

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Consolidated financial statements for the financial years ended December 31, 2019 and 2020

Consolidated profit & loss statement

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
REVENUES		3,118.2	2,674.8
Cost of sales		-1,364.5	-1,208.2
GROSS PROFIT		1,753.7	1,466.6
OTHER OPERATING INCOME AND EXPENSES	19	46.9	45.9
Selling and marketing expenses		-589.3	-567.6
General and administrative expenses		-200.0	-182.2
Research and development expenses		-398.8	-374.3
TOTAL OPERATING EXPENSES		-1,188.1	-1,124.1
CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS		612.5	388.5
Depreciation costs on assets linked to BioFire acquisition (a)	23	-17.5	-17.9
OPERATING INCOME BEFORE NON-RECURRING ITEMS		595.1	370.7
Other non-recurring income (expenses)	24	-42.2	0.0
OPERATING INCOME		552.8	370.7
Cost of net financial debt	22.2	-25.0	-20.6
Other financial income and expenses	22.3	-3.5	-2.5
Income tax	25	-121.5	-77.8
Share in earnings (losses) of equity-accounted companies		-0.2	0.0
NET INCOME OF CONSOLIDATED COMPANIES		402.7	269.7
Non-controlling interests		-1.7	-3.1
ATTRIBUTABLE TO OWNERS OF THE PARENT		404.4	272.8
Basic earnings per share		3.42€	2.31€
Diluted earnings per share		3.41€	2.30€

(a) In order to improve the understanding of operating income and in view of BioFire's size, the amortisation of the assets acquired and valued during the purchase price allocation, are presented on a separate line of operating income before non-recurring items.

Comprehensive income

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Net income of consolidated companies		402.7	269.7
Items to be reclassified to income		-155.5	19.5
Fair value gains (losses) on financial hedging instruments	(a)	-0.4	-1.2
Tax effect		0.2	0.3
Movements in cumulative translation adjustments	(b)	-155.3	20.3
Items not to be reclassified to income		4.3	-2.5
Fair value gains (losses) on financial assets	(c)	-1.0	16.4
Tax effect		0.1	-0.6
Remeasurement of employee benefits	(d)	6.5	-24.0
Tax effect		-1.4	5.8
TOTAL OTHER COMPREHENSIVE INCOME		-151.2	17.0
COMPREHENSIVE INCOME		251.4	286.7
Non-controlling interests		-2.6	-2.6
ATTRIBUTABLE TO OWNERS OF THE PARENT		254.0	289.3

(a) Change in the effective share of financial hedging instruments.

(b) The change in translation differences in 2020 is mainly related to the increase in the euro rate against other currencies and in particular the dollar.

(c) Changes in the fair value of financial instruments concern shares in non-consolidated companies for which the Group has opted for a change in the fair value in other comprehensive income not reclassified in profit and loss (see Note 7).

(d) See Note 15.3.

Consolidated balance sheet**Assets**

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Intangible assets	4	430.7	508.4
Goodwill	5	629.4	652.5
Property, plant and equipment	6.1	939.0	894.7
Right-of-use assets	6.2	129.6	130.5
Non-current financial assets	7	50.6	41.9
Investments in associates		0.0	0.2
Other non-current assets		14.3	16.1
Deferred tax assets	25.3	72.6	99.0
NON-CURRENT ASSETS		2,266.3	2,343.5
Inventories and works-in-progress	8	541.9	494.7
Trade receivables and assets related to contracts with customers	9	597.9	552.1
Other operating receivables	11	82.2	61.1
Current tax receivables	11	42.3	42.3
Non-operating receivables	11	8.0	13.3
Cash and cash equivalents	12	389.2	275.0
CURRENT ASSETS		1,661.6	1,438.5
ASSETS HELD FOR SALE	13	0.0	0.0
TOTAL ASSETS		3,927.8	3,781.9

Shareholders' equity and liabilities

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Share capital	14	12.0	12.0
Additional paid-in capital and reserves	14	2,014.8	1,919.1
Net income for the year		404.4	272.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		2,431.1	2,203.9
NON-CONTROLLING INTERESTS		50.2	50.7
TOTAL EQUITY		2,481.3	2,254.6
Long-term borrowings and debt	16	352.4	153.7
Deferred tax liabilities	25.3	105.8	141.2
Provisions	15	64.4	62.3
NON-CURRENT LIABILITIES		522.7	357.2
Short-term borrowings and debt	16	128.9	438.6
Provisions	15	51.4	47.0
Trade payables	17	207.1	211.9
Other operating payables	17	451.7	381.1
Current tax payables	17	44.3	32.3
Non-operating payables	17	40.5	59.3
CURRENT LIABILITIES		923.8	1,170.1
LIABILITIES RELATED TO ASSETS HELD FOR SALE	13	0.0	0.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,927.8	3,781.9

Consolidated cash flow statement

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Net income of consolidated companies		402.7	269.7
- Investments in associates		0.2	0.0
- Cost of net financial debt		25.0	20.6
- Other financial income and expenses, net		3.5	2.5
- Income tax expense		121.5	77.8
- Net additions to operational depreciation – non-current provisions		210.8	189.5
- Non-recurring income and expenditure and depreciation costs for the acquisition of BioFire		59.7	17.8
EBITDA (before non-recurring items)	16.1	823.5	577.9
Other non-recurring income (expenses) (excluding non-recurring provisions for impairment and capital gains and losses on disposals of fixed assets)		-42.3	-0.1
Other financial income and expenses, net (excluding provisions and disposals of non-current financial assets)		-3.6	-2.0
Net additions to operating provisions for contingencies and losses		16.3	-6.8
Fair value gains (losses) on financial instruments		0.6	-1.4
Share-based payment		9.9	9.4
Elimination of other non-cash/non-operating income and expenses		-19.1	-0.9
Change in inventories		-82.9	-71.0
Change in trade receivables		-80.4	-57.3
Change in trade payables		4.7	32.9
Change in other operating working capital		72.4	26.0
Change in operating working capital requirement ^(a)		-86.2	-69.4
Other non-operating working capital		5.0	2.1
Change in non-current non-financial assets and liabilities		0.5	0.4
Change in working capital requirement		-80.7	-66.9
Income tax paid		-115.9	-81.6
Cost of net financial debt	22.2	-25.0	-20.6
NET CASH FROM OPERATING ACTIVITIES		582.8	407.9
Purchases of property, plant and equipment and intangible assets		-277.5	-272.5
Proceeds from disposals of property, plant and equipment and intangible assets		24.7	17.1
Proceeds from other non-current financial assets		-2.3	-2.4
FREE CASH FLOW ^(b)		327.7	150.1
Disbursement/collection related to taking non-controlling interests		-6.3	48.4
Impact of changes in Group structure		-3.8	-72.8
NET CASH USED IN INVESTING ACTIVITIES		-265.2	-282.2
Capital increase subscribed by minority interests		1.6	0.0
Purchases and sales of treasury shares		-18.4	0.0
Dividends paid to owners		-22.5	-41.3
Cash flow from new borrowings		292.0	0.0
Cash flows from loan repayments		-426.5	-69.2
Change in interests without gain or loss of controlling interest		-2.4	-23.5
NET CASH USED IN FINANCING ACTIVITIES		-176.2	-133.9
NET CHANGE IN CASH AND CASH EQUIVALENTS		141.4	-8.2
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		264.0	278.2
Impact of currency changes on net cash and cash equivalents		-34.1	-6.1
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		371.3	264.0

(a) Including allocations (reversals) of short-term provisions.

(b) Corresponds to the sum of flows related to the activity and those related to investments excluding the impact of changes in the scope of consolidation. It also includes flows on treasury shares and those relative to the cost of debt.

Comments on the changes in the Group's consolidated net cash and cash equivalents are provided in Note 16.

Cash flow changes in financial year 2020 were not impacted by transactions related to the public health crisis, particularly transactions such as postponements of payables or rent concessions.

Change in consolidated shareholders' equity

	Attributable to owners of the parent									Non-controlling interests	
	Share capital	Additional paid-in capital and consolidated reserves ^(a)	Cumulative translation adjustments	Changes in fair value ^(b)	Actuarial gains and losses ^(c)	Treasury shares	Share-based payment	Total additional paid-in capital and reserves	Net income	Total	Total
EQUITY AT DECEMBER 31, 2018	12.0	1,711.5	-5.4	15.7	-46.6	-32.8	17.0	1,659.5	256.5	1,928.0	74.0
Total comprehensive income for the period			19.9	14.9	-18.3			16.5	272.8	289.3	-2.6
Appropriation of prior-period net income		256.6						256.6	-256.6	0.0	
Dividends paid ^(d)		-41.3						-41.3		-41.3	
Treasury shares		-21.7				29.0		7.2		7.2	
Share-based payment ^(e)							9.4	9.4		9.4	
Share subscription plans		-5.3						-5.3		-5.3	
Changes in ownership interests ^(f)		12.8						12.8		12.8	-20.7
Other changes ^(g)		20.9					-17.1	3.9		3.9	
EQUITY AT DECEMBER 31, 2019	12.0	1,933.3	14.5	30.6	-64.9	-3.9	9.4	1,919.1	272.8	2,203.9	50.7
Total comprehensive income for the period			-154.4	-1.1	5.2			-150.4	404.4	254.0	-2.6
Appropriation of prior-period net income		272.8						272.8	-272.8	0.0	
Dividends paid ^(d)		-22.5						-22.5		-22.5	
Treasury shares		1.0				-19.2		-18.2		-18.2	
Share-based payment ^(e)							9.9	9.9		9.9	
Changes in ownership interests ^(f)		2.4						2.4		2.4	2.1 ^(j)
Other changes ^(g)		17.5		-15.6			-0.4	1.6		1.6	
EQUITY AT DECEMBER 31, 2020	12.0	2,204.5 ^(h)	-140.0 ⁽ⁱ⁾	13.9	-59.7	-23.0	18.9	2,014.7	404.4	2,431.1 ^(h)	50.2

(a) Of which additional paid-in capital: €63.7 million

(b) Including changes in the fair value of Labtech, Dynavax and GNEH shares and hedging instruments

(c) Actuarial gains and losses on employee benefit obligations arising since the effective date of IAS 19R

(d) Dividends per share: €0.19 in 2020 versus €0.35 in 2019. Shares not qualifying for dividends amounted to 214 682 at December 31, 2020 compared with 59 116 at December 31, 2019

(e) The fair value of benefits related to share grants is being recognized over the vesting period

(f) The changes in ownership interests attributable to the parent company in 2020 correspond to (i) the change in the put option on the Hybiome minority interests and (ii) the Group's -0.30% dilution on Hybiome (see Note 1.1). In 2019, this was the result of the exercise of the put options on Hybiome and Hyglos minority interests.

(g) In 2020, this change corresponds to a reclassification following share grants and the reclassification of the 2019 Quanterix disposal from change in fair value to reserves

(h) Of which bioMérieux SA distributable reserves, including the net income for the financial year: €1,053.7 million.

(i) See Note 14.2 Cumulative translation adjustments.

(j) In 2020, the change in non-controlling interests is the result of the 0.30% accretion in Hybiome minority interests

6.1.2 Notes to the Financial Statements

bioMérieux is a leading international diagnostics group that specializes in the field of *in vitro* diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets diagnostic systems, *i.e.* reagents, instruments, and software. bioMérieux is present in more than 160 countries through its locations in 44 countries and a large network of distributors.

These consolidated financial statements were approved by the Board of Directors on February 23, 2021.

The financial statements will only be considered definitive after approval by the Annual General Meeting on May 20, 2021.

The consolidated financial statements are presented in millions of euros.

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NOTE 1 CHANGES IN THE SCOPE OF CONSOLIDATION DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS

1.1 Changes in the scope of consolidation

Changes in the scope of consolidation concern the following transactions:

1.1.1 Transactions not resulting in a change of control

- Following a number of transactions during the financial year on the capital of Suzhou Hybiome Biomedical Engineering Co. Ltd, the Group's stake was diluted by 0.3%. Its shareholding in Hybiome is now 66.7%.

The minority interests included in the calculation of the debt relative to the put were also diluted, consequently reducing this debt by €5.2 million as an offset to equity attributable to the parent company.

1.1.2 Transactions resulting in a change of control

- The integration of Lianjian Anhua Biomedical (China) following its acquisition by Suzhou Hybiome Biomedical Engineering Co. Ltd for €4 million, generating goodwill for the Group of €0.3 million.

1.1.3 Other transactions:

- The removal of the AES Canada Inc. (United States) and Yan Set Development (China) subsidiaries following their liquidation;
- The removal of ABG Stella Inc. (United States) and Bacterial Barcodes Inc. (United States) following their mergers with bioMérieux Inc. (United States) on January 1, 2020.
- The removal of Hyglos and Hyglos Invest following their mergers with bioMérieux Deutschland GmbH on January 1, 2020.

The above subsidiaries were wholly owned by the Group.

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

1.2 Significant events of the financial year

1.2.1 COVID-19

The Group's international presence and public health mission meant that it was actively involved in the battle against COVID-19 during financial year 2020.

The main financial impacts related to the COVID-19 crisis were as follows:

- Sales were up across the molecular biology respiratory infection diagnostic lines but down across other lines due to the decline in hospital visits in many countries.
- The Group recorded additional product transport costs.
- The increase in business, particularly in the molecular lines, was also reflected in the increase in provisions for variable compensation. In addition, the sharp rise in the share price since March 2020 has resulted in a significant increase in the cost of cash-settled share-based compensation plans in the United States (Phantom Share Option Plan).

- Stay-at-home measures have resulted in significant decreases in travel expenses and a reduction in other marketing expenses (conferences, promotion, advertising).

The main financial impacts of the COVID-19 crisis on the Group, as described above, have had an estimated positive impact on contributive operating income before non-recurring items of around €174 million for the full 2020 financial year. The public health crisis had no material impact on net financial income/expenses or on other non-recurring income and expenses.

Other information

The Group had no business interruption or site closures. The Group did not apply for any government support measures.

Despite the significant uncertainties caused by the pandemic, the analysis carried out as part of the impairment tests at December 31, 2020 (see Note 5.2) did not result in any impairment losses for 2020, other than on isolated assets (see Notes 4.2 and 6.1.2).

In accordance with the recommendations of the French Financial Markets Authority (AMF) and French auditing authorities (CNCC), the Group has not shown the COVID-19 impact on specific lines in the main financial statements.

The COVID-19 pandemic has not resulted in any significant deterioration in credit risk or liquidity risk: the Group has not noted any significant deterioration in customer risk, and the Group's financial structure remains solid.

The pandemic has had no material impact on the 2020 net cash position (in particular, no postponement of investment projects or payables, and no rent concessions).

1.2.2 Contributions to support charitable initiatives

To meet the unprecedented challenges of solidarity and responsibility imposed by the COVID-19 pandemic, the Annual General Meeting of June 30, 2020, acting on the recommendation of the Board of Directors, decided to reduce the dividend to €0.19 per share on an exceptional basis. The remainder of the originally planned total payout, representing around €22 million, was used to support charitable initiatives in the Group's host countries.

In December 2020, bioMérieux SA established a bioMérieux endowment fund aimed at supporting general-interest humanitarian, social, health and educational activities, both in France and abroad, to help the most disadvantaged groups. As founder, bioMérieux SA put €20 million into the fund. The fund is not consolidated, mainly because the Group is not exposed to returns. At December 31, 2020, the Group had no other commitments with regard to the endowment fund.

In this context and given their significant and non-recurring nature, all of the commitments were recognized in other non-recurring operating expenses in the 2020 financial statements.

1.2.3 Issue of a €200 million Euro PP bond

On June 29, 2020, bioMérieux announced it had issued a €200 million Euro PP with a top-tier European institutional investor. This private placement includes two instalments: one seven-year €145 million tranche, bearing an annual coupon of 1.5%, and one 10-year €55 million tranche, bearing an annual coupon of 1.9%. This bond issue was recognized at amortized cost using the effective interest rate method, as described in Note 27.1 to the 2020 consolidated financial statements.

1.2.4 Liquidation of the defined-benefit pension plan for bioMérieux Inc. employees.

In the first half of 2020, the Group liquidated its obligations with respect to the defined-benefit pension plan for bioMérieux Inc. (USA) employees by transferring a part of the obligation to insurance companies. In this regard, a US\$4.9 million (€4.3 million) expense was fully recognized in contributive operating income before non-recurring items.

The remaining part of the obligation has been paid directly to plan participants who chose that option. The difference between the amount paid and the remaining obligation at the payment date in accordance with the plan provisions resulted in the recognition of \$11.4 million (€9.9 million) of income, fully recognized in other comprehensive income.

1.3 Summary of significant events in 2019

The significant events for the 2019 financial year were the following:

- Acquisition of Invisible Sentinel Inc. for €66.4 million;
- Increase in the 12.52% stake in Suzhou Hybiome Biomedical Engineering Co. Ltd. for €23.7 million;
- Freezing of bioMérieux Inc. retirement benefits, which generated an expense of €11.2 million;
- My Share global share ownership plan, which generated an expense of €9 million.

These events had no material impact on the 2020 financial statements. The purchase price allocation of Invisible Sentinel Inc. was completed at December 31, 2019 and therefore not updated for financial year 2020.

1.4 Information, on a comparable basis, on changes in the scope of consolidation

No information on a comparable basis is given on the profit & loss statement, as the external growth transaction occurring in 2020 did not have any significant impact.

The impact of changes in the scope of consolidation is shown on a separate line of the cash flow statement and tables showing year-on-year changes in the Notes.

NOTE 2 GENERAL ACCOUNTING PRINCIPLES**Standards, amendments and interpretations**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all standards, amendments and interpretations adopted by the European Commission at December 31, 2020. The reporting standards can be viewed on the European Commission's website.

The new standards, amendments and interpretations adopted by the European Commission and applicable from January 1, 2020 are presented below.

- Amendments to IAS 1 and IAS 8 on the materiality threshold: definition of material;
- Amendments to IFRS 3 – definition of a business;
- Amendments to IFRS 16 on rent concessions;
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments, and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform, phase 1 published on September 26, 2019 and applicable with effect from January 1, 2020.

These amendments had no impact on the Group's financial statements at December 31, 2020.

The IFRS IC's interpretation of November 2019 regarding the enforceable term of rental agreements (IAS 16), and the depreciation period of the permanent fixtures (IFRS 16) which was analyzed in 2020, had no impact on the Group's financial statements.

bioMérieux did not opt for the early application of the standards, amendments and interpretations adopted or awaiting adoption by the European Union, which will become effective after December 31, 2020 but which could have been applied early. These are mainly the amendments to IFRS 9 Financial Instruments, IFRS 39 Financial Instruments: Recognition and measurement, and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform, phase 2 published on January 14, 2021 and applicable with effect from January 1, 2021.

The standards, amendments and interpretations adopted by the IASB that will enter into force for financial years beginning on or after January 1, 2021 and that are pending adoption by the EU, are as follows:

- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 insurance contracts;
- Interest rate benchmark reform, phase 2. Draft amendment of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- The 2018-2020 cycle of annual improvements: various provisions, published on May 14, 2020 and applicable as from January 1, 2022;
- Amendments to IFRS 3 (with reference to the conceptual framework), IAS 16 (recognition of pre-commissioning revenue), and IAS 37 (onerous contracts), published on May 14, 2020 and applicable as from January 1, 2022;
- Amendments to IAS 1: Presentation of financial statements – Classification of liabilities as current or non-current, published on January 23, 2020 and July 15, 2020 and applicable as from January 1, 2023.

The Group does not expect these amendments to have a material impact on its consolidated financial statements.

There are no standards, amendments and interpretations published by the IASB, with mandatory application for the financial years opened on January 1, 2020, but not yet approved at the European level (and for which early application is not possible on a European level), which would have had a significant impact on the consolidated financial statements.

The financial statements of consolidated Group companies that are prepared in accordance with local accounting principles are restated to comply with the principles used for the consolidated financial statements.

General presentation methods used for the financial statements

The balance sheet is presented based on the distinction between "current" and "non-current" assets and liabilities as defined in the revised version of IAS 1. Consequently, the short-term portion of provisions, borrowings and financial assets (due within one year) is classified as "current" and the long-term portion (due beyond one year) is classified as "non-current."

