GROUPE Gorgé

2018 | REGISTRATION DOCUMENT

Summary

2018 Registration Document

INCLUDING ANNUAL FINANCIAL REPORT

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) on 17 April 2019, in accordance with article 212-13 of the AMF's General Regulation. This document may be used in a financial transaction when accompanied by a prospectus approved by the AMF. This document has been prepared by the issuer and is binding upon its signatories.

INCORPORATED BY REFERENCE

Pursuant to article 28 of European Regulation No. 809/2004 of 29 April 2004, the following information is incorporated by reference into this Registration Document, which the reader is encouraged to consult:

- for the financial year ended 31 December 2017: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2017 Registration Document filed with the AMF on 12 April 2018 (file number D.18-0327);
- for the financial year ended 31 December 2016: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2016 Registration Document filed with the AMF on 5 April 2017 (file number D.17-0331).

Copies of this Registration Document are available upon request and free of charge at the Company's registered office located at 19, rue du Quatre-Septembre, 75002 Paris, France or on its website www.groupe-gorge.com or on the AMF's website www.amf-france.org

CHAIRMAN'S STATEMENT

"In 2018, GROUPE GORGÉ demonstrated the solidity of its model"

In 2018, GROUPE GORGÉ demonstrated the solidity of its model. After a contrasted 2017 year, in 2018 we saw a very clear improvement in the performance of our divisions. In addition, the solid commercial momentum of our activities allows us to show an unprecedented backlog of €230 million.

In addition to this improvement, 2018 was a year for re-focusing our strategic activities in the Protection of High-Risk Installations and Smart Safety Systems divisions combined with continuing acquisitions and integration of the acquisitions made during recent years in the 3D Printing division.

Today, the Group is positioned on several markets and technologies of the future. This strategy, based on several activities, gives it unique advantages in the rapidly changing world of technological companies:

- its agility enabling it to better adapt to the cycles and to draw on its resources at the right time, depending on the maturity and the development of each activity with optimum effectiveness;
- its capacity to identify early on markets or technologies offering strong opportunities for growth;
- its synergies among its activities with common problems.

The Group's entry into 3D printing in 2013, with revenues reaching €61 million in 2018, or the strategy conducted for many years based on the development of drone systems working in the same mission in the Smart Safety Systems division, illustrate the Group's know-how.

In the Smart Safety Systems division, this strategy played a determining role in the award of a contract, in early 2019, with Naval Group for the supply of 12 mine-hunter vessels for the Belgian and Dutch navies. This contract, worth approximately €450 million to the Group should be signed in the second quarter of 2019 and represents a major milestone in the growth of ECA.

In conclusion, the Group is well positioned on several activity segments with strong potential for growth, which ensures promising outlooks for all of its business lines.

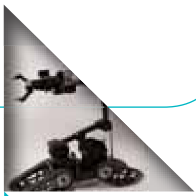
Raphaël GORGÉ,
Chairman and Chief Executive Officer

HIGHLIGHTS
2018

REVENUE €296.0M

EBITBA €19.1M

R&D €11.6M



10 JANUARY

ECA was awarded a contract for more than €30 million for the supply of landmine disposal robots to the French Ministry of Defence

11 JANUARY

BAUMERT and PREZIOSO LINJEBYGG (ALTRAD GROUP) collaborate in the field of nuclear technology and announce their first success

19 MARCH

Partnership with NEXTEAM GROUP & PRODWAYS GROUP centred on the innovative RAF 3D printing technology for titanium parts

19 APRIL

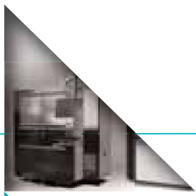
ECA wins three new orders in naval robotics for an amount exceeding €12 million

13 JUNE

VAN DAM signs a contract worth several million euros with DUPONT DE NEMOURS

17 JULY

PRODWAYS GROUP acquires the American machine manufacturer SOLIDSCAPE



3 SEPTEMBER

PRODWAYS presents its new MOVINGLight® V10 Ceramic 3D printer

9 OCTOBER

NAVAL GROUP and ECA propose an innovative mine hunting solution to Belgium and the Netherlands

24 OCTOBER

ECA wins a contract for more than €12 million for the supply of equipment for French Barracuda submarines

26 NOVEMBER

First major commercial success of BAUMERT in the nuclear industry in the United States

AT A GLANCE

GROUPE GORGÉ is an independent family-owned group conducting business in the high-tech industries.
The Group conducts business in the safety and protection industries in extreme environments as well as in 3D printing.

2 002
employees,

in
6 country

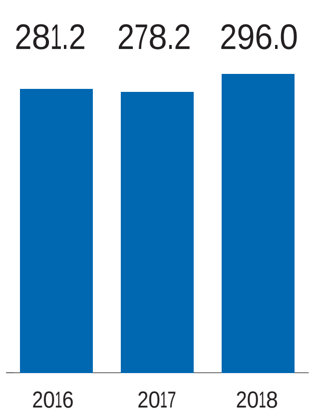
Direct exports represent approximately
32%
of the activity.

OUR STRATEGY

- To be a top player in high-tech niche markets.
- To strengthen our exposure in markets with strong potential for development aligned with long-term global macro-economic trends shaping the future.

OUR GOUVERNANCE

- The Group was founded in 1990 by Jean-Pierre GORGÉ and his son, Raphaël GORGÉ, has been the Chairman and Chief Executive Officer for more than 10 years.
- The GORGÉ family holds 56% of the share capital of the Group listed on EURONEXT Paris.
- The Board of Directors is composed 50% of independent directors and 50% of women.



REVENUE
(IN € MILLIONS)

OUR STRENGTHS

- Our agility enables us to adapt rapidly to cycles and the ability to draw on resources at the right time, depending on the maturity and the development of each activities, for optimum effectiveness
- Our capacity to identify early on markets or technologies offering strong opportunities for growth
- Synergies between our activities with common issues

3 DIVISIONS ACTIVITY

SMART SAFETY SYSTEMS

ECA GROUP make sure

A world player, recognised for its expertise in robotics, aerospace and simulation, since 1936 ECA has been developing innovative technological solutions for complex missions civil or defence.

614 employees
€102.1 million in revenue

PROTECTION OF HIGH RISK INSTALLATIONS

VIGIANS

VIGIANS operates in the area of active and passive fire protection for the energy markets, in particular, for oil and gas, in the industrial and service sectors in France. The Group is also developing a complete offering in the area of nuclear environment protection and safety by designing and producing high-performance partitioning systems.

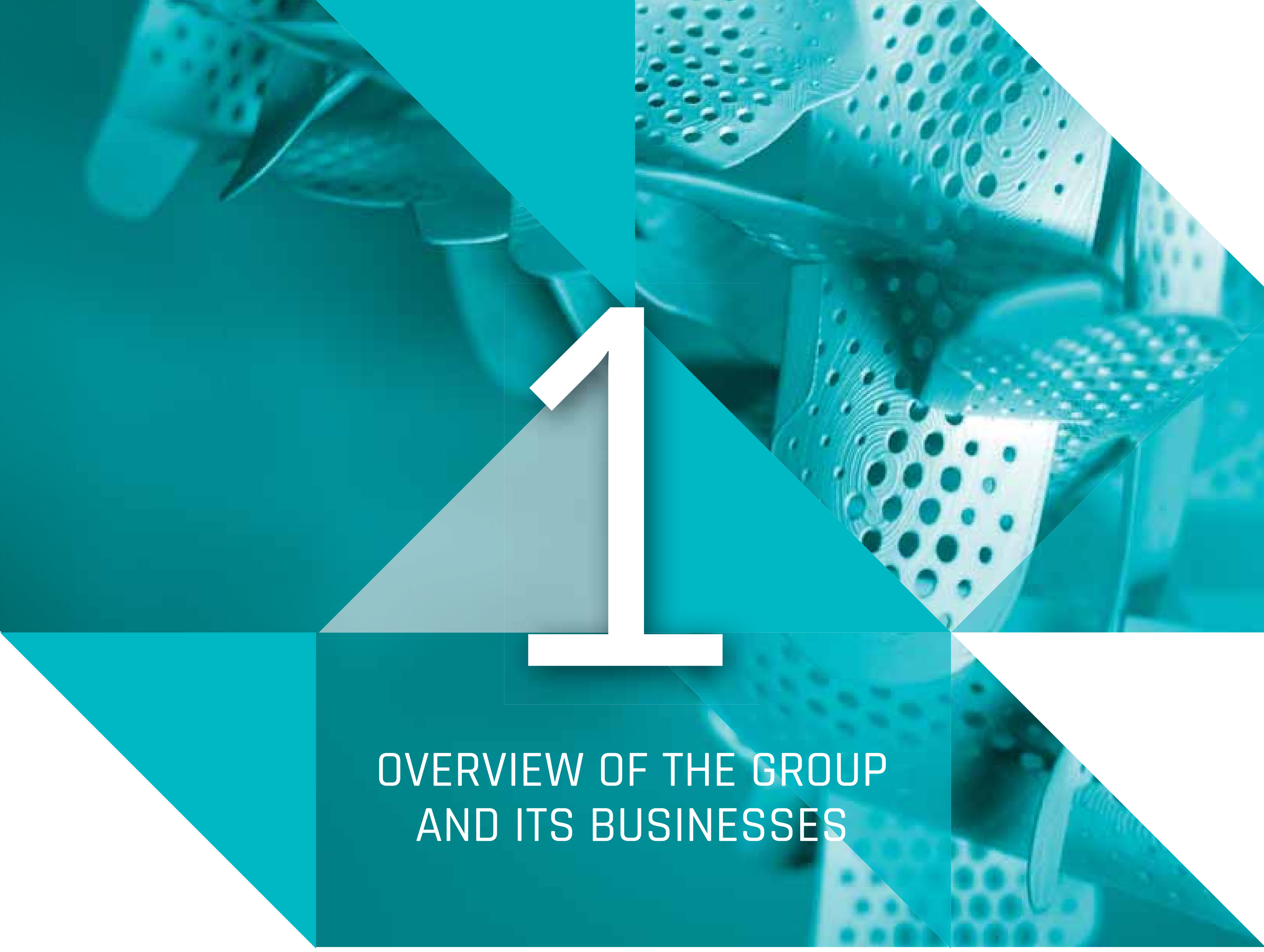
921 employees
€134.3 million in revenue

3D PRINTING

PRODWAYS GROUP

PRODWAYS GROUP is today a world class player in additive manufacturing and is developing a complete and integrated line of additive manufacturing solutions (software, 3D printers, manufactured parts) for industrial applications through its capacity for innovation.

460 employees
€60.9 million in revenue



1 OVERVIEW OF THE GROUP AND ITS BUSINESSES

1.1 KEY FIGURES

The key figures have been extracted from the consolidated financial statements. The 2017 figures have been restated as detailed in the notes to the 2018 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures"). The 2016 figures have been restated as detailed in the notes to the 2017 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures").

1.1.1 Main aggregates from the consolidated income statement

(in thousands of euros)	2018	2017	2016
Revenue	296,004	278,225	281,153
EBITDA(1)	19,097	11,833	21,762
Operating income	1,628	(13,634)	10,052
Financial income and expenses	(1,110)	(2,108)	(2,255)
Tax	(2,526)	(4,901)	(4,488)
NET INCOME	**(1,942)**	**(20,582)**	**3,350**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**(1,865)**	**(16,037)**	**(751)**

(1) The Group uses non-IFRS measures for the sake of information, management and planning because they offer a better assessment of its long-term performance. Detailed information is available in Note 3 to the consolidated financial statements.

1.1.2 Key financial data

(in millions of euros)	2018	2017	2016
Equity(1)	95,974	101,630	99.42
Available cash and cash equivalents (A)	42.00	86.79	38.75
Borrowings (B)	(70.84)	(84.62)	(90.17)
Treasury shares (C)	0.94	1.74	1.96
NET CASH INCLUDING TREASURY SHARES (A) + (B) + (C)	**(27.89)**	**3.91**	**(49.46)**

(1) Including non-controlling interests.

1.1.3 Workforce

	2018	2017	2016
Smart Safety Systems	614	714	705
Protection of High-Risk Installations	921	935	875
3D Printing	460	375	249
Structure	7	7	7
TOTAL WORKFORCE	**2,002**	**2,031**	**1,836**

1.2 OVERVIEW OF THE GROUP AND ITS BUSINESSES

GROUPE GORGÉ is an independent group that specialises in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. The Group employs about 2,002 people, has locations in six countries, and exports some 32% of its business directly. The Group has always enjoyed a strong entrepreneurial culture. It was founded in 1990 by Jean-Pierre GORGÉ, the father of the current Chairman and CEO, Raphaël GORGÉ. The GORGÉ family currently owns 56% of the share capital of GROUPE GORGÉ, which is listed on EURONEXT Paris.

1.2.1 History and development of GROUPE GORGÉ

In its more than 25 year history, GROUPE GORGÉ has always developed and driven the latest technological and industrial innovations.

1990: FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009).

1990-2005: ECA and industrial robotics.

1992: Acquisition of ECA.

1998: Listing on the secondary market of the Paris stock exchange.

1999: Acquisition of CIMLEC Industrie.

2004: Listing of ECA on the secondary market of the Paris stock exchange.

2005-2009: Move into new business sectors.

2005: Raphaël GORGÉ joins the Group and is appointed Deputy CEO. He embarks on a strategic reorientation of the Group to reduce its dependence on the automotive sector and investment in high potential sectors, in particular semi-conductors and naval construction, security and protection.

2006: Acquisition of ECA FAROS in the simulation sector.

2008: Raphaël GORGÉ is appointed Chief Executive Officer.

2009-2013: Development of the security and protection sectors.

2009: The Group focuses on the safety of people and property with the acquisitions of BAUMERT and CLF-SATREM in particular.

2011: Raphaël GORGÉ is appointed Chairman and Chief Executive Officer. Bpifrance (at the time, Fonds stratégique d'investissement, FSI) acquires a stake in the Group.

In 2013: the Group enters the 3D printing sector and extended the mobile robotics offering.

2013: The Group enters the field of 3D printing with the purchase of PHIDIAS TECHNOLOGIES (since renamed PRODWAYS).

2014: The Group acquires DELTAMED and INFOTRON.

In September 2014, the Group was proud to receive the *Prix de l'Audace Créatrice* (Audacity and Creativity Prize) presented by the French President.

2015: Growth accelerates in the "3D Printing" division: €10 million raised in a round of financing from FIMALAC group; acquisition of the companies INITIAL, NORGE SYSTEMS and EXCELTEC; signing of a strategic partnership with the Chinese company FARSOON; creation of a US subsidiary (PRODWAYS AMERICAS).

In April, the Group received the visit of the French Minister of the Economy, Emmanuel MACRON, to the site of its PRODWAYS subsidiary.

2016: Acquisitions for two of the Group's three divisions:

- for the Smart Safety Systems division: capacity-building for the "Aerospace and Robotics" and "Integrated Systems" divisions with the acquisitions of ELTA and BUREAU D'ÉTUDES MAURIC;
- for the manufacture of high-security doors for nuclear installations, in the Protection of High-Risk Installations division: acquisition of the nuclear business of PORTAFEU.

The Industrial Projects & Services and Protection in Nuclear Environments divisions have merged to form a new division named Protection of High-Risk Installations.

The French President visited the Group's PRODWAYS subsidiary. The President had previously presented the Group with the 2014 *Prix de l'Audace Créatrice* award.

In September, BPIFRANCE sold its entire stake in GROUPE GORGÉ for around €21 million.

2017: IPO of PRODWAYS GROUP, the "3D Printing" division of GROUPE GORGÉ, on Euronext Paris.

The 3D printing range was enhanced with the acquisition of AVENAO and INTERSON PROTAC and the development of the new Rapid Additive Forging (RAF) technology, offering 3D metal printing for large-scale parts.

The French Minister of Defence, visiting ECA for the fourteenth the annual French Defence Conference, hailed the Group's excellence and innovative ability.

2018:

NAVAL GROUP and ECA ROBOTICS propose an innovative mine-hunting solution in Belgium and the Netherlands and ECA sets up in Belgium with the creation of the subsidiary ECA ROBOTICS BELGIUM.

ECA restructures. In the "Robotics" division, three of its subsidiaries merge, and subsidiary EN MOTEUR is disposed of. In the simulation division, ECA closes ECA SINDEL and disposes of the goodwill of its subsidiary SSI.

In the "3D Printing" division: PRODWAYS GROUP takes over 70% of the capital of the American service bureau VARIA 3D, in which it had taken a minority stake in 2015.

PRODWAYS GROUP acquires the American company SOLIDSCAPE, a subsidiary of STRATASYS specializing in 3D printing machines for precision casting applications, in particular for the jewellery market. This acquisition increases sales of machines and the Group's presence in North America and internationally through an expanded distributor network.

1.2.2 Activities, markets and competition

The Group is structured into three divisions:

- Smart Safety Systems division – ECA and its subsidiaries;
- Protection of High-Risk Installations division – VIGIANS and its subsidiaries (CLF-SATREM, AMOPSI, VAN DAM, CIMLEC, etc.), NUCLEACTION and its subsidiaries (BAUMERT, SVF) and SERES Technologies;
- 3D Printing division – PRODWAYS GROUP and its subsidiaries.

The subsidiaries are in direct contact with their markets and competitors. The divisions bring together the subsidiaries depending on their businesses and sector of activity. This organisational structure enables GROUPE GORGÉ to be positioned in f the disruptive technologies: advanced robotics, autonomous vehicles and 3D printing.

1.2.2.1 Smart Safety Systems division – ECA and its subsidiaries

ECA is a world-class player recognised for its expertise in robotics, specialised automation systems and simulation. The Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936.

Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defence, maritime, aeronautics, nuclear, energy, transportation and industrial equipment sectors.

ECA solutions cover three main business segments: Robotics, Aerospace and Simulation.

In 2018, ECA's revenue totalled €102.1 million in 2018, *i.e.* around 34.5% of GROUPE GORGÉ's overall revenue.

Robotics division

Nine of the world's ten leading armies are equipped with solutions developed by ECA . With world-renowned know-how and expertise, ECA has combined its design skills in the field of mobile underwater, sea, land and airborne drones and in integrated systems development for a complete line of solutions aimed at the defence, maritime, nuclear, oil, gas and manufacturing markets.

Robotics Markets

The global market for mobile robotics is currently growing strongly for a number of reasons:

- the increase in armed conflicts around the world has led governments to allocate new resources to assure the safety and security of their armed forces and reduce their exposure to threats and risks. This effect is being heightened by, on one hand, "mature armies" which are seeking to limit human losses through the use of drone and robot systems and, on the other, "new armies" which are looking for access to more modern solutions straight away;
- the increase in terrorist acts and threats is encouraging governments to provide maximum security to sensitive sites (nuclear, petrochemical, etc.);
- dwindling natural resources are leading industrialists to turn to advanced technologies to access new reserves in increasingly extreme environments at optimum cost.

ECA is meeting these new challenges as one of the only players in the world with a complete, mobile robotics offering that can operate in all environments (under and on water, on land and in the air). This unique competitive advantage enables it to address very specific needs in the different mobile robotics markets. ECA offers both mobile robotics and robot systems designed for specific missions. Naval architecture, the core business of BUREAU D'ÉTUDES MAURIC, gives the Group control over the design of its forthcoming range of unmanned surface vehicles (USVs). At the same time, faced with the increasingly specific requirements of its external clients, BUREAU D'ÉTUDES MAURIC is meeting new challenges, specifically in designing hulls (speed and seaworthiness considerations) as well as developing new concepts using combined energy or alternatives to all-diesel (hybrid electric, LNG, Hydrogen or sail propulsion). BUREAU D'ÉTUDES MAURIC's expertise in complex systems integration aboard vessels and its technical ability in the field give the Group excellent prospects and ensure ECA's clients the best possible integration of the Group's robotic systems on their ships.

In the robot systems business, ECA relies on its tactical simulation activities and expertise described in the Simulation business.

Defence and Security

For over 60 years, ECA mobile robotics, training simulation and remote control systems solutions have been meeting the specific needs of internal security and special forces in numerous countries, as well as the needs of naval, air and land forces of the military. This is ECA's most important market and accounts for about 54% of its revenue.

The Group is also involved in:

- anti-submarine combat (underwater mine disposal and submarine systems);
- tactical reconnaissance missions (protection of sensitive infrastructure, inland protection, protection of armies and bases, surveillance and protection of territorial waters).

Maritime

ECA's advanced robotic offering meets the different requirements and specificities of the maritime sector's activities both on and under water very precisely. Its AUV (Autonomous Underwater Vehicles) and ROV (Remotely Operated Vehicles) solutions equipped with cameras, sensors and articulated arms fulfil a wide range of mission requirements such as:

- ocean floor exploration (search for new underwater reserves, hydrographic and oceanographic research, inspection and study of underwater deposits);
- monitoring of sensitive zones (offshore platforms);
- search and rescue operations.

Energy and Industry

The solutions developed by the Group are particularly well-suited for the energy and industrial sectors which need to do work in close quarters in environments that are hazardous and difficult for people. All of the Group's drones are equipped with cameras or articulated arms, and can also be radiation resistant or equipped with a variety of sensors.

Thanks to the Group's expertise in these areas, it can contribute to missions such as:

- the inspection, protection and maintenance of water and industrial networks;
- infrastructure monitoring (dams, refineries, wind farms, nuclear plants, etc.);
- the decommissioning of nuclear plants;
- waste management.

Competition

The mobile robotics market includes a large number of applications. The ECA Group has different competitors depending on the type of application. They are nearly all large international groups. They include:

- for underwater robots – KONGSBERG and BLUEFIN Robotics (Autonomous Underwater Vehicles (AUVs)), ATLAS ELEKTRONIK and BAE SYSTEMS (underwater mine disposal robots) and SAAB SEAEYE (Remotely Operated Vehicles (ROVs));
- for naval drones – ELBIT SYSTEMS and L3 (USVs);
- for land robots – NEXTER GROUP, IROBOT CORPORATION and TELEROB;
- for airborne drones – AIRBUS, AIRRObot, MICRODRONES, AERYON LABS, AEROVIRONMENT and BERTIN Technologies.

R&D skills are critical in adapting the delivery systems, payloads, data analysis and systems to mission requirements. ECA's ability to provide this integrated offer in all environments distinguishes the Group from its competitors.

Our products and solutions are widely-recognised in the marketplace

Many of the solutions developed by the Group are now amongst the most widely-recognised in the mobile robotics marketplace. Here are a few examples:

- PAP MK6

The PAP MK6 is part of the self-propelled ROV range for mine disposal. It has a large payload capacity. Its robust and reliable design and its propulsion system enable it to manoeuvre in strong currents and withstand harsh environmental conditions.

The command and control software includes autopilot functions.

- AUV line

The ECA Group offers a complete line of AUVs, from the most compact A9 to the largest versions with the A27 and ALISTAR 3000. AUVs all share the same IT architecture, autonomous software and supervision interface. They also have excellent endurance (more than 30 hours for certain models) and large sensor-carrying capability. They are designed for the most demanding missions. The French Navy uses the A27 AUV for hydrography and long-range underwater surveillance operations.

- INSPECTOR line

The INSPECTOR is a surface drone designed for the protection of critical maritime structures such as offshore platforms. The Inspector line provides operators with real-time situation status through surveillance, reconnaissance and the detection and identification of threats.

- UMIS™

ECA has developed UMIS™, an unmanned integrated mine disposal system - MCM (Mine Counter Measures). UMIS™ combines the new generation UMISOFTTM software suite with the actions of Unmanned Surface Vehicles (USV), Autonomous Underwater Vehicles (AUV), Unmanned Airborne Vehicles (UAV) and Remotely Operated Vehicles (ROV). UMIS™ has many advantages over traditional MCMs: it is safer since the mother vessel no longer has to enter the minefield, more effective in detecting mines since the AUVs are very stable and navigate at an ideal altitude above the seabed, and faster, enabling robots to carry out tasks such as detection and identification at the same time.

- IGUANA E

The IGUANA E mine disposal robot is a complete solution for dealing with any unconventional situation. The next-generation robot features a large number of tools and performs complex operations (such as inspecting cars or drop ceilings, opening packages and retrieving ammunition).

- CAMELEON LG

The CAMELEON LG is designed to be carried in a backpack in addition to the standard equipment of an infantry soldier deployed in field operations, without adding weight. CAMELEON LG is a real partner that multiplies the capacities of a unit deployed in the field without slowing it down or disturbing its tactical movements.

- IT180

The IT180 airborne drone is part of the Unmanned Autonomous Vehicle (UAV) range. It is a pilotless inspection solution. The drone provides lengthy endurance (120 min), long-distance remote control functionality (10 km) and reports high-quality data. This drone also exists in a captive version.

Simulation division

ECA has a very complete line of driving and mission training simulators with state-of-the-art technology.

Simulation markets

ECA works with the civilian and military driving and training simulation markets, and with the tactical mission simulation market.

Driver training simulation

The Group's offer covers all environments and is designed for both defence and civilian customers for:

- flight simulation training for AIRBUS and BOEING aircraft;
- land driving simulation (motorcycles, cars, buses and trucks – civilian or military).

The clients for these solutions include airlines, driver training centres and schools, and the armies and navies of a number of countries.

Tactical mission simulation

The Group also offers solutions that provide training for a range of different situations likely to be encountered by police forces, firefighters and armed forces, etc. without any risk to their personnel.

These solutions cover missions involving:

- internal security (police, firefighting);
- defence (exploration of hazardous zones, underwater mine disposal);
- maritime operations (pollution control, crisis management, dynamic positioning management).

Competition

The simulation market is competitive and includes large multinational firms as well as low-cost local companies:

- the larger competitors focus on the military driving simulation and tactical simulation markets. They include BAÉ SYSTEMS, THALES Simulation, LOCKHEED MARTIN, SAAB and L3;
- competitors in the civilian driving simulation market are essentially national companies, the number of which varies depending on the country. They include EDISER and DEVELTER in France and DORON and L3 in the United States;
- competitors in the flight simulation market include CAE in Canada, L3 Link in the UK, AEROSIM and INDRA in the United States, and SIM Industrie in the Netherlands.

R&D is of critical importance in this competitive market to be able to provide the most realistic driving conditions possible. In addition, the global nature of the market means that the regulations in effect in each country for road, air and maritime safety must be monitored closely to be able to offer simulation software meeting the latest regulations.

Our products and solutions are widely-recognised in the marketplace

ECA has developed a very extensive line of solutions which ranges from land, air and maritime simulators to tactical mission simulators:

- Civilian driving simulators

This simulator provides a realistic cabin, complete training software and realistic visuals. It includes a motion platform which pitches, rolls and lifts the entire cabin to simulate the movement of a real vehicle driving on the road.

- Military land vehicle driving simulator

The simulator enables armies to train under the conditions they would find in a real theatre of operations.

Aerospace

ECA's Aerospace business offers solutions for civil and military aviation. Its expertise in the field, combined with its robotics and automation know-how, enables it to respond to the requirements of aircraft manufacturers, airline companies, maintenance and repair centres, as well as those of industrialists and scientists in the space sector and the Defence industry.

Aerospace markets

ECA is involved throughout the aircraft's life cycle and designs assembly stations, production and maintenance tools, on-board electronic equipment (distress beacons, connectivity equipment, and power inverters), and test equipment for aircraft manufacturers, as well as mechatronic repair and maintenance equipment (GSE – Ground Support Equipment) for aircraft operators.

In the space sector, it offers ground stations and balloon systems (platform gondola and associated ground station), as well as electronic equipment (radio-frequency, microwave and signal processing).

Competition

In a market whose economics are rapidly changing, aeronautics companies require their partners to be responsive, high quality and comply strictly with deadlines and costs.

Thanks to its recognised expertise in its different businesses, ECA is able to guarantee technical innovation and economic effectiveness to its clients. The Group is now a leading supplier to aircraft manufacturers and operators. It competes with companies of varying size including GE Power Conversion for test equipment solutions; id3D for production and maintenance tools and SEROMA and PRONOË across all of ECA's business lines in this field (test equipment, assembly lines and production tools).

In the fields of electronic security, radio transmission and measurement, ECA competes against the likes of French group OROLIA, specialising in GPS applications, and Honeywell, which supplies black boxes and specialises in measurement, control and detection devices.

Our products and solutions are widely-recognised in the marketplace

ECA's expertise is recognised by its clients, to which it provides proven products and solutions including:

- Manufacturing & Testing Means

The Group designs and delivers production lines and automated testing equipment to aircraft manufacturers, and robotic production stations to major aeronautic OEMs. In synergy with the Robotics division, the Aerospace division develops Autonomous Ground Vehicle (AGV) solutions for in-plant logistics and transportation of aircraft sub-assemblies.

- On-Board Electronics

The Group develops and markets Emergency Locator Transmitters (ELTs) and Wireless Access Points (WAPs) for the aeronautics sector. The Group is the world leader in commercial aviation in the ELT market.

- MGSE (Mechanical Ground Support Equipment)

ECA supplies repair and maintenance tools for the global fleet of Airbus and ATR craft in operation as well as PRATT & WHITNEY CANADA engines. The Group designs, manufactures, repairs and calibrates all ground support equipment tools for aircraft maintenance.

- EGSE (Electrical Ground Support Equipment)

The Group develops and markets a line of troubleshooting equipment for on-board avionics systems based on proprietary technology (T-Cell) with over 99% availability to meet the maintenance imperatives of all types of aircraft.

- RF EQUIPMENT (Radiofrequency Equipment)

The Group develops and markets a range of satellite radio transmission equipment such as Compact Tracking Receivers (CTR) and Tracking Down-Converters (TDC) for satellite reception ground stations. On the strength of its expertise in radiofrequency and digital signal processing, ECA is a partner of choice for THALES ALENIA SPACE on the next-generation ground station programme MEOLUT. Pairing its RF expertise and its experience developing on-board avionics systems, the Aerospace division has been working on an on-board satellite card product for actors in the aerospace sector for the past two years.

1.2.2.2 Protection of High-Risk Installations division – CLF-SATREM, AMOPSI, SVF, VAN DAM, CIMLEC and their subsidiaries, BAUMERT PORTAFEU NUCLEAIRE and SERES technologies

Specialising in large projects and services alike, the Protection of High-Risk Installations division of GROUPE GORGÉ designs, assembles, installs, optimises and maintains integrated solutions in the areas of protection against industrial, natural or terrorist hazards (e.g. fire, explosion, flood) and productivity (automation, robotics, electrical engineering), whatever the activity: nuclear, oil, natural gas, chemicals, manufacturing or tertiary.

The Protection of High-Risk Installations division comprises five main subsidiaries, three of which (CLF SATREM, VAN DAM and BAUMERT) provide security and protection for energy markets, including oil, natural gas and nuclear, all over the world, in addition to the industrial and service sectors in France. One subsidiary (CLF SATREM) is primarily involved in active fire protection, while two subsidiaries (VAN DAM and BAUMERT) specialise in passive fire protection, supplying high-performance partition systems ensuring safety in extreme environments. This division, renamed VIGIANS in early 2018, began in October 2016 with the merger of the Industrial Projects & Services and Protection in Nuclear Environments divisions. The reorganisation strengthens the Group's position as a major player in the safety and security market, with a comprehensive offering for all energy sectors. The merger also brings more consistency to the Group's products and services through clear geographical complementarity, enabling it to develop a common global marketing network.

The division's solutions cover three main business segments: Fire Protection, Nuclear Protection and Productivity.

The Protection of High-Risk Installations division generated revenue of €134.3 million in 2018, *i.e.* around 45% of GROUPE GORGÉ's overall revenue.

Fire Protection business

The Fire Protection business consists of the subsidiaries CLF SATREM, SVF, AMOPSI, and VAN DAM, with complementary activities addressing different markets:

- fixed active fire protection systems for the tertiary sector and general industries (CLF SATREM);
- project management assistance for fire safety and training projects (AMOPSI);
- design of fire-resistant glazed doors (SVF);
- passive protection systems (fire- and blast-rated doors, walls, and windows) for the energy markets (VAN DAM).

Fire Protection markets

The Protection of High-Risk Installations division addresses the fire protection market in the field of protection and security for the energy markets, specifically oil, gas and the industrial and tertiary sectors in France.

Fixed active fire protection systems

CLF SATREM's core business is the installation and maintenance of fire extinguishing systems. Innovative related solutions complement the services offering. Its solutions range from traditional fixed systems (sprinklers, RIA) to more specialised systems for special risks (deluge, foam, water mist and gas systems). The company covers all of France through ten regional agencies.

CLF-SATREM operates in the active fire protection market in the industrial and tertiary sectors in France. About 60% of its revenue comes from new and extension work and the other 40% from recurring maintenance work on installed systems at over 500 client sites. The company is also growing in the residential fire protection market. It was the first to install a residential sprinkler system in a retirement home in France.

Passive fire protection systems

VAN DAM designs, manufactures and installs passive protection systems (fire- and blast-rated doors, walls and windows) to protect personnel and equipment in hostile environments in the energy industry and, particularly, in the oil and gas, maritime and offshore wind farm industries.

VAN DAM's energy sector markets are growing for several reasons:

- energy markets, particularly oil and gas markets, are growing, driven by increasing demand;
- energy resources are located in increasingly hostile environments (e.g., deepwater drilling, gas in Siberia);
- safety standards are being tightened and regulations are becoming increasingly stringent, particularly in extreme environments. One of the strictest offshore exploration standards currently in place, for example, is the Norwegian NORSOK standard used as a reference worldwide and for which VAN DAM is one of the few companies to have received certification.

VAN DAM is also present in renewable energy markets, where it provides protection for offshore wind farm substations, and in the defence and maritime markets, where it supplies shipyards. VAN DAM, which is renowned for its quality and expertise, is particularly well-positioned to benefit from growth in these markets.

Competition

CLF SATREM is the fifth largest player in France behind three international groups (VINCI Énergies, ENGIE Axima and Tyco) and a local firm (ATLANTIQUE AUTOMATISMES INCENDIE) and ahead of AIRESS and MINIMAX. Together, these seven actors account for 80% of the French market, estimated at €360 million.

VAN DAM operates in niche markets with high barriers to entry. It is one of the few companies able to meet the strict standards in place in these markets. VAN DAM offers two types of products for these markets:

- special doors: with a 5-10% market share in the offshore and maritime fields, VAN DAM is in second place behind RAPP BOMEK, tied with INTERDAM and followed by BOOTH Industries and NORAC. These five companies account for 40-50% of global business;
- speciality walls: VAN DAM is primarily active in the market for speciality riveted walls. It competes with companies such as MTE, DSC, INTERDAM, BOOTH Industries and CHARTEC, which offer all types of speciality walls, notably, speciality welded walls.

Our products and solutions are widely-recognised in the marketplace

- Sprinkler network

A sprinkler is a device that detects excessive heat and automatically releases water (sometimes with additives) when a fire breaks out. Sprinkler systems are networked above the zone to be protected. An abnormal increase in temperature will burst the bulb or melt the fuse that keeps the sprinkler head closed. Sprinkler systems are activated without human intervention.

VAN DAM offers a range of speciality door and wall systems which meet the strictest standards. For example:

The door drive system is equipped with a patented fire safety valve that prevents the door from opening during a fire. Air bottles (20 litres) are installed to operate the door in the event of an emergency (at least four open/close cycles).

Nuclear Protection business

Through its subsidiaries BAUMERT and PORTAFEU NUCLÉAIRE, the Protection of High-Risk Installations division offers its clients high-performance partition systems (*e.g.* doors and walls) with maximum protection against all types of risk. These high-security partition systems are primarily intended for nuclear plants, but are also used in research centres, reprocessing plants, sensitive industrial sites (petrochemical and pharmaceutical), etc.

SERES Technologies provides complementary consultancy services specialised in studies and research for nuclear installation safety, as well as for petrochemical sites and energy innovation industries.

Nuclear Protection markets

Protection in nuclear environments

The Group has developed a complete offering in the field of nuclear environment protection and safety through its BAUMERT subsidiary. This subsidiary designs, produces and installs high-performance partition systems:

- special and technical doors: neutron, biological, blast-resistant, soundproof, firebreak, air and watertight, etc.;
- special walls: anti-radiation, firebreaks, blast and aeroplane crash-resistant, etc.;
- related services and maintenance.

BAUMERT is the world leader in speciality and technical doors for nuclear plants operating French EPR and American WESTINGHOUSE AP1000 technologies (internal source). This subsidiary works with all current technologies (AREVA, KEPCO, CNNC, WESTINGHOUSE, ROSENERGOATOM) and among others, has equipped a large proportion of French nuclear plants, a large number of the nuclear plants built in China over the past 20 years and all six of Belgium's reactors in operation.

BAUMERT is one of the rare European subcontractors to provide services to Chinese energetics specialist working with WESTINGHOUSE AP1000 technology. Other construction programmes are also under way in Europe. For example, in Finland, on the Olkiluoto 3 programme, BAUMERT is designing and installing 60% of the technical doors and valves.

The Group is also positioned on future large-scale programmes in Europe (the Hinkley Point project in Great Britain), China, United States, Russia, India, South Africa and Saudi Arabia.

In addition to these construction projects for new plants, there will be many maintenance and upgrade projects for existing plants, particularly within the EDF Grand Carénage project to update French nuclear plants to EPR and post-Fukushima standards. Thanks to its leadership and international presence, BAUMERT is well-positioned to play an important role in these post-Fukushima projects in France and internationally.

Competition

BAUMERT operates in high value-added niche markets with high barriers to entry (technical barriers, patents, vendor lists, etc.). The subsidiary is now the leader in EPR and AP1000 technologies (internal source) and continues to invest in research and development to maintain its technological lead.

BAUMERT's main competitor in Europe is SOMMER, a German firm. Other than that, competition is local and varies by country.

Our products and solutions are widely-recognised in the marketplace

BAUMERT has developed a wide range of high-security partition systems recognised globally and used by nuclear programmes around the world. Among our solutions, the most frequently installed products are:

- Neutron doors

Neutron doors installed in EPR plants (3rd generation reactors) are designed to enable secure interventions by professionals in the Reactor Building without the need to shut down operations.

- Fire doors

Fire doors and fire protection systems help to contain fires by preventing their spread in buildings by creating confinement zones.

- Blast-resistant doors

A blast deflector door is an airtight door built to specifications that make it strong enough to resist the pressure created by an explosion inside or outside of a nuclear building.

- Pneumatically-operated doors

Productivity business

The Productivity business falls under the CIMLEC group which develops specific projects and services for industrial and tertiary-sector clients in four main areas and three companies:

- automation-electricity and locksmith-structural metalwork with CIMLEC Industrie;
- design, manufacture, installation and maintenance of robotised islands with the COMMERCY ROBOTIQUE subsidiary;
- industrial robot path programming with the TENWHIL subsidiary.

All of these businesses meet the needs of industrial and tertiary sector clients.

CIMLEC Group markets

CIMLEC group markets are located primarily in France. They rely on investment in industrial and tertiary sites by the subsidiaries of major groups and SMEs in France. 60% of the business consists of projects and the other 40% of services.

The electricity-automation business consists in automating tools and production lines and in electrical distribution for industrial and tertiary sites. The ironwork business combines different projects including metal framework, footbridges, wire mesh protection, superstructures for industrial sites and construction. A repositioning in historical sectors, particularly the vehicle manufacturing sector, and in more profitable niches (transport/logistics, energy/environment and smart buildings) is currently under way.

Robotised island integration and renovation mainly concerns arc welding robots in France and Spain. Industrial robot path programming is comprehensive and multi-sectoral.

Competition

CIMLEC Group's competition depends on the activity, but consistently includes the subsidiaries of major groups, small local companies and a few intermediate-sized companies comparable to CIMLEC Group's:

- the market leaders for electricity and automation include CLEMESSY (part of EIFFAGE), ACTEMIUM (part of VINCI ÉNERGIES) and BOUYGUES Énergies et Services. Competitors of the same size as CIMLEC Industrie are differentiated geographically and/or by sector. They include OTHUA, APILOG and SOTEB;
- the competition in the locksmith business is primarily local and includes the subsidiaries of major construction groups such as BOUYGUES, VINCI and EIFFAGE. Competitors of the same size as CIMLEC Industrie include ERI and SAM+;
- the competitors in industrial robotics include robot manufacturers like YASKAWA, FANUC, ABB and KUKA, which also offer integration services, and Valk Welding, the exclusive integrator of PANASONIC robots in Europe.

Our products and solutions are widely-recognised in the marketplace

CIMLEC Group offers a wide range of solutions in a number of different fields, for example, welding station start-up: It is one of the most common robotic applications. Large manufacturers and SMEs can increase productivity by a factor of two to five while eliminating tasks that are dangerous and repetitive for employees.

1.2.2.3 3D Printing division - PRODWAYS GROUP and its subsidiaries

PRODWAYS GROUP is a specialist in industrial and professional 3D printing uniquely positioned as an integrated European player. The Group has developed operations throughout the entire 3D printing value chain (software, printers, materials, parts & services), offering a technological and high value-added industrial solution.

Via its SYSTEMS division, PRODWAYS GROUP is one of the primary European manufacturers of industrial 3D printers, with a wide range of multi-technology 3D printing systems and premium associated materials. The Group's businesses also include the integration of DASSAULT SYSTÈMES' SOLIDWORKS 3D design, simulation and optimisation software. PRODWAYS GROUP operates in a large number of sectors, from aeronautics to healthcare, providing the necessary tools to innovative companies that wish to incorporate 3D printing into their production processes;

Thanks to its PRODUCTS division, PRODWAYS GROUP is now one of the top European producers of plastic and metal parts, with a substantial array of 3D printers for all types of 3D printing technology. PRODWAYS GROUP also develops and markets applications for the chiropody (orthotic insoles), dental (impression trays, mouthpieces) and audiology (hearing aid eartips and customised hearing protectors) sectors, which are sold directly to healthcare professionals.

The 3D printing division generated revenue of €60.9 million in 2018, *i.e.* around 21% of GROUPE GORGÉ's overall revenue.

SYSTEMS division

PRODWAYS GROUP develops, assembles, and sells different types of 3D printers and associated materials, and distributes and integrates 3D SOLIDWORKS design software by DASSAULT SYSTÈMES. This complementary offering establishes PRODWAYS GROUP as a major player in the 4.0 industry. It also generates a recurring revenue stream for the Group, by selling the materials customers need to use the machines they have purchased. PRODWAYS GROUP has identified three key areas: medical, jewellery, and aeronautics.

- 3D printers

PRODWAYS GROUP is one of the top manufacturers of 3D printers. The Group is developing several lines of 3D printing machines based on different kinds of technology:

- stereolithography with DLP® MOVINGLight® proprietary technology for 3D printing of resins and ceramics:
  - plastic DLP® MOVINGLight®: an L range designed to produce detailed prototypes. This range is intended for industrial applications such as dental models and surgical guides, injection and blow moulding, thermoforming models, insoles and jewellery design,
  - ceramic DLP® MOVINGLight®: a V range that uses proprietary DLP® MOVINGLight® technology to produce ceramic parts on an industrial scale. The ProMaker V series is designed to produce ceramic parts for biomedical applications such as bone substitutes and R&D;
- plastic laser sintering: the selective laser sintering P range is designed for industrial rapid prototyping and mass production and came out of the acquisition of NORGE SYSTEMS, the in-house R&D of PRODWAYS. This technology is designed for a wide range of sectors, including aerospace, automotive, healthcare, design and architecture, consumer products, education and research;
- precision casting: the product lines developed by SOLIDSCAPE are dedicated to direct manufacture of high-precision wax parts. This technology applies to precision casting and the manufacture of moulds for sectors such as jewellery, in which SOLIDSCAPE is the market leader, plus medical and aeronautics;

- Rapid Additive Forging (RAF Technology): this machine, used for 3D printing of large-scale metal parts, employs a robot equipped with a head depositing molten metal in an atmosphere of inert gas. This innovative technology quickly manufactures titanium blanks with very similar geometry to the final part. These blanks are then finish-machined, thus avoiding considerable losses of material as shavings which can represent up to 95% of the metal block with traditional machining processes. The aeronautics sector offers high potential for this technology.

The majority of machines designed by PRODWAYS with these kinds of technology are operated in a production environment, most often replacing conventional production methods. PRODWAYS sells its printers for between €15 thousand and €400 thousand, with a life expectancy of up to 10 years.

- Associated materials

Following the acquisition of DELTAMED in 2014, PRODWAYS GROUP makes premium-quality resins for 3D printing using DLP® technology. By acquiring EXCELTEC, PRODWAYS GROUP gained 15 years of experience in polymer powders used with selective laser sintering technology. The Company therefore has the in-house expertise to become a major player in the materials used in 3D printing processes – an activity which is highly complementary to the machines sold by the Group.

PRODWAYS GROUP offers a range of hybrid and composite materials in the form of liquid resins and polymer powders with a high ceramic, metal, fibre or nanoparticle content. These materials are designed to be high-performance. They boast distinctive characteristics in terms of mechanical properties (strength and elasticity), physical and aesthetic properties (colour and transparency), and stability over time (extended ageing). These materials can be used with the Group's printers as well as with those of other manufacturers.

The 3D printing materials produced by the Group are mainly used in cosmetic and remedial dentistry, hearing aids, jewellery, prototyping and aviation.

PRODWAYS GROUP manufactures and sells proprietary materials, and to a lesser extent third-party materials.

- 3D design software (CAD)

Following the acquisition of AVENAO in 2017, PRODWAYS GROUP integrates and distributes DASSAULT SYSTÈMES' Solidworks 3D design and development applications. AVENAO handles all issues relating to the functioning of the design office and offers 3D design consulting solutions and 3D printing solutions integration.

By offering organisations a complete solution from project design to parts manufacturing, AVENAO strengthens the Group's integration strategy and the partnership between DASSAULT SYSTÈMES and PRODWAYS GROUP in the industry of the future.

PRODUCTS division

With its Products division, PRODWAYS GROUP is now one of the top European producers of plastic and metal parts, with a substantial array of 3D printers for all types of 3D printing technology. PRODWAYS GROUP also develops and markets medical applications for the chiropody (orthotic insoles), dental (impression trays, mouthpieces) and audiology (hearing aid eartips and customised hearing protectors) sectors, which are sold directly to healthcare professionals.

This division also enables several objectives:

- use market intelligence to identify new industry trends;
- optimise value by capturing more margins;
- accelerate the uptake rate.

This division is a showcase for potential customers.

- INITIAL, manufacturer of 3D printed parts

Acquired by PRODWAYS GROUP in 2015, INITIAL is the French market leader in the design and production of additive manufacturing and thermoplastic injection parts.

With 28 years of experience, INITIAL offers a wide range of solutions for designing and producing industrial parts with 3D printing. Prototype or mass-produced parts are produced for the industrial, aeronautics and space, medicine, dental, automotive, and luxury goods sectors.

Based in Annecy, INITIAL operates 32 high-technology machines using a single multi-brand pool. It includes 22 plastic and 10 metal printers, offering the best systems available on the market (MOVINGLight®, SLS®, SLA®, FDM, DMLS, EBM, etc.). Today, its expertise in producing prototype parts is facing a growth in mass production of parts by 3D printing. With its appropriately-scaled equipment pool, INITIAL is poised to meet this increase in production. All technologies combined, INITIAL produced more than one million parts in 2018.

INITIAL has more than 4,000 business customers across France and Europe, ranging from large corporations to small firms which it assists from drawing up the specifications through to the industrialisation and series pre-series production phase. With its tooling and thermoplastic injection activity, it covers all production methods.

INITIAL also has a design office with high-definition 3D scanners that can capture the geometry of any object and offer its customers reverse engineering or dimensional inspections.

- Medical (dental, audiology, and chiropody) applications for positioning itself on activities transformed by 3D printing.

INITIAL identifies key sectors and applications where 3D printing could revolutionise conventional industrial processes. Once these key markets are identified, PRODWAYS GROUP develops and sells *via* dedicated, specialized entities such as CRISTAL, PODO 3D (which markets Scientifeet®), INTERSON PROTAC, and SURDIFUSE-L'EMBOUT FRANÇAIS. For all of these medical applications, additive manufacturing has replaced long and costly customisation processes while offering greater prostheses quality and precision.

- CRISTAL, an in-house dental laboratory which markets PRODWAYS GROUP applications to the dental sector

PRODWAYS GROUP set up CRISTAL in June 2016 to take over the assets of a French dental laboratory with the aim of expediting the development of 3D printing applications in dentistry. The dental laboratory CRISTAL has built up a portfolio of over 150 dental surgeons. The dental laboratory also works closely with health insurance companies. CRISTAL offers dentists a comprehensive range of dental devices, including models, surgical guides, splints and impression trays.

PRODWAYS GROUP is keen to transform CRISTAL into a centre of excellence, demonstrating the advantages of 3D printing in the dental sector.

- Scientifeet® (PODO 3D entity), an offering that aims to revolutionise the orthotic insoles market

In March 2016, PRODWAYS GROUP launched the Scientifeet® offering in a bid to transform the orthotic insoles industry. The market is already being disrupted by 3D printing, with 3D insoles proving highly profitable compared with conventional designs. Lead times have also been reduced along the entire production chain.

The manufacturing process for a 3D insole consists of four separate stages: a scan of the patient's foot, virtualisation of the impression, 3D modelling, printing and delivery of the finished insole.

The insoles are 3D printed by INITIAL in Annecy using SLS® technology, before being shipped to the chiropodists, who then hand them to patients. To date, PODO 3D has outfitted more than 38,000 patients with Scientifeet® insoles.

- INTERSON PROTAC and SURDIFUSE-L'EMBOUT FRANÇAIS, the leading French manufacturer of customised hearing aid eartips

Like the prostheses developed by PRODWAYS GROUP in the dental and chiropody sectors, the audiology world is transformed by 3D printing. In November 2017, PRODWAYS GROUP moved further into the audiology market with the acquisition of 75% of the share capital of INTERSON PROTAC, then in January 2019 with the acquisition of 100% of the share capital of SURDIFUSE-L'EMBOUT FRANÇAIS. These French leaders offer audio-prosthetists and industry professionals customised hearing aid and hearing protector eartips that match individual users' ear canal impression.

Today, INTERSON PROTAC and SURDIFUSE-L'EMBOUT FRANÇAIS manufacture 20% to 50% of their products through 3D printing. Their integration within PRODWAYS GROUP will enable them to take advantage of the most powerful technologies and further increase this figure.

Markets

3D printing enables direct finished part and product creation from a virtual 3D file without the need for intermediate processing steps. This technique reduces inventories, limits materials waste and, especially, provides access to radically new designs and shapes. 3D printing is already playing a key role in some applications, particularly in the medical field (hearing aids, implants, etc.). Its users are drawn by the many benefits of this new manufacturing process and, in particular, by the improved quality of complex parts and products, the reduced product development time and costs and access to mass personalisation.

In 2017, the industrial 3D printing market was worth €6.5 billion(1). This market comprises two branches: printing the finished parts (direct approach), and printing the moulds, which are then used to design the finished parts (indirect approach).

Conventional mould design is a lengthy process (going back and forth on the technical specifications, making several attempts before arriving at the perfect mould). Indirect printing represents a considerable time saving when producing moulds to be used for industrial applications. With 3D printing, the mould is rapidly designed to the exact technical specifications enabling the finished part to be produced. The indirect approach is also used to design metal parts. By initially producing a plastic mould that will be used to manufacture the metal part (*e.g.* aircraft engine parts developed by PRODWAYS GROUP). There are three main types of 3D printing (1):

- rapid prototyping (€2.0 billion in 2017, 31% of revenue in the B2B market).

  Rapid prototyping refers to the production of models and prototypes derived from 3D computer aided design (CAD) data;
- functional parts (€2.2 billion in 2017, 33% of revenue in the B2B market).

  In this segment, 3D printing is used to manufacture custom and spare parts and limited editions. It is also suitable for short production runs as well as mass production, particularly in the healthcare and aviation markets;
- instruments and moulds (€1.3 billion in 2017, 20% of revenue in the B2B market).

  Instruments and tools are produced directly by the 3D printer, whereas moulds involve the indirect approach. This consists of using a standard template to produce the mould, which will then be used to make the part;
- other (€1 billion in 2017, 16% of revenue generated in the B2B market).

  This mainly concerns activities relating to research and education. 3D printers have been immensely popular with technical colleges and research institutes.

The diversity of materials, technologies used, printing systems and products designed using 3D printing makes it possible to handle a growing number of constraints specific to each sector of activity.

(1) Source: Wohlers report 2018.

Competition

The market is divided into four segments:

- integrated players (offering all three types of 3D printing: manufacture of machines, materials and parts), and non-integrated players;
- rapid prototyping and rapid manufacturing players;
- mono-technology and multi-technology players;
- generalist players in the B2C and B2B market and specialist players in the industrial market (B2B).

PRODWAYS GROUP is an integrated, multi-technology player. It is present in rapid manufacturing and specialises in the industrial market.

3D printing is a particularly dynamic market. It has strong barriers to entry (technology, patents). However, the major players are still quite limited in number and relatively small. Globally, the five companies with the highest revenue are:

- STRATASYS (€562 million in revenue in 2018[(1)]), formed out of the merger in late 2012 between the Israeli manufacturer OBJET and STRATASYS. STRATASYS manufactures 3D printers and offers its customers (B2B & B2C) associated services. It is present in America, Europe, Asia, Israel and Australia;
- 3D SYSTEMS (€583 million in revenue in 2018[(1)]), established in 1986 in California. 3D SYSTEMS manufactures 3D printers, offers its customers (B2B & B2C) associated services and materials, and is present in North America, Europe and Asia;
- EOS which manufactures powder sintering and fusion laser machines and is based in Munich. EOS makes 3D printers and offers its customers (B2B) associated services, materials and software. EOS is present in Europe and North America;
- MATERIALISE NV (€185 million in revenue in 2017[(1)]), which specialises in software solutions, industrial 3D printing services, medical applications, advanced industrial design with MATERIALISE MGX, and 3D online printing services *via* I MATERIALISE. MATERIALISE NV is present in Europe, America, Asia and the Middle East and focuses on the B2B market;
- SLM SOLUTIONS (€72 million in revenue in 2018[(1)]), which designs 3D printers (selective laser melting), provides associated services and supplies materials. SLM SOLUTIONS is present in Europe and America and focuses on the B2B market.

Our products and solutions are widely-recognised in the marketplace

The GROUP now offers a line of 15 machines, 21 materials and a Service Bureau. Its flagship products include:

- ProMaker LD-10

The ProMaker LD-10 3D printer retains the strengths of MOVINGLight® technology, combining very high resolution and precision with increased productivity through its motion DLP®, optimised cost-per-part and compact design.

- PLASTCure Model 300 resin

Perfect for the manufacture of dental models, the PLASTCure Model 300 resin is suited to a wide range of dental applications from prosthesis models to orthodontics. It provides high precision and excellent resolution as well as excellent properties.

(1) *Source: Companies*

- Solidscape S300 series

Number one in the jewellery market, Solidscape-designed 3D printers create high-precision lost-wax models. S300-series 3D printers give jewellers ultra-precise wax models with complex geometries and an unmatched surface finish.

- Mass production

INITIAL mass produces polymer and metal parts using additive manufacturing technology, in particular for the aeronautical sector.

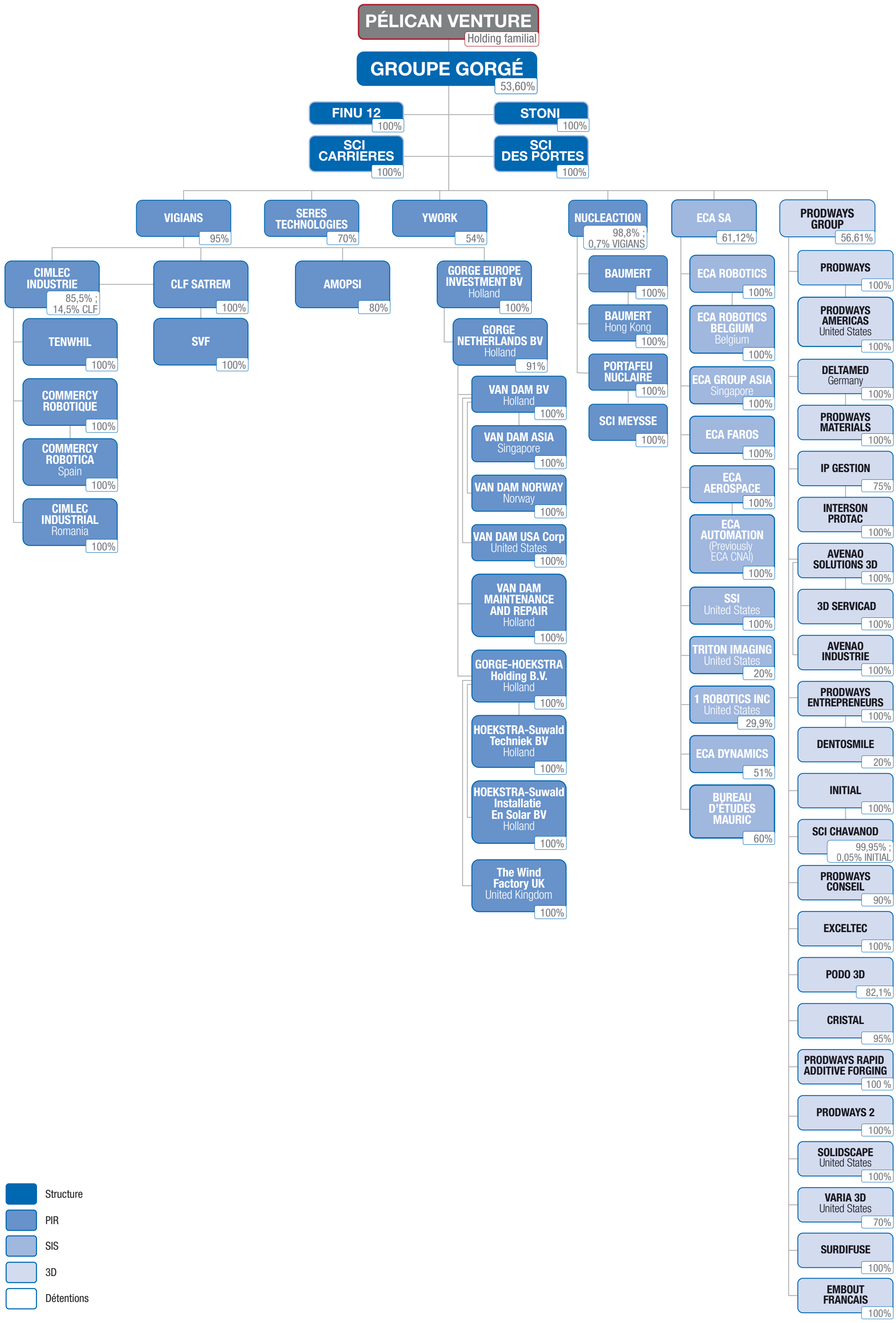
- TPU-70A

The TPU-70A powder is an elastomer material used for the printing of flexible rubber parts suitable for a wide range of applications, including gaskets, hoses or even sports shoe insoles and luxury goods. Its excellent stretch capacity enables ultra-flexible objects to be printed with a high level of precision and resolution.

- PASSTOP®

Passtop® patented customised hearing protectors are personal protection equipment that is especially innovative in its design. Passtop® uses a selective noise attenuation chamber that stands out from the usual simple holes.

1.2.3 Principal subsidiaries and organisational chart at 17 April 2019



The rates indicated correspond to the percentage share capital holding. PÉLICAN VENTURE holds 53.60% of the share capital and 68.31% of the voting rights in GROUPE GORGÉ (together with the GORGÉ family members, these rates are 56.16% and 71.19%). GROUPE GORGÉ holds 61.12% of the share capital and 75.68% of the voting rights in ECA.

The major changes (acquisitions and disposals) in the organisational structure over the past three years were as follows:

	Newly consolidated	Deconsolidated
2018	VARIA 3D SOLIDSCAPE	BAUMERT CHINA AI GROUP EN MOTEURS ECA MIDDLE EAST ECA SINDEL SSI business assets
2017	INTERSON PROTAC AVENAO	-
2016	Nuclear business of PORTAFEU (acquired by PORTAFEU Nucléaire) Business assets of SOCALAB (acquired by CRISTAL) ELTA BUREAU D'ETUDES MAURIC	-

The full list of the Group's companies, grouped by division, can be found in Note 13 to the consolidated financial statements. The table showing GROUPE GORGÉ SA subsidiaries and equity interests can be found in Note 6 of the notes to the Company's separate financial statements. The consolidated financial statements can be found in Section 3.1 of this document, and the separate financial statements of GROUPE GORGÉ SA in Section 3.2.

1.2.4 Key messages

In 2018, the highlights for the various divisions were as follows.

1.2.4.1 Smart Safety Systems division

Full-year 2018 was marked by significant commercial successes, in particular in Robotics:

- in January, ECA won a contract for over €30 million, including a firm tranche of €10 million, to supply IGUANA E landmine disposal robots to the French Ministry of Defence. This was the first significant sale for the IGUANA UGV developed by ECA in 2015 and 2016;
- in April, ECA signed three naval robotics export orders for more than €12 million. The first two contracts covered the supply of underwater robots for mine disposal and surface vessel automation systems used to transform them into surface drones (Unmanned Surface Vehicles). The third contract covers the supply of energy conversion systems to replace existing systems on submarines;
- in June, ECA won several contracts totalling €6 million to supply static converters to several navies;
- in July, ECA signed two contracts for nearly €9 million to supply special equipment to the Defence sector, demonstrating ECA's capacity to provide custom solutions;
- in September, ECA signed another sale of the A18 underwater robot and delivered its sea mine clearance systems for use from a USV (Unmanned Surface Vehicles) to an Asian navy;
- finally, in November, ECA received an order for more than €12 million to supply equipment for French Barracuda submarines.

At the same time, the Group positioned itself on a structuring tender in partnership with NAVAL GROUP to offer an innovative mine-hunting solution to Belgium and the Netherlands.

During the year, the Group continued developing new products to add to its robotic systems line-up. At the Euronaval trade show, ECA and BUREAU D'ÉTUDES MAURIC unveiled a new USV in the INSPECTOR and OCTOPODA line, a disruptive design for drone carriers in the field of robotic mine warfare. In addition to these underwater mine disposal innovations, comes the T18-M towed sonar (developed based on the A18-M underwater drone), as well as the UMISOFTTM software suite, allowing collaborative drone systems to be built up and operated as part of a single mission.

As announced at the end of 2017, the Group continued the review of its strategic assets which resulted in the disposal of subsidiary SSI's business and then the disposal of ECA SINDEL and EN MOTEURS during the financial year.

1.2.4.2 Protection of High-Risk Installations division

Among business and operating plans, there were several large-scale projects during the year:

- BAUMERT and PREZIOSO LINJEBYGG (ALTRAD group) joined forces to offer a line of passive fire protection solutions for nuclear environments. The partners secured an initial contract of nearly €20 million to certify, supply and install cable tray wrapping in a third-generation power plant;
- in June, VAN DAM won a contract for several million euros with DUPONT DE NEMOURS in petrochemicals;
- VIGIANS, through its subsidiary BAUMERT, signed a contract for more than 6 million US dollars to supply fireproof partitioning systems for the Vogtle 3 & 4 nuclear plant in Georgia (United States). Using Westinghouse AP1000 technology, this is the first nuclear plant built in the United States in 30 years.

The 2018 financial year was dominated by the recovery of Oil & Gas and Nuclear operations, which had been impacted in 2017. During the year, the Group sold AI GROUP and FRIESLAND INSTALLATIE EN SOLAR BV subsidiaries.

1.2.4.3 3D Printing division

During the financial year, PRODWAYS GROUP pursued its development strategy with the acquisition in July of American machine manufacturer SOLIDSCAPE, a subsidiary of STRATASYS. The company has been developing leading technology for precision casting applications, particularly for the jewellery market, for more than 25 years. This acquisition solidifies the position of PRODWAYS GROUP, which bases its strategy on 3D printing production applications. It substantially increases the Group's presence in North America and its global geographic coverage thanks to an international distribution network.

In March, PRODWAYS GROUP took over 70% of the share capital of the American service bureau VARIA 3D, in which it had taken a minority stake in 2015. This acquisition increases the Group's presence in North America and its on-demand parts production capacities internationally.

The division continued to achieve many successful sales of its various 3D printing machine lines. With this, 2018 was marked by an acceleration in the number of clients purchasing more than one PRODWAYS machine and the successful launch of the new ProMaker LD-10 3D printer dedicated to dentistry. The division also saw the first successes for the Rapid Additive Forging technology, with the March installation of the first industrial machine using this technology for large-scale titanium parts on the Toulouse site of the NEXTEAM Group.

The division also launched new machines on the market, expanding its product line:

- in June, PRODWAYS partnered with W2P to launch a new compact 3D printer, the ProMaker LD-3, based on DLP® technology, to help dental, jewellery, educational, and prototyping professionals integrate 3D printing into their production processes;
- in September, PRODWAYS introduced its new 3D ceramic printer, MOVINGLight® V10, in China;
- in November, PRODWAYS GROUP presented its new ProMaker LD-20 printer, equipped with a dual projector, at the Formnext trade show in Germany. This new machine is the most productive in the line, and can print up to 50 dental arches in less than one hour.

In September, INITIAL and L'ORÉAL joined forces to accelerate the development of thermoplastic parts using 3D printing. This partnership with L'ORÉAL cleared the way to creating 'final material' parts using 3D-printed moulds and the new 3D Molding® solution.

In November, PRODWAYS GROUP announced more successful sales in mass production for aeronautics and the optical market by its subsidiary INITIAL, including a mass production contract for French eyeglasses manufacturer MOREL. An unprecedented mass production that could amount to several thousand frames per month has been launched, using INITIAL's expanded machine pool to keep up the pace.

1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 Strategy

GROUPE GORGÉ is pressing ahead with its ambitious long-term development strategy focused around a number of key axes:

- becoming a top player in high-tech niche markets;
- stepping up its exposure to markets having high development potential and aligned with the long-term, durable, global, macro-economic trends that are shaping the future;
- balancing the Group's activities between high added-value products, complex projects and related recurring activities in the fields of safety of people and property and 3D printing.

In each of its three divisions, the Group draws on a strong entrepreneurial culture and a decentralised model that encourages rapid decision-making and a close relationship with clients.

1.3.1.1 Smart Safety Systems division

Ongoing efforts to consolidate ECA's positions in its core markets, such as mobile robotics and robot systems, are bearing fruit, and the Group is seeing the size of the contracts it is addressing increase over the years.

- The **Robotics** division is solidifying its position as a major player in robotics and continuing to develop and market various complementary robot systems to achieve a single mission. The contract awarded by the Belgian and Dutch navies to the BELGIUM NAVAL & ROBOTICS consortium of ECA and NAVAL GROUP in March 2019 is the culmination for ECA of a strategy carried out over many years and focused on the development of drone systems. As the Belgian navy is a leader in underwater robotic mine disposal within NATO, this contract is a major asset for exports. Several large navies including France, India, and England will be updating their fleet of mine-hunters in the next few years. In addition, ECA estimates that most navies will also be procuring transportable drone systems for coast use.
- The **Aerospace** division is maintaining its leadership in the distress beacon market by deploying the ELiTE line, and strengthening its positions on the connectivity, GSE, and Test Means markets, all while solidifying its positioning as a high-tech supplier.
- The **Simulation** division continues to focus on the area of mission training, in particular for the defence and security sectors.

The Group benefits from a number of favourable factors, in particular, the growth of advanced robotic markets, requirements linked to the ramp-up of aeronautics and the reinforcement of simulation in training and practice sessions.

1.3.1.2 Protection of High-Risk Installations division

The Protection of High-Risk Installations division is continuing to grow and underwent restructuring since 2016. Emphasis is being placed on the sharing and implementation of best practices in recurring service and maintenance activities, and in the export sales activity.

In **fire protection**, the division has set its sights on becoming a major player in passive and active fire protection in the energy sector (particularly oil & gas) and in the industrial and service sectors in France. The recurring industrial and service activity in France makes it possible to balance the cyclical effect of these energy sectors. To achieve this objective, our three fire protection and security subsidiaries are working to:

- support our historical clients in their new projects;
- expand their product offerings, solutions and services;
- develop in the international market.

In **nuclear protection**, the division is continuing to develop with a dual focus:

- to consolidate its position as the leading global supplier of special doors for nuclear plants;
- to expand and standardise its offering in the protection and safety of nuclear power plants.

The division is also focusing on the structuring and expansion of its offering in the fields of protection and safety of nuclear power plants abroad and in France, in particular, within the EDF *Grand Carénage* programme dedicated to bringing French nuclear power plants up to EPR and post-Fukushima standards (budget of €55 billion).

Lastly, the **productivity** business is consolidating in its historical markets, in particular with recurrent business, whilst continuing its work to structure its product and services offering across the entire range.

1.3.1.3 3D Printing division

The 3D Printing division is pressing ahead with its ambitious development strategy focused around a number of key goals:

- become a major player in the 3D printing market by offering printers which are among the best performing for professional and industrial uses;
- continue to develop priority markets, such as healthcare, jewellery, and aeronautics, for which the Group's products and expertise are well-suited, and seize growth opportunities in all other sectors.

PRODWAYS GROUP is the only consolidated player offering its clients, both industrial and professional, not only 3D design, simulation, and optimisation software, but also a wide range of 3D printers and associated materials. This is a mutually supportive offering, guaranteeing clients the solution best suited to their needs and guaranteeing PRODWAYS GROUP recurring revenue thanks to the building up of dedicated machine fleets, sales of associated materials, and service and maintenance contracts.

The key priority sectors on which PRODWAYS GROUP is more specifically developing this strategy are healthcare, jewellery, and aeronautics.

Thanks to the in-house development of solutions and completion of acquisitions, PRODWAYS GROUP now has a portfolio of parts and solutions covering all sectors in which 3D printing has developed, and can benefit from an acceleration of its mass production.

Rapid prototyping and mass production services are provided by the INITIAL entity, which has expertise in each sector. INITIAL offers market intelligence services, helping to detect new trends in the sector and acting as a showcase for potential customers who may then go on to purchase machines, materials, or software.

The Group has also developed a portfolio of healthcare applications in the dental, chiropody and audiology sectors. These applications help optimise value by capturing a greater margin in markets being transformed by 3D printing.

1.3.2 Outlook

GROUPE GORGÉ began 2019 with a solid backlog of €230 million at 31 December 2018, up 12.6% from 31 December 2017. The Group is aiming for revenue growth of 10% in 2019 with an increase in profitability for all divisions.

1.3.2.1 Smart Safety Systems division

ECA began 2019 with a backlog of €120 million, up 24.6% from 31 December 2017, driven by a surge in the Robotics backlog.

Full-year 2018 stood out for its exAceptionally high order intake. Continuing this trend, 2019 will feature growth in operations, particularly Aerospace and Robotics, which are supported by the strong backlog at the start of the year and the commercial outlook of these businesses.

In 2019, the Group is targeting full-year revenue growth above 5% in this division. This outlook does not factor in the award of the contract by the Belgian and Dutch navies for approximately €450 million.

1.3.2.2 Protection of High-Risk Installations division

The division's backlog remained high at €103.0 million, which was stable compared to the previous financial year, even though it no longer includes AI GROUP subsidiary, which was disposed of during the period.

The recovery observed throughout 2018 is expected to continue in 2019 for all the division's businesses. In the Nuclear and Oil & Gas businesses, which together represent one-third of the division's revenue, the commercial outlook and the business are expected to be better than in 2018.

1.3.2.3 3D Printing division

The 3D Printing division began 2018 with a firm backlog of €7.5 million. In the current scope and excluding new acquisitions, the Group expects to increase revenue by at least 15% in 2019

The Group believes that the markets in which it currently operates provide significant potential for growth and intends to become a leading player in 3D printing solutions *via* the implementation of its strategy.

It aims to become a major player in the 3D printing market by offering printers which are among the best performing for professional and industrial uses, and materials, services and software which will provide a recurring revenue stream.

This increase will be especially pronounced in the Systems business, which will be driven by the launch of new machines: ProMaker V10, ProMaker LD-20 and Solidscape DL. In the Products business, the Group continues to prepare for the digital transition of medical activities, which is expected to bear fruit in the medium term.

1.3.2.4 Recent information

In January 2019, PRODWAYS GROUP announced it had finalised the acquisition of 100% of the share capital of SURFIDFUSE-L'EMBOUT-FRANÇAIS, a major player in custom earmolds, a portion of which are produced using 3D printing. Thanks to the merger of SURDIFUSE-L'EMBOUT FRANÇAIS with INTERSON PROTAC, acquired in 2017, the Group intends to create the French leader, and one of the European leaders, in custom earmolds.

In March 2019, after a call for tenders launched in the summer of 2018, the Belgian navy awarded the supply of 12 mine-hunting ships equipped with a total of 100 drones, to the BELGIUM NAVAL & ROBOTICS consortium consisting of NAVAL GROUP and ECA. Six ships are destined for the Belgian navy. The other six will be delivered to the Dutch navy. The ECA portion of this contract is worth about €450 million. It is, by far, the largest contract ever won by ECA, with a value greater than four years of revenue for the Group, and will be spread over 10 years. Notification of this contract is expected in second quarter 2019.

1.3.3 Investment policy and R&D

1.3.3.1 R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary in protecting a technical, technological or commercial breakthrough. The Group's Research and Development policy is described in Note 6.2 to the consolidated financial statements.

1.3.3.2 Invention protection policy

The Group protects its inventions and know-how through non-disclosure agreements and patent applications.

Given the cost of filing and maintaining in force patents, the Group regularly assesses the opportunity for filing a patent application for a given invention and the need to maintain in force patents and patent applications, as well as the suitability of their geographic coverage in relation to the Group's current and/or future activities.

The Company's subsidiaries generally initially file a national patent application. Each subsidiary then takes advantage of the priority period granted following this initial patent application to further research patent clearance and assess in-house the potential for extending the protection to other countries.

1.3.3.3 Principal investments in 2018

In addition to research and development, the Group's ongoing investments include IT equipment, software, workshop tools and the fitting and installation of sites.

The Group's investments amounted to €15.4 million. Nearly half consisted of intangible investments (R&D, software). The 3D Printing division accounted for nearly 33% of investments (€5.4 million), while the Smart Safety Systems division accounted for 42% (€6.4 million). Industrial investments are mainly funded out of own resources, and occasionally through leasing. Investments in real estate, which are infrequent, are funded through classic debt or debt in the form of a lease.

The value of investments over three years breaks down as follows:

(in millions of euros)	2018	2017	2016
Research and development[(1)]	6.5	8.3	7.7
Other intangible assets	1.3	1.1	0.9
Land and buildings	0.3	1.1	0.8
Technical installations, equipment	7.1	4.5	6.2
Other property, plant and equipment[(2)]	0.2	0.9	0.4
TOTAL	**15.4**	**15.9**	**16.0**

(1) Only capitalised R&D.

(2) Advance payments and ongoing fixed assets.

In 2018, two acquisitions were made by the 3D Printing division:

- the acquisition of VARIA 3D, which was previously 45% owned;
- the acquisition of 100% of the share capital of SOLIDSCAPE.

In the second half, the "3D Printing" division (PRODWAYS GROUP) undertook to acquire a site in Chavanod (French department 38) to relocate its INITIAL subsidiary currently located in two separate buildings a few kilometres apart. The site's acquisition will be effective in 2019 and the total investment (acquisition and works) will be in the region of €4.5 to 5 million.

In early 2019, the Group relaunched an acquisition project for land in Montpellier, in order to construct a building for ECA ROBOTICS' Montpellier entity, for which the current premises have become unsuitable. The site's acquisition will be effective in 2019 total investment, including acquisition and construction, will be some €3.6 million.

There is no other significant investment for which firm commitments have already been made. No planned Group investment is conditional on receipt of anticipated significant funding.

1.3.3.4 Major property, plant and equipment/Property rentals

The Group's fixed assets comprise of certain real estate assets as described below, fittings and installations and IT equipment. The vehicle fleet is for the most part leased from specialised agencies. The Group only has a limited amount of production machinery as its business is not one of large-scale industrial production. However, it does have tooling for which it has not measured the usage rate.

With respect to real estate, the Group mainly leases its sites under standard leasing agreements. The Group owns certain sites used for its activities in La Garde (near Toulon in the French department 83, ECA's principal site), in Lannion (French department 22, ECA FAROS' site) and in Schaeffersheim (French department 67, principal site of the Protection in Nuclear Environments division). Sites are under lease in Les Mureaux (French department 78, CIMLEC Industrie, TENWHIL, NTS, PRODWAYS and CLF-SATREM site), with the lease due to end in June 2019. In addition to these operating sites, the Group also owns a vacant building in Les Mureaux. The sites that are currently being leased do not present any risk in terms of their extended availability or that of other similar operating sites. All of ECA's activities in Toulouse (currently two sites) will relocate in the first half of 2019 to regroup in local areas. An investment project in Montpellier (French department 34) will allow ECA ROBOTICS to relocate to premises that are better suited to its activity.

1.3.4 Events after the reporting period

Major events that occurred between the closing of the financial year and the date on which the financial statements were approved (2 April 2019) are described in Note 12.2 to the consolidated financial statements.

1.4 ANALYSES OF CONSOLIDATED PERFORMANCE AND BUSINESS SECTORS

1.4.1 Analysis of Group results

The Board of Directors approved the 2018 consolidated financial statements on 2 April 2019, showing:

- revenue of €296,004 thousand;
- net income of -€1,942 thousand.
- a loss for the period attributable to the owners of the parent of -€1,865 thousand.

The consolidated financial statements were drawn up in accordance with International Financial Reporting Standards (IFRS) rules and interpretations on measuring and presenting financial information as adopted by the European Union and published in its Official Journal on 13 October 2003. The figures presented below are from the financial statements for 2018 and 2017. It should be noted that the 2017 figures were restated retrospectively for the application of IFRS 3R and the first-time application of IFRS 15. The restatements are detailed in the notes to the financial statements (Note 1.3); the figures commented upon are the restated figures. The data can be compared only by taking into account the changes in the scope of business reported in the notes to the consolidated financial statements.

Not including operating activities, the most significant events during the year with an impact on the financial statements were as follows:

- the deconsolidation of ECA SINDEL on 1 January 2018, due to the loss of control in the first half of 2018;
- the disposal of BUREAU D'ETUDES MAURIC securities to Company managers, without changing the consolidation method;
- the liquidation of ECA MIDDLE EAST, a subsidiary of ECA SA;
- the disposal of its goodwill by SSI in August 2018;
- the disposal of EN MOTEURS in December 2018;
- the disposal of AI GROUP in November 2018;
- the disposal of FRIESLAND INSTALLATIE EN SOLAR BV in August 2018;
- the acquisition of VARIA 3D, which was previously only 45% owned and consolidated using the equity method;
- PRODWAYS GROUP's acquisition of 100% of the share capital of SOLIDSCAPE, a company specializing in 3D printing machines, which is developing technology for precision casting applications for the jewellery market.

The consolidated net loss breaks down as follows:

- Group: -€1.9 million;
- non-controlling interests: -€0.1 million.

The Group also uses non-GAAP adjusted measures. They offer a better assessment of its long-term performance, especially in light of the 2017 decision to offload two subsidiaries in 2018. Note 3.1 to the consolidated financial statements reconciles the adjusted measures and the financial statements for the period. The figures presented are not adjusted unless expressly stated otherwise.

1.4.1.1 Main aggregates from the consolidated income statement

(in thousands of euros)	2018	2017	2016
Revenue	296,004	278,225	281,153
EBITDA(1)	19,097	11,833	21,762
Operating income	1,628	(13,634)	10,052
Financial income and expenses	(1,110)	(2,108)	(2,255)
Tax	(2,526)	(4,901)	(4,488)
NET INCOME	**(1,942)**	**(20,582)**	**3,350**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**(1,865)**	**(16,037)**	**(751)**

(1) Non-GAAP indicator, see Note 3.1 to the consolidated financial statements.

Performance is analysed by division in the following tables.

2018 Financial Year - Segment information

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems[1]	3D Printing	Structure and disposals	Segment total	Adjustments[2]	Consolidated
Backlog at start of period	103,668	94,286	4,838	(337)	202,455	2,219	204,674
Backlog at end of period	103,043	120,267	7,493	(354)	230,449	-	230,449
REVENUE	**134,318**	**101,765**	**60,895**	**1,272**	**295,705**	**298**	**296,004**
Capitalised production	712	4,955	2,139	-	7,806	-	7,806
Inventories and work in progress	(700)	1,378	134	-	812	7	819
Other income from the business	1,607	4,243	1,166	3	7,019	-	7,019
Purchases consumed	(79,783)	(53,614)	(35,863)	3,298	(165,962)	(318)	(166,280)
Personnel expenses	(52,463)	(42,422)	(26,042)	(1,196)	(122,122)	(171)	(122,294)
Tax and duties	(1,536)	(1,327)	(739)	(64)	(3,666	(7)	(3,672)
Other operating income and expenses	677	(219)	(496)	(210)	(247)	(57)	(305)
EBITDA	**2,834**	**14,758**	**1,194**	**560**	**19,346**	**(249)**	**19,097**
% revenue	*2.1%*	*14.5%*	*2.0%*	*ns*	*6.5%*		*6.5%*
Payment in shares	(19)	-	40	-	21	-	21
Depreciation, amortisation and provisions (net of reversals)	(1,947)	(7,440)	(5,181)	(247)	(14,815)	(8)	(14,823)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**868**	**7,318**	**(3,947)**	**313**	**4,551**	**(256)**	**4,295**
% of revenue	*0.6%*	*7.2%*	*-6.5%*	*ns*	*1.5%*		*1.5%*
OPERATING INCOME	**(818)**	**7,284**	**(5,016)**	**313**	**1,762**	**(134)**	**1,628**
% of revenue	*-0.6%*	*7.2%*	*-8.2%*	*ns*	*0.6%*		*0.5%*
Research and development expenses capitalised over the period	711	4,153	1,586	-	6,450	-	6,450
Other property, plant and equipment and intangible investments	2,244	2,126	4,486	58	8,913	-	8,913

(1) Expenses for ECA SINDEL (deconsolidated at 1 January 2018) and consisting essentially of charges to provisions, as well as the contribution of SSI, whose business goodwill the Group sold in August 2018, are included in the adjustments.

(2) The adjustments involve: the contribution of SSI, the cancellation of the impact of the reversal of a provision relating to SSI (€1.1 million) and the cancellation of the impact of ECA SINDEL (reversal of the provision recorded in 2017, deconsolidation result, provisions for risks and on assets involving ECA SINDEL).

Financial Year 2017 - Segment information

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure and disposals	Segment total	Adjustments(2)	Consolidated
Backlog at end of period	74,500	116,504	2,980	(160)	193,824	4,918	198,742
Backlog at end of period	103,668	94,286	4,838	(337)	202,455	2,219	204,674
REVENUE	**131,550**	**110,800**	**34,807**	**(1,622)**	**275,534**	**2,690**	**278,225**
Capitalised production	2,253	5,049	3,224	-	10,526	-	10,526
Inventories and work in progress	(122)	(423)	(287)	-	(832)	3	(829)
Other income from the business	2,142	5,101	938	2	8,183	-	8,183
Purchases consumed	(81,352)	(61,081)	(22,377)	2,616	(162,195)	(1,661)	(163,856)
Personnel expenses	(52,936)	(43,222)	(17,167)	(1,416)	(114,741)	(1,881)	(116,622)
Tax and duties	(1,415)	(1,347)	(540)	(66)	(3,367)	(39)	(3,407)
Other operating income and expenses	(904)	1,150	235	43	524	(912)	(388)
EBITDA	**(782)**	**16,028**	**(1,169)**	**(444)**	**13,632**	**(1,800)**	**11,833**
% of adjusted revenue	*-0.6%*	*14.5%*	*-3.4)*	*-13.5%*	*4.9%*		*4.3%*
Payment in shares	(19)	-	(747)	-	(766)	-	(766)
Depreciation, amortisation and provisions (net of reversals)	(2,787)	(7,282)	(3,537)	(111)	(13,717)	(2,828)	(16,545)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(3,588)**	**8,746**	**(5,453)**	**(555)**	**(851)**	**(4,628)**	**(5,478)**
% of revenue	*-2.7%*	*7.9%*	*-15.7%*	*-16.9%*	*-0.3%*		*-2.0%*
OPERATING INCOME	**(5,215)**	**6,681**	**(6,651)**	**(555)**	**(5,740)**	**(7,894)**	**(13,632)**
% of revenue	*-4.0%*	*6.0%*	*-19.1%*	*-16.9%*	*-2.1%*		*-4.9%*
Research and development expenses capitalised over the period	2,199	4,211	1,935	-	8,345	-	8,345
Other property, plant and equipment and intangible investments	1,617	2,936	2,892	142	7,588	32	7,620

(1) Expenses for ECA SINDEL (deconsolidated at 1 January 2018) and consisting essentially of charges to provisions, as well as the contribution of SSI, whose business goodwill the Group sold in August 2018, are included in the adjustments.

(2) The adjustments concern the contributions of SSI and ECA SINDEL with respect to the outcome of a significant customer dispute (ECA SINDEL) or the anticipated discontinuation of activity (SSI and ECA SINDEL).

1.4.1.2 Smart Safety Systems

Revenue in the Smart Safety Systems division was a €102.1 million compared with €113.5 million in 2017. Revenue was accordingly down 10.1% over the year, however the fourth quarter showed a favourable upturn in the Robotics division. Orders grew by 45% to €128 million, reflecting excellent commercial momentum.

In spite of shrinking revenue, profitability is improving. The EBITDA margin totalled 14.2% in 2018, compared with 12.5% in 2017 and even reached 17.8% in the second half year. This reflects the success of measures aimed at improving the operating efficiency in place since the end of 2017. EBITDA thus grows by 2.0% to €14.5 million compared with €14.2 million in 2017.

The division's operating income was €7.1 million, compared with -€1.2 million in 2017. In 2017, operating income was penalised by non-recurring items affecting two subsidiaries (ECA SINDEL and SSI), which had been slated for sale, and impairment provisions. In 2018, non-recurring items comprised restructuring costs (-€0.9 million), the impact of the disposal of EN MOTEURS (+€1.2 million) and the amortisation of intangible assets recognised at fair value on acquisition (-€0.4 million).

At the end of the year the order book was showing good growth at €120 million.

1.4.1.3 Protection of High-Risk Installations

Revenue for the Protection of High-Risk Installations division was up by 2.1% to €134.3 million. In 2018 the fire protection activity gradually recovered. The nuclear activity saw a strong upturn at the end of the financial year, with the ramp-up of large contracts, in particular Hinckley Point, due to the reorganisation of the activity starting at the end of 2017. The international share of revenue was stable compared to the previous year, at 22%.

The division's EBITDA amounted to €2.6 million in the second half year, after €0.2 million in the first half, showing the gradual improvement in profitability. EBITDA for the financial period stood at +€2.8 million, *versus* -0.8 million in 2017.

Non-recurring operating income was €0.9 million, *versus* -€3.6 million in 2017. Operating income for the year (-€0.8 million) was impacted by non-recurring elements totalling -€1.7, mainly due to the restructuring of the nuclear activity in the first half year. In 2017, operating income was impacted in particular by provisions for impairment recognised for intangible R&D investments amounting to -€1.6 million and totalling -€5.2 million. In 2018, the contribution of the nuclear activity was still negative despite the major recovery that began at the end of 2017.

The backlog was stable at the end of the year at €103 million, however the backlog at the end of 2017 included that of AI GROUP, which was sold in November 2018. Restated for the scope effect, the backlog shows growth.

1.4.1.4 3D Printing

Revenue from the 3D Printing division soared to €60.9 million after €34.8 million in 2017, an increase of 75% following growth of 38% in 2017. This growth was driven by two activities, SYSTEMS (+121%) and PRODUCTS (+28%) and was achieved with the contribution of two acquisitions, VARIA 3D and SOLIDSCAPE.

In all, 31% of the division's revenue was generated outside France. Most machine and material sales were to international customers.

EBITDA stood at €1.2 million compared with -€1.2 million in 2017. This exceeds the breakeven point for the first time over a full year and even reached €1.0 million in the second half year, which demonstrates the gradual improvement in profitability. Some activities are already very profitable (software, materials, etc.) but others with major potential are still generating significant losses (chiropody, development of new machines, etc.)

Operating income was -€5.0 million (-€6.7 million in 2017) after €1.1 million in non-recurring items, mainly comprising amortisation of intangible assets recognised at fair value on acquisition.

The backlog was €7.5 million, up on 2017 (€5 million). Unlike our other businesses, however, it should be noted that the order book for this division is unlikely to account for a large share of revenue given that lead times between the placing and delivery of orders is considerably shorter.

1.4.2 Group's financial position (cash and cash equivalents, financing and capital)

Consolidated equity stood at €161.6 million, compared with €167.1 million as at 31 December 2017.

At 31 December 2018, consolidated net debt (financial debt of €66.48 million and bank overdrafts of €4.36 million minus €42.00 million in cash) was €28.84 million. At 1 January 2018, net debt was -€2.17 million. The treasury shares held by ECA, PRODWAYS GROUP, and GROUPE GORGÉ are not included in these figures. Net debt adjusted for treasury shares was €27.9 million (compared with net cash of €3.90 million at 1 January 2018).

Despite improved cash flow from operating activities (€12.3 million compared with €7.4 in 2017), operations consumed €2.8 million compared €1.7 million in 2017, mainly due to the increase in working capital requirements. Working capital requirements had reduced in the first half year but the level of activity at the end of the year had a negative impact. Working capital requirements included €25 million in tax credits of which nearly €3 million were used in the first quarter of 2019.

Investments remained stable at a high level, €14.9 million excluding the impact of scope changes, compared with €15.1 million in 2017. Changes in the scope of consolidation (acquisition of SOLIDSCAPE, acquisition of control of VARIA 3D and various disposals), represented a cash outflow of €7.2 million. The Group has four revolving credit lines of €10 million each. The lines were granted to GROUPE GORGÉ SA, ECA SA (two lines) and PRODWAYS GROUP SA. At end-December 2018, ECA had drawn down €12.0 million, with the other two lines undrawn.

Detailed information about the Group's financial liabilities and any related covenants is provided in the notes to the consolidated financial statements (Note 8 "Borrowings and financial liabilities").

1.5 ACTIVITIES AND RESULTS OF GROUPE GORGÉ SA

1.5.1 GROUPE GORGÉ's role in the Group

The organisation of the Group is as follows:

GROUPE GORGÉ SA is a holding company, whose assets are made up of the stakes in its subsidiaries. The Company does not carry out any industrial activities, and its purpose is to:

- implement the Group's strategy;
- supervise the management of its subsidiaries (human resources, communications, transactions, etc.);
- liaise with financial stakeholders such as banks and investors;
- provide technical assistance in areas such as management control and legal affairs;
- develop and maintain common procedures in areas such as reporting, management control and accounting.

Its funding is ensured by the dividends that it receives and a contract for the provision of services based on the invoicing of actual costs concluded between GROUPE GORGÉ SA and its subsidiaries.

GROUPE GORGÉ SA has also entered into a service agreement with PÉLICAN VENTURE (holding company of the GORGÉ family and majority shareholder of GROUPE GORGÉ). Under this agreement, PÉLICAN VENTURE assists and supports GROUPE GORGÉ with the development of the Group's general policy and strategy, particularly in terms of organisation, external growth, recruitment, financial reporting and finance. PÉLICAN VENTURE invoiced €324 thousand to GROUPE GORGÉ in 2018. The agreement is valid indefinitely, but may be terminated by either party and would automatically lapse in the event of a change of control of GROUPE GORGÉ. Jean-Pierre GORGÉ (Director and former Chairman of GROUPE GORGÉ) and Raphaël GORGÉ (Chairman and CEO) are both paid by PÉLICAN VENTURE. GROUPE GORGÉ can pay them Directors' fees, while Raphaël GORGÉ can receive variable remuneration from GROUPE GORGÉ, determined by the Board of Directors on the recommendation of the Remuneration Committee.

PÉLICAN VENTURE is an SAS (simplified joint-stock company) with a capital of €3,309,778.08. Its consolidated shareholders' equity (2017) was €210 million, with its main asset being its stake in GROUPE GORGÉ. Its other assets are:

- SOPROMEC PARTICIPATIONS SA, a private equity firm managing around €18 million in assets;
- real estate and financial assets.

1.5.2 Activities and results

At its meeting of 2 April 2019, the Board of Directors approved the separate financial statements of GROUPE GORGÉ SA which showed:

- revenue of €3,468 thousand;
- net income of €338 thousand.

The financial statements were prepared using the same principles and rules as for previous years.

Revenue came to €3.47 million *versus* €3.29 million in 2017. The operating loss for the financial year was -€0.33 million *versus* an operating loss of -€0.31 million in 2017.

Income from continuing operations before tax was €0.23 million *versus* €0.81 million in 2017. Financial income of GROUPE GORGÉ in 2018 was -€0.1 million (€1.1 million in 2017), including €0.3 million in dividends (€1.8 million in 2017).

After taking into account non-recurring income of -€0.1 million (compared with +€18.7 million in 2017) and tax income of €0.2 million arising from the tax consolidation grouping of which GROUPE GORGÉ SA is the lead company (€0.6 million the previous year), the financial year ended 31 December 2018 generated a profit of €0.3 million, compared with €20.08 million in 2017. The high level of non-recurring income in 2017 was due to the capital gain of €18.9 million arising from the sale of PRODWAYS GROUP shares in October 2017.

We are also asking the shareholders to approve the non tax-deductible expenses and charges that we incurred during the past financial year, amounting to a total of €8,800, as well as the corresponding theoretical tax amount of €2,464.

1.5.3 Proposed appropriation of income

The Company's income for the financial year ended 31 December 2018 showed a profit of €338,115.86. At its meeting on 2 April 2019, the Board of Directors decided to propose to the shareholders' meeting the payment of a dividend of €0.32 per share, *i.e.* a total dividend of €4,320,909.76 taken from the year's income and the retained earnings account.

This proposal reflects the strengthened confidence of the Board and the solidity of the financial situation and GROUPE GORGÉ's outlook.

We would like to remind you that the dividend distributions made for the last three financial years were as follows:

	Dividend per share *(in euros)*	**Number of shares comprising the share capital**[1]	**Total dividend**[2] *(in euros)*
2015	None	13,439,843	None
2016	None	13,502,843	None
2017	0.32	13,502,843	4,320,909.76

(1) At the date of the shareholders' meeting held to approve the financial statements.

(2) These sums include the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

1.5.4 Standard payment terms

In compliance with article D.441-4 of the French Commercial Code, we would like to specify that at 31 December 2018, the balance of GROUPE GORGÉ SA's trade accounts payable was €538 thousand (€604 thousand at 31 December 2017). These trade payables are not yet due and in general are payable at 30 days (in 2018 as in 2017).

1.5.5 Other financial and accounting information

SECURITIES PORTFOLIO AT 31 DECEMBER 2018

Company	Net asset values *(in euros)*
I – EQUITY SECURITIES	
1. French companies	
a/ Listed equity securities	
ECA	33,564,269
PRODWAYS GROUP	28,204,618
b/ Unlisted equity securities	
CNAI (in liquidation)	0
FINU 12	5,000
VIGIANS (formerly BALISCO)	5,000
MARINE INTÉRIM	0
NUCLÉACTION	7,463
SCI DES CARRIÈRES	340,000
SCI DES PORTES	999
SERES TECHNOLOGIES	990,000
STONI	5,690,000
2. Foreign companies	
None	
TOTAL I	**68,807,349**
II – OTHER LONG-TERM INVESTMENTS	
1. French companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
2. Foreign companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
TOTAL II	**-**
III – MARKETABLE SECURITIES	
a/ Money market funds (SICAVs) and term deposits	2,896,836
b/ Listed French shares	
None	
c/ Listed foreign shares	
d/ Treasury shares	42,478
TOTAL III	**2,939,314**
GRAND TOTAL (I + II + III)	**71,746,663**

FINANCIAL TABLE – ARTICLE R.225-102 OF THE FRENCH COMMERCIAL CODE

Nature of information	2018	2017	2016	2015	2014
Share capital	€13,502,843	€13,502,843	€13,495,843	€13,366,843	€13,081,843
Number of shares	13,502,843	13,502,843	13,495,843	13,366,843	13,081,843
Par value per share	€1	€1	€1	€1	€1
Revenue excluding taxes	3,467,444	3,289,653	3,458,396	3,731,165	3,107,420
Earnings before taxes, depreciation, amortisation & provisions	70,421	18,528,323	3,242,814	5,274,298	23,942,297
Income tax	(219,428)	(611,022)	(1,517,036)	(1,558,748)	(1,652,758)
Earnings after taxes but before depreciation, amortisation & provisions	289,849	19,139,345	4,759,850	6,833,046	25,595,055
Earnings after taxes, depreciation, amortisation & provisions	338,116	20,080,409	5,181,090	9,388,143	24,299,934
Distributed earnings(1)	4,319,831	-	-	4,217,227	4,154,190
Earnings per share after taxes but before depreciation, amortisation & provisions	0.02	1.42	0.35	0.51	1.96
Earnings per share after taxes, depreciation, amortisation & provisions	0.03	1.49	0.38	0.70	1.86
Net dividend per share(1)	(0.32)	-	-	0.32	0.32
Average number of employees	7	8	7	7	7
Total payroll	812,314	922,357	823,824	868,187	861,175
Social security contributions and employee benefits	377,759	421,382	389,131	393,804	353,924

(1) Dividend paid during the year, in respect of the previous financial year.

1.6 RISK FACTORS

The Company has reviewed the risks that could materially adversely affect its business, financial position or results and is not aware of any other significant risk not presented herein. For a proper understanding of the risks to which the Group is exposed, this chapter should be read in conjunction with the full consolidated financial statements and the Registration Document.

In this chapter, the Group's risks are divided into four categories: legal risks, operating risks, financial risks, and industrial and environmental risks. Key preventive measures and any special situations to be considered are also set out according to risk.

1.6.1 Legal risks

1.6.1.1 Regulatory compliance

Generally speaking, the Group's businesses can be adversely affected by legal risks arising from non-compliance with laws and regulations in France and in all other jurisdictions where the Group has interests.

In order to mitigate the legal risks inherent in their businesses, Group companies typically have recourse to the Group's Legal Department and to external advisers (lawyers, labour law experts and intellectual property experts).

1.6.1.2 Regulatory or administrative authorisations

The Group's businesses are not dependent on regulatory or administrative authorisations but may require accreditations or professional recognitions.

CLF-SATREM is APSAD certified for the installation and inspection of sprinkler systems. This certification is issued by CNPP, a certifying body recognised by the insurance industry. The Company needs it for the purposes of its routine maintenance activities and some new installations, at the request of customers and their insurers. The certification would only be lost were the Company to fail to satisfy the technical recommendations in the APSAD reference framework.

The Group's business activities in the nuclear sector require professional certification by CEFRI (*Comité français de certification des Entreprises pour la Formation et le suivi du personnel travaillant sous Rayonnements Ionisants* – Companies' French Certification Committee for training and follow-up of employees working in ionising radiation) or EDF (EDF-UTO certification). In order to obtain such certification, suitable structures, special procedures and staff training must be put in place. This certification would only be lost were the Company to fail to respect the required standards and procedures, which can be subject to periodic changes.

Several ECA Group Companies have security clearances allowing them to manage confidential defence contracts. The loss of these clearances would threaten the level of business, especially in R&D, conducted with the French military. Each of these companies has put in place the structure required by the accreditation bodies to ensure compliance with all the security clearance requirements.

Still on the subject of ECA and its subsidiaries, export permits, managed by various ministries and the Prime Minister's office, are required for the sale outside France of defence systems and equipment. Similarly, the sale and export of certain of the ECA Group's dual purpose technologies also requires authorisation by the Ministry for Industry. The Companies concerned must keep a list of these dual purpose technologies up to date and obtain these authorisations prior to making any sales.

1.6.1.3 Research and development

Given the size of its R&D budget, the Group uses the research tax credit system. Any scaling back of this system in the future would adversely affect the amount of R&D expenditure that the Group could reasonably fund. Furthermore, it is well known that tax audits involving the research tax credit often end up in the courts. The Group pays particular attention to compliance with the regulations and the quality of its supporting documentation, and had never been subject to a significant reassessment until 2013, when its BAUMERT subsidiary saw €340 thousand of its research tax credit claim challenged (out of €766 thousand audited). The Group used all available legal channels to challenge this reassessment, and was essentially successful in its action at the Paris Administrative Tribunal and the Strasbourg Administrative Tribunal.

1.6.1.4 Industrial property – Confidentiality

The Group has an active policy of patenting in order to protect its inventions. To this end, it has recourse to intellectual property experts.

Patent applications are reviewed by the competent local or international bodies. It takes a number of years before a patent is granted. The review process may also result in a patent being granted with narrower claims than initially sought or in a patent being refused in certain jurisdictions. Furthermore, intellectual property rights registered in certain jurisdictions do not afford complete protection.

There is a risk of a third party initiating proceedings against the Group for infringement of industrial property, as has already occurred in the past (BAé dispute, see Registration Document 2012). The subsidiaries, drawing on their in-house capabilities or the services of outside experts, notably assess the risk of infringing patents held by third parties when conducting their R&D programmes.

Some of our skills, knowledge and technