid assets and debts without centralized cash pooling system at the group level.

Egide SA, Egide USA and Santier share the same chairman and chief executive officer. They are each managed by a General Manager and have their own administrative and accounting, sales, engineering, quality assurance and production departments. The Group's finance department supervises the finance departments of Egide SA and of the US subsidiaries. The business development department is divided into two regions: North America (managed by Gabriel Vitorla) and Europe and Asia (managed by Vincent Courty).

Flows between different Group companies result in intercompany billings. Pursuant to the modification of the provisions of Order No. 2014-863 of July 31, 2014, amending Article L225-39 of the French Commercial Code, these chargebacks no longer comply with the rules governing regulated agreements.

8 Property, plant and equipment

8.1 A - Important property, plant and equipment

8.1.1 Manufacturing sites

Egide Group's manufacturing assets are located at three sites : Bollène (France), Cambridge (Maryland, USA) and San Diego (California, USA):

<u>The Bollène site (Egide SA)</u>

A center of excellence for the two sealing technologies, it also has expertise in high temperature cofired ceramic (HTCC). In a building of approximately 5,700 m2, equipped with a 500 m² 10,000 class clean room for the treatment of raw ceramic, would be Bollène assuring the full production cycle for ceramic components from start to finish. The site also provides for the assembly, surface treatment and control of metallic glass packages - metal and ceramic - as well as the manufacturing of very specific glass beads. It is equipped with an engineering department for ceramics and for glass-to-metal, as well as R&D resources. This site was rented from a property investor under a 12-year commercial lease commencing in 2010 and extended for three years in May 2015. Previously the site was held as a fully-owned property.

<u>The Cambridge site, MD (Egide USA subsidiary)</u>

In a building of 5,000 m2, the site is responsible for the assembly, control, and surface treatment of glass-to-metal or ceramic-to-metal packages. Since mid-2015, the site has been equipped with a 300 m² clean room (class 10,000) and production equipment for treatment of raw ceramics supplied by Egide SA. It also produces glass beads. It has a glass-to-metal and ceramic-to-metal engineering department. The building is fully-owned.

<u>The site of San Diego, CA (Santier subsidiary)</u>

In a building of 25,833 sq.ft. (2,400 sqm.), this site is primarily devoted to metallic components and thermal management materials for the US market. It also provides selected assemblies incorporating HTCC ceramic components purchased from outside sources or supplied by Egide USA. The site is equipped with an workshop for the manufacture of metallic components and an assembly area (similar though smaller to that of Egide SA or Egide USA) as well as a service treatment facility. It is equipped with its own engineering department. The building is rented from a real estate investor under a 10-year commercial lease that began on 1 January 2018. To date, the finance lease concluded with the former operator from which the operating assets and liabilities were acquired remained in force (with the transfer completed on February 28, 2017).

<u>Other sites</u>

A building of approximately 800 sqm (8,611 sq.ft.) continues to house the sales department of Egide SA are housed in a building in the Paris region (Trappes, Yvelines department) leased from a real estate investor under a “9-year lease” that commenced in 2016. After the transfer of the administrative, purchasing, marketing and graphite machining services of Egide SA to the above site in 2019, the premises were under-occupied pending a transfer of the lease or joint rental arrangement.

8.1.2 Machinery and equipment

In the Group's four production sites, Egide is the owner of its equipment and machinery, including:

- Two ceramic casting rooms (at Egide SA) with atmospheric control equipment,
- Two white rooms containing numerous equipment for transforming raw ceramic (one at Egide SA and one at Egide USA): machines to punch out vias[6] and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter,
- a clean room for the assembly of sensitive components such as glass beads (at Egide SA),
- Glass beads manufacturing equipment,
- Debind ovens[7],
- Ovens for high temperature (1,600°) sintering of ceramics and molded components[8],

[6]Holes drilled in ceramic sheets
[7]Elimination of binders having a virtually zero impact on the parts
[8]Sintering is a manufacturing process consisting in forming material by heat without melting. Through heat, the fine material particles are welded together forming the cohesion of the part.

- Cutting machines (diamond slitting wheel),
- Machines for screen printing of tips,
- Ovens for vacuum soldering[9],
- Conveyor kilns for atmosphere-controlled soldering (medium and high temperature),
- Conveyor kilns for hermetic sealing with glass beads,
- Manually-operated or computer controlled electroplating installations[10],
- Machines for verifying hermetic sealing,
- Several graphite machining centers,
- Several metal machining centers, including a numerical controlled lathe and a 5-axis machining center,
- Several Wire Electrical Discharge Machining (W-EDM) equipment units,
- Tri-planetary polishing equipment,
- Several instruments for verifying visual and dimensional characteristics (including 3D gauges),
- Thermal cycling machines.

The equipment for ceramic production at the Bollène site was acquired in large part in 2000. These were installed at the Cambridge site in the summer of 2015. This includes used equipment transferred from the Bollène site. The equipment of Santier for the manufacture of metallic components and thermal management materials was acquired in 2017 at the price of a used machine.

See 6.7 – Principal investments

8.2 Environmental issues that may affect the issuer's utilization of fixed assets

See sections 4.3.2 and 4.3.4 - Industrial and environmental risks

8.3 Environmental impact of Group operations

See section 17.4.5 – Environmental impact

8.4 Information relating to social commitments in favor of sustainable development

See section 17.4.9 – Societal commitments in favor of sustainable development

[9]Metal soldering is a process for permanent assembly creating metallic continuity for joined parts.
[10]Electroplating is an industrial process for applying coatings to fabricated materials using electrical current.

9 Operating and financial review

9.1 Financial position

9.1.1 Analysis of the development of the performance of the issuer's business

- **Fiscal 2019**

Operating results in 2019 by entity were as follows:

(€m)	Egide SA	Egide USA Inc.	Santier Inc.	Total
Revenue	12.09	11.33	8.36	31.78
Operating profit (before reorganization costs)	(1.42)	0.14	(0.08)	(1.40)
Reorganization costs	(0.93)	-	-	(0.93)
Operating profit / (loss)	**(2.35)**	**0.14**	**(0.08)**	**(2.33)**

Egide SA's operating loss increased by €0.6 million compared with a decline in sales of €2.2 million. The adjustment of staff costs and lower direct costs were not sufficient to offset the decline in revenue in the second half, notably because the reorganization had virtually no impact in 2019. Continued growth in sales by Egide USA in 2019 enabled it to register its first profit in 7 years. The decline in sales and production difficulties experienced by Santier significantly impacted its results resulting in its first loss and the replacement of the local manager. Finally, 2019 consolidated income included an additional expense from the Santier acquisition (transfer tax) in the amount of €0.035 million.

At December 31, 2019, cash and cash equivalents amounted to €1.46 million: Egide SA (€0.60 million), Egide USA (€0.38 million) and Santier (€0.48 million). In 2019, factoring will continue to be used by Egide SA whereas Egide USA and Santier will benefit from a revolving credit facility backed in part by their trade receivables and inventory in order to finance working capital requirements. For information, a credit line of €800,000 available at December 31 2019 remained undrawn. Santier will on this basis have new equipment financing in the amount of US$0.50 million; Finally, the Research Tax Credit for 2019 will be in part financed by BPI in the second quarter in the amount of €0.24 million.

At the end of 2019, Group debt (excluding factoring entities and lease liabilities) amounted to €5.44 million (€0.89 million for Egide SA, €2.59 million for Egide USA and €2.43 million for Santier) compared to €5.12 million at December 31, 2018. Borrowing for Egide USA and Santier are subject to covenants. The breach of the covenant by Santier concerning the fixed costs coverage ratio led to the restatement of the total amount of its borrowings into current debt. The Group's debt ratio (financial ratio excluding factoring and lease liabilities - cash/ shareholders' equity) was 38 % at December 31, 2019 compared to 25 % one year earlier.

- **Fiscal 2020**

Operating results in 2020 by entity were as follows:

(€m)	Egide SA	Egide USA Inc.	Santier Inc.	Total
Revenue	13.41	8.14	8.42	29.97
Operating profit / (loss)	**(0.66)**	**2.39**	**0.24**	**1.97**

At Egide SA, the improvement in profitability was reflected across all expense line items and reflects the restructuring measures adopted in 2019 and continued in 2020. It is particularly noteworthy that the loss registered with the interim consolidated results was lower than the year-end figures presented here, and confirming a marginally positive trend in H2 2020, without any noteworthy accounting effect and with an improvement in sales, even though lower than in 2018.
Overall, these results confirm the savings announced when the 2019 restructuring plan was published and the lowering of the break-even point by €2 million.
At Egide USA, the July fire generated a significant number of accounting impacts on top of the decline in revenue. The net carrying value of fixed assets destroyed in the fire amounted to €0.46 million and were replaced by new assets valued at €2.40 million financed by the insurance payments. Exceptional reconditioning costs totaled €6.88 million, €6.73 million of which was covered by insurance. In addition, an impairment of Egide USA's fixed assets was recorded in 2020 after recognizing a loss in value in the amount of €1.07 million. Finally, insurance coverage for business interruption losses amounted to €1.52 million. In addition to these insurance payment inflows linked to the fire, Egide USA received €0.70 million in US government relief Covid-19 aid under the Paycheck Protection Program (PPP).
Santier also received €0.74 million under this program.

At December 31, 2020, cash and cash equivalents amounted to €1.40 million: Egide SA (€0.72 million), Egide USA (€0.23 million) and Santier (€0.46 million). In 2021, factoring will continue to be used or be replaced by a similar solution for trade receivables financing by Egide SA whereas Egide USA and Santier will benefit from a revolving credit facility backed by a portion of their trade receivables and inventory in order to finance working capital requirements. As of December 31, 2020, €1.78 million of the available credit line had not been used. Santier will on this basis have a budget for equipment financing in the amount of US$0.50 million. Finally, the Research Tax Credit for the 2020 financial year will be financed, as in 2019, in the amount of approximately €0.12 million (whereas it had been envisaged, as an exceptional measure, to be paid by the French State).

At the end of 2020, Group debt (excluding factoring entities and lease liabilities) amounted to €4.56 million (€1.23 million for Egide SA, €1.28 million for Egide USA and €2.05 million for Santier) compared to €5.63 million at December 31, 2019. The Egide USA and Santier loans are subject to covenants and in contrast with previous years, Santier was in compliance with all obligations thereunder. The Group's debt ratio (financial ratio excluding factoring and lease liabilities - cash/ shareholders' equity) was 30 % at December 31, 2020 compared to 38 % one year earlier.

9.1.2 Research and development, patents and licenses

Egide SA's R&D activities are spearheaded by the technical and innovation department. With a team of dedicated engineers and technicians supported by application managers (infrared, microwave, etc.) and industrial transformation teams, the department is tasked with the development of new technological building blocks (materials, processes, …) and their implementation, while ensuring adequate technical support (assisting product startups, online problem resolution), and successfully executing work required by Egide’s study and engineering design contracts.

Programs undertaken or pursued in the period:

- Developments focusing on ceramic processes ((slip, ceramic raw materials, screen printing, inks, vias, sintering, ….) ;
- Developments focusing on assembling processes (cleaning techniques, low-temperature sealing and electrolytic or chemical gold plating);
- Developments focusing on microwave simulations;
- Engineering study services:
    - Development of a package for dynamic control of heat removal for embedded electronics;
    - Development of new technological building blocks to produce packages for aerospace applications with a very high thermal dissipation;
    - Development of a new technology for millimeter wave applications for satellite telecommunications;
    - Development of high frequency ceramic packaging solutions;
    - Development of composite-based thermal dissipation materials;
    - Development of surface treatment processes involving technological solutions linked to the "More Electrical Engine Aircraft".

Selected projects fall within the scope of competitiveness clusters or European clusters and on that basis are generally provided with up to 25% and 30% (or even 100% for certain European projects), independently or jointly in financing, either from regional authorities, Bpifrance or the French Defense Procurement Agency (DGA) as part of the RAPID project or by European bodies. Projects that do not receive financing (internal development) are paid for in full by Egide. R&D expenditures are not capitalized by the company and recorded as assets.

Expenses incurred that are taken into account to calculate the research tax credit are presented below:

	2018	2019	2020
R&D expenditures	€995,000	€1,003,000	€589,000
% of consolidated sales	3.15 %	3.16 %	1.96 %
Headcount (person equivalents)	10.4	11.8	6.5

There are no significant intangible items controlled by the Group, including those not recorded under assets. The company does not capitalize research and development expenditures as such expenses do not meet the accounting criteria for recognition as assets.

The trademarks used by Egide have been registered in France and internationally. The company uses the patents to which it has title and files patents when necessary. Licenses that may be used by the company and subsidiaries are considered as assets and as such are not subject to fees.

Recognized in its business sector, Egide SA is certified ISO 14001:2015. It is furthermore certified by ASD-EASE (Aerospace and Defense - European Aerospace Supplier Evaluation). Egide USA and Santier have been certified AS9100:D and ISO 9001:2015 since September 2018.

9.1.3 The issuer's likely future development and research and development activities.

In the short/medium-term, new developments underway include titanium brazing hermetic sealing technology. This latter development addresses notably applications for oil exploration for which the antimagnetic properties of this material are necessary.
Continuing developments using new additive manufacturing technologies will also be a significant focus for innovation, both for the purpose of scaling up processes whose feasibility has been demonstrated in previous studies and for exploring new technologies that are rapidly emerging in this field.

9.2 Operating profit / (loss)

9.2.1 Significant factors likely to have a material effect on income from operations

- Market trends (see section 6.2.)
- Foreign exchange risks (see section 4.1.2);
- Price reductions (see section 4.4.2);
- Exceptional events (see section 6.3);
- Risks related to adverse weather conditions (see section 4.5.5).

9.2.2 Historic factors impacting revenue

The telecommunications crisis of 2001 resulted in a sharp drop in Group sales. The global economic crisis of 2009 weighed heavily on the company's development while the crisis that began in mid-2011 also impacted annual sales growth for 2012. In addition, the absence of orders from an Egide SA military export client (infrared products) in 2012 for political and economic reasons, showed that although Egide is not particularly dependent on one or more clients (see § 6.2.6), the company nonetheless remains very sensitive to such events when total sales are low.

In 2013, US defense budgets were for the first time subject to restrictions which had a significant impact on sales for the subsidiary Egide USA. In 2014, Group sales in the telecommunications sector registered a further decline. The primary causes were the loss of a customer (bankruptcy filing), reduced demand by another customer and the lower-than-expected start in the Chinese market for the 100 Gb/s products for which Egide has been qualified. In 2016, US military budgets were once again impacted, this time as a consequence of the presidential elections and the resulting uncertainties. This in turn impacted Egide USA, the lower-than-expected growth from HTCC ceramic products destined for the local US defense market. In 2017, profitability for Egide USA was adversely impacted by the loss of an important customer (following the discontinuation of a defense program by the US administration) and for Egide SA by the datacenter market entry costs. In 2018, the political and economic environment linked to tensions between the United States and China led to increased European regulations governing exports, which had a temporary though significant adverse impact on Egide SA's sales. In 2019, a very significant decline in the activity of the largest customer required restructuring measures in France resulting in the virtual closure of the Trappes facility in the Paris region. In 2020, the impact of Covid-19 was marginal, whereas the Cambridge fire in the USA had a significant impact.

In response to these events, the Group structure was constantly adjusted to the level of actual sales. However, despite such measures, in light of minimum fixed costs required to operate all production sites, the level of sales remains decisive for ensuring the company's profitability.

9.2.3 Consolidated balance sheet, income statement and cash flow highlights

Statement of comprehensive income at December 31, 2019 and 2020 (€ millions)

	2019		**2020**	
REVENUE	**31.78**	***100 %***	**29.97**	***100%***
Raw materials and consumables	- 13.86		-11.70	*-42%*
Change in finished goods and work in progress	0.74	*41 %*	-0.82	
Staff costs	- 13.71	*43 %*	-13.64	*-45%*
External charges, taxes and related expenses	5.19	*16 %*	- 2.62	*-9%*
Non-recurring items [1]	0.53	*2 %*	2.33	*8%*
GROSS OPERATING SURPLUS (EBITDA)	**0.76**	***-2 %***	**3.52**	***12%***
Depreciation, amortization and impairment of fixed assets, provisions	1.42	*4 %*	- 1.55	*-5%*
NET OPERATING INCOME (LOSS)	**- 2.18**	***- 7 %***	**1.97**	***7%***
Net financial expense	0.62	*2 %*	- 0.59	*-2%*
Non-recurring financial items [2]	0.02	*0 %*	0.03	*0%*
PROFIT/(LOSS) BEFORE TAX	-2.82	*- 9 %*	1.41	*5%*
Income tax[3]	0	*0 %*	-0.42	*-1%*
NET INCOME/(LOSS)	**- 2.82**	***- 9 %***	**0.99**	***3%***
Other comprehensive income	0.17	*1 %*	-0.81	*-3%*
COMPREHENSIVE INCOME	-2.65	*- 8 %*	0.18	*1%*

Consolidated statement of financial position at December 31, 2020 (€ millions)

9.2.3.1.1 ASSETS		***9.2.3.1.2 EQUITY AND LIABILITIES***	
Fixed assets	8.8	Shareholders' equity	10.6
Other financial assets	0.5	Non-current provisions	0.8
Deferred tax assets	0.8	Non-current financial liabilities(> 1 yr.)	2.9
Inventory and work in progress	8.1	Other non-current liabilities	2.1
Trade and other receivables	5.0	Current financial liabilities (< 1 yr.)	4.1
Cash and cash equivalents	1.4	Trade and other payables	7.2
Other current assets	3.2	Other non-current liabilities	0.0
Total	**27.8**	**Total**	**27.8**

Consolidated statement of cash flows at December 31, 2019 and 2020 (€ millions)

	2019	**2020**
Opening cash and cash equivalents	**2.36**	**1.46**
Operating cash flows	-1.14	2.48
Change in working capital requirements	-0.19	-0.79
Change in fixed assets	-0.89	-0.83
Change in lease liabilities	-0.66	-0.69
Change in financial debt (excluding factoring)	-0.09	-0.73
Change in factoring and revolving credit debt	-0.37	0.58
Capital increase	2.41	-
Effect of changes in exchange rates	0.02	-0.06
Closing cash and cash equivalents	**1.46**	**1.40**

Net cash burn in 2019 amounted to 0.9 million compared to €0.06 million in 2020. Changes in the period break down as follows:

(€m)	2019		2020	
	Uses of funds	**Sources of funds**	**Uses of funds**	**Sources of funds**
Operating cash flows	1.14			2.48
Working capital requirements	0.19		0.79	
Acquisition of non-current assets	0.89		0.83	
Lease liabilities	0.66		0.69	
Borrowings and financial liabilities	0.45			-0.16
Capital increase		2.41		
Exchange rate movements		0.02	0.06	
Total	**3.33**	**2.43**	**2.38**	**2.33**

10 Capital resources

10.1 Capital

See section 20.3.1.5.4 – Shareholders equity and earnings per share

10.2 Cash flow

See section 9.2.3 – Consolidated cash flow highlights and section 20.3.1.4 – Consolidated cash flow statement

10.3 Borrowing requirements and funding structure

Financial debt on the date of this document period break down as follows:

Egide SA:

- A factoring agreement for France concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- An Export factoring agreement concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- A €600,000 7-year 3.85% fixed rate "Sofired-PME Défense" loan (with a 2-year grace period) obtained from Bpifrance in 2015,
- A €978,974 4-year bond loan arranged in November 2017 with Vatel Capital, with fixed coupon rate of 7% and repayable in fixed monthly installments,
- A €49,000 BPI Assurance Prospection loan.

In France, in May 2020, Egide SA obtained a €400,000 French-government guaranteed loan from Crédit du Nord for which the terms were subsequently defined. This included an additional one year grace period followed a repayment period of four years.

Egide USA:

A credit line provided by a Pacific Mercantile Bank (California) on September 28, 2018, replacing the financing provided by Midcap Business Partners and breaking down as follows:

- A revolving credit facility based on the value of outstanding accounts receivable and inventories initially in the amount of US$2 million until September 28, 2020 and subsequently renewed, subject to the WSJ Prime Rate (Wall Street Journal Prime Rate) plus 1.50 points (with a 5.50% floor rate),
- A US$1.5 million equipment financing loan backed by the market value of real estate assets, repayable in monthly installments over a period of four years as from October 28, 2019 subject to a variable WSJ Prime Rate plus 1.75 points (with a 5.75% floor rate),
- A €1.5 million dollars real estate loan backed by the market value of the building, repayable monthly as from October 28, 2018, based on a amortization rate of 25 years at the variable WSJ Prime Rate plus 1.75 points (with a 5.75% floor rate), with the outstanding balance on September 28, 2023 to be refinanced.

As of December 31, 2020, Egide USA Inc. had not made use of the revolving credit facility provided by Pacific Mercantile Bank. The borrowing base calculation (BBC) would have allowed for a credit line of US$1,303,000 if necessary. Similarly, on that same date, Santier Inc. had an unused line of credit in the amount of US$1,160,000.

These credit lines are subject to two covenants were respected at December 31, 2020:

- Tangible Net Worth: net assets (gross intangible tangible assets minus debt) at the end of each quarter subject to a minimum amount of US$2,250,000 from September 30, 2018 to March 31, 2019, US$2,550,000 from September 20, 2019 and €2,750,000 as from December 31, 2019,
- Fixed charge coverage ratio: the ratio of EBITDA over interest plus the current portion of long-term debt exceeding 1.25 as from March 31, 2019, calculated quarterly

Santier

A credit line provided by Pacific Mercantile Bank (California) on May 11, 2017, renewed on April 5, 2019, breaking down as follows

- A revolving credit facility based on the value of outstanding accounts receivable and inventories in the amount of US$2.5 million until May 05, 2021 subject to the WSJ Prime Rate (Wall Street Journal Prime Rate) plus 1.50 points (with a 6.00 % floor rate),
- A US$1 million loan repayable monthly over 5 years as from June 1, 2017, subject to the variable WSJ Prime Rate plus 1.00 point (with a 5.50 % floor rate),
- A US$715,580 equipment loan obtained in 2018, repayable monthly over 5 years as from April 1, 2019, subject to the variable WSJ Prime Rate plus 1.00 point (with a 5.50 % floor rate),
- A US$1 million loan repayable monthly over 5 years as from May 1, 2019, subject to the variable WSJ Prime Rate plus 1.00 point (with a 5.50 % floor rate),
- A US$500,000 loan to finance new equipment to be obtained between April 5, 2019 and April 1, 2020 repayable monthly over 4 years as from April 1, 2019, subject to the variable WSJ Prime Rate plus 1.00 point (with a 5.50 % floor rate),

The US$1 million term loan of April 2019 was guaranteed by a US$500,000 cash pledge to be recovered quarterly according to the repayment of the loan principal and a financing limit of €500,000 dollars on the revolving credit facility. This loan, with a balance due of US$666,000 outstanding as of December 31, 2020 and with a US$35,000 guarantee, was prepaid in January 2021.

These credit lines are subject to a covenant:

- Fixed charge coverage ratio: the ratio of EBITDA over interest plus the current portion of long-term debt exceeding 1.25 as from March 31, 2019, calculated quarterly

It is specified that the Tangible Net Worth covenant in force since May 11 2017 was terminated as from April 5, 2019.

The term loan and the equipment financing loan are subject to a fixed charges coverage ratio covenant, calculated at the end of each calendar quarter (ratio of EBITDA to interest, the principal and expenses relating to all debt paid in the period + investments not financed by the loan + dividends and assistance recognized and/or paid in the period, between 1.25 and 1.00) Because this covenant was respected at December 31, 2020 the loans were in consequence classified normally, in contrast with the prior year.

In April 2020, Egide USA and Santier obtained loans of US$794,000 and US$850,000 under the US government Paycheck Protection Plan designed to avoid layoffs related to the Covid 19 health crisis. In accordance with the terms of this program, these loans were forgiven in full and in consequence recognized as an exceptional grant.

Other than those mentioned above, there are no other credit lines opened for the company or its subsidiaries.

See section 20.3.1.5.3.5 – Statement of payables

10.4 Restrictions on the use of capital resources

The financing granted by par Pacific Mercantile Bank (PMB) may be used only by the Group's US subsidiaries or, subject to the bank's written authorization to Egide USA in the form of a loan granted by Santier or Egide USA to their parent company.

See section 20.3.1.5.7.1.1 – Accounting methods and explanatory notes to the consolidated financial statements / Commitments given

10.5 Anticipated sources of funds

At the operating level, the Group does not anticipate new financing needs, especially since a new French-government guaranteed in the amount of€0.5 million was obtained in France and €0.6 million was obtained in the US under the Paycheck Protection Program.

To finance the modernization projects planned in France, applications for aid were submitted and already accepted for €1.34 million and the company also intends to take advantage of other opportunities of this nature. The banks have already agreed to the principle of additional lease financing in the amount of €0.5 million has already been agreed.
Investment projects in the U.S. will not require specific arrangements beyond those already in place.
In the medium term, efforts to modernize production facilities in France will probably be extended to the US for which it will be necessary to find new sources of financing. However, this should be facilitated by demonstrating the benefits realized from the French example.

Egide SA has maintained its status as an intermediate-sized enterprise (ETI) within the meaning of the European Union and, on that basis, no longer qualifies for immediate reimbursement of the research tax credit by the French Treasury. In consequence, it must now wait for three years. For that reason, financing for approximately €120,000 is in the process of being arranged with BPI.

10.6 Off-balance sheet commitments

See section 20.3.1.5.7

10.7 Commitments and other contractual obligations

Information at December 31, 2020 on commitments and obligations of the company and its subsidiaries to make future payments pursuant to major contracts or contingent commitments are summarized below:

Contractual obligations	**Total (€ thousands)**	**Payables by maturity (€ thousands)**		
		< 1 year	1 to 5 years	> 5 years
Financial debt				
- Egide SA(loan	700	120	580	
- Egide USA (bond loan)	271	271	0	
- Egide SA (Factoring)	2,019	2,019	0	
- Egide SA (BPI loan)	256	0	256	
- Egide USA (loans)	2,048	302	1,746	
- Santier (loans)	1,284	930	354	
Financial debt subtotal	**6,578**	**3,642**	**2,936**	
IFRS 16 lease liabilities				
- Egide SA	1,231	301	887	43
- Egide USA	12	11	1	0
- Santier	1,281	154	520	607
Lease liabilities subtotal	**2,524**	**466**	**1,408**	**650**
Total contractual obligations	**9,102**	**4,108**	**4,344**	**650**

11 Regulatory environment

See section 20.8 – Legal and arbitration proceedings

11.1 Intellectual property

The trademarks used by Egide are registered in France and internationally. As applicable, the company uses the patents to which it has title and files patents when necessary. Licenses used by the company and subsidiaries are considered as assets and as such are not subject to fees.

11.2 Special regulations

Egide's activities depend on legal, regulatory, or administrative authorizations, as well as approval procedures. All measures are taken to update work authorizations for all production sites, including those of the subsidiaries, in concert with the relevant organizations.

11.3 Insurance

Egide SA and its subsidiaries Egide USA and Santier possess all necessary insurance coverage for risks related to their manufacturing activities, in compliance with local requirements applicable in their countries. Cover exists for the following risks:

In millions	**Contractual limits of liability**		
	Egide SA	**Egide USA**	**Santier**
Industrial risks	€40 million	US$15 million	US$12 million
Civil liability	€10 million	US$8 million	US$5 million
Business travel	€5 million	US$1 million	US$1 million
Personal vehicle coverage for business use	Unlimited	US$1 million	US$1 million
Auto	Unlimited	US$1 million	US$1 million
Goods in transit	€0.15 million	N/A	N/A
D&O liability	€5 million	€5 million	€5 million
Environmental civil liability	€5 million	US$5 million	US$5 million
Employer's liability	€0.15 million	US$0.5 million	US$1 million
Cyber fraud	€1 million	US$1 million	US$1 million

Total premium for 2020 amounted to €354,000 (€182,000 for Egide SA and €99,000 for Egide USA and €73,000 for Santier). Furthermore, policies are regularly updated by the coordinating insurance brokers.

11.4 Employee-related litigation

In France, following the reorganization plan which resulted in a certain number of economic redundancies in Trappes, proceedings were introduced before the Labor Relations Court (*Conseil des Prud'hommes*). The initial judgment ruled in favor of the company, following which an appeal was filed. For that reason, the company has retained the provision recorded in 2019 in the amount of €0.20 million.

11.5 Risks related to dependence on third parties

In the niche sector in which Egide operates, there inevitably exist customers and suppliers that are more important than others which, without imposing a condition of dependency on the company, put it at risk by ups and downs associated with their respective activities.

in 2020, the largest customer accounted for 16 % and the second largest 10 % of consolidated sales compared to respectively 11 % and 7 % in 2019. The ten largest customers of the Group accounted for 51% of sales in 2020 compared to 44 % in 2019. This gives rise to the risk of a significant impact on the entity concerned when one of them reduces its activity (as was the case with Egide SA's largest customer in the infrared sector in 2018 for example). To limit this risk, the goal of the sales department is to expand the customer portfolio as well as the number of sectors addressed. These measures have not yet met with success since the level of concentration has further increased, however, the decline in revenue linked to the fire also reduced the denominator of this ratio.

In 2020, 26 suppliers accounted for 80% of the Group's technical purchases (out of a total of 154 active suppliers). The Group's top supplier represented 8.45 % of purchases, the top 5, 36.4 % and the top 10, 56.6 %.

In 2019, 31 suppliers accounted for 80% of the Group's technical purchases (out of a total of 176 active suppliers). The Group's top supplier represented 9.4 % of purchases, the top 5, 32.6 % and the top 10, 50.7 %.

The number of suppliers is in consequence being reduced with the goal of developing partnership relationships with suppliers while avoiding the risk of being dependent on a limited number of suppliers.

11.6 Political, economic, and tax risks associated with exports sales

France accounted for 22 % of Egide sales, Europe 10 % and North America (USA and Canada) 49 % The remaining 19 % includes Israel (7 %), China (4 %) Turkey (2%), Thailand (2 %), Turkey, South Korea, Malaysia, India, etc.
In these countries, customers are often subsidiaries of European or US customers, well-established or publicly traded local companies which limits the Group's potential risks. In the event of uncertainties about a new customer, a down payment or advance is requested in order to minimize the risk of non-payment.

ITAR (International Trade in Arms Regulations) provisions apply to any company working with US customers on certain specific products destined for military use. When a product is classified ITAR Restricted, the intellectual property of said product (design, manufacturing process or usage) is prohibited from leaving the US territory under any circumstances, including electronically (through email) without the owner's authorization. On that basis, the product must be manufactured in the US by a local company. This company may be owned by a foreign company (as in the case of Egide USA or Santier, whose sole shareholder is indirectly Egide SA in France) since no employee of Egide SA has access to the characteristics of the ITAR product. If this rule is infringed, the US site may lose is ITAR license which would prevent it from having access to the US military market. The US State Department nevertheless granted a right within the framework of a Technical Assistance Agreement to all Egide SA employees possessing a European passport to circulate freely at Egide USA and Santier production sites, and to work on ITAR products with local teams. The restrictions governing the exporting of technical data and/or products outside of the Unites States territory however remain in force.

Concerning political risks: these do not concern only so-called “at risk” countries but also those increasingly impacted by the trade war between China and the United States bringing with it the risk of embargoes, increased custom tariffs which may ultimately impact Egide Group’s European customers.
For that reason, significant efforts are in progress at the level of Egide’s renewed sales teams to diversify the activities of the different sites in new strategic markets and geographical regions insufficiently explored to date in order to complete its solid existing customer base. This diversification represents a source of sustainable growth.

12 Information on trends

12.1 Main trends and significant changes in financial performance since the end of the last financial period

12.1.1 2020 operating highlights

12.1.2 Subsequent events

While the global pandemic is not yet over, it still does not represent a major source of disruption for the Group's operations.
At Egide USA, the post-fire renovation is scheduled to be completed in the middle of the second quarter. This will permit a return to normal operations in renovated production facilities but also significant financial benefits resulting from the replacement of fixed assets by the insurer. It is also worth noting that Egide USA was able to secure a new PPP loan which will in all likelihood be forgivable in full.
Egide SA has responded to calls for projects within the framework of stimulus plans of the French government and the Southern (Region Provence-Alpes-Côte d'Azur). Two applications have been accepted for €336,000 and €800,000 for aerospace and electronic projects respectively. As a result, the modernization and automation plans for the Bollène plant have begun, since the financing has been secured by this aid, supplemented by amounts received from the banks. The plans provide for capital expenditures and R&D expenditures in the amount of €1.7 million. Finally, Egide SA has obtained a new French government guaranteed loan for €500,000.

12.2 Significant events likely to have a material effect on the issuer's prospects

12.2.1 H1 2021 results

Figures for first half sales will be published on July 23, 2021. However, the company confirms that the impact of the health crisis on activity remains relatively limited and that the internal sales target is expected to be met.

12.2.2 Outlook

Despite the pandemic, the group is optimistic and intends to take advantage of these positive developments to pursue opportunities, modernize its operations and respond to customer demand seeking to source components in the West. To meet this challenge, it will be necessary to reduce cost prices in order to be able to offer prices that are compatible with its customers' needs.

Beyond this immediate modernization effort, the goal is to identify markets offering slightly higher volumes where revenue growth outpaces requirements in terms of staffing.

At the same time, the group wishes to launch research projects to adapt its technologies: new ceramic formulation, 3D printing, etc.

12.2.3 Events likely to have an effect on trends

See section 4.5.2 on risks associated with the volatility of high-tech markets and section 6.3 on exceptional events.

13 Profit forecasts or estimates

While the company does not traditionally communicate forecasts, it announced its target for reaching breakeven for 2020, despite the Covid-19 health crisis, benefiting from the US government relief Covid-19 Paycheck Protection Program. Despite the unforeseen impact of the fire, this target has been met.

While continuing to remain extremely cautious because of the uncertain environment but also its history, the Group is targeting revenue of more than €34 million with a net margin above 5%.
The assumptions supporting this target include a new PPP loan in the amount of €0.6 million which may be transformed into a grant, investments financed by insurance and recognized under income in the amount of €2.5 million and taxes on US income.

14 Administrative and executive bodies and executive management

14.1 Directors and officers

14.1.1 Board of Directors

On the date of this report, the board of directors of Egide SA had five members including four of French nationality and Mr. Collins, a US national:

Name	Office	Beginning of term	End of term
Mr. James F. Collins	Director Chair of the Board Chief Executive Officer	09/11/2014 06/16/2016 09/11/2014	06/30/2021 06/30/2021 06/30/2025
Jean-Louis Malinge	Director	07/07/2014	06/30/2024
Ms. Véronique Laurent- Lasson	Director	06/16/2016	06/30/2024
Mr. Michel Faure	Director	06/16/2016	06/30/2024

There is no Board member elected by employees or a non-voting observer (*censeur*) serving on the Board

Véronique Laurent-Lasson, Jean-Louis Malinge and Michel Faure are considered to be independent directors as defined by the Middlenext corporate governance code, as they meet the criteria summarized in the following table:

Independence criteria	V. Laurent-Lasson	J-L. Malinge	J. F. Collins	M. Faure
Existence of a financial, contractual or family relationship?	No	No	No	No
Employee or corporate executive officer?	No	No	Yes	No
Customer, supplier or banker of the company?	No	No	No	No
Lead shareholder?	No	No	No	No
Auditor of the company?	No	No	No	No
Independent director?	**Yes**	**Yes**	**No**	**Yes**

Each director has a status of shareholder, holding at least one share of the Company in accordance Article 14 of its bylaws.

14.1.2 Executive management

On the date of this report, the executive management of Egide SA was as follows:

Name	Office	Beginning of term	End of term
Mr. James F. Collins	Chief Executive Officer	09/11/2014	06/30/2025
Mr. Eric Delmas	Deputy Chief Executive Officer	04/16/2019	06/30/2025

It is specified that Mr. Eric Delmas has been a salaried employee of the company since February 2018 and also exercises the function of plant manager reporting to the chief executive officer.