The consolidated profit & loss statement is presented by function, with the exception of the presentation on a specific line, in the operating income before non-recurring items, of the net impact of the depreciation of assets related to the acquisition of BioFire.

The Group applies the indirect method of presenting cash flows.

Judgments and estimates

When preparing the consolidated financial statements, estimates and assumptions are made that affect the book value of certain assets, liabilities, and profit & loss statement items. They particularly concern the measurement and impairment of intangible assets acquired as part of business combinations and the impairment of intangible assets (including goodwill); the measurement of post-employment benefit obligations; the measurement of non-current financial assets; determination of lease periods; provisions; deferred taxes; share-based payments; as well as disclosures provided in certain notes to the financial statements. These estimates and assumptions are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant in light of prevailing economic conditions. Changes in those conditions could therefore lead to different estimates being used for the Group's future financial statements. During the financial year, bioMérieux observed no significant change in the level of uncertainty related to these estimates and assumptions, except for the volatile discount rate used to measure employee benefit obligations (see Note 15.3) and assumptions related to translation differences.

The COVID-19 pandemic did not result in significant changes in estimates at December 31, 2020, nor in an increase in the uncertainties related to certain items impacting the financial statements, despite the general uncertainties related to the economic environment.

2.1 Presentation of the consolidated income statement

The Group's key financial performance indicator is contributive operating income before non-recurring items. It corresponds to recurring income less recurring expenses. Non-current expenses and income are not included. As specified above, the depreciation of assets recognized for the BioFire purchase price allocation are presented on a specific line, in current operating income. Non-recurring income and expenses from operations do not include items related to COVID-19 (see Note 24 for details).

2.2 Consolidation methods

Companies over which bioMérieux has exclusive control are fully consolidated.

The Group determines whether it controls an investee based on the criteria set out in IFRS 10 (direct or indirect power over the investee to direct the financial and operating policies of the relevant activities, exposure to variability of returns and ability to use its power to affect the amount of the returns). Control is generally deemed to exist when the Group directly or indirectly owns more than one half of the voting rights of the investee. In determining whether control exists, the Group considers any currently exercisable potential voting rights, including those held by another entity.

Companies over which bioMérieux exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control.

It is deemed to exist when the Group holds between 20% and 50% of the voting rights either directly or indirectly.

The analysis of partnerships made according to the criteria defined by the IFRS 11 standard did not identify any joint ventures or joint operations. Joint ventures are accounted for using the equity method.

Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Group.

The list of consolidated companies is provided in Note 33. All significant intra-group balances and transactions are eliminated in consolidation (notably dividends and internal gains on inventories and non-current assets).

2.3 Financial year-end

All Group companies have a December 31 year-end, except for the Indian subsidiaries, for which interim accounts are drawn up and audited at the Group's reporting date.

2.4 Foreign currency translation

The reporting currency of bioMérieux is the euro and the consolidated financial statements are presented in millions of euros.

2.4.1 Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries whose functional currency is not the euro or the currency of a hyper-inflationary economy are converted as follows:

- Balance-sheet items (except for equity) are translated using the official year-end exchange rate.
- Profit & loss statement items are translated using the average exchange rate for the financial year.
- Equity items are translated using the historical rate;
- Cash flow statement items are translated using the average exchange rate for the year.

Differences resulting from the translation of subsidiaries' financial statements are recognized in a separate heading in the statement of changes in equity ("cumulative translation adjustments") and movements during the year are presented on a separate line within other comprehensive income.

Argentina has been considered as a country subject to hyperinflation since July 1, 2018 with regard to the criteria defined by the IAS 29 standard. Consequently, the Group analyzed the treatment required by the standard, namely the conversion of the 2020 balance sheet and profit & loss statement at closing prices.

The impact of the restatement of the financial statements of bioMérieux Argentina was not significant at the consolidated level; the Group did not perform restatement.

When a foreign subsidiary is sold and the sale leads to a loss of control, translation differences previously recognized in other comprehensive income relating to that company are recognized in net income for the year. If shares in a subsidiary are sold without any loss of control over the subsidiary, the translation differences are reclassified between minority interests and translation differences attributable to owners of the parent.

No disposal of foreign subsidiaries occurred over the financial years presented.

The main conversion rates used were the following:

AVERAGE RATES

1 EURO =	USD	JPY	GBP	CNY	BRL
2020	1.14	122	0.89	7.87	5.89
2019	1.12	122	0.88	7.74	4.41
2018	1.18	130	0.88	7.81	4.33

YEAR-END RATES

1 EURO =	USD	JPY	GBP	CNY	BRL
2020	1.23	127	0.90	8.02	6.37
2019	1.12	122	0.85	7.82	4.52
2018	1.15	126	0.89	7.88	4.44

2.4.2 Translation of transactions in foreign currencies

As prescribed by IAS 21 “The Effect of Changes in Foreign Exchange Rates,” each Group entity translates foreign currency transactions into its functional currency at the exchange rate prevailing on the transaction date. Exchange rate gains or losses resulting from differences in rates between the transaction date and the payment date are recognized under the corresponding lines in the profit & loss statement (sales and purchases for commercial transactions).

Foreign currency payables and receivables are translated at the year-end exchange rate and the resulting currency translation gain or loss is recognized in the income statement at the end of the reporting period.

Derivatives are recognized and measured in accordance with the general principles described in Note 27.1 “Recognition and measurement of financial instruments.” Foreign exchange derivatives are recognized in the balance sheet at their fair value at the end of each reporting period.

NOTE 3 OPERATING INCOME BEFORE NON-RECURRING ITEMS AND SEGMENT INFORMATION

3.1 Recurring income

Revenue is recognized in application of the IFRS 15 standard "Income from contracts with customers."
The COVID-19 crisis has had no impact on revenue recognition procedures in 2020.

3.1.1 Revenues

Revenue is composed of income from the sale of goods and services according to the meaning of IFRS 15 and income from the rental of equipment according to the meaning of IFRS 16.

The principles for revenue recognition defined by IFRS 15 are defined based on an analysis in five successive stages:

- identification of the agreement;
- identification of the different performance obligations, *i.e.* the list of separate goods and services that the seller has undertaken to provide to the buyer;
- determination of the overall price of the agreement;
- allocation of the overall price of each performance obligation;
- recognition of revenue when a performance obligation is satisfied.

In practice, the rules for revenue recognition according to the main performance obligations identified are presented below:

- Sales of reagents:
Revenue from the sales of reagents is recognized when the Company has transferred control of assets which, in practice, corresponds to the date of dispatch.
- Sales of equipment:
Revenue from sales of equipment is recognized when the Company has transferred control of the assets which, in practice, corresponds to the date of delivery or installation, depending on the complexity of the equipment.
- Equipment rental:
Revenue composed of income from equipment rental and finance lease contracts according to the meaning of IFRS 16 is recognized as revenue in a straight-line manner over the term of the agreement, for the discounted value at the date of establishment of the contract.
The contracts have an average term between three and five years.
- Finance leases:
When the Group leases assets to third parties on terms equivalent to a sale, the assets are recorded as though they had been sold, as prescribed by IFRS 16 "Leases" (see Note 6.3).
- Contracts for the provision of equipment:
Contracts for the provision of equipment are related to other services (supply of reagents, maintenance services, guarantee extensions). They are considered as multiple-element contracts.
The analysis of the criteria defined by the standard led to contracts for the provision of equipment being considered as rental agreements, not transfer contracts.

The application of the standard led to the statement in the notes to the consolidated financial statements of a breakdown of revenue based on the various components of a multiple-element arrangement (reagent sales, implicit rent, etc.), without having to change the amount of revenue.

- Service agreements:
The services essentially correspond to training, after-sales service and maintenance. Training and after-sales services are recognized in revenue when the services are provided. The analysis performed according to the IFRS 15 standard led to maintenance services being recognized linearly over the term of the maintenance agreement, without change in relation to the previous treatment. Deferred income is recognized when the maintenance services are invoiced in advance.
- Guarantees:
The majority of contracts including an item of equipment always include a guarantee. The customer does not have the option to purchase the guarantee, so it is not a guarantee providing a service, but an insurance policy and not an obligation to provide a separate service. It is recognized according to IAS 37 "Provisions, contingent liabilities and contingent assets" (see Note 15.2).
Guarantee extension contracts may be purchased by the customer, and they do provide an additional service. This service fulfills the criteria to be considered as a separate performance obligation. The performance obligation is recognized as such in accordance with the provisions of IFRS 15.
- Returns:
There are no specific obligations in terms of returns when the products sold are not defective.

- Payment conditions:

Operations related to sales of reagents and sales of equipment are paid for under the conditions defined in the contract, which may vary from one country to another. Payment deadlines are usually between two and three months.

Customer contracts which have a financing component are operating leases, finance leases and the provision of equipment. In these cases, the payments are made according to the payment schedule defined contractually.

Payment conditions have not been changed with the COVID-19 crisis.

The procedures for the recognition of revenue do not require significant judgments.

Also, the analysis carried out by the Group did not identify any assets in relation to marginal costs of obtaining the contract or contract performance costs, nor specific points pursuant to the distinction between agent and principal.

The Group acts as principal in its relationships with customers.

The table below presents the breakdown of revenue according to the different revenue categories, in accordance with IFRS 15.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Sales of equipment	313.2	239.1
Sales of reagents	2,548.5	2,199.1
Sales of services	178.2	171.3
Equipment rentals ^(a)	50.5	41.5
Other revenue	27.7	23.8
REVENUES	3,118.2	2,674.8

(a) *Equipment leasing includes rent and the share of revenue due to the sale of the reagents reclassified as rent for equipment provision contracts (see above).*

Revenue is measured at the fair value of the consideration received or receivable, net of any discounts and rebates granted to customers. Sales taxes and value-added taxes are not included in revenue.

The sectoral breakdown of the revenue is given in Notes 3.4 and 3.5. The breakdown by technology is given in Note 3.6. The analysis performed according to IFRS 15 did not lead to presenting other breakdowns of revenue.

3.1.2 Other operating income

The other income is essentially composed of license fees and subsidies. The rules on the recognition of other income are presented below:

- other income related to customer contracts: it is composed of reassigned royalties; and the analysis of license contracts according to IFRS 15 led to them being considered as giving a right of access to intellectual property. As the obligation for performance is fulfilled gradually, the revenue is recognized over the term of the agreement;
- other income not related to customer contracts: this mainly corresponds to research subsidies received and research tax credits, considered equivalent to subsidies according to IAS 20 (see Note 19).

3.2 Recurring expenses

Cost of sales includes the following:

- The cost of raw materials consumed, including freight, direct and indirect personnel costs for production personnel, the depreciation of assets used in production, all external expenses related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses

(the Group's share of expenses such as Purchasing, Human Resources, and Informatics). Expenses relating to areas such as Quality Control, Production Quality Assurance, Engineering, Business Processes, and Supply Chain are included in production costs.

- royalties paid in relation to marketed products;
- distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to distribution centers or end customers;
- depreciation of instruments placed with or leased to customers;
- Technical Support expenses, including the cost of installing and maintaining instruments placed or sold, irrespective of whether such services are billed separately. Also included under this heading are personnel expenses, travel expenses and the cost of spare parts, as well as movements in provisions for warranties granted at the time instruments are sold.

Operating expenses

Selling and marketing expenses include expenses incurred by the Strategy, Marketing, Sales and Sales Administration Departments. They also include sales bonuses and commissions paid to employees in the Group's Sales Departments and to independent sales agents. Advertising and promotional costs are also classified as selling and marketing expenses.

General and administrative expenses comprise the cost of General Management and Support services (Human Resources, Legal, Finance), excluding the portion of costs incurred by these departments that is allocated to the other departments that directly use their services.

Research & Development expenses include all costs concerning in-house and outsourced research & development work on new products other than software (design costs) as well as expenses related to Regulatory Affairs, Intellectual Property, Technological Monitoring, and Research & Development Quality Assurance. Subsidies received in connection with research programs are shown in other operating income (see Note 3.1.2).

Royalty payments (fixed or proportional) are included in the cost of sales of the corresponding products. If no product is marketed or marketable in the short term, these payments are classified as research & development expenses.

Other information relating to recurring expenses

Variable compensation (performance-related bonuses, commissions, discretionary and non-discretionary profit-sharing) as well as share-based payments are included in the personnel expenses of the departments concerned.

In the context of long-term employee benefits, current service costs and the interest cost net of the return on plan assets are recognized within operating income before non-recurring items.

The CVAE corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises*) and the C.F.E. (*Cotisation Foncière des Entreprises*) are classified under operating expenses given that the added value generated by the Group's French operations significantly exceeds their taxable income.

Foreign exchange gains and losses related to transactions are included in the profit & loss statement lines corresponding to the category of the transaction concerned (primarily revenue, cost of sales, and financial expenses). The presentation of foreign exchange gains and losses related to derivative instruments is given in Note 28.

3.3 Contributive operating income before non-recurring items and operating income before non-recurring items

The Group uses contributive operating income before non-recurring items as one of its key financial performance indicators. It corresponds to recurring income less recurring expenses as defined in Notes 3.1 and 3.2. It excludes non-recurring income and expense from operations (as defined in Note 24.1) as well as depreciation or amortization of the assets acquired and valued as part of the BioFire purchase price allocation.

Amortization of goodwill recognized during the acquisition of BioFire is presented on a separate line of the operating income before non-recurring items. Depreciation and amortization charges relating to other prior acquisitions have not been restated as they are not deemed to be material.

In 2020, operating income before non-recurring items was the sum of the contributive operating income before non-recurring items and costs related to the depreciation or amortization of assets related to the acquisition of BioFire (see Note 23).

3.4 Segment information

3.4.1 Information by business segment

In accordance with IFRS 8 "Operating segments," and following the changes made to the Group's organizational structure with the set-up of two main divisions, one dedicated to clinical applications and the other to industrial applications, the Group now presents two operating segments within *in vitro* diagnostics. Comparative information was restated.

DECEMBER 31, 2020

In millions of euros

	Clinical Applications	Industrial applications	Other	Group
Revenues	2,663.5	454.6	0.0	3,118.2
Gross profit	1,553.7	200.8	-0.8	1,753.7
Other operating income and expenses	-962.0	-169.2	-10.1	-1,141.2
CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS	591.7	31.7	-10.9	612.5
<i>as % of revenues</i>	22%	7%		

DECEMBER 31, 2019

In millions of euros

	Clinical Applications	Industrial applications	Other	Group
Revenues	2,208.2	466.6	0.0	2,674.8
Gross profit	1,245.7	226.0	-5.1	1,466.6
Other operating income and expenses	-915.9	-173.5	11.3	-1,078.1
CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS	329.8	52.5	6.2	388.5
<i>as % of revenues</i>	15%	11%		

In accordance with IFRS 8, in Note 3.4.2 the Group discloses information on revenue and assets broken down by geographic area, which has been prepared using the same accounting principles as those applied to prepare the consolidated financial statements.

No balance sheet information is communicated to operational managers.

3.4.2 Information by geographic area

Geographical areas have been determined by combining countries with similar economic characteristics and similar risk, profitability, strategy, and regulatory profiles. Group sales in the Middle East – Africa region are generated in a heterogeneous set of countries, mainly through distributors or agents, and in certain countries *via* local distribution subsidiaries. The distributors and agents are for the most

part in direct contact with the French Company bioMérieux SA, which explains their being grouped with the Europe region.

The information by geographic area shown in the tables below has been prepared in accordance with the accounting principles used to prepare the consolidated financial statements.

DECEMBER 31, 2020

<i>In millions of euros</i>	Americas	EMEA ^(a)	Aspac	Corporate	Group
Revenues	1,588.2	1,021.9	504.6	3.5	3,118.2
Cost of sales	-523.1	-426.1	-248.3	-167.0	-1,364.5
Gross profit	1,065.1	595.8	256.3	-163.5	1,753.7
<i>as % of revenues</i>	67%	58%	51%		
Other operating income and expenses	-312.2	-167.0	-88.7	-573.3	-1,141.2
CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS	752.9	428.8	167.6	-736.8	612.5
<i>as % of revenues</i>	47%	42%	33%		

(a) Of which France revenues: €218.8 million.

DECEMBER 31, 2019

<i>In millions of euros</i>	Americas	EMEA ^(a)	Aspac	Corporate	Group
Revenues	1,199.2	957.3	513.7	4.6	2,674.8
Cost of sales	-429.7	-434.5	-247.9	-96.1	-1,208.2
Gross profit	769.5	522.8	265.8	-91.5	1,466.6
<i>as % of revenues</i>	64%	55%	52%		
Other operating income and expenses	-292.0	-177.9	-112.4	-495.8	-1,078.1
CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS	477.5	344.9	153.4	-587.3	388.5
<i>as % of revenues</i>	40%	36%	30%		

(a) Of which France revenues: €197.8 million.

DECEMBER 31, 2020

<i>In millions of euros</i>	Americas	EMEA ^(a)	Aspac	Corporate	Group
Non-current assets					
Intangible assets	13.8	18.5	3.0	395.4	430.7
Goodwill				629.4	629.4
Property, plant and equipment	424.6	222.9	47.1	244.4	939.0
Right-of-use assets	56.9	59.0	13.6		129.6
Working capital requirement					
Inventories and work-in progress	259.8	199.9	82.2		541.9
Trade receivables and assets related to contracts with customers	254.1	273.1	70.7		597.9
Trade payables	-42.5	-64.4	-100.2		-207.1

(a) Of which non-current assets in France: €376.3 million.

DECEMBER 31, 2019

<i>In millions of euros</i>	Americas	EMEA ^(a)	Aspac	Corporate	Group
Non-current assets					
Intangible assets	20.7	29.6	4.0	454.1	508.4
Goodwill				652.5	652.5
Property, plant and equipment	436.0	209.3	37.3	212.2	894.7
Right-of-use assets	57.9	64.7	7.9		130.5
Working capital requirement					
Inventories and work-in progress	257.5	160.8	76.4		494.7
Trade receivables and assets related to contracts with customers	209.0	278.2	64.9		552.1
Trade payables	-97.0	-44.8	-70.0		-211.9

(a) Of which non-current assets in France: €383.4 million.

Regional data includes commercial activities, corresponding mainly to revenue in each of the above geographic areas, the related cost of sales, and the operating expenses necessary for these commercial activities. The regional data also includes the non-allocated costs of the production sites in these geographical areas. The revenue is a net consolidated contribution, not including inter-company revenue with the other areas.

Corporate data mainly includes the research costs incurred by the Clinical and Industrial units, as well as the costs incurred by the Group's Corporate functions and revenue from companion test research & development partnership agreements.

Intangible assets recorded in the Corporate column mainly correspond to goodwill and to technologies acquired by the Group.

3.5 Information by technology and application

The table below provides a breakdown of revenue by technology and application:

<i>In millions of euros</i>	12/31/2020	12/31/2019
Clinical Applications	2,663.5	2,208.2
Molecular biology	1,207.1	671.5
Microbiology	950.6	1,026.3
Immunoassays	428.3	474.5
Other ranges	77.5	35.9
Industrial applications	454.6	466.7
TOTAL	3,118.2	2,674.8

The other ranges mainly include the activity of the subsidiary BioFire Defense, for which the revenue stood at €70.2 million in 2020 and €24.7 million in 2019.

NOTE 4 INTANGIBLE ASSETS

4.1 Accounting principles

4.1.1 Research & development expenses (excluding software development costs)

In accordance with IAS 38 "Intangible Assets", research expenses are not capitalized.

Under IAS 38, development expenses must be recognized as intangible assets whenever specific conditions are met, related to technical feasibility and marketing and profitability prospects. Given the high level of uncertainty attached to development projects carried out by the Group, these recognition criteria are not met until the regulatory procedures required for the sale of the products concerned have been finalized. As most costs are incurred before that stage, development expenses are recognized in the consolidated income statement in the period during which they are incurred.

Development costs are recognized as part of a business combination at the fair value of the projects identified in the balance sheet at acquisition, in accordance with the provisions of IFRS 3 (revised). These costs are amortized from the date of marketing of the lines affected by the projects in a linear fashion over their expected useful life.

Development expenses related to projects ongoing at the acquisition date continue to be capitalized until the date the corresponding product lines are marketed.

Development expenses incurred after the business combination date and related to new projects are recognized in accordance with IAS 38 as described previously. In practice, all subsequent costs are expensed.

4.1.2 Other intangible assets

Other intangible assets mainly include patents, licenses, elements of intellectual property, software, and customer relationships. They all have finite useful lives and are initially recognized as follows:

- if purchased: at their purchase price;
- in the case of business combinations: at fair value, generally based on the price paid (where the price of the intangible asset is identified), or based on the discounted value of estimated future cash flows;
- in the case of internal production: at their cost price for the Group.

Significant costs directly attributable to the creation or improvement of software developed in-house are capitalized if it is considered probable that they will generate future economic benefits. Other development costs are expensed as incurred. In the case of software, only in-house and outsourced development costs related to organic analyses, programming, tests, trials, and user documentation are capitalized.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits embodied in the asset concerned, generally on a straight line basis over periods of:

- 5 to 20 years for patents, licenses, technologies;
- 10 years for major integrated management software (such as ERP systems);
- 3 to 6 years for other computer software;
- and 10 to 15 years for customer relationships.

Software is amortized when it comes into operational effect in each subsidiary, on a phased basis where applicable.

Intangible assets are carried at their initial cost less accumulated amortization and any accumulated impairment losses. Depreciation and amortization are recognized in the consolidated income statement based on the assets' function. Impairment losses are recognized under "Other non-recurring income and expenses from operations" if they meet the applicable definition (see Note 24.1). For ERP-type management software, any termination of a project or batch constitutes an indication that the asset is impaired.

4.2 Change

Gross values

In millions of euros

	Patents Technology	Software	Other	Total
DECEMBER 31, 2018	660.6	205.2	41.2	907.0
Translation differences	8.7	1.3	0.6	10.6
Acquisitions/Increases	0.2	6.3	13.0	19.5
Changes in scope of consolidation	7.3	0.0	11.3	18.6
Disposals/Decreases	-4.9	-0.9	-0.1	-5.8
Reclassifications	-0.1	8.3	-7.3	0.9
DECEMBER 31, 2019	671.7	220.2	58.8	950.8
Translation differences	-37.9	-7.5	-4.5	-49.9
Acquisitions/Increases	0.2	5.6	10.7	16.5
Changes in scope of consolidation	0.0	0.0	2.3	2.3
Disposals/Decreases	-1.8	-8.3	-3.5	-13.6
Reclassifications	0.2	-2.8	5.2	2.6
DECEMBER 31, 2020	632.5	207.3	68.9	908.6

Depreciation and impairments

In millions of euros

	Patents Technology	Software	Other	Total
DECEMBER 31, 2018	231.7	145.3	4.0	381.0
Translation differences	2.6	1.0	0.0	3.6
Additions	40.7	20.6	2.3	63.6
Changes in scope of consolidation	0.0	0.0	0.0	0.0
Reversals/Disposals	-4.7	-1.0	-0.1	-5.7
Reclassifications	0.0	0.0	0.0	0.0
DECEMBER 31, 2019	270.3	165.9	6.2	442.3
Translation differences	-15.2	-5.3	-0.2	-20.7
Additions	46.5	19.6	1.9	67.9
Changes in scope of consolidation	0.0	0.0	0.0	0.0
Reversals/Disposals	-1.6	-8.3	-3.2	-13.1
Reclassifications	0.2	0.0	1.2	1.4
DECEMBER 31, 2020	300.2	171.9	5.8	477.9

Net values

In millions of euros

	Patents Technology	Software	Other	Total
DECEMBER 31, 2019	401.4	54.4	52.6	508.4
DECEMBER 31, 2020	332.3	35.4	63.1	430.7

The line "reclassifications" mainly corresponds to assets under construction put into service during the financial year.

The gross value of intangible assets under construction represents €42.7 million at December 31, 2020 against €38.8 million in 2019.

The review of impairment indices on assets with defined useful lives as defined in Note 5.2 led the Group to recognize depreciation on a technology asset of €13 million in 2020. Impairment recorded in 2019 totaled €6 million.

NOTE 5 GOODWILL

5.1 Accounting principles

In application of the revised version of IFRS 3, goodwill represents the excess of the cost of a business combination (excluding acquisition-related costs) and the fair value of the Group's share of the acquiree's identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the acquiree's functional currency. Provisional values may be assigned to fair values and goodwill during a "measurement period" which may not exceed one year from the acquisition date. Any changes made to provisional values after the end of the measurement period are recognized in income, including those concerning deferred tax assets.

The purchase price of a business combination includes the estimated impact of any contingent consideration. This consideration is measured by applying the criteria included in the acquisition agreement, such as revenue or earnings targets, to forecasts that are deemed to be the most probable. It is then remeasured at the end of each reporting period, and any changes are recorded in income after the acquisition date (including during the measurement period). They are discounted if the impact is material. Any discounting adjustments to the carrying amount of the liability are recognized in "Cost of net debt."

Non-controlling interests are measured at the time of the acquisition either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquired Company's net assets (partial goodwill method). The option is taken for each acquisition.

When the Group purchases an additional interest in an acquired entity after the acquisition date, the difference between the consideration paid and the Group's share in the acquiree's net assets is recognized directly in consolidated reserves. Similarly, if the Group sells an interest in an acquired entity without losing control, the resulting impact is also recognized directly in consolidated reserves.

In the case of a put option on minority interests, without those interests waiving their rights and associated benefits, borrowing is recognized for its present value against reserves, with no change in goodwill. At each closure, changes in the fair value of debt, determined according to contractual provisions, are recognized against shareholders' equity attributable to the parent company. The impact of accretion is recorded in the section "Cost of net financial debt."

Goodwill is recognized on a separate line of the balance sheet at cost less any accumulated impairment losses. Any negative goodwill is recognized directly in income during the year in which the controlling interest was acquired.

In compliance with IFRS 3 "Business Combinations," goodwill is not amortized. On the acquisition date, they are attached to a cash-generating unit depending on the synergies expected for the Group (see Note 5.2). They are tested at least once a year for impairment losses and whenever there is an indication that they may be impaired. The methods used for performing the tests and recognizing any identified impairment losses are described in Note 5.2 "Impairment of non-current assets."

5.2 Impairment of non-current assets

The Group systematically carries out annual impairment tests on goodwill and other intangible assets with an indefinite useful life (the Group did not have any such assets in the years presented in these consolidated financial statements).

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment whenever there is an indication that they may be impaired.

A CGU corresponds either to a legal entity or to a product line (a group of property, plant and equipment, mainly production plants, and intangible assets, essentially technologies, which generate cash flows as a result of products based on the same technology).

Changes made to segment composition (see Note 3.4) did not result in any changes to the CGUs.

Impairment testing is used to determine the recoverable amount of a CGU or group of CGUs, representing the higher of their value in use and fair value less costs to sell.

In practice, the value in use of a CGU or group of CGUs is determined primarily on the basis of discounted operating cash flow projections covering a period of five years and based on the most recent business plan, and a terminal value.

The growth assumptions used to calculate the value in use for the business plan projection time horizon are consistent with available market information and conservative assumptions have been used for determining the terminal value, including a terminal growth rate typically corresponding to 1.5%, except for the molecular business and the Hybiome entity, for which a 2.0% growth rate was used.

Cash flow projections do not include any expansion investments or restructurings that have not already commenced.

The discount rate applied to cash flows corresponds to the Weighted Average Cost of Capital (WACC), calculated using a risk-free rate (French government OAT bond rate), the equity market risk premium and the beta ratio (which adjusts the overall equity market risk in relation to the specific industry risk). In certain cases, a specific risk premium is included, chiefly to reflect technology risk and the individual market risk, like a country risk premium to take account of the exposure of each CGU to macroeconomic risks. The WACC determined by the Group is compared with the figure calculated by analysts who track the Company's stock. The discount rates calculated for the main CGUs (technological product lines) were between 7.7% and 14.0% in 2020, as in 2019. The upper range used in 2020 covers the Hybiome CGU. These rates are understood after tax. The application of a pre-tax WACC to pre-tax cash flows would give an identical result.

Tests were performed to assess the sensitivity of the recoverable amounts to changes in certain actuarial and operating assumptions (see Note 5.3).

The COVID-19 crisis has not led to any changes in the methods used to calculate impairment tests, nor to the recognition of significant additional impairment losses related to the pandemic. As in the past, risk is reflected first and foremost in forecasts. The Group did not introduce any new sensitivity criteria or change the ranges of the sensitivity tests as a result of the analysis.

The Group recognizes an impairment loss where the value in use of these CGUs falls below the net value. The impairment loss is allocated first to reduce the carrying amount of any goodwill, with the residual amount allocated to the other assets of the unit, except if this reduces the net book value of those assets below their fair value.

Impairment losses are recognized under "Other non-recurring income and expenses from operations" if they meet the applicable definition (see Note 24.1). Impairment losses against goodwill in respect of fully consolidated entities may not be reversed unless the asset is sold.

Impacts of the application of IFRS 16

The analysis did not lead to the identification of assets associated with rental agreements to be tested independently from a cash-generating unit (CGU).

While awaiting the expected clarifications regarding the practical methods for performing impairment tests incorporating IFRS 16 restatement, and in view of the numerous practical issues identified, the impairment tests were carried out, as in 2019, both prior to IFRS 16 and in an approximate manner by incorporating the right-of-use asset and the debt linked to the lease liability into the book value of the CGU, without any modification being made to the calculation of the discount rate and provisional cash flows.

As stated in the notes to the 2019 consolidated financial statements, the application of IFRS 16 should not, in principle, have any material impact in the event that the recoverable value is determined in relation to provisional cash flows.

5.3 Change

Changes in this item can be analyzed as follows:

CGU	<i>In millions of euros</i>	12/31/2020	12/31/2019
Industrial applications		184.9	188.9
	AES	117.1	117.1
	Invisible Sentinel	41.9	45.7
	PML (US)	11.8	11.8
	bioMérieux Germany (Hyglos)	5.7	5.7
	BTF (Australia)	5.1	5.0
	Advencis	2.9	2.9
	CEERAM	0.5	0.5
Molecular biology		147.5	159.4
	BioFire	127.9	139.7
	Argène	19.3	19.3
	RAS Lifesciences	0.4	0.4
Bacteriology		141.5	142.9
	AB bioMérieux (Sweden)	61.5	59.1
	Organon Teknika	51.0	52.5
	bioMérieux Inc. (Vitek+ Bacterial Barcodes)	12.4	6.2
	Applied Maths	11.4	11.4
	Bacterial Barcodes (US)	0.0	8.7
	MDI (US)	1.9	1.9
	bioMérieux Spain	1.8	1.8
	bioMérieux Biological products	1.4	1.4
Hybiome		120.5	123.4
	Hybiome	120.3	123.4
	Lianjian Anhua Biomedical	0.3	
Immunoessays	Astute Medical Inc.	30.5	33.3
Entities		4.4	4.6
	bioMérieux Greece	1.7	1.7
	bioMérieux Poland	1.6	1.7
	bioMérieux South Africa	1.1	1.3
NET VALUE		629.4	652.5

Changes in this item can be analyzed as follows:

<i>In millions of euros</i>	Net value
DECEMBER 31, 2018	603.0
Translation differences	4.8
Changes in scope of consolidation ^(a)	44.8
DECEMBER 31, 2019	652.5
Translation differences	-23.4
Changes in scope of consolidation ^(b)	0.3
DECEMBER 31, 2020	629.4

(a) Linked to the acquisition of Invisible Sentinel Inc.

(b) Linked to the acquisition of Lianjian Anhua Biomedical (see Note 1.1).

There was no provisional goodwill at December 31, 2020.

No impairment losses were recognized in 2020 or 2019 as a result of the impairment tests carried out as described in Note 5.1, other than on isolated assets (see Notes 4.2 and 6.1.2).

The inputs used in the impairment tests carried out on the Group's main CGUs are set out below:

CGU	2020			2019		
	Net value ^(a)	Discount rate	Terminal growth rate	Net value ^(a)	Discount rate	Terminal growth rate
Industrial applications	184.9	7.7%	1.5%	188.9	7.8%	1.5%
Molecular biology	147.5	8.9%	2.0%	159.4	9.2%	2.0%
Bacteriology	141.5	7.8%	1.5%	142.9	7.7%	1.5%
Hybiome	120.5	14.0%	2.0%	123.4	14.0%	2.0%
Immunoassays	30.5	8.3%	1.5%	33.3	8.2%	1.5%

(a) Net value of goodwill assigned to the CGU.

Revenue and operating margin growth assumptions are set for each CGU in accordance with the best estimates at the test date. They take into account the level of maturity of our products and target markets, and also forecast development and innovation for our ranges.

An analysis was carried out to assess the sensitivity of the impairment tests to changes in discount rates (adverse change of 50 basis points), terminal growth rates (adverse change of 50 basis points) and the operating margin (fall of

100 basis points in the ratio of operating income before non-recurring items to terminal value). This analysis would lead to the recognition of an additional impairment for the Hybiome CGU if there was an adverse change in the discount rate of 60 basis points or a drop in the rate of return of more than 300 basis points.

As stated above, the pandemic has not resulted in any changes to the sensitivity analyses.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT, ASSETS RELATED TO RIGHT-OF-USE AND OTHER FINANCE LEASE RECEIVABLES

6.1 Property, plant and equipment

6.1.1 Accounting principles

As prescribed by IAS 16 "Property, Plant and Equipment," items of property, plant and equipment are initially recognized at their purchase or production cost or at their acquisition-date fair value if acquired as part of a business combination. They are not revalued. Any revaluations carried out by Group companies in their individual accounts are eliminated when preparing the consolidated financial statements.

Property, plant and equipment are recorded using the component approach. Under this approach, each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life to that of the asset as a whole is recognized and depreciated separately. The only Group assets to which this method is applied are buildings.

The Group's application of IAS 23 "Borrowing Costs" did not lead to the capitalization of material borrowing costs as the Group does not have a material level of debt resulting from purchases of property, plant and equipment.

Routine maintenance and repair costs of property, plant and equipment is expensed as incurred. Other subsequent expenses are capitalized only if they satisfy the applicable recognition criteria, such as the replacement of an identified component.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The depreciable value of property, plant and equipment corresponds to their acquisition cost as they are not considered to have any material residual value. The straight-line method of depreciation is used for these assets.

The assets are depreciated over their estimated useful lives as follows:

- machinery and equipment: 3-10 years;
- instruments: 5-10 years;
- shell: 30-40 years;
- finishing work, fixtures and fittings: 10-20 years.

Depreciation periods in respect of buildings are calculated separately for each component.

The useful lives of items of property, plant and equipment are reviewed periodically. The impact of any adjustments is accounted for prospectively as a change in accounting estimates.

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have declined in value. If an asset's recoverable amount (see Note 5.2) is less than its net book value, either its useful life is adjusted or an impairment loss is recorded in "Other non-recurring income and expenses from operations," if the applicable definition is met (see Note 24.1).

Rental agreements

As lessor: when the Group leases assets to third parties on terms equivalent to a sale, the assets are recorded as though they had been sold, as prescribed by IFRS 16 "Leases." The long-term portion of the lease payments due is recorded under "Other non-current assets" and the short-term portion are recognized under "Trade receivables." The corresponding financial income is recognized in the income statement during the period in which it is received, under "Other financial income and expenses."

6.1.2 Analysis of movements in property, plant and equipment

Gross value <i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Capitalized instruments	Other assets	Assets under construction	Total
DECEMBER 31, 2018	38.4	520.9	468.7	387.7	161.7	119.4	1,696.8
Translation differences	0.2	4.4	4.3	2.8	1.4	1.1	14.3
Changes in scope of consolidation		0.3	0.8				1.1
Acquisitions/Increases	1.3	12.2	30.3	71.6	10.4	134.8	260.5
Disposals/Decreases	-1.0	-9.5	-13.7	-57.9	-3.1		-85.2
Reclassifications	0.1	25.5	33.9	0.7	8.5	-70.0	-1.4
DECEMBER 31, 2019	38.9	553.9	524.2	404.9	178.9	185.3	1,886.2
Translation differences	-2.0	-30.5	-26.1	-19.6	-8.5	-6.8	-93.5
Changes in scope of consolidation				0.0		2.2	2.2
Acquisitions/Increases		6.5	23.7	81.7	13.0	126.9	251.8
Disposals/Decreases	0.0	-2.6	-19.8	-54.7	-14.5		-91.5
Reclassifications	14.4	118.7	34.1	0.1	9.2	-177.7	-1.2
DECEMBER 31, 2020	51.3	646.0	536.2	412.5	178.1	130.0	1,954.0

Depreciation and impairments <i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Capitalized instruments	Other assets	Assets under construction	Total
DECEMBER 31, 2018	2.1	257.2	301.4	258.1	116.7		935.5
Translation differences	0.0	1.6	2.4	1.8	0.9		6.8
Changes in scope of consolidation		0.3	0.4				0.7
Additions	0.2	32.2	37.6	33.1	12.9		115.9
Disposals/Decreases		-9.3	-12.5	-43.1	-2.5		-67.4
DECEMBER 31, 2019	2.3	282.0	329.3	249.9	127.9		991.4
Translation differences	-0.1	-11.3	-13.9	-11.3	-5.6		-42.1
Changes in scope of consolidation							
Additions	0.3	43.8	39.0	36.6	16.5		136.2
Disposals/Decreases	0.0	-2.5	-19.8	-30.8	-14.4		-67.6
Reclassifications		-2.9	-0.6	-0.1	0.7		-3.0
DECEMBER 31, 2020	2.5	309.0	334.0	244.3	125.2		1,015.0

Net value <i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Capitalized instruments	Other assets	Assets under construction	Total
DECEMBER 31, 2018	36.3	263.7	167.3	129.6	44.9	119.4	761.4
DECEMBER 31, 2019	36.6	271.9	194.9	155.0	51.0	185.3	894.7
DECEMBER 31, 2020	48.8	336.9	202.2	168.3	52.9	130.0	939.0

Assets under construction mainly concern new offices, capital expenditure on production and automation tools in Salt Lake City, and the construction of a new campus in Suzhou. Note that €2.2 million relates to the first-time consolidation of Lianjian Anhua and the construction of an industrial building in China, still under way.

The new production plant in Salt Lake City was commissioned in June 2020 for approximately €96 million.

Impairment tests led to the recognition of impairment losses on isolated industrial assets of €6 million at December 31, 2020.

6.2 Right-of-use assets (lessee side)

6.2.1 Accounting principles

Restatement on the lessee side

IFRS 16 makes no distinction, from the lessee perspective, between finance leases and operating leases.

Leases are rental agreements (or agreements that contain a rental component) that convey the right to receive the near totality of the economic benefits associated with the use of the asset resulting from the right to manage the use of the identified asset during the period of use.

Leases which meet this definition are recognized according to the procedures defined below. As specified by the standard, the Group has adopted certain simplification measures, notably those enabling exclusion of leases with a residual term of less than twelve months and leases covering assets of low value, and the identical application of finance leases according to IAS 17.

In practice, the analysis predominantly resulted in the restatement of real estate and vehicle leases.

For agreements not restated as leases, the lease payments are recognized as expenses on a straight line basis over the term of the agreement.

The accounting rules for agreements that fall within the scope of IFRS 16 are presented below.

As of the commencement date of the agreement, the Group recognizes a right-of-use asset and a financial liability for the lease liability. The asset is recorded as a separate line item on the balance sheet; the liability is presented under borrowings.

The lease liability is measured at the discounted value of the lease payments not yet paid over the term of the lease.

The discounted value is determined by using the implicit borrowing rate for leases formerly qualified as finance leases and the marginal borrowing rate for other leases. The incremental borrowing rate is calculated for each country according to the term of the agreement. The incremental borrowing rate corresponds to a duration rate taking into account the rent payment profile, and not a maturity rate, in accordance with the recommendations of the IFRS IC of September 2019.

The term of a lease is the enforceable period, which corresponds to the non-cancellable period, plus:

- any option to extend the lease if the Group is reasonably certain it will exercise the option;
- any lease termination option if the Group is reasonably certain it will not exercise the option.

In accordance with the IFRS IC's interpretation of November 2019, the Group takes into account the date up until which the lessee is reasonably certain to continue the lease beyond the contractual term.

As indicated in Note 2 above, application of this interpretation has had no impact on the determination of the enforceable term of rental agreements.

