EDIFY
Investment Partner

Financial Report

2020

Edify in 2020: Resilient despite the pandemic

PAUL GEORGES DESPATURE,
Chairman of the Board of Directors.

2020 ended on a positive note for Edify, following the deep anxieties caused by the pandemic. Remember March 2020 – France was under lockdown, businesses were shut, the economy was at a standstill. This feeling of complete shock was followed by a rapid response – keeping employees safe, introducing protective measures, and focusing on our equity interests' cash positions to ensure they could manage for as long as required.

As a result, Edify recorded an 11% decline in its consolidated sales to the end of June and a 40% fall in EBITDA.

The efforts made by all the companies in the portfolio to adapt to this new state of affairs and the improvement in the health situation over the second half ultimately enabled us to end the financial year with a slight increase in EBITDA.

Better still – all our companies posted growth over the second half-year, with the exception of Thermo-Technologies, a percentage of whose business depends on the car and aviation industries. They all demonstrated that they are Covid-proof.

Investments were controlled, cash and cash equivalents received particular attention, and there was a significant fall in WCR. This resulted in a reduction of €30 million in the Net Financial Debt of our equity interests. All our companies generated positive free cash flow.

Our businesses sought extensive support from the Edify team, which was also active in identifying build-up and new acquisition opportunities. It focused on the acquisition of Ligier, in which we have held a 31.5% stake since 2016. Ligier generates sales of €160 million on the licence-free mobility and local delivery service markets. Changes in behaviour in relation to mobility offer genuine development opportunities to this great mid-cap. With this investment, Edify's industrial credentials will be put into practice in full.

Lastly, on 8 October Edify launched a public offer to buy back its own shares. At the time the Edify share was listed at €49. The proposed price of €70 enabled shareholders who so wished to capitalise on the value created by Edify since December 2014, the date of its creation. The transaction proved popular and the share was delisted from the official list of the Luxembourg Stock Exchange on 27 November 2020.

I would like to thank the Edify team, our company leaders and their teams for the commitment and agility they have shown over the course of this unprecedented year.

We would all like to return to normal and get back to work. Unfortunately, in early 2021 we remain subject to restrictions as a result of the ongoing pandemic, with the prospect of having to "live with it" for a long time to come.

And yet, the strength of private companies lies in their ability to act, adapt and continue to move forward irrespective of the challenges they face in their environment. We are confident in our future.

EDIFY – INVESTMENT PARTNER
Edify is an industrial holding company that invests in mid-caps in order to expand them and support them over the long-term.

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Shareholder relations

CAPITAL

Edify S.A.'s (hereinafter Edify) capital amounted to €4,860,000 at 31 December 2020, divided into 4,860,000 fully paid-up shares with a par value of €1 each, all in the same class.
At 31 December 2020, the Company had issued 498,083 profit units for a total amount of €5,253,634.56.
The Company has not issued any marketable securities granting access to the capital.

LISTING

The Edify shares were listed and traded on the Euro MTF market of the Luxembourg stock market between 19 December 2014 (opening share price of €50) and until 27 November 2020, the date of the delisting.
Edify implemented an issuer bid in October 2020 (see "Highlights of the year", page 9) and the shares were bought back at a price of €70 each, representing a 43% premium to the last trading price.
Over the period the share was listed, the average share price was €47.47 and the last trading price was €47.

2021 FINANCIAL CALENDAR

25 March	Publication of 2020 annual results
17 May	Annual General Meeting
20 May	Publication of first quarter 2021 sales
23 September	Publication of 2021 half-year results
25 November	Publication of third quarter 2021 sales

Organisation

BOARD OF DIRECTORS

Chairman
PAUL GEORGES DESPATURE

Vice-Chairman
WILFRID LE NAOUR

Members of the Board of Directors
VICTOR DESPATURE
FRÉDÉRIC GENET
AGNÈS LARUELLE
LUIS MARINI-PORTUGAL

AUDIT COMMITTEE

Chairman
VICTOR DESPATURE

Member
AGNÈS LARUELLE

REMUNERATION COMMITTEE

Chairman
PAUL GEORGES DESPATURE

Members
FRÉDÉRIC GENET
WILFRID LE NAOUR

INVESTMENT COMMITTEE

Chairman
WILFRID LE NAOUR

Members
JEAN GUILLAUME DESPATURE
ANTHONY STAHL

APPROVED STATUTORY AUDITOR

ERNST & YOUNG S.A.

Left to right:

WILFRID LE NAOUR,
Vice-Chairman of the Board of Directors of Edify and former CEO of Somfy.

FRÉDÉRIC GENET,
Former Chief Executive Officer of Société Générale Bank & Trust Luxembourg.

AGNÈS LARUELLE,
Member of the Executive Committee of MDO Management Company S.A. and former Managing Director of MDO Services S.A.

PAUL GEORGES DESPATURE,
Chairman of the Board of Directors of Edify. Former Chairman of the Management Board of Somfy and Chairman of the Supervisory Board of Damartex.

VICTOR DESPATURE,
Member of the Supervisory Board of Somfy and Chairman of MCSA Group.

LUIS MARINI-PORTUGAL,
Former member of the Executive Board of Eurazeo.

CONTACTS

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Overview of the consolidated financial satements

Overview of the consolidated financial statements

€ millions	FY 2020	FY 2019
Net asset value at 31 December	444.5	438.7
Consolidated sales	558.4	583.6
Consolidated EBITDA	60.6	60.0
Consolidated current operating profit	35.0	35.8
Consolidated operating profit	23.5	24.1
Consolidated net profit	9.6	12.1
Consolidated operating cash flow	46.4	44.2
Consolidated Net Financial Debt at 31 December*	79.6	89.6
Edify S.A. Net Financial Debt at 31 December	29.2	13.5
Edify S.A. confirmed credit facilities at 31 December**	162.0	180.0

* Net Financial Debt including earn-out liability and deferred settlements.
** Prior to the acquisition of Ligier in February 2021 (see “Post-balance sheet event” below).

Board of Directors' Management Report

Board of Directors' Management Report

TO THE ANNUAL GENERAL MEETING OF 17 MAY 2021

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Board of Directors has convened you here in order to report on the management of your Company and the companies in its portfolio and to submit for your approval the financial statements for the year ended 31 December 2020.

Edify is an industrial holding company that invests in mid-caps in order to expand them and support them over the long-term.

Its portfolio is comprised of majority and minority shareholdings in French, Spanish and Swiss industrial medium-sized businesses and SMEs, namely **Zurflüh-Feller** (accessories and systems for roller shutters and industrial closing mechanisms), **Sirem** (motorised solutions for swimming pool covers, milk tank agitators and aqua fitness equipment), **Pellenc** (portable power tools and machinery for winegrowing, olive growing and green spaces), **Usines Métallurgiques de Vallorbe** (files and precision tools for the jewellery, watchmaking, forestry, automotive and aeronautics industries), **de Buyer** (items and utensils for cookery and patisserie), **Thermo-Technologies** (high-tech wires and surface coating with precious metals using chemical or electrolytic processes), **Gaviota-Simbac** (components and motors for awnings and roller shutters), **Ligier Group** (microcars for unlicensed drivers), and **Lacroix Emballages** (packaging for solid dairy products).

Highlights of the year

DISCONTINUATION OF THE PLANNED ACQUISITION OF A CONTROLLING INTEREST IN FISK ALLOY INC. BY THERMO-TECHNOLOGIES

On 25 February 2020, Edify announced that Thermo-Technologies Group had concluded a draft agreement to acquire the entire share capital of the US company Fisk Alloy Inc. In April 2020, given the pandemic, the parties have jointly agreed not to proceed with the project.

ACQUISITION OF MOSSBACH BY PELLENC

On 30 June 2020, Pellenc acquired the farming and winegrowing equipment dealer Mossbach for €3 million.

PUBLIC OFFER TO BUY BACK THE SHARES FOLLOWED BY DELISTING

On 8 October 2020, Edify launched an issuer bid for up to 309,357 of its shares, representing 6.37% of its capital, at a price of €70 per share. The transaction offered minority shareholders liquidity that was then not available to them and enabled them to sell their shares at a price representing a premium of 43% compared with the last market price.

The bid closed on 12 November 2020 and a total of 123,636 shares were tendered during the acceptance period.
The withdrawal of Edify shares from the Euro MTF market of the Luxembourg Stock Exchange took effect on 27 November 2020. The decision to delist is based on the low volume of shares traded, resulting from a very small free float, and the fact that there are no plans to raise finance from the markets in the short to medium term.

For an additional period of six months from 27 November 2020, the date of the delisting, Edify is committed to buying over the counter the shares held by minority shareholders who did not participate in the offer and who wish to sell their shares. The proposed price will remain at €70 share.

IMPACT OF THE COVID-19 PANDEMIC

Over the past year, the companies have adapted in order to ensure the health and safety of their employees, whilst continuing their activities. Government support (furlough schemes and State Guaranteed Loans) have helped to limit the financial impacts and to secure the equity interests' cash positions.

Faced with this unprecedented health crisis, all the companies have shown agility and responsiveness in decision making, enabling a number of them to record historically high results.
Due to its exposure to the car and aviation Thermo-Technologies will remain impacted by the current situation over the long-term. Pellenc recorded stable sales in 2020.

Net Asset Value of Edify's portfolio

METHODOLOGY

Edify's Net Asset Value is the sum of:

- The cash held by the Edify holding company, less its financial commitments,
- The financial assets held by Edify, revalued at fair value in accordance with the methods set out below:

1. BONDS RECEIVABLE
Financial assets defined as bond receivables are valued at their face value, including capitalised interest.

2. NON-CONSOLIDATED EQUITY SECURITIES
Book value was used in the case of non-consolidated companies unless a reliable and recent valuation can be obtained.

3. CONSOLIDATED EQUITY SECURITIES
In the case of equity securities that are fully consolidated, or consolidated on a proportional basis or via the equity method, the valuation methods selected were as follows:

Shares in unlisted companies
The enterprise value for each equity interest is measured via the usual methods, namely:

- **The stock market comparable multiple method**
  A sample of comparable companies, which consists of listed companies in the same business sector as the companies to be valued, and for which analysts publish research and estimates on a regular basis, is determined for each company to be valued. This sample is stable over time, and is only adjusted in the event that a comparable is no longer relevant. The multiples for the companies in the sample are calculated based on (i) the average market capitalisation for the 20 last trading sessions prior to the valuation, (ii) net debt according to the last published financial statements, and (iii) the EBITDA and EBITA (Current Operating Profit before amortisation of the intangible assets allocated at the time of acquisitions) estimated at the valuation date by analysts for the current year and the next two years resulting from the most recent analyst consensus at the assessment date. A discount may be applied to some multiples, in order to take account of the smaller size of the company that is being valued compared with the companies in the sample. The average EBITDA and EBITA multiples for companies in the sample that display similar growth prospects to the ones for the company to be valued are applied to that company's recurring EBITDA and EBITA for the current year and the next two years. The enterprise value selected is calculated by determining an average for the valuations obtained by applying these multiples to the aggregate amount of the equity interests.