No family relations exist between directors and executive officers.

14.1.3 Group executive committee

On the date of this registration document, the Group's executive committee had 6 members:

Name	Current function within the Group	Joined the Group on
Mr. James F. Collins	Chief Executive Officer	12/29/2000
Mr. Luc Ardon	Chief Administrative and Financial Officer	10/01/2019
Mr. Vincent Courty	Director of Worldwide Sales	06/01/2018
Mr. Eric Delmas	General Manager of Egide SA (Bollène)	01/29/2018
Mr. Scott Mackensie	General Manager of Santier (San Diego)	10/01/2019
Mr. John Trader	General Manager of Egide USA (Cambridge)	11/27/2006
Mr. Gary Waterhouse	Director Business Development	03/08/2021
Mr. David Hien	Director Business Development	04/03/2021

14.1.4 Group executive committee of Egide SA

Name	Current function within Egide SA	Joined the Group on
Mr. Eric Delmas	General Manager of Egide SA (Bollène)	01/29/2018
Ms. Fatiha Gaye	Director Quality, Environment and Customer Satisfaction	09/08/2008
Gérard Guiloineau	Director Purchasing	03/15/1993
Mr. Wladimir Muffato	Director Ceramic Components	12/19/1994
Mr. Romain Dellemme-Lautard	Director Production	09/19/2011
Mr. Vincent Courty	Director of Worldwide Sales	06/01/2018
Mr. Luc Ardon	Chief Administrative and Financial Officer	10/01/2019
Mr. David Hien	Director Business Development	04/03/2021

14.1.5 List of offices and directorships:

Information on directorships and offices currently held or exercised in the last five years by executive officers of the company is disclosed below.

Abbreviations and definitions:

- Board = Board of Directors
- SB = Supervisory Board
- PR = permanent representative
- Yes = office still exercised at December 31, 2020
- No = office no longer exercised at December 31, 2020

- James F. Collins

Company	Address	Office	2020
Egide	Bollène (84)	Director and Chair-CEO	Yes
Egide USA LLC	Wilmington, DE (USA)	Director and Chair	Yes
Egide USA Inc.	Cambridge, MD (USA)	Director and Chair	Yes
Santier Inc.	San Diego, CA (USA)	Director and Chair	Yes

- Jean-Louis Malinge

Company	Address	Office	2020
Egide	Bollène (84)	Director	Yes
ARCH Ventures Partners	Chicago, IL (USA)	Venture Partner	Yes
Yadais SARL	Paris (75)	Managing Partner	No
Poet Technologies	San José, CA (USA)	Director	Yes
CaiLabs	Rennes (35)	Director	Yes
Aeponyx	Montreal (Canada)	Director	Yes

- Mr. Michel Faure

Company	Address	Office	2020
Egide	Bollène (84)	Director	Yes
Sogefip	Paris (75)	Chair	Yes
SCI Ambercelles	Paris (75)	Co-Manager	Yes
SCI Anne-Cecile	Paris (75)	Co-Manager	Yes
SCI La Lézardière	Paris (75)	Co-Manager	Yes
ACCO Semi Conductors Inc.	Sunnyvale, CA (USA)	Board Observer	No
X-Création	Palaiseau (91)	Chair	Yes
Digital District Group	Paris (75)	Executive Board member	Yes
SOMOS Semiconductor	Marly-le-Roi (78)	Chair	Yes

- Ms. Véronique Laurent-Lasson

Company	Address	Office	2020
Egide	Bollène (84)	Director	Yes
Miliboo	Annecy (74)	Director	YES
Sponsor Finance	Paris (75)	Chair	Yes

- Mr. Eric Delmas

Company	Address	Office	2020
Egide	Bollène (84)	Deputy Chief Executive Officer	Yes

No director has been convicted for fraud within the last five years or been subject to restrictions prohibiting him or her from managing a company.

To the best of the company's knowledge, no official public indictment or sanction has been issued against any director of the company. Similarly, no directors have been legally disqualified from serving as members of a Board of Directors, the executive management of a company or a Supervisory Board or from participating in the management of the operations of an issuer in the last five years. Finally, no directors of the company have been a party to any bankruptcy, receivership or liquidation.

14.1.6 Information on Board members

- James F. Collins has a Bachelor of Science (ceramic engineering) from Rutgers University, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. He took charge of the operational division and was appointed vice president. In September 2014, he was appointed chief executive officer of Egide SA and in June 2016 chair and chief executive officer.

- Jean-Louis Malinge is a graduate of the INSA Rennes engineering school as well as a holder of an Executive MBA from MIT Sloan School of Boston. He has occupied successively different technical management responsibilities, first in France (Thomson CSF – Socapex, Amphénol and Corning) and subsequently in the United States where in 1995 he became Vice President for R&D of the photonic division of Corning and from 1998 to 2002 served as Vice President &

General Manager for this division. In 2004 he became CEO of Kotura, a Californian startup operating in the field of silicon photonics, subsequently acquired in August 2013 by Mellanox Group.

- Mr. Michel Faure has engineering degrees from the Ecole Polytechnique Paris and Mines Paristech. He began his career as a senior civil servant in the public service (industrial development and assistance to private companies) before joining the private sector, first as a marketing manager in an electronics company and then as a manager of an industrial group in the aerospace and defense sector. He then entered the world of finance by joining the Siparex group, taking charge of an investment portfolio in the security and telecommunication sector.

- Ms. Véronique Laurent-Lasson began her career with Euronext in charge of international trading activities (admission of foreign securities, fixed income and derivative products). In 2000, she founded the Equity Capital Market Department with the brokerage firm Crédit Mutuel CIC "CM-CIC Securities" comprised of a team of 24 professionals (more than €1 billion in funds raised with more than 40 IPOs, 25 capital increases and more than 40 liquidity agreements under management). In 2006, she joined Kepler as head of the Equity Capital Market team, and then Aelios Finance in November 2010 where she created Aelios Bourse and handled the private placement of Antenne Réunion and the IPO of EOS Imaging. At the present time she is the manager of Sponsor Finance and assists SMEs and medium-size companies in their search to find financing solutions adapted to their needs (private placement, IPOs, capital increases, etc.). A graduate of University of Paris Dauphine, she is also a director of the French Society of Financial Analysts (SFAF), Chair of the IT Group and also the Mid-Group.

14.1.7 Information on executive committee members

Members of the executive management team are either engineers or established academics, combining technical expertise with management skills:

- Fatiha Gaye has a master's degree in mechanical engineering and a DESS ("*Diplôme d'études supérieures spécialisées*") graduate degree in business management. After working as a production quality engineer in the medical sector, and a purchasing quality engineer for a major automotive parts manufacturer, in September 2008 she joined Egide as the manager in charge of supplier quality and in 2014, product quality. In June 2015, she was appointed to head up the quality, environment and customer satisfaction department, replacing Frédéric Dispérati, called upon to exercise other functions within the company.

- Mr. Vincent Courty has an engineering degree from ESME SUDRIA (*Ecole Spéciale de Mécanique et d'Electricité*). He began his career in 1990 as EMEA Sales and Marketing Engineer at Thales Electron Devices, a subsidiary of Thales, before being appointed in 1995 Worldwide Sales and Marketing Director of Thales CEPE, manufacturer of high stability crystal components and sub-systems (since acquired by C-MAC). In 2000, he joined Keithley Instruments, an American manufacturer, leader in Electrical Test and Measurement equipment for High-Tech industries, as General Manager South Europe. In 2009, he became Managing Director of Acal BFI France, a subsidiary of DiscoverIE Group plc (UK), specialist distributor and manufacturer of electronics and photonics solutions. He joined Egide Group on June 1, 2018 as Director of Worldwide Sales.

- Eric Delmas has an MBA and an engineering degree from INSA/ENSEEIHT/UPS in Robotics, Artificial Intelligence, Image and Voice Recognition). He began his career in 1994 at Motorola Semiconductor in Toulouse (France). In 1999, he joined Texas Instruments for a distinguished career, first in Nice (France) as GSM/GPRS/EDGE Chipset Business Development Manager for cellular phone market. After being appointed Marketing Director for the 3G group in 2005/2006 in Tokyo (Japan), in 2007, he became Business Development Director in Munich (Germany) then Systems & Marketing Director for ASSPs in 2009 (still in Munich) before being appointed in 2011 General Manager - Battery Management division in Dallas (TX - USA). He joined Egide in February 2018 as General Manager for the Bollène Facility, replacing Didier Martin called upon to assume other responsibilities.

- Gérard Guiloineau has a degree as an advanced engineering department technician. After beginning his career with Dassault Electronique, he joined the purchasing department of Egide SA in 1993, after which he became the Group's chief procurement director in June 2015, a position previously occupied by Wladimir Muffato.

- Wladimir Muffato has is a graduate of ENSCI ceramics engineering school (*Ecole Nationale Supérieure de Céramique Industrielle*) of Limoges. Since 1994, Egide has benefited from his experience in the domain of electronic ceramic components. He became the Bollène plant manager in January 2003. Following an internal reorganization, he became head of a new department, "Group ceramic components" in June 2015.

- John Trader's career began with the with the US Marine Corps. During his enlistment (1977 to 1981), he was trained as an Electronic Technician completing A & B Schools, specializing in F4/TA4 aircrafts. In 1981, upon honorable discharge, he joined Cambridge Scientific Industries as a repair technician. He was promoted to production supervisor in 1985 and factory manager in 2000. In 2003, he was promoted to operations manager until the factory closed in 2006. He then joined Egide USA as chief industrial officer, a position he has occupied until his appointment as General Manager of the company in 2014.

- Gabriel Vitorla has an MBA in Quantitative Analysis from St Johns' University (NY). He occupied several sales management positions in the United States in the electronics industry (Mini-Circuits), and in the satellite communication market at L-3 Communication, then General Dynamics - C4S Satcom which became a subsidiary of Airbus Group. He joined the Egide Groupas North American Midwest Regional Sales Director. He was appointed Director of North American Sales on February 1, 2019.

- Luc Ardon is a graduate of the ESC Reims school of management and holds an MBA from ESC Paris. He has occupied a number of functions in the field of finance and general management notably at Kodak-Trophy, the dental imaging company and Quantel, subsequently becoming Lumibird, a designer and manufacturer of lasers.

- Scott Mackenzie is a mechanical engineer with a degree from Stanford in Management Sciences. He possesses a range of experiences in lean management and processes. He also has obtained management experience with Garret Motion (ex Honeywell Turbo) and Fox Factory.

- Romain Dellemme-Lautard has an engineering degree from ESIREM Dijon (*Ecole Supérieure d'Ingénieur en Recherche en Matériaux*). Joining Egide in 2011, he was tasked with spearheading R&D projects and scale up for new products. In 2015, he became head of the department in charge of assembly and quality control of hermetic packages. He became head of the production department in 2018.

- David HIEN has an engineering degree from ISEN (*École d'Ingénieurs des Hautes Technologies et du Numérique*). As a senior expert in business development and marketing in the electronics industry, he has worked for Texas Instruments in Europe, Taiwan and Dallas, and for Dekra in Spain. He brings to the Group his knowledge of the use of packaging and electronic components. He is based in Bollène (Vaucluse - France).

- Gary WATERHOUSE has a technical background in metallurgy and organizational management (University of Surrey, UK and University of Phoenix, USA). He has over 20 years of experience in electronics and the semi-conductor industry, working for Amkor Technology, Texas Instruments and Tessera. His business development experience includes responsibilities in the US, Asia and Europe. He is based in the US, where it supports both the Cambridge and San Diego facilities.

14.1.8 Other disclosures

In addition their executive functions with Egide, the following persons also held offices in other companies:

Name	Office	Since
Mr. James F. Collins	Chair, Egide USA LLC Chair, Egide USA Inc. President of Santier Inc.	12/29/2000 12/29/2000 02/28/2017
Mr. Luc Ardon	Corporate Secretary, Egide USA LLC Corporate Secretary, Egide USA Inc. Secretary of Santier Inc.	11/01/2019 11/01/2019 11/01/2019
Mr. Scott Mackensie	Director of Santier Inc.	11/01/2019
Mr. John Trader	Director, Egide USA Inc.	07/21/2016

14.2 Conflicts of interest

There are no loan agreements or guarantees in force between Egide, directors and members of the company's executive committee. No arrangements or agreements have been concluded with the main shareholders, customers or suppliers whereby an individual was selected to serve as a director. To the best of the company's knowledge, no conflict of interest exists between directors' duties and their private interests.

Furthermore, there exist no commitments by members of the Board and executive management relating to the disposal of their equity interests in the company's capital, after a certain period.

In compliance with regulations governing regulated agreements, the board of directors has a key role in handling conflicts of interests at every level of the Group. Each year, the board invites the directors to discuss the regulated agreements and to justify, as applicable, their existence and continuation, in compliance with the provisions of the French Commercial Code and recommendation R2 of the Middlenext code.

15 Remuneration and benefits

This section presents the Board of Directors' report on corporate governance required by L. 225-37 of the French Commercial Code.
This report was prepared based on the work of the finance department, the human resources Department and the company's legal counsel. This report was approved by the Board of Directors on April 29, 2021 and submitted to the Statutory Auditors.

15.1 Compensation paid and benefits in kind

15.1.1 Compensation of directors and officers

Total compensation and benefits of any nature paid by Egide SA in 2020 to each executive officer is disclosed in the tables below (amounts before tax but net of social charges):

Table 1 - Summary of annual compensation, stock options and stock granted to each executive officer		
	Fiscal 2019	**Fiscal 2020**
James F. Collins – Chief Executive Officer (since 11/09/14) – Reappointed for 5 years at the Board of Directors' meeting of 24/04/19 - Term of office: 5 years.		
Remuneration payable for the fiscal year (see table 2.1)	€ 61,478	€ 64,000
Value of options granted in the period (see table 4)	None	€ 26,000
Value of share grants in the period (See table 6)	None	None
Eric Delmas – Deputy Chief Executive Officer (since 11/09/14) – Reappointed for 5 years at the Board of Directors' meeting of 24/04/19 - Term of office: 5 years.		
Remuneration payable for the fiscal year (see table 2.2)	€ 125,095	€ 134,267
Value of options granted in the period (see table 4)	None	€ 13,000
Value of share grants in the period (See table 6)	None	None
TOTAL	**€ 186,573**	**€ 237,267**

Table 2.1 - Summary of annual compensation for each executive officer				
James F. Collins	**Fiscal 2019**		**Fiscal 2020**	
	Amounts owed	**Amounts paid**	**Amounts owed**	**Amounts paid**
Fixed compensation	€ 61,478	€ 61,478	€ 64,000	€ 64,000
Variable compensation	None	None	€ 24,095	None
Exceptional compensation	None	None	None	None
Attendances' fees	None	None	None	None
Benefits in kind: car	None	None	None	None €
TOTAL	**€ 61,478**	**€ 61,478**	**€88,095**	**€ 64,000**

Table 2.2 - Summary of annual compensation for each executive officer				
Eric Delmas	**Fiscal 2019**		**Fiscal 2020**	
	Amounts owed	**Amounts paid**	**Amounts owed**	**Amounts paid**
Fixed compensation	€ 122,023	€ 122,023	€ 131,797	€ 131,797
Variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Attendances' fees	None	None	None	None
Benefits in-kind	€ 3,072	€ 3,072	€ 2,470	€ 2,470
TOTAL	**€ 125,095**	**€ 125,095**	**€ 134,267**	**134,267**

Mr. Jim Collins's compensation was charged in equal parts to Egide SA, Egide USA and Santier for the 2020 full year.

Table 3 - Directors' fees and other remuneration received by non-executive officers		
	Amounts paid in 2019	**Amounts paid in 2020**
Colette Lucas, director		
Attendances' fees	€ 10,500	€ 3,500
- Other compensation	None	None
Jean-Louis Malinge, director		
Attendances' fees	€ 10,500	€ 7,000
- Other compensation	None	None
Véronique Laurent-Lasson, director		
Attendances' fees	€ 10,500	€ 7,000
- Other compensation	None	None
Michel Faure, director		
Attendances' fees	€ 10,500	€ 7,000
- Other compensation	None	None
TOTAL	**€ 42,000**	**€ 24,500**

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
	Plan No. and date	**Nature of options**	**Valuation of the option**	**Number of options granted in the period**	**Exercise price**	**Exercise period**
James F. Collins	Plan No. 10.1 of 06/30/2020	Stock options	€0.26	100.000	€ 0.86	30/06/22 to 06/29/2026
Eric Delmas	Plan No. 10.1 of 06/30/2020	Stock options	€0.26	50.000	€ 0.86	30/06/22 to 06/29/2026
TOTAL			**€ 39,000**			

Table 5 - Options to subscribe for new shares or purchase existing shares exercised in the period by each executive corporate officer			
	Plan No. and date	**Number of options exercised in the period**	**Exercise price**
James F. Collins		None	
Eric Delmas		None	
TOTAL		-	

Table 6 - Shares granted (without consideration) to each corporate officer						
Options granted in the fiscal year to	**Plan No. and date**	**Number of shares granted in the period**	**Valuation of shares**	**Vesting date**	**Date of availability**	**Conditions of performance**
James F. Collins	None					
Eric Delmas	None					
TOTAL		-	-			

Table 7 - Bonus shares becoming available for each corporate officer	**Plan No. and date**	**Number of shares becoming available in the period**	**Vesting conditions**
James F. Collins	None		
Eric Delmas	None		
TOTAL		-	

	Table 8 - Summary of stock option grants **Information on options to subscribe for or purchase shares on December 31, 2020**			
Plan No.	**6.3**	**8.1**	**9.2**	**10.1**
General Meeting date	05/28/2010	06/16/2016	06/16/2017	06/19/2020
Board of Directors' meeting date	01/30/2013	05/19/2017	01/25/2018	06/30/2020
Number of shares available for subscription*	740	380,000	30,000	620,000
Of which number of shares able to be subscribed - par **James F. Collins** - by **Eric Delmas**	0 0	100,000	0 30,000	100,000 50,000
Option exercise starting date	01/30/2015	05/19/2019	01/29/2020	06/30/2020
Expiry date	01/29/2020	05/18/2024	01/28/2025	06/29/2026
Subscription price*	€ 3.67	€ 2.57	€ 2.52	€ 0.86
Minimum number of shares arising from each option exercised	20	2,500	2,500	2,500
Number of shares subscribed at December 31, 2020	0	0	0	0
Total number of stock options canceled or lapsed	740	355,000	30,000	0
Options outstanding at December 31, 2020	0	25,000	0	620,000

** adjustments that may be made after a capital transaction*

For 2020, 255,000 options of plan 8.1 were forfeited following the waiver of employees, 618 of plan 6.3 following the departure of an employee and 30,000 of plan 9.2 were also forfeited.

Table 9 - Options granted to the ten non-officer employee beneficiaries receiving the largest number and exercised by the latter	**Total number of options granted/shares subscribed**	**Weighted average price***
Options granted in 2018	50,000	€ 2.51
Options exercised in 2018	-	-
Options granted in 2019	-	-
Options exercised in 2019	-	-
Options granted in 2020	320,000	€ 0.86
Options exercised in 2020	-	-

* after post-capital transaction adjustments

Table 10 - Bonus share grant highlights						
21.1.4.4 Information on bonus shares granted at December 31, 2020						
Plan No.	-	-	-	-	-	-
General Meeting date	-	-	-	-	-	-
Board of Directors' meeting date	-	-	-	-	-	-
Number of shares granted	None	None	None	None	None	None
Of which at the:	-	-	-	-	-	-
Vesting date	-	-	-	-	-	-
End of the holding period	-	-	-	-	-	-
Number of shares subscribed at December 31, 2017	-	-	-	-	-	-
Total number of shares canceled or lapsed	-	-	-	-	-	-
Bonus shares granted remaining at year-end	-	-	-	-	-	-

Table 11 - Executive officers	**Employment contract**		**Supplemental retirement plan**		**Compensation or benefits owed on termination or a change in function**		**Payments relating to non-compete clauses**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
James F. Collins		XX		XX		XX		XX
Eric Delmas	XX			XX	XX			XX

15.1.2 Principles of executive compensation

The board of directors sets and modifies annual compensation paid to the Chair of the board of directors and the Chief Executive Officer (corporate officers without employment contracts with Egide SA). Until December 31, 2013, the chief executive officer received only fixed compensation. Since January 1, 2014, compensation of the Chief Executive Officer includes variable compensation for up to 60 % of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). As these performance indicators were not achieved in 2019 at the Group level, no variable compensation was paid on this basis. In 2020, based on the indicators, 30% in variable compensation was set aside for payments in 2021.

As a US national, the Chair-CEO is not covered by French social security benefits. The company assumed the cost of housing in France until the end of 2018, when the lease was canceled. He also benefits from a company car in the United States (his country of residence).

Mr. James F. Collins' is total compensation is paid exclusively by Egide USA, which recharges one third of this amount to Egide SA and one third to Santier; The amount mentioned in the above table corresponds to the one third charged to Egide SA as the group's chief executive officer. For information, annual gross compensation paid to Mr. Collins by Egide USA in 2020 amounted to US$275,000, as in 2019.

The deputy chief executive officer, also holder of an employment contract associated with his role as manager of the Bollène plant predating his appointment as officer, is not paid compensation for his function as deputy chief executive officer. His compensation under his employment contract is set by the chief executive officer. He has the use of a company car. His contract provides for a bonus which may represent 30% of his annual salary subject to meeting the EBITDA target calculated at the group level for 50% and at the Egide SA level for 50%.

No specific supplemental retirement plan has been implemented nor have any provisions whatsoever been adopted for severance benefits for the benefit of executive officers. The chairman-chief executive officer does not receive attendance fees for his position as an officer of Egide SA nor for any offices held in any other Group companies. These provisions also apply to the deputy chief executive officer.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the board of directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. On the date of this document, the chair-chief executive officer held 100,000 stock options (awarded on June 30, 2020) or 0.97 % of the share capital and the deputy chief executive officer 50,000 stock options (awarded on June 30, 2020), or 0.48 % of the share capital.

The total allocation for attendance fees granted by the annual general meeting of the shareholders is allocated among independent directors in proportion to their attendance at Board meetings. The amounts approved for 2020 were lower than in 2019, i.e. a total of €30,000 paid to the 3 independent directors to which were added an exceptional amount of €5,000 for directors whose offices not renewed in midyear.

The directors of Egide SA have not received stock options.

No compensation or benefits of any kind other than those mentioned above have been paid to corporate officers of Egide SA for fiscal 2020 by controlled companies within the meaning of Article L.225-102-1 of the French Commercial Code.

Furthermore, directors are covered for liability by a D&O policy underwritten by Liberty. Coverage under this policy is for a maximum amount of €5 million with a deductible for the United States of US$100,000 for an annual premium of €10,000 excluding tax.

In accordance with the provisions of Article L225-37-2 of the French Commercial Code, the principles and criteria applied to determine the compensation of the chairman-chief executive officer and the deputy chief executive officer are presented below for FY 2020:

Compensation	**Chair-Chief Executive Officer**	**Deputy Chief Executive Officer**
Fixed portion	Defined by the board of directors according to the structure of the company (size, international dimension, market capitalization), comparables of the sector and equivalent companies in the United States.	Defined by the chairman-chief executive officer according to the structure of the company (size, international dimension, market capitalization), comparables of the sector.
Variable compensation	Defined annually and corresponding to a percentage of the fixed salary according to two criteria linked to the Group's sales and operating result (cumulative maximum: 60 %)	Defined annually and corresponding to a percentage of the fixed salary according to the criteria of the Group EBITDA (maximum: 30 %)
Exceptional compensation	Decided by the board of directors annually according to qualitative(s) criteria(s), and not automatic in nature	Decided by the chairman-chief executive officer
Benefits in-kind	Defined by the board of directors, considering that the chairman-chief executive officer is a US citizen and tax resident for six months of the year;	Decided by the chairman-chief executive officer
Stocks options	Granted without conditions of performance according to the same procedures for all beneficiaries included among employees of the company and its subsidiaries, subject to requirement to hold at least 20% of the shares for the duration of the term of office.	
Duties	No specific missions as they fall within the scope of the functions exercised	
Other	No benefits such as Golden Hellos, Golden Parachutes or retirement severance payments (excluding those required by law)	

15.1.3 Amounts paid by the company and its subsidiaries to the chief executive officer, and deputy chief executive

In accordance with provisions of Article L. 225-37-2 of the French Commercial Code, we submit for your approval compensation paid to the chief executive officer as a corporate officer for fiscal 2020 and whose principles and criteria had been approved by the sixth resolution of the general meeting of June 19, 2020. For information, because the deputy chief executive receives compensation solely on the basis of his employment contract, and not for his functions as corporate officer, he is not included in the following table.

Gross compensation	**Amount paid/granted**	**Amount submitted for approval**
Fixed portion	$275,000	$275,000
Variable compensation	$82,500	Up to 60% of salary if EBITDA budget is exceeded by 30%
Exceptional compensation	$0	$0
Benefits in-kind	$10,766	$10,766
Duties	0	0
Other	0	0

The Chief Executive Officer holds 100,000 stock options at an exercise price of €0.86 each. The fair value of these options in the consolidated financial statements at December 31, 2020 was € 6,662.

The deputy chief executive officer who did not receive compensation for his functions as officer holds 50,000 stock options with an exercise price of € 0.86. The fair value of these options in the consolidated financial statements at December 31, 2020 was € 3,331.

15.2 Pay ratios

In accordance with the provisions of L. 225-37-3 of the French Commercial Code, the following table presents the pay ratios for the executive officers in relation to the average and median compensation of employees over a period of 5 years. Compensation takes into account gross compensation paid in France both for the executive officers and for the average and median compensation of employees.

Ratio/Moyenne	2020	2019	2018	2017	2016
Jim Collins	2,0	2,4	3,2	10,1	7,4
Eric Delmas	5,4	4,9	4,6	-	-
Philippe Lussiez	-	3,3	2,8	3,5	2,9
Moyenne des salaires hors dirigeants en k€	31,1	32,9	30,4	27,0	27,8

Ratio/Médiane	2020	2019	2018	2017	2016
Jim Collins	2,9	3,7	4,6	13,6	10,4
Eric Delmas	7,7	7,6	6,6		
Philippe Lussiez	-	5,0	4,0	4,8	4,0

In accordance with the recommendations of the Middlenext corporate governance code, the following table presents the pay ratios for executive officers in relation to the annual minimum wage over a period of 5 years.

Ratio/Smic	2020	2019	2018	2017	2016
Jim Collins	4,4	5,7	7,0	21,1	15,9
Eric Delmas	11,8	11,7	10,2		
Philippe Lussiez		7,8	6,2	7,4	6,2

15.3 Accrued retirement and related post-employment benefits

No specific supplementary retirement scheme has been set up for executives. Similarly, no provisions exists providing for payment of severance or similar benefits payable in the event of termination or non-renewal of their functions.

In contrast, at Egide SA non-specific retirement severance benefits for which all employees qualify are accrued for in the annual and consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. (see section 20.3.1.5.3.4).

These provisions apply to foreign subsidiaries which are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

16 Practices of the administrative and management bodies

16.1 Expiration date of terms of office

See section 14 of this document for the list of Board members and their offices.

16.2 Information on service contracts between the company and members of its administrative and management bodies

No service contracts exist between directors and the company or one of its subsidiaries.

16.3 Board committees

16.3.1 Information about the audit committee and compensation committee

As provided in provisions of Article L823-20 paragraph 4 of the French Commercial Code and recommendation R6 of the Middlenext code, it was decided that the Board of Directors would serve as the audit committee to allow all independent directors contribute to monitoring the preparation of financial information and the efficacy of internal control procedures, and taking into account the responsibility of Board members. In exercising his executive functions, when the audit committee is convened, the chief executive officer, a non-independent director, abstains from participating. In such cases, the meeting is chaired by an independent director possessing financial and accounting expertise in view of his or her previous work experience. However, the chief executive officer may be invited to attend part of the meeting depending on the nature of the subject and details, and information he or she may be able to provide to enhance the discussions. Audit Committee meetings are held independently of the meetings of the Board of Directors and subject of separate minutes. The Committee reports on its mission to each Board meeting.

The company also believes that its structure and size associated with the reduced size of the Board of Directors do not require the adoption of a Compensation Committee and a Nominating Committee, as all Board members contribute collectively for all important points pertaining to the management of the company.

16.3.2 Board powers and practices (Articles 16 and 17 of the bylaws)

The Board of Directors shall determine the business strategy of the company and ensure its implementation. To this purpose, it appoints the Chief Executive Officer who is tasked with managing the company in line with these strategic priorities. Since March 25, 2014 and effective from April 2, 2014, the functions of the chairman of the Board of Directors and the chief executive officer within the company were separated. On June 16, 2016, it was decided by the board of directors to combine again these two functions. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the board of directors may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. It ensures the quality of the information provided to shareholders and the market through financial statements, reports or publications of the company.

The Board rules of procedure and directors' charter were drawn up for the first time on April 9, 2010 to define the Board's operating procedures and can be consulted at the company's website. These provisions comply with recommendation R7 of the Middlenext code. Board of Directors' meetings, called by its Chairman, are held as often as required. The latter ensures that documents, technical files and information relating to agenda items are made available to the Board Members by email, within a reasonable time, and in compliance with recommendation R4 of the Middlenext code. Moreover, each Board Member may obtain from executive management any document he or she considers useful. The Board of Directors examines and makes decisions regarding important items of business, particularly those relating to strategic interests.

If it considers necessary, the Board of Directors may task one of its members with special ad hoc missions for which compensation is provided on a case-by-case basis falling under the scope of regulated agreements.

In general, the board of directors meets whenever circumstances so require in the premises of the company or those of the corporate counsels, and in compliance with recommendation R5 of the Middlenext code, undertakes to hold four meetings a year. The Social and Economic Committee (*Comité Social et Economique*) members systematically attend Board meetings (physical presence or through videoconferencing) as do statutory auditors when their presence is required by law. Meeting agendas are set by the chairman. Decisions are generally made on a unanimous basis, except for those cases provided for by statute that require the chairman or chief executive officer to abstain. Meeting minutes are taken and systematically provided to the Board Members, upon approval, at the following meeting. The record of attendance meeting as well as all meeting reports are available at the registered office. In fiscal 2020 the Board of Directors met five times compared with four times in 2019. The attendance rate in 2020 was 100 % ,as in 2019. The Audit Committee also met four times in 2020.

Between formal board meetings, when the company developments so warrant, directors are also kept informed on a regular basis of any event and information that may have an effect on the company's obligations and its financial and cash positions.

In consideration of their actual participation in the Board of Directors, each member, with the exception of the Chairman and the Chief Executive Officer, receives attendance fees. For fiscal year 2020, a total gross amount of €35,000 was allocated for this purpose (down in relation to 2019). The last shareholders' General Meeting voted to allocate annual compensation of €10,000 per director.

No particular item that might have an impact in the case of a public offer other than those set out in this report is to be mentioned (provisions of Article L. 22-10-11 of the French Commercial Code).

Each director is appointed for a four-year term in accordance with statute and MiddleNext code recommendation R9. Directors may also be reappointed (Article 13 of the bylaws). it is specified that this term of six years was reduced to four years by approval of the seventeenth resolution submitted to the vote of the annual general meeting of July 16, 2015. With respect to the Company's activity, the duration of this term of office contributes to developing an understanding of the different businesses and monitoring strategies whose implementation often exceeds two years. This provision applies to any new director appointed as from July 16, 2015.

When appointed, all directors are informed of their responsibilities and encouraged to comply with the conduct of business rules relating to the obligations resulting therefrom, statutory rules governing holding multiple offices, their obligation to inform the Board of Directors of conflicts of interest arising following their appointments, show diligence in attending Board and shareholders meetings, ensure that they possess all information necessary about Board meeting agendas prior to rendering decisions and comply with professional secrecy requirements (recommendation R7 of the Middlenext code).

The company also complies with the provisions of Articles L225-17 subsection 2 of the French Commercial Code issued pursuant to Act 2011-103 of January 27, 2011 providing for balanced representation of men and women on Boards of Directors and Supervisory Boards and workplace equality.

16.3.3 Limitations on powers of the chief executive officer (*directeur général*) and deputy chief executive officer (*directeur général délégué*) (Article 18, paragraph 3 of the Company's bylaws)

As of June 16, 2016, the Board of Directors of Egide SA decided to combine the functions of Chairman and Chief Executive Officer.

No specific limitation was imposed on the powers of the Chief Executive Officer who exercises said powers in compliance with the legal provisions in force (Article L225-56 of the French). On that basis, Egide's Chief Executive Officer is vested with the widest powers to act in all circumstances in the name of the company. He exercises these powers within the limits of the company's corporate purpose, and subject to the powers reserved by law to shareholders meetings and to the Board of Directors. He is not limited with respect to the amount of commitments that may be incurred in connection with the company's day-to-day management. By way of exception, the amount for sureties, endorsements and guarantees that may be granted without prior authorization by the Board shall be subject to a limit of €200,000 (Board meeting of September 27, 2018), to be renewed yearly by the Board.

On April 16, 2019, and confirmed on April 24, 2020, the Board of Directors also decided that the powers of the deputy chief executive officer (Eric Delmas) will be exercised in accordance with applicable legal provisions, whereby it is specified that beyond the following limits, approval must be obtained from the chief executive officer:

- Signatures for any commitments for amounts exceeding €150,000 excluding tax,
- The recruitment of any employee assigned to areas reporting directly to the Deputy CEO who is also the Santier site manager.
- Modifying the salaries of employees reporting directly to the Bollène site manager (production, engineering, marketing, procurement and R&D),
- Selecting or changing the Company's advisers (auditors, legal, tax, communications advisors, etc.).

16.3.4 Participation in shareholders meetings

Procedures for participating in general meetings are set forth in Article 25 of the company's bylaws : "Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time."

Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account. "

The board of directors attaches considerable importance to promoting dialogue between shareholders and managers and ensuring that the general meeting is materially accessible to all. Before the meeting is held, the directors discuss the draft resolutions to be submitted to a vote and establishes, as applicable, a dialogue with major shareholders who so wish. At the end of the meeting, the board considers the results of the votes when preparing the draft resolutions to be submitted to the next meeting, and in this process compiles with recommendation R12 of the Middlenext code.

16.4 Corporate governance code

In accordance with the provisions of Article L225-37 of the French Commercial Code, on April 9, 2010, the Board of Directors apply the Middlenext Corporate Governance Code for mid- and small caps for the preparation of this report. A new version of this code renamed the "Corporate Governance Code" was published in September 2016. In compliance with recommendation R19 of this code, the board reviews on a regular basis the 18 points to be watched defined therein. The 19 recommendations this new version of the code are followed by the company.

The Middlenext corporate governance code is available for consultation from the following link:
http://www.middlenext.com/IMG/pdf/2016_CodeMiddlenext-PDF_Version_Finale.pdf

17 Employees

17.1 Number of employees and breakdown

Headcount by function at December 31 for Egide Group:

(Headcount at December 31)	2018	2019	2020
Administration and sales	32	29	31
Production, quality and R&D	250	252	222
Total	**282**	**281**	**253**

Headcount by Group site:

(Headcount at December 31)	2018	2019	2020
Egide Trappes and Bollène	141	132	122
Egide USA	74	80	70
Santier	67	69	61
Total	**282**	**281**	**253**

Headcount by type of contract:

(Headcount at December 31)	2018	2019	2020
Fixed-term contracts	3	4	1
Permanent contracts	278	276	252
Apprenticeship contracts	1	1	0
Total	**282**	**281**	**253**

17.2 Statutory profit-sharing, incentive plan, variable compensation agreements

All salaried employees in Egide SA receive fixed compensation. In addition, variable compensation is paid:

- To all staff, incentive compensation linked to the company results. This compensation results from the terms of a voluntary profit-sharing agreement executed (*accord d'intéressement*) by the company and personnel, represented by the union delegates of the company. This agreement was concluded for a three-year period running from January 1, 2019 to December 31, 2021. This incentive compensation is calculated annually from current operating income before tax. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned.
- To all employees, since January 1, 2016, incentive compensation linked to company results based on four criteria relating to production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields: as a January 1, 2019, a 5th indicator was added: EBITDA > 0) This incentive compensation ("PRIME NAO") is paid on a quarterly basis in the form of a vested bonus corresponding to 20 % per criteria achieved; The thresholds to be reached for each of these criterion is set by the chief executive officer at the start of the year whereas the quarterly bonus used as the basis for the calculation is set during the mandatory annual negotiations on wages and working conditions.
- To selected employees (executive committee members and key managers), as from January 1, 2016, incentive compensation linked to the production indicators referred to above, sales order intake, the consumption rate for supplies or EBIDTA., This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target. It is duly noted that the beneficiaries of this incentive compensation will not accumulate the compensation that might be payable quarterly, whereby the latter is included within the total annual amount.

Furthermore, all employees in France are eligible to statutory profit-sharing calculated according to the provisions provided for by law. No statutory profit-sharing or incentive compensation payments have been made over the last five years.

At Egide USA, an incentive plan exists for key executives. As from January 1, 2016, the calculation of this incentive compensation is the same as that used for Egide SA employees, i.e. based on production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields), revenue, order intake or EBITDA. This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target. For fiscal 2019, no bonus was paid. With the exception of direct manufacturing stuff paid based on the number of hours worked, all employees of the US subsidiary receive fixed compensation.

At Santier, no bonus was paid for 2019. The bonus system is currently in the process of being harmonized with that of Egide USA.
Based on calculations for the results of 2020, a bonus will be paid in 2021 in the amount of €135,000.

17.3 Stock option plans

17.3.1 Balance at December 31, 2020

Since its initial public offering, the company's successive shareholders' general meetings authorized the board of directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, options conferring a right to subscribe for shares to be issued through a capital increase or to purchase existing shares of the company originating from shares bought back under the conditions provided by law. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 10 % of the shares making up the share capital. The price to subscribe for shares may not be less than 95% the average trading price during the twenty (20) trading sessions preceding the grant date of the option. The board of directors set the terms and conditions according to which the options may be exercised and/or conditions of performance and/or presence of the beneficiary in the company or one of its subsidiaries; providing for an initial period during which the Options may not be exercised, as well as clauses prohibiting the immediate resale of all or part of said shares, with the holding period thus defined not to exceed three (3) years from the option exercise date;

On June 19, 2020 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 18, 2023, options conferring a right to subscribe for shares to be issued through a capital increase or the purchase of existing shares of the company originating from shares bought back under the conditions provided by law.

In 2020, 280,618 options of plans 6.3 and 8.1 were forfeited pursuant to the departure of employees or relinquished.
Under the new delegation of authority, on June 30, 2020 the Board of Directors distributed 620,000 new options under plan 10.1 with an issue price of €0.86 per share. The vesting period runs until June 30, 2020 and the exercise period ends on June 29, 2026.

With the exception of the Chief Executive Officer, no members of the Board of Directors were granted stock options. As an executive officer of the company and at December 31, 2020,the chief executive officer held 100,000 options granted on June 29, 2020 (plan No. 10.1). On this same date, the deputy chief executive officer held 50,000 options awarded on June 29, 2020 (plan 10.1). In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options must be maintained in registered form until the chairman and/or the chief executive officer or deputy chief executive officer ceases to exercise their function.

Highlights for stock option plans in force at December 31, 2020 are presented below:

Plan No.	**Plan 6.3**	**Plan 8.1**	**Plan 9.2**	**Plan 10.1**	**Total**
AGM date	05/28/2010	06/16/2016	06/16/2017	06/19/2020	
Board meeting date	01/30/2013	05/19/2017	01/25/2018	06/30/2020	
Initial number of shares	651	380,000	30,000	620,000	1,030,651
- of which to corporate officers	0	0	0	150,000	150,000
- of which to the top 10 employee beneficiaries	651	255,000	30,000	320,000	606,651
Number of shares after adjustments*	740	380,000	30,000	620,000	1,030,740
Starting date for the exercise of options	01/30/2015	05/19/2019	01/29/2020	06/30/2020	
End date for the exercise of options	01/29/2020	05/18/2024	01/28/2025	06/29/2026	
Minimum exercisable number of shares	20	2,500	2,500	2500	
Minimum vesting period	2 yrs.	2 yrs.	2 yrs.	2 yrs.	
Minimum holding period	2 yrs.	None	None	None	
Subscription price*	€ 3.67	€ 2.57	€ 2.52	€ 0.86	
Number of options exercised	0	0	0	0	0
Number of options forfeited	740	355,000	30, 0000	0	385,740
Number of options remaining to be exercised	0	25,000	0	620,000	645,000

* Adjustments that may be made after the capital transaction

Authorized by the June 19, 2020 general meeting of Egide SA, on June 30, 2020 the Board of Directors granted members of the executive management and selected personnel of the company and subsidiaries held directly or indirectly, options conferring a right to subscribe for shares to be issued through a capital increase or the purchase of existing shares of the company originating from shares bought back under the conditions provided by law. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 10 % of the shares making up the share capital.

To exercise stock options, the beneficiary must be either an executive officer, or hold an employment contract with the company that has not been terminated by either party. In addition, fulfillment of several conditions set forth at the time of the grant may also be required.

On that basis, 620,000 options were granted and accepted. At the same time, 285,000 existing options lapsed or were forfeited.

In light of the above, and the maximum number of stock options set at 10 % of the shares making up the share capital (or 1,034,687 options available to be granted at December 31, 2020), there remains a balance of 389,886 options or 3.77 % of the share capital. On this date, the 645,000 unexercised stock options represent a potential dilution of 6.23%.

In compliance with the provisions of Act 2006-1770 of December 30, 2006, in the case of sock option awards to the Chair, Chief Executive Officer or Deputy Chief Executive Officer, at least 20% of shares issued from the exercise of options must be maintained in registered form until the Chairman and/or the Chief Executive Officer or Deputy Chief Executive Officer ceases to exercise their function.

At the end of each reporting period, the fair value measurement of stock options in the consolidated financial statements is determined using the Black & Scholes measurement model (see section 20.3.1.5.4.1.1). Options have an average life of six years with a volatility rate of 36 %.

17.3.2 Balance at May 30, 2021

The following events have occurred since December 31, 2020:

- Two new stock option plans were approved by the Board of Directors:

Plan No.	Plan 10.2	Plan 10.3	Total
AGM date	06/19/2020	06/19/2020	
Board meeting date	03/22/2021	03/22/2021	
Initial number of shares	40,000	20,000	60,000
- of which to corporate officers	20,000		20,000
- of which to the top 10 employee beneficiaries			
Number of shares after adjustments*	60,000	20,000	60,000
Starting date for the exercise of options	03/22/2021	04/03/2021	
End date for the exercise of options	03/21/2028	04/02/2028	
Minimum exercisable number of shares	2,500	2,500	
Minimum vesting period	2 yrs.	2 yrs.	
Minimum holding period	None	None	
Subscription price*	€ 1.01	€ 1.05	
Number of options exercised	0	0	0
Number of options forfeited	0	0	0
Number of options remaining to be exercised	40,000	20,000	60,000

* Adjustments that may be made after the capital transaction

On that basis, on May 30, 2021, there were a total of 705,000 unexercised stock options representing a potential dilution of 6.81 %. 329,686 stock options are available to be awarded representing 3.19% of the share capital

17.4 Social impact of Group operations

Order No. 2017-1162 of July 12, 2017 and Decree No. 2012-557 replacing the social and environmental information required under Article L225-102-1 of the French Commercial Code in effect until July 22, 2017 by a non-financial statement to be included in the management report of certain large companies whose shares are admitted or not to trading on a regulated market. Egide was not subject to this new regulation because the threshold of 500 permanent employees was not met. However, the Group has decided to continue to publish indicators it considers relevant in relation to its activity. The consolidation scope includes Egide SA and its American subsidiaries, Egide USA and Santier.

17.4.1 Information on the employment-related impact of Group operations

17.4.1.1 Employment

17.4.1.1.1 Total workforce (all contracts combined)

At December 31, 2019 and 2020, total salaried employees of the Group, including the chairman-chief executive officer, broke down as follows (by gender and geographic region):

	At December 31, 2019			At December 31, 2020		
	Men	Women	Total	Men	Women	Total
Egide SA (France – Trappes)	4	2	6	2	2	4
Egide SA (France – Bollène)	40	86	126	35	83	118
Egide USA (USA - Cambridge)	33	47	80	27	43	70
Santier (USA – San Diego)	50	19	69	43	18	61
Total	**127**	**154**	**281**	**107**	**146**	**253**

By age bracket, the headcount presented above break down as follows:

	At December 31, 2019			At December 31, 2020		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France – Trappes)	0	4	2	0	4	0
Egide SA (France – Bollène)	23	80	23	20	73	25
Egide USA (USA - Cambridge)	19	25	36	18	26	26
Santier (USA – San Diego)	16	33	20	13	30	18
Total	**58**	**142**	**81**	**51**	**133**	**69**

The breakdown of headcount presented above by contract type is as follows:

	At December 31, 2019			At December 31, 2020		
	Permanent contract	Fixed-term contracts	Apprenticeship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France – Trappes)	6	0	0	4	0	0
Egide SA (France – Bollène)	121	4	1	117	1	0
Egide USA (USA - Cambridge)	80	0	0	70	0	0
Santier (USA – San Diego)	69	0	0	61	0	0
Total	**276**	**4**	**1**	**252**	**1**	**0**

These headcount figures do not take into account long-term sick leave who continue to be counted though do not receive remuneration.

In 2020, Egide employed 25 part-time employees (20 at Bollène, 5 in Cambridge and 0 in San Diego). In 2019, Egide employed 24 part-time employees (18 at Bollène, 4 in Cambridge and 2 in San Diego). Part-time employment is usually at the request of employees and concerns all personnel categories (engineers, technicians, equipment operators, men and women)

Average seniority is 14.2 years at Egide SA, 11.6 years at Egide USA and 5.4 years at Santier (it being specified that for Santier, the first recruitment date was October 16, 2012, TMS' date of creation, before it was taken over by Egide SA in February 2017).

17.4.1.1.2 Recruitments, departures and dismissals

For 2019 and 2020, Group information on recruitment is provided below :

Changes in headcount	Fiscal 2019			Fiscal 2020		
	Permanent contract	Fixed-term contracts	Apprenticeship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France – Trappes)	2	0	0	0	0	0
Egide SA (France – Bollène)	6	4	0	6	10	0
Egide USA (USA - Cambridge)	35	0	0	10	0	0
Santier (USA – San Diego)	17	0	0	11	0	0
Total	**60**	**4**	**0**	**26**	**10**	**0**

In 2019, fixed-term contracts reflected a one-off increase in activity and at Egide SA represented one full-time equivalent position. In the United States, the distinction between fixed-term and permanent employees does really exist and the high number of incoming and upcoming employees reflects employees not retained after their trial period.

In 2020, there was selected use of fixed-term contracts, particularly at the end of the first half of the year to make up for the disruption caused by the lockdowns.

In 2019 and 2020, departures reported by the Group were as follows:

Departures excluding dismissals	Fiscal 2019			Fiscal 2020		
	Permanent contract	Fixed-term contracts	Apprenticeship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France – Trappes)	2	0	0	1	0	0
Egide SA (France – Bollène)	6	1	0	8	13	1
Egide USA (USA - Cambridge)	29	0	0	14	0	0
Santier (USA – San Diego)	12	0	0	12	0	0
Total	**49**	**1**	**0**	**35**	**13**	**1**

In 2019, the departure of employees with permanent contracts at Egide SA concerned 1 negotiated settlement, 1 transfer, 4 retirements, the expiration of 1 fixed-term contract and 2 apprenticeship contracts. At Egide USA, 2 employees retired and 27 resigned. At Santier, 11 employees resigned and 1 retired.

In 2020, the departure of employees with permanent contracts at Egide SA concerned 3 negotiated contractual termination, 2 resignations, 2 retirements, 1 death, the expiration of 13 fixed-term contracts and 1 apprenticeship contract. At Egide USA, 14 employees resigned. At Santier, 8 employees resigned, 3 retired and 1 on long-term sick leave.

In 2019 and 2020, the dismissal of employees by the Group broke down as follows

Layoffs	Fiscal 2019			Fiscal 2020		
	Permanent contract	Fixed-term contracts	Other	Permanent contract	Fixed-term contracts	Other
Egide SA (France – Trappes)	9	0	0	1	0	0
Egide SA (France – Bollène)	1	0	0	2	0	0
Egide USA (USA - Cambridge)	0	0	0	6	0	0
Santier (USA – San Diego)	1	0	0	7	0	0
Total	**11**	**0**	**0**	**16**	**0**	**0**

In 2019, there were 9 economic redundancies linked to the reorganization of Trappes and 1 dismissal for misconduct at Egide SA and at Santier, 1 dismissal resulting from the impossibility of redeploying an employee after 2 years of absence.

In 2020, there were 3 dismissals for personal reasons at Egide SA, 6 at Egide USA and at Santier, 2 for economic reasons and 5 for insufficient results.

17.4.1.1.3 Compensation information and trends, social charges

All employees of Egide SA received monthly compensation on a 12 or 13 month basis. Egide USA and Santier employees are paid every two weeks. No employees of the Group are paid based on output.

Gross payroll and employer's social security contributions paid in 2019 and 2020 by Group companies break down as follows:

	Fiscal 2019		Fiscal 2020	
	Gross	Social charges	Gross	Social charges
Egide SA (France)	€ 5,096,855	€ 2,045,722	€ 4,298,751	€ 1,661,491
Egide USA (USA)	$ 3,461,753	$ 423,614	$ 3,388,482	$ 748,447
Santier (USA)	$ 3,544,967	$ 974,885	$ 3,519,794	$ 1,091,566

In 2019, 1.2% of the payroll of Egide SA was allocated on the basis of merit in accordance with the salary agreement signed by the company and trade union representatives. Salary increases at Egide USA are awarded on an individual basis. No salary increases were granted at Santier in 2020 though a catch-up pay increase was granted in 2020.

In 2020, 1.7% of the payroll of Egide SA was allocated on the basis of merit in accordance with the salary agreement signed by the company and trade union representatives. At Egide USA and Santier, a selected number of raises were granted on an individual basis without the application of any collective measures.

17.4.1.1.4 *Incentive, statutory profit-sharing and employee savings plans*

An incentive compensation agreement was concluded on June 27, 2019 between Egide SA and the company's union delegates. This agreement was concluded for a three-year period running from January 1, 2019 to December 31, 2021. This incentive compensation is calculated annually from pretax current operating profit. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned. In light of the current operating loss, no incentive compensation was paid for 2020 as was the case as well for 2019.

Furthermore, all personnel of Egide SA are qualified for statutory profit-sharing determined according to the calculation base provided for by law. In light of the results, no statutory profit-sharing payments were made for 2019 and 2020. Since January 1, 2019, a company employee savings plan (PEE) / group pension saving scheme (PERCO) was established and made available to employees.

At Egide SA, Egide USA and Santier, a bonus system exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds the budget target. For fiscal 2019, no bonus payments were made as objectives have not been reached. In 2020, in the USA, based on the results, a provision was recorded for bonuses in the amount of €135,000 for Egide USA and Santier management.

17.4.1.2 **Work organization**

In France, the workweek is five days for 38 1/2 hours. Non-management personnel on an hours per day basis work in reference to a 35 hour workweek to which are added two bonus hours (paid 125%) with an hour and a half break. Non-management personnel on an hourly shift basis work 35 hours per week, to which are added 3 1/2 hours for breaks. Hours for management personnel are annualized.

In the United States, the workweek at Egide USA is 40 hours over 4 days (Monday to Thursday). Non-management personnel benefit from a daily break of one hour (30 minutes for lunch and two 15 minute breaks)) Hours for management personnel are annualized. At Santier, the work week of 40 hours over 5 days (Monday through Friday) was aligned with that of the Cambridge site in 2020. Non-management personnel benefits from a daily break of one hour (30 minutes for lunch and two 15 minute breaks) Hours for management personnel are annualized.

This regular organization was adopted in 2020 in response to the health crisis and no decisions or negotiations regarding the future system are under consideration.

17.4.1.2.1 *Overtime*

In 2019 and 2020 overtime payments broke down as follows:

	Fiscal 2019	Fiscal 2020
Egide SA (France – Trappes)	1,583	561
Egide SA (France – Bollène)	8,955	9,888
Egide USA (United States)	12,915	6,493
Santier (United States)	8,134	7,849
Total (hours)	**31,587**	**24,791**

For information, an overtime hour represents time worked exceeding the 35 hour workweek in France and the 40 hour workweek in the United States. The major share of overtime at Egide SA is linked to two bonus hours included for work weeks of between 35 and 37 hours.

17.4.1.2.2 *Absenteeism*

In 2019 and 2020 hours of absenteeism broke down as follows:

	Fiscal 2019	Fiscal 2020
Egide SA (France – Trappes)	1,114	327
Egide SA (France – Bollène)	22,984	27,976
Egide USA (United States)	660	1,005
Santier (United States)	5,202	4,896

Total (hours)	29,960	34,204

These absences were mainly due to sick leave (short and long-term) and maternity leaves. 5 employees were on long-term sick leave in 2019 and 2020 (representing respectively a total of 10,010 and 10,400 hours per year). These hours do not include part-time, as applicable.
In France, furlough schemes linked to the lockdown represented nearly 4,872 hours almost paid almost in its entirety to employees and reimbursed by the French government in the amount of €56,000.

17.4.1.2.3 Use of temporary personnel

For fiscal 2020, Egide SA did not have recourse to temporary employment companies and recorded expenses of €4,826 excluding VAT for site security services, representing the equivalent of 0.11 % of annual payroll, nearly 50% less than in 2019.

Santier did not have recourse to temporary personnel in 2020, as in 2019.
Egide USA in contrast made extensive use of temporary personnel in 2019 in response to growth in business with at least approximately 5 people during the year and an increase at the end of the year to 14 people for a total cost of US$259,310.
In 2020, the first half displayed this same trend until the fire, after which it dropped off sharply. The range over the year is a maximum of 12 people to 1 with an average of 7 for a total cost over the year of $227,783.

17.4.2 Labor relations

17.4.2.1 **Labor relations and collective bargaining agreements**

In France, Social and Economic Committee elections were organized in 2018. Only a single Social and Economic Committee covering the two sites (Bollène and Trappes) was appointed for a four-year term. There is no Works Council in the United States.

Excluding formal relations with the works council and labor organizations where they exist, Egide Group promotes direct dialogue between supervising line management and their staff. On that basis, in accordance with needs and current issues, meetings are organized with all or part of the personnel without this being required by a specific structure.

A collective bargaining agreement between Egide SA and its employees relating to an employee profit-sharing was signed. Concerning the intergenerational hiring agreement the company refers to the agreement of the metallurgy industry. Reflecting its proactive approach, the company maintained its meetings with employees over 55 years of age (*Plan Emploi des Salariés Agés* – PESA).

At Egide SA, two French labor unions (Tricastin SPEA (CFDT) and Force Ouvrière) each have a representative at the Bollène site. There are no labor unions at Egide USA and Santier.

17.4.2.2 **Territorial impact of its activity in terms of employment and general development**

Egide SA has established contacts with local offices of the French employment agency. The human resources department also participates in job forums organized by local authorities. The US subsidiaries work with similar organizations where they exist and give preference to local recruitment. The human resources department also contacts engineering schools to present the potential opportunities available within Group companies.

17.4.2.3 **Relations with social partners**

Egide SA maintains contacts with organizations promoting social integration (AGEFIPH or *Association pour la Gestion du Fonds d'Insertion Professionnel des Handicapés*) or sheltered work opportunities (ESAT or *Etablissements et Services d'Aide par le Travail*). In addition, in connection with the French apprenticeship tax, the company pays a contribution to training establishments.

Similar partners having dealings with the subsidiaries do not exist in the United States.

17.4.2.4 **Foreign subsidiaries and their impact on regional development**

Egide has two subsidiaries in the United States, one on the West Coast, and the other on the East Coast, each with local employees.

17.4.2.5 **Public service initiatives**

With respect to public service initiatives, Egide SA offers employees meal voucher contributions as well as a contribution to a mutual insurance and personal protection plans. In 2020, €100,766 were allocated by the company for meal vouchers (€115,109 in 2019), €56,977 as a partial contribution for the mutual insurance/personal protection plan (€66,610 in 2019) and 52,567 as a partial contribution for the personal protection insurance plan (€62,085 in 2019). Furthermore, the company allocates a budget to the Social and Economic Committee amounting to €50,759 for 2020 (€57,808 in 2019) or 1.2% of payroll (of which 0.2% was allocated to the operating budget). This budget is redistributed to employees in the form of gift vouchers, etc.

At Egide USA, partial payment for mutual and personal protection insurance represented a cost to the company of US$237,767 in 2020 (US$195,604 in 2019). At Santier, insurance payments assumed by the company in 2020 amounted to US$219,745 (US210,606 in 2019).

Egide USA set up a 401(k) retirement plan for its employees whereby the company covers the total amount of contributions for the first 3% of pay and one half of additional contribution amounts up to 2% of pay (or a maximum contribution by Egide USA of 4%). In 2020, the company's contribution is US$73,272 after the decision in 2019 to suspend this benefit.

Santier also contributes to the retirement plan of its employees (US$401,000) and on that basis incurred an expense of US$123,277 in 2020 (US$119,969 in 2019).

17.4.2.6 **Health and safety**

17.4.2.6.1 Health and safety conditions

The Health, Safety and Working Conditions Committee of Egide SA met three times at Bollène in 2020 (three times in 2019). Despite the absence of a mandatory system of this nature in the United States, both Egide USA and Santier have a similar committee at each of their sites which verify on a quarterly basis a certain number of occupational safety and health indicators.

In 2020, the French company reported 9 work-related accidents, including 3 resulting in sick leave, all without severity, and 6 without sick leave (compared to 7 in 2019, included 6 with sick leave and 1 without), representing a frequency rate[11] of 13,79 (14.01 in 2019) and a severity rate[2] of 0.36 (0.95 in 2019). For information, no commuting accidents were reported by Egide SA in 2020 (as in 2019).

The American subsidiary Egide USA recorded 5 occupational accidents in 2020, all minor (2 falls, 1 minor cut, 1 respiratory difficulty and 1 case involving the onset of heatstroke (10 in 2019). There was one occupational accident at Santier in 2020 and one (laceration) in 2019.

Rates and contributions for occupational accidents:

Site	2019 rates	2019 contribution	2020 rates	2020 contribution
Trappes (FR)	0.78 %	€ 9152	0.71 %	€ 2,872
Bollène (FR)	3.42 %	€ 125,100	2.62 %	€ 100,668
Cambridge, MD (USA)	N/A	-	N/A	-
San Diego, CA (USA)	N/A	-	N/A	-

Egide uses CMR products (carcinogens, mutagens and reprotoxins) in connection with its industrial operations. In France, a Works Committee meets on a quarterly basis to ensure the safe usage of such products and their replacement by non-CMR products. The list of products used and actions taken by this committee are reviewed by the executive committee at its meetings.

In connection with the French law on social dialogue and employment ("Rebsamen Law") of August 17, 2015, Egide SA examined the 10 criteria and concluded that none of them applied to the company (as below the legal thresholds).

[11] Frequency rate: number of accidents x 1,000,000 / hours worked
[2]Severity rate: number of lost time days x 1,000 / hours worked

17.4.3 Training

17.4.3.1 **Training policy**

At Egide SA, the different departments communicate their training needs at the beginning of each year. The human resources manager then transmits the requests to the director of human resources who in turn presents a summary at the executive committee meeting. In accord with employee representatives bodies, discussions on the training plan are included in meetings organized for French annual statutory wage negotiations.

To take into account the economic uncertainties, the trend is to limit whenever possible, the inclusion of external expenditures in the training plan, develop to the extent possible internal training solutions, giving preference to group training over individual training and in consequence, strongly encourage use by employees who so wish, on fixed-term or permanent contracts, of their personal training benefits account ("*Compte Personnel de Formation*").

No obligations exists with respect to training in the Group's foreign subsidiaries. However, individual requests that may arise are reviewed and handled by local management according to the same principles that apply to Egide SA.

17.4.3.2 **Training hours**

Total training hours (internal and external) in 2020 amounted to 877 for Egide SA (780 in 2019) and 210 for Egide USA (30 in 2019) and 268 at Santier (compared to 360 in 2019). In 2020, total expenditures for outside training for Egide SA amounted to €22,505 (€15,750 in 2019), US$2,700 for Egide USA (US$540 in 2019) and US$225 for Santier (US$2,439 in 2019).

17.4.4 Equal opportunity employment

17.4.4.1 **Gender equality in the workplace between men and women**

At Egide SA a gender equality agreement was signed on July 4, 2018 for a period of four years.
In addition, in accordance with the obligations adopted in France, Egide SA's gender equality index declaration demonstrates that it is not possible to calculate the salary gap index due to an insufficient number of employees in certain categories. The remaining criteria show a ratio of 55 out of 60.

17.4.4.2 **Employment and integration of handicapped workers**

In 2020, Egide SA employed 14 with non-motor disabilities at the Bollène site as in 2019 corresponding to 11.00 units in the former classification system and exceeded the number required by the company under the Law of February 11, 2005. No disabilities were the result of an accident occurring in relation to the company's activities.
The Law of September 5, 2018 law modified these obligations with the first report on this new basis to be issued in May 2021. Initial calculations indicate that the company continues to exceed its obligations.

No similar regulation exists for the Group's US subsidiaries which moreover do not employ any disabled workers.

17.4.4.3 **Information on measures to combat discrimination and promote diversity**

Egide SA presents each year to the works committee and the employee delegates a report indicating several measures taken by the company to combat discrimination and promote diversity; At the Group level, no discrimination exists with respect to training, professional promotion, working conditions and actual remuneration levels.

17.4.4.4 **Compliance with the core conventions of the International Labor Organization (ILO)**

Egide, a French company, and its US subsidiaries, respect as a matter of principle the international labor conventions.

17.4.5 Information on the environmental impact of operations

17.4.5.1 **General environmental policy**

17.4.5.1.1 Compliance by the company with environmental provisions

The activity of Egide SA is subject to a requirement for an operating authorization issued by the regional authorities ("*Préfecture*") of Vaucluse. The company is accordingly subject to inspections by a number of regulatory agencies (DREAL, the Water Agency, CARSAT and the APAVE for waste analysis). Egide USA also requires an authorization to operate which is issued by the Maryland Department of the Environment (MDE) and the city of Cambridge in Maryland. It is subject to inspections by MDE and the Environmental Protection Agency. Quarterly waste analysis reports are transmitted to the Department of Works of the city of Cambridge. Santier operates on the basis of a City of San Diego Business License and a County of San Diego Environmental Health Permit.

17.4.5.1.2 Internal departments responsible for environmental issues

Executive management, the plant management (Bollene, Cambridge and San Diego) and the Quality Control and Environment department, in consultation with the Health, Safety and Working Conditions Committee for France or the ad hoc committees for the United States, are directly responsible for monitoring environmental impacts of the company's operations. The Group consults, if necessary, with relevant external organizations in the matter.

17.4.5.1.3 Environmental certification initiatives

Although without environmental certification, the Group's three entities comply with applicable standards in force in the United States and adhere to the provisions of their ISO 9001 certification to maintain their efforts in favor of the environment.

17.4.5.1.4 Employee training and information initiatives

At Egide SA, training initiatives address environmental issues and are an integral part of the annual training program negotiated with employee representative bodies. This training is provided by the plant maintenance and security manager who was assisted by the quality and environmental manager. Such training is also provided every year at Egide USA and Santier.

17.4.5.1.5 Environmental objectives for subsidiaries

Prior to the acquisition of Egide USA at the end of 2000, an environmental audit was performed at Egide's initiative which confirmed that the US subsidiary was in compliance with US laws and regulations. A similar approach was initiated in early 2017 before the creation of Santier to ensure that the new US unit was in full compliance with California regulations. Since then, Egide has ensured that its subsidiaries remain in compliance with applicable current and future standards.

As a general rule, Egide ensures that each Group company applies the environmental standards in force in their respective countries.

17.4.6 Circular economy (pollution, waste management and food wastage)

17.4.6.1 **Discharges in the air, water and ground causing serious environmental impacts**

Egide SA, Egide USA and Santier have surface treatment equipment, composed primarily of a manual and semi-automatic plating chains as well as different types of chemical baths. All this equipment is constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow or spillage.

17.4.6.2 **Measures for prevention, recycling and eliminating waste**

The waste and by-products generated by Egide Group's production units originated mainly from surface treatment activities. When possible, liquid waste is recycled though generally, this waste is removed then disposed of by specialized waste management companies.

Furthermore, measures have been put into place for the collection of certain non-hazardous or hazardous waste. Accordingly, at Egide SA special containers are available to staff to sort glass, plastics, paper, cardboard, wooden pallets, metals, batteries, ink printer cartridges and used neon bulbs for the purposes of reuse or recycling. Similarly, even though not subject to the "WEEE" directive on waste electrical and electronic equipment from private households, used computer equipment (PCs, monitors, printers) are collected and sent for recycling through a specialized channel. At Egide USA, containers intended for recycling aluminum cans, plastic bottles and paper are installed in the company's premises. No specific measure has been adopted at Santier.

As none Group's units have canteens at their premises, they have no direct way at their level to combat food waste.

17.4.6.3 **Noise and odor pollution**

Egide SA’s activities are carried out in closed spaces and do not result in environmental olfactory pollution.

Air compressors (compressed air supply system) and air cooling towers (kiln cooling) represent the only sources of external noise disturbances. Noise remains however within the limits imposed by standards in force and does not create any significant disturbances in light of the environment where the Group companies are located (rural area with agricultural fields and industrial buildings for Egide SA, urban commercial and traffic area for Egide USA and an industrial zone for Santier).

There are no internal sound nuisances which may affect employees though some activities are nevertheless noisy, while complying with standard in force. Wearing hearing protection at these workstations is mandatory.

17.4.7 Sustainable use of resources

17.4.7.1 **Water, raw materials and energy consumption**

2020		Bollène		Cambridge		San Diego	
Fluid	Measure	Quantity	€000s	Quantity	US$ 000s	Quantity	US$ 000s
Electricity	MWh	2,929	223	3,394	284	2,242	478
Gas	MWh	1,178	45	2,405	89	154	5
Water	m^3	6,545	11			1,555	7
Hydrogen	m^3	13,729	23	14,136	47	Unused	
Nitrogen	ton	783	65	1,683	168	Generator	

Water consumption for Group operating activities are mainly for cooling the ovens and supplying the electroplating lines. In the interest of the preservation of natural resources, Egide SA, Egide USA and Santier have put into place a closed loop cooling system for the ovens with the installation of cooling towers. Egide USA has in addition equipment operating on an open loop basis hence with considerably higher water consumption. In the same spirit, surface treatment installations have switched from the current rinsing system to a “recycling” system whereby rinsing baths are chemically filtered/purified to be reused several times instead of resulting in water loss. Certain operations at Egide USA nevertheless continue to use the open-loop system. Santier has a closed loop cooling system for the ovens.

The Group uses high temperature brazing and high temperature sintering furnaces which use significant amounts of energy. These furnaces also consume gas (nitrogen or hydrogen) obtained through regular deliveries of specialized suppliers.

Finally, to test the hermetic sealing of its products, the group uses helium, also provided in bottles from special suppliers.

The Group also ensures that suppliers comply with international agreements governing the use of conflict minerals.

17.4.7.2 **Soil use**

No Group companies use resources originating directly from the soil. The industrial facilities cover an area of 5,700 m² in Bollène, 1,300 m² in Trappes and 5,000 m² in Cambridge, MD and 2,400 m² in San Diego, CA. In 2019 and 2020, none of the sites were expanded.

17.4.8 Climate change

No specific measure has been identified for the purpose of adapting Group sites to climate change.

Group entities use significant amounts of electricity to operate their equipment. For information, in France 71 % of electricity is produced from nuclear energy (i.e. no greenhouse gas emissions).

17.4.8.1 Protection of biodiversity

Egide SA operates in an industrial zone bordered by a waste collection facility, agricultural fields, a drainage canal parallel to the Rhône and the Tricastin nuclear power plant. Egide USA is located in a commercial urban area off a road with heavy traffic. Santier is located in a business zone off a road with heavy traffic and near an inter-city motorway. The environment of each Group company thus limits adverse impacts on the biological balance, natural habitats, and protected animal or vegetable species. Regarding effluent discharges, Egide SA and Santier have decided to store their effluents in tanks built specifically for this purpose which are evacuated and processed on a regular basis by specialized companies. Egide USA neutralizes pollutants for treatment before discharging its effluents into the municipal networks (after prior pH control).

Furthermore, a number of measures have been identified and implemented (paper and cardboard recycling, phasing out of the use of flo-pak, waste separation, etc.).

Lastly, as part of the modernization projects for the Bollène plant, measures are being formalized to save energy and reduce water consumption.

17.4.9 Information relating to social commitments in favor of sustainable development

17.4.9.1 Regional, economic and social impact of the company's activity

17.4.9.1.1 Employment and regional development

Each Group company gives preference to the local labor force for the recruitment of new staff. Also, regional infrastructure resources are used when available.

17.4.9.1.2 Impacts on resident or local populations

The French site is located in an industrial area surrounded by agricultural fields while the US sites are located in a commercial area off the main road in a town environment or in a business zone. By their location, the impact of Group entities on local residents or populations is very limited.

17.4.10 Relations with persons or organizations interested by the activity of the company

17.4.10.1 Conditions of dialogue

All persons interested in the activity of the company may freely contact the different Group units. The relevant contact information is available from Egide website.

17.4.10.2 Corporate partnerships or sponsorship initiatives

No corporate partnerships or sponsorship initiatives have been implemented by Group companies

17.4.10.3 Subcontracting and suppliers

An ethics clause is included in the charter sent by Egide SA to all suppliers (also available at the website) and acceptance by suppliers of a purchase order constitutes acceptance of the provisions of this clause. With most of the suppliers with whom Egide works from Europe or the United States, the company is overall not subject to a risk of their noncompliance with ILO conventions. With respect to suppliers, particularly in Asia where application of ILO conventions can sometimes be challenged, the existence of the Egide purchasing charter helps ensure that these conventions are better applied. In addition, Egide suppliers are regularly audited by the Group's quality department in order to, in particular, ensure compliance with the purchasing charter.

Egide moreover specifically prohibits using suppliers having recourse to child labor or forced labor. By objecting in order from Egide, the supplier unconditionally undertakes to comply and ensure compliance by its own suppliers of this clause.

17.4.11 Fair practices

17.4.11.1 Actions taken to prevent corruption and tax evasion

The company relies on procedures in place at each unit to prevent all risks of corruption and tax evasion. Otherwise, no specific measures addressing the subject have been adopted.

17.4.11.2 Consumer health and safety measures

The company has an exclusively B2B customer base and none of the products sold by the Group are destined for the consumer segment.

With regards to health, Egide applies the laws and regulations in force in each country (for example REACH).

17.4.11.3 Other actions undertaken in favor of human rights

No specific measures in this area have been adopted at Group companies.

18 Principal shareholders

18.1 Shareholders holding more than 5% of the share capital

18.1.1 Analysis of share capital and voting rights

At December 31, 2020, the share capital amounted to €5,173,434 divided into 10,346,868 shares with a nominal value of €0.50 per share. The breakdown of share capital and voting rights is presented below:

Balance at December 31, 2020	**Number of shares**	**Percentage of Capital**	**Number of voting rights**	**Percentage of voting rights**
James F. Collins (bearer securities)	*88,687*	*0.86 %*	*88,687*	*0.85 %*
Total Chairman-CEO	**88,687**	**0.86 %**	**88,687**	**0.85 %**
Free float (bearer securities)	*10,148,342*	*98.08 %*	*10,148,342*	*97.56 %*
Free float (registered securities)	*109,839*	*1.06%*	*165,563*	*1.59 %*
Total free float	**10,258,181**	**99.14 %**	**10,313,905**	**99.15 %**
TOTAL	**10,346,868**	**100.00 %**	**10,402,592**	**100.00 %**

This table has been produced based on information provided by CM-CIC Market Solutions, charged with ensuring the security management services for Egide's registered shares maintained in a custody-only account (*nominatif pur*). The theoretical number of voting rights equals actual voting rights as there are no shares having been deprived of voting rights.

No share is jointly held by employees within the meaning of Article L225-102 of the French Commercial Code.

Also see section 21.1.5 – Changes in share capital within the last three years

18.1.2 Disclosures concerning the crossing of ownership thresholds

In accordance with the provisions of Article L233-13 of the French Commercial Code and in light of the information and notifications received in application of Articles L233-7 and L233-12 of said code, the following table presents the identity of shareholders possessing more than 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 33.33 %, 50 %, 66.66 %, 90 % and 95 % of the share capital or voting rights at December 31, 2020:

	More than 5 %		More than 10 %		More than 15 %		More than 25 %	
	of the capital	of voting rights	of the capital	of voting rights	of the capital	of voting rights	of the capital	of voting rights
Vatel Capital [1]	X	X	X	X	X	X		
Sigma Gestion [2]	X	X						

[1] AMF notice of June 11, 2020 (notification of crossing the ownership thresholds pursuant to the capital increase)
[2] AMF notice of March 22, 2021 (shareholding crossing below the reporting threshold)
As far as the company is aware, there are no public shareholders holding more than 5% of the capital other than those disclosed in the table above.

No shareholder holds more than 20% or more than 30% of the capital or voting rights. No special measures have been taken by the company outside the legal provisions applying to the holding of shares. Furthermore, as far as the Company is aware, there are no agreements the performance of which could, at some future date, lead to a change in its control.

18.2 Existence of different voting rights

In compliance with Article 27 of the company's Articles of association, double voting rights are granted to fully paid-up shares registered in the same name for at least two years (annual general meeting of January 29, 1999). This right is conferred upon all bonus shares granted to a shareholder in respect of previously existing shares. It may be canceled by a decision of the extraordinary general meeting after ratification by the special meeting of the beneficiary shareholders (Article L225-99 of the French Commercial Code).

On December 31, 2020, there were 109,839 shares in registered form of which 55,724 carried double voting rights.

18.3 Expenses linked to the management of securities

As required by the French financial market authority (Regulation AMF Doc 2015-10), we hereby inform you the cost of security management services by CM-CIC on behalf of the company as an issuer represent less than €4,000 per year, excluding corporate action such as capital increases.

19 Related party transactions

19.1 Regulated agreements

It is noted that the legal provisions governing regulated agreements as defined by Article L225-38 of the French Commercial Code were modified as from August 3, 2014 (Order No. 2014-863 of July 31, 2014) and that henceforth agreements entered into between the company and wholly-owned subsidiaries are no longer included under this category. On that basis, agreements between Egide SA and its subsidiaries Egide USA LLC and Egide USA Inc. are no longer considered as regulated agreements.

Regulated agreements in force at December 31, 2020 are presented below:

<u>Agreements entered into in the fiscal 2019 and previously authorized</u>

- None

<u>Agreements entered into in 2019 and previously approved whose execution was terminated in the period under review</u>

- None

<u>Agreements entered into in prior periods with continuing effect during the year</u>

- None

<u>Agreements entered into in prior periods whose execution was terminated in the period under review</u>

- None

19.2 Auditors' report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

"To the Egide SA's general meeting:

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements and commitments

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their utility and merits. It is your responsibility, pursuant to article R. 225-31 of the French commercial code to determine the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorized during the past year to be submitted to the general meeting for approval in accordance with Article L. 225-38 of the French commercial code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

We inform you that we have not been advised of any agreement or commitment already approved by the General Meeting remaining in force in the period under review.

Neuilly-sur-Seine and Paris, April 30, 2021

Statutory Auditors
[French original signed by:]

PricewaterhouseCoopers Audit
Thierry Charron Régine Stéphan"

RSM Paris

20 Financial information on the assets, financial position and earnings of the issuer

20.1 Historical financial information (2018 and 2019)

The consolidated and annual financial statements for the fiscal years ended December 31, 2018 and December 31, 2019 as well as the corresponding Auditors' reports, reproduced in the documents mentioned in the following table are incorporated by reference in this universal registration document.

Printed version of the registration document (ex URD)	**2018**	**2019**
AMF registration no:	No. D19-0715 of July 18, 2019	No. D20-0539 of June 15, 2020
Consolidated financial statements and notes	Pages 80 to 102 (Section 20.3.1)	Pages 86 to 114 (Section 20.3.1)
Statutory Auditors' report on the consolidated financial statements	Page 120 (Section 20.4.1)	Page 134 (Section 20.4.1)
Annual financial statements and notes	Pages 102 to 120 (Section 20.3.2)	Pages 114 to 134 (Section 20.3.2)
Auditors' report on the annual financial statements	Page 123 (Section 20.4.2)	Page 139 (Section 20.4.2)

20.1.1 Consolidated financials for FY 2018, 2019 and 2020

In compliance with EC regulation No. 1606/2002 of July 19, 2002, Egide Group presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2020.

For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS . The financial statements for the period ended December 31, 2020 are the fifteenth published by the Group according to IFRS.

For information, selected consolidated financial highlights for the 2018, 2019 and 2020 fiscal years are presented below:

(in thousands of euros)	**2018 IFRS**	**2019 IFRS**	**2020 IFRS**
Revenue	31,735	31,782	29,973
Gross operating profit	678	(762)	3,521
Operating profit / (loss)	(1,526)	(2,178)	1,971
Net financial income (expense)	(645)	(634)	(561)
Income tax expense (income)	(110)	0	424
Net income/(loss)	(2,281)	(2,815)	985
Non-current assets	8,335	11,575	10,008
Cash and cash equivalents	2,360	1,458	1,403
Borrowings and financial liabilities	6,930	6,885	6,578
Shareholders' equity	10,966	10,381	10,563
Total assets	23,423	27,203	27,752

In 2018, the performance of the first half was encouraging both in terms of sales growth and cost controls contributing to the Group's first profit before tax. In the second half of the year, Egide SA experienced reduced demand by one of its main customers whose export policy was impacted by increased regulations while Santier was faced with a much more competitive environment at year-end. Fortunately, Egide USA benefited from strong sales growth by its ceramic products, even though not sufficient to achieve the level of growth expected for the full year. Cash flows generated by the manufacturing base declined in response to the drop in business by Egide SA in the second half. For that reason, an impairment test was performed resulting in a charge of €0.93 million for 2018.

Initiated at the end of 2018, Egide SA's slowdown in activity resulting from the loss of recurring production representing 10% of business volume continued in the 2019 first half. In response, a reorganization was implemented involving the closure of the Trappes site which by then housed only a small graphite machine workshop and administrative services.
This plan which was implemented in October for a cost of €930,000 was destined to generate annual savings on a full-year basis of approximately €630,000. With an improvement in H2 2019, particularly at Egide USA, sales were able to end the

year at the same level as in 2018, though also benefited from a positive currency effect of more than 3% from the US dollar (1.12 vs. 1.18). However, this apparent stability concealed a sharp drop in activity in France, and a marginal decline by Santier and, conversely, particularly strong growth of more than 35% at Egide USA. This imbalance explained an even greater loss than in 2018, keeping in mind that the costs of the reorganization in 2019 were virtually identical to the exceptional impairment charge for fixed assets of 2018. Despite another loss, 2019 was a year of profound transformation with the return to profit by Egide USA, a new manager at Santier, and a breakeven point for Egide SA lowered to €2 million in sales, contributing to a return to break even in H2 2020. While Egide SA again recorded a loss in 2020, it was reduced by half in relation to prior years. In the USA, the government provided aid through the Payment Protection Program in the amount of €1.45 million and the damage caused by the fire in Cambridge was well covered by Egide USA's insurance with fixed assets financed by insurance payments generating and accounting profit. Overall, the performance in 2020 was in consequence positive for the first time since 2011.

The gross operating profit corresponds to operating profit before amortization, depreciation and impairment and reversals:

(in thousands of euros)	**2018 IFRS**	**2019 IFRS**	**2020 IFRS**
Gross operating profit	678	(762)	3,521
Amortization, depreciation and impairment of fixed assets	(1,901)	(1,359)	(1,584)
Allowances and reversals of impairment and provisions	76	57	33
Operating profit / (loss)	(1,526)	(2,178)	1,971

* See above

See section 20.3.1 (consolidated financial statements) of this document.

20.1.2 Statutory financial information (separate annual financial statements) for FY 2018, 2019 and 2020

For information, selected statutory financial highlights for Egide SA for the 2018, 2019 and 2020 fiscal years are presented below:

(in thousands of euros)	**2018**	**2019**	**2020**
Revenue	15,128	12,485	13,707
Operating profit/(loss)	(1,791)	(1,800)	(920)
Net income/(loss)	(1,726)	(2,468)	(758)
Net fixed assets	10,335	10,370	10,257
- of which financial assets	9,804	9,804	9,805
Cash and cash equivalents	1,137	603	712
Borrowings and financial liabilities	1,725	1,839	2,062
Shareholders' equity	11,002	10,940	10,182
Total assets	16,436	16,456	16,236

In 2017, the creation of a new subsidiary, Santier Inc., increased the value of financial assets. This was financed by an €8.22 million capital increase in February which strengthened the company's equity. Despite the growth in sales in relation to the prior year, losses increased notably due to costs linked to developing product sales for data centers (fixed-term contracts and specific installations not capitalized).

In 2018, Egide SA registered a decline in annual sales (-3.8%) due mainly to lower demand by one of its main customers in the second half. Improvements achieved in terms of cost controls reduced the loss of the period, though revenue remained insufficient to achieve breakeven. In this difficult context and with reductions announced by the largest customers, impairment tests required by accounting standards resulted in an immediate impairment of fixed assets in the amount of €936,000.

While 2019 got off to a poor start, the company however was able to benefit from a very timely capital increase making possible to finance the reorganization plan which reduced the breakeven point by nearly €2 million in sales. 2019 was also marked by the formation of a management team based at Bollène united by a shared ambition and vision.

In 2020, despite Covid-19, actions were taken that reinforced measures in 2019, with continuing reductions in costs and headcount, greater selectivity with respect to less profitable activities and growth in revenue of approximately 10% which, while still lower than in 2018, made it possible to further reduce the losses.

See section 20.3.2 (separate parent company financial statements) of this document.

20.2 Pro forma financial information

None

20.3 Financial statements

20.3.1 2020 consolidated financial statements

20.3.1.1 Statement of financial position

ASSETS (€ thousands – IFRS)	Notes 20.3.1.5.	Net value at 12/31/2020	Net value at 12/31/2019
Intangible assets	2.1	996	1,127
Property, plant and equipment	2.1	5,494	5,454
Right-of-use assets	2.1	2,276	2,884
Other financial assets	2.1	459	896
Deferred tax assets	2.7	783	1,214
Non-current assets		**10,008**	**11,575**
Inventories	2.2	8,085	7,475
Trade and other receivables	2.3	5,032	6,523
Cash and cash equivalents		1,403	1,458
Other current assets		3,225	172
Others current assets		**17,744**	**15,628**
TOTAL ASSETS		**27,752**	**27,203**

EQUITY AND LIABILITIES (€ thousands – IFRS)	Notes 20.3.1.5.	Values at 12/31/2020	Values at 12/31/2019
Paid-in capital	3.1	5,174	20,694
Consolidated reserves		4,405	- 7,498
Net income/(loss)		985	- 2,815
Shareholders' equity	**2.4**	**10,563**	**10,381**
Non-current provisions	2.5	836	847
Non-current borrowings and financial liabilities (> 1 yr.)	2.6	2,936	1,774
Non-current lease liabilities	2.6	2,058	2,624
Other non-current liabilities		-	-
Non-current liabilities		**5,831**	**5,245**
Current borrowings and financial liabilities (< 1 yr.)	2.6	3,641	5,111
Current lease liabilities	2.6	466	515
Trade and other payables	2.6	7,248	5,948
Other non-current liabilities		3	3
Current liabilities		**11,358**	**11,577**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**27,752**	**27,203**

20.3.1.2 **STATEMENT OF COMPREHENSIVE INCOME**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (€ thousands)	Notes 20.3.1.5.	12/31/2020	12/31/2019
Revenue	2.8	29,973	31,782
Raw materials and consumables	2.2	- 11,700	-13,864
Change in finished goods and work in progress	2.2	- 821	743
Staff costs		-13,638	- 13,706
External charges		-2,318	- 4,793
Taxes other than on income	2.7.	-307	- 398
Amortization, depreciation and impairment of fixed assets	2.1.	-1,584	- 1,359
Allowances and reversals of impairment & provisions	2.5.	33	- 57
Other operating income	2.9.	198	-
Other operating expenses	2.9.	-188	-228
Current operating profit/(loss)		**-351**	**-1,881**
Other operating income	2.9.	12,418	414
Other operating expenses	2.9.	- 10,096	- 712
Operating profit / (loss)	**2.8.**	**1,971**	**-2,178**
Income from cash and cash equivalents	2.10.		
Gross borrowing costs	2.10.	-592	- 618
Net interest expense	**2.10.**	-592	**- 618**
Other financial income	2.10.	128	58
Other financial expenses	2.10.	-98	- 74
Net financial income (expense)	**2.10.**	**-561**	**- 634**
Income before tax		**1,409**	**-2,812**
Income tax	2.7.	-424	-3
Net income/(loss)		**985**	**- 2,815**
Attributable to the equity holders of the parent		985	- 2,815
Earnings per share (in €)	3.2.	0.10	- 0.31
Diluted earnings per share (in €)	3.2.	0.10	- 0.31

STATEMENT OF COMPREHENSIVE INCOME (€ thousands)	Notes	12/31/2020	12/31/2019
Net income/(loss)		**985**	**- 2,815**
Items able to be recycled in profit or loss:			
- translation losses and gains from financial statements of subsidiaries presented in foreign currencies		- 828	179
Items unable to be recycled in profit or loss:			
- fair value of equity instrument awards	3.1	42	21
- actuarial gains and losses linked to defined benefit obligations	2.5	-20	-32
Other comprehensive income		**- 806**	**168**
Comprehensive income		**179**	**- 2,647**
Attributable to the equity holders of the parent		179	- 2,647

20.3.1.3 **Statement of changes in consolidated shareholders' equity**

(in € thousands, except for shares)	Number of shares	Capital	Additional paid-in capital	Legal and consolidated reserves	Net income/(loss)	Other equity	Shareholders' equity
Balance at 12/31/2018	7,900,366	15,801	2,904	- 2,364	- 2,281	- 3,094	10,966
IFRS 16 and IAS 17 impacts				344			- 344
Balance at 01/01/2019	**7,900,366**	**15,801**	**2,904**	**2,708**	**- 2,281**	**- 3,094**	**10,622**
Comprehensive income 2019					-2,815	168	- 2,647
Changes in parent company equity	2,446,502	4,893	-2,487				2,406
Earnings appropriation for fiscal 2018				- 2,281	2,281		0
Balance at 12/31/2019	**10,346,868**	**20,694**	**417**	**- 4,989**	**- 2,815**	**- 2,926**	**10,381**

(in € thousands, except for shares)	Number of shares	Capital	Additional paid-in capital	Legal and consolidated reserves	Net income/(loss)	Other equity	Shareholders' equity
Balance at 12/31/2019	**10,346,868**	**20,694**	**417**	**-4,989**	**-2,815**	**-2,926**	**10,381**
Net income/(loss) 2020					985		985
Other comprehensive income 2020						- 806	- 806
Comprehensive income 2020	**-**	**-**	**-**	**-**	**985**	**- 806**	**179**
Changes in parent company equity		- 15,520		15,520			-
Capital increase expenses							-
Earnings appropriation for fiscal 2019				- 2,815	2,815		-
Stock options							-
Other changes				3			3
Balance at 12/31/2020	**10,346,868**	**5,174**	**417**	**7,719**	**985**	**- 3, 73**	**10,563**

There are no non-controlling interest in Egide Group.

Notes in section 20.3.1.5 are an integral part of the consolidated financial statements.

20.3.1.4 **Consolidated cash flow statement**

CONSOLIDATED STATEMENT OF CASH FLOWS (in € thousands – IFRS)	Notes 20.3.1.5.	12/31/2020	12/31/2019
Cash flow		**2,482**	**-1,142**
Net income of consolidated operations		985	-2,815
Adjustments to non-cash income and expenses to net cash provided by operating activities			
Amortization, depreciation and provisions	3.1, 3.4	1,922	967
Depreciation of right-of-use assets	3.1	501	473
Capital gains from the sale of intangible and tangible assets	3.1	493	29
Use of Egide USA deferred tax assets	3.7	424	2
Egide USA fire insurance claim payments (1)	2.4, 3.9	2,022	
Interest on lease liabilities		179	202
Change in operating working capital requirements (2)		**- 795**	**-185**
(increase) / decrease in inventories	3.2	-1,053	-884
(increase) / decrease in trade receivables	3.3	778	-525
(increase) / decrease in other receivables	3.3	-2,087	168
(increase) / decrease in trade payables	3.6	1,058	1,448
(increase) / decrease in tax and employee-related liabilities	3.6	621	-78
(increase) / decrease in other payables	3.6	-111	-314
Net cash from (used in) operating activities		**1,688**	**-1,327**
Acquisitions of non-current assets	3.1	- 2,857	-888
Egide USA fire insurance claim payments (1)		2,022	
Net cash provided by (used in) investing activities		**- 835**	**-888**
Capital increase	4.1	-	2,406
Change in other equity		-	-
Conditional advance		-	-
New bank borrowings	3.6	613	759
Other borrowings	3.6	-	-
Repayment of bond loans	3.6	- 212	-238
Repayment of bank borrowings	3.6	- 965	-194
Repayment of other borrowings	3.6	-	-
Repayment of lease liabilities and related financial expenses	3.6	- 692	-663
Factoring liabilities	3.6	575	-367
Lease liabilities	3.6	-	-
Other changes in cash flows resulting from financing activities	3.6	- 167	-414
Net cash flows provided by (used in) financing activities		**- 847**	**1,289**
Effect of changes in exchange rates		**- 62**	**24**
Change in cash and cash equivalents		**- 56**	**-902**
Closing cash and cash equivalents		1,403	1,458
Opening cash and cash equivalents		1,458	2,360
Change in cash and cash equivalents		- 56	- 902

(1) Excl. impairment of current assets
(2) In net values

Cash consists exclusively of bank account balances.

20.3.1.5 **Accounting methods and explanatory notes to the consolidated financial statements**

20.3.1.5.1 Preliminary remarks

Egide designs, manufactures, and sells hermetic packages (passive electronic components) for the protection and interconnection of electronic systems as well as metallic components and thermal management materials.

These notes are an integral part of the consolidated financial statements established on December 31, 2020 with a statement of financial position showing total assets of €27,752,000, and a statement of comprehensive income presented by nature showing a net loss of €985,000, adopted by the Board of Directors on April 27, 2021.

The information given below is expressed in thousands of euros, unless stated otherwise.
The financial period ends on December 31 and covers a twelve-month period from January 1, 2020 to December 31, 2020.

20.3.1.5.2 Significant accounting policies and basis of consolidation

20.3.1.5.2.1 Compliance statement

In compliance with EC regulation No. 1606/2002 of July19, 2002, Egide Group (see section 1.4) presents its consolidated financial statements for the period ended December 31, 2020 in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union at December 31, 2020. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2020. For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS . These standards may be consulted at the European Commission's website at the following address: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The accounting standards, interpretations and methods applied by the Group in the consolidated financial statements as of December 31, 2020 are identical to those applied as of December 31, 2019, with the exception of certain standards, amendments and interpretations mandatory for financial years beginning on or after January 1, 2020:

Standard, interpretation	Subject	IASB issue date	EU adoption date
Amendments to IFRS 3	Definition of a business	10/22/2018	03/15/2019
Amendments to IFRS 9	Financial instruments	10/22/2018	04/22/2020
IAS 39	Financial instruments: recognition and measurement	09/26/2019	01/15/2020
IFRS 7	Financial Instruments - Disclosures - Interest Rate Benchmark Reform.	09/26/2019	01/15/2020
Amendments to IAS 1 and IAS 8	Presentation of financial statements; Accounting policies, changes in accounting estimates and errors: definition of material.	10/31/2018	12/11/2019

Texts published by IASB at December 31, 2020 but not in effect or applicable in the European Union are as follows:

Standard, interpretation	Subject	IASB issue date
IFRS 17	Insurance contracts	05/18/2017
Amendments to IFRS 16,	Leases: COVID-19-related rent concessions.	05/26/2020
Amendments to IAS 1,	Presentation of financial statements: classification of liabilities as current and non-current.	07/28/2020
Amendments to IAS 16,	Property, plant and equipment: proceeds before intended use.	06/20/2017
Amendments to IAS 37,	Provisions, contingent liabilities and contingent assets: onerous contracts — cost of fulfilling a contract	12/13/2018
IFRS annual improvements	2018-2020 cycle.	

Group operations are not affected by seasonality factors.

20.3.1.5.2.2 Critical accounting estimates and judgments

The Group makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition, rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concerned mainly impairment tests the Group may perform on intangible and intangible assets. Specifically, recoverable amounts of cash generating units are determined from calculations for value in use which call for use of estimates.

Within the context of a global health crisis caused by the Covid-19 pandemic, the impact on the Group was relatively limited and for that reason it did not consider it necessary to adopt alarmist assumptions that could have altered the estimates.

20.3.1.5.2.3 Financial risk management

- **Exchange rate risk**

Risks are managed by the parent company according to the financial market environment and the procedures established by management. Foreign exchange transactions are carried out in accordance with local laws and the possibilities of access to financial markets. Subsidiaries may enter into contracts directly with local banks under the parent company's supervision and in accordance with the Group's procedures and policy.

Foreign exchange risks linked to the financing of subsidiaries are centralized at the parent company level and, as applicable, specific hedges are implemented based on the specific financing strategies being considered. The Group has not implemented a foreign exchange hedging policy for these amounts.

Each of the principal currency regions (Euro, US dollar) are largely balanced between their inflows and outflows. For that reason, the Group has not implemented a foreign exchange hedging policy for its commercial operations.

Because the Group's consolidated financial statements are presented in euros, assets, liabilities, income and expenses recorded in currencies other than the euro must be translated into euros at the applicable exchange rate to be included in these financial statements. Should the euro's value increase in relation to any other currency, the value in euros of assets, liabilities, income and expenses of the Group initially stated in another currency will decrease and, conversely, will increase should the euro's value decrease. In consequence, changes in the euro may affect the value in euros of assets, liabilities, income and expenses of the Group outside the euro area, even if the value remains unchanged in the original currency. The most important translation risk concerns intangible assets, revenue and the earnings of those subsidiaries that record their transactions in US dollars.

In 2020, exports accounted for 78% of Egide's revenue (excluding France), including 49% to North America where sales are invoiced in US dollars. Concerning the 18% of sales to non-European countries, amounts are invoiced in either euros or US dollars.

In the period, Egide SA invoiced sales of US$1.6 million (exchange value in euros of €1.4 million), Egide USA Inc. US$9.3 million (€8.1 million) and Santier Inc. US$9.6 million(€8.4 million). In 2020, the US dollar/euro exchange rate (averaging 1.1413 for the year compared to 1.11958 in 2019) had a negative impact on Group sales of 1.1%.

Inflows from sales in US dollars received directly by Egide SA (US$1.3 million in 2020) were used in payment of purchases for components from US suppliers (US$1.2 million in 2020). Until October 2020, sales invoices financed by factors were financed in euros and for that reason subject to translation. They are now however financed in US dollars which are included in the amounts collected for the payment of suppliers. The foreign exchange risk is in consequence marginal and for that reason no hedges have been obtained.

For the US subsidiaries, all purchases and sales are in US dollars. At the end of the reporting period, the Group's foreign exchange risk is accordingly limited to the result for the period of Egide USA LLC, Egide USA Inc. and Santier Inc. converted into euros for consolidation as well as their US dollar denominated cash balances.

The Company has ranked the probability of this risk as **moderate**.

An unfavorable change in the Euro-US dollar exchange rate would not have a significant impact on the total foreign currency position. By way of illustration, the impact of a 1% decrease in the value of the US dollar in relation to the euro based on the financial statements for the period ended December 31, 2020 would amount to €0.2 million for consolidated revenue and be virtually nil for the Group's net consolidated profit or loss.

- **Interest rate risk**

Given the marginal potential impact of interest rate fluctuations on the statement of comprehensive income linked to the nature of interest rates, the Group has not adopted specific measures for monitoring and managing interest rate risks. These rates according to the type of financing and described in note 2.5 are as follows :

- **Egide SA:**

In 2006, Egide SA set up two factoring agreements factoring agreements for its domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to amounts financed is based on the Euribor average 3 month rate at the end of the prior month subject to a 1.60% minimum. These contracts are not derecognized.

A €600,000 "Sofired -PME" loan was obtained by Egide SA in December 2015 from Bpifrance, from which €30,000 were retained as cash collateral until full repayment of this loan. As a fixed rate loan for an annual rate of 3.85 %, it is not exposed to any interest rate risk. Furthermore, with a seven year term, it benefits from a two-year grace period for the repayment of capital.

In November 2017, Egide SA issued a €0.98 million 4-year bond with fixed coupon rate of 7% and repayable in monthly installments.

In 2020, Egide SA obtained a French state-backed loan, under government Covid-19 relief measures adopted during the health crisis, from the Crédit du Nord at an interest rate of 0.25%.

- **At Egide USA Inc.:**

Financing lines including a revolving credit facility, an equipment financing loan and a real estate loan obtained from Pacific Mercantile Bank subject to the prime lending rate published by the Wall Street Journal plus 1.50 points (with a floor rate of 5.50%) for the revolving credit facility and 1.75 points (with a floor rate of 5.75%) for the equipment financing loan and real estate loan.

Egide USA Inc. repaid in full in the 2018 second half the credit line granted to it by Midcap Business Credit LLC. This credit line was replaced by financing obtained from Pacific Mercantile Bank, comprised of a maximum of US$2 million revolving credit facility based on the value of accounts receivable and inventories, a US$1.5 million real estate loan based on the market value of the Cambridge real estate assets and a US$1.5 million long-term loan. This financing was granted until September 28 2020 for the revolving credit facility and September 28, 2023 for the loans.

This financing is subject to two covenants, and namely a fixed charges coverage ratio calculated as from the 2019 first quarter (the ratio of EBITDA to interest, the principal and expenses relating to all debt paid in the period + investments not financed by the loan, of at least 1.25) and a net amount of assets (fixed assets excluding gross intangible assets minus debt) with a minimum of US$2.75 million as from December 31, 2019. The covenants were respected at December 31, 2020.

- **At Santier Inc.:**

A financing line including a revolving credit facility, two equipment financing loans and two term loans from Pacific Mercantile Bank subject to the prime lending rate published by the Wall Street Journal plus 1.50 points (floor rate of 6%) for the revolving credit facility and 1 point (floor rate of 5.50%) for the equipment financing loan and real term loans.

This line of credit is subject to interest at the WSJ Prime Rate, +1.50 point (6% floor) for the revolving credit, 1 point for the term loan and 1 point (5.5% floor) for the equipment financing loan. The term loan financing and the equipment financing are subject to two covenants, and namely, the fixed charges coverage ratio (ratio of EBITDA to interest + the current portion of long-term debt greater than 1.25) and the requirement of minimum net assets excluding intangibles of US$3 million. The covenants were respected at December 31, 2020. The initial loan agreement signed for a term of 2 years (until May 5, 2019) was extended until May 5, 2021 and is in the process of being renegotiated, which is proceeding without difficulty.

The Company has ranked the probability of this risk as **moderate**.

A breakdown is provided below of financial debt at December 31, 2020 by company, maturity and type of rate (fixed or floating rate):

(€ thousands)	Total	Fixed rate	%	Floating rate	%
Bond debt	271	271	100%		
Sofired PME Défense loan	300	300	100%		
BPI canvassing insurance loan	49	49	100%		
BPI Research Tax Credit financing loan	207	207	100%		
Lease liabilities	1,231			1,231	100%
Factoring debt	2,019			2,019	100%
Government-backed Covid-19 relief loan	400	400	100%		
Egide SA subtotal	***4,477***	***1,226***	***27%***	***3,250***	***73%***
Real estate loan	1,178			1,178	100%
Equipment loan	870			870	100%
Lease liabilities	12			12	100%
Egide USA subtotal	***2,060***	***0***	***0%***	***2,060***	***100%***
Real estate loan	778			778	100%
Equipment loan	506			506	100%
Lease liabilities	1,281			1,281	100%
Subtotal – Santier	***2,565***	***0***	***0%***	***2,565***	***100%***
Total	**9,102**	**1,226**	***13%***	**7,875**	***87%***

(€ thousands)	Total	Fixed rate	%	Floating rate	%
Bond debt	-				
Bank borrowings	2,501	400		2,101	84%
Sofired PME Défense loan	180	180	100%		
BPI canvassing insurance loan	49	49	100%		
BPI Research Tax Credit financing loan	207	207	100%		
Lease liabilities	2,058			2,058	100%
Non-current debt subtotal	***4,995***	***836***	***17%***	***4,159***	***83%***
Bond debt	271	271	100%		
Bank borrowings	1,231			1,231	100%
Sofired PME Défense loan	120	120	100%		
Lease liabilities	466			466	100%
Factoring and revolving credit debt	2,019			2,019	100%
Current debt subtotal	***4,107***	***391***	***10%***	***3,716***	***90%***
Total	**9,102**	**1,226**	**13%**	**7,875**	**87%**

20.3.1.5.2.4 Going concern principle and liquidity

The closing of the accounts presented here is based on the going-concern assumption. This assumption is challenged and supported by a budget and monthly cash flow forecasts up to June 2022. At the Group level, these items were considered satisfactory, in particular by the Audit Committee which met to address this issue in November 2020, and confirmed by the meeting of the Board of Directors of April 27, 2021 which adopted the financial statements. Financing needs are covered by the existing US credit lines and Research Tax Credit financing in France to which is added a new €500,000 French government-backed Covid-relief loan (PGE)

In July 2020, a fire occurred in Cambridge, Maryland (USA) in the electroplating workshop at the Egide USA plant which had a significant impact on activity in the 2020 second half, though without ever calling into question the continuity of operations, mainly because of the excellent insurance coverage and also the effectiveness and loyalty of its customers who maintained their orders for 2021 even though they were required to have recourse to stand-by solutions.

20.3.1.5.2.5 Consolidated companies and basis of consolidation

The following companies were consolidated by Egide Group at December 31, 2020:

Company	Place of registration or incorporation	Ownership interest (%)	Consolidation method	Date of first consolidation
Egide SA	Bollène (Vaucluse) (France)	100%	Parent company	NA
Egide USA LLC	Wilmington – Delaware (USA)	100%	Full consolidation	11/08/2000
Egide USA Inc.	Cambridge – Maryland (USA)	100%	Full consolidation	12/29/2000
Santier Inc.	San Diego – California (USA)	100%	Full consolidation	02/28/2017

Subsidiaries over which exclusive control is exercised are fully consolidated. The notion of control is taken to mean the power to define and manage the financial and operational strategies of a company so as to benefit from its activities. Control is presumed to exist in those companies in which the Group directly or indirectly holds majority voting rights therein.

Consolidated companies close their annual financial statements on December 31 with a financial period of 12 months.
Financial statements are presented in euros, the functional currency of Egide SA and the currency for the presentation of the Group accounts.

The financial statements of Egide USA Inc. and Santier Inc. are translated according to the closing rate method, whereby the statement of financial position (balance sheet) is converted into euros based on the exchange rate prevailing at the end of the reporting period. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "other equity".

The financial statements of Egide USA LLC are translated according to the historical rate method whereby the statement of financial position is translated according to historical rates, except for monetary items which are translated at the closing exchange rate. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "other equity".

Income and expenses from intercompany transactions are eliminated in the balance sheet when preparing the consolidated financial statements.

20.3.1.5.3 Notes on operating activities

20.3.1.5.3.1 Fixed assets

- <u>Assets owned by the Group</u>

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs recognized under expenses are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized and accounted for as assets.

Intangible assets include items originating from the acquisition of Santier Inc.: a trademark (US$0.25 million), customer relationships and technology (US$0.50 million) and finally, goodwill (€0.34 million dollars). In 2020, expenditures for the configuration of a customer relationship management (CRM) software were capitalized. At December 31, 2020, intangible assets had a net value of €996,000.

Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the Group.
Amortization periods applied are as follows:

	Straight-line
Santier Inc. trademark	15 yrs.
Santier Inc. customer relationships and technologies	10 yrs.
Licenses	5 to 10 yrs.
Software	3 to 5 years
Patents	12 yrs.

Buildings	25 yrs.
Buildings fixtures and fittings	10 yrs.
Plant, machinery and equipment	3 to 10 years
Office equipment and furniture, other fixtures and fittings	3 to 10 years

As no residual values are retained at the end of these useful lives, a corresponding deduction is not made from the depreciation base.

- <u>Leased assets accounted for in accordance with IFRS 16</u>

The Group identifies the property covered by the lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration.
Leases with initial terms of less than 12 months or concerning individual values less than €5,000 are excluded from the application of IFRS 16. The lease payments from these contracts continue to be recorded in the income statement.

At the lease commencement date, the Group shall measure the right-of-use asset at cost which includes:
- the amount of the initial measurement of the lease liabilities representing the discounted value of these payments not yet paid;
- any payments made less incentives received on or before the commencement date of the lease;
- any initial direct costs incurred by the lessee;

For the amortization of right-of-use assets, the Group applies the provisions with respect to amortization provided for under IAS 16 Property, plant and equipment.
The amortization period for assets leased corresponds to the term of the lease.

- <u>Impairment of intangible and tangible assets</u>

In accordance with IAS 36, an impairment test is performed whenever there are internal or external indicators of a loss in value. An impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For Egide Group, the following CGU have been defined:
- Egide SA
- Egide USA Inc.
- Santier Inc.

In effect, these profit centers reflect the smallest identifiable groups of assets generating cash flows able to be defined by the Group. The Group accordingly measures discounted future cash flow that will be generated by each CGU. Value in use is determined by comparing the present value of cash flows (cash flow, capital expenditures, WCR level and financing) to the net carrying value of the corresponding intangible and tangible assets of the corresponding CGU. An impairment loss is recognized if value in use falls below the net carrying value, except if this asset or group of assets have a specific market value which is higher than the carrying value.

Intangible and tangible assets break down as follows:

Gross amounts	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2018	**1,962**	**1,857**	**18,035**	**2,161**	**123**	**24,138**
Opening corrections IFRS 16 gross value		*4,144*	*36*	*68*		4,248
Opening corrections IFRS 16 amortizations		-1,426	-10	-10		-1,446
At 01/01/2019	**1,962**	**4,575**	**18,061**	**2,219**	**123**	**26,940**
Increase	32	56	653	163	267	1,171
Disposal			- 969	- 13	- 13	- 995
Translation adjustments	26	160	196	1	- 37	346
Other changes	152				112	264
At 12/31/2019	**2,172**	**4,791**	**17,941**	**2,370**	**452**	**27,726**
Reclassification			- 1,759	1,759		0
Increase	38	1,056	573	183	1,015	2,866
Disposal		-476	-1,981	-245	-3	-2,704
Translation adjustments	-113	-336	- 231	-216	-324	-1,221
At 12/31/2020	**2,097**	**5,035**	**14,544**	**3,851**	**1,141**	**26,667**

Following the application of IFRS 16, the new corrected net values for January 1, 2019 became the new gross values to be amortized starting in FY 2019.

Amortization, depreciation and impairment	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2018	**745**	**371**	**14,642**	**1,718**		**17,476**
Increase	141	440	750	198		1,529
Disposal	- 29		- 946	- 15		- 990
Reversal of provision for impairment			- 99	- 45		- 144
Translation adjustments	4	10	100	12		126
Other changes	152				112	264
At 12/31/2019	**1,013**	**821**	**14,447**	**1,868**	**112**	**18,261**
Reclassification			-821	821		0
Increase	93	430	615	391		1,530
Disposal		-171	-1,873	-164		-2,208
Allowance for impairment		286	713			1,069
Reversal of provision for impairment			- 100	- 46		-145
Translation adjustments	-37	-68	- 305	- 126		464
At 12/31/2020	**1,069**	**1,298**	**12,677**	**2,745**	**112**	**17,901**

** See note on impairment tests on the following page.*

In net values	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2018	**1,217**	**1,486**	**3,393**	**444**	**123**	**6,661**
Opening corrections IFRS 16		2,718	26	58		2,804
At 01/01/2019	**1,217**	**4,204**	**3,419**	**502**	**123**	**9,465**
Acquisitions	32	56	653	163	267	1,171
Increases	- 141	- 440	- 750	- 198		- 1,529
Decrease			99	45		144
Translation adjustments	22	150	96	-11	- 37	220
Other changes	29		-23	2	-13	-5
At 12/31/2019	**1,159**	**3,970**	**3,494**	**502**	**340**	**9,465**
Increase	-55	340	-1,693	730	1,015	337
Disposal	-	-305	- 108	-81	-3	-496
Reversals	0	0	-100	- 46	0	-146
Translation adjustments	-76	-269	74	-90	-324	685
At 12/31/2020	**1,028**	**3,736**	**1,867**	**1,106**	**1,029**	**8,765**
Of which ROU assets	32	2,033	209	0		2,275
Of which intangible assets	996					996
Of which property, plant and equipment		1,703	1,657	1,106	1,029	5,494

Other financial assets amount to €459,000 including €450,000 of guarantee deposits for EGIDE SA property rentals. The US$350,000 deposited by Santier Inc. with Pacific Mercantile Bank as security was reclassified as other current receivables and will be repaid during the first quarter of 2021 after repaying the balance of the secured loan (see Section 2.3.).

Breakdown of intangible assets

ASSETS in euros	Gross value at 12/31/2020	Amortization, depreciation and impairment	Net value at 12/31/2020	Net value at 12/31/2019
Intangible assets	**1,969**	- **810**	**996**	**1,159**
Santier intangible assets	1,416	- 450	966	1,120
Concessions, patents, licenses	401	- 371	30	39
Goodwill	152	- 152	0	0

Group capital expenditures for 2020 amounted to €2,866,000, mainly in Cambridge following the fire.

Impairment tests:

As of December 31, 2020, the Group's three CGUs (Egide SA, Egide USA and Santier) showed indications of impairment resulting from the continued fragility of results.

Impairment tests were conducted in consequence to compare the net carrying value of each asset to their present value at December 31, 2020. These calculations were based on the following assumptions:

- Discount rate: 15 %
- Perpetuity growth rate: 1%;
- Tax rate: 21%

Based on these tests, no additional impairment was recorded for Egide SA and Santier.

In contrast, for Egide USA, the replacement of fixed assets after receiving the insurance claim payment following the fire, increased the value of fixed assets, and after conducting the impairment test, an impairment charge for property, plant and equipment was recorded in the amount of US$1.22 million or €1.07 million. This impairment charge concerns old equipment, in particular the clean room installed 4 years ago.

Lastly, Egide LLC (head of the group in the USA) has deferred tax assets in the amount of €0.75m, down in relation to 2019, after recognizing a tax expense on the profit for the period. An impairment test carried out on the basis of the earnings forecasts for the two US subsidiaries resulted in the conclusion that, based on the time limit for using the remaining deferred tax assets, an impairment was not necessary.

Breakdown of right-of-use assets:

Right-of-use assets	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Total
GROSS VALUE					
At 01/01/2020	**267**	**4,324**	**436**	**129**	**5,156**
Increase	-	-	-	-	-
Translation adjustments	-	- 147	-	- 2	- 150
At 12/31/2020	**267**	**4,177**	**436**	**127**	**5,006**
AMORTIZATION / DEPRECIATION					
At 01/01/2020	**235**	**1,808**	**147**	**82**	**2,272**
Increase	-	376	79	45	501
Translation adjustments	-	- 41	1	0	- 40
At 12/31/2020	**235**	**2,143**	**227**	**127**	**2,733**
In net values	**32**	**2,033**	**209**	**- 0**	**2,274**

At December 31, 2020, amortizations of right-of-use assets amounted to €1,637,000 for buildings at Egide SA and €506,000 at Santier Inc. Allowances for the amortization of right-of-use assets in 2020 concerned mainly buildings at Egide SA (€195,000) and Santier Inc. (€182,000).

20.3.1.5.3.2 Inventory and work in progress

Inventories materials, consumables and trade goods are recognized at their acquisition cost (plus shipping costs) according to the weighted average cost method. Work in progress, finished goods and semi-finished goods are measured at production cost which includes direct manufacturing costs and factory overheads relating to references recognized as correct at the end of the manufacturing process. The costs of manufacturing scrap are expensed in the period. When costs are higher than the selling price, after deducting selling costs for products, a charge for depreciation is recorded for the difference.

A depreciation charge is recognized for raw materials and semi-finished goods based on their age and expectations for their use. For components, a depreciation of 5% is calculated on completion of the order of the customer for whom the components have been supplied. This depreciation is 50% in the second year and 100% in the third year based on the historical rate of depreciation. For information, inventories for raw material include components and basic raw materials (minerals). Items in this latter category by nature are subject to different depreciation rules based on factors relating to stock use, transformation into components or resale of an existing market. Finished products without prospects for sale are written down in full starting in the first year.

Changes in inventory and work in progress and allowances and reversals thereof relating to this inventory are presented in the Group statement of comprehensive income, according to their nature, under "Raw materials and supplies" or "Changes in finished goods and work in progress".

Changes in the inventories and work in progress break down as follows:

Gross value	Raw materials & other supplies	Goods and services in progress	Finished goods	Trade goods	Total
At 12/31/2019	**6,691**	**3,024**	**1,873**	**18**	**11,606**
Increase	2,540	-	74	26	2,640
Decrease	- 703	- 1 419	- 826	2	2 949
Translation adjustments	- 430	- 98	- 39	2	568
At 12/31/2020	**8,098**	**1,508**	**1,082**	**41**	**10,728**

Impairment	Raw materials & other supplies	Goods and services in progress	Finished goods	Trade goods	Total
At 12/31/2019	**3,292**	**12**	**814**	**13**	**4,131**
Increase	103	-	16	1	121
Decrease	- 1 036	- 12	- 424	11	1 483
Translation adjustments	- 122	-	- 3	-	126
At 12/31/2020	**2,237**	**0**	**403**	**3**	**2,643**

20.3.1.5.3.3 Trade and other receivables

On initial recognition, receivables are recognized at fair value, and those having maturities of less than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method.

Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.
Receivables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under profit or loss.

The two balance sheet line items "Trade and other receivables" and "Other current assets" have been reclassified as follows:

Line items	Balance at 12/31/2020	Balance at 12/31/2019
Accounts receivable	**5,033**	**5,985**
Advances and prepayments on orders	7	20
Employee and related receivables	-	0
VAT receivables	94	193
Sundry tax receivables (RTC)	415	272
EGIDE USA fire claim payment	2,057	53
Repayment of the SANTIER deposit guarantee	287	0
Sundry debtors	47	0
Prepaid expenses	316	172
Other current assets	**3,224**	**710**
Total	**8,257**	**6,695**

The 2020 Research Tax Credit and CICE wage tax credit do not benefit from the Community SME regime and are repayable within 3 years, which explains the increase in the government tax receivable which was otherwise financed.
In 2020, the Research Tax Credit amounting to €144,000 was included in the income statement under "Other operating income".
All R&D expenditures were fully expensed in the income statement (valued at €588,000 in 2020 and €1,003,000 in 2019).

The aged trial balance for trade and other receivables is presented below:

Trade and other receivables	Total	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days
Balance at 12/31/2020	**5,065**	4,084	620	107	47	206
Balance at 12/31/2019	**5,985**	4,094	1,282	252	207	150

The balance at 12/31/2020 includes receivables denominated in US dollars amounting to US$2,317,000 or €1,898,000 compared to US$3,583,000 or €3,203,000 one year earlier.

Changes in depreciation amounts

€000s	At 12/31/2019	Increases	Reversals	At 12/31/2020
Impairment of receivables	0	-62	-	-62

20.3.1.5.3.4 Shareholders' equity

At the last Extraordinary General Meeting of June 19, 2020, it was decided to reduce the capital by reducing the nominal value of each share from €2 to €0.50. On that basis, the registered share capital was reduced from €20,693,736 to €5,173,434. At the same time, retained earnings account which showed an accumulated deficit of €741,519 was reset to zero. The balance of the capital reduction, i.e. €5,311,006, was allocated to a special reserve account. In consequence, the company's net equity was largely unaffected by this corporate action. And as the number of shares outstanding has not changed, the value of each share was also not affected.

20.3.1.5.3.5 Provisions

Change in provisions

€000s	At 31/12 209	Increases	Reversals	At 12/31/2020
Provisions	**-847**	**-59**	**70**	**-836**
Provisions for seniority and long-service benefits	-108	-3	0	-111
Provision for retirement liabilities	-492	-56	57	-491
Provision for restructuring costs	-247	-	12	-235

Allowances and reversals of impairment and provisions

€000s	Increases	Reversals	Net
Provisions	**-59**	**70**	**11**
Provision for employee benefits	-59	58	-2
Provision for restructuring costs	-	12	12
Other	-	-	-
Total	**-1,314**	**1,698**	**384**

Provision for reorganization costs

In 2019, the company decided to relocate all services, with the exception of the sales department which retained a presence in Trappes, to the Bollène site. A remaining provision of €235,000 is mainly related to labor disputes and refurbishment costs for the Trappes site. The unused portion of this provision in the period in the amount of €12,000 was written back to income.

Provisions for employee benefits

At Egide SA retirement severance benefits are accrued for in the consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority.

These provisions apply to foreign subsidiaries which are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

The total impact from updating the calculation taking into account the seniority, changes in personnel, etc. was included in profit or loss. Actuarial gains and losses are recognized in “Other equity”.

For these calculations, the following assumptions are used:
- retirement age: 65 for managers and 62 for non-managers;
- average salary escalation rate: 1.01 %;
- life expectancy: based on the INSEE 2014-2016 actuarial table;
- probability of presence determined according to internal statistics specific to each establishment;
- Long-term discount rate: 0.34 % (Markit Iboxx Eur corporates AA 10+).

These represent non-current provisions, breaking down as follows:

		Provisions for employee benefits
At 12/31/2018		**730**
Increase		144
Reversal of provisions used in the period	-	100
Reversal of unused provisions	-	174
At 12/31/2019		**600**
Increase		59
Reversal of provisions used in the period	-	9
Reversal of unused provisions	-	48
At 12/31/2020		**602**

All changes were recognized in profit or loss.

20.3.1.5.3.6 Receivables and payables

On initial recognition, payables are recognized at fair value, and those having maturities of less than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method.
Payables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under profit or loss.

In accordance with IFRS 16, lease liabilities were recognized in the balance sheet in conjunction with the recognition of a right-of-use asset resulting from leases. These liabilities are spread over the leases’ term. IFRS 16 defines a lease as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

In November 2017, Egide SA issued a €979,000 a standalone 4-year fixed rate bond repayable in monthly installments.
A €600,000 "Sofired -PME" loan was obtained by Egide SA in December 2015 from Bpifrance, from which €30,000 were retained as cash collateral until full repayment of this loan. Furthermore, with a seven year term, it benefits from a two-year grace period for the repayment of capital.

In 2006, Egide SA set up two factoring agreements for domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to amounts financed is based on the Euribor average 3 month rate at the end of the prior month subject to a 1.50% minimum. These factoring agreements are not deconsolidated because Egide SA remains exposed to the risk of late payment and default of debtors.

As of December 31, 2020, the amount of receivables assigned amounted to €2,496,000, of which €2,019,000 financed were not deconsolidated and are therefore shown as a loan at the closing date in accordance with IFRS 7.

In accordance with IFRS 16, pursuant to the conclusion of finance leases by Egide SA, the corresponding assets were capitalized with a reverse entry of €2,058,000 under non-current lease liabilities and €466,000 under current liabilities.

Egide USA Inc. obtained a credit facility from Pacific Mercantile Bank in September 2018 comprised of:

- a revolving credit facility with a maximum amount of US$2 million based on the value of accounts receivable and inventory,
- a Capex facility for a maximum amount of US$1.5 million.
- a real estate loan in the amount of US$1.5 million based on the value of the property complex represented by the plant of Cambridge MD.

This credit facility is subject to two covenants, a "fixed charges coverage ratio" and minimum net assets of US$2,750,000 as from December 31, 2020. These covenants were respected at December 31, 2020.

Santier Inc. obtained a credit facility from Pacific Mercantile Bank in May 2017. For a total maximum amount of US$5,499,000, it breaks down as follows:

- US$2.5 million based on the value of outstanding accounts receivable and inventory (revolving credit)
- US$1 million received in the form of a loan repayable over a period of 60 months starting on June 1, 2017
- US$1 million received in April 2019 (repayable over a period of 60 months starting on May 2019)
- An equipment financing loan for US$716,000 in 2018 (repayable over a period of 60 months starting on April 2019)
- US$500,000 available to finance the acquisition of other manufacturing equipment (repayable over a period of 48 months the opening of the credit line),

The US$1 million term loan of April 2019 was guaranteed by a US$500,000 cash pledge to be recovered quarterly according to the repayment of the loan principal and a financing limit of €500,000 dollars on the revolving credit facility. This loan, with a balance due of US$666,000 outstanding as of December 31, 2020 and with a US$35,000 guarantee, was prepaid in January 2021.

The term loan and the equipment financing loan are subject to a fixed charges coverage ratio covenant, calculated at the end of each calendar quarter (ratio of EBITDA to interest, the principal and expenses relating to all debt paid in the period + investments not financed by the loan + dividends and assistance recognized and/or paid in the period, between 1.25 and 1.00) Because this covenant was respected at December 31, 2020 the loans were in consequence classified normally, in contrast with the prior year.

In April 2020, Egide USA and Santier obtained loans of US$794,000 and US$850,000 under the US government Paycheck Protection Plan designed to avoid layoffs related to the Covid 19 health crisis. In accordance with the terms of this program, these loans were forgiven in full and in consequence recognized as an exceptional grant.

In France, in May 2020, Egide SA obtained a €400,000 French-government guaranteed loan from Crédit du Nord for which the terms were subsequently defined. This included an additional one year grace period followed a repayment period of four years.

As of December 31, 2020, Egide USA Inc. had not made use of the revolving credit facility provided by Pacific Mercantile Bank. The borrowing base calculation (BBC) would have allowed for a credit line of US$1,303,000 if necessary. Similarly, on that same date, Santier Inc. had an unused line of credit in the amount of US$1,160,000.

Changes in financial liabilities for which the carrying value represents a reasonable approximation of their value is as follows:

		Cash flow (1)		Impact of non-cash items	
	At 12/31/2020	Inflows	Outflows	Currency effects	**At 12/31/2019**
Egide SA	**4,477**	**1,182**	**(606)**	**-**	**3,902**
Bond debt	271	-	(212)	-	483
Sofired PME Défense loan	300	-	(60)	-	360
BPI canvassing insurance loan	49	-	-	-	49
BPI Research Tax Credit financing loan	207	207	-	-	-
Factoring debt	2,019	575	-	-	1,445
Finance lease liabilities	-	-	-	-	-
Lease liabilities	1,231	-	(334)	-	1,565
French government-backed loan*	400	400	-	-	-
Santier Inc.	**2,565**	**6**	**(711)**	**(236)**	**3,506**
Borrowings	778	-	(350)	(75)	1,204
Equipment loan	506	-	(198)	(47)	751
US government PPP loan	-	-	-	-	-
Lease liabilities	1,281	6	(163)	(114)	1,551
Egide USA Inc.	**2,060**	**-**	**(372)**	**(185)**	**2,618**
Real estate loan	1,178	-	(34)	(103)	1,315
Equipment loan	870	-	(329)	(81)	1,280
Revolving loan	-	-	-	-	-
US government PPP loan**	-	-	-	-	-
Lease liabilities	12	-	(10)	(1)	23
Total	**9,102**	**1,188**	**(1,689)**	**(421)**	**10,026**

(1) these cash flows may be compared with those of the Cash flow statement – Net cash flows provided by (used in) financing activities

**A French government backed COVID-19 relief loan (PGE)*

**PPP: the Paycheck Protection Program US government COVID-19 relief aid established under the CARES Act*

- **Breakdown by maturity**

At December 31, 2020

Item	**Balance at 12/31/2020**	Due in less than 1 year	Due in more than one year	*of which 1 to 5 years*	*of which after 5 years*
Bond debt - Egide SA	271	271	-	-	-
Total other bond debt	**271**	**271**	**-**	**-**	**-**
French government-backed loan - Egide SA	400	-	400	*400*	-
Loan - Santier Inc.	778	710	68	*68*	-
Equipment loan - Santier Inc.	506	220	286	*286*	-
US PPP loan - Santier Inc.	-	-	-	-	-
Building loan - Egide USA Inc.	1,178	20	1,158	*1,158*	-
Equipment loan - Egide USA Inc.	870	282	588	*588*	-
Total borrowings from credit institutions	**3,732**	**1,231**	**2,501**	***2,501***	**-**
Sofired PME Défense loan - Egide SA	300	120	180	*180*	-
BPI canvassing insurance loan – Egide SA	49	-	49	*49*	-
BPI Research Tax Credit financing loan – Egide SA	207	-	207	*207*	-
Factoring debt – Egide SA	2,019	2,019	-	-	-
Total misc.	**2,575**	**2,139**	**436**	***436***	**-**
Total borrowings and financial liabilities	**6,578**	**3,641**	**2,936**	***2,936***	**-**
Lease liabilities – Egide SA	1,231	301	930	*887*	*43*
Lease liabilities – Santier Inc.	1,281	154	1,127	*521*	*607*
Lease liabilities – Egide USA Inc.	12	11	1	*1*	-
Total lease liabilities	**2,524**	**466**	**2,058**	***1,409***	***650***
Advances and prepayments on orders	17	17	-	-	-
Trade payables and related accounts	5,071	5,071	-	-	-
Employee and related receivables	1,938	1,938	-	-	-
VAT receivables	40	40	-	-	-
Other tax payables	-	-	-	-	-
Sundry creditors	181	181	-	-	-
Payables for fixed assets	-	-	-	-	-
Total trade and other payables	**7,248**	**7,248**	**-**	**-**	**-**

December 31, 2019

Line items	**Balance at 12/31/2019**	Due in less than 1 year	Due in more than one year	*of which 1 to 5 years*	*of which after 5 years*
Bond debt - Egide SA		256	227	*227*	-
Total other bond debt		**256**	**227**	***227***	**-**
French government-backed loan - Egide SA	-	-	-	-	-
Loan - Santier Inc.	1,202	1,202	-	-	-
Equipment loan - Santier Inc.	751	751	-	-	-
US PPP loan - Santier Inc.	-	-	-	-	-
Building loan - Egide USA Inc.	1,280	22	1,258	*1,258*	-
Equipment loan - Egide USA Inc.	1,315	1,315	-	-	-
Total borrowings from credit institutions	**4,548**	**3,290**	**1,258**	***1,258***	**-**
Sofired PME Défense loan - Egide SA	360	120	240	*240*	-
BPI canvassing insurance loan – Egide SA	49	-	49	*49*	-
BPI Research Tax Credit financing loan – Egide SA	-	-	-	-	-
Factoring debt – Egide SA	1,445	1,445	-	-	-
Total misc.	**1,854**	**1,565**	**289**	***289***	**-**
Total borrowings and financial liabilities	**6,402**	**5,111**	**1,774**	***1,774***	**-**
Lease liabilities – Egide SA	1,565	340	1,225	*880*	*345*
Lease liabilities – Santier Inc.	1,551	165	1,386	*530*	*856*
Lease liabilities – Egide USA Inc.	23	10	13	*13*	-
Total lease liabilities	**3,139**	**515**	**2,624**	***1,423***	***1,201***
Advances and prepayments on orders	-	-	-	-	-
Trade payables and related accounts	4,301	4,301	-	-	-
Employee and related receivables	1,371	1,371	-	-	-
VAT receivables	3	3	-	-	-
Other tax payables	-	-	-	-	-
Sundry creditors	129	129	-	-	-
Payables for fixed assets	-		-	-	-
Total trade and other payables	**5,804**	**5,804**	**-**	**-**	**-**

20.3.1.5.3.7 Tax and tax credits

Reconciliation between the theoretical tax and actual tax recognized, in accordance with IAS 12:

	2020	**2019**
Consolidated net income	**985**	**- 2,815**
CVAE business contribution on added value	- 67	
Corporate income tax	**- 358**	**3**
Income before tax	**1,343**	**- 2,818**
French tax rate	28%	28%
Theoretical tax	**- 376**	
Theoretical tax income	-	789
Impact of unrecognized tax assets	-	- 789
Impact of US taxation	- 18	
Impact of recognized loss carryforwards	30	-
Tax income in profit or loss	-	-

For information, deferred taxes at December 31, 2020 consist of tax losses carried forward indefinitely amounting to €57,985,000 for Egide SA and €5,379,000 for Egide USA LLC. carried forward indefinitely and available for the two US companies, Egide USA Inc. and Santier Inc. This amount carried forward in the USA is calculated after allocation of a tax charge for 2020 of US$409,000. It should be noted that PPP grants are not taxable.

Deferred tax corresponds to tax loss carryforwards that will not be capitalized in the short-term given the amount of tax losses and losses incurred by Egide SA. For the record, because these tax losses are not used, the tax rate in France is 28%. In general, deferred taxes are not used because the Group has not generated a profit.

In the United States, Egide USA Inc. loss carryforwards are used within the tax group comprised of Santier Inc., Egide USA Inc. and Egide LLC (head of the tax group). A deferred tax asset of US$1,364,000 was recorded when Santier Inc. was acquired in 2017, of which the remaining balance to date is US$955,000. Based on the US group's prospects for achieving a profit, it is possible to plan for the use of this asset in 3 to 4 years. For that reason, the deferred tax amounting to €759,000 at year-end was not subject to impairment.

20.3.1.5.3.8 Segment information

- Revenue recognition

Products are shipped Ex-Works (EXW) according to Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works. The delivery order and the invoice are issued on the date the products are actually removed.

Revenue includes revenues from the sale of products and trade goods as well as associated equipment costs. Amounts invoiced in 2020 for engineering design contracts are recognized according to the proportional performance method and represented €151,000 in 2020 compared to €260,000 in 2019.

- Segment information

In accordance with the Group's internal reporting methods, an operating sector is defined as a component of an entity engaged in ordinary activities generating income and expenses for which financial information is available.
On this basis, for the three segments, operating results regularly reviewed by the chief operating decision-maker of the entity are determined as follows: Egide SA, Egide USA Inc. and Santier Inc.
Accounting principles applied to information provided for the segments are the same as those used to prepare the consolidated financial statements.
In addition, the breakdown of revenue is subject to specific analysis according to the product applications at the customers and their countries.

Financial highlights for operating segments break down as follows:

			At 12/31/2020		
	Egide SA	**Egide USA Inc.**	**Santier Inc.**	**Egide USA LLC**	**Total**
Revenue	13,412	8,139	8,422	0	**29,973**
Operating profit / (loss)	(661)	2,390	241	0	**1,971**

			At 12/31/2019		
	Egide SA	**Egide USA Inc.**	**Santier Inc.**	**Egide USA LLC**	**Total**
Revenue	12,094	11,331	8,357	0	**31,782**
Operating profit / (loss)	(2,354)	138	(78)	**(35)**	**(2,329)**

	At 12/31/2020				At 12/31/2019			
	Egide SA	**Egide USA Inc.**	**Santier Inc.**	**Total**	**Egide SA**	**Egide USA Inc.**	**Santier Inc.**	**Total**
Net fixed assets	1,522	3,420	3,824	**8,766**	1,944	2,841	4,680	**9,465**
Capital expenditures for the period	73	2,750	34	**2,857**	258	168	462	**888**
Non-current borrowings and financial liabilities	1,765	1,748	1,482	**4,995**	1,741	1,271	1,386	**4,398**
Current borrowings and financial liabilities	2,711	313	1,083	**4,107**	2,161	1,347	2,118	**5,626**

Revenue by technology application	**12/31/2020**	**12/31/2019**
Power packages	7,520	8,396
High-frequency	4,965	5,251
Optronics	4,303	4,792
Thermal imaging	9,433	9,268
Other including engineering studies	3,752	4,075
Total	**29,973**	**31,782**

Revenue by region	**12/31/2020**	**12/31/2019**
France	6,737	5,723
EEC excluding France	3,101	2,897
United States and Canada	14,599	18,217
Other countries	5,536	4,946
Total	**29,973**	**31,782**

Customers for which sales individually account for more than 10% of consolidated revenue represented 27% of this revenue at December 31, 2020 and 10% in 2019.
Revenue generated from the top 5 customers represents 40% of consolidated revenue for 2020 compared to 31% in 2019.

20.3.1.5.3.9 Other operating income and expenses

The breakdown for this item is as follows:

Line items	At 12/31/2020		At 12/31/2019	
	income	Social charges	income	expenses
Software licenses		(154)		(150)
Attendances' fees		(35)		(60)
Allocation for furloughed hours	55			
Uncollectible receivable – Egide SA				(18)
Other operating income and expenses:	**55**	**(189)**	**-**	**(228)**
Research tax credit - Egide SA	144		272	
Insurance claim benefits			104	
Severance payments		(81)		
Refund of electricity taxes	169			
Reorganization costs*	12	(12)		(683)
Forgiveness of PPP loan	1,440			
Inventory write-downs - Egide SA	1,026	(1,034)		
Assets destroyed or written off**		(622)		
Insurance claims payments for destroyed assets**	2,566			
Fire-related expenses**		(7,232)		
Insurance claims payments for property damage	7,198			
Impairment test - fixed assets impairment		(1,069)		
Other	5	(46)	38	(29)
Other operating income and expenses	**12,561**	**(10,096)**	**414**	**(712)**
Total	**12,616**	**(10,285)**	**414**	**(940)**

* *See note 2.5 on provisions.*

**Income and expenses related to the Cambridge plant fire.*

*** *See note 2.1*

20.3.1.5.3.10 Net financial income (expense)

Gross borrowing costs include interest expense on loans as shown in the statement of that position and financing commissions linked to factoring.

Other financial income and expenses represent translation differences for 2020 and 2019.

20.3.1.5.4 Shareholders equity and earnings per share

20.3.1.5.4.1 Information on paid-in capital

At December 31, 2020, the share capital was made up of 10,346,868 shares of €0.5 at par representing €5,174,000

- **Stock option plans**

On June 19, 2020 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 18, 2023, options conferring a right to subscribe for shares to be issued through a capital increase or the purchase of existing shares of the company originating from shares bought back under the conditions provided by law. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 10 % of the shares making up the share capital. The price to subscribe for shares may not be less than 95% the average trading price during the 20 trading sessions preceding the grant date of the option. The board of directors will set the terms and conditions according to which the options may be exercised and/or conditions of performance and/or presence of the beneficiary in the company or one of its subsidiaries; providing for an initial period during which the Options may not be exercised, as well as clauses prohibiting the immediate resale of all or part of said shares, with the holding period thus defined not to exceed three (3) years from the option exercise date.

In 2020, 280,618 options of plans 6.3 and 8.1 were forfeited pursuant to the departure of employees or relinquished.
Under the new delegation of authority, on June 30, 2020 the Board of Directors distributed 620,000 new options under plan 10.1 with an issue price of €0.86 per share. The vesting period runs until June 30, 2020 and the exercise period ends on June 29, 2026.

Year-end stock option plan highlights are as follows:

Plan No.	**Plan 8.1**	**Plan 10.1**	**Total**
Options granted and not exercised	25,000	620,000	645,000
Subscription price	€ 2.57	€ 0.86	

For information, the average price for the Egide SA share for fiscal 2020 was €0.83 and the closing price at December 31, 2020 was €1.125.

Stock options to purchase shares granted to employees are measured at their fair value on the grant date. Fair value measurement of options is determined using the Black & Scholes valuation model based on management assumptions (for options issued in the period: option life: 6 years; volatility: 36%; risk-free rate: -0.53 %; no clause for early exercise and no dividend are expected). The resulting amount is recognized in with the statement of comprehensive income for the employees' vesting period with an equivalent increase in equity. Expenses recognized for options lapsing before being exercised are reversed in the comprehensive income statement for the period in which options lapsing due to the departure of employees before the end of the vesting period were recorded.

The company applies IFRS 2 "Share-based payments and equivalents" to equity instruments granted after November 7, 2012 and not yet vested by December 31, 2020. On this date, the fair value of the 930,618 stock purchase options, calculated using the most appropriate formula for the terms and regulations of each plan, recorded in equity is €267,000 and the weighted average subscription price is €1.43.

In accordance with IFRS 2, the Company recognizes the fair value of these awards as share-based compensation expense over the period in which the related services are received with a corresponding increase in equity. Share-based compensation is accounted for on a straight-line basis. The expense for share-based compensation is based on the amount of shares ultimately vested and reduced by the number of forfeitures expected. These expenses amounted to €42,000 and €21,000 for 2020 and 2019, respectively. The expense for 2020 consisted mainly of the straight-line amortization of the fair value of plan 10.1 over the two-year vesting period.

- **Capital increase authorizations**

The combined extraordinary and ordinary general meeting of July 1, 2019 furthermore delegated the authority to the Board of Directors to issue, in amounts and at such times it chooses, in France or other countries, equity securities of the company and/or debt securities giving access to the company's capital, governed by Articles L.228-91 *et seq*. of the French Commercial Code for a maximum nominal amount of €6 million per category of security, maintaining shareholders preferential subscription rights. It also authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. These delegations of authority are valid for a term of 26 months from the date of this general meeting, i.e. until August 31, 2021.
No delegations of authority for increases in capital are in force at the present time.

20.3.1.5.4.2 Earnings per share

Earnings per share, diluted or basic, take into account "Net income attributable to Group shareholders" as shown in the statement of comprehensive income.
Basic earnings per share are determined by dividing this result by the weighted average number of shares outstanding in the period. Share issuances resulting from cash capital increases are taken into account as from the date on which the funds are available. There is only one class of shares.
Diluted earnings per share are determined by adjusting the weighted average number of shares according to the maximum impact from converting dilutive instruments into ordinary shares, using the treasury stock method. Stock options are taken into account in calculating the theoretical number of additional shares only if the exercise price is lower than the listed share price on the calculation date.

The following table presents the numbers of shares used for the calculation:

Date for calculation purposes	Number of shares	At 12/31/2020		At 12/31/2019	
		Prorated presence	Weighted number	Prorated presence	Weighted number
12/31/1999	643,598	1	643,598	1	643,598
04/03/2000	400	1	400	1	400
07/05/2000	91,999	1	91,999	1	91,999
12/22/2000	245,332	1	245,332	1	245,332
12/31/2001	3,458	1	3,458	1	3,458
12/31/2003	1,428	1	1,428	1	1,428
12/31/2004	7,099	1	7,099	1	7,099
12/31/2005	4,942	1	4,942	1	4,942
08/21/2006	285,738	1	285,738	1	285,738
12/31/2006	1,837	1	1,837	1	1,837
12/31/2007	288	1	288	1	288
12/31/2008	3	1	3	1	3
12/31/2009	153	1	153	1	153
06/10/2011	25	1	25	1	25
02/17/2012	493,080	1	493,080	1	493,080
04/04/2012	5,417	1	5,417	1	5,417
06/30/2014	2,280,573	1	2,280,573	1	2,280,573
11/13/2015	406,536	1	406,536	1	406,536
02/24/2017	3,428,460	1	3,428,460	1	3,428,460
06/07/2019	2,446,502	1	2,446,502	0.5	1,223,251
Ordinary shares			**10,346,868**		**9,123,617**
Theoretical number of additional shares			-		-
Impact of dilutive instruments.			**10,346,868**		**9,123,617**

20.3.1.5.5 Auditors' fees

	RSM				PricewaterhouseCoopers Audit			
	2020		2019		2020		2019	
- Group audit	121,570	100%	115,383	97%	86000	100%	83,500	97%
- Non-audit services (SACC)	0		3,298	3%	0		2,719	3%
Total	**121,570**	**100%**	**118,681**	**100%**	**86,000**	**100%**	**86,219**	**100%**

No non-audit services were required this year. These concern certificates of expenses reported in connection with the engineering studies in prior years

20.3.1.5.6 Related parties

20.3.1.5.6.1 Related party transactions

Egide SA's executive officers are the Chair-CEO and the Deputy CEO. There were four directors (excluding the Chairman) and three since the last Meeting, all of whom are independent.

Gross compensation paid to the chief executive officer and the deputy chief executive officer amounted to €236,000 in 2020 which included benefits in kind.
Attendance fees paid in 2020 to the four independent members of the Board of Directors amounted to €30,000 (gross amount) for fiscal 2020, to which was added an exceptional amount of €5,000 for directors whose offices not renewed in the year.

The directors of Egide SA have not received stock options.

Furthermore, directors are covered for liability by a D&O policy underwritten by Liberty. Coverage under this policy is for a maximum amount of €5 million with a deductible for the United States of US$100,000 for an annual premium of €10,000 excluding tax.

20.3.1.5.6.2 Breakdown of average headcount

	2020	**2019**
Executives and management staff	63	62
Supervisory staff and technicians,	28	32
Plant and office staff	180	193
Total	**270**	**287**

20.3.1.5.7 Commitments and other contractual obligations

20.3.1.5.7.1 Commitments related to company financing activities

- **Commitments given:**
  - Commitments on behalf of affiliated companies

Egide USA LLC has provided a guarantee to H.G. Fenton Development Company, owner of the building leased by Santier Inc. as of January 1, 2018 for lease payments owed in the amount of US$2,132,000 (or €1,746,000) at December 31, 2020.

20.3.1.5.7.2 Commitments in favor of financial institutions

None

Off-balance-sheet commitments are summarized below:

Line items	**12/31/2020**	**12/31/2019**
Pledges		
Guarantees given	1,746	2,050
Total	**1,746**	**2,050**

- Commitments received

No bank guarantees were issued to the benefit of Egide.

- Reciprocal commitments

In connection with the factoring arrangement set up in April 2006, Egide SA is required to take out a credit insurance policy which changed in 2020, designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers. Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1 million excluding tax.

20.3.1.5.8 Post-closing events

While the global pandemic is not yet over, it still does not represent a major source of disruption for the Group's operations.
At Egide USA, the post-fire renovation is scheduled to be completed in the middle of the second quarter. This will permit a return to normal operations in renovated production facilities but also significant financial benefits resulting from the replacement of fixed assets by the insurer. It is also worth noting that Egide USA was able to secure a new PPP loan which will in all likelihood be forgivable in full.

Egide SA has responded to calls for projects within the framework of stimulus plans of the French government and the Southern (Region Provence-Alpes-Côte d'Azur). Two applications have been accepted for €336,000 and €800,000 for aerospace and electronic projects respectively. As a result, the modernization and automation plans for the Bollène plant have begun, since the financing has been secured by this aid, supplemented by amounts received from the banks. The plans provide for capital expenditures and R&D expenditures in the amount of €1.7 million. Finally, Egide SA has obtained a new French government guaranteed loan for €500,000.

20.3.2 Annual financial statements of Egide SA

20.3.2.1 Balance sheet highlights

ASSETS in euros	Gross value at 12/31/2020	Amortization, depreciation and impairment	Net value at 12/31/2020	Net value at 12/31/2019
Intangible assets	**543,571**	**513,322**	**30,249**	**7,754**
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses	391,122	360,873	30,249	7,754
Goodwill	152,449	152,449		0
Other intangible assets				
Property, plant and equipment	**10,239,033**	**9,817,839**	**421,194**	**558,565**
Land				
Buildings				
Plant, machinery and equipment	8,851,205	8,574,992	276,213	372,203
Other PPE	1,269,547	1,130,526	139,021	180,402
PPE under construction	118,281	112,321	5,960	5,960
Advances and prepayments				
Financial assets	**83,434,463**	**73,629,295**	**9,805,168**	**9,803,819**
Equity interests	82,984,842	73,629,295	9,355,547	9,355,547
Investment-related receivables				
Other financial assets	449,621		449,621	448,272
NON-CURRENT ASSETS	**94,217,067**	**83,960,456**	**10,256,611**	**10,370,138**
Inventory and work in progress	**4,030,174**	**1,254,815**	**2,775,359**	**2,894,011**
Raw materials, supplies	2,687,158	848,185	1,838,973	1,726,938
Work-in-progress: goods	602,364		602,364	692,036
Work-in-progress: services	16,000		16,000	45,212
Intermediate and finished goods	707,917	403,317	304,600	424,337
Trade goods	16,735	3,313	13,422	5,488
Receivables	**2,245,279**	**32,436**	**2,212,843**	**2,489,038**
Advances and installments paid on orders	7,362		7,362	19,838
Trade receivables and related accounts	1,239,592	32,436	1,207,156	1,370,971
Subscribed capital - called and unpaid				
Other receivables	998,529		998,529	1,098,229
Cash at bank and in hand	**711,979**		**711,979**	**602,813**
Cash at bank and in hand	711,979		711,979	602,814
Prepaid expenses	**277,984**		**277,984**	**65,501**
CURRENT ASSETS	**7,265,620**	**1,287,251**	**5,978,369**	**6,051,363**
Unrealized losses on foreign exchange	662		662	34,062
TOTAL	**101,483,349**	**85,247,707**	**16,235,642**	**16,455,563**

EQUITY & LIABILITIES in euros	Values at 12/31/2020	Values at 12/31/2019
Capital	5,173,434	20,693,736
Additional paid-in capital	99,976	99,976
Revaluation reserves		
Legal reserve	5,666,882	355,876
Statutory and contractual reserves		
Tax-based reserves		
Other reserves		
Retained earnings		-7,741,519
Net income for the period	-757,925	- 2,467,777
SHAREHOLDERS' EQUITY	**10,182,366**	**10,940,292**
Provisions for contingencies	662	34,062
Provisions for expenses	836,130	846,787
PROVISIONS	**836,793**	**880,849**
Borrowings and financial liabilities	**2,062,174**	**1,838,996**
Other bond debt	270,930	482,700
Bank borrowings	955,545	408,750
Miscellaneous loans and borrowings	835,699	947,546
Advances and down payments on orders in progress	**17,184**	**148,786**
Other payables	**3,092,470**	**2,646,640**
Trade payables and related accounts	1,517,601	1,358,831
Tax and employee-related liabilities	1,489,390	1,052,888
Payables to fixed asset suppliers	6,099	113,830
Other liabilities	79,380	121,091
Deferred income		
PAYABLES	**5,171,828**	**4,634,422**
Translation differences (liabilities)	44,655	
TOTAL	**16,235,642**	**16,455,563**

20.3.2.2 **Income statement highlights**

1st part

Line items	France	Export	12/31/2020	12/31/2019
Sale of goods	127,115	141,647	268,762	153,311
Sold production (goods)	6,444,751	6,285,640	12,730,391	11,217,343
Sold production (services)	165,389	541,958	707,347	1,113,974
NET REVENUE	**6,737,255**	**6,969,245**	**13,706,500**	**12,484,628**
Change in finished goods and in-progress inventory			-256,591	28,962
Grants				
Reversals of impairment & provisions - Expense reclassifications			192,960	663,337
Other income			5,468	39,682
Operating income			**13,648,337**	**13,216,609**
Purchase of trade goods			60,374	72,181
Changes in inventories of goods held for resale			-8,673	-797
Purchase of raw materials & other supplies			4,756,400	3,914,634
Changes in inventory (raw materials & other supplies)			-129,168	249,224
Other purchases and external expenses			3,105,792	3,352,225
Taxes other than on income			263,314	265,721
Salaries and wages			4,321,544	4,630,849
Social security contributions			1,654,117	1,829,021
Allowances for amortization, depreciation & impairment of fixed assets			338,925	320,729
Allowances for impairment of current assets			66,945	93,456
Allowances for provisions			2,973	143,782
Other operating expenses			135,883	145,097
Operating expenses			**14,568,426**	**15,016,122**
OPERATING PROFIT			**-920,089**	**-1,799,513**
Interest and similar income				194
Reversals of impairment & provisions - Expense reclassifications			34,061	42,816
Foreign exchange gains			23,400	15,224
Financial income			**57,461**	**58,234**
Allowances for depreciation and reserves			662	53,306
Interest and related expenses			90,490	113,451
Foreign exchange losses			28,504	5,398
Financial expenses			**119,656**	**172,155**
NET FINANCIAL INCOME / (EXPENSE)			**- 62,195**	**-113,921**
INCOME FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX			**- 982,284**	**-1,913,434**

Income statement (in euros) – 2nd part

Line items	12/31/2020	12/31/2019
Exceptional income from non-capital transactions	168,689	103,943
Exceptional income on capital transactions	417	
Other capital transactions		
Reversals of impairment & provisions - Expense reclassifications	1,038,598	
Exceptional income	**1,207,704**	**103,943**
Exceptional expenses on non-capital transactions	1,126,987	682,751
Exceptional expenses on capital transactions		
Allowances for depreciation and reserves		247,293
Exceptional expenses	**1,126,987**	**930,044**
NET EXCEPTIONAL ITEMS	**80,717**	**-826,101**
Income tax	- 143,642	- 271,758
Employee profit sharing		
TOTAL INCOME	**14,913,502**	**13,378,786**
TOTAL EXPENSES	**15,671,427**	**15,846,563**
NET INCOME (LOSS) FOR THE PERIOD	**- 757,925**	**- 2,467,777**

20.3.2.3 **Accounting methods and explanatory notes to the annual financial statements of Egide SA**

20.3.2.3.1 Preliminary remarks

These notes are an integral part of the annual financial statements established on December 31, 2020 showing total assets of €16,235,642 with a statement of comprehensive income presented in list form showing a loss of €757,925 adopted by the Board of Directors on April 27, 2020. These accounts have also been included in the consolidated financial statements of Egide SA as the parent company.

The financial period runs for twelve months from January 1 to December 31, 2020.

The information given below is expressed in euros or thousands of euros, unless otherwise indicated.

20.3.2.3.2 Accounting policies

The annual financial statements for the period ended December 31, 2020 were prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and the going concern principal.
The latter principal is assessed by means of a budget and monthly cash flow forecast up to June 2022 and these items were deemed satisfactory, in particular by the Audit Committee which met to address this issue on January 25, 2021, and confirmed by the last meeting of the Board of Directors of April 27, 2021 which adopted the financial statements. Financing needs are covered in France by a new €500,000 PGE French government-backed loan received in January 2021.
The global health crisis had little effect on the company's activity in 2020, even though business development was impeded though without any measurable impact on order intake and the backlog of orders was maintained at its usual level. In this context, no major difficulties are anticipated as a result of the pandemic.

Account items are measured in accordance with the historical cost method which makes use of nominal costs as expressed in the current national currency.

The annual financial statements have been prepared and presented in accordance with French generally accepted accounting practices (L. 123-12 to L. 123-28 of the French Commercial Code, the decree of November 29, 1983 and ANC Regulation 2014-03 issued by the French accounting standards setter, and as updated by applicable additional regulations.

There were no changes in accounting methods during the period.

Health crisis:
In the context of the global economic crisis linked to the Covid pandemic, Egide Group as a whole, including Egide SA in France, has been largely unaffected. While there were supply disruptions at the beginning of the crisis, the situation quickly returned to normal after a few weeks. A few orders were cancelled, notably in India, though with a marginal impact on revenue. The restrictions imposed on the personnel required a certain flexibility in the organization of work (staggered hours, telecommuting, etc.), but overall operations were conducted under near-normal conditions. Commercial activity was disrupted, but the order book at year-end was largely stable in relation to the beginning of the year. In this context, €56,000 was received in compensation for furloughed hours, €409,000 in credit for deferred social security payments at December 31, 2020 and €400,000 from a French government-backed loan.

On that basis, the accounts presented do not show any significant changes resulting from the health crisis.

20.3.2.3.3 Additional balance sheet and income statement disclosures of Egide SA

20.3.2.3.3.1 Critical accounting estimates and judgments

The company makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concern impairment tests the company may perform on intangible and tangible assets. In effect, in accordance with the accounting method defined in section 8, recoverable amounts are determined from calculations for value in use which call for use of estimates.

20.3.2.3.3.2 Share capital

The Combined Ordinary and Extraordinary General Meeting of June 19, 2020 decided to reduce the capital by reducing the nominal value per share from €2 previously to €0.50. The share capital, still comprised of 10,346,868 shares, was on that basis reduced to €5,173,434.

20.3.2.3.3.3 Additional paid-in capital

Additional paid-in capital remained unchanged in relation to the last capital increase of 2019 and amounts to €99,975.69.

20.3.2.3.3.4 Stock option plans

Authorized by the June 19, 2020 general meeting of Egide SA, on June 30, 2020 the Board of Directors granted members of the executive management and selected personnel of the company and subsidiaries held directly or indirectly, options conferring a right to subscribe for shares to be issued through a capital increase or the purchase of existing shares of the company originating from shares bought back under the conditions provided by law. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 10 % of the shares making up the share capital.

On that basis, 620,000 options were granted and accepted. At the same time, 285,000 existing options lapsed or were forfeited.

Year-end stock option plan highlights are as follows:

Plan No.	**Plan 8.1**	**Plan 9.2**	**Plan 10.1**	**Total**
Options granted and not exercised	25,000	0	620,000	645,000
Subscription price	€ 2.57	€ 2.52	€0.86	

For information, the average price for the Egide SA share for fiscal 2019 was €1.06 and the closing price at December 31, 2020 is €1.12.

20.3.2.3.3.5 Capital increase authorization

The combined extraordinary and ordinary general meeting of July 1, 2019 furthermore delegated the authority to the Board of Directors to issue, in amounts and at such times it chooses, in France or other countries, equity securities of the company and/or debt securities giving access to the company's capital, governed by Articles L. 228-91 *et seq*. of the French Commercial Code for a maximum nominal amount of €6 million per category of security, maintaining shareholders preferential subscription rights. It also authorized the Board of Directors to increase the number of securities to be issued up to 15% the initial issue amount, for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. These delegations of authority were valid for a term of 26 months from the date of this general meeting, i.e. until September 1, 2021.

On July 1, 2019, the shareholders also delegated to the board of directors the authority to issue equity shares of the company through an offering covered by Article L411-2 II of the French monetary and financial code, for a maximum nominal amount of 20 % of the company's share capital, canceling shareholders' preferential subscription rights. This delegation of authority granted for 18 months expired on December 31, 2020 without being used in the period.

20.3.2.3.3.6 Statement of changes in shareholders' equity

In euros	**12/31/2020**	**12/31/2019**
Reported net income	-757,925	- 2,467,777
Per share basis	- 0.07	- 0.24
Change in equity (excluding above income/loss)		0
Per share basis		0
Proposed dividend		-
Per share basis		-
Shareholders' equity at the end of the reporting period before appropriation	13,408,068	12,728,301
Impact on retained earnings of a change in accounting methods		-
Appropriation of earnings of prior year decided by the AGM	-2,467,777	- 1,725,960
Shareholders' equity at the beginning of the period	10,940,291	11,002,341
Changes during the fiscal year		
Changes in share capital:		
- 06/04/19: issuance of 2,446,502 shares at €1.05 per share		2,568,827
- 06/04/2019: deduction of share issuance expenses		- 163,100
Reported shareholders' equity before the AGM and excluding income (loss) for the period	**10,940,291**	**13,408,068**
Total changes in shareholders' equity in the period	-757,925	- 62,049

20.3.2.3.3.7 Provisions

<u>Provision for restructuring and labor disputes:</u> In 2019, the Trappes facility was transferred almost entirely to the Bollène site. At December 31, 2019, there remained a provision for restructuring and labor disputes of €247,000. In fiscal 2020, €12,000 of this amount were incurred for social charges with the balance awaiting the ruling from the labor courts. After assessing these risks, no changes were made to the provision.

<u>Provisions for retirement severance payments and similar benefits</u>
Provisions are recorded for retirement severance, seniority and long service benefits calculated in accordance with French GAAP (Recommendation 2003-R.01 of the *Conseil National de la Comptabilité*). Retirement severance and seniority benefits result from the terms of collective bargaining and company-level agreements applicable to each establishment and calculated according to the projected benefit method prorated on seniority. Liabilities for long-service benefits are calculated in accordance with the statutory provisions.
The impact of recurrent discounting and normal changes in variables for calculating the provision (seniority, personnel changes, discount rate, etc.) is fully recognized in the income statement.

<u>Other provisions for contingencies and expenses</u>
Provisions for contingencies and expenses are recorded when on the balance sheet date there exists an obligation towards a third-party for which it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation and no equivalent benefit is expected to be received in return after this date.

The main assumptions used to calculate the provision for retirement severance benefits were as follows:
- Retirement age: 65 for managers and 62 for non-managers,
- Salary escalation rate: 1 %,
- Life expectancy: based on the INSEE 2014-2016 actuarial table,
- Turnover rate: 6.60% for management employees 3.50% for non-management employees (constant %)
- Long-term discount rate: 0.34 % (Markit Iboxx Eur corporates AA 10+).

Changes in the provisions break down as follows:

Line items(euros)	**12/31/2019**	**Increases**	**Reversals**	**12/31/2020**
Provisions for foreign exchange losses	34,062	662	34,062	662
Provisions for retirement severance payments and similar benefits	599,494	2,973	1,416	601,051
Provisions for reorganization costs and employee-related litigation	247,293		12,214	235,079
Total	**880,849**	**3,635**	**47,692**	**836,792**
Operating allowances and reversals		2,973	1,416	
Financial allowances and reversals		662	34,062	
Exceptional allowances and reversals			12,214	

Provisions used in the period amounted to €12,214 and concerned restructuring costs.

20.3.2.3.3.8 Depreciation schedule

Non-financial assets

In accordance with French GAAP (and notably the provisions of Regulation No. 2016-07 of the French accounting standards authority, *Autorité des Normes Comptables* or ANC), an impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

Egide accordingly measures discounted future cash flow that will be generated by each CGU.

Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible assets of the corresponding CGU. An impairment loss is recognized if value in use falls below the net carrying value.

Allowances and reversals of amounts for impairment of fixed assets are presented in the company's income statement under results from operations.

Financial assets

Impairment charges for equity interests are recorded, as applicable, to reflect their useful life for the company. The value is remeasured at the end of the reporting period which may result in the recognition of an impairment.

Inventory and work in progress

Depreciation charges are recognized for raw materials, semi-finished and finished goods and based on their age and expectations for their use and sale. A depreciation rate of 5% is applied as soon as the item is not reserved for a customer order, and increased to 50% to 100% in the second year at 100% in the third year. For information, inventories for raw material include components and basic raw materials (minerals). Items in this latter category by nature are subject to different depreciation rules based on factors relating to stock use, transformation into components or resale of an existing market.

Receivables

Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.

Line items(euros)	**12/31/2019**	**Increases**	**Reversals**	**12/31/2020**
Intangible assets	152,449			152,449
Property, plant and equipment	903,905		145,292	758,613
Financial assets	73,629,295			73,629,295
Inventory and work in progress	2,288,896	34,509	1,068,590	1,254,815
Receivables	0	32,436		32,436
Total	**76,974,545**	**66,945**	**1,197,095**	**75,827,608**

The reversal of provisions for property plant and equipment represents allowances for amortization according to the normal schedule maintained in the period for tax purposes. In addition to normal changes in inventory depreciation, a significant write-off was recorded in the amount of €1,033,983 in the period, offset by a reversal of inventory provisions in the amount of €1,026,384. To prevent a distortion in the calculation of margins and figures for the use of materials, the corresponding amounts were recorded under exceptional items.

20.3.2.3.3.9 Concessions, patents, licenses

Intangible assets are measured at acquisition cost on initial recognition, plus incidental expenses required to bring the asset into usable condition. Transfer duties, commissions and fees relating to acquisition of intangible assets are expensed in the period, in accordance with French GAAP (ANC regulation No. 2014-03).

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized in the balance sheet and accounted for as such under assets.

Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Licenses	10% to 20 %
Software	20 % to 33.33 %
Patents	8.33 %

As no significant residual values were identified for the company's intangible assets, the amortization base does not take into account any residual values at the end of their period of use.

The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

Changes in the other intangible assets break down as follows:

In euros	**Gross value at 12/31/2019**	**Acquisitions, creations, reclassifications**	**Disposals, reclassifications, decommissioning**	**Gross value at 12/31/2020**
Concessions, patents, licenses	353,177	37,945		391,122

Changes in the amortizations break down as follows:

In euros	**Accumulated depreciation at 12/31/2019**	**Increases**	**Reversals and derecognition**	**Accumulated depreciation at 12/31/2020**
Concessions, patents, licenses	345,423	15,450		360,873

Concessions, patents and licenses are not subject to impairment.

Allowances for the amortization of intangible assets are calculated on a straight-line basis with €15,450,000 recognized under operating results.

20.3.2.3.3.10 Goodwill

In euros	**12/31/2020**	**12/31/2019**
Bollène goodwill	152,449	152,449
Impairment	-152,449	-152,449
Net carrying value	0	0

This goodwill results from the acquisition in 1992 of the Bollène establishment, and notably the MCM-type ceramic packaging activity developed at the site. In compliance with French laws imposing legal production guaranteeing the continuity of the site, this asset is not subject to amortization.

This goodwill was fully written off in 2002 as the products concerned by the acquisition of this technology were no longer marketed.

20.3.2.3.3.11 Property, plant and equipment

The gross value of asset components is measured at acquisition cost on initial recognition as fixed assets, plus incidental expenses required to bring these assets into usable condition. Transfer duties, commissions and fees relating to acquisition of property, plant and equipment are expensed in the period, in accordance with the option available under French GAAP (ANC regulation No. 2014-03).

Expenditures are capitalized if is likely that the future economic benefits associated with this asset will flow to the company and its costs can be reliably measured. Other expenditures are expensed if they do not meet this definition.

Assets in progress represent assets not yet commissioned at the end of the reporting period.

When significant components of tangible assets are identified with different useful lives, these components are accounted for and depreciated separately according to their own useful lives. Expenditures relating to the replacement or renewal of a tangible asset component are recognized as a distinct asset and the replaced equipment is derecognized. Assets with significant components include ceramic kilns requiring the replacement of the equipment's heating system (approximately 20% of the asset's total value) every four years compared with a useful life for the entire asset of 10 years.

Depreciable assets are depreciated on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Buildings	4 %
Buildings fixtures and fittings	10 %
Furnaces (structure, excluding identified components)	10 %
Ceramic firing furnace heating system (identified component)	25 %
ceramic production equipment (screen printing, via filling, etc.)	12.50 %
Ceramic production facilities (clean room, casting machine, etc.)	10 %
Graphite machining equipment (CNC machining centers)	10 %
Other machinery and equipment	12.50 to 33.33 %
Office equipment and furniture, other fixtures and fittings	10 % to 33.33 %

As no significant residual values were identified for the company's tangible assets, the depreciation base does not take into account any residual values at the end of their period of use.

The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

The change in property, plant and equipment breaks down as follows:

Line items(euros)	**Gross value at 12/31/2019**	**Acquisitions, creations, reclassifications**	**Disposals, reclassifications, decommissioning**	**Gross value at 12/31/2020**
Plant, machinery and equipment	8,852,228	34,143	35,166	8,851,205
Other PPE	1,262,878	6,669		1,269,547
PPE under construction	118,281			118,281
Total	**10,233,387**	**40,812**	**35,166**	**10,239,033**

Changes in the depreciation of fixed assets break down as follows:

Line items(euros)	**Accumulated depreciation at 12/31/2019**	**Increases**	**Reversals and derecognition**	**Accumulated depreciation at 12/31/2020**
Plant, machinery and equipment	8,016,801	229,886	35,166	8,211,521
Other PPE	754,117	93,588		847,705
Total	**8,770,918**	**323,474**	**35,166**	**9,059,226**

Allowances for the amortization of property, plant and equipment are calculated on a straight-line basis and recorded under operating profit in the amount of €323,474. However, an impairment of €145,292 was already recorded in 2018 and the allowance of the period is offset by the reversal of a provision for the impairment of operating assets.

Capital expenditures for 2020 amounted to €78,757 and concerned the deployment of a CMR application plus the renewal of certain production equipment.
Decreases in the period concerned the retirement of certain equipment whose carrying value was already nil.

Changes in the depreciation of tangible fixed assets break down as follows:

Line items(euros)	**Accumulated depreciation at 12/31/2019**	**Increases**	**Reversals**	**Accumulated depreciation at 12/31/2020**
Plant, machinery and equipment	463,225		99,754	363,471
Other PPE	328,359		45,538	282,821
Tangible fixed assets under construction	112,321			112,321
Total	**903,905**		**145,292**	**758,613**

At December 31, 2018, an impairment test was conducted in response to a persistent decline in activity in the thermal imaging business. As the present value of assets recorded in the balance sheet at December 31, 2018 does not cover their net carrying value, an impairment charge was recorded in the amount of €936,000; This reversal corresponds to the normal amortization.

20.3.2.3.3.12 Financial assets

The gross value of investments represents their acquisition cost on initial recognition.
Transfer rights, commissions and fees relating to the acquisition of financial assets are expensed in the period in accordance with the option available under French GAAP (CRC regulation 2004-06).

Line items(euros)	**Gross value at 12/31/2019**	**Change**	**Gross value at 12/31/2020**	**Impairment at 12/31/2019**	**Change**	**Impairment at 12/31/2020**
Egide USA LLC interests	82,984,842		82,984,842	73,629,295		73,629,295
Other fixed securities	100		100			
Deposit guarantees	418,172	1,349	419,521			
Cash collateral deposit for the Sofired-PME Défense loan	30,000		30,000			
Total	**83,433,114**	**1,349**	**83,434,463**	**73,629,295**		**73,629,295**

Analysis of the equity interest at the end of the reporting period is based on multi-criterion approach capable of taking into account both subjective and objective criteria, and namely, net equity, recent performance, financial prospects, the relative weight in Egide's market capitalization in relation to sales. The weight of these different criteria may vary from one financial period to the next, in order to take into account selected specific or contextual factors.

Value in use as determined on December 31, 2020 according to this method did not result in the recognition of any impairment for fiscal 2020.

20.3.2.3.3.13 Inventory and work in progress

Inventories materials, consumables and trade goods are recognized at their acquisition cost (plus shipping costs) according to the weighted average cost method. Work in progress, finished goods and semi-finished goods are measured at production cost which includes direct manufacturing costs and factory overheads relating to references recognized as correct at the end of the manufacturing process. The costs of manufacturing scrap are expensed in the period. When costs are higher than the selling price, after deducting selling costs for products, a charge for depreciation is recorded for the difference.

Changes in the inventories and work in progress break down as follows:

Line items(euros)	**Gross value at 12/31/2019**	**Gross value at 12/31/2020**	**Impairment at 12/31/2019**	**Increases**	**Reversals**	**Impairment at 12/31/2020**
Raw materials & other supplies	3,390,472	2,687,158	1,663,533	13,552	828,900	848,185
Work in progress	748,856	618,364	11,607		11,607	
Finished goods	1,025,109	707,917	600,772	19,491	216,946	403,317
Trade goods	18,472	16,735	12,984	1,466	11,137	3,313
Total	**5,182,909**	**4,030,174**	**2,288,896**	**34,509**	**1,068,590**	**1,254,815**

A depreciation rate limited to 75% is applied to stock of kovar, (a primary raw material from which certain components used by Egide are machined), regardless of the year of inception for this material. This rate is estimated by taken into account the foretasted rate of depletion for this material and the resale value of this inventory.
There was a significant reduction in the provision for the impairment of raw materials and supplies, after the scrapping of old components. The corresponding consumption of supplies was reclassified under exceptional items, as the provision reversal in order to prevent a distortion of the margin calculations.

20.3.2.3.3.14 Trade receivables

Factoring
The trade receivables account is cleared when the receivable is transferred to the factor resulting in the issuance of a subrogation receipt.
The resulting receivable created in favor of the factor is extinguished when the receipt has been financed, after deducting the holdback and fees and commissions payable.
The factoring company which handles export receivables does contractually limit outstanding receivables balances per customer financed to €250,000.

Changes in trade receivables break down as follows:

In euros	**Gross value at 12/31/2019**	**Gross value at 12/31/2020**	**Impairment at 12/31/2019**	**Increases**	**Reversals**	**Impairment at 12/31/2020**
Trade receivables	1,370,971	1,239,592	0	32,436		32,436

Factoring has been in use since April 2006 and concerns domestic and export receivables representing 80 % of actual sales in 2020. Receivables assigned to the factors but not yet settled at December 31, 2020 amounted to €2,010,000, thus increasing the value of trade receivables in the absence of factoring to €3,217,000 on this date compared to €3,366,000 at December 31, 2019.

20.3.2.3.3.15 Receivables and payables

Receivables and payables are registered at face value except provisions for retirement severance payments and similar benefits which correspond to the present value of the future liability.

Statement of receivables (euros)	**Gross amount**	**Less than 1 year**	**More than 1 year**
Other financial assets	449,621		449,621
Advances and down payments paid	7,362	7,362	
Trade receivables	1,207,156	1,207,156	
Doubtful receivables	32,436	32,436	
Accounts payable - accrued credit notes	14,122	14,122	
Employee and related receivables	997	997	
Research tax credits	415,400		415,400
VAT payables	93,859	93,859	
Factors	203,829	203,829	
Sundry debtors	270,321	270,321	
Prepaid expenses	277,984	277,984	
Total	**2,973,087**	**2,108,066**	**865,021**

The receivables relating to these factors represent receipts pending financing and the non-financed guarantee fund.
The Research Tax Credit receivable is more than one year as the company is no longer classified as an SME and in consequence, is required to wait for three years before collecting this amount. However, financing is provided by the BPI on an ongoing basis.

Statement of payables (euros)	**Gross amount**	**Less than 1 year**	**More than 1 and less than 5 years**	**More than 5 years**
Other bond debt	270,930	270,930		
BPI France canvassing advance	48,750		48,750	
BPI Sofired	300,000	120,000	180,000	
BPI Research Tax Credit financing	206,795		206,795	
French State guaranteed loans	400,000		400,000	
Egide USA LLC current account.	459,014		459,014	
Santier Inc. current account	376,685		376,685	
Customer advances and prepayments	17,184	17,184		
Trade payables and equivalent	1,517,601	1,517,601		
Employee and related receivables	539,812	539,812		
Social security and related-payables	801,084	801,084		
Other tax and related payables	148,494	148,494		
Payables for fixed assets	6,098	6,099		
Other liabilities	79,380	79,380		
Total	**5,171,828**	**3,500,584**	**1,671,244**	

At the beginning of the lockdown period in response to the health crisis, deferrals were granted by Vatel for €41,858 or two repayment installments, and by BPI Sofired for €60,000, also two installments.
The term of the Vatel bond issue (with an interest rate of 7%) will therefore be postponed until December 31, 2021.
The BPI SOFIRED - PME Défense loan (with an interest rate of 3.85%) will end in June 2023.

20.3.2.3.3.16 Prepaid expenses

Line items(euros)	**12/31/2020**	**12/31/2019**
Raw material purchases	49,643	
Rent and rental charges	87,782	21,040
Insurance	85,534	6,059
Software licenses	26,183	22,966
Miscellaneous expenses (maintenance, etc.)	28,842	15,435
Total	**277,984**	**65,500**

20.3.2.3.3.17 Accrued expenses

Line items(euros)	**12/31/2020**	**12/31/2019**
Suppliers – purchase invoice accruals	251,197	259,240
Accounts receivable – accrued credit notes	5,000	
Personnel– social security payments	4,607	733
Personnel – accrued vacation and related expenses	707,311	648,124
Personnel – accrued bonuses and related expenses	28,000	4,033
French social security tax adjustments payable		
VAT on credit notes receivable	0	2,210
French government – other accrued expenses	90,429	46,582
Accrued expense voucher payments	776	5,810
Accrued commissions	73,604	91,838
Other accrued expenses	0	23,443
Total	**1,164,924**	**1,082,013**

20.3.2.3.3.18 Accrued income

Line items(euros)	**12/31/2020**	**12/31/2019**
Accounts payable - accrued credit notes	14,122	13,263
Unbilled receivables		
Other accrued income	13,585	3,715
VAT on unbilled trade payables	39,953	42,068
French government - accrued income		
Total	**67,660**	**59,046**

20.3.2.3.3.19 Subsidiaries and associates

	Egide USA LLC **Wilmington DE - USA**
Capital	US$ 78,181,828
Equity other than share capital (excluding income of the period)	US$ 1,469,494
Ownership interest (%)	100 %
Carrying value of shares: - Gross - Net	 € 82,984,842 € 9,355,547
Loans and advances granted and not yet repaid	None
Pledges and guaranties given by the company	None
Sales ex-VAT for year ended	None
Profit (loss) at closing	US$ 0
Dividends received by the company in the period	None
Other disclosures	Creation 11/08/2000 Incorporated as holding for Egide USA Inc.

20.3.2.3.3.20 Translation differences

Purchases and sales in foreign currency are recognized in the income statement at the rate in effect on the transaction date. At the end of the reporting period, payables and receivables in foreign currency are measured at the year-end exchange rate through the accounts for translation differences. Provisions are recorded in the income statement for net unrealized foreign exchange losses (negative foreign exchange balance). Unrealized foreign exchange gains are not recognized in the income statement.
Foreign-currency bank account and cash balances are also subject to adjustments at year-end rates though the resulting gains or losses are recognized directly in financial income and expenses under the heading "translation differences".

Relevant line item	**Currency**	**Foreign exchange (debit balance)** (euros)	**Foreign exchange (credit balance)** (euros)
Trade payables	YEN		33
Trade payables	USD		2015
Trade receivables	USD	662	
Current account	USD		42,607
Total		**662**	**44,655**

A provision in the amount of €662 was recorded for unrealized foreign exchange losses.

20.3.2.3.3.21 Corporate income tax and tax losses

Tax loss carryforwards at the end of 2020 amounted to €57,985,000.

A research tax credit for fiscal 2020 of €144,000 was recognized. Because the company is no longer classified as an SME within the meaning of the European Union, this tax credit will not be refunded until a period of 3 years. Bridge financing is in the process of being obtained.

20.3.2.3.3.22 Changes in future tax liabilities at the standard tax rate

Increases (euros)	**2020**	**2019**
Unrealized losses on foreign exchange 20.3.2.3.3.1	662	34,062
20.3.2.3.3.2 Total	**662**	**34,062**
20.3.2.3.3.3 Tax rate	28 %	28%
20.3.2.3.3.4 Increase in future tax liabilities	**185**	**9,537**

20.3.2.3.3.5 Reduction(euros)		
Retirement severance benefits	-1,050	84,293
Allowances for seniority bonuses of long-service awards	2,607	21,687
Unrealized losses on foreign exchange	44,655	
Provision for unrealized foreign exchange losses	662	34,062
Tax loss carryforwards	57,984,950	56,995,585
Total	**57,942,514**	**57,135,627**
Tax rate	28%	28%
Reduction in future tax liabilities	**16,223,904**	**15,997,975**

20.3.2.3.3.8 Revenue by business segment

Products are shipped Ex-Works (EXW) according to Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works. The delivery order and the invoice are issued on the date the products are actually removed.
Revenue includes revenues from the sale of products and trade goods as well as associated equipment costs, and amounts invoiced under engineering design or service contracts.

The majority of revenue in 2020 (non-Group) originated from deliveries of finished products shipped in the period.

Business segments (euros)	**12/31/2020**	**12/31/2019**
Glass-to-metal	5,459,529	5,275,203
Ceramic	7,613,306	6,363,544
Engineering	151,226	259,822
Non-core activities	187,869	196,148
Group	294,570	389,911
Total	**13,706,500**	**12,484,628**

20.3.2.3.3.9 Revenue by region

Geographic segments (euros)	**12/31/2020**	**12/31/2019**
France	6,152,195	5,722,557
EEC excluding France	2,143,359	1,962,853
USA in Canada	875,602	785,896
Other countries	4,240,774	3,623,411
Group	294,570	389,911
Total	**13,706,500**	**12,484,628**

20.3.2.3.3.10 Net financial income (expense)

Line items(euros)	**12/31/2020**	**12/31/2019**
Interest expense on borrowings	-51,051	- 59,672
Net gains (losses) from foreign currency transactions	28,295	- 664
Special commission on financing/factoring	- 20,580	- 21,169
Other financial income and expenses	0	- 13,529
Group interest expenses	-18,859	-18,887
Total	**-62,195**	**- 113,921**

20.3.2.3.3.11 Net exceptional items

Line items(euros)	**12/31/2020**	**12/31/2019**
Severance and negotiated termination compensation	-93,004	
Provision for reorganization costs and employee-related litigation	12,214	-247,293
Reorganization expenses (wages and social charges)		-682,707
Retirement of depreciated inventory	7,599	
Insurance claim payments		103,943
Other	417	-44
Tax rebates on French taxes on electricity consumption TICFE and CSPE) (EDF)	168,689	
Total	**80,717**	**- 826,101**

The write-off for depreciated inventories is the net impact of a €1,033,983 reduction in inventories and a €1,026,384 reversal of inventory write-downs. This transaction was recorded under exceptional items to prevent a distortion of the margin calculations.

20.3.2.3.3.12 Compensation of directors and officers

Gross remuneration paid for the office of Chief Executive Officer amounted to €64,000 in 2020.

The Deputy Chief Executive Officer, also holding an employment contract for distinct technical functions as plant manager, does not receive remuneration for his corporate office.

Attendance fees paid to the Board of Directors in 2020 represent €35,000 (gross amount) for FY 2020, i.e. €30,000 in fixed compensation for the three members of the Board and €5,000 in exceptional compensation for the outgoing director of the term was not renewed.

20.3.2.3.3.13 Other commitments

- **Commitments given:**

  - Commitments on behalf of affiliated companies

None

  - Commitments in favor of financial institutions

None

Off-balance-sheet commitments are summarized below:

Line items(euros)	**12/31/2019**	**12/31/2018**
Pledges Guarantees given		
Total	**None**	**None**

  - Finance lease liabilities:

Finance lease liabilities relate exclusively to the following line items and break down as follows:

Plant and machinery (euros)	**12/31/2020**
Value of assets at the least inception date	371,514
Allowances for depreciation if the assets have been acquired:	
- in the period	47,269
- accumulated depreciation at opening	100,413
Lease payments:	
- in the period	88,085
- accumulated depreciation at opening	178,704
Balance of lease payments outstanding at closing	170,668
Residual purchase price	4,869

- **Commitments received:**

No bank guarantees were issued to the benefit of Egide.

- **Reciprocal commitments:**

In connection with the factoring arrangement set up in April 2006, Egide SA took out a credit insurance policy designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers.

Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1 million.

20.3.2.3.3.14 Breakdown of average headcount

	2020	2019
Executives and management staff	27	30
Supervisory staff and technicians,	22	25
Employees	5	6
Workers	81	77
Average headcount	**135**	**138**

20.3.2.3.4 Post-closing events

The Covid-19 health crisis continues, and the government's response to the outbreak is evolving regularly as the epidemic itself evolves. This subsequent event, which is uncertain by nature, has not resulted in any adjustments to the annual financial statements for the period ended, i.e. the assets and liabilities, expenses and income are recognized and measured in the balance sheet and income statement without taking into account this event and its consequences.

The Company's management is closely monitoring the impact of the COVID-19 epidemic on its operations. This impact may be expected to evolve in order to respect requirements in terms of safety and prevention for its personnel.

In addition, the company presented an investment plan to modernize its production tool, notably within the framework of Industry 4.0 developments. This plan includes €1.7 million in investments for equipment and the recruitment of engineers. The aim is to reduce production costs in order to capture medium-volume markets that industrial customers are seeking to relocate to Europe. This means we must invest to grow and ensure the sustainability of the company and employment. To strengthen the financing of the project, the company has submitted several applications for aid within the framework of the French government “Resilience” plans, notably in the aerospace and electronics sectors. To date, these two plans have already been approved for amounts totaling €1,136,000..

At the same time, in order to secure its cash flow in this period of industrial transformation, the company applied for and obtained a new French government-guaranteed loan in the amount of €500,000 from Banque Populaire.

20.4 Auditing of historical annual financial information

20.4.1 Statutory Auditors' report on the 2020 consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below in the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the company's general meeting:

Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying consolidated financial statements of EGIDE SA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the Group for the year then ended and of its financial position and its assets and liabilities as at December 31, 2017 in accordance with International Financial Reporting Standards(IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the preparation and audit of the consolidated financial statements of this period were carried out under specific conditions. In particular, this crisis and the exceptional measures taken in connection with the public health emergency have resulted in multiple consequences for companies, particularly for their business, their financing, as well as increased uncertainties about their future outlook. Certain measures, such as restrictions on travel and remote working have also affected the internal organization of companies and the procedures for conducting audits.

In this complex and constantly changing context, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code ("*code de commerce*") relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Monitoring the group's capital expenditures, debt and cash flow (Note 2.6 to the consolidated financial statements)

Identified risk

At December 31, 2020, Group intangible and tangible assets (including ROU assets) amounted to €8.8 million. Of this amount €1.6 million was held by Egide SA (a clean room and chemical gold plating line for optronics, equipment to improve productivity, building upkeep to which must be added including ROU assets recognized after adopting IFRS 16), €3.4 million by Egide USA Inc. (production equipment) and €3.8 million by Santier Inc. (metal machining centers and other production equipment and ROU assets from the San Diego building lease).
At December 31, 2020, Group financial debt amounted to €9.1 million (including IFRS 16 lease liabilities of €2.5 million).

In light of the importance of the amount of these investments and deb combined with the Group's historical losses, we consider monitoring the Group's capital spending, debt and cash flow to be a key audit point.

Audit procedure to address the identified risk
Our work consisted primarily in:

- Examining and assessing the process used by management to develop the cash flow plans and forecasts;

- Analyzing the consistency of the cash flow forecasts approved by the Board of Directors as part of the budget process with forecasts established in prior periods and actual cash flows;

- Conducting meetings with management to analyze the main assumptions used in the business plans and comparing these assumptions with the explanations provided;

- Reviewing the level of cash to verify sufficient resources exist to finance operations for the next 12 months.

Measurement of the intangible assets of US subsidiaries (Note 2.1 of the consolidated financial statements)

Identified risk

Santier Inc. had intangible assets of €0.97 million at December 31, 2020. In addition, €0.75 million in deferred tax assets were recognized by Egide LLC (head of the tax group) at year-end.

As describe in note 2.1 of the consolidated financial statements on property, plant and equipment, an impairment test is performed whenever there exists an internal or external indicator of a loss in value. An impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Revenue from the US operating subsidiaries group in 2020, resulting in a net profit for the period. However, in previous years, these entities have experienced several years of significant declines in business. In consequence, despite the encouraging developments in 2020, in response to the fragility of the results of the Group's three CGUs (Egide SA, Egide USA Inc. and Santier Inc.) considered by management as an indication of impairment, tests were conducted in order to determine whether or not it was necessary to report an impairment charge for these intangible assets.

For that reason, we considered the evaluation of the intangible assets of the US subsidiaries to be a key audit matter. In effect, the judgment of management in determining the value in use of these intangible assets is fundamental in selecting the items to be considered (historical or forward-looking data) and their estimates (budgets, growth assumptions, actuarial assumptions).

Audit procedure to address the identified risk
To assess the reasonable nature of the estimate of the values in use of the intangible assets of US subsidiaries, our work consisted mainly in verifying that these values adopted by management are based on an appropriate justification for the valuation method and the supporting data.

With respect to estimates based on forward-looking data for the US subsidiaries, our work has consisted in primarily:

- Obtaining forecasts for cash flows and operating activities of the subsidiaries established by management and assessing their consistency with the forward-looking information originating from the most recent strategic plans.
- Verifying the consistency of the assumptions adopted with the economic environment on the closing dates of the financial statements.
- Comparing forecasts adopted for prior periods with actual performances.

Specific procedures

As required by French law and regulations, we also performed the specific verifications, in accordance with professional standards applicable in France, of the information provided on the group presented in the Board of Directors' management report.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Other verifications or information required by law and regulations

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, your Company's management informed us of its decision to postpone the application of the single electronic format as defined in the European Delegated Regulation N° 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. For that reason, this report does not include a conclusion on compliance with this format in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code Monétaire et Financier*).

Appointment of statutory auditors

We were appointed as statutory auditors of EGIDE SA by your general meeting of June 29, 2001 for PricewaterhouseCoopers Audit and of June 16, 2016 for RSM Paris.

As at 31 December 2020, PricewaterhouseCoopers Audit was in the twentieth and BCRH & Associés in the fifth consecutive year respectively of their engagements. In addition, SYC SAS, a member of RSM International's network previously served as the statutory auditors of the company from 2009 to 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code ("*code de commerce*"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period, constituting in consequence key audit matters to be described in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Neuilly-sur-Seine and Paris, April 30, 2021

Statutory Auditors
[French original signed by:]

PricewaterhouseCooper Audit Thierry Charron	RSM Paris Régine Stéphan

Notes 2.6 and 2.1 referred to in the Auditors' report on the consolidated financial statements correspond to respectively sections 20.3.1.5.3.6 and 20.3.1.5.3.1 of this universal registration document.

20.4.2 Statutory Auditors' report on the 2020 annual financial statements

Statutory Auditors' report on the 2020 annual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below in the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the company's general meeting:

Opinion

In accordance with the terms of our engagement as auditors by your annual general meeting, we have audited the accompanying annual financial statements of EGIDE SA for the year ended December 31, 2020.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as at 31 December 2016 and the results of its operations for the year ended in accordance with French accounting standards.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that our audit provides a reasonable basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the preparation and audit of the consolidated financial statements of this period were carried out under specific conditions. In particular, this crisis and the exceptional measures taken in connection with the public health emergency have resulted in multiple consequences for companies, particularly for their business, their financing, as well as increased uncertainties about their future outlook. Certain measures, such as restrictions on travel and remote working have also affected the internal organization of companies and the procedures for conducting audits.

In this complex and constantly changing context, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code ("*code de commerce*") relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the annual financial statements.

Monitoring of debt and cash flow (Note 15 to the annual financial statements)

Identified risk

At December 31, 2020, Egide SA had €2.1 million in financial debt.

In light of the importance of the debt, and the company's negative results, we consider monitoring the group's debt and cash flow to be a key audit point. Audit procedure to address the identified risk

Our work consisted primarily in:

- Examining and assessing the process used by management to develop the cash flow plans and forecasts;
- Analyzing the consistency of the cash flow forecasts approved by the Board of Directors as part of the budget process with forecasts established in prior periods and actual cash flows;
- conducting meetings with management to analyze the main assumptions used in the business plans and comparing these assumptions with the explanations provided;
- Reviewing the level of cash to verify sufficient resources exist to finance operations for the next 12 months.

Evaluation of equity interests held by Egide SA (Notes 8 and 12 to the annual financial statements)

Identified risk

With a net amount of €9.4 million, equity interests represented 57% of total assets at December 31, 2020. These reflect the Egide’s activity in the US through its operating subsidiaries, Egide USA Inc. and Santier Inc.

As indicated in the section "Financial assets" in note 8 “Depreciation schedule” to the annual financial statements, equity interests are, as applicable, subject to impairment to reflect their value in use for Egide SA.

Egide USA Inc. registered a profit in 2019 and 2020 though following several years of losses. Santier Inc. reported a profit on 2020 after recording a loss for the first time in 2019 since its creation in 2017. The investment efforts of Egide USA Inc. have not yet produced results, with delays for the product qualification longer than expected. These efforts were further impeded by the fire that damaged the electroplating workshop in particular and slowed down Egide USA's activity in the second half of 2020.

For that reason, we considered the evaluation of equity interests of the US subsidiaries to be a key audit matter. The estimation of value in use of the equity interests requires judgments by management in the choice of items to consider. This may consist of historical data (net equity) or forward-looking data (recent performances, the outlook of profitability and economic trends in the country in question).

Audit procedure adopted in response to the identified risks To assess the reasonable nature of the estimate of the values in use of these equity interests, our work consisted mainly in verifying that these values determined by management are based on an appropriate justification for the valuation method and the supporting data.

With respect to estimates based on forward-looking data for Egide USA Inc. and Santier Inc., our work has consisted in primarily:

- obtaining forecasts for cash flows and operating activities of the subsidiaries established by management and assessing their consistency with the forward-looking information originating from the most recent strategic plans.
- verifying the consistency of the assumptions adopted with the economic environment on the closing dates of the financial statements.
- comparing forecasts adopted for prior periods with actual performances.

Specific procedures

We have also performed the other specific procedures required by French law and regulations, in accordance with professional practice standards applicable in France.

Information given in the management report and other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and the other documents addressed to the shareholders in respect of the financial position and the annual financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code.

Information on corporate governance

We certify that the section herein of the Board of Directors' report on corporate governance includes the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Regarding the information provided in accordance with the provisions of Article L. 22-10-9 of the French Commercial Code on compensation and benefits paid or granted to corporate officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your company from companies controlled by it which are included in the consolidation scope. On the basis of these procedures, in our opinion this information is accurate and provides a fair presentation.

Other disclosures

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications or information required by law and regulations

Format of presentation of the annual financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, your Company's management informed us of its decision to postpone the application of the single electronic format as defined in the European Delegated Regulation N° 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the annual financial statements to be included in the Annual Financial Report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of statutory auditors

We were appointed as statutory auditors of EGIDE SA by your general meeting of June 29, 2001 for PricewaterhouseCoopers Audit and of June 16, 2016 for RSM Paris.

As at 31 December 2020, PricewaterhouseCoopers Audit was in the twentieth and BCRH & Associés in the fifth consecutive year respectively of their engagements. In addition, SYC SAS, a member of RSM International's network previously served as the statutory auditors of the company from 2009 to 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

These annual financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the annual financial statements

Objective and audit approach

Our role is to issue a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code ("*code de commerce*"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- *identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;*

- *obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;*

- *evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;*

- *assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, we issue a qualified opinion or no opinion at all;*

- *evaluate the overall presentation of the annual financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;*

Report to the audit committee

We submit a report to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the annual financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code ("code de commerce") and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Neuilly-sur-Seine and Paris, April 30, 2021

Statutory Auditors
[*French original signed by*:]

PricewaterhouseCoopers Audit

Thierry Charron

RSM Paris

Régine Stéphan

Notes:

Notes 8 and 12 referred to in the Auditors' report on the annual financial statements correspond to respectively sections 20.3.2.4.3.8 and 20.3.2.4.3.12 of this universal registration document.

20.5 Other items disclosed in the Group management report

20.5.1 Presentation of operating activities

20.5.1.1 Egide SA operating highlights

Revenue in 2020 totaled €13.70 million compared to €12.48 million in 2019, an increase of 9.8%. For the record, revenue in 2018 amounted to €15.13 million. Excluding intra-Group transactions, sales amounted to respectively €13.42 million and €12.09 million, representing an increase of 11 %.

The thermal imaging sector by itself fully accounts for the year's improvement, while not yet returning to its level of 2018. This sector accounts for 65% of total revenue; The other sectors that had begun to represent alternatives have achieved limited gains and efforts to become less dependent on a few historical clients were hindered by travel restrictions.

Intercompany billings represent chargebacks between Egide SA and its subsidiaries Egide USA for commercial, financial and technical assistance. These miscellaneous chargebacks represented €0.29 million in 2020 compared to €0.39 million in 2019.

Following the anomaly in 2019, the growing trend for ceramic technology versus glass-to-metal technology, has resumed and accounted for 57% of activity in 2020, up from 53% in 2019, though compared to 56% in 2018.

The company invoiced fees of €0.15 million for engineering studies in 2020, a significant decrease in relation to the prior year (€0.26 million) Research & Development efforts have also dropped to €589,000 from nearly €1 million in 2019, reflecting mainly delays in studies during lockdowns and also the sudden death of the largest contributor to these studies.

France accounted for 46 % of Egide SA's revenue in 2020 (excluding intercompany sales) compared to 47 % in 2019. Europe excluding France accounts for 15 % of revenue for the period and North America 7%. Revenue from the rest of the world in 2020 represented 32 % compared to 30 % in 2019 and, like last year, concerned primarily Israel, China and Thailand.

20.5.1.2 Egide USA operating highlights

Egide USA had revenue of US$9.66 million in 2020 (including US$0.39 million intra-group) compared to US$13.25 million in 2019 (including €0.56 million dollars with the Group). This 27% drop (excluding the group) was due to the fire in the Cambridge electroplating workshop in July 2020. After this fire, business was disrupted significantly with sales of €2.6 million in H2 2020 compared to US$7 million for the same period in 2019 and US$6.7 million in H1 2020.

No orders were canceled in the period though commercial activity was reduced and there were no significant increases in the order book. In light of these disruptions and the priority given to historical customers, the concept of an application in this context is not meaningful.

20.5.1.3 Santier's business

Sales in 2020 amounted to US$10.4 million (of which US$0.80 million with the Group), compared to US$9.80 million in 2019 (US$0.46 million with the Group). Non-group sales registered marginal growth of 2.6%. The significant growth in group sales reflects the transfer of surface treatment work from Cambridge to San Diego for the purpose of mitigating the effects of the fire.

The optronics and microwave segments represent 30% and 35% respectively of non-Group sales, while power-related markets represents 14%, without any significant changes compared with the previous year.

The North American market accounted for 70 % of Santier's sales in 2020, up from 77% in 2019, with growth in the United Kingdom and Turkey, but also with selected customers in Europe and Asia.

20.5.2 Presentation of results

20.5.2.1 **Consolidated results**

At December 31, 2020, the following companies were consolidated by Egide Group, it being specified that the Group does not have any branch offices:

- Egide SA, parent company
- Egide USA LLC, a direct wholly-owned subsidiary
- Egide USA Inc., wholly-owned through Egide USA LLC
- Santier Inc., wholly-owned through Egide USA LLC

For Egide SA, income and expenses are presented solely in euros. Sales in US dollars of the French entity (US$1.29 million) were offset by purchases in the same currency from foreign suppliers (US$1.56 million). Other amounts that were invoiced in US dollars of US$0.36 million were paid in euros by the factor. At the end of 2020, a new financing contract in US dollars was signed with the factor to avoid being required to buy dollars to pay the suppliers. For the subsidiaries, Egide USA and Santier, all income and expenses are presented in US dollars. The fluctuation in the Euro/US dollar exchange rate between 2019 and 2020 (with average exchange rates of respectively 1.11958 and 1.1413) had a negative impact on sales. In light of the respective balance between Group entities with respect to foreign exchange, currency hedges are not considered necessary.

The main components of comprehensive income for the period are as follows:

IFRS (€m)	**2020**	**2019**
Revenue	29.74	31.78
Gross operating profit	1.06	0.11
Current operating profit/(loss)	(0.35)	(1.65)
Other operating income	12.42	0.41
Other operating expenses	(10.10)	(0.94)
Operating profit / (loss)	1.97	(2.18)
Net financial income (expense)	(0.56)	(0.63)
Income tax	(0.42)	-
Net income/(loss)	0.98	(2.81)
Other comprehensive income	(0.81)	0.17
Comprehensive income	0.18	(2.65)

The margin on materials and direct labor was stable from one year to the next at the consolidated level, but a detailed analysis shows major disparities between six-month periods and establishments, with major disruptions linked to the fire in Cambridge, an improvement in the second half for Egide SA and, conversely, a small reduction in the second half for Santier.
This same detailed analysis shows that activity for Egide USA was positive in the first half and very disrupted in H2, for Santier passing in H1 and relatively weak in H2, for Egide SA somewhat average in H1 and passing in H2. In the midst of all these disruptions, Egide SA's profitability continues to improve as it focuses on further lowering its breakeven point.
The presentation of the 2020 financial statements is complicated by factors relating to the COVID-19 crisis and the Cambridge fire.
Covid-19: Egide USA and Santier obtained governmental aid in the form the forgiveness of Paycheck Protection Program loans in the amount of €0.69 million at €0.74 million obtained at the beginning of the crisis.
Cambridge fire: a loss corresponding to the net carrying value of the destroyed fixed assets amounted to €0.49 million offset by a profit of €2.56 million from insurance claim payment for the replacement of assets. Exceptional reconditioning costs amounted to €7.36 million, of which €7.29 was covered by insurance payments. An insurance payment was received for the business interruption loss covered by the insurance in the amount of €1.62 million recorded as a deduction from external expenses. As such, it was considered as current income and was not included in revenue. An impairment charge for Egide USA's fixed assets was recorded in 2020 after recognizing a loss in value in the amount of €1.07 million. Because this impairment was classified under other operating expenses , it was not included under allowances for depreciation.

In compliance with IFRS, the €0.14 million research tax credit of Egide SA was recognized under "operating income". All R&D expenditures were fully expensed in the income statement.

Allowances for amortization and depreciation in the amount of €1.58 million in 2020 includes €0.50 million related to IFRS 16 for amounts very similar to 2019.

Net financial expense included borrowing costs (interest expense linked to the use of factoring, borrowing costs and the bond issue) for €0.59 million in 2020 versus €0.62 million in 2019. The restatement of lease payments in accordance with IFRS 16 generated financial expenses of €0.17 million in 2020 and €0.20 million in 2019.

When Santier was acquired in 2017, a tax receivable of €1.29 million was recognized originating from the tax loss carryforwards of Egide USA Inc. In 2020, these deferred tax assets were used for the tax charge recognized on the profits of Egide USA in the amount of €0.42 million. It should be noted that grants under the US Payment Protection Program are not taxable.

Comprehensive income includes translation losses and gains from financial statements of subsidiaries presented in foreign currencies and actuarial gains and losses on provisions for employee benefits. Santier's creation was recorded in US dollars at the exchange rate of February 28, 2017 of €1.05. The closing rate for 2019 was US$1.12 per €1 compared to US$1.21 at December 31, 2020. An asset in US dollars consequently declined in value when converted into euros, representing a foreign exchange loss of €0.83 million. On that basis, comprehensive income for the period for 2020 amounted to 0.18 million.

The main components of the statement of financial position at December 31, 2020 were as follows:

ASSETS (€m)		LIABILITIES AND EQUITY (€m)	
Fixed assets	6.49	Shareholders' equity	10.56
Right-of-use assets	2.28	Provisions	0.84
Other financial assets	0.46	Lease liabilities > 1 yr.	2.06
Deferred tax assets	0.78	Financial debt > 1 yr.	2.94
Inventories	8.08	Lease liabilities < 1 yr.	0.47
Trade and other receivables	5.03	Financial debt <1 yr.	3.64
Cash	1.40	Trade and other payables	7.25
Other current assets	3.22	Other non-current liabilities	0.00
Total assets	27.75	Total shareholders' equity and liabilities	27.75

Intangible assets include items originating from the acquisition of Santier Inc.: a trademark (US$0.25 million), customer relationships and technology (US$0.50 million) and finally, goodwill (€0.34 million dollars). These intangible assets are amortized over periods of respectively 15, 10 and 10 years, whereas unallocated goodwill is not amortized. At December 31, 2020, intangible assets had a net value of €1.00 million.

The deferred tax asset resulted from the recognition of Egide USA tax loss carryforwards and is considered as a non-current asset. No impairments were recorded after test conducted but regarding the future use of these tax assets.
Current cash balances amounted to €1.40 million, down from €1.46 million one year earlier It should be added that Egide USA and Santier each have a revolving credit line backed by their working capital, respectively for €0.82 million and €0.96 million, undrawn at December 31, 2020.

It is specified that Egide Group does not use financial instruments giving rise to any particular risk.

Working capital represented 105 days of sales compared to 94 days in 2019. In this calculation, the increase in working capital reflects other current assets and corresponds to a receivable from the Cambridge insurer paid in January 2020. It should be noted that the full amount of the claim was paid by the Cambridge insurer in an extremely efficient, rapid and diligent manner.

20.5.2.2 **Annual results**

The annual financial statements of Egide SA for the period ended December 31, 2020 have been prepared in accordance French GAAP based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Revenue for the period amounted to €13.71 million compared to €12.48 million for the previous period or up 9.8 %. Excluding intra-group chargebacks, sales grew 11%. The operating loss amounted to €920,000, down from a loss of €1,800,000 in 2019 and the net loss was €758,000, down from €2,468,000 one year earlier. The improvement in profitability was reflected across all expense line items and reflects the restructuring measures adopted in 2019 and continued in 2020. It is particularly noteworthy that the net loss registered with the interim consolidated results was lower

than the year-end figures presented here, and confirming a marginally positive trend in H2 2020, excluding the effect of any accounting adjustments and with an improvement in sales, even though lower than in 2018.
Overall, these results confirm the savings announced when the 2019 restructuring plan was published and the lowering of the break-even point by €2 million.

Average headcount for the period (fixed-term and permanent contracts) declined from 138 in 2019 to 135 in 2020.

As every year, an impairment test was performed involving an evaluation of the value in use of assets based on business plans and assumptions and the resulting cash flows. in 2018, this test resulted in an exceptional impairment of €0.94 million. In 2020, whereas the commercial outlook is better and assets have already been impaired, a new impairment test is not required (as in 2019).

Research and development expenditures incurred in the period, as assessed for the Research Tax Credit, decrease sharply to approximately €0.59 million from €1 million in 2019 for reasons relating to the definition of eligible studies and billable time. These expenditures are not capitalized and are fully expensed.

Net financial expense marginally improved in relation to prior years reflecting the trend for the US dollar exchange rate, ending the period at €0.06 million down from an expense of €0.11 million in 2019.

Net exceptional items in 2020 was positive with income of €0.8 million resulting largely from rebates from French electricity taxes and costs related to staff departures. An expense of approximately €1 million and the reversal of a provision offset each other and resulted from the elimination of old inventory that was fully depreciated. In 2019, the net expense of €0.83 million originated mainly from reorganization expenses.

Tax credits on research and development expenditures recognized in the period amounted to €0.14 million in 2020, a significant decrease in relation to €0.27 million in 2019.

Total assets of the company at December 31, 2020 amounted to €16.24 million, largely unchanged in relation to 2019 (€16.46 million). Cash at year-end amounted to €0.71 million compared to €0.60 million in 2019. Financial debt of €2.06 million at December 31, 2020 was comprised a new €0.40 million French government backed loan, €0.2 million in new Research Tax Credit financing, the €0.30 million "Sofired – PME Défense" loan, the €0.05 million BPI canvassing loan, the €0.27 million bond issue and the current account balance €0.46 million with Egide USA LLC and 0.37 million with Santier.

The table of results provided for by Article R225-102 paragraph 2 of the French Commercial Code and the table of portfolio securities at year-end are attached to this report.

20.5.3 Statutory disclosures on the trade payables aging balance (Egide SA)

As required by French law (Article D. 441-14 of the French Commercial Code), information on Egide SA's non-Group trade payables and receivables for 2020 is provided below:

	Article D441 I. 1st of the French Commercial Code: invoices received and not settled on the closing date and past due						Article D441 I. 1er of the French Commercial Code: invoices issued and not settled on the closing date and past due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 d and more)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 d and more)
(A) Late payment date ranges												
Number of invoices concerned	397					27	28					36
Total amount of invoices concerned	€ 1,189,545	€ 17,474	€ 7,200	€ 9,360	€0	€ 34,034	€ 543,746	€ 378,166	€ 56,285	€ 30,256	€ 17,962	€ 482,668
% of total purchases of the period incl. VAT	12.5 %	0.2 %	0.1 %	0.1 %	0.0 %	0.4 %						
% of total revenue of the period incl. VAT							3.5 %	2.4 %	0.4 %	0.2 %	0.1 %	3.1 %
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables or payables												
Number of invoices excluded	None											
Total amount of invoices excluded	None											
(C) Applicable payment period of reference (contractual or legal- Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods applied for the calculation of late payment charges	Contractual payment periods: 30 days EOM, on the 15th						Contractual payment periods: 30 days net EOM, on the 15th					

20.5.4 Five-year financial summary (Egide SA)

CLOSING DATE Length of fiscal year	12/31/2020 12 months	12/31/2019 12 months	12/31/2018 12 months	12/31/2017 12 months	12/31/2016 12 months
SHARE CAPITAL AT YEAR-END					
Share capital	5,173,434	20,693,736	15,800,732	8,943,812	8,943,812
Number of shares:					
- ordinary shares	10,346,868	10,346,868	7,900,366	4,471,906	4,471,906
- preferred shares					
Maximum number of future shares to be created:					
- by conversion of bonds					
- by exercise of subscription rights	1,034,687	1,034,687	790,036	223,595	223,595
OPERATIONS AND RESULTS					
Sales ex-VAT	13,706,500	12,484,628	15,725,480	14,267,976	12,342,120
Earnings before taxes, employee profit-sharing, depreciation, amortization and provisions	719,083	(2,587,122)	(1,294,626)	(2,020,445)	(1,072,881)
Income tax	(143,642)	(272,758)	(251,182)	(281,010)	(243,045)
Employee profit sharing					
Allowances for depreciation and impairment	182,484	152,413	1,386,382	502,556	(1,055,813)
Net income/(loss)	(757,925)	(2,467,777)	(1,546,000)	(683,622)	(1,051,859)
Distributed profit (Allocated loss)					
EARNINGS PER SHARE					
Earnings after tax, employee profit-sharing, and before depreciation, amortization and provisions	(0.06)	(0.22)	(0.04)	(0.13)	(0.39)
Earnings after tax, employee profit-sharing, depreciation, amortization and provisions	(0.07)	(0.24)	(0.22)	(0.20)	(0.15)
PERSONNEL					
Average number of employees	135	138	157	174	154
Payroll	4,298,751	5,096,855	4,951,081	5,044,640	4,531,769
Social charges and benefits paid [social security, social welfare payments, etc.]	1,661,491	2,045,722	1,961,125	1,870,696	1,666,231

20.5.5 Statutory disclosures of marketable securities (Egide SA)

Information of marketable securities presented in the balance sheet of Egide SA as of December 31, 2020 is presented below:

Amounts in euros	**Quantity**	**Net value**
Fixed securities Egide USA LLC shares	-	9,355,547
Subtotal – fixed securities		**9,355,547**
Marketable securities -	-	0
Subtotal – marketable securities		**0**
Total – net carrying value		**9,355,547**

20.5.6 Disclosures on disallowed deductions (Egide SA)

A portion of the lease payments for passenger vehicles is considered non-deductible by the French General Tax Code. In 2020, this amount represented €14,296.

20.5.7 Disclosures on dividends (Egide SA)

In compliance with the disclosure requirement provided for by Article 243 *bis* of the French general tax code, we remind you that there have been no dividend distributions for the last three financial periods.

20.5.8 Disclosures on loans granted by the company (Egide SA)

No loans have been granted by the company to micro-enterprises, SMEs or intermediate-sized enterprises (ETI) with which it has economic relations (Article L511-6, 3 bis f the French monetary and financial code).

20.6 Dividend policy

No dividends have been paid for the last three financial periods. In the short-term, the company intends to continue to allocate available funds to financing operations and growth and in consequence, does not plan to distribute dividends in 2021.

20.7 Legal and arbitration proceedings

There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware as of the date of this document) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the company.

20.8 Administrative proceedings

There are no administrative proceedings in progress.

20.9 Significant change in the financial or trading position

On the date of this universal registration document, no other significant changes to the Group's financial or trading position have occurred since December 31, 2020.

21 Additional information

21.1 Share capital

21.1.1 Number of shares and nominal value

Share capital of December 31, 2020 amounted to €5, 173,434 divided into 10,346,868 shares with a nominal value of €0.50 per share. There was only one class of shares, excluding the specific case of shares carrying double voting rights described in section 18.3. Share capital is fully paid up. No security rights, encumbrances or pledges exist on the company's capital.

21.1.2 Unissued authorized capital

Delegations of authority for capital increases granted by the general meeting to the Board of Directors at December 31, 2020 are summarized below:

	Shareholders' Meeting date	**Expiry date of the authorization**	**Authorized amount (nominal value)**	**Use of authorizations in prior periods**	**Authorizations used in the period**	**Residual amount on the date this summary was produced**
Authorization to increase the capital maintaining preemptive subscription rights	07/01/2019	08/31/2021	Shares € 6,000,000 Debt securities € 6,000,000	No	No	Shares € 6,000,000 Debt securities € 6,000,000
Authorization to increase the number of securities to be issued in the event of a capital increase with preemptive subscription rights	07/01/2019	08/31/2021	15% of the initial amount of the increase	No	No	-
Authorization for a capital increase to the benefit of employees with cancellation of preemptive subscription rights	07/01/2019	08/31/2021	Maximum 1 % of the capital	No	No	Shares € 206,934
Authorization to issue stock options to subscribe for shares	06/19/2020	08/18/2023	10 % of the capital	No	Yes	3.18 % of the capital

There is only one class of shares, all of which carry the same preferential subscription rights.

21.1.3 Potential share capital

Authorization to issue stock options to subscribe for shares

The general meeting of June 19, 2020 authorized the Board of Directors to issue stock options within the limit of 10 % of the share capital. The subscription price will be at least equal to the average weighted price of the last twenty trading sessions subject, as the case may be, to a discount of 5%. This authorization is valid for a period of 38 months, or until August 18, 2023.

Information on plans in force at December 31, 2020 and May 2021 is provided in section 17.3 of this document.

21.1.4 Changes in share capital

Changes in share capital since the company's creation are presented below:

Date	Nature of transaction	Capital increase (€)	Share capital decrease (€)	Additional paid-in capital Gross amount(€)	Number of shares	Par value of shares	Amount of the capital (€)
10/14/1986	Incorporation	457,347			30,000	€ 15.24	457,347
12/15/1987	Increase(1)	320,143			51,000	€ 15.24	777,490
09/30/1988	Increase(1) (2)	654,311			93,920	€ 15.24	1,431,801
11/03/1988	Increase(1)	419,235		76,301	121,420	€ 15.24	1,851,036
11/09/1990	Increase(1) (3)	449,725			150,920	€ 15.24	2,300,760
04/27/1992	Reduction(4)		920,304		150,920	€ 9.15	1,380,456
05/18/1992	Increase(1)	1,829,388			350,920	€ 9.15	3,209,844
06/03/1994	Increase(1)	927,262			452,294	€ 9.15	4,137,107
06/11/1999	Increase(5)	1,749,846		1,751,013	643,598	€ 9.15	5,886,953
04/03/2000	Increase(6)	3,659		3,297	643,998	€ 9.15	5,890,612
07/05/2000	Increase(7)	841,509		11,670,355	735,997	€ 9.15	6,732,121
12/22/2000	Increase(8)	2,244,037		93,435,443	981,329	€ 9.15	8,976,159
06/29/2001	Increase(9)	837,131		(837,131)	981,329	€ 10	9,813,290
12/31/2001	Increase(10)	34,580		17,152	984,787	€ 10	9,847,870
12/31/2003	Increase(11)	14,280		7,083	986,215	€ 10	9,862,150
12/31/2004	Increase(12)	70,990		35,211	993,314	€ 10	9,933,140
12/31/2005	Increase(13)	49,420		24,512	998,256	€ 10	9,982,560
02/28/2006	Increase(14)	18,280		9,067	1,000,084	€ 10	10,000,840
08/17/2006	Increase(15)	2,857,380		2,143,035	1,285,822	€ 10	12,858,220
12/31/2006	Increase(16)	90		180	1,285,831	€ 10	12,858,310
12/31/2007	Increase(17)	2,880		5,760	1,286,119	€ 10	12,861,190
12/31/2008	Increase(18)	30		60	1,286,122	€ 10	12,861,220
12/31/2009	Increase(19)	1,530		3,060	1,286,275	€ 10	12,862,750
11/28/2011	Increase(20)	250			1,286,300	€ 10	12,863,000
11/28/2011	Reduction(21)		10,290,400		1,286,300	€ 2	2,572,600
02/16/2012	Increase(22)	986,160		1,479,240	1,779,380	€ 2	3,558,760
12/31/2012	Increase(23)	10,834		18,093	1,784,797	€ 2	3,569,594
06/30/2014	Increase(24)	4,561,146		570,143	4,065,370	€ 2	8,130,740
11/16/2015	Increase(25)	813,072		243,922	4,471,906	€ 2	8,943,812
02/24/2017	Increase(26)	6,856,920		1,371,384	7,900,366	€ 2	15,800,732
06/07/2019	Increase(27)	4,893,004		(2,324,177)	10,346,868	€ 2	20,693,736
06/19/2020	Reduction(28)		15,520,302		10,346,868	€ 0.5	5,173,434

(1) Cash contributions
(2) Of which contributions in kind: € 158,851.88 (FFR 1,042,000).
(3) Of which offset with debt: € 137,204.12 (FFR 900,000)
(4) Reduction in the par value from € 15.24 (FFR 100) to € 9.15 (FFR 60)
(5) Listing on the *Nouveau Marché* of the Paris stock exchange – COB approval No. 99-775 of June 7, 1999
(6) Exercise of stock options following the death of a beneficiary
(7) Cash capital increase – COB approval No. 00-884 of May 26, 2000
(8) Cash capital increase – COB approval No. 00-1844 of November 14, 2000
(9) Capitalization of reserves for the conversion of capital into euros increasing the par value of the share from € 9.15 (FFR 60) to € 10 (FFR 65.5957)
(10) Exercise of stock options for fiscal 2001
(11) Exercise of stock options for fiscal 2003
(12) Exercise of stock options for fiscal 2004
(13) Exercise of stock options for fiscal 2005
(14) Exercise of stock options on February 28, 2006
(15) Cash capital increase – AMF approval No. 06-271 of July 26, 2006
(16) Exercise of 36 share warrants in fiscal 2006 resulting in the creation of 9 new shares
(17) Exercise of 1,152 share warrants in fiscal 2007 resulting in the creation of 288 new shares
(18) Exercise of 12 share warrants in fiscal 2008 resulting in the creation of 3 new shares
(19) Exercise of 612 share warrants in fiscal 2009 resulting in the creation of 153 new shares

[20] Exercise of stock options on November 28, 2011
[21] Reduction of the par value from €10 to € 2 - EGM of November 28, 2011
[22] Cash capital increase – AMF approval No. 12-024 of January 17, 2012
[23] Exercise of stock options on December 31, 2012
[24] Cash capital increase – AMF approval No. 14-247 of May 28, 2014
[25] Cash capital increase – Private placement without a public offer
[26] Cash capital increase – AMF approval No. 17-034 of January 25, 2017
[27] Capital increase by consideration in cash through a public offering maintaining shareholders' preferential subscription rights (without AMF clearance) – Issue price: €1.05
[28] Reduction of the par value from € 2.0 to € 0.5 - EGM of June 19, 2020

The company does not directly hold own shares. This also applies to subsidiaries which do not hold any shares of the parent company.

21.1.5 Changes in share capital in the last three years

The following table presents changes in share capital as a percentage of capital and voting rights for the last three years

	Balance at 12/31/2020			**Balance at 12/31/2019**			**Balance at 12/31/2018**		
	Number of shares	Percentage of capital	Percentage of voting rights	Number of shares	Percentage of capital	Percentage of voting rights	Number of shares	Percentage of capital	Percentage of voting rights
J. F. Collins	88,687	0.86%	0.85%	88,687	0.86%	0.85%	69,375	0.88%	1.30%
Free float	10,258,181	99.14%	99.15%	10,258,181	99.14%	99.15%	7,830,991	99.12%	98.70%
Total	**10,346,868**	**100.00**	**100.00**	**10,346,868**	**100.00**	**100.00**	**7,900,366**	**100.00**	**100.00**

There were no changes in 2020.
Information on the shareholder structure at May 31, 2021 is provided in section 18.1 of this document.

21.2 Memorandum of incorporation and bylaws

21.2.1 Corporate objects and purpose

The company's corporate purpose (Article 2 of the bylaws) is:

- the design, manufacture, import, export and marketing of all forms of standard or custom design electronic packages,
- in the above areas, acquiring and managing interests and participating directly or indirectly through all means in any company or undertaking created or to be created, and notably by creating a company, contributions, subscribing for or acquiring shares, ownership interests or other securities, mergers, partnerships and through any other means and in any other form used in France and other countries,
- And, in general, any transaction of any nature whatsoever, including either securities and real estate transactions which may be directly or indirectly related to the above or contribute thereto.

21.2.2 Board of Directors

Article 13 of the bylaws: "The company shall be administered by a Board of Directors. The number of Directors shall not be less than three and not more than eighteen subject to exceptions provided for by statutes in the event of a merger. Directors are appointed for terms of four years Every director is eligible for reappointment. "

Article 14 of the bylaws : "Directors must own at least one share of the company Directors appointed during the company's term are not required to be shareholders at the time of their appointment though must become so within a period of six months, failing which they shall be considered to have resigned from their office. "

Article 15 of the bylaws: "The Board of Directors may appoint from among its members who are individuals, a Chair whose term of office shall not exceed that of his/her term of office as director. No person shall be appointed Chairman of the Board of Directors that is over 67 years of age. If the Chairman exceeds this age, he or she shall be considered to have resigned at the end of the next Board meeting to be held. The Board may also appoint a secretary, who needs not necessarily be a Board member. If the Chairman is absent or prevented from attending, the Board shall appoint for each meeting one of its members to serve as chair. The Chairman and secretary of the meeting may always be reappointed. "

Article 16 of the bylaws: "The Board shall meet as often as the interests of the company require and at least once a year. Notice of Board meetings communicated to directors may be made by all means, including orally. A record of attendance is maintained that is signed by Directors participating in the Board meeting. Meetings are conducted and decisions voted according to the conditions of quorum and majority provided for by statute. In the case of a tie, the chair of the meeting shall have the deciding vote. The minutes shall be prepared, and copies or excerpts of the proceedings shall be issued as required by statute. Except when the Board meets for the purpose of transactions covered by Articles L. 232-1 and L. 233-16 of the French Commercial Code, the rules of procedure provide that directors who take part in a meeting of the Board by means of videoconferencing or telecommunications allowing their identification and assuring their actual participation, are deemed present, for calculating the quorum and the majority. The form and terms of application of these rules of procedure are set forth by decree of the French Council of State (*Conseil d'Etat*). ". Article 16 bis provides for the possibility of written consultations.

Article 17 of the bylaws: "The Board of Directors shall determine the business strategy of the company and ensure its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the Board may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. The Board of Directors shall perform at any time such controls and verifications that it judges appropriate. Each director must be provided with all information necessary to perform his or her duties and may obtain from executive management all documents deemed useful for the purpose. "

—: "The company is assisted by a panel of a maximum of three non-voting observers (*censeurs*), chosen from among the shareholders or from persons other than shareholders. They are each appointed for a term of four years by the ordinary general meeting of the shareholders, acting on the Board of Directors' proposal. Their functions shall terminate at the end of the ordinary general meeting having been called to approve the financial statements for the year ended, held in the course of the year when their terms expire. If one or more of these positions of the observers becomes vacant between two general meetings, the board of directors may make one or more appointments subject to ratification at the next general meeting. In this case, the observer is appointed for the remainder of his or her predecessor's term. At the end of their terms, observers may be reappointed. The observers participate in meetings of the board of directors to which they are called under the same conditions as directors. They may also attend, at the initiative of the board, meetings of committees created by the latter and they are provided with all documents that are provided to board members. They are subject to the obligation of strict confidentiality with respect to deliberations. They are not vested with any power of decision though they are at the disposal to provide their opinions regarding questions of any nature submitted to them, and notably relating to technical, commercial, administrative or financial matters. In the course of the board's proceedings they exercise an advisory role only and do not participate in the vote. On the chairman's proposal, the board of directors decides on the matter of the observers' remuneration. "

21.2.3 Rights attached to the shares of the company

Article 9 of the bylaws (form of shares): "From the date they are fully paid up, shares may be in registered or bearer form, at the choice of the holder, subject to provisions set by applicable regulations. "

Article 10 of the bylaws (disposal and transfer of shares - Registration of shares - Transfer of title for shares): "The shares, regardless of their form, shall be registered in accordance with the provisions and according to procedures provided for by regulations in force. Shares are freely transferable and transferred account-to-account through a securities transfer order. The company may request at any time, in accordance with the provisions of Articles L228-2 and L228-3 of the French Commercial Code, in exchange for payment at its expense, from the entity responsible for clearing securities transactions, as the case may be, for individuals or legal entities respectively, the name or company name, the nationality, the year of birth or year of incorporation and the address of holders of shares which confer present or future rights to vote in its own shareholders meetings, as well as the quantity of shares held by each and if applicable the restrictions which may apply to the securities. "

Article 11 of the bylaws (excerpt): "Any share, in the absence of a distinct class of shares or any share of the same class in the contrary case, confers a right to a net share proportional to the portion of capital it represents, in the earnings and reserves or corporate assets, for any distribution, redemption or allotment, in accordance with the provisions and procedures that may moreover be provided for under these bylaws. Furthermore, each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with statutory rules and the provisions of these by-laws. Shareholders shall only be liable up to the amount of the par value of the shares they hold, with any call for funds above this amount prohibited. The rights and obligations attached to the shares are transferred with title to the shares. Ownership of a share automatically entails acceptance of the Company's bylaws and of the resolutions of the general meeting. The heirs, creditors, legal beneficiaries and other representatives of a shareholder may not place liens on the property or securities of the company, nor request the division or public sale, nor interfere in the administration of the company. For the proper exercise of their rights, they shall refer to the corporate records and to the decisions of the shareholders' meeting. Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital or a merger or any other corporate action, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares. Except where prohibited by statute, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any allotment or reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their respective nominal values and dates of record, all the existing shares of the same class shall receive the same net amount. "

Article 27 of the bylaws: Voting rights attached to the capital shares and dividend-right (bonus) shares are proportional to the percentage of the share capital that such shares represent and each share carries one voting right. However, a voting right double that of other shares is granted in proportion to the share capital they represent to all fully paid up shares which can be demonstrated to have been registered for at least two years in the name of the same shareholder having requested for the shares to be held in registered form. Furthermore, in the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall carry double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. Similarly, in the case of a change in the nominal value of existing shares, the double voting right is maintained for shares at the new nominal value replacing the previous shares. For other shares, double voting rights are acquired, cease or are transferred in the cases and conditions provided for by statute. The company is not authorized to exercise voting rights on shares it has purchased. "

21.2.4 Modification of rights attached to shares of the company

Article 29 of the bylaws: "The extraordinary general meeting can modify all provisions of the bylaws and namely decide on the transformation of the company into a company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation. Such meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. "Decisions are adopted by a majority of two thirds of the votes expressed (not blank or invalid) by shareholders attending or represented at the meeting. As a statutory exception to the preceding provisions, the general meeting which decides to increase the share capital through the capitalization reserves, profits or issue premiums can deliberate on same the conditions as to quorum and majority voting as an ordinary general meeting. In "incorporation" types of extraordinary general meetings, i.e., those which are called to approve a contribution in kind or the grant of a specific benefit, the contributors or beneficiaries have no right to vote either for themselves or as proxies. "

21.2.5 General meetings

Article 22 of the bylaws: "The decisions of shareholders shall be made at shareholders meetings. Ordinary shareholders meetings shall be those that are held to vote on decisions that do not amend the bylaws. Extraordinary shareholders meetings shall be those called to decide or authorize direct or indirect amendments to the bylaws. Special shareholders meetings shall be held to assemble shareholders of a specific class to rule on a change in the rights pertaining to the shares in that class. Deliberations of shareholders meetings shall be binding for all shareholders, even those who are absent, in disagreement or unavailable or without legal capacity. "

Article 23 of the bylaws: "General meetings are called either by the Board of Directors or, failing that, by the independent auditor(s), or by an agent designated by the commercial court in expedited proceedings in accordance with the provisions set by Article L. 225-103 of the French Commercial Code. During the liquidation period, shareholders meetings shall be called by the liquidators. General meetings of shareholders are to be held at the registered office or at any other venue indicated in the notice of meeting. Shareholders meeting shall be called in accordance with the provisions provided for by applicable regulations. The company is required to publish a notice at least thirty-five (35) days before the meeting in the *Bulletin des Annonces Légales Obligatoires*, containing the information mentioned in Article R225-73 of the French Commercial Code. "

Article 24 of the bylaws: The meeting agenda is drawn up by the author of the meeting notice. One or more shareholders, representing at least the required percentage of the registered capital, and acting according to the provisions and deadlines provided by law, shall have the authority to request by registered letter with acknowledgment of receipt, that draft resolutions be placed on the agenda, other than those concerning the submission of candidates for appointment to the Board of Directors. The meeting may not consider items which are not on the agenda. However, in any circumstances it can revoke one or more directors and have them replaced. "

Article 25 of the bylaws: Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time. Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account. "

Article 27 of the bylaws (excerpt): "For ordinary and extraordinary general meetings, the quorum shall be calculated based on all shares comprising the registered capital, except at special shareholders meetings, where it shall be calculated based on all shares of the class involved, less shares without voting rights as prescribed by Law. "

Article 28 of the bylaws: "An ordinary shareholders meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law. On the first convocation, the meeting may validly deliberate only if the shareholders present or represented by proxy represent at least one fifth of the shares entitled to vote. Upon the second convocation, no quorum is required. “Decisions are adopted by a majority of votes expressed (*not blank or invalid*) of the shareholders attending or represented at the meeting. "

Article 30 of the bylaws: "If there are several classes of shares, no change may be made to the rights of the shares of one such class, without the due vote of an extraordinary shareholders meeting open to all shareholders and, in addition, without also a duly conducted vote of a special meeting open only to the owners of the shares of the class in question. Special meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares for which the modification of their rights is being considered. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. "

Article 31 of the bylaws: All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgments about the management and oversight of the company. The nature of these documents and the procedures for their transmission by mail or making them available are defined by law. "

21.2.6 Special provisions relating to a change in control

None.

21.2.7 The crossing of shareholding thresholds

Article 11 of the bylaws (excerpt): In accordance with the provisions of L233-7 of the French Commercial Code (*Code de Commerce*), all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must notify the Company. The disclosure requirement also applies within the same time limits whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above. In the event of noncompliance with this obligation, the provisions provided for by Article L233-14 of the French Commercial Code will apply. "

21.2.8 Special provisions relating to changes to the share capital

None.

21.2.9 Buybacks by the company of its own shares

Article 37 of the bylaws: "In those cases provided for by statute and/or regulations, the ordinary general meeting may grant an authorization to the company for a period not exceeding eighteen months to purchase its own shares. This meeting must set the terms of the transaction and notably the maximum purchase price, the maximum number of shares to be acquired and the period within which the share buyback must be carried out. "

A request to authorize the implementation of a share buyback program was not proposed to the annual general meeting of the shareholders held in 2020. Such a request will also not be proposed at the general meeting called to be held on June 18, 2021.

21.3 The company's securities market

The company' shares were listed on the *Nouveau Marché* of the Paris stock exchange on June 11, 1999. The opening price for the initial public offering was set at €18.30 per share. Prior to this, the share had not been listed in any French or foreign financial market. They are currently listed in Segment C Euronext Paris, under ISIN code FR0000072373.

Based on the number of 10,346,686 shares making up the capital at December 31, 2020 and a closing price on December 31, 2020 of € 1.17, the market capitalization was €12.1 million.

Information on trading price ranges (adjusted) and trading volume since January 1, 2019 is presented below. The average daily trading volume in 2020 was 48,980 shares. (source: Euronext Paris):

	Adjusted share price in euros			**Average trading volume**
	Low	**High**	**Average closing price**	**Adjusted number of shares**
January 2020	0.94	0.81	0.88	14,453
February 2020	0.86	0.72	0.81	17,152
March 2020	0.78	0.41	0.62	21,539
April 2020	0.84	0.61	0.67	23,209
May 2020	1.12	0.82	0.90	91,150
June 2020	1.02	0.79	0.87	22,107
July 2020	0.90	0.72	0.79	20,247
August 2020	0.80	0.73	0.76	17,604
September 2020	0.88	0.69	0.79	49,385
October 2020	1.18	0.75	0.90	71,930
November 2020	1.09	0.80	0.92	47,281
December 2020	1.30	0.91	1.06	188,675

Egide's share is traded on Euronext Paris through the continuous trading method. Because daily trading volume in euros of the above share on Euronext Paris is less than €100,000, the shares are not eligible for the Long-only Deferred Settlement Service.

The high and low price in 2020 (source: Euronext Paris):

	High	**Low**
During the trading session	€ 1.30	€ 0.41
Closing price	€ 1.25	€ 0.49

22 Material contracts

Long-term contracts having been executed and remaining in force on the date of this registration document are presented below:

Egide SA:

- Bollène building lease agreement executed in 2010 (see sections 8.1.1 and 20.3.1.5.7.2)
- Trappes building lease agreement executed in 2016 (see sections 8.1.1 and 20.3.1.5.7.2)
- Manufacturing and supply agreement with the customer, Lynred (press release of July 3, 2019)

Egide USA:

- Credit line arranged in 2018 with Pacific Mercantile Bank (see section 10.3)
- Manufacturing and supply agreement with the customer, Crane A&E (press release of July 29, 2019)

Santier:

- San Diego building lease agreement executed in 2017 (see section 8.1.1)
- Credit line arranged in 2017 with Pacific Mercantile Bank and updated on April 5, 2019 (see section 10.3)

Excluding those referred to above, no material long-term contracts binding on the company or the Group have been executed in the last two years.

23 Documents on display

23.1 List of documents and method of consultation

For the duration of the universal registration document's validity, the following documents (or copies thereof) may be consulted at the registered office or administrative offices:

- Bylaws (*statuts*)
- All reports, letters and other documents, past financial data, and expert opinions or statements requested by the issuer that are included or mentioned in this universal registration document; and
- Consolidated historical financial information on the Group for each of the two fiscal years preceding the publication of this universal registration document.

23.2 Press releases

Press releases are available for consultation and may be downloaded in French and/or in English from the company's website (www.egide-group.com):

23.3 Publication date of financial disclosures

Date	**Information**	**Venue/Publication**
January 26, 2021	2020 second-quarter sales	Press release
March 30, 2021	Presentation of unaudited accounts for fiscal 2020	SFAF analysts meeting Press release
June 18, 2021	First notice of meeting	AGM date
June 29, 2021	Second notice of meeting	AGM date
July 23, 2021	H1 2021 sales	Press release
September 30, 2021	2020 first-half results	SFAF analysts meeting Press release
January 2022	FY 2021 revenue	Press release

24 Third party information and statements by experts and declarations of interest

None.

25 Agenda and draft resolutions for the Annual General Meeting of June 18, 2021

25.1 Agenda

Agenda of the ordinary meeting:

- Reading of the management report, which includes the report on corporate governance and the report on operations of the period, the separate parent company financial statements and the consolidated financial statements for the period ended December 31, 2020,
- Reading of the auditors' reports on the performance of their engagement, the separate parent company and consolidated financial statements for the year ended December 31, 2020 and agreements provided for by Article L225-38 of the French Commercial Code,
- Special report of the board of directors on stock options,
- Approval of the separate parent company accounts,
- Net income appropriation,
- Approval of the consolidated financial statements,
- Approval of the special report of the board of directors on stock options,
- Recognition of the expiration of the term of office of Mr. James Collins, candidate to his own succession and renewal of his office
- Approval of executive compensation rules for 2020,
- Approval of the system for executive compensation for 2021,
- Payment of compensation to members of the Board of Directors,
- Powers for formalities.

Agenda of the extraordinary meeting:

- Reading of the board of directors' report,
- Reading of the auditors' special reports,
- Delegation of authority to increase the capital, maintaining the shareholders' preferential subscription rights,
- Delegation of authority to increase the capital by issuing debt securities giving access to equity securities to be issued, maintaining the shareholders' preferential subscription rights,
- Delegation of authority to be given to the board of directors to increase the number of shares to be issued in the case of a capital increase by issuing ordinary shares and/or equity securities giving access to other equity securities or entitlement to debt securities and/or securities giving access to the equity securities to be issued, maintaining the preferential subscription right,
- Delegation of authority to the board of directors to issue, through an offering provided for by Article L. 411-2 1° of the French monetary and financial code, shares or other securities giving access to equity securities of the company to be issued, with cancellation of the shareholders' preferential subscription rights,
- Delegation of authority to increase the capital with cancellation of the preferential subscription right of shareholders for the benefit of participants of a company savings plan,
- Powers for formalities.

25.2 Draft resolutions

Ordinary resolutions:

RESOLUTION I – Approval of the separate parent company financial statements

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, after considering the reports of the board of directors and the Auditors for the period ended December 31, 2020, approve the annual financial statements as presented and adopted on this date, showing a loss of €757,925.21.

The shareholders also approve the transactions reflected in said financial statements or summarized in these reports.

In application of Article 223 *quater* of the French general tax code, they duly note that the loss includes €14,296 referred to in 4 of Article 39 of said code incurred for the period under review.

RESOLUTION TWO - Appropriation of earnings

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, on the proposal of the board of directors, decide to allocate the loss for the year as follows:

To "Retained earnings" accordingly increasing it to an accumulated deficit of €757,925,21.

In compliance with the disclosure requirement provided for by Article 243 *bis* of the French general tax code, readers are informed that no dividends have been paid out over the last three years.

RESOLUTION THREE – Approval of the consolidated financial statements

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, after considering the reports of the board of directors and the Auditors for the period ended December 31, 2020, approve the consolidated financial statements as presented and adopted on this date, showing a profit of €894,748.

The shareholders also approve the transactions reflected in said financial statements or summarized in these reports.

RESOLUTION FOUR- Special report of the board of directors on stock options

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, after considering the report of the Chair of the board of directors on stock options, approve as appropriate, said report.

RESOLUTION FIVE – Recognition of the expiration of the term of office of Mr. James Collins, candidate to his own succession and renewal of his office

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, duly note that Mr. James Collins' term of office expires at the end of this meeting. The shareholders thank him for his dedication over her term of office.

The shareholders decide to renew the office of Mr. James Collin for a term of 4 years.

RESOLUTION SIX - Approval of the principles of executive compensation for 2020

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, in accordance with the provisions of Articles L. 894 748 and L. 22-10-34 of the French Commercial Code and after considering the board of directors' report on total compensation and benefits of any nature attributable to the chairman-chief executive officer, approve said compensation paid for fiscal 2020 as presented in the management report included in the report on corporate governance in paragraph 5.6 and 9.5.

RESOLUTION SEVEN– Approval of the system for executive compensation for 2021

The shareholders, voting in accordance with quorum and majority rules for ordinary general meetings, in accordance with the provisions of Articles L. 22-10-8 and Article L. 22-10-34 of the French Commercial Code and after considering the board of directors' report on the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature granted to the chairman-chief executive officer and the deputy chief executive officer for their respective offices, approve the system of compensation established by the board of directors for 2021 as presented in the report on corporate governance in paragraph 5.6 and 9.6..

RESOLUTION EIGHT – Payment of compensation to members of the Board of Directors

The general meeting authorizes the payment of the compensation of the 3 non-employee directors decided by the twentieth resolution of the 2020 General Meeting, and maintains this amount as is.

RESOLUTION NINE – Powers for formalities

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.

Extraordinary resolutions:

RESOLUTION TEN – Delegation of authority to increase the capital with the shareholders' preferential subscription rights maintained

The shareholders, voting in accordance with quorum and majority rules for extraordinary general meetings, and after considering the board of directors' report and the auditors' special report and, after duly noting that the capital has been fully paid up, ruling in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code and notably Articles L. 225-129-2, L. 225-135, L. 225-136 2°, L. 228-92 and L. 22-10-49 et seq. of said code,

1. Delegate their authority to the board of directors to decide on increasing the capital, through one or more installments, in France or other countries, in amounts and at such times it chooses, either in euros or in another currency, or in any other monetary unit established by reference to several currencies, by issuing ordinary shares of the company or, in accordance with the provisions of Article L228-93 of the French Commercial Code, of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of the capital, whereby it is specified that the shares may be subscribed either through the payment of cash or by the offsetting of debt, and that any issue of preferred shares is excluded;

2. Decide to set the maximum nominal amount four capital increases that may be carried out at:

   1.5 million (1,500,000) euros, whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;

3. Set the duration of this delegation of authority at twenty six (26) months from this date;

4. Decide that the shareholders may exercise in accordance with the applicable laws and regulations, their preferential right to subscribe for ordinary shares or securities issued under this delegation of authority;

5. Decide that the board of directors may establish for the benefit of shareholders a right to apply for excess shares subject to reduction (*à titre réductible*) exercisable in proportion to their rights and within the limit of their demand;

6. Decide that if take-up for shares on the basis of irrevocable entitlement (*à titre irréductible*) with respect to exact rights and, when applicable, for excess shares subject to reduction (*à titre réductible*), should fail to account for the entire issue, in accordance with Article L225-134 of the French Commercial Code, the board of directors will have the possibility of making use of one of the following options, in the order it chooses:

   - Limit the number of securities issued to the number of applications received, provided that such applications are for at least three quarters of the intended amount,
   - Freely allocate all or part of the shares not taken up on the basis of irrevocable entitlement (*à titre irréductible*) with respect to exact rights and, when applicable, for excess shares subject to reduction (*à titre réductible*),
   - Offer all or part of the securities not taken up to the public,

7. Duly note that this decision automatically entails, in favor of the holders of securities giving access, immediately or in the future, to the equity securities of the company, waiver by the shareholders of their preferential right to subscribe for equity securities to which these securities shall give a right;

8. Resolve that the board of directors will possess all powers to implement this delegation of authority, which it may in turn delegate in accordance with applicable laws, for the purpose of notably:
   - Set the terms and conditions of the issue (in particular the issue price), subscription and payment of securities that will be issued by virtue of this delegation of authority;
   - At their sole discretion and if they so deems appropriate, charge issuance costs, duties and fees resulting from capital increases to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of the new share capital after each capital increase;
   - Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the Articles of association;
   - And generally, enter into all agreements, in particular to ensure completion of the proposed issues and accomplish all formalities required for the issuance, listing and servicing securities issued by virtue of this delegation of authority and for the exercise of the rights attached thereto;

9. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this delegation of authority;

10. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

RESOLUTION ELEVEN – Delegation of authority to increase the capital by issuing debt securities giving access to equity securities to be issued, maintaining the shareholders' preferential subscription right of shareholders

The shareholders, voting in accordance with quorum and majority rules for extraordinary general meetings, and after considering the board of directors' report and after duly noting that the capital has been fully paid up, ruling in accordance with provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, and notably Articles L. 225-129-2, and the provisions of Articles L. 228-91 *et seq*. and L. 22-10-49 *et seq*. of said code,

1. Delegate their authority to the board of directors to decide, through one or more installments, in France or other countries, in proportions and at such times of its choosing, either in euros or in another currency, or in any other monetary unit established by reference to several currencies, on the issuance of debt securities giving access to equity securities to be issued of the company, or, in accordance with the provisions of Article L228-93 of the French Commercial Code, of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of the capital, whereby it is specified that debt securities may be subscribed either through the payment of cash or by the offsetting of debt;

2. Resolve to set the total nominal amount of the capital increase that may result from debt securities giving access to equity securities to be issued by the company at:

   1.5 million (1,500,000) euros or an equivalent value in another currency, whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;;

3. Decide that to this maximum will be added, as applicable, the nominal amount of additional shares to be issued to preserve, in accordance with applicable legal or regulatory provisions as well as all contractual provisions, the rights of holders of bonds giving access to equity securities of the company to be issued;

4. Set the duration of this delegation of authority at twenty six (26) months from this date;

5. Decide that the shareholders may exercise in accordance with the applicable laws and regulations, their preferential right to subscribe for debt securities issued under this delegation of authority;

6. Decide that the board of directors may establish for the benefit of shareholders a right to apply for excess shares subject to reduction (*à titre réductible*) exercisable in proportion to their rights and within the limit of their demand;

7. Decide that if take-up for shares on the basis of irrevocable entitlement (*à titre irréductible*) with respect to exact rights and, when applicable, for excess shares subject to reduction (*à titre réductible*), should fail to account for the entire debt issue, in accordance with Article L225-134 of the French Commercial Code, the board of directors will have the possibility of using one of the following options, in the order of its choosing:

   - Freely allocate all or part of the debt securities not taken up on the basis of on the basis of exact rights *(à titre irréductible*) and, when applicable, for excess amounts subject to reduction (*à titre réductible)*,
   - Offer all or part of the debt securities not taken up to the public.

8. Duly note that this decision automatically entails, in favor of the holders of debt securities giving access, immediately or in the future, to the equity securities of the company to be issued, waiver by the shareholders of their preferential right to subscribe for equity securities to which these bonds shall give a right;

9. Resolve that the board of directors will possess all powers to implement this delegation of authority, which it may in turn delegate in accordance with applicable laws, for the purpose of notably:

   - Set the terms and conditions of the issue (in particular the issue price), subscription and payment of debt securities that will be issued by virtue of this delegation of authority;

- Decide, when proceeding with any debt issue, whether it shall be subordinated or not (and as applicable, its seniority in accordance with the provisions of Article L228-97 of the French Commercial Code), set its interest rate (in particular fixed, floating, zero-coupon or indexed interest rates), its term (fixed or perpetual) and other terms of its issuance (including whether to grant guarantees or sureties) and redemption (including repayment by delivery of assets of the Company); set the conditions according to which such debt securities shall give access to equity securities of the company to be issued and/or the allocation of debt securities; modify for the duration of the life of the securities in question, the procedures referred to above in compliance with applicable legal formalities;
- Set, as applicable, the procedures for exercising rights attached to the debt securities to be issued and, in particular establish the date of record from which the new shares will carry rights, as well as any other conditions and procedures for completing the issue;
- Suspend, as applicable, the rights attached to these bonds, in compliance with applicable laws and regulations;
- At its sole discretion if it so deems appropriate, charge issuance costs, duties and fees resulting from issuing securities to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of the new share capital after each capital increase;
- Make all adjustments required in accordance with applicable laws and regulations and establish the procedures for preserving, as applicable, the rights of holders of debt securities giving access to equity securities to be issued;
- Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the Articles of association;
- And generally, enter into all agreements, in particular to ensure completion of the proposed issues and accomplish all formalities required for the issuance, listing and servicing debt securities issued by virtue of this delegation of authority and for the exercise of the rights attached thereto;

10. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this delegation of authority;

11. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

RESOLUTION TWELVE - Delegation of authority to be given to the board of directors to increase the number of shares to be issued in the case of a capital increase by issuing ordinary shares and/or equity securities giving access to other equity securities or entitlement to debt securities and/or securities giving access to the equity securities to be issued, maintaining the shareholders' preferential subscription right

The shareholders, voting in accordance with quorum and majority rules for extraordinary general meetings and duly noting that the capital was fully paid up, after considering the board of directors' report and the auditors' special report, and in compliance with the provisions of Articles L. 225-135-1 of the French Commercial Code:

1. Delegate to the board of directors their authority, which it may in turn sub-delegate in accordance with applicable laws, in connection with issues that may be decided in application of the delegations of authority given to the board of directors under resolution ten and/or resolution eleven, to decide on increasing the number of securities to be issued, in the case of a capital increase through an issue of ordinary shares and/or securities in the form of equity securities giving access to other equity securities or entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued maintaining the preferential subscription right, at the same price adopted for the initial issue, in the event of excess demand, within the timetable and limits provided for by applicable regulations on the issue date (on this date, within 30 days from the closing of the subscription period and within the limit of 15% of the initial issue);

2. Set the duration of this authorization at twenty six (26) months from the date of this delegation of authority;

3. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

RESOLUTION THIRTEEN – Delegation of authority to be given to the board of directors to increase the share capital by issuing equity securities of the company suspending shareholders' preferential subscription rights by private placement as provided for under Article L. 411-2 1° of the French monetary and financial code

The shareholders, voting in accordance with quorum and majority rules for extraordinary general meetings, and after considering the board of directors' report and the auditors' special report, after duly noting that the capital has been fully paid up, ruling in accordance with provisions of Articles L. 225-129 to L. 225-129-6, L. 225-136, L. 228-91 *et seq*. and Articles L. 22-10-49 *et seq*. of the French Commercial Code,

1. Delegate to the board of directors their authority, for the purpose of, at its sole discretion, in one or more installments, in proportions and at such times of its choosing, in France or other countries, issuing, through an offering covered by Article L. 411-2 1° of the French monetary and financial code, of ordinary shares or securities giving access to equity securities of the company to be issued and/or of any company in which it directly or indirectly holds more than half of its capital, or securities giving an entitlement to the allocation of debt securities, either in euros or in another currency, or in any other monetary unit established by reference to several currencies, that may be subscribed by payment in cash or by the offsetting of debt, conversion, exchange, redemption, presentation of a warrant or any other means;

2. Resolve that the delegation to be granted shall exclude any issues of preferred shares or securities giving access to preferred shares.

3. Resolve to set as follows the limits of issues that may be carried out by virtue of this delegation of authority:

   - The maximum nominal amount of capital increases that may be carried out of immediately or in the future by virtue of said delegation of authority is set at 20 % of the company's share capital, whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;
   - To this amount will be added, as applicable, a nominal amount of additional shares to be issued to preserve, in accordance with applicable legal or regulatory provisions as well as all contractual provisions, the rights of holders of securities giving access to equity securities of the company to be issued;
   - The total amount of equity securities that may be issued under this delegation of authority may not exceed 20 % of the share capital per year;

4. Decide that for each of the issues decided in application of this resolution, the number of shares to be issued may be increased in accordance with the provisions provided for by Article L225-135-1 of the French Commercial Code, if the board of directors notes excess demand, this increase in the number of shares to be issued may not however exceed 15% of the amount of the initial issue;

5. Decide that, in the event of insufficient demand, the board of directors may use, in the order it shall determine, the options offered by 1° and 2° of Article L225-134 of the French Commercial Code;

6. Duly note that this delegation of authority automatically entails waiver for the benefit of holders of securities issued by shareholders of their preferential subscription right to the securities thus issued to which these securities will give access immediately or in the future;

7. Decide to cancel the preferential subscription right of shareholders to securities covered by this proposal for the benefit of the persons provided for by Article L. 411-2 1° of the French monetary and financial code,

8. Decide, in accordance with the provisions of Articles L. 225-136 and L. 22-10-52 of the French Commercial Code that:

   - The issue price of the shares that will be issued by virtue of this delegation of authority shall be set by the board of directors and at least equal to the nominal value of such shares on the issue date and decide furthermore that the price will be set in consideration of market opportunities and shall not be less than the average trading price of the share calculated over a period of three (3) trading days preceding the price-fixing date minus a discount of five percent (5%) in compliance with Article L. 22-10-52 and Article R. 22-10-32 of the French Commercial Code;
   - The issue price of securities giving access to equity securities to be issued by virtue of this delegation of authority will be such that the amount immediately received by the company, increased, as applicable, by amounts it may subsequently receive, will be for each share issued as a result of the securities, at least equal to the minimum price as defined in the above paragraph;

9. Set the period of validity of this delegation of authority at eighteen months (18) from this date;

10. Decide that the board of directors shall possess all authority according to the conditions provided for by law which it may further delegate in accordance with the law to implement this delegation of authority, notably in order to:

    - Set the terms and conditions of the issue, subscription and payment of securities that will be issued by virtue of this delegation of authority;
    - Set, as applicable, the procedures for exercising rights attached to the securities issued or to be issued and, in particular establish the date of record from which the new shares will carry rights, as well as any other conditions and procedures for completing the issue;
    - Suspend, as the case may be, the exercise of rights attached to the shares thus issued for a maximum period of three months;
    - Make all adjustments required, in accordance with applicable laws, and establish the procedures for preserving, as applicable, the rights of holders of securities giving future access to equity securities to be issued;
    - Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the Articles of association;
    - In general, conclude all agreements, undertake all measures and formalities useful for the issue of equity securities under this delegation of authority as well as the exercise of the corresponding rights.

11. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this resolution.

12. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

RESOLUTION FOURTEEN – Delegation of authority to be given to the board of directors to increase the capital with cancellation of the preferential subscription right of shareholders for the benefit of participants of a company savings plan

The shareholders, voting in accordance with quorum and majority rules for extraordinary general meetings, and after considering the board of directors' report and the Auditors' report in accordance with Articles L.225-129-6 and L.225-138-1 of the French Commercial Code and Articles L.3332-1 *et seq*. of the French Labor Code:

1. Delegate their authority to the board of directors to increase the capital, in one or more installments, by a maximum nominal amount equivalent to 1% of the share capital by issuing shares or any other equity securities reserved for participants of one or more company savings plans (or another plan for which under Article L 3332-18 of the French labor code a capital increase may be reserved for participants under equivalent conditions), implemented by the company or within the group formed by the company and companies included in the same consolidation scope or combined accounts in application of the provisions of Article L3344-1 of the French labor code (hereafter "Company Savings Plan Participants");

2. Decide that the subscription price of one share or any other equity security that will be issued by virtue of this delegation of authority will be determined by the board of directors in accordance with the provisions of Articles L3332-18 *et seq*. of the French labor code;

3. Decide to cancel the preferential subscription right granted to shareholders by Article L225-132 of the French Commercial Code and reserve subscription to the securities that will be issued by virtue of this delegation of authority to Company Savings Plan Participants;

4. Decide to set the duration of this authorization at twenty six (26) months from the date of this delegation of authority;

5. Decide that the board of directors will be vested with all powers to implement this delegation of authority and, and notably, set the terms and conditions for the issues that will be carried out by virtue of this delegation of authority, record of the completion of the capital increase(s) carried out in execution of this delegation of authority, modify the Articles of association in consequence, and in general, do all that is required;

6. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the use made of this delegation of authority.

RESOLUTION FIFTEEN – Powers for formalities

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.

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