In particular, the various leases do not contain an early termination clause and there is no clause likely to result in the lessor paying compensation to the Group that would be more than insignificant in the event of the non-renewal of the lease at the end of the non-cancelable period.

In practice, the terms used for the main leases are:

- in France: an enforceable period of nine years (3/6/9 commercial leases): a non-cancelable period of three years and certainty of using the extension options after three and six years;
- in other countries, the term is that indicated in the lease unless the renewal decision is solely at the discretion of the lessee. In this case, the term used is 20 years from the date of the first lease for real estate rentals.

As indicated in Note 2 above, application of the IFRS IC's interpretation of November 2019 has had no impact on the determination of the enforceable term of rental agreements. The Group has also not received any rent concessions during the year related to the public health crisis.

The various leases do not contain an early termination clause and there is no clause likely to result in the lessor paying compensation to the Group that would be more than insignificant in the event of the non-renewal of the lease at the end of the non-cancelable period.

Lease payments represent fixed payments, variable payments based on an index or a rate, and the exercise price of the purchasing options that the lessee has the reasonable certainty of exercising. In practice, most of the lease payments are fixed. There are purchasing options for lease financing agreements, and there are no penalties that would be more than insignificant in the event of the termination of the lease at the lessor's initiative.

Right-of-use assets are measured as follows: the cost is reduced by the accumulated depreciation and impairment losses, and adjusted to take into account, where applicable, re-measurements of the lease liability. No impairment losses or re-measurements of the lease liability were recorded during 2020.

Right-of-use assets are depreciated over the expected duration of use of the property (including the portion linked to the use of land), in the case of a purchase option at a favorable price. In other cases, these assets are depreciated over the term of the lease as defined above.

Lease-related fixtures and fittings are amortized over a period that in practice is close to the term of the contract. For information, the net book value is not material.

The Group has opted to recognize a deferred tax on the restatements of leases.

6.2.2 Change

Gross value					
<i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Other assets	Total
DECEMBER 31, 2018	33.9	145.4	27.9	6.6	213.8
Translation differences	0.5	1.1	0.3	0.0	1.9
Acquisitions/Increases	1.8	20.0	11.0	0.2	32.9
Disposals/Decreases		-23	-9.8	-1	-33.8
Reclassifications	0	0.1		0.0	0.0
DECEMBER 31, 2019	36.1	143.4	29.4	6.1	214.9
Translation differences	-2.9	-4.6	-1.6	0.0	-9.0
Acquisitions/Increases	0.2	28.2	8.6	0.0	36.9
Disposals/Decreases	-0.6	-14.5	-7.9	-0.2	-23.2
Reclassifications		-0.4	0.0	0.0	-0.4
DECEMBER 31, 2020	32.8	152.1	28.4	5.9	219.2

Depreciation or amortization					
<i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Other assets	Total
DECEMBER 31, 2018	3.6	51.4	14.8	6.4	76.2
Translation differences	0.0	0.4	0.1	0.0	0.5
Additions	0.9	15.6	8.1	0.2	24.8
Disposals/Decreases		-11.2	-8.6	-0.7	-20.6
Reclassifications		3.3	0.1	0.0	3.5
DECEMBER 31, 2019	4.4	59.5	14.5	5.9	84.4
Translation differences	-0.5	-2.2	-0.7	0.0	-3.4
Additions	0.8	16.0	7.8	0.2	24.8
Disposals/Decreases	-0.5	-10.9	-7.0	-0.2	-18.6
Reclassifications		2.5	0.0		2.5
DECEMBER 31, 2020	4.2	64.9	14.6	5.9	89.6

Net values					
<i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Other assets	Total
DECEMBER 31, 2018	30.3	94.0	13.1	0.3	137.7
DECEMBER 31, 2019	31.6	83.8	14.9	0.2	130.5
DECEMBER 31, 2020	28.6	87.2	13.8	0.0	129.6

The increases are primarily linked to new leases. The decreases are primarily linked to leases having reached the end of their terms. In accordance with the provisions of the standard, and given the nature of the movements, increases and reductions related to rental agreements are not reported in the investment flows of the cash flow statement.

The table below shows the assets linked to the finance rental agreements reclassified as right-of-use assets based on property, plant and equipment (see Note 6.2):

Net value					
<i>In millions of euros</i>	Land	Buildings	Machinery and equipment	Other assets	Total
DECEMBER 31, 2018	2.7	42.7	0.2		45.6
DECEMBER 31, 2019	2.7	39.4			42.1
DECEMBER 31, 2020	2.7	36.5			39.2

6.3 Finance lease receivables

6.3.1 Accounting principles

Finance leases

As lessee: leases are classified as finance leases whenever they transfer to the lessee substantially all of the risks and rewards incidental to ownership. Leases qualify as finance leases based on the substance of each contract, and notably when:

- ownership of the leased asset is transferred to the lessee at the end of the lease term;
- the lessee has the option to purchase the asset at a preferential price;
- the lease term covers the major part of the leased asset's economic life;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without making major modifications.

Whenever the Group leases property under an agreement classified as a finance lease, the fair value of the asset concerned or, if lower, the present value of the minimum lease payments is capitalized and depreciated over the asset's useful life. A corresponding liability is recognized in the balance sheet. Lease payments are apportioned between the financial expenses and the reduction of the outstanding liability.

Other rental agreements are classified as operating leases and the lease payments are expensed on a straight-line basis over the term of the agreement.

Certain instruments are sold *via* finance lease arrangements (see Note 6.1). The usual lease term is five years.

6.3.2 Change

Finance lease receivables totaled €21,6 million at December 31, 2020, against €24,7 million at December 31, 2019.

<i>In millions of euros</i>	Due within 1 year	Due in one to five years	In over five years	Total
Gross value of finance lease receivables	8.2	15.0	0.0	23.3
Accrued interest	-0.7	-0.8	0.0	-1.5
Present value of minimum future lease payments	7.5	14.3	0.0	21.8
Impairment losses	-0.2			-0.2
NET PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	7.3	14.3	0.0	21.6

The current portion of finance lease receivables is shown in trade receivables (see Note 9), while the non-current portion is carried in other non-current assets for €14,3 million.

The depreciation rules applied are presented in Note 9.

NOTE 7 NON-CURRENT FINANCIAL ASSETS**7.1 Accounting principles**

Non-current financial assets include investments in non-consolidated companies, loans and receivables maturing in more than one year – including pension plan assets whenever these have not been definitively allocated to cover corresponding obligations – and deposits and guarantees. They are recognized and measured in compliance with the rules described in Note 27.

In application of the IFRS 9 standard, non-current financial assets are broken down into 3 categories:

- financial assets assessed at amortized cost:

These are financial assets for which the objective of the economic model is to receive contractual flows, and for which the contractual conditions specify, at particular dates, flows corresponding only to repayments of capital and interest. They correspond to loans, deposits and guarantees;

- financial assets valued at fair value, with recognition in other comprehensive income:

- changes in fair value to be reclassified to income: these are financial assets for which the objective of the economic model is both to receive contractual flows and the sale of assets, and for which the contractual conditions specify, at particular dates, flows corresponding only to repayments of capital and interest. The Group has no significant assets within this category,

- changes in fair value not to be reclassified to income (irreversible option taken on the acquisition date): these are assets that are strategic for the Group. They correspond to non-consolidated equity investments;

- Financial assets valued at fair value through profit or loss: these are securities held by the Group for transaction purposes. This category is not used over the financial years presented, as the Group has so far decided to opt for recognition in other comprehensive income not to be reclassified.

Assets valued at amortized cost

The amortized cost is determined according to the effective interest rate method, as defined by the IFRS 9 standard. This rate is determined when putting in place the related contract.

Financial assets valued at fair value

Fair value is determined according to the methodology defined by the standard IFRS 13, according to the 3 levels of fair value defined in Note 27.1.

In exceptional cases where the fair value of financial assets cannot be determined reliably (lack of recent information, wide range of valuations, etc.), the cost will be considered as the best estimate of the fair value.

No reclassification between the various categories occurred over the financial years presented.

The breakdown of other financial assets for which the Group has opted for this presentation is presented separately in the table below.

7.2 Change

<i>In millions of euros</i>	12/31/2020	12/31/2019
Loans and receivables	10.7	10.4
Non-consolidated financial assets assessed at fair value against other comprehensive income	39.9	31.5
TOTAL	50.6	41.9

The loans and receivables include a surety intended to cover the post-employment benefit obligations in Germany for €2.7 million and the granting of a loan from bioMérieux Inc. to ABL Inc. for €1.6 million.

<i>In millions of euros</i>	Gross value	Changes in fair value recorded in other comprehensive income	Impairment losses	Net value
DECEMBER 31, 2018	60.4	6.7	-0.3	66.9
Translation differences	0.1		0.0	0.1
Acquisitions/Increases	9.1		0.0	9.0
Disposals/Decreases	-34.4		0.1	-34.2
Reclassifications and changes in fair value				0.0
Changes in fair value		0.2		0.2
DECEMBER 31, 2019	35.2	6.9	-0.2	41.9
Translation differences	-1.5		0.0	-1.5
Acquisitions/Increases	13.2		-0.1	13.1
Disposals/Decreases	-1.9		0.1	-1.8
Reclassifications and changes in fair value				0.0
Changes in fair value		-1.0		-1.0
DECEMBER 31, 2020	45.0	5.9	-0.2	50.6

The acquisitions over the period mainly concern the equity investments in Accellix and the Pertinence Invest fund, allocated to the category of financial assets whose change in fair value is recognized in other comprehensive income.

The change in fair value recorded in other comprehensive income mainly concerns GNEH (Geneuro holding) and Labtech securities.

The summary table below shows the change in fair value of the shares in non-consolidated companies at December 31, 2020 compared to December 31, 2019:

<i>In millions of euros</i>	12/31/2019			12/31/2020		
	Fair value	Of which change in fair value through profit and loss	Of which change in fair value through other comprehensive income	Fair value	Of which change in fair value through profit and loss	Of which change in fair value through other comprehensive income
Banyan Biomarkers	6.4			7.7		
Qvella	6.3			7.0		
Sino French Innovations	5.0			5.0		
Accellix	-			4.1		
Pertinence Invest	-			4.0		
Specific Diagnostics	4.5			4.1		
GNEH	3.4		0.2	2.6		-0.8
Labtech/LBT Innovations	1.0		0.5	0.8		-0.2
Quanterix	0.0		15.5	0.0		0.0
Other securities	4.9		0.2	4.7		0.0
TOTAL	31.5		16.4	39.9		-1.0

The changes in fair value of securities classified as level 3 are presented in Note 27.1.

There was no change in fair value recognized through profit and loss in 2020.

NOTE 8 INVENTORIES AND WORK-IN PROGRESS**8.1 Accounting principles**

As required under IAS 2 "Inventories," inventories are measured at the lower of cost and net realizable value.

Inventories of raw materials, goods held for resale and consumables are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their actual production cost, including direct and indirect costs.

Inventories are written down where necessary, taking into account selling prices, obsolescence, residual shelf life, product condition, sale prospects and, in the case of spare parts, changes in the corresponding instruments' installed base.

8.2 Change

In millions of euros

	12/31/2020	12/31/2019
Raw materials	216.3	191.9
Work-in-progress	56.3	54.8
Finished products and goods held for resale	312.3	285.1
GROSS VALUE	584.9	531.8
Raw materials	-15.2	-14.2
Work-in-progress	-3.6	-2.6
Finished products and goods held for resale	-24.2	-20.3
PROVISIONS FOR IMPAIRMENTS	-43.0	-37.1
Raw materials	201.1	177.6
Work-in-progress	52.7	52.2
Finished products and goods held for resale	288.1	264.8
NET VALUE	541.9	494.7

Inventories relating to instruments account for 19.5% of gross value.

No pledges of inventories had been granted at December 31, 2020.

Without a stoppage or significant reduction in its production centers, the Group did not experience any slowdown over the manufacturing period.

The analysis carried out did not result in any change in the methods used to write down inventories. In particular, the COVID-19 pandemic did not generate significant risks in terms of obsolescence, rotation or net realizable value of inventories.

NOTE 9 TRADE RECEIVABLES AND ASSETS RELATED TO CONTRACTS WITH CUSTOMERS**Trade receivables and finance leasing receivables**

<i>In millions of euros</i>	12/31/2020	12/31/2019
Gross trade receivables	632.1	579.9
Impairment losses	-34.2	-27.8
NET VALUE	597.9	552.1

In total, 18.8% of the Group's trade receivables are due from government agencies and may be paid later than the date shown on the invoice.

Trade receivables are recognized at amortized cost, which in practice corresponds to cost. There are no other financial assets including a financially significant component.

The due dates are mainly below six months except for lease contracts, financial lease contracts and contracts for the provision of equipment.

Net receivables overdue by more than 60 days relative to private companies and public organizations represent 12.2% of outstanding trade receivables in 2020, against 11.6% in 2019.

The weight of net additions to doubtful debts and bad debts represents €11.5 million, i.e. 0.37% of revenue.

Trade receivables include the current portion of finance lease receivables (see section 6.3).

Receivables and assets related to contracts with customers	12/31/2019	Changes in scope of consolidation	Change in gross values	Change in provision	Change in method	Currency impact	12/31/2020
Long-term finance lease receivables	16.1		-0.5			-1.3	14.3
NON-CURRENT ASSETS	16.1		-0.5	0.0	0.0	-1.3	14.3
Finance lease receivables	8.7		-0.7	-0.1	0.0	-0.7	7.3
Gross trade receivables	543.4	0.0	89.1	-7.9	1.2	-35.1	590.6
Other assets related to contracts with customers	0.0						0.0
CURRENT ASSETS	552.1	0.0	88.4	-8.0	1.2	-35.7	597.9

The share of provisions on financial leasing receivables is not material (see Note 6.3).

Depreciation of trade receivables

Provisions for depreciation of trade receivables are recognized to take into account expected losses and are recognized according to the following model:

- doubtful trade receivables: provisioned case-by-case;
- customers for whom impairment loss indices have been identified (late payment, claims and litigation, etc.): individual and statistical provision;
- customers with no impairment loss index at the closing date: a provision for expected losses is recognized case-by-case, taking into account qualitative and quantitative information (e.g., information on the customer, rating of the customer, etc.) in the context of the customer credit risk monthly review process, according to information obtained on the customer.

The credit risk is assessed at each closure, taking into account guarantees received, where applicable.

The crisis related to the COVID-19 pandemic did not result in a significant increase in customer risk observed or expected in the coming months. In particular, customer payment deadlines and defaults remained stable.

The analysis carried out did not result in any change to the trade receivables provisioning model, nor to the way it is implemented.

Netting agreements

N/A.

Other assets related to contracts with customers

There are no assets related to the costs of obtaining or implementing contracts.

NOTE 10 LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

Liabilities related to contracts with customers correspond essentially to advances of payment received and maintenance services invoiced in advance on service contracts (see Note 17). The associated revenue is recognized in income over the period that the service is rendered.

Liabilities related to contracts with customers	Notes	12/31/2019	Changes in scope of consolidation	Change in gross values	Change in provision	Reclassification	Changes in translation differences	12/31/2020
Provisions for long-term guarantee	15	1.3	0.0		0.3		0.0	1.5
NON-CURRENT LIABILITIES		1.3	0.0	0.0	0.3	0.0	0.0	1.5
Provisions for short-term guarantee	15	5.9			6.4	0.0	-0.8	11.4
Advances received on trade receivables	17	9.6		4.9			-0.6	13.9
Credit note to be issued	17	2.2		14.9			-1.0	16.1
Income invoiced in advance	17	64.4	0.0	8.6		0.4	-4.7	68.7
CURRENT LIABILITIES		82.1	0.0	28.4	6.4	0.4	-7.2	110.1

NOTE 11 OTHER RECEIVABLES

<i>In millions of euros</i>	12/31/2020	12/31/2019
Advances and deposits	20.3	6.6
Prepaid expenses	20.7	14.9
Other operating receivables	41.3	39.6
NET VALUE OF OPERATING RECEIVABLES	82.2	61.1
CURRENT TAX RECEIVABLES	42.3	42.3
Non-operating receivables	8.0	13.3
NET VALUE OF NON-OPERATING RECEIVABLES	8.0	13.3

Advances and deposits rose by €13.7 million, of which €6.8 million was paid as an advance under a new license agreement signed in 2020.

The other receivables related to customer contracts are not material.

Other operating receivables are mainly composed of research tax credit receivables (€12.6 million at December 31, 2020 versus €8.3 million at end-2019), and other tax-related receivables.

Non-operating receivables relate primarily to the fair value of derivative instruments carried in assets (€7.3 million in 2020 versus €7.4 million in 2019, see Note 27.2).

NOTE 12 CASH AND CASH EQUIVALENTS**12.1 Accounting principles**

Cash and cash equivalents include cash and short-term highly liquid investments denominated in euros and subject to an insignificant risk of changes in value and counterparty default.

Investments meeting these criteria are measured at the end of the reporting period at their fair value, with fair value gains or losses recognized in income (see Note 27).

None of the Group's investments are pledged or subject to major restrictions.

Investment securities and other cash equivalents are valued at their fair value at each closing, according to the definition given in Note 7.

There are no other current financial assets.

12.2 Change

<i>In millions of euros</i>	12/31/2020	12/31/2019
Cash	313.5	241.0
Cash pooled with Institut Mérieux ^(a)	51.4	14.0
Cash pooled with GNEH	1.4	0.0
Cash investments	23.0	20.0
CASH AND CASH EQUIVALENTS	389.2	275.0

(a) These investments are liquid and may be redeemed within a maximum of four business days.

Some cash investments are in SICAV money-market funds (€13.0 million at December 31, 2020 versus €15 million at December 31, 2019).

Investments are placed with leading credit institutions. No adjustments were recognized in respect of the risk of non-collection associated with these financial assets following the analysis carried out pursuant to IFRS 13 (see Note 28.5).

Cash investments in SICAV money-market funds are as follows:

	12/31/2020	12/31/2019
Investment	BNP PARIBAS SIGNATURE PART CLASSIC money-market fund	BNP PARIBAS SIGNATURE PART CLASSIC money-market fund
Amount	€13 million	€15 million
Classification	Short-term money-market fund	Short-term money-market fund
ISIN Code	FR0011046085	FR0011046085

The Group regularly reviews the investments made by each SICAV euro money-market fund as well as their past performance in order to ensure that they qualify as cash and cash equivalents in accordance with the recognition criteria in IAS 7.

NOTE 13 ASSETS AND LIABILITIES HELD FOR SALE**13.1 Accounting principles**

In accordance with IFRS 5, net assets and liabilities whose recovery is expected through a sale transaction rather than by continuous usage are reclassified as assets held for sale or as liabilities held for sale.

Impairment tests were carried out by comparing the value of the net assets to their fair value less costs to sell (see Note 5.2).

13.2 Change

At December 31, 2020, the Group had no assets held for sale, as at the end of 2019.

NOTE 14 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE**14.1 Share capital**

The Company's share capital amounted to €12,029,370 at December 31, 2020 and was divided into 118,361,220 shares, of which 78,060,118 carried double voting rights. Following a decision taken by the General Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares.

Other than the free shares (see Note 18.2), there were no valid dilutive rights or securities on December 31, 2020.

There were no changes in the number of outstanding shares during the period.

The Company is not subject to any specific regulatory or contractual obligations in terms of its share capital.

The Group does not have any specific policy concerning equity financing. Decisions on whether to use debt or equity financing are made on a case-by-case basis for each proposed transaction. The equity used by the Group for its own operations corresponds to its consolidated equity.

14.2 Cumulative translation adjustments

<i>In millions of euros</i>	12/31/2020	12/31/2019
Dollars ^(a)	-81.7	54.9
Latin America	-21.6	-15.2
Europe – Middle East – Africa	-36.4	-31.5
Other countries	-1.2	6.2
TOTAL	-141.0	14.4

(a) US and Hong Kong dollars.

In 2020, the cumulative translation adjustments were mainly related to the depreciation of the dollar.

Cumulative translation adjustments attributable to the Group amounted to -€140.0 million.

14.3 Treasury shares

The Company has entered into an agreement with an investment services provider for market-making purposes. It therefore sometimes has to buy, hold and resell a small number of its own shares in connection with this agreement. It also purchases shares to cover the obligations it assumes in connection with the share grant plans mentioned in Note 18.

Treasury shares held under the liquidity agreement or for the purpose of allocation under share grant plans are recorded as a deduction from equity, and the impacts of all corresponding transactions recorded in the individual financial statements are also recognized directly in equity (disposal gains and losses, impairment, etc.).

Treasury shares held under the liquidity contract

At December 31, 2020, the parent company held 13,149 treasury shares as part of this contract. During the financial year, it purchased 368,012 and sold 376,560 treasury shares.

Other treasury shares

On January 1, 2020, the Company held 37,419 treasury shares. During the financial year, the Company bought 176,556 shares and definitively allocated 8,442 shares intended to provide free shares to employees and shares related to the stock option plan (see Note 18.2).

At December 31, 2020, the Company held a total of 201,533 treasury shares intended for free share grants authorized by the Annual General Meeting.

14.4 Non-controlling interests

The minority interests essentially cover the company Suzhou Hybiome Biomedical Engineering for €50.3 million, representing 33.3%. The impact of the share of minorities on the key aggregates of the Group is not material over the financial year.

14.5 Other comprehensive income (expense)

The main elements making up comprehensive income are the changes in the fair value of financial instruments for which changes in fair value are recognized in this section (see Note 7), actuarial gains and losses on defined benefit pension plans, changes in fair value of cash flow hedges, changes in translation differences coming from subsidiaries whose accounts are denominated in foreign currencies and changes in the value of tangible or intangible assets (if the option has been exercised for fair value).

The Group presents other comprehensive income showing the components of other comprehensive income that may be subsequently reclassified to income separately from components not subsequently declassifiable.

14.6 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the period (excluding shares intended for allocation under free share grants and treasury shares held for market-making purposes). The weighted average number of shares was 118,146,538 at December 31, 2020, against 118,302,104 at December 31, 2019.

Diluted (net) earnings per share are calculated from the number of shares defined in the basic earnings increased by the weighted average number of potential shares to be issued and which would have a dilutive effect on net income. The number of the latter was 118,652,069 at December 31, 2020, against 118,709,370 at December 31, 2019.

NOTE 15 PROVISIONS – CONTINGENT ASSETS AND LIABILITIES**15.1 Accounting principles**

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” provisions are recognized when the Group has a legal or constructive obligation toward a third party, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no inflow of resources of an equivalent amount is expected in return, and when the amount of the obligation can be reliably estimated.

Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Restructuring provisions notably cover the cost of severance payments.

Long-term provisions are discounted to present value when the impact of discounting is material and the date the underlying event is expected to materialize is known.

Material contingent liabilities are disclosed in Note 15.5, unless the probability of an outflow of resources embodying economic benefits is remote.

Material contingent assets are disclosed in Note 15.5 where an inflow of economic benefits is probable.

15.2 Change in provisions

<i>In millions of euros</i>	Retirement benefits and other benefits	Guarantees given	Restructuring	Claims and litigation	Other contingencies and losses	Total
DECEMBER 31, 2018	41.6	8.0	0.7	14.0	27.7	92.0
Additions	7.0	9.9	0.2	4.2	14.7	36.0
Reversals (utilizations)	-2.5	-10.0	-0.5	-5.7	-5.3	-24.0
Reversals (surplus)	-12.4	-0.9	0.0	-5.6	-0.4	-19.3
Net additions (reversals)	-7.9	-1.0	-0.3	-7.1	9.0	-7.3
Actuarial (gains) losses	23.8	0.0	0.0	0.0	0.0	23.8
Other changes	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.3	0.1	0.0	0.1	0.1	0.6
DECEMBER 31, 2019	57.8	7.1	0.4	7.0	36.9	109.3
Additions	8.5	22.2	6.6 ^(b)	2.4	13.5	53.2
Reversals (utilizations)	-6.4	-14.6	-0.4	-2.7	-5.2	-29.3
Reversals (surplus)	-0.1	-1.0	0.0	-0.3	-6.2	-7.6
Net additions (reversals)	2.0	6.6	6.2	-0.6	2.1	16.3
Actuarial (gains) losses	-6.7	0.0	0.0	0.0	0.0	-6.7
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	-0.1	0.0	-0.1
Translation differences	-0.6	-0.9	-0.4	-0.2	-0.8	-2.9
DECEMBER 31, 2020	52.4	12.8	6.2	6.1^(a)	38.2	115.8

(a) See Note 15.4.1.

(b) Corresponds mainly to the planned bioMérieux Inc. and BioFire transition and the transfer of the North American registered office to Salt Lake City.

Provisions for product warranties are recognized based on an estimate of the costs relating to the contractual warranty for instruments sold over the remaining period under warranty (see Note 3.1.1).

As a reminder, net reversals of provisions for the 2019 financial year amounted to -€7.3 million in recurring income, and mainly reflect the freezing of the U.S. pension fund.

The COVID-19 pandemic did not lead to the implementation of restructuring plans.

15.3 Pension and other long-term benefit obligations

15.3.1 Accounting principles

15.3.1.1 Short-term employee benefits

Short-term employee benefits include wages, salaries and payroll taxes as well as paid vacation and performance-related bonuses. They are expensed during the financial year in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables."

15.3.1.2 Post-employment benefits

These benefits notably correspond to pensions, contractual retirement payments, and post-employment health insurance. They are covered either by defined contribution plans or defined benefit plans.

Defined contribution plans: where required under local laws and practices, the Group pays salary-based contributions to pension and social security organizations. The Group's obligation is limited to the payment of contributions. The contributions are expensed during the financial year in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables."

Defined-benefit plans: all plans other than defined-contribution plans:

- they concern regular or supplementary post-employment benefit obligations paid in the form of annuities (primarily in France and Germany) and contractual retirement payments (primarily in France and Japan);
- health insurance for retired employees.

The Group's defined benefit pension obligation is estimated by actuaries, in accordance with the amended IAS 19, as presented hereafter:

Post-employment benefit obligations are calculated in accordance with the projected unit credit method. They take into consideration actuarial assumptions such as discount rates, the rate of future salary increases, employee turnover and mortality rates. The main assumptions used are set out below in Note 15.3.2.

For the purpose of determining the discount rate, the Group analyzed various market rates and, as prescribed

by the amended IAS 19R, chose an estimated average of the Iboxx Corporate AA and Bloomberg indices (euro, US dollar and pound sterling) at December 31, 2020, taking into account the average durations of the Group's plans where these differ from the observable maturities of the bonds used for those indices.

Post-employment benefit obligations are presented in the balance sheet for their total amount less the fair value of plan assets.

The impact on the service cost for the year and on the interest cost net of the return on plan assets is recognized in operating income before non-recurring items.

The impacts of changes in actuarial gains and losses related to benefit obligations and plan assets (actuarial assumptions and experience adjustments) are immediately recognized under other comprehensive income at their net-of-tax amount. They are not reclassified to income.

The impacts resulting from amendments to and settlements of pension plans are immediately recognized in income.

The expected return on plan assets recognized in income is calculated using the discount rate used to estimate the total benefit obligation.

Tests are performed to measure the sensitivity of the Group's post-employment benefit obligation to changes in certain actuarial assumptions (see Note 15.3.8).

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is not relevant to the Group.

15.3.1.3 Other long-term benefits

Other long-term benefits include long-service awards and bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service cost are recognized immediately in income.

15.3.2 Assumptions used

Post-employment benefits and other obligations are covered by provisions and essentially concern France. These obligations are calculated using actuarial methods based on a certain number of assumptions.

The main assumptions used are as follows:

	France	
	12/31/2020	12/31/2019
Expected salary increase rate	2.00%	2.00%
Discount rate	0.90%	1.00%
Average duration of plans	12.6	12.9

The expected return on plan assets corresponds to the discount rate applied to the Group's pension obligations, in accordance with the amended IAS 19, according to the calculated duration.

15.3.3 Breakdown of provisions for employee benefits

<i>In millions of euros</i>	12/31/2020	12/31/2019
Post-employment benefits	36.7	43.0
Long-service awards	15.7	14.8
TOTAL PROVISIONS FOR LONG-TERM EMPLOYEE BENEFITS	52.4	57.8

15.3.4 Change in provisions for employee benefits post employment

<i>In millions of euros</i>	Present value of obligation	Fair value of funds ^(a)	Provisions for pensions	Post-employment health insurance	Total provisions for post-employment benefits
DECEMBER 31, 2019	268.1	-226.6	41.5	1.5	43.0
Current service cost	3.8		3.8	0.0	3.8
Interest cost	3.7	-3.3	0.5	0.1	0.5
Retirements	-99.9	98.4	-1.5	0.0	-1.5
Plan liquidation	-103.6	107.2	3.6		3.6
Contributions	0.0	-5.8	-5.8		-5.8
Impact on operating income	-196.0	196.5	0.6	0.1	0.6
Actuarial gains and losses (Other comprehensive income)	6.3	-13.0	-6.7	0.0	-6.7
Other movements (incl. currency impact)	-3.3	3.4	0.1	-0.1	-0.1
DECEMBER 31, 2020	74.9	-39.6	35.3	1.4	36.7

(a) Plan assets or scheduled payments.

(b) Including the impact of the liquidation of the defined-benefit pension plan for bioMérieux Inc. employees for -€98.0 million on retirements and -€103.0 million on the change of plan. See Note 1.2.4.

<i>In millions of euros</i>	Present value of obligation	Fair value of funds ^(a)	Provisions for pensions	Post-employment health insurance	Total provisions for post-employment benefits
DECEMBER 31, 2018	227.3	-200.5	26.7	1.6	28.3
Current service cost	-6.8		-6.8	0.0	-6.8
Interest cost	8.3	-7.8	0.6	0.1	0.6
Retirements	-9.9	8.4	-1.5	-0.1	-1.7
Contributions	0.0	-2.3	-2.3		-2.3
Impact on operating income	-8.4	-1.7	-10.1	-0.1	-10.1
Actuarial gains and losses (Other comprehensive income)	45.3	-21.8	23.5	0.0	23.5
Other movements (incl. currency impact)	3.7	-2.5	1.2	0.0	1.2
DECEMBER 31, 2019	268.1	-226.6	41.5	1.5	43.0

(a) Plan assets or scheduled payments.

15.3.5 Net post-employment benefit expense for the year

<i>In millions of euros</i>	12/31/2020	12/31/2019
Current service cost	3.8	-6.8
Return on plan assets	-3.3	-7.8
Interest cost	3.7	8.3
TOTAL	4.3	-6.2

As a reminder, at December 31, 2019, the impact of post-employment benefits represented net income of €6.2 million, particularly given the impact of the freezing of bioMérieux Inc. employee retirement benefits.

15.3.6 Breakdown of net obligation by country

<i>In millions of euros</i>	12/31/2020		Total
	France	Other countries	
Present value of obligation	41.6	33.4	75.0
Fair value of funds ^(a)	-27.0	-12.6	-39.6
Provisions for pensions	14.7	20.7	35.4
Post-employment health insurance	0.0	1.3	1.3
TOTAL POST-EMPLOYMENT BENEFITS	14.7	22.0	36.7
Long-service awards	15.7	0.1	15.7
TOTAL PROVISIONS FOR PENSIONS AND OTHER LONG-TERM BENEFITS	30.3	22.1	52.4

(a) Plan assets and scheduled payments.

15.3.7 Information on plan assets

Plan assets mainly concern France.

15.3.7.1 Allocation of funds

<i>In millions of euros</i>	12/31/2020	12/31/2019
	France	France
Equities	1.4	1.6
Bonds	23.6	22.4
Other	2.0	2.4
TOTAL	27.0	26.4

15.3.7.2 Actual return on plan assets

	Return 2020	Return 2019
France	2.1%	2.5%

15.3.8 Other information

The timing of future benefit payments at December 31, 2020 is as follows:

<i>In %</i>	Future service payments <i>(as % of net obligation)</i>
< 1 year	6%
1-5 years	30%
> 5 years	64%

This payment schedule is close to that calculated in 2019.

A portion of these payments will be funded by the plan assets. Contributions will be decided on a yearly basis.

A 0.5-point increase in the discount rate would have a favorable impact of around 7.8% on the amount of commitments (namely €5.7 million).

15.4 Other provisions

15.4.1 Provisions for claims and litigation

The Company is involved in a certain number of claims and litigation arising from the normal course of its business, the most significant of which are described below. Based on available information, the Group does not believe that these claims will have a materially unfavorable impact on the continuity of its operation. When a risk is identified, a provision is recognized as soon as it can be reliably estimated. The provision for claims and litigation covers all disputes in which the Group is involved and amounted to €6.1 million at December 31, 2020, against €7.0 million at December 31, 2019 (excluding tax disputes detailed in Note 15.4.2).

Other than the tax disputes explained below, the claims and litigation mainly included disputes with distributors following the termination of their distribution contracts. A provision has been set aside for the probable amounts that the Group will have to pay based on the plaintiff's claims.

15.4.2 Litigation and tax risks

Liabilities related to litigation and tax risks are recorded on the line "Current tax payables" (see Note 17). Late-payment interest is recorded on the line "Other payables" (see Note 17).

Penalties relating to these claims and litigation and to risks are recorded in "Provisions, contingent liabilities and contingent assets."

At December 31, 2020, tax risks (comprising the various items listed above) stood at €8.6 million.

Tax audits in Italy

Further to two tax audits in Italy in respect of fiscal years 2004 to 2007 and 2009 to 2010, bioMérieux Italy has received tax re-assessment notices relating to transfer prices and the portion of shared costs allocated to this subsidiary.

In the context of this dispute, the Group has requested two mutual agreement procedures to be initiated between the relevant French and Italian authorities, one related to the period 2004 to 2007, and the other to the period 2009 to 2010.

These procedures were initiated based on the European Arbitration Convention of July 23, 1990, as amended by the protocol of May 25, 1999. The aim of these proceedings is to prevent the double taxation of companies by different Member States owing to an upward adjustment of profits of one of the companies in a Member State (as regards transfer pricing). The neutralization does not apply to penalties or late-payment interest.

During the 2016 financial year, the competent French and Italian authorities reached an amicable agreement for the period 2004 to 2007. This agreement, which was accepted by the Group, eliminates the tax adjustment for 2004 and limits the basis for subsequent adjustments. The Italian tax authorities have not yet issued tax assessments for the adjustments maintained in respect of 2005, 2006 and 2007 following the 2016 mutual agreement procedure.

For the period 2009 to 2010, an agreement was reached between France and Italy in September 2020. Under this agreement, the Italian authorities shelved all initial adjustments.

In parallel, adjustments made to the sales flows between Italy and the Group's US subsidiary (as well as to other less significant items) continued to be subject to a local Italian law dispute for the periods 2004 to 2007 and 2009 to 2010. With regard to the period 2004 to 2007, the Group filed an appeal with the Supreme Court in May 2020 after an appeal to the lower court resulted in an unfavorable ruling. The duration of this proceeding cannot be estimated at this stage. With regard to the period 2009 to 2010, no ruling has yet been made in the lower court.

At December 31, 2020, a liability corresponding to its best estimate of the consequences of ongoing proceedings is booked to the Group's financial statements.

15.4.3 Other provisions for contingencies and losses

US Medical Network

A case has been brought against BioFire Diagnostics by the company US Medical Network, demanding that it cease using software and customer files deemed to be the property of US Medical Network. US Medical Network has made its preliminary demands and bioMérieux has recognized a provision corresponding to its best estimate of the risk. The case was scheduled for February 2021 but has been postponed due to the public health situation. Moreover, the proceedings are on hold pending a new ruling from the judge.

Manovra Sanità

This bill, which was passed in Italy in August 2015, requires healthcare providers to cover 40% of the difference between the health budget of each province and the actual expenditure incurred. No implementing decree has yet been adopted. Nevertheless, in accordance with market practice, the provision for risk already recorded in 2016 was updated at December 31, 2020.

Other provisions for risks

These relate to miscellaneous risks identified and to costs related to the discontinuation of certain product ranges.

15.5 Contingent assets and liabilities

Diagnostic tests for Lyme disease

As stated in Note 15.5 to the 2019 consolidated financial statements, bioMérieux, like other laboratories, was summoned before the Paris District Court with a view to obtaining reparations for anxiety allegedly "caused by the lack of reliability of serodiagnostic tests" for Lyme disease. To date, the civil proceedings, initiated by 45 plaintiffs, now include 93 following the combination of new identical summons. bioMérieux objects to the claims of the summons, which it considers baseless, as the serodiagnostic test manufactured by bioMérieux is compliant with the applicable regulations and the state of scientific knowledge, and with the recommendations from learned societies and expert consensus, at the national, European and international levels.

At this stage in the proceedings, it is impossible to reliably estimate the risk facing the Group. There was no noteworthy change in this dispute in 2020.

NOTE 16 NET DEBT – CASH

16.1 Consolidated cash flow statement

The consolidated cash flow statement is presented according to the recommendation of the French accounting standards authority (Autorité des normes comptables – ANC) No. 2013-03 dated November 7, 2013.

It lists separately:

- cash flows from operating activities;
- cash flows from investing activities;
- cash flows from financing activities.

Cash flows from investing activities include the amount of net cash of companies acquired or sold on the date of their first-time

consolidation or their derecognition, as well as amounts due to suppliers of non-current assets and amounts receivable on disposals of non-current assets.

Net cash and cash equivalents correspond to the Group's net debit and credit cash positions.

The consolidated cash flow statement shows the Group's EBITDA. EBITDA is not defined under IFRS and may be calculated differently by different companies. EBITDA as presented by bioMérieux is equal to the sum of operating income before non-recurring items and net additions to operating depreciation and amortization.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Additive method		
• Net income	402.7	269.7
• Non-recurring income and expenditure and acquisition fees and depreciation costs for the acquisition of BioFire	59.7	17.8
• Cost of net financial debt	25.0	20.6
• Other financial income and expenses	3.5	2.5
• Income tax expense	121.5	77.8
• Investments in associates	0.2	0.0
• Net additions to operational depreciation – non-current provisions	210.8	189.5
EBITDA (BEFORE NON-RECURRING ITEMS)	823.5	577.9
Simplified additive method		
• Contributive operating income before non-recurring items ^(a)	612.5	388.5
• Investments in associates	0.2	0.0
• Depreciation and amortization	210.8	189.5
EBITDA (BEFORE NON-RECURRING ITEMS)	823.5	577.9

(a) The contributive operating income before non-recurring items corresponds to the operating income before non-recurring items excluding the charge for the amortization of the intangible assets of BioFire recognized when assigning the acquisition price.

The available free cash flow is a key indicator for the Group. It is defined as cash flow from operating activities as well as cash flow from investing activities, excluding net cash and cash equivalents from acquisitions and disposals of subsidiaries.

16.2 Comments on the consolidated cash flow statement

Net cash from operating activities

EBITDA reached €823 million in 2020, representing 26.4% of revenues, up by 42% compared to €578 million for 2019. The increase reflected growth in contributive operating income before non-recurring items and net additions to depreciation and amortization of operating items and operating provisions.

Income tax payments amounted to €116 million, up from €82 million the previous year, largely due to the increase in earnings.

In 2020, the working capital requirement increased by €86 million. The change was primarily a result of the following factors:

- inventories rose by €83 million in 2020, in line with business;
- trade receivables increased by €80 million, in line with the sharp rise in business, while collection periods remained unchanged;
- trade payables rose slightly by €5 million;
- the other working capital items improved by €72 million, mainly due to the increase in tax and social-security debts in a context of higher variable compensation and profit sharing.

To meet the unprecedented challenges of solidarity and responsibility imposed by the COVID-19 pandemic, the Group made charitable contributions of €22 million and contributed €20 million to an endowment fund.

At the end of the 2020 financial year, cash generated from operating activities reached €583 million, up by 43% compared to the €408 million recorded during the previous financial year.

Net cash used in investing activities

As expected, disbursements related to capital expenditure amounted to about 9% of revenues, namely €278 million at the end of 2020, against €273 million during the previous financial year. Note that one of the main investments concerned improvements to production capacity at BioFire in Salt Lake City.

In this context, free cash flow reached €328 million in 2020, against about €150 million in 2019.

Purchases of non-current financial assets, net of disposals, amounted to €10 million in 2020 and related mainly to minority interest investments.

Net cash used in financing activities

In June 2020, bioMérieux subscribed to a new €200 million private placement bond with a leading European investor made up of two tranches: one seven-year €145 million tranche and one 10-year €55 million tranche, with an aggregated annual coupon of 1.61%.

As a result, the Group's net debt at December 31, 2020 stood at €92 million, versus €317 million at December 31, 2019.

IFRS 16

In accordance with the provisions of the standard, financing flows include only reimbursements of the debt related to lease liabilities, which stood at €30.5 million on December 31, 2020, against €26.6 million on December 31, 2019.

The interest paid on borrowings for lease liabilities is presented as operating cash flows, in the same manner as other interest paid on borrowings.

16.3 Change in net debt

No borrowings are recognized or re-estimated at fair value, with the exception of debts related to price supplements, recognized and re-valued at each closure at their fair value as defined contractually (see Note 27).

No debt restructuring occurred over the presented financial years. Likewise, current debts at December 31, 2019 were not restructured in the past.

At December 31, 2020, after the €22.5 million dividend payout to bioMérieux SA shareholders, the Group's net debt stood at €92.2 million and mainly comprised the bond issue described below and the debt on lease liabilities related to IFRS 16 (€97.4 million).

In June 2020, bioMérieux issued a new private placement bond of €200 million, comprising €145 million repayable in seven years with an annual coupon of 1.5% and €55 million repayable in 10 years with an annual coupon of 1.9% (see Note 1.2.3).

The bond issue is shown on the balance sheet at amortized cost calculated using the effective interest rate method, in the amount of €199.6 million.

In addition, in October 2013, bioMérieux issued €300 million-worth of seven-year bonds to institutional investors, redeemable at par value on maturity. These bonds were redeemed in October 2020.

On December 31, 2020, bioMérieux SA also had a non-drawn syndicated credit facility of €500 million, put in place in 2017 and for which the maturity was brought to January 2024 following the exercise of two options for extension.

Furthermore, in order to meet the general financing needs of bioMérieux SA and its subsidiaries, the Company can use two programs for the issuance of marketable securities. One is a short-term program with the following key features:

Maximum ceiling of the program	€500,000,000.00
Duration	< 1 year
Minimum amount per issue	€150,000 or the equivalent value of this amount in foreign currency determined at the time of issue
Issue currency	Euros or any other currency authorized by the French regulations applicable at the time of the issue
Domiciliary agent	CACEIS Corporate Trust
Arranger	Crédit Agricole Corporate and Investment Bank
Dealers	Aurel BGC
	BNP Paribas
	BRED Banque Populaire
	Crédit Agricole Corporate and Investment Bank
	Crédit Mutuel – CIC
	Natixis
	Société Générale
	ING Belgium Succursale France

The other is a medium-term program with the following key features:

Maximum ceiling of the program	€500,000,000.00
Duration	> 1 year
Minimum amount per issue	€150,000 or the equivalent value of this amount in foreign currency determined at the time of issue
Issue currency	Euros or any other currency authorized by the French regulations applicable at the time of the issue
Domiciliary agent	CACEIS Corporate Trust
Arranger	Crédit Industriel et Commercial
Dealers	Aurel BGC
	BNP Paribas
	BRED Banque Populaire
	Crédit Agricole Corporate and Investment Bank
	Credit Industriel et Commercial
	Natixis
	Société Générale

The information memorandum pertaining to the marketable securities issuance programs can be found on the Bank of France website (www.banque-france.fr/en).

16.4 Maturities of net debt

The payment schedule indicates the net debt or net cash. This non-standardized schedule corresponds to the sum of cash and cash equivalents with a maturity of less than three months, less committed debt and bank overdrafts and other uncommitted borrowings.

Extensions of repayment schedules for borrowings related to the public health crisis were not material.

The payment schedule below refers to balance sheet amounts.

<i>In millions of euros</i>	12/31/2019	Change to the consolidated cash flow statement	Changes in the debt relating to the put	Non-active lease debts ^(d)	Translation adjustments	12/31/2020
Cash	241.0	81.1	0.0	0.0	-8.6	313.5
Cash investments	34.0	41.8			0.0	75.7
Cash and cash equivalents ^(a)	275.0	122.9	0.0	0.0	-8.6	389.2
Bank overdrafts ^(b)	-11.0	18.6			-25.5 ^(c)	-17.9
NET CASH AND CASH EQUIVALENTS (A)	264.0	141.5	0.0	0.0	-34.1	371.3
COMMITTED DEBT (B)	581.3	-134.5	-5.2	32.1	-10.2	463.5
<i>o/w due beyond 5 years</i>	64.3					266.2
<i>due in 1 to 5 years</i>	89.4					86.3
<i>due within 1 year</i>	427.6					111.0
NET DEBT (B) - (A)	317.4	-276.0	-5.2	32.1	23.9	92.2

(a) See Note 12.2.

(b) Cash and bank overdrafts comply with the principles of the standard IAS 7, meaning that they are repayable on demand.

(c) This amount includes cash pool-related translation differences.

(d) The other changes in lease and non-asset debts are related to new lease contracts not presented in the financing flows in accordance with the standard.

At December 31, 2020, non-current borrowings mainly comprised debt related to lease liabilities (see Note 16.5 below), the new bond issue contracted in 2020 for €199.6 million, and the put option on the Hybiome minority interests for €23.7 million.

Current borrowings mainly comprised:

- short-term marketable securities for €35 million;
- the loan contracted by Shanghai, corresponding to a revolving credit for €36.1 million;
- the portion of at least one year of the debt relative to lease liabilities that is due within one year (see Note 16.5 below).

In August 2020, the Group acquired an additional stake in Hybiome (see Note 1.1) which was diluted in November 2020 when Hybiome introduced an employee share purchase plan. These two transactions led to a reduction in the debt relating to the put option on minority interests of €5.2 million.

At the end of the financial year, the Group had not breached any of its repayment schedules.

No loan agreement was signed prior to December 31, 2020 concerning loans to be set up in 2021.

16.5 Impact of liabilities related to leases on borrowings and financial debt

<i>In millions of euros</i>	12/31/2020	12/31/2019
Debt related to leases	127.7	128.5
<i>Of which leases with purchase option</i>	30.3	34.1
Due beyond 5 years	57.6	61.1
<i>Of which leases with purchase option</i>	11.1	15.0
Due in 1 to 5 years	45.6	43.4
<i>Of which leases with purchase option</i>	15.4	15.3
Due within 1 year	24.5	23.9
<i>Of which leases with purchase option</i>	3.8	3.8

Only reductions in loans are presented in the consolidated cash flow statement.

The amount of financial interest recorded pursuant to leases according to IFRS 16 stood at €2.8 million at December 31, 2020, against €3 million at December 31, 2019.

As stated in Note 2, there were no significant lease adjustments during the financial year.

As stated in Note 6.2.1, rent components that were not included in the lease liability calculation, pursuant to IFRS 16 (e.g. variable rents), were not material.

16.6 Debt covenants

In the event of a change of control of the Company as defined in the issue notice, bondholders may ask for their bonds to be redeemed.

The syndicated credit facility and the new private placement bond subscribed in June 2020 are subject to a single ratio: "net debt to operating income before non-recurring items before depreciation and amortization," calculated outside the application of IFRS 16. The ratio, which may not exceed 3.5, was complied with at December 31, 2020.

Also, in January 2017, bioMérieux SA renegotiated this syndicated credit facility to bring its amount to €500 million at maturity in 2024.

The other term borrowings at December 31, 2020 primarily correspond to commercial paper, short-term local financing, share allocation plans delivered under cash and cash equivalents, and finance lease liabilities related to assets. None of these borrowings is subject to a covenant.

16.7 Interest rates

Before hedging, 64% of the Group's borrowings are at fixed rates (€297.0 million), and the remainder is at floating rates (€166.5 million).

The fixed-rate debt is composed of:

- debts on lease liabilities (€97.4 million) at a rate that mostly corresponds to marginal borrowing rates (see Note 6.3.1);
- and the €199.6 million bond issue, of which €145 million redeemable in seven years with an annual coupon of 1.5%, and €55 million redeemable in 10 years with an annual coupon of 1.902%.

Floating-rate borrowings are essentially based on the currency's interest rate plus a margin.

16.8 Breakdown of net debt (net cash) by currency

<i>In millions of euros</i>	12/31/2020	12/31/2019
Euro	317.5	268.5
Mexican peso	7.5	0.7
Indian rupee	6.1	11.1
Chinese yuan	5.1	42.0
South Korean won	3.8	4.9
South African rand	3.8	5.0
Brazilian real	3.4	5.1
Chilean pesos	1.8	1.0
Egyptian pounds	1.7	0.1
Japanese yen	1.0	5.9
Hong Kong dollars	-1.2	-0.9
Polish zloty	-1.2	-0.7
Czech koruna	-1.2	-1.4
New Taiwan dollars	-1.7	-0.8
Argentinian pesos	-1.8	-0.4
Danish krone	-1.9	-1.6
Swiss franc	-2.0	-4.3
Norwegian krone	-2.2	-1.2
Turkish lira	-2.7	-1.5
Swedish krona	-3.1	-4.4
Russian ruble	-5.7	-2.4
Australian dollars	-7.0	-16.6
Pound sterling	-8.8	3.7
US dollars	-218.3	6.9
Other currencies	-0.5	-1.4
TOTAL	92.2	317.4

16.9 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

For subsidiaries using external funding, bioMérieux SA may be required to issue a first call guarantee to banks granting these facilities.

Hedging agreements are discussed in Note 27.

NOTE 17 TRADE AND OTHER PAYABLES

<i>In millions of euros</i>	12/31/2020	12/31/2019
Trade payables	207.1	211.9
Advances and deposits	13.9	9.6
Tax and social-security debts	327.4	283.3
Deferred income	68.7	64.4
Other payables	41.7	23.8
Other operating payables	451.7	381.1
Current tax payables ^(a)	44.3	32.3
Debt to suppliers of non-current assets	21.9	35.8
Other	18.7	23.6
NON-OPERATING PAYABLES	40.5	59.3

(a) Current tax payables include the valuation of tax risks according to IFRIC 23. In accordance with this interpretation, the liabilities related to litigation and tax risks (excluding penalties and late-payment interest) are recorded in "Current tax payables" (see Note 15.4.3).

The details of the other liabilities related to customer contracts are presented in Note 10.

Operating and non-operating payables generally fall due within one year, except for certain deferred income. Other non-operating payables relate mainly to the fair value of derivative instruments carried in liabilities (€10.5 million in 2020 versus €19.1 million in 2019, see Note 27.2).

NOTE 18 SHARE-BASED PAYMENTS**18.1 Share-based payment and share grant plans**

The transactions paid in shares concern the bioMérieux SA share grant plans approved by the Ordinary and/or Extraordinary Shareholders' Meetings of May 28, 2015; May 26, 2016; May 30, 2017; May 17, 2018; May 23, 2019; and June 30, 2020.

A summary of these plans is presented below.

In accordance with IFRS 2 "Share-based Payment," the fair value of the benefits granted is expensed over the vesting period, with a corresponding increase in equity. The expense is based on the value of the underlying shares or options at the grant date, i.e. the date on which the list of beneficiaries was approved by the Board of Directors. The probability that the rights will vest is reviewed at the end of each reporting period and until the vesting date, to take into account whether the continuous employment and performance conditions have been met. Any changes are taken to income. At the end of the vesting period, the amount of the cumulative expense is adjusted on the amount effectively vested and held in a specific reserve

account. This account is liquidated if the rights are exercised or lapse.

When the share-based payment plan is settled in cash and cash equivalents, the fair value of the plan is updated at each balance sheet date during the vesting period. The counterparty of the expense recognized during the vesting period is recorded as a debt.

In accordance with IFRS 2 "Share-based Payment," the corresponding tax savings recognized in the parent company financial statements is allocated in the consolidated financial statements to the financial year during which the share-based payment expense is recognized.

18.2 Share grant plans

Number of shares	Date on which plans opened				
	2016	2017	2018	2019	2020
Initial number of options granted	2,700	40,116	169,685	266,189	126,026
Options canceled	1,800	2,043	19,857	57,807	18,982
Number of shares remitted in FY 2020	900	7,500	0	0	0
Number of shares to be remitted as of December 31, 2020	0	30,573	149,828	208,382	107,044

The number of shares for plans prior to 2017 was tripled after the three-for-one split decided by the Combined General Meeting of June 2017.

Between 2016 and 2020, the Board of Directors granted restricted stock (out of existing shares) to certain employees and corporate officers.

These plans specify that shares will only be definitively assigned after a vesting period of between three and four years. The conditions for the acquisition of rights are related to presence conditions, and, for certain plans, the definitive acquisition of performance shares is subject to achieving objectives based on revenue and operating income or the achievement of specific objectives. The performance shares are no longer subject to a lock-up period if the vesting period is at least two years. The lock-up period may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

In 2020, a net expense of €11.8 million was recognized in personnel costs due to compensation in shares, including the expenses related to employers' contributions (against a net expense of €10.5 million in 2019).

At December 31, 2020:

- for 462,326 free shares, the Company considered that the performance criteria were achieved;
- for 33,501 free shares, the Company considered that the performance criteria were not achieved.

At December 31, 2020, bioMérieux SA held 201,533 of its own shares for allocation under the above-described share grant plans. The Company would have to purchase a maximum of 260,793 additional shares at a cost of €30.1 million based on the share price at December 31, 2020.

The fair value of shares corresponds to the market price on the date of assignment of the plans.

18.3 Share-based payments delivered under cash and cash equivalents

In 2015, 2016 and 2017, the Group set up variable compensation plans in the United States indexed on the price of the bioMérieux share (phantom shares). This additional paid-in capital is comparable to allocation plans for share grants delivered under cash and cash equivalents. Due to the increase in the share price, the impact of these

plans on the financial statements of the Group was an expense of €43.9 million in the 2020 financial year, against an expense of €35.6 million in 2019. The debt relative to these plans at December 31, 2020 stood at €32.1 million, against €39.2 million at December 31, 2019.

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

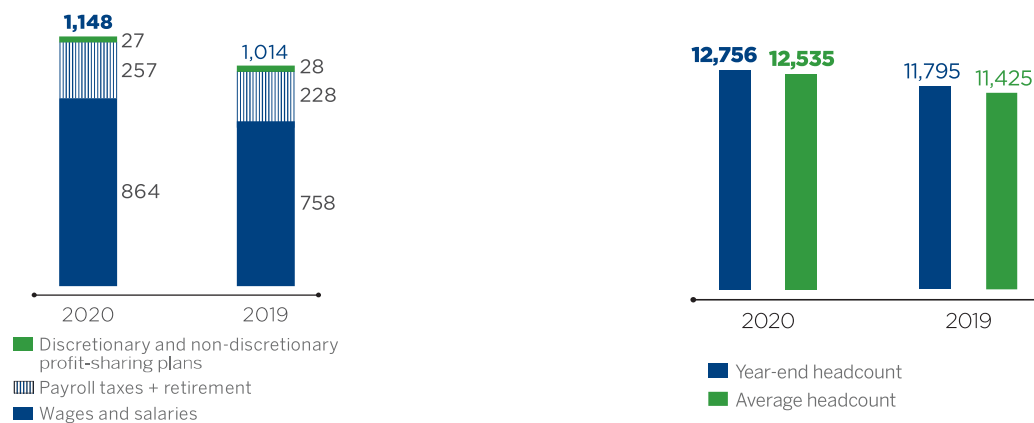
<i>In millions of euros</i>	2020	2019
Net royalties received	3.5	3.4
Research tax credits	30.0	28.9
Research grants	3.1	1.8
Other	10.3	11.8
TOTAL	46.9	45.9

The other income related to customer contracts mainly corresponds to license fees received.

Other income mainly includes rent in the United States for €5.9 million.

In accordance with IAS 20, bioMérieux presents research tax credits as a subsidy within other operating income.

NOTE 20 PERSONNEL COSTS



Wages and salaries take into account the share in the fair value of share-based payment (see Note 18).

Payroll taxes include amounts paid into defined contribution plans for €10.2 million.

The profit sharing only concerns bioMérieux SA.

NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS, NET

	12/31/2020	12/31/2019
Depreciation and amortization of non-current assets	228.4	207.6
Provisions	15.7	-6.8
Impairment of current assets	15.9	10.3
Impairment of non-current financial assets	0.7	-0.1
TOTAL	260.7	211.0

Depreciation and amortization expense includes €210.9 million shown within contributive operating income before non-recurring items and €17.5 million relating to the amortization of the fair value of assets recognized in relation to the acquisition of BioFire.

NOTE 22 NET FINANCIAL EXPENSE**22.1 Accounting principles**

Financial income and expenses are shown on two separate lines:

- “**cost of net debt**,” which includes interest expense, fees and foreign exchange gains and losses arising on borrowings, as well as income generated by cash and cash equivalents;
- “**other financial income and expenses**,” net, which includes interest income on instruments sold under finance lease arrangements, the impact of disposals and writedowns of investments in non-consolidated companies, late-payment interest charged to customers, discounting gains and losses, and the ineffective portion of currency hedges on commercial transactions.

22.2 Cost of net financial debt

<i>In millions of euros</i>	12/31/2020	12/31/2019
Finance costs	-22.3 ^(a)	-19.4
Interest rate hedging derivatives ^(b)	0.8	2.0
Foreign exchange gains (losses)	-0.7	-0.5
Interest on leasing debt	-2.6	-2.7
TOTAL	-25.0	-20.6

(a) Of which -€7.3 million in research funding interest costs at December 31, 2020.

(b) Corresponds to fair value gains and losses on interest rate hedging instruments taken out in connection with the BioFire acquisition.

The cost of net debt chiefly includes interest in respect of the bond issue and interest on lease debts (IFRS 16).

22.3 Other financial income and expenses

<i>In millions of euros</i>	12/31/2020	12/31/2019
Interest income on leased assets	1.5	1.2
Disposals and writedowns of non-consolidated companies	-0.6	0.0
Currency hedging derivatives ^(a)	-5.8	-4.4
Other	1.4	0.6
TOTAL	-3.5	-2.5

(a) Corresponds to the swap point effect of forward sales and the effect of the time value of currency options, for which the Group has not left itself the option to treat them as hedging cost.

The currency hedging derivatives mainly correspond to the ineffective portion on commercial transactions.

22.4 Foreign exchange gains (losses)

Foreign exchange gains and losses result from differences between the transaction exchange rate and the settlement rate (or the year-end rate if the payment has not yet been made). These differences only partially reflect the impact of currency fluctuations.

The transaction exchange rate is the rate prevailing on the date the transaction takes place. The settlement exchange

rate is either the rate in effect on the date of payment or the hedging rate (excluding time value) if a currency hedge was set up for the transaction.

Foreign exchange gains and losses on commercial transactions are recognized under the relevant headings in the profit & loss statement. The foreign exchange gains and losses impacted the profit & loss statement in the following manner:

<i>In millions of euros</i>	Jan 2020 Dec 2020	Jan 2019 Dec 2019
Sales	-0.3	-0.7
Purchases	0.9	-7.1
Financial items	-0.7	-0.5
TOTAL	-0.2	-8.4

NOTE 23 DEPRECIATION AND AMORTIZATION OF ASSETS FROM THE BIOFIRE ACQUISITION

In order to improve the understanding of operating income and due to the transaction's scale, costs relating to the acquisition of BioFire Diagnostics and BioFire Defense – consolidated for the first time at June 30, 2014 – are shown on a separate line of operating income before non-recurring items.

This line now comprises the depreciation and amortization of the assets acquired and valued during the purchase price allocation (technologies) for €17.5 million at the end of December 2020.

Over the 2019 financial year, the amount of depreciation of acquired assets stood at €17.9 million.

NOTE 24 OTHER NON-RECURRING INCOME (EXPENSES)

24.1 Accounting principles

Other non-recurring income and expenses from operations, net are items that are "material, extraordinary and non-recurring." They are presented on a separate line of the income statement in order to give a clearer picture of the Group's routine business performance. They chiefly include material amounts of net proceeds from disposals of non-current assets (other than instruments), restructuring costs and impairment losses (see Note 5).

Restructuring costs (which include the cost of severance payments) correspond to the expenses recognized when the Group officially announces the closure of a facility or a scaling down of operations in the ordinary course of business, as well as subsequent adjustments made to reflect the actual costs incurred.

24.2 Change

As stated in Note 1.2.2, the Group recognized €42.2 million in other non-recurring expenses in the 2020 financial statements pertaining to exceptional charitable contributions related to the COVID-19 pandemic and the initial endowment to the bioMérieux endowment fund to support charitable activities.

No material transaction had been carried forward under other non-recurring income and expenses from operations, net at December 31, 2019.

NOTE 25 CURRENT AND DEFERRED INCOME TAX**25.1 Accounting principles**

The income tax expense for the period comprises current and deferred tax.

Tax credits (excluding research tax credits (see Note 3.2)) are presented as a reduction from income tax expense.

Deferred taxes are recognized using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. These differences arise in particular from:

- temporary differences between the recognition of certain income and expense items for financial reporting and tax purposes (e.g., non-deductible provisions, employee profit-sharing, etc.); ;
- consolidation adjustments (e.g., accelerated depreciation, provisions, elimination of internal gains included in inventories and non-current assets, etc.); ;
- forecast withholding tax on dividend payments planned for the following year;
- calculation of the fair value of assets and liabilities relating to companies acquired.

Changes in deferred tax are recognized in profit/loss or in other comprehensive income, according to the recognition of the underlying restatement.

Deferred taxes are calculated using the liability method based on the probable dates of payment. They are recognized at the enacted tax rate (or nearly enacted rate) for their nominal value without discounting.

Deferred tax assets arising from temporary differences are only recognized to the extent that they can be utilized against future deductible temporary differences, or where there is a reasonable probability of their utilization or recovery against future taxable income. In practice, and notably in the case of tax loss carryforwards, this rule is applied based on budget forecasts approved by management using a maximum time horizon of two years. The calculation of deferred taxes takes account of new tax provisions applicable for tax loss carryforwards (utilization ceilings, etc.).

25.2 Analysis of income tax expense

<i>In millions of euros</i>	2020		2019	
	Tax	Rate	Tax	Rate
Theoretical tax at standard French tax rate	167.9	32.0%	119.4	34.4%
• Impact of income tax at reduced tax rates and foreign tax rates	-38.9	-7.4%	-23.5	-6.9%
• Impact of permanent differences	-0.2	0.0%	-8.7	-2.5%
• Impact of tax on the payment of dividends	0.7	0.1%	0.4	0.1%
• Deferred tax assets not recognized on tax losses carried forward	1.6	0.3%	1.4	0.4%
• Impact of research tax credits presented in operating income	-8.6	-1.6%	-8.8	-2.5%
• Tax credits (other than research tax credits)	-1.0	-0.2%	-2.3	-0.7%
• Use of previously unrecognized tax assets	0.0	0.0%	0.0	0.0%
ACTUAL INCOME TAX EXPENSE	121.5	23.2%	77.8	22.4%

The basic corporate income tax rate in France is 32.02%, lower than in 2019 (34.43%).

The Group's effective tax rate at December 31, 2020 stood at 23.2%, compared with 22.4% at end-2019.

In 2020, the Group's effective tax rate continued to benefit from the Foreign-Derived Intangible Income (FDII) deduction in the United States which amounted to €7.5 million. The increase in this benefit was due to the sharp rise in export revenue in the United States.

The Group's effective tax rate in 2020 was also significantly affected by:

- the favorable outcome of the tax dispute in Italy: an amicable agreement was reached in September 2020 between the competent Italian and French authorities

under the MAP (Mutual Agreement Procedure), initiated by the Group in respect of fiscal years 2009 and 2010. Accordingly, some provisions were reversed, generating a positive impact on the effective tax rate of €3.7 million;

- the negative impact of the exceptional charitable contributions and initial endowment to the bioMérieux endowment fund (see Note 1.2.2) in France (negative impact on the effective tax rate of €8.9 million). The exceptional charitable contributions and initial endowment to the endowment fund are not eligible for a full-rate tax benefit in France since:
 - donations are not tax deductible;
 - the tax deduction for charitable contributions is capped at a percentage of revenue and is therefore limited to a portion of donations.

Excluding these two non-recurring effects, the effective tax rate of the Group stood at 22.3%. This lower “standard” rate was mainly due to the increase in the United States’ contribution to the Group’s earnings.

As a reminder, in 2019 the Group benefited from the positive effect of (i) U.S. tax reform regulations published in March 2019 (specifically the Foreign-Derived Intangible

Income, or FDII, deduction, which had an effect of €7.0 million, €3.5 million of it for fiscal year 2018) and (ii) the recognition of a non-transferability discount in relation to the employee share ownership plan amounting to €1.8 million.

The income tax expense breaks down as follows:

<i>In millions of euros</i>	2020	2019
Current tax	129.1	82.7
Deferred tax	-7.6	-4.9
TOTAL	121.5	77.8

25.3 Change in deferred tax

<i>In millions of euros</i>	Deferred tax assets	Deferred tax shareholders' equity and liabilities
DECEMBER 31, 2018	78.5	134.2
Translation differences	0.9	1.8
Changes in scope of consolidation	6.2	4.4
Movements recognized in income	9.5	4.6
Other comprehensive income (expense)	1.4	-4.1
Other movements	2.5	0.3
DECEMBER 31, 2019	99.0	141.2
Translation differences	-4.1	-6.9
Changes in scope of consolidation	0.0	0.0
Movements recognized in income	-23.6	-31.2
Other comprehensive income (expense)	1.4	2.4
Other movements	-0.2	0.3
DECEMBER 31, 2020	72.6	105.8

Deferred tax assets are mainly generated in the U.S. and result from:

- the activation of losses carried forward and tax benefits recognized for the purchase price allocation of Astute Medical Inc. and Invisible Sentinel Inc.;
- temporary differences due in particular to the non-deductibility of certain provisions and the elimination of internal margins on inventories;
- deferred tax on other comprehensive income items corresponds to fair value adjustments to financial instruments (€0.5 million in 2020) and deferred taxes on actuarial gains and losses relating to post-employment benefit obligations (-€1.3 million in 2020).

At December 31, 2020, deductible timing differences deriving from tax losses that were not recognized as

deferred tax assets amounted to €26.3 million (of which €24.5 million in respect of unrecognized tax loss carryforwards), representing a potential tax savings of €7.5 million (of which €7.1 million in respect of unrecognized tax loss carryforwards).

At December 31, 2019, deductible timing differences deriving from tax losses that were not recognized as deferred tax assets amounted to €24.4 million (of which €22.6 million in respect of unrecognized tax loss carryforwards), representing a potential tax savings of €7.2 million (of which €6.8 million in respect of unrecognized tax loss carryforwards).

Deferred tax liabilities were primarily from BioFire Diagnostics (€39.4 million), bioMérieux SA (€24.6 million), and Hybiome (€9.5 million), mainly corresponding to the accounting of fixed assets at fair value.

NOTE 26 FEES OF STATUTORY AUDITORS

<i>In thousands of euros</i>	12/31/2020							12/31/2019						
	Ernst & Young		Grant Thornton		Other		Total	Ernst & Young		Grant Thornton		Other		Total
Statutory audit	1,152	90%	603	98%	207	100%	1,962	1,167	91%	580	100%	211	100%	1,958
• bioMérieux SA	161	13%	158	26%		0%	318	169	13%	156	27%		0%	325
• fully consolidated subsidiaries	991	77%	446	73%	207	100%	1,644	998	78%	424	73%	211	100%	1,633
Services other than statutory audit	130	10%	11	0%			130	119	9%	0%	0%	0%	0%	119
Audit	1,282	100%	614	100%	207	100%	2,103	1,286	100%	580	100%	211	100%	2,077
Legal, tax, labor-related services	0	0%	0	0%			0	0	0%	0	0%			0
Other	0	0%		0%			0	0	0%		0%			0
Other services	0	0%	0	0%	0	0%	0	0	0%	0	0%	0	0%	0
TOTAL	1,282	100%	614	100%	207	100%	2,103	1,286	100%	580	100%	211	100%	2,077

NOTE 27 FINANCIAL INSTRUMENTS: FINANCIAL ASSETS AND LIABILITIES

27.1 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

Financial instruments appear under several headings in the balance sheet: non-current financial assets, other non-current assets, trade receivables, other receivables and other payables (e.g. changes in the fair value of derivatives), short-term and long-term borrowings, trade payables, cash and cash equivalents.

Financial assets

The IFRS 9 standard breaks down the financial assets into three categories. These categories are described in Note 7 "Non-current financial assets."

Current financial assets (excluding assets related to derivatives) are only assets valued at amortized cost.

Financial liabilities

Borrowings are recognized at amortized cost, with the exception of debts on price supplements, revalued at each closure at their fair value as defined contractually.

Other financial liabilities included in the other sections of current and non-current liabilities mainly concern trade payables, and are recognized at amortized cost, which in practice corresponds to their cost.

For information, the only liabilities having a material financing component are the commitments for retirement benefits and liabilities related to termination benefits in Italy.

Reclassifications of financial assets and liabilities

There were no reclassifications of financial assets and liabilities over the financial years presented between the various categories presented above.

Derivative instruments

The Group has set up interest-rate and foreign exchange hedging instruments that meet the definition of hedges as specified in IFRS 9 and coherent with its general policy on risk management (hedging relationship clearly defined and documented at the date of establishment of the hedge, demonstrated efficiency, eligible hedging instrument, and no dominant credit risks).

In practice, the hedging instruments mainly correspond to simple products covering a single risk (swaps, forward sales, and options), for which the main characteristics (reference rates and interest payment dates) back the items covered.

The hedging instruments are recognized originally at their fair value. They are subsequently remeasured to fair value at year-end and are recorded in the balance sheet under "Non-operating receivables" and "Non-operating payables." Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13). The fair value of currency derivatives is determined using standard market valuation techniques based on observable market data (interest rates, exchange rates, observable implied volatility). Fair value generally corresponds to a level 2 of fair value.

Accounting for changes in their fair value depends on the type of derivative concerned and whether there is a hedging relationship, and if so what type of hedge is involved:

- fair value gains and losses on derivatives not qualifying as hedging instruments are recognized in the consolidated income statement. Fair value gains and losses on derivatives qualifying and used as cash flow hedges (i.e. hedges of foreign currency receivables and payables) are recognized in full in the consolidated income statement on a symmetrical basis with the loss or gain on the hedged item;
- fair value gains and losses on derivatives qualifying and used as cash flow hedges (i.e. hedges of future commercial transactions in foreign currencies, mainly in the form of forward transactions) are recognized directly in other comprehensive income for the effective portion, and in the income statement for the non-effective portion (mainly the time value of money in the case of currency forward transactions). Amounts recognized under other comprehensive income are reclassified to income in the same period(s) during which the hedged forecast cash flows affect income.

Presentation of financial assets and liabilities at fair value through income

In accordance with IFRS 13, financial instruments are presented in one of the three levels (see Note 27.2) of the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: market inputs for the asset or liability that are observable either directly (e.g., adjusted level 1 quoted prices), or indirectly (e.g., inputs derived from quoted prices);
- Level 3: non-market inputs for the asset or liability that are not observable (e.g. price on an inactive market or valuation based on multiples for unlisted securities).

27.2 Change

The breakdown of financial assets and liabilities according to the categories specified by the IFRS 9 standard “non-accounted” categories (see Note appendix 27.1), and the comparison between the accounting values and fair values, are given in the table below (excluding tax and social-security debts or receivables):

In millions of euros	December 31, 2020						
	Financial assets at fair value through income (excl. derivatives)	Shares in non-consolidated companies with change in fair value by other components of comprehensive income	Receivables and borrowings at amortized cost	Derivative instruments	Book value	Fair value	Level
Financial assets							
Shares in non-consolidated companies		39.9			39.9	39.9	1 – 3
Other non-current financial assets			10.7		10.7	10.7	-
Other non-current assets			14.3		14.3	14.3	
Derivative instruments (positive fair value)				7.3	7.3	7.3	2
Trade receivables			597.9		597.9	597.9	-
Other receivables			20.3		20.3	20.3	-
Cash and cash investments	389.2				389.2	389.2	1
TOTAL FINANCIAL ASSETS	389.2	39.9	643.2	7.3	1,079.6	1,079.6	
Financial liabilities							
Bond issue ^(a)			199.6		199.6	206.5	2
Other financing facilities			152.8		152.8	152.8	2
Derivative instruments (negative fair value)				10.5	10.5	10.5	2
Borrowings – current portion			128.9		128.9	128.9	2
Trade payables			207.1		207.1	207.1	-
Other current liabilities			146.2		146.2	146.2	-
TOTAL FINANCIAL LIABILITIES	-	-	834.6	10.5	845.1	852.0	

(a) The book value of the bond issue is shown net of issue fees and premiums.

Levels 1 to 3 correspond to the fair value hierarchy as defined by IFRS 13 (see Note 27.1).

In practice, financial assets and liabilities at fair value essentially concern certain securities, cash investments and derivative instruments. In other cases, fair value is shown in the table above for information purposes only.

No level in the fair value hierarchy is shown when the net book value approximates fair value.

bioMérieux enters into derivative instruments as part of master agreements that provide for offsetting in the event of counterparty default. The impact of these master netting agreements on the fair value of derivative instruments at December 31, 2020 was a net negative exposure of €11.8 million versus a net exposure of €11.7 million in 2019.

No inter-category reclassifications were carried out in 2020. None of the Group's financial assets has been pledged as collateral.

Impairment losses recorded against financial assets primarily relate to write-offs of trade receivables (see Note 9) and non-current financial assets (see Note 7).

December 31, 2019							
In millions of euros	Financial assets at fair value through income (excl. derivatives)	Shares in non-consolidated companies with change in fair value by other components of comprehensive income	Receivables and borrowings at amortized cost	Derivative instruments	Book value	Fair value	Level
	Financial assets						
Shares in non-consolidated companies		31.5			31.5	31.5	1 – 3
Other non-current financial assets			10.4		10.4	10.4	-
Other non-current assets			16.1		16.1	16.1	
Derivative instruments (positive fair value)				7.4	7.4	7.4	2
Trade receivables			552.1		552.1	552.1	-
Other receivables			6.6		6.6	6.6	-
Cash and cash investments	275.0				275.0	275.0	1
TOTAL FINANCIAL ASSETS	275.0	31.5	585.2	7.4	899.1	899.1	
Financial liabilities							
Bond issue ^(a)			299.6		299.6	306.2	1
Other financing facilities			153.7		153.7	153.7	2
Derivative instruments (negative fair value)				19.1	19.1	19.1	2
Borrowings – current portion			139.0		139.0	139.0	2
Trade payables			211.9		211.9	211.9	-
Other current liabilities			69.2		69.2	69.2	-
TOTAL FINANCIAL LIABILITIES	-	-	873.4	19.1	892.5	899.1	

(a) The book value of the bond issue is shown net of issue fees and premiums.

Movements in financial instruments whose fair value was determined using level 3 inputs under IFRS 13 (see Note 27.1) at December 31, 2020 were as follows:

In millions of euros	Shares in non-consolidated companies
DECEMBER 31, 2018	22.3
Change of level 3 to 2	
Gains and losses recognized in income	
Gains and losses recognized in other comprehensive income	-0.4
Acquisitions	5.2
Disposals	
Changes in Group structure, translation adjustments	
DECEMBER 31, 2019	27.1
Change of level 3 to 2	
Gains and losses recognized in income	
Gains and losses recognized in other comprehensive income	
Acquisitions	9.3
Disposals	
Changes in Group structure, translation adjustments	
DECEMBER 31, 2020	36.5

NOTE 28 RISK MANAGEMENT**28.1 Exchange rate risk****28.1.1 Group policy**

Since more than two-thirds of the Group's operations are conducted outside the eurozone, its revenue, results and balance sheet may be affected by fluctuations in exchange rates between the euro and other currencies. Revenue is particularly affected by movements in exchange rates between the euro and the US dollar (about 48% of revenue in 2020) and, more occasionally, other currencies.

However, given the Group's significant presence in the United States, certain operating expenses are settled in dollars, thereby mitigating the impact of fluctuations in the dollar on operating income.

Currencies other than the euro and the dollar represent 28% of the Group's revenue. However, as costs incurred in these other occurrences are limited, the Group's operating income is greatly exposed to fluctuations in these currencies. This exposure is spread over approximately 20 currencies, none of which accounts for more than 8% of the Group's revenue. This exposure thus becomes significant only if several of the currencies concerned fluctuate against the euro in the same direction, without any set-off.

The Group's current policy is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. According to their availability and cost, the Group may make use of hedging instruments to limit the risks related to the fluctuation of exchange rates. Its current practice is to put in place global hedges covering similar risks. Hedging contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Distribution subsidiaries are currently mainly billed in their local currencies by manufacturing entities (except where prohibited by law), so that currency risks can be managed at Corporate level for these latter.

Whenever possible, the Group hedges currency risks arising on debt denominated in currencies other than those of the country in which operations are located, so as to offset any foreign currency translation risks. However, when these hedges are extended during the loan transaction, the Group recognizes foreign exchange gains or losses when the hedges are unwound and simultaneously recontracted. These gains and losses cancel each other out over the term of the loan, but may be material in a given financial year.

In addition to having an impact on the Group's net income, exchange rate fluctuations can affect its equity: due to its worldwide presence, many of its assets and liabilities are recorded in US dollars or in other foreign currencies. To date, the Group does not hedge these exchange rate risks on its net assets.

Hedges consist mainly of forward currency sales and purchases and options (maturing within 12 months at December 31, 2020). Detailed information on hedging transactions is provided in Note 28.1.3.

The Group has not identified any material increase in risks related to the COVID-19 pandemic (liquidity risk, credit risk, etc.).

28.1.2 Exposure of revenue to exchange rate risk

In millions of euros

	12/31/2020		12/31/2019	
Eurozone	760	24%	706	26%
Other currencies				
Dollars ^(a)	1,506	48%	1,142	43%
Renminbi	207	7%	222	8%
Indian rupee	67	2%	67	3%
Pound sterling	65	2%	54	2%
Japanese yen	64	2%	52	2%
Canadian dollar	58	2%	41	2%
South Korean won	39	1%	40	2%
Australian dollar	31	1%	32	1%
Brazilian real	28	1%	36	1%
Other currencies	311	10%	282	11%
SUB-TOTAL		76%		74%
TOTAL	3,118	100%	2,675	100%
Sensitivity	-24		-20	

(a) U.S. and Hong Kong dollars.

The sensitivity analyzed above shows the impact on revenue of a 1% increase in the euro exchange rate against all currencies.

Consolidated equity

A 10% increase in the euro exchange rate against all currencies would have had the following effect:

	2020	2019
Net income	-54.0	-41.7
Shareholders' equity ^(a)	-176.0	-146.9

(a) Translated at the year-end (closing) exchange rate.

Exposure of assets and liabilities

The table below shows the US dollar and the four main currencies to which the Group is exposed at December 31, 2020:

<i>In millions of currency units</i>	USD	CNY	INR	JPY	CAD
Assets denominated in foreign currencies	40	214	1,315	2,150	23
Liabilities denominated in foreign currencies	-10	-1	0	0	0
Net exchange exposure before hedging	30	214	1,315	2,150	23
Impact of hedging	11	48	179	368	2
Net exchange exposure after hedging	19	165	1,136	1,782	21
<i>In millions of euros</i>					
Net exchange exposure after hedging	16	21	13	14	13
SENSITIVITY	-1.4	-1.9	-1.1	-1.3	-1.2

The sensitivity analyzed above shows the impact of a 10% increase in the exchange rate on the net foreign exchange exposure at December 31, 2020, taking into account hedging transactions.

Exposure of borrowings

The Group's borrowings vis-à-vis third parties are mostly denominated in euros.

The Group's policy is to prefer inter-company financing in the currency of the subsidiary; these loans are generally hedged by currency swap contracts. When it is difficult for the Group to grant loans to its foreign subsidiaries, the subsidiaries borrow from leading banks in their local currency.

28.1.3 Hedging instruments

As part of the currency hedging policy, the following currency hedging instruments were in effect at December 31, 2020:

Currency hedge at December 31, 2020 <i>In millions of euros</i>	Maturities		2020 Market value ^(a)
	< 1 year	1-5 years	
Hedges of existing commercial transactions			
• Currency forward contracts	63.8	0.0	-0.6
• Options	0.0	0.0	0.0
TOTAL	63.8	0.0	-0.6
Hedges of future commercial transactions			
• Currency forward contracts	458.9	0.0	-1.4
• Options	2.2	0.0	0.0
TOTAL	461.1	0.0	-1.4

(a) Difference between the hedging price and the market price at December 31, 2020.

Currency hedges in effect at December 31, 2019 were as follows:

Currency hedge at December 31, 2019 <i>In millions of euros</i>	Maturities		2019 Market value ^(a)
	< 1 year	1-5 years	
Hedges of existing commercial transactions			
• Currency forward contracts	67.0	0.0	-0.2
• Options	0.4	0.0	0.0
TOTAL	67.4	0.0	-0.2
Hedges of future commercial transactions			
• Currency forward contracts	289.9	0.0	-1.6
• Options	5.9	0.0	0.1
TOTAL	295.8	0.0	-1.5

(a) Difference between the hedging price and the market price at December 31, 2019.

There were no net investment hedges of foreign operations at December 31, 2020.

All of the currency forward contracts and options outstanding at December 31, 2020 had maturities of less than 12 months.

The table below gives the summary of hedging instruments held by the Group, and their variation in fair value:

<i>In millions of euros</i>	Category of the hedge	Notional hedge amount at closing	Fair value of the hedging instrument at closing		Change in the fair value of the hedging instrument over the financial year	
			assets	shareholders' equity and liabilities	of which recognized as net income	of which portion recognized in other comprehensive income
FAIR VALUE HEDGE						
EUR interest rate risk						
Debt in EUR	Interest rate swap rate				1.2	
Debt in EUR	Rate options	-	-	-		
					1.8	
Exchange rate risk						
Trade receivables in currencies	forward sales	63.8	0.0	0.6		
Trade debts in currencies	forward purchases					
Trade receivables in currencies	options					
Financial receivables in currencies	forward sales	31.2		-		
Borrowings in currencies	forward purchases	272.0		0.4		
CASH FLOW HEDGING						
EUR interest rate risk						
Debt in EUR	interest rate swap rate					
USD interest rate risk						
Loan in \$	cross currency swap				0.1	0.1
					0.8	0.3
Exchange rate risk						
Future commercial sales in currencies	forward sales	458.9		1.4		
Future commercial purchases in currencies	forward purchases					
Future commercial sales in currencies	options	2.2	-			

The Group does not hold any instruments that fall under the category of net investment hedges.

28.2 Credit risk

With revenue in more than 160 countries from government organizations and private customers, bioMérieux is exposed to a risk of non-payment of debts.

The management of credit risk includes the prior examination of the financial position to determine a credit limit, the establishment of specific guarantees or insurance, and monitoring of the payment deadline and late payments.

The impact of the COVID-19 pandemic on credit risk in 2020 was not material.

The policy of the Group in terms of the depreciation of trade receivables is described in Note 9.

The table below shows the projected cash flows from the new private placement (divided into two tranches), the real estate lease, and contractual interest payments at December 31, 2020:

<i>In millions of euros</i>	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
EuroPP 7 years ^(a)	-2.2	-8.7	-149.4
EuroPP 10 years ^(a)	-1.0	-4.2	-60.2
CBI (including VAT)	-4.6	-18.5	-12.7

(a) Contractual flows of principal and interest.

28.4 Interest rate risk

28.4.1 Exposure to interest rate risks

As part of its interest rate risk management policy aimed primarily at managing the risk of an increase in interest rates, the Group splits its debt between fixed and floating interest rates.

A new fixed-rate bond issue was set up during the year for €199.6 million, of which €145 million redeemable in seven years with an annual coupon of 1.5%, and €55 million redeemable in 10 years with an annual coupon of 1.902%. This financing is therefore not backed by any hedging mechanism.

An indexed variable-rate real estate lease financing agreement for an original notional amount of €44.4 million was put in place in 2016 to finance Campus de l'Etoile. This financing is not backed by any hedging mechanism. The capital outstanding at December 31, 2020 was €29.1 million.

28.5 Counterparty risk

At present, the Group is not exposed to any material credit risk. As indicated above, the public health crisis has had no material impact on credit risk. At December 31, 2020 and 2019, investments were solely in short-term instruments, with a net asset value calculated daily.

The Group's financial transactions (credit facilities, financial market transactions, financial investments, etc.) are with leading banks and are spread among all of its banking partners in order to limit counterparty risk.

28.3 Liquidity risk

Financial liabilities due in less than one year and in more than one year are classified in the balance sheet as current and non-current liabilities, respectively.

The Group is not exposed to liquidity risk on its current financial assets and liabilities since its total current financial assets far exceed its total current financial liabilities.

Accordingly, the only maturity schedule disclosed pertains to net debt (see Note 16.4).

The impact of the COVID-19 pandemic on liquidity risk in 2020 was not material.

28.4.2 Hedging instruments and sensitivity

Sensitivity of net income to changes in the cost of net debt attributable to fluctuations in short-term interest rates

The impact on the cost of debt (calculated on a full-year basis) resulting from changes in net debt at year-end attributable to fluctuations in short-term interest rates is shown in the table below including the impact of interest rate hedging:

<i>In millions of euros</i>	Net income
50-bp increase	0.000
50-bp decrease	0.000

No IFRS 13 adjustments were therefore applied to financial assets in respect of the risk of non-collection.

Also in the context of IFRS 13, an analysis was carried out to assess the credit risk related to the fair value of financial instruments. Counterparty risk was not considered material, given the short-term maturity (less than one year) of the Group's currency hedges at December 31, 2020, and the rating of bioMérieux's banking counterparties.

NOTE 29 OFF-BALANCE SHEET COMMITMENTS

Outstanding commitments given or received at December 31, 2020 are described below:

29.1 Off-balance sheet commitments relating to Group companies

- The Group is subject to a number of earn-out clauses relating to acquisitions and disposals. At the closing date, it was not deemed probable that these clauses would be triggered, or that the amount involved could be reliably estimated.

29.2 Off-balance sheet commitments relating to the Company's financing

- Commitments related to borrowings are described in Note 16.3.
- Commitments related to derivative instruments are described in Note 27.

29.2.1 Commitments given

- Bank guarantees given by the Group in connection with bids submitted totaled €138.2 million at December 31, 2020.

29.2.2 Commitments received

- At December 31, 2020, bioMérieux SA had an undrawn syndicated credit facility of €500 million, which was amended in 2018, bringing its maturity to January 2024 (five years with an option for two one-year extensions, one of which has not been exercised – see Note 16.2).

29.3 Off-balance sheet commitments relating to the Group's operating activities

29.3.1 Commitments given

- bioMérieux Inc. and bioMérieux SA are parties to various agreements that provide for payments based on progress in corresponding research projects or a minimum volume of sales (€3.3 million).
- Under the free share grant plans approved by the Board of Directors of bioMérieux SA, which holds 201,533 shares as coverage, would need to purchase 260,793 additional shares if all promised shares were allocated. This commitment represents an amount of €30.1 million based on the share price at December 31, 2020.
- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnostics and therapies focusing on cancers, infectious diseases and genetic disorders. This program is known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"). As part ADNA and addendums to the program as originally adopted, bioMérieux SA undertook an estimated €67.5 million of research and development work over the period 2007 to 2017. The program ended in December 2017. In return, bioMérieux SA received subsidies (€16.1 million) and repayable grants (€7.5 million). In the event of success, bioMérieux SA must repay the repayable grants on a schedule based on the revenue earned on certain products and then pay an added share of revenue (3.4%) until 2029.
- In China, bioMérieux Suzhou Biotech has committed €22.2 million to suppliers in connection with the construction of its new plant.
- Other commitments given (endorsements, sureties and guarantees, excluding firm rental commitments) amount to €2.7 million. bioMérieux SA committed to invest €0.2 million in a round of equity funding by ATI.

29.3.2 Commitments received

- Other commitments received amount to €5.9 million.

NOTE 30 TRANSACTIONS WITH RELATED PARTIES**30.1 Directors' and officers' compensation**

Members of the Company's supervisory and management bodies (the Board of Directors and the Executive Committee) were paid an aggregate €9.9 million in compensation during the 2020 financial year.

Executive compensation	2020	2019
<i>In millions of euros</i>		
Fixed compensation	3.3	5.1
Variable compensation	2.1	3.5
Benefits-in-kind	0.2	0.3
Free shares	2.0	2.9
Directors' fees	0.0	0.0
Termination benefits	2.3	0.5
TOTAL	9.9	12.3

30.2 Other transactions with non-consolidated affiliates

- The Institut Mérieux, which held 58.9% of bioMérieux SA at December 31, 2020, provided €9.7 million in services and research for the bioMérieux Group over the financial year, of which €2.6 million was re-invoiced to bioMérieux Inc., and €4.2 million to BioFire. bioMérieux Group companies re-invoiced €1.2 million to the Institut Mérieux for expenses incurred on its behalf (bioMérieux SA for €0.9 million and bioMérieux India for €0.3 million).
- During 2020, the Group supplied €10.1 million worth of reagents and instruments to entities of the Mérieux NutriSciences Corp. Group, in which Institut Mérieux holds a majority interest.
- Théra Conseil, 99.2% owned by Institut Mérieux, billed bioMérieux SA €1.2 million for services in 2020.
- bioMérieux SA contributed €2 million to the Fondation Christophe et Rodolphe Mérieux for humanitarian projects.
- ABL, 99.5% owned by Institut Mérieux, invoiced bioMérieux SA for €0.9 million of raw materials in financial 2020. Conversely, bioMérieux Inc. re-invoiced ABL Inc. for €3.0 million. In addition, ABL received a \$1.6 million loan from bioMérieux Inc.
- During financial 2020, bioMérieux SA invoiced €2.1 million of services to Mérieux Université, in which it held 40% ownership, the remaining 60% held by the Institut Mérieux (40%) and Mérieux NutriSciences (20%). Conversely, it paid €2.8 million to Mérieux Université for training fees.

NOTE 31 SUBSEQUENT EVENTS

The Group did not identify any events subsequent to closing.

NOTE 32 CONSOLIDATION

bioMérieux is a fully consolidated entity of Compagnie Mérieux Alliance (17 rue Bourgelat, 69002-Lyon, France).

NOTE 33 LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2020

Changes in the scope of consolidation during the 2020 financial year are described in Note 1.1.

		2020 ^(a)	2019	2018
bioMérieux SA	69280 Marcy l'Etoile – France R.C.S. Lyon B 673 620 399			
AB bioMérieux	Dalvägen 10169 56 Solna, Stockholm – Sweden	100%	100%	100%
ABG STELLA	1105 N Market St Suite 1300 Wilmington, Delaware 19801 – United States		100%	100%
AES Canada Inc.	500 boul. Cartier Ouest, suite 262 H7V 5B7 Laval, QC – Canada		100%	100%
Applied Maths Inc.	11940 Jollyville Road, Suite 115N Austin, Texas 78759 – USA	100%	100%	100%
Applied Maths NV	Keistraat 120 9830 Sint-Martens-Latem Belgium	100%	100%	100%
Astute Medical Inc.	3550 General Atomics Court Building 02/620 San Diego, CA 92121 – United States	100%	100%	100%
Bacterial Barcodes Inc.	425 River Road – Athens – GA 30602 – United States		100%	100%
BioFire Defense Inc.	79 W 4500 S, Suite 14 Salt Lake City, UT 84107 – United States	100%	100%	100%
BioFire Diagnostics Inc.	390 Wakara Way, Salt Lake City, Utah 84108 – United States	100%	100%	100%
bioMérieux South Africa	1 st Floor, 44 on Grand Central, 1 Bond Street, cnr Grand Central Boulevard, Midrand 1682 – South Africa	100%	100%	100%
bioMérieux West Africa	Avenue Joseph Blohorn – 08 BP 2634 Abidjan 08 – Côte d'Ivoire	100%	100%	100%
bioMérieux Algeria	Bois des cars 2 – Lot 11 1 st floor – 16302 Dely Ibrahim Algiers – Algeria	100%	100%	100%
bioMérieux Germany	Weberstrasse 8 – D 72622 Nürtingen – Germany	100%	100%	100%
bioMérieux Argentina	Edificio Intecons – Arias 3751 3 rd floor – C1430CRG Buenos Aires – Argentina	100%	100%	100%
bioMérieux Asia Pacific Pte Ltd.	11 – Biopolis Way – Helios – Unit # 10-05 – 138667 – Singapore	100%	100%	
bioMérieux Australia	Unit 25B, Parkview Business Centre – 1 Maitland Place Baulkham Hills NSW 2153 – Australia	100%	100%	100%
bioMérieux Austria	Eduard-Kittenberger-Gasse 95-B, A-1230 Vienna – Austria	100%	100%	100%
bioMérieux Belgium	Media Square – 18-19 Place des Carabiniers 1030 Brussels – Belgium	100%	100%	100%
bioMérieux Benelux BV	Regus - Amersfoort A1, Databankweg 26, 3821 AL Amersfoort – Netherlands	100%	100%	100%
bioMérieux Brazil	Estrada Do Mapuá, 491 Jacarepaguá – CEP 22713 320 Rio de Janeiro – RJ – Brazil	100%	100%	100%
bioMérieux Canada	7815 boulevard Henri Bourassa – West – H4S 1P7 Saint Laurent (Quebec) – Canada	100%	100%	100%
bioMérieux Chile	Seminario 131 – Providencia – Santiago – Chile	100%	100%	100%
bioMérieux China	19/Floor Billion Plaza 8 Cheung Yue Street – Kowloon – Hong Kong	100%	100%	100%
bioMérieux Colombia	Carrera 7 N° 127-48 – Oficina 806 – Bogota DC – Colombia	100%	100%	100%
bioMérieux Korea	1 st & 2 nd floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku – Seoul – South Korea	100%	100%	100%
bioMérieux CZ	Hvezdova 1716/2b – Praha 4 – 140 78 – Czech Republic	100%	100%	100%
bioMérieux Denmark	Lautruphøj 1-3, DK- 2750, Ballerup – Denmark	100%	100%	100%

		2020 ^(a)	2019	2018
bioMérieux Egypt	Room 2, Unit 23, 2 nd Floor, Star Capital Tower A2, Citystars, Heliopolis, Cairo, Egypt	100%	100%	
bioMérieux Egypt Distribution Co. LLC	Room No. 2, Unit No. 23, 2nd Floor, Tower 2A, Star Capital, City Stars, Heliopolis, Cairo, Egypt	100%		
bioMérieux Spain	Manuel Tovar 45 – 47 – 28034 Madrid – Spain	100%	100%	100%
	Tekniikantie 14			
bioMérieux Finland	FI-02150 Espoo – Finland	100%	100%	100%
bioMérieux Greece	Papanikoli 70 – 15232 Halandri – Athens – Greece	100%	100%	100%
bioMérieux Hong Kong Investment	19/Floor Billion Plaza 8 Cheung Yue Street – Kowloon – Hong Kong	100%	100%	100%
bioMérieux Hungary	Vaci ut 175 – 1138 Budapest – Hungary	100%	100%	100%
bioMérieux Inc.	100 Rodolphe Street – Durham NC 27712 – United States	100%	100%	100%
bioMérieux India	A-32, Mohan Cooperative Ind. Estate – New Delhi 110 044 – India	100%	100%	100%
bioMérieux Italy	Bagno a Ripoli, Via di Campigliano, 58 – 50012 Ponte a Ema – Firenze – Italy	100%	100%	100%
bioMérieux Japan Ltd	Akasaka Tameike Tower 2F, 2-17-7, Akasaka, Minato-ku, Tokyo	100%	100%	100%
bioMérieux Kenya	Delta Office Suites, Land Reference No. 4393/27, Waiyaki Way, P. O. Box 30333 – 00100 – G.P.O Nairobi – Kenya	100%	100%	100%
bioMérieux Malaysia	Prima 47301 Petaling Jaya, Selangor darul Ehsan – Malaysia	100%	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso – Mexico 01080, DF – Mexico	100%	100%	100%
bioMérieux Middle East	DHCC Al Baker Building 26 – Office 107 – P.O. Box 505 201 Dubai – United Arab Emirates	100%	100%	100%
bioMérieux Norway	Nydalsveien 28 P.B. 4814 Nydalen – N-0484 Oslo – Norway	100%	100%	100%
bioMérieux Philippines	1004, 20 th Drive Corporate Center, McKinley Business Park, Bonifacio Global City, Taguig City Philippines ZIP CODE 1634	100%	100%	
bioMérieux Poland	ul. Gen. J. Zajączka 9 – 01-518 Warszawa – Poland	100%	100%	100%
bioMérieux Portugal	Av. 25 de Abril de 1974, N°23-3° – 2795-197 LINDA A VELHA Portugal	100%	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke Hampshire RG 22 6HY – United Kingdom	100%	100%	100%
bioMérieux Russia	1 st Nagatinskiy proezd, 10, str.1, business center “Newton Plaza” – Moscow 115 533 – Russia	100%	100%	100%
bioMérieux (Shanghai) Biotech Co. Ltd	N° 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 201315 – China	100%	100%	100%
bioMérieux Shanghai Company Ltd.	N° 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 201315 – China	100%	100%	100%
bioMérieux Singapore	11 – Biopolis Way – Helios – Unit # 10-04 – 138667 – Singapore	100%	100%	100%
bioMérieux Sweden	Hantverksvagen 15 – 43633 Askim – Sweden	100%	100%	100%
bioMérieux Suzhou Biotech Co. Ltd.	Jiangsu Suzhou New District County Township Hong Xi Rd Village No.148.	100%	100%	
bioMérieux SRB doo	Belgrade Office Park, Djordja Stanojevic 12/III, Nouveau Belgrade, 11070 Belgrade – Serbia	100%	100%	100%

		2020 ^(a)	2019	2018
bioMérieux Switzerland	51 Avenue Blanc – Case Postale 2150 – 1202 Genève – Switzerland	100%	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4 th floor – Rama IV Road – Klongton – Klongtoey – Bangkok 10110 – Thailand	100%	100%	100%
bioMérieux Turkey	Isiklar Cad. NO 29, Atasehir – 34750 Istanbul – Turkey	100%	100%	100%
bioMérieux Vietnam	Floor 10, Vinaconex Tower, 34 Lang Ha, Lang Ha ward, Dong Da District, Hanoi -Vietnam	100%	100%	100%
BTF Pty Limited	PO Box 599 – North Ryde BC – NSW Australia 1670 – Australia	100%	100%	100%
Cambridge Biotech	365 Plantation Street One Biotech Park Worcester, MA 01605 – United States	100%	100%	100%
Huilai	Room 8738, Building 1, No. 1758, Luchaogang Road, Nanhui New Town, Pudong New District – China	100%	100%	100%
Hyglos Invest GmbH	Am Neuland 3 – 82347 Bernried am Starnberger See Germany		100%	100%
Hyglos GmbH	Am Neuland 3 – 82347 Bernried am Starnberger See Germany		100%	100%
Invisible Sentinel	3711 Market St., Ste. 910 Philadelphia, PA 19104 United States	100%	100%	
Mérieux Université	113 Route de Paris – 69160 Tassin-La-Demi-Lune – France	40%	40%	40%
Quercus Scientific NV	Keistraat 120 9830 Sint-Martens-Latem Belgium	100%	100%	100%
RAS Lifesciences	Plot No. 13, 4-7-18/13/2, Raghavendra Nagar, Nacharam, Hyderabad – 500 076 – India	100%	100%	100%
SSC Europe	ul. Gen. J. Zajączka 9 – 01-518 Warszawa – Poland	100%	100%	100%
Suzhou Hybiome Biomedical Engineering Co Ltd	Building 4, No. 8, Jinfeng Road, Suzhou High-tech Zone – China	67%	67%	54%
Suzhou Lianjian Anhua Biomedical Co. Ltd	Room 120, Building 1, No. 18 Madun Road, Suzhou New District, China	67%		
Yan Set Invest Development	19/F Billion Plaza, 8 Cheung Yue Street Cheung Sha Wan Kowloon – Hong Kong		100%	100%

(a) Percentage control is identical to percentage interest, except in the case of Suzhou Lianjian Anhua Biomedical Co. Ltd where it is 100%.