- **The discounted cash flow method (DCF)**
  This method consists in determining the present value of the cash flows that a company will generate in the future. The forecast cash flows, which are determined together with the management of the company concerned, include a critical analysis of these companies' business plans. The discount rate used corresponds to the weighted average cost of capital and reflects the expected return on invested capital (equity and liabilities necessary to finance operations) taking account of comparables (sector, size, country exposure) similar to the sample used to calculate the multiples. Where comparable companies are not considered sufficiently representative of the company being valued, this rate may be adjusted to reflect the operational and financial risks facing the company. Furthermore, the forecast cash flows correspond to those that are used for impairment tests.

- **The transaction multiples method**
  Transaction multiples can be used when a transaction involves a company whose profile and activity are similar to those of the shareholding subject to the valuation.

Choice of method
Where the company being valued has reached maturity on its market, the enterprise value is calculated by averaging the value obtained using the comparable market capitalisation method and the value obtained via the discounted cash flow method, while ensuring the consistency of the values obtained via both methods.
For investments operating in specific niches where a relevant list of comparable listed companies cannot be drawn up, and for those in turnaround situations, enterprise value is calculated using the DCF method.
This multi-criterion analysis enables Edify to take the intrinsic growth of its equity interests, and its medium-term investment approach into account.
The enterprise value calculated in this way is decreased or increased by non-operating assets and liabilities, which are valued at their net book value or at their market value, if that value can be determined on a reliable basis, and including net financial debt, which provides an adjusted value for a 100% interest. Financial debt is valued at its face value, plus any accrued interest. The value of the interest in the Net Asset Value is obtained by applying the percentage interest held by Edify at the valuation date. A minority discount may be applied in the case of some equity interests that do not provide control and/or in the case of reduced control.

When a disposal is being considered, the transaction multiples valuation method can be used when high quality information with sufficient detail on the transaction is available. Where applicable, the multiple used to value the shareholding is an average of the enterprise value calculated based on the multiple derived from stock market comparables, DCFs and the transaction multiple.

Shares in listed companies
The shares are valued by using the average closing price for the last 20 trading sessions prior to the valuation.

New investments
New investments, whether listed or unlisted subsidiaries and shareholdings, are measured at cost for the first 12 months following acquisition, unless market conditions or any other factors intrinsic to the company being valued are likely to materially affect its value at the date of first measurement. Following their acquisition, the subsidiaries prepare consolidated annual financial statements, which are certified by external auditors, and update their business plans and results forecasts for the financial year following the date of their acquisition.
The methodology set out above complies with the "International Private Equity and Venture Capital Valuation Guidelines" ("IPEV"), which are approved by the main professional private equity organisations throughout the world.

VALUATION OF EDIFY'S PORTFOLIO

The Net Asset Value[1] (NAV) of Edify was €444.5 million at the end of December 2020, representing €91.46 per share, before taking the holding company discount into account, and an increase of 1.3% compared with 2019. This slight growth reflects the shareholdings' resilience in the face of the pandemic and, in the same way, the strength of the portfolio.

Overview of the consolidated financial statements

ACCOUNTING PERIOD

The financial year covers 12 calendar months.

PARENT COMPANY DATA

Edify's operating loss amounted to €6 million at 31 December 2020 and primarily consisted of operating expenses. Edify S.A. posted a net financial expense of €12 million, affected by the provision for impairment of Thermo-Technologies shares. The net loss was €18.5 K.

1. The published Net Asset Value does not take into account the holding company discount.

CONSOLIDATED DATA

SALES
Following a first half of 2020 impacted by the pandemic, most of the companies returned to growth during the second quarter (up 3.2%): Gaviota-Simbac, de Buyer, Usines Métallurgiques de Vallorbe, Sirem and Zurflüh-Feller all recorded strong growth in sales over this half-year (between 8% and 20% growth). Edify's cumulative consolidated sales to the end of December totalled €558.4 million, a decline of 4.3% at actual scope and 4.0% at constant scope.
This was mainly due to Thermo-Technologies, which saw its sales decrease by approximately 11% as a result of its exposure to the aeronautical and automotive sectors that are impacted by the pandemic. Pellenc recorded stable sales.

NET PROFIT
Consolidated EBITDA grew slightly over the financial year to €60.6 million.
This performance was primarily related to the measures taken by the various companies within the context of the pandemic (adjustment of overhead costs) and measures introduced by the public authorities (furlough schemes). The savings made enabled the companies in the portfolio to offset some or all of the costs and shortfalls caused by production stoppages. Some of them (de Buyer, Gaviota and Pellenc) achieved better results than in 2019. Consolidated net profit stood at €9.6 million. It was particularly impacted by a net financial expense of €6.6 million, due to the cost of debt and unfavourable exchange rate movements. This represented a decline of 20.7% compared with 2019.

FINANCIAL POSITION
Consolidated net financial debt was reduced from €89.6 to €79.6 million over the financial year although the buyback by the Group of its own shares completed during the fourth quarter led to a cash outflow of €9.5 million. Cash flow and working capital requirements holding up well, coupled with more subdued investment programmes, led to significant debt reduction for the entities. Thanks to its financial resources and approximately €162 million in available cash (before the Ligier acquisition in early 2021), Edify continues to actively seek out other companies with strong development ambitions.

Post-balance sheet event

ACQUISITION OF MAJORITY CONTROL OF LIGIER
On 17 February 2021, Edify acquired 58% of the share capital of Ligier Group (a specialist in licence-free mobility and local delivery services) alongside its Chairman and CEO, François Ligier, bringing the Group's percentage ownership to 89.42%. Through this acquisition, Edify invested an additional amount of approximately €32 million.
A minority shareholder in Ligier since the summer of 2016,

Edify is therefore fully aware of the quality of its business model, management and teams.
Ligier is a medium-sized company with sales of approximately €160 million, actively engaged in the transformation of its markets, namely licence-free mobility and local delivery services. The electrification of vehicle fleets, the upcoming regulatory changes relating to internal combustion engines, as well as changing mobility behaviour all combine to open a new phase rich in opportunities and transformative for the company.

Information on research and development activities

"Research and Development" is a major factor for growth and development through innovation. Most of the companies in Edify's portfolio have an active innovation policy.

Information regarding financial risks

Edify has carried out a review of the financial risks that could have a material impact on its operations, financial position or financial performance (or its ability to achieve its objectives) and considers that there are no material risks other than those set out below:

• **Risk relating to the valuation of assets:**
Edify's assets mainly consist of unlisted investments over which Edify has control or significant influence. The value of these investments notably depends on the following:
– their financial performance,
– their growth and profitability outlook,
– their ability to properly understand the risks inherent in their business (environmental, industrial, etc.),
– developments in equity markets (since the valuation of unlisted assets depends on market parameters).
Growth in the value of these assets depends on the capacity of Edify's investment teams to select, purchase, support and resell companies able to grow within their sectors. In making its planned investments, Edify draws on the expertise of its own investment teams and of independent firms (for due diligence notably in the areas of strategy, finance, legal, tax, the environment, etc.).
Regular meetings are held with each investee company's management team – either in the form of reporting meetings or as part of meetings of the company's governing bodies – to monitor and analyse the company's operating and financial performance, the execution of its strategic plan and any risks to which it might be exposed.
More generally, Edify's investment strategy seeks to diversify investments by sector to limit the influence of market volatility. The main equity interests supply products to operators in sectors as varied as winegrowing, the maintenance of green spaces, (residential and commercial), the forestry industry, the aeronautics industry and the car industry.
Furthermore, the long-term nature of Edify's investments limits forced sales.
Nevertheless, there is always a risk that investees' financial performance might not meet Edify's expectations and that this could translate into a decline in their valuation.

• **Liquidity risk:**
Edify's cash requirements depend on its investments, debt servicing costs and operating costs. These requirements are met from the following:
– cash and short-term financial investments,
– asset rotation: unlisted equity interests are less liquid than listed assets by nature,
– bank financing and bond issues: the associated agreements include covenants, details of which are given in the financial appendix. At 31 December 2020, all these covenants had been observed and the Group's outlook suggests no specific risk,
– dividends received from subsidiaries and investments.

Edify finances some of its acquisition transactions partly via debt (i.e. leverage). As part of this type of transaction, Edify usually acquires the target equity interest via a dedicated holding company, which is partly financed by debt, most often bank debt. The availability and cost of bank or similar financing vary over time. The unavailability or excessive cost of this financing could temporarily make leveraged transactions impossible or unattractive.
The sources of funding used by Edify and the equity interests may include mutual covenants and default clauses. At 31 December 2020, with the exception of Thermo-Technologies, all investees were in compliance with their covenants. In anticipation of a breach of its covenants, Thermo-Technologies negotiated a waiver with its banks. Companies regularly report their debt and cash positions to Edify. Bank covenants are forecast both for the coming year and over the duration of the business plan. These forecasts are updated annually and whenever an event occurs that could have a significant impact on covenants. These covenant forecasts and calculations are regularly reviewed by Edify.

• **Interest rate risk:**
The €50 million Euro PP issued by Edify bears a fixed interest rate of 3.75%. The majority of other Group borrowings bear a variable rate, a portion of which is hedged by swaps.

• **Credit risk:**
Each investee has its own policy in place for monitoring customer credit risk. An impairment loss is recognised against any receivable at risk of non-recovery.
Credit risk on trade receivables at the balance sheet date was not material given customers' location (mainly France and Europe) and the Group's diversification by sector.

The Group monitored this risk more closely in 2020 in light of the COVID-19 crisis, paying particular attention to expected credit losses. No material impact on impairment of trade receivables was recognised at 31 December.

• Foreign exchange risk:
Since Edify's investees conduct some of their business abroad, some of their earnings are in currencies other than the Euro. For their foreign subsidiaries, income and costs are expressed in local currency.
Since the financial statements are presented in Euro, Edify has to convert income and expenses denominated in other currencies into Euro when preparing the financial statements. Currencies are converted using the average rate over the period in question. This means fluctuations in the value of the Euro relative to other currencies can affect amounts stated in the relevant items of the consolidated financial statements, even if their value remains unchanged in their original currency.
This foreign exchange risk, arising on consolidation of the financial statements of entities with a functional currency other than Euro, only affects 18% of Edify's sales:
– 7% of sales are derived from entities whose functional currency is the US dollar;
– 6% of sales are derived from entities whose functional currency is the Swiss franc.

• Raw material and price risk:
The main equity investments concerned by the risks on raw materials and prices are those which use materials subject to price fluctuations in their manufacturing process (primarily gold, silver, copper and steel). The purchase costs of these materials can fluctuate significantly. The risk therefore lies in the ability of these equity investments to pass on these variations in selling prices.

Information on the buyback of own shares

Until the delisting, Edify held own shares with a view to ensuring an active market in its shares via an investment service provider under the terms of a liquidity agreement. Further to the issuer bid for its shares and the liquidity mechanism put in place since the delisting, Edify has acquired 133,711 shares.
Edify held 137,788 of its own shares at the end of the financial year, representing 2.84% of its share capital and a total value of €9.6 million.

Existence of branches

EDIFY S.A. has a Swiss branch in Geneva called EDIFY S.A. Luxembourg, Grand-Saconnex branch.

Potential future development

Edify's priorities are to support existing portfolio companies with their transformation and development, and to enhance the portfolio by making selective disposals while exploring investment opportunities of growing significance. Edify's financial capabilities enable it to continue its investments and consider more significant acquisitions.

Allocation of net profit

The Board of Directors is proposing to carry forward the net loss for the financial year ended 31 December 2020, which amounted to €18,524,079.76, as a deduction to retained earnings.

Consolidated financial statements

Consolidated financial statements

Consolidated Income Statement for the year ended 31 December 2020

(€K)	Notes	31/12/20	31/12/19
Sales	NOTE 3	558,436	583,607
Other operating income	NOTE 3	13,648	9,668
Cost of sales		-269,759	-278,009
Employee costs		-169,113	-174,123
External costs		-72,608	-81,159
EBITDA		**60,604**	**59,984**
Amortisation and depreciation charges	NOTE 4	-22,651	-21,087
Charges to current provisions		62	-158
EBITA		**38,015**	**38,739**
Amortisation of allocated intangible assets	NOTE 4	-2,986	-2,985
CURRENT OPERATING PROFIT		**35,029**	**35,754**
Other non-current operating income and expenses	NOTE 3	-2,906	-2,434
Gains and losses on disposal of non-current operating assets		-243	86
Goodwill impairment	NOTE 4	-8,353	-9,321
OPERATING PROFIT		**23,527**	**24,084**
Financial income from investments		*945*	*933*
Financial expenses related to borrowings		*-5,536*	*-5,126*
Cost of net financial debt		-4,591	-4,193
Other financial income and expenses		-1,977	2,426
NET FINANCIAL INCOME/(EXPENSE)	**NOTE 6**	**-6,568**	**-1,767**
PROFIT BEFORE TAX		**16,959**	**22,318**
Income tax	NOTE 10	-9,371	-12,261
Share of profit/(loss) from associates	NOTE 12	2,042	2,087
CONSOLIDATED NET PROFIT		**9,630**	**12,144**
Attributable to Group		9,032	11,977
Attributable to non-controlling interests		599	167

Consolidated Balance Sheet – Assets at 31 December 2020

(€K)	Notes	31/12/20	31/12/19
Non-current assets			
Goodwill	NOTE 4	11,634	20,046
Net intangible assets	NOTE 4	42,107	45,311
Net property, plant and equipment	NOTE 4	142,343	141,937
Investments in associates	NOTE 12	16,307	14,323
Financial assets	NOTE 6	22,659	20,705
Other receivables		738	571
Deferred tax assets	NOTE 10	9,458	12,599
Employee obligations	NOTE 9	-	-
TOTAL NON-CURRENT ASSETS		**245,245**	**255,493**
Current assets			
Inventories	NOTE 3	160,359	166,155
Trade receivables	NOTE 3	88,600	100,948
Other receivables	NOTE 3	12,159	15,148
Current tax assets		10,622	8,360
Financial assets	NOTE 6	8,736	510
Cash and cash equivalents	NOTE 6	253,479	116,300
TOTAL CURRENT ASSETS		**533,955**	**407,420**
TOTAL ASSETS		**779,200**	**662,913**

Consolidated Balance Sheet – Equity and Liabilities at 31 December 2020

(€ K)	Notes	31/12/20	31/12/19
Shareholders' equity			
Share capital		4,860	4,860
Share premium		242,803	242,803
Other reserves		48,101	37,885
Net profit for the period		9,032	11,977
GROUP SHARE		**304,796**	**297,525**
Non-controlling interests		22,051	23,502
TOTAL SHAREHOLDERS' EQUITY	**NOTE 5**	**326,847**	**321,027**
Non-current liabilities			
Non-current provisions	NOTE 8	3,293	3,577
Other financial liabilities	NOTE 6	148,180	155,776
Other liabilities		56	56
Employee obligations	NOTE 9	10,906	10,786
Deferred tax liabilities	NOTE 10	11,279	14,213
TOTAL NON-CURRENT LIABILITIES		**173,713**	**184,408**
Current liabilities			
Current provisions	NOTE 8	2,598	3,074
Other financial liabilities	NOTE 6	185,977	50,290
Trade payables	NOTE 3	48,513	57,966
Other liabilities	NOTE 3	39,141	41,721
Tax liability		2,411	4,427
TOTAL CURRENT LIABILITIES		**278,640**	**157,478**
TOTAL EQUITY & LIABILITIES		**779,200**	**662,913**

Consolidated Cash Flow Statement

(€K)	Notes	31/12/20	31/12/19
Consolidated net profit		**9,630**	**12,144**
Amortisation and depreciation charges on assets (excluding current assets)		32,450	38,615
Charges to/reversals of provisions for liabilities		-246	-165
Unrealised gains and losses related to fair value movements		-44	-15
Unrealised foreign exchange gains and losses		1,256	-223
Expenses related to stock options and employee benefits		544	-986
Depreciation, amortisation, provisions and other non-cash items		**33,960**	**37,226**
Profit on disposal of assets and other		4,812	-1,621
Share of profit/(loss) from associates		-2,042	-2,087
Deferred tax expense		77	-1,481
Operating cash flow		**46,437**	**44,180**
Cost of net financial debt (excluding non-cash items)		4,611	4,208
Dividends from non-consolidated companies		-43	-25
Tax expense (excluding deferred tax)		9,502	13,689
Change in Working Capital Requirements	NOTE 7	5,652	-15,410
Tax paid		-13,802	-10,005
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**52,357**	**36,637**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment		-20,676	-32,868
– non-current financial assets		-13,467	-3,708
Disposal-related proceeds:			
– intangible assets and property, plant and equipment		699	449
– non-current financial assets		805	5,574
Change in current financial assets		-783	1,501
Acquisition of companies, net of cash acquired		-2,499	-587
Disposal of companies, net of cash disposed of		233	-2,228
Dividends paid by associates		50	29
Dividends paid by non-consolidated companies		1,039	25
Interest received		396	511
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)		**-34,203**	**-31,300**
Increase in loans		141,605	21,679
Reimbursement of loans		-21,510	-31,596
Net increase in shareholders' equity of subsidiaries		-140	210
Dividends and interim dividends paid		-768	-1,082
Interest paid		-5,479	-5,124
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		**113,708**	**-15,914**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		-818	36
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**131,044**	**-10,541**
Cash and cash equivalents at the start of the period	NOTE 7	**100,589**	**111,130**
Cash and cash equivalents at the end of the period	NOTE 7	**231,633**	**100,589**

General information

Edify S.A. (hereinafter Edify) is an industrial holding company, which was incorporated in the form of a Limited Company with an indefinite term in Luxembourg on 16 September 2014 pursuant to the laws of the Grand Duchy of Luxembourg. The Company has its registered office at 6, boulevard d'Avranches, L-1160 Luxembourg.

It is registered on the Luxembourg Trade and Companies Register under No. B190500.

Its portfolio is comprised of majority and minority shareholdings in French, Spanish and Swiss industrial medium-sized businesses and SMEs, namely **Zurflüh-Feller** (accessories and systems for roller shutters and industrial closing mechanisms), **Sirem** (motorised solutions for swimming pool covers, milk tank agitators and aqua fitness equipment), **Pellenc** (portable power tools and machinery for winegrowing, olive growing and green spaces), **Usines Métallurgiques de Vallorbe** (files and precision tools for the jewellery, watchmaking, forestry, automotive and aeronautics industries), **de Buyer** (items and utensils for cookery and patisserie), **Thermo-Technologies** (high-tech wires and surface coating with precious metals using chemical or electrolytic processes), **Gaviota-Simbac** (components and motors for awnings and roller shutters), **Ligier Group** (microcars for unlicensed drivers), and **Lacroix Emballages** (packaging for solid dairy products).

Highlights of the year

DISCONTINUATION OF THE PLANNED ACQUISITION OF A CONTROLLING INTEREST IN FISK ALLOY INC. BY THERMO-TECHNOLOGIES

On 25 February 2020, Edify announced that Thermo-Technologies Group had concluded a draft agreement to acquire the entire share capital of the US company Fisk Alloy Inc. In April 2020, given the pandemic, the parties have jointly agreed not to proceed with the project.

ACQUISITION OF MOSSBACH BY PELLENC

On 30 June 2020, Pellenc acquired the farming and winegrowing equipment dealer Mossbach for €3 million.

PUBLIC OFFER TO BUY BACK THE SHARES FOLLOWED BY DELISTING

On 8 October 2020, Edify launched an issuer bid for up to 309,357 of its shares, representing 6.37% of its capital, at a price of €70 per share. The transaction offered minority shareholders liquidity that was then not available to them and enabled them to sell their shares at a price representing a premium of 43% compared with the last market price.
The bid closed on 12 November 2020 and a total of 123,636 shares were tendered during the acceptance period.
The withdrawal of Edify shares from the Euro MTF market of the Luxembourg Stock Exchange took effect on 27 November 2020. The decision to delist is based on the low volume of shares traded, resulting from a very small free float, and the fact that there are no plans to raise finance from the markets in the short to medium term.
For an additional period of six months from 27 November 2020, the date of the delisting, Edify is committed to buying over the counter the shares held by minority shareholders who did not participate in the offer and who wish to sell their shares. The proposed price will remain at €70 share.

IMPACT OF THE COVID-19 PANDEMIC

Over the past year, the companies have adapted in order to ensure the health and safety of their employees, whilst continuing their activities. Government support (furlough schemes and State Guaranteed Loans) have helped to limit the financial impacts and to secure the equity interests' liquid assets.
Faced with this unprecedented health crisis, all the companies have shown agility and responsiveness in decision making, enabling a number of them to record historically high results.
Due to its exposure to the car and aviation Thermo-Technologies will remain impacted by the current situation over the long-term. Pellenc recorded stable sales in 2020.

Post-balance sheet event

ACQUISITION OF MAJORITY CONTROL OF LIGIER

On 17 February 2021, Edify acquired 58% of the share capital of Ligier Group (a specialist in licence-free mobility and local delivery services) alongside its Chairman and CEO, François Ligier, bringing the Group's percentage ownership to 89.42%. Through this acquisition, Edify invested an additional amount of approximately €32 million.

Notes to the consolidated financial statements

The accompanying notes form an integral part of the consolidated financial statements.

NOTE I – ACCOUNTING PRINCIPLES

1. CONSOLIDATED FINANCIAL STATEMENTS – BASIS FOR PREPARATION

The consolidated financial statements are presented in thousands in Euros and all amounts are rounded to the nearest thousand of Euros, unless otherwise specified.

The financial statements are prepared according to the historical cost principle. Consolidated financial statements include the financial statements of Edify at 31 December of each year. The financial statements of subsidiaries are prepared for the same reference period as the parent company and on the basis of standard accounting methods.

The financial year-end of all companies is 31 December.

The Group's consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with the laws and regulations applicable in the Grand Duchy of Luxembourg at that date, namely the Luxembourg Accounting Standards. However, the presentation of the income statement and balance sheet does not strictly follow the provisions of the Law passed on 19 December 2015 amending the Law of 10 August 1915, effective from 1st January 2016. A definition of the main aggregates is provided in Note 1.8, while a reconciliation with the new law is provided in Note 14.

2. CONSOLIDATION METHODS

The consolidation methods depend on the type of control that the parent entity exercises over its subsidiary:

Exclusive control, where the parent company:
- Holds the majority of the shareholders' or partners' voting rights in a company;
- Has the right to appoint or dismiss the majority of the members of the administrative, management, or supervisory body of a company, and is also a shareholder or partner in that company; or
- Is a shareholder or partner in a company, and has sole control of the majority of the voting rights of shareholders or partners in that company, pursuant to an agreement entered into with other shareholders or partners.

Joint control, where the parent company included in the consolidation scope jointly manages another company with one or several companies that are not included in the consolidation scope.

Material influence, where the parent company exercises a material influence over a subsidiary's management and financial policy. A parent company is assumed to have a material influence over another company when it holds at least 20% of that company's voting rights.

Companies under exclusive control are fully consolidated. Companies under joint control are consolidated on a proportional basis. Companies over which the Company exercises a material influence are consolidated using the equity method.

3. USE OF ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements requires Management to make a number of estimates and assumptions liable to affect certain asset, liability, income and expense items, and certain information provided in the notes to the financial statements. Due to the inherently uncertain nature of these assumptions, actual results may differ from these estimates. Management reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.

The major items of the financial statements that may be subject to estimates are as follows:
- The impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions,
- Retirement commitments, whose measurement is based on a number of actuarial assumptions,
- Provisions for liabilities and charges,
- Deferred tax assets on losses.

As part of the preparation of these consolidated annual financial statements, the main judgements made and the main assumptions used by Management have been updated with the latest indicators used for the closing of the accounts at 31 December 2020.

At 31 December, the Group reviews its performance indicators and, if necessary, carries out impairment tests if there is any indication that an asset may have been impaired.
Financial statements reflect the best estimates on the basis of available information at year-end close.

4. IMPAIRMENT TEST

The Group determines whether there is any evidence of permanent impairment of an asset at each period-end, and ensures that the net book value of the asset does not exceed its recoverable value. Its recoverable amount is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.
If the recoverable amount exceeds the net book value of the asset at period end, no impairment is recognised.

However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in the income statement.
Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.
The value in use is determined on the basis of cash flows estimated by plans and budgets for a maximum of five years. Cash flows beyond five years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates after tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets. In certain cases, cash flows are estimated over longer periods. Justification is provided in such cases.
For intangible assets (excluding goodwill) and PPE with a set useful life, a previously recognised impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised.
The impact is recognised in the income statement. The impairment of goodwill cannot be reversed.

5. RECOGNITION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS IN THE INDIVIDUAL FINANCIAL STATEMENTS OF CONSOLIDATED COMPANIES

The consolidated financial statements at 31 December 2020 have been prepared in Euros.

Transactions in foreign currencies are translated into Euros at the exchange rate on the transaction date when they are initially recognised.

At each period-end in the individual financial statements:
- Non-monetary, foreign currency denominated amounts included in the balance sheet are retained at the historical rate,
- Monetary, foreign currency denominated amounts included in the balance sheet are converted at the year-end exchange rate.

Resulting translation differences are recorded in the income statement, except for unrealised exchange gains.

6. TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

The financial statements of Group companies which have a different currency to the parent company are translated into Euros, as follows:
- Assets and liabilities, including goodwill, are translated into Euros at the year-end exchange rate,
- Income and expenses are translated at the average exchange rate for the period, provided significant variations in the exchange rates do not call this method into question,
- Differences on translation arising are directly recorded in the consolidated financial statements equity section.

Unrealised exchange differences relating to monetary values that are an integral part of the net investment in foreign subsidiaries are recorded in translation adjustment in equity until the disposal of the investment, at which date they are taken to the income statement.

No significant Group subsidiary operates in countries whose economy is hyperinflationary.

7. CURRENT/NON-CURRENT DISTINCTION

The balance sheet is presented in a way that distinguishes between current items (short-term assets and liabilities) and non-current items (long-term assets and liabilities).
Operating profit consists of current and non-current items. Non-current items are of an extraordinary nature and are classified on a specific line in the income statement: "Other non-current operating income and expenses" after Current Operating Profit (see Note 3.2).

These items are reclassified in Note 14, in order to comply with the presentation required by the Law passed on 19 December 2015 amending the Law of 10 August 1915, effective from 1st January 2016.

8. DEFINITION OF THE MAIN AGGREGATES

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation – Current Operating Profit before Depreciation, Amortisation (including amortisation of the intangible assets allocated as part of acquisitions), and impairment charges, and provisions for current liabilities and charges.

EBITA: Earnings Before Interest, Taxes, Depreciation and Amortisation – Current Operating Profit before amortisation of intangible assets allocated as part of acquisitions.

NFD: Net Financial Debt. It corresponds to the difference between financial assets and financial liabilities. It notably takes into account accrued interest, derivative instruments attached to financial liabilities, unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earnout on acquisitions, and deferred settlements of a financial nature (vendor loans). Not included are securities in non-controlling equity interests, convertible bonds and government grants (see Note 6.4).

9. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting policies or estimates are the subject of a note which includes the nature of the change and its impact on the annual financial statements.

NOTE 2 — CONSOLIDATION SCOPE

CONSOLIDATED COMPANIES AT 31 DECEMBER 2020

All companies have a 31 December year-end.

Company name	Registered office	% control 31/12/20	% interest 31/12/20	% interest 31/12/19
Edify S.A.	Luxembourg (Luxembourg)	(parent)	(parent)	(parent)
FULLY-CONSOLIDATED COMPANIES				
Financière Développement SAS	Ferney Voltaire (France)	100.00	92.58	89.84
de Buyer Industries	Val d'Ajol (France)	100.00	92.58	89.84
de Buyer.com	Val d'Ajol (France)	100.00	92.58	89.84
de Buyer Inc.	Los Angeles (USA)	100.00	92.58	89.84
Marlux	Val d'Ajol (France)	100.00	92.58	89.84
de Buyer GmbH	Saarbrücken (Germany)	100.00	92.58	89.84
Parvosges	Ferney Voltaire (France)	100.00	54.70	–
Financière Nouveau Monde SA	Miribel (France)	100.00	90.02	97.08
Sirem SAS	Miribel (France)	100.00	90.02	97.08
Sirem Immobilier SNC	Miribel (France)	100.00	90.02	97.08
Parlyon	Ferney Voltaire (France)	100.00	75.00	–
Provence Nouveau Monde	Ferney Voltaire (France)	100.00	100.00	100.00
Pellenc	Pertuis (France)	100.00	98.37	98.37
Pellenc America	Santa Rosa (USA)	100.00	98.37	98.37
Pellenc Australia	Adelaïde (Australia)	100.00	98.37	98.37
Pellenc China	Dongguan (China)	100.00	98.37	98.37
Pellenc Languedoc Roussillon	Lézignan (France)	100.00	63.94	63.94
Pellenc Maroc	Marrakech (Morocco)	100.00	98.37	98.37
Pellenc Slovensko	Nové Mesto (Slovakia)	100.00	98.37	98.37
Pellenc Sud America	Santiago (Chile)	100.00	98.37	98.37
Pellenc Ibérica	Jaen (Spain)	100.00	98.37	98.37
Pellenc Italia	Colle Val d'Elsa (Italy)	100.00	98.37	98.37
Pellenc Deutschland	Kappelrodeck (Germany)	100.00	98.37	98.37
Pellenc Honk Kong	Honk Kong	100.00	98.37	98.37
Sofonlec	Perpignan (France)	100.00	63.94	63.94
Pellenc Bordeaux Charentes	Saint-Laurent-Medoc (France)	100.00	98.37	98.37
PERA - Pellenc SA	Florensac (France)	100.00	98.37	98.37
Pellenc Bâtiments	Pertuis (France)	100.00	98.37	98.37
Pellenc South Africa	Paarl (South Africa)	100.00	98.37	98.37
Pellenc HD SAS	Igé (France)	100.00	98.37	98.37
PERA America	Santa Rosa (USA)	100.00	98.37	98.37
Pellenc Vignobles Champenois	Magenta (France)	100.00	98.37	98.37
Pellenc Mossbach	Bar-sur-aube (France)	100.00	98.37	–
FDS Financière Développement Suisse SA	Vallorbe (Switzerland)	100.00	100.00	100.00
Usines Metallurgiques de Vallorbe SA	Vallorbe (Switzerland)	100.00	75.27	75.27
Parval	Vallorbe (Switzerland)	100.00	100.00	–
NMP SAS	Cluses (France)	100.00	99.08	98.52
Zurflüh-Feller Holding SAS	Autechaux Roide (France)	100.00	99.08	98.52
Zurflüh-Feller SAS	Autechaux Roide (France)	100.00	99.08	98.52
Eckermann	Schmitten (Germany)	100.00	99.08	98.52
CERF EURL	Autechaux Roide (France)	100.00	99.08	98.52
Profilmar	Marseille (France)	100.00	99.08	98.52
Profilinnov	Maracineni (Romania)	100.00	99.08	98.52
Parfontaine	Ferney Voltaire (France)	100.00	87.22	–
Financière du Jura	Ferney Voltaire (France)	100.00	100.00	100.00
Thermo-Technologies	Annecy (France)	100.00	87.36	87.36
Thermocompact	Annecy (France)	100.00	87.36	87.36

CONSOLIDATED COMPANIES AT 31 DECEMBER 2020

Company name	Registered office	% control 31/12/20	% interest 31/12/20	% interest 31/12/19
FSP-One SAS	Pont de Chéruy (France)	100.00	87.36	87.36
TSDM	Tournes (France)	100.00	87.36	87.36
HWA	Ho Chi Minh City (Vietnam)	100.00	87.36	87.36
IWT	Colorado Springs (USA)	100.00	87.36	87.36
Thermo-Technologies Inc		100.00	87.36	–
Advanced Casting Asia Ltd Liability Company	Vinh Tan (Vietnam)	100.00	87.36	87.36
PROPORTIONALLY-CONSOLIDATED COMPANIES				
Gaviota Simbac, S.L.	Alicante (Spain)	46.50	46.50	46.50
Gaviota S.p.a.	Megazzo (Italy)	46.50	46.50	46.50
Gaviota Simbac, S.L. Sucursal Portugal	Sintra (Portugal)	46.50	46.50	46.50
Gaviota Simbac Middle East, S.A.L.	Zouk Mosbeh (Lebannon)	46.50	23.25	23.25
Gaviota Simbac America S.A.	Santo Domingo (Dominican Republic)	–	–	34.88
Gaviota Simbac Marruecos, SARL	Nador (Morocco)	46.50	46.50	46.50
Gaviota Simbac Eastern Europe, S.R.L.	Bucarest (Romania)	46.50	46.50	46.50
Huella Platina, S.A.	Montevideo (Uruguay)	46.50	46.50	46.50
Toldos y Persianas de Gaviota, S.A.	Barrio La Sonrisa (Uruguay)	46.50	46.50	46.50
Gaviota Revolution S.R.L.U.	Alicante (Spain)	46.50	46.50	46.50
Gaviota Brasil, S.A.	Sao Paulo (Brazil)	46.50	46.50	46.50
Gaviota Central Europe s.r.o.	Trnava (Slovakia)	46.50	46.50	46.50
Persianas y Toldos Europeos sa cv	México (Mexico)	46.50	46.04	46.04
Gaco Aluminium Solution SAS	Bogota (Colombia)	46.50	46.50	46.50
Bandalux Uruguay S.A.	Rivera (Uruguay)	46.50	46.50	46.50
Vista Sublime	Montevideo (Uruguay)	46.50	46.50	46.50
Nordalur	Montevideo (Uruguay)	46.50	46.50	46.50
Gaviota France SAS	Perpignan (France)	46.50	46.50	46.50
Gaviota USA LLC	Wilmington (USA)	46.50	46.50	46.50
Bestende	Bellusco (Italy)	46.50	32.55	32.55
Eurolock	Santiago (Chile)	46.50	23.25	23.25
GLP	Sinaloa (Mexico)	46.50	23.25	23.25
Gaviota Peru	Lima (Peru)	–	–	46.04
Gaviota Costa Rica	San José (Costa Rica)	46.50	41.85	41.85
Gaviota Caribe	Santo Domingo (Dominican Republic)	–	–	23.25
Copen Fabrics	Alicante (Spain)	46.50	23.25	23.25
Ponti	Montevideo (Uruguay)	46.50	46.50	46.50
Vidrios Salinas	Alicante (Spain)	46.50	23.25	23.25
Gaviota Canarias	Tenerife (Spain)	46.50	46.50	–
FilPel Bobinas	Barbastro (Spain)	49.19	49.19	49.19
Volentieri Pellenc	Poggibonsi (Italy)	49.19	49.19	49.19
EQUITY-ACCOUNTED COMPANIES				
ACT Vinicole	Laverune (France)	48.20	48.20	48.20
Aceper SL	Ourense (Spain)	16.83	16.83	16.83
Masventava	Ourense (Spain)	16.20	16.20	16.20
Inversiones	Ourense (Spain)	16.20	16.20	16.20
Gaviota Simbac America S.A.	Santo Domingo (Dominican Republic)	34.88	34.88	–
Gaviota Caribe	Santo Domingo (Dominican Republic)	23.25	23.25	–
Ligier Développement	Abrest (France)	31.52	31.52	31.52

NOTE 3 – PERFORMANCE-RELATED DATA

1. SALES

Sales include all income from ordinary activities of consolidated companies.

Income from ordinary activities is recognised when it is probable that future economic benefits will flow to the Group and that they can be measured reliably.

Income from ordinary activities is recognised at the fair value of the consideration received or to be received.

Sales of goods are recognised when delivered to final customers.

Group sales totalled €558.4 million for the year ended 31 December 2020 and can be broken down geographically as follows:

(€ millions)	31/12/20	%	31/12/19	%
Europe	**441.4**	79%	**455.9**	78%
of which France	*233.9*	*42%*	*250.4*	*43%*
of which Spain	*61.9*	*11%*	*64.1*	*11%*
of which Germany	*45.9*	*8%*	*48.3*	*8%*
of which Italy	*45.0*	*8%*	*41.2*	*6%*
Americas	**71.0**	13%	**75.8**	13%
Asia	**26.2**	5%	**25.6**	4%
Africa	**9.7**	2%	**14.0**	2%
Oceania	**10.2**	2%	**12.3**	2%
TOTAL	**558.4**	**100%**	**583.6**	**100%**

Other operating revenue amounted to €13.6 million for the year ended 31 December 2020, compared with €9.7 million for the year ended December 2019.

2. OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

Note that Current Operating Profit represents Operating Profit excluding non-current operating income and expenses, gains and losses on the disposal of non-current operating assets and goodwill impairment.

The amortisation of intangible assets allocated as part of business combinations is included in Current Operating Profit.

Other non-current operating income and expenses relate to factors that are exceptional, unusual, abnormal, infrequent and particularly significant, which could mislead the understanding of the Group's consolidated performance. These notably include the capital gains and losses on disposals of property, plant and equipment and intangible assets, capital gains and losses on disposals of equity securities either fully consolidated or consolidated on a proportional basis, restructuring costs and provisions of a nature liable to affect the understanding of the Current Operating Profit.

(€ K)	31/12/20	31/12/19
Charge to (-) reversal of (+) non-recurring provisions	3,269	-4,062
Other non-recurring items	-6,175	1,628
Non-recurring income	*1,260*	*3,794*
Non-recurring expenses	*-7,436*	*-2,166*
Other non-current operating income and expenses	**-2,906**	**-2,434**

An improvement in Usines Métallurgiques de Vallorbe (UMV)'s outlook meant it was possible to reverse an additional €2.5 million of the provision for impairment of its assets (provision set aside in 2016 after impairment of UMV's assets was identified). This provision, which is remeasured annually (in 2019, an additional amount of €4.4 million was set aside), stood at €3.9 million at end 2020.

It should be noted that since Usines Métallurgiques de Vallorbe transferred its pension fund into an independent pension fund at 1st January 2020, it has no further obligations towards its employees as from 31 December 2019. Pension liabilities were thus written back in financial year 2019, adding €2.2 million to non-recurring income.

In financial year 2020, a non-current expense of €3.8 million was recognised by Thermo-Technologies in connection with the planned acquisition of US company Fisk Alloy Inc., which was abandoned as a result of the pandemic.

3. INVENTORIES

Inventories are valued at their procurement cost, determined using the weighted average cost method.

The value of inventories and work in progress is impaired when their net realisable value is lower than their book value.

Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion costs and estimated selling expenses.

As part of the consolidation process, the value of inventories on the balance sheet excludes the intercompany profit generated on the sale of goods between two Group companies if these goods are still held in inventory at a Group company at the period-end date.

(€ K)	31/12/20	31/12/19
Gross values		
Raw materials and other supplies	55,350	63,184
Finished goods and merchandise	122,876	120,455
TOTAL	**178,226**	**183,638**
Provisions	-17,867	-17,483
Net values	**160,359**	**166,155**

4. TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables and trade payables are recorded at their nominal value. A provision for impairment is recorded in the case of receivables that are unlikely to be recovered.

(€ K)	31/12/20	31/12/19
Gross trade receivables	92,461	105,170
Provisions	-3,860	-4,222
Net trade receivables	**88,600**	**100,948**

Trade payables totalled €48,513 K at 31 December 2020, compared with €57,966 K at 31 December 2019.

5. OTHER CURRENT RECEIVABLES AND LIABILITIES

Other current receivables

(€ K)	31/12/20	31/12/19
Gross values		
Receivables from employees	235	265
Other taxes (including VAT)	7,633	9,070
Prepaid expenses	3,255	4,448
Other receivables	1,036	1,364
TOTAL	**12,159**	**15,148**

Other current liabilities

(€ K)	31/12/20	31/12/19
Social security liabilities	24,191	25,407
Tax liabilities	9,060	9,485
Deferred income	2,758	2,436
Non-current asset suppliers	2,168	3,058
Other	965	1,336
TOTAL	**39,141**	**41,721**

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

1. GOODWILL

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value measured at the date of acquisition.

Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the transferred consideration (total acquisition cost) measured at fair value of the assets received.

The goodwill resulting from the difference between the acquisition price and the value of the net asset re-estimated at the acquisition date is treated as follows:

• Goodwill is recognised as an amortisable intangible asset;

• Negative goodwill is expensed if it corresponds to the following at the acquisition date:
– a forecast adverse trend in the future results of the company concerned;
– the forecast expenses that the company will incur;
– a realised capital gain.

In other cases, negative goodwill is recognised under provisions for liabilities and charges.

Goodwill is not allocated to minority interests. However, adjustments to the fair value of identifiable assets and liabilities (valuation differences) are divided between the share attributable to the Group and the share attributable to minorities.

Goodwill is usually amortised over five years. It may be amortised over a period longer than five years, although that period may not exceed the expected useful life of the asset. When this option is used, it is mentioned in the notes to the financial statements, together with the reasons.
Amortisation of goodwill cannot be reversed.

Goodwill

(€ K)	Value
At 31 December 2019	**20,046**
Changes in scope of consolidation	166
Changes in foreign exchange rates	-225
Amortisation charges	-8,353
At 31 December 2020	**11,634**

Over the 2020 financial year, the main changes in scope related to Gaviota's subsidiaries and the acquisition of Pellenc Mossbach, a distribution company based in Champagne, France.

The item primarily consists of the net goodwill on Thermo-Technologies (€6.9 million), TSDM (€1.3 million) and Eckermann (€1.1 million).

2. INTANGIBLE ASSETS

Intangible assets acquired by the Group are recognised at acquisition cost or at cost price, after deduction of accumulated amortisation and potential writedown.

Each asset is tested for impairment when there is evidence of permanent impairment.

Incorporation costs are restated and considered as expenses for the financial year.

Intangible assets primarily comprise:

- Software, which is valued at acquisition cost and amortised on a straight-line basis over the expected useful life,

- Patents: only acquired patents and related filing expenses are capitalised. They are amortised on a straight-line basis over their legal protection period. Costs of renewal of patents are included in costs for the year.

- Development costs are capitalised under several conditions:
  - they must offer a reasonable chance of technical success and commercial profitability;
  - it is probable that the future economic benefits attributable to the software will flow to the entity, and;
  - its cost or value can be measured reliably.

  Development expenses incurred on behalf of a customer are not capitalised and are included in the expenses for the financial year.

  Development costs are usually amortised over a period of five years from the date they are recognised under assets.

  Subsequent expenditures are generally recognised as expenses for the financial year.

  In the event that a project fails, the corresponding development costs must immediately be amortised in full.

  Research costs are included in costs for the year.

- Brands are valued and recorded as assets on the balance sheet as part of acquisitions.

  These intangible assets have an indefinite life and are subject to impairment tests when events or changes in circumstances indicate that they have been impaired (indication of impairment). If no patent is filed, the trademark is not capitalised, and the expenses incurred are expensed.

- The relationship with customers, which is valued as an intangible asset, represents the value of the customer portfolio at the acquisition date. This value is determined based on the future profitability of the company's main customers who are currently in the portfolio, taking into account a customer loss rate based on the company's historical data.

  The profitability generated by these customers is measured based on the expected financial performance in terms of its EBITA margin, less tax, the financing of other assets (property, plant and equipment and trademarks), and working capital requirements.

  These intangible assets have a limited life and are generally amortised over 10 years.

Intangible assets

(€ K)	Allocated intangible assets	Develop-ment costs	Patents and brands	Software	Other	In-progress and advance payments	Total 2020
Gross value at 31 December 2019	43,224	4,122	8,134	9,240	1,336	3,492	69,549
Acquisitions	-	344	81	263	393	741	1,822
Disposals	-	-15	-	-61	-42	-12	-130
Changes in foreign exchange rates	-	-2	-108	-1	-3	-	-113
Changes in scope of consolidation	-	-	-	26	-	-	26
Other movements	-	115	-163	1,852	1,884	-3,303	384
At 31 December 2020	**43,224**	**4,564**	**7,944**	**11,318**	**3,568**	**918**	**71,537**
Accumulated amortisation at 31 December 2019	-8,207	-2,699	-4,180	-7,294	-345	-1,513	-24,238
Amortisation charge and value restatements for the period	-2,986	-513	-282	-1,042	-415	-	-5,238
Disposals	-	15	-	61	-	-	76
Changes in foreign exchange rates	-	1	14	-1	1	-	15
Changes in scope of consolidation	-	-	-	-26	-	-	-26
Other movements	-	-133	146	13	-1,558	1,513	-19
At 31 December 2020	**-11,193**	**-3,329**	**-4,302**	**-8,289**	**-2,318**	**-**	**-29,431**
NET VALUE AT 31 DECEMBER 2020	**32,031**	**1,236**	**3,642**	**3,029**	**1,250**	**918**	**42,107**

							Total 2019
Gross value at 31 December 2018	43,224	3,184	6,878	8,485	1,165	1,240	64,177
Acquisitions	-	284	1,133	383	72	1,101	2,973
Disposals	-	-	-299	-24	-2	-	-325
Changes in foreign exchange rates	-	12	49	70	2	-	134
Changes in scope of consolidation	-	-45	-	-48	100	-	7
Other movements	-	687	372	374	-2	1,151	2,583
At 31 December 2019	**43,224**	**4,122**	**8,134**	**9,240**	**1,336**	**3,492**	**69,549**
Accumulated amortisation at 31 December 2018	-5,222	-2,123	-4,178	-6,442	68	-	-17,897
Amortisation charge and value restatements for the period	-2,985	-500	-264	-944	-417	-	-5,109
Disposals	-	-	291	25	2	-	317
Changes in foreign exchange rates	-	-3	-9	-60	-	-	-72
Changes in scope of consolidation	-	45	-	47	-	-	92
Other movements	-	-119	-20	80	1	-1,513	-1,570
At 31 December 2019	**-8,207**	**-2,699**	**-4,180**	**-7,294**	**-345**	**-1,513**	**-24,238**
NET VALUE AT 31 DECEMBER 2019	**35,017**	**1,424**	**3,953**	**1,946**	**990**	**1,979**	**45,311**

3. PROPERTY, PLANT AND EQUIPMENT

Except for business combinations, property, plant and equipment are recorded at their acquisition cost or at their procurement cost. Property, plant and equipment acquired as part of a business combination are recognised at their fair value independently of goodwill. Current maintenance costs are recognised as expenses for the financial year.
The value of a fixed asset where the use is limited in time is depreciated over its useful life. The depreciation is calculated based on the book value of the asset and does not take its residual value into account.

Straight-line depreciation is used based on the following average useful lives:
– buildings: 20 to 40 years,
– fittings and fixtures: 10 to 20 years,
– machinery and tools: 5 to 10 years,
– motor vehicles: 3 to 5 years,
– furniture: 4 to 10 years.
An adjustment for impairment is recorded when the value of a non-current asset is less than the balance sheet value and the reduction in value will be permanent.

Property, plant and equipment

(€ K)	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total 2020
Gross value at 31 December 2019	14,350	123,040	210,713	25,977	17,883	391,963
Acquisitions	11	3,473	7,016	1,899	11,538	23,936
Disposals	-	-2,260	-8,021	-1,116	-4	-11,401
Changes in foreign exchange rates	-8	-510	-1,089	-284	-145	-2,036
Changes in scope of consolidation	419	2,125	-47	303	-	2,801
Other movements	647	4,522	11,723	451	-19,682	-2,339
At 31 December 2020	**15,418**	**130,390**	**220,296**	**27,231**	**9,590**	**402,926**
Accumulated depreciation at 31 December 2019	-2,807	-60,002	-168,391	-18,825	-	-250,025
Depreciation charge and value restatements for the period	-384	-4,828	-11,202	-2,298	-	-18,712
Disposals	-	1,243	5,891	997	-	8,132
Changes in foreign exchange rates	-	132	586	171	-	889
Changes in scope of consolidation	-160	-331	-57	-377	-	-925
Other movements	-	1,871	-1,751	-62	-	58
At 31 December 2020	**-3,351**	**-61,915**	**-174,924**	**-20,394**	**-**	**-260,584**
NET VALUE AT 31 DECEMBER 2020	**12,067**	**68,476**	**45,372**	**6,837**	**9,590**	**142,343**

						Total 2019
Gross value at 31 December 2018	13,769	117,336	202,582	24,749	8,465	366,901
Acquisitions	549	4,974	6,591	2,076	19,124	33,314
Disposals	-1	-1,509	-4,811	-1,581	-1	-7,904
Changes in foreign exchange rates	-11	685	1,514	71	68	2,326
Changes in scope of consolidation	-	-270	-1,268	-171	-8	-1,718
Other movements	43	1,824	6,107	833	-9,763	-957
At 31 December 2019	**14,350**	**123,039**	**210,713**	**25,977**	**17,883**	**391,963**
Accumulated depreciation at 31 December 2018	-2,449	-53,512	-157,796	-17,462	-	-231,219
Depreciation charge and value restatements for the period	-360	-7,378	-14,031	-2,544	-	-24,312
Disposals	1	403	3,972	1,460	-	5,836
Changes in foreign exchange rates	-	-502	-1,300	-55	-	-1,857
Changes in scope of consolidation	-	265	1,218	159	-	1,642
Other movements	-	722	-455	-383	-	-115
At 31 December 2019	**-2,807**	**-60,002**	**-168,391**	**-18,825**	**-**	**-250,025**
NET VALUE AT 31 DECEMBER 2019	**11,542**	**63,037**	**42,322**	**7,152**	**17,883**	**141,937**

4. LEASES

Agreements are classified as lease-finance agreements where the lease agreement includes a purchase option. They are recorded, from inception of the agreement, in property, plant and equipment at the lower of the fair value of leased assets and the present value of minimum payments in respect of the lease. PPE acquired through finance leases are depreciated over the same periods as described above where the Group expects to gain ownership of the asset at the expiry of the agreement. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease. Agreements are classified as operating leases where the lease does not include a purchase option. Conversely, additional services such as the maintenance of the leased assets are often included in an operating lease agreement. The amounts paid under the terms of operating leases are expensed over the period, from the effective date of the agreement (and not from the date when the asset is first used).

In financial year 2020, terminated leases were excluded from the tables below.

Leases

(€ K)	Land	Buildings	Plant, machinery and tools	Software	Total 2020
Gross value at 31 December 2019	1,863	9,688	31,735	-	43,286
Acquisitions	-	-	3,539	74	3,613
Disposals	-	-	-917	-	-917
Changes in foreign exchange rates	-	-	-61	-	-61
Changes in scope of consolidation	-	-	-	-	-
Other movements	-1,182	-729	-15,342	357	-16,896
At 31 December 2020	**681**	**8,959**	**18,954**	**431**	**29,024**
Accumulated depreciation at 31 December 2019	-334	-3,263	-26,689	-	-30,286
Depreciation charge for the period and value adjustments	-29	-374	-2,598	-107	-3,108
Disposals	-	-	932	-	932
Changes in foreign exchange rates	-	-	38	-	38
Changes in scope of consolidation	-	-	-	-	-
Other movements	830	729	15,390	-34	16,915
At 31 December 2020	**467**	**-2,908**	**-12,927**	**-141**	**-15,509**
NET VALUE AT 31 DECEMBER 2020	**1,148**	**6,051**	**6,027**	**290**	**13,515**

				Total 2019
Gross value at 31 December 2018	1,883	10,012	31,331	43,225
Acquisitions	-	-	805	805
Disposals	-	-	-696	-696
Changes in foreign exchange rates	-	-	158	158
Changes in scope of consolidation	-	-	-24	-24
Other movements	-20	-323	161	-182
At 31 December 2019	**1,863**	**9,688**	**31,735**	**43,286**
Accumulated depreciation at 31 December 2018	-300	-3,075	-24,740	-28,116
Depreciation charge for the period and value adjustments	-34	-380	-1,674	-2,088
Disposals	-	-	191	191
Changes in foreign exchange rates	-	-	-84	-84
Changes in scope of consolidation	-	-	12	12
Other movements	-	192	-394	-202
At 31 December 2019	**-334**	**-3,263**	**-26,689**	**-30,286**
NET VALUE AT 31 DECEMBER 2019	**1,529**	**6,425**	**5,046**	**13,000**

NOTE 5 – EQUITY

1. MAIN CHANGES IN EQUITY

(€ K)	31/12/20	31/12/19
Edify S.A. Equity - opening balance	**297,525**	**285,358**
Net profit for the year	9,032	11,977
Profit units (see Note 10)	-	-
Changes in foreign exchange rates	-1,967	-150
Miscellaneous	206	340
Total equity (Group share)	**304,796**	**297,525**
Non-controlling interests	22,051	23,502
TOTAL SHAREHOLDER'S EQUITY	**326,847**	**321,027**

Edify's subscribed capital amounted to €4.86 million at both 31 December 2020 and 2019 and was represented by 4,860,000 fully paid-up shares with a par value of €1 each.

In accordance with Luxembourg standards, goodwill is amortised over a period of five years (see Note 4.1). Consolidated equity was impacted by goodwill amortisation of €8.4 million over the 2020 financial year (see Note 4.1), resulting in a cumulative amount of €36.6 million. It should be noted that the goodwill of €34.2 million in the opening balance sheet determined on the equity interests resulting from the contribution made on 29 October 2014 was immediately deducted from the Group's reserves.

2. OWN SHARES

Following the issuer bid launched by the Company prior to the delisting, Edify held 137,788 of its own shares at the balance sheet date, representing 2.84% of the share capital and valued at a total of €9.6 million, compared with treasury shares valued at €0.1 million at end 2019.
These shares are recognised as non-current financial assets. There are no plans to sell them in the short term. They will be recognised in equity once the statutory three-year period has expired. Edify has established an unavailable reserve for the same amount, in accordance with Luxembourg law regarding commercial companies.

NOTE 6 – FINANCIAL ITEMS

1. NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) comprises the following items:
- The cost of net financial debt includes all income/expense from net financial debt or cash surplus constituents over the period, including income/loss on interest rate hedges,
- Actuarial differences relating to financial items (including changes in discount rates and rates of return, etc.) (see Note 9),
- Capital gains or losses on the disposal of equity securities consolidated using the equity method, and on the sale of securities to minority shareholders,
- Other financial income and expenses include income and expenses of a financial nature but neither of an operational nature nor a constituent of the cost of net financial debt.

(€ K)	31/12/20	31/12/19
Cost of net financial debt	-4,591	-4,193
Financial income from investments	*945*	*933*
Financial expenses related to borrowings	*-5,536*	*-5,126*
Effect of foreign currency translation	-2,439	143
Actuarial gains and losses	419	-255
Other financial income and expenses	43	2,538
Net financial income/(expense)	**-6,568**	**-1,767**

Debt-related financial expenses have been impacted by the cost of the €1.9 million Euro PP private bond loan taken out on 16 May 2018.
Some investees, notably those operating in the South American market, were affected by significant adverse foreign exchange effects as a result of currencies depreciating against the Euro.
It should be noted that at 31 December 2019, as a result of its pension fund having been transferred to an independent pension fund, Usines Métallurgiques de Vallorbe's pension liabilities were written back in full (see Note 3.2). Other 2019 financial income was primarily due to capital gains of €2.8 million on the sale of securities, including those of Cotherm.

2. FINANCIAL ASSETS

Financial assets are initially recognised at their acquisition cost or procurement cost. They are valued at their carrying value at the balance-sheet date. The book value and the carrying value are compared, and an adjustment for impairment is recorded where the carrying value is less than the value of the financial asset.

(€ K)	31/12/20	31/12/19
Non-controlling equity investments	10,132	10,415
Own shares	9,558	-
Unlisted bonds receivable convertible into shares	7,026	6,499
Borrowings	1,061	54
Other	3,618	4,248
Current and non-current financial assets	**31,395**	**21,215**
Due within 1 year	8,736	510
Non-current financial assets	**22,659**	**20,705**

Non-controlling equity securities include €6.0 million in Lacroix shares.
Bond receivables primarily correspond to the convertible bonds issued to Edify by the Ligier Group's holding company (€6.6 million), which were redeemed in February 2021

upon the acquisition by Edify of a majority shareholding in Ligier and were therefore classified as Non-Current Financial Assets at 31 December 2020. Interest for the year related to these bond receivables is capitalised. "Other" essentially includes deposits and guarantees.

3. OTHER FINANCIAL LIABILITIES

Upon initial recognition, loans and other interest-bearing debts are measured at their face value. They are subsequently measured at their redemption value.

(€ K)	31/12/20	31/12/19
Borrowings from credit institutions	269,776	140,796
Lease commitments	9,873	10,426
Euro PP private bond loan	50,000	50,000
Other borrowings and financial liabilities	4,507	4,844
Current and non-current financial liabilities	**334,157**	**206,066**
Due within 1 year	185,977	50,290
Non-current financial liabilities	**148,180**	**155,776**

To secure their cash positions amid the global pandemic, Edify and its investees drew down a total of €120 million against their borrowing facilities. Investees also applied for government-backed loans (and equivalent) totalling €54 million. It should be noted that on 16 May 2018 Edify subscribed to its first private bond placement of €50 million, maturing over seven years and bearing a fixed rate of 3.75%.

Maturity schedule of financial liabilities

(€ K)	31/12/20	31/12/19
1 year or less	185,963	50,285
Between 1 and 5 years	138,234	87,328
5 years or more	9,960	68,453
TOTAL	**334,157**	**206,066**

Financial debt guaranteed by pledges, mortgages, or liens totalled €65 million at 31 December 2020.

Covenants

Edify has negotiated credit facilities totalling €150 million with five banks. At 31 December 2020, the Group had drawn down €73 million of this total to secure its cash position amid the pandemic. The Group has also placed a €50 million Euro PP bond with private investors.

The provision of this financing by credit institutions and private investors is subject to the commitment given by Edify to comply with three financial covenants (net parent company financial debt/Net Asset Value, expanded net financial debt/expanded Net Asset Value and cash & cash equivalents). Edify was in compliance with all of its covenants at 31 December 2020.

Sirem, de Buyer and Zurflüh-Feller also complied with the respective covenants relating to their "LBO" debt at 31 December 2020.
In the second half of 2020, in anticipation of a breach of its covenants, Thermo-Technologies negotiated a waiver with its banks. The company was in compliance with its new ratios at 31 December.

4. ANALYSIS OF NET FINANCIAL DEBT

The Net Financial Debt corresponds to the difference between financial assets and financial liabilities. It notably takes into account accrued interest, derivative instruments attached to financial liabilities, earnout on or deferred payments on acquisitions, and deferred settlements of a financial nature. Not included are securities in non-controlling equity interests, convertible bonds, deposits & guarantees and government grants.

Cash includes bank balances (bank assets and overdrafts) and cash in hand. Cash equivalents are short term, very liquid, easily convertible into a known amount of cash and subject to a negligible risk of unfavourable change in value.

(€ K)	31/12/20	31/12/19
Financial liabilities included in Net Financial Debt calculation	333,972	205,402
Financial assets included in Net Financial Debt calculation	1,080	85
Cash and cash equivalents	253,479	116,300
Net Financial Debt (excluding earn-out liability and deferred settlements)	**79,413**	**89,017**
Earn-out liability and deferred settlements on acquisitions	154	630
Total Net Financial Debt	**79,567**	**89,647**

5. HEDGING INSTRUMENTS

Derivatives are recognised in off-balance sheet items, except:

- Where they present an unrealised capital loss, in which case a provision must be recorded,
- Where they are hedging instruments that then offset the underlying asset.

Hedging instruments whose underlying is a financial liability are classed as "Other financial liabilities" and included in net financial debt.
At 31 December 2020, they stood at less than €0.1 million.

NOTE 7 – DETAIL OF THE CASH FLOW STATEMENT

1. CASH AND CASH EQUIVALENTS

(€ K)	31/12/20
Cash & cash equivalents at the start of the period	**100,589**
Cash and cash equivalents - opening balance	116,300
Bank overdrafts	-15,711
Cash & cash equivalents at the end of the period	**231,633**
Cash and cash equivalents - closing balance	253,479
Bank overdrafts	-21,846

2. CHANGE IN WORKING CAPITAL REQUIREMENTS

(€ K)	31/12/20	31/12/19
Net change in inventories	3,992	-21,888
Net change in trade receivables	9,427	-3,544
Net change in trade payables	-6,893	9,275
Change in other receivables and payables	-874	747
Change in working capital requirements	**5,652**	**-15,410**

NOTE 8 – PROVISIONS

A provision is established when the Group has a current obligation (legal or constructive) resulting from a past event and when future cash outflows can be measured reliably. A loss that has been the subject of a provision must relate to a fully identified risk. As risk is inherent to the concept of a business, no provision can be recorded in order to cover general risks. The amount of the provision must then be adjusted depending on changes in the foreseeable amount of the loss.

1. NON-CURRENT PROVISIONS

(€ K)	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2020
At 1st January 2020	2,474	748	354	3,577
Charges	-	226	14	240
Used reversals	-98	-406	-73	-577
Unused reversals	-	-8	88	80
Impact of foreign exchange rates	-11	-	-2	-13
Change in consolidation scope	-	-	-	-
Other movements	6	-19	-	-13
At 31 December 2020	**2,371**	**541**	**381**	**3,293**

				Total 2019
At 1st January 2019	2,443	831	464	3,738
Charges	-	195	148	343
Used reversals	-28	-240	-3	-271
Unused reversals	-	-42	-195	-237
Impact of foreign exchange rates	2	-	2	4
Change in consolidation scope	-	-	-	-
Other movements	57	4	-61	-
At 31 December 2019	**2,474**	**748**	**355**	**3,577**

2. CURRENT PROVISIONS

(€ K)	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2020
At 1st January 2020	2,265	626	183	3,074
Charges	-660	487	2	-171
Used reversals		-197	-	-197
Unused reversals		-39	-93	-132
Impact of foreign exchange rates	-	-	-	-
Change in consolidation scope		-	-	-
Other movements	6	19	-	25
At 31 December 2020	**1,611**	**896**	**92**	**2,598**
				Total 2019
At 1st January 2019	1,348	657	391	2,396
Charges	697	122	46	865
Used reversals	-	-13	-12	-25
Unused reversals	-	-142	-20	-162
Impact of foreign exchange rates	3	2	-5	-
Change in consolidation scope	-	-	-	-
Other movements	217	-	-217	-
At 31 December 2019	**2,265**	**626**	**183**	**3,074**

NOTE 9 – EMPLOYEE INFORMATION

1. HEADCOUNT

The headcount at 31 December 2020 was 3,775 employees (including 100% of the headcount of the entities consolidated on a proportional basis or acquired during the year), compared with 3,846 at 31 December 2019.

2. EMPLOYEE BENEFITS

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country. These benefits have been measured.

In the limited number of cases where these expenses cannot be considered as remuneration for future services, a provision is established in the financial statements for the financial year in respect of the resulting short-term commitment, provided that the obligation toward the employee is probable or certain.

Contributions paid in respect of plans analysed as defined contribution plans, for which the Group has no other obligation than paying contributions, are recognised as expenses for the financial year.

For defined benefit plans relating to post-employment benefits, the cost of benefits is measured using the projected unit credit method.

According to this method, the rights to benefits are allocated to periods of service depending on the plan's formula for acquisition of rights, by taking account of a straight-line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.

The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, and then discounted to their present value on the basis of long term bond interest rates of prime issuers.

These plans are either financed – their assets being managed separately and independently from the Group – or not, with their commitments being recognised in the balance sheet under "Employee benefits".

The different defined benefit plans are the following:

- Retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements,

- Other defined benefit pension plans.

All actuarial differences are immediately recognised, net of deferred tax, in the income statement. Actuarial differences relating to financial items (including changes in discount rates and rates of return, etc.) are recognised under net financial income.
The past service cost resulting from a plan amendment or curtailment of an existing plan is immediately expensed.
Expenses relating to this type of plan are recognised under employee costs and, in relation to the accretion expense, under net financial expense.
The provision recognised in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.
Seniority awards are treated as long-term benefits granted to employees and provided for on the basis of an actuarial evaluation at every year-end.

(€ K)	31/12/20	31/12/19
Retirement and similar obligations	10,906	10,786
Plan assets (funds)	-	-
Net obligation	**10,906**	**10,786**

3. GROSS REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The gross remuneration allocated to the members of the Board of Directors amounted to €269 K for 2020, compared with €271 K for 2019.

NOTE 10 – CURRENT AND DEFERRED TAX

1. CURRENT TAX

Tax consolidation agreements are in place covering the Group's French subgroups.

2. DEFERRED TAX

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or virtually adopted at year end.

Deferred tax is recognised for the temporary differences between the book value of assets and liabilities and its tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).
Deferred tax assets are only recognised if their recovery is probable, i.e. if their recovery does not depend on future results, or it is probable that the company will be able to recover them due to the existence of an expected taxable profit during this period.
Deferred tax relating to companies' tax losses is recognised when the following conditions are fulfilled:

- The entity has sufficient taxable temporary differences with a single tax authority and for the same taxable entity, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire,

- It is likely that the entity will generate taxable profits before unused tax losses and tax credits expire,

- Unused tax losses result from identifiable causes, which will probably not reoccur,

- Opportunities related to the entity's tax management will generate taxable profits for the financial year during which unused tax losses and tax credits can be allocated.

If it is unlikely that the entity will make sufficient profits to allocate unused tax losses or tax credits, deferred tax assets are not recognised.

The income tax charge is analysed as follows:

(€ K)	31/12/20	31/12/19
Current tax	-9,502	-13,689
Deferred tax	131	1,428
Income tax	**-9,371**	**-12,261**

Deferred tax is analysed as follows:

(€ K)	31/12/20 Assets	31/12/19 Assets	Impact 2020 income statement
Deferred tax on restatements related to IFRS standards and temporary differences, including:	4,096	6,335	-77
Deferred tax assets related to employee benefits	*2,358*	*2,110*	*-30*
Deferred tax assets related to provision methods	*521*	*523*	*2*
Deferred tax assets related to tax and social security liabilities	*1,328*	*1,130*	*3*
Deferred tax assets related to fair value	*957*	*933*	*-7*
Deferred tax on intragroup margins	5,362	6,264	-804
TOTAL	**9,458**	**12,599**	**-881**
	Liabilities	**Liabilities**	
Deferred tax on restatements related to IFRS standards and temporary differences, including:	10,915	13,831	1,004
Deferred tax liabilities related to customer relations	*8,008*	*8,754*	*746*
Deferred tax liabilities related to the fair value of non-current assets	*928*	*1,067*	*87*
Deferred tax liabilities related to leases	*1,424*	*1,454*	*-40*
Deferred tax liabilities related to changes in amortisation and depreciation	*2,457*	*2,390*	*45*
Deferred tax liabilities related to the capitalisation of development costs	*167*	*233*	*4*
Deferred tax on intragroup margins	364	382	8
TOTAL	**11,279**	**14,213**	**1,012**

NOTE 11 – OFF-BALANCE SHEET COMMITMENTS

The Group's commitments comprise the following:

(€ K)	31/12/20	31/12/19
Payments outstanding on operating leases	13,154	16,261
Other commitments given	218	653
Commitments given	**13,372**	**16,914**
Asset and liability guarantees	12,870	14,138
Unused credit lines	141,633	211,260
Commitments received	**154,503**	**225,398**
Purchase options on assets	24,432	26,007
Mutual commitments	**24,432**	**26,007**

Share purchase options include €20.2 million in share buy-back commitments that will occur between 2021 and 2025.

In addition, since 2016 Edify has issued 498,083 profit units for a total nominal amount of €5,253,634.56. The Company has given a commitment and benefits from a buy-back option with a view to acquiring ownership of these profit units. According to the valuation at 31 December 2020, this buy-back would have an impact of €3.7 million on share-holders' equity.

NOTE 12 – INVESTMENTS IN ASSOCIATES AND RELATED PARTY DISCLOSURES

1. INVESTMENTS IN ASSOCIATES

Investments in equity associates include the companies consolidated using the equity method, primarily Ligier (€14.2 million) and Aceper SL (€2.0 million) at 31 December 2020.

(€ K)	31/12/20	31/12/19
Investments in associates at the beginning of the year	14,323	12,264
Share of profit/(loss) from associates	2,042	2,087
Dividends paid	-50	-28
Other movements	-8	-
Investments in associates at year-end	**16,307**	**14,323**

2. RELATED-PARTY DISCLOSURES

A related party is a person or entity that is related to the entity that prepares its financial statements. Related parties are:

- The parent company,
- The subsidiaries,
- The associates,
- The joint ventures,
- The members of the Board of Directors.

Related-party transactions

There were no related-party transactions, except for the transactions between Edify and its subsidiaries, which are restated in the consolidated financial statements, and the gross remuneration amounts allocated to members of the Board of Directors (see Note 9.3).

NOTE 13 – STATUTORY AUDITORS' FEES

The fees paid to the main Statutory Auditor amounted to €359 K, of which €356 K was for services relating to the audit of the 2020 financial statements.

(€ K)	31/12/20	31/12/19
Total fees directly related to the audit of Edify Group's financial statements	356	328
Issuer	*97*	*104*
Fully-consolidated subsidiaries	*259*	*224*
Other services provided by the networks to fully-consolidated subsidiaries (legal, tax, corporate)	3	3
TOTAL	**359**	**332**

NOTE 14 – FINANCIAL STATEMENTS IN THE FORMAT REQUIRED BY LUXEMBOURG LAW

The financial statements below adopt a presentation that is compliant with the amendment to the Law of 10 August 1915, which was passed on 19 December 2016 and effective from 1st January 2016.

CONSOLIDATED INCOME STATEMENT

(€ K)	2020	2019	Cross-reference with the financial statements
1. Net sales	**558,436**	**583,607**	Sales
2. Changes in inventories of finished and semi-finished goods	**-2,065**	**21,185**	Cost of sales
3. Own work capitalised	**-**	**-**	
4. Other operating revenues	**13,648**	**9,668**	Other operating income
5. a) Consumption of merchandise, raw materials and consumables	**-261,197**	**-289,915**	Cost of sales
5. b) Other external charges	**-6,839**	**-7,748**	Cost of sales
6. Staff costs	**-169,113**	**-174,123**	Employee costs
a. Wages and salaries	*-127,337*	*-133,899*	
b. Social security charges accruing by reference to wages and salaries	*-38,882*	*-36,579*	
c. Supplementary pensions	*-963*	*-1,325*	
d. Other staff costs	*-1,931*	*-2,320*	
7. Value adjustments in respect of:	**-33,630**	**-35,211**	
a. Establishment costs and property, plant and equipment, and intangible assets	*-22,651*	*-21,087*	Amortisation and depreciation charges
b. Current provisions	*62*	*-158*	Charges to current provisions
c. Non-current provisions	*-40*	*213*	Other non-current operating income and expenses
d. Goodwill	*-8,353*	*-9,321*	Goodwill impairment + Earn Out
e. Allocated intangible assets	*-2,986*	*-2,985*	Amortisation of allocated intangible assets
f. Inventories	*343*	*-1,530*	Cost of sales
g. Operating asset items	*-5*	*-343*	External costs
8. Other operating expenses	**-75,712**	**-83,378**	External charges + Other non-recurring operating income and expenses
OPERATING RESULT	**23,527**	**24,084**	**OPERATING PROFIT**
9. Income from equity investments	**-7,924**	**-3,773**	Other financial income and expenses
10. Income from financial items of current assets	**5,273**	**1,878**	Other financial income and expenses
11. Other interest and similar income	**945**	**933**	Investment income
12. Value adjustments in respect of financial assets and marketable securities included in current assets	-	-	
13. Interest and similar expenses	**-4,863**	**-804**	
a. In respect of related entities	*8,176*	*6,614*	Other financial income and expenses
b. Debt-related financial charges	*-5,536*	*-5,126*	Financial expenses related to borrowings
c. Other interest and charges	*-7,502*	*-2,292*	Other financial income and expenses
NET FINANCIAL INCOME/(EXPENSE)	**-6,568**	**-1,767**	**NET FINANCIAL INCOME/(EXPENSE)**
14. Income tax	**-9,371**	**-12,261**	Income tax
15. Share of profit of equity-accounted entities	**2,042**	**2,087**	Share of profit/(loss) from associates
16. Profit after income tax	**9,630**	**12,144**	
17. Other taxes	-	-	
18. Net profit for the year	**9,630**	**12,144**	**CONSOLIDATED NET PROFIT**

ASSETS

(€ K)	31/12/20 Net	31/12/19 Net	Cross-reference with the financial statements
A. Fixed assets	**234,221**	**242,833**	
I. Intangible fixed assets	**42,107**	**45,311**	Net intangible assets
1. Research and Development costs	1,236	1,290	
2. Concessions, patents, licences, trademarks, as well as similar rights and securities	14,008	13,100	
3. Business goodwill, to the extent that it was acquired for valuable consideration	25,945	28,941	
4. Payments on account and intangible fixed assets in progress	918	1,981	
II. Goodwill	**11,634**	**20,046**	Goodwill
III. Property, plant and equipment	**142,343**	**141,937**	Net property, plant and equipment
1. Land and buildings	80,541	74,579	
2. Plant and machinery	45,374	42,324	
3. Other equipment, tools and furniture	6,838	7,151	
4. Payments on account and tangible fixed assets in progress	9,590	17,883	
IV. Investments	**38,137**	**35,538**	
1. Shares held in related companies	16,307	14,323	Investments in associates
2. Equity interests and securities held for the long-term	11,162	10,457	Current and non-current financial assets
3. Other loans	10,669	10,759	Current and non-current financial assets
V. Deferred tax assets	**9,458**	**12,599**	Deferred tax assets
B. Current assets	**532,260**	**403,032**	
I. Inventories	**160,359**	**166,155**	Inventories
1. Raw materials and consumables	47,742	53,324	
2. Finished goods and merchandise	112,616	112,830	
II. Debtors	**108,864**	**120,578**	
1. Receivables resulting from the sale of goods or the provision of services	88,600	100,948	Trade receivables
2. Receivables from related entities	13	-450	Other receivables
3. Receivables from employees	-	-	Employee benefits
4. Other receivables	20,251	20,080	Other receivables + Current tax assets
III. Marketable securities	**9,558**	-	
1. Shares in affiliated undertakings and undertakings in which the company has a participating interest	-	-	
2. Own shares or equity	9,558	-	Financial assets
3. Other securities	-	-	
IV. Bank accounts, post office account, cheques and cash in hand	**253,479**	**116,300**	Cash and cash equivalents
C. Prepayments	**3,261**	**4,448**	**Other receivables**
TOTAL BALANCE SHEET ASSETS	**779,200**	**662,913**	

EQUITY & LIABILITIES

(€ K)	31/12/20 Net	31/12/19 Net	Cross-reference with the financial statements
A. Shareholders' equity	**326,846**	**321,027**	
I. Subscribed capital	**4,860**	**4,860**	Share capital
II. Issue and similar premiums	**242,803**	**242,803**	Share premium
III. Revaluation reserves	**-**	**-**	
IV. Reserves	**48,101**	**37,885**	Other reserves
V. Retained earnings	**-**	**-**	
VI. Net profit for the year (Group share)	**9,032**	**11,977**	Net profit for the period
Minority interests	**22,051**	**23,502**	Non-controlling interests
B. Provisions	**16,797**	**17,436**	
1. Provisions for pension and similar obligations	10,906	10,786	Employee benefits
2. Other provisions	5,891	6,650	Non-current and current provisions
C. Deferred tax liabilities	**11,279**	**14,213**	**Deferred tax liabilities**
D. Unsubordinated debt	**421,519**	**307,801**	
1. Bonds issued by entities with which the Company has an equity relationship	-	-	
2. Financial debt owed to credit institutions and other	333,883	205,241	
a. Outstanding amount due within 1 year	*185,704*	*49,856*	Other current financial liabilities
b. Outstanding amount due after more than 1 year	*148,180*	*155,386*	Other non-current financial liabilities
3. Prepayments on order	-	-	
4. Liabilities on purchases of goods and provision of services	48,513	57,966	Trade payables
a. Outstanding amount due within 1 year	*48,513*	*57,966*	
b. Outstanding amount due after more than 1 year	-	-	
5. Liabilities related to fixed assets	2,168	3,058	Other current liabilities
6. Trade payables evidenced by commercial paper	-	-	
7. Liabilities owed to related entities	12	-399	
a. Outstanding amount due within 1 year	*12*	*-399*	Other current liabilities
b. Outstanding amount due after more than 1 year	-	-	
8. Liabilities owed to entities with which the Company has an equity relationship	-	-	
9. Tax and social security liabilities	35,650	39,768	
a. Outstanding amount due within 1 year	*35,650*	*39,768*	Other current liabilities
b. Outstanding amount due after more than 1 year	-	-	
10. Other liabilities	1,293	2,167	
a. Outstanding amount due within 1 year	*990*	*1,347*	Other current liabilities + Tax liabilities
b. Outstanding amount due after more than 1 year	*306*	*816*	Other non-current liabilities
E. Deferred income	**2,758**	**2,436**	
TOTAL BALANCE SHEET LIABILITIES	**779,200**	**662,913**	

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of
Edify S.A.
6, Boulevard d'Avranches
L-1160 Luxembourg

Report on the audit of the consolidated financial statements

OPINION

We have audited the consolidated financial statements of Edify S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated profit and loss account for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE "REVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF 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, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial 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 and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Gabriel de Maigret

Luxembourg, 5 May 2021

Edify May 2021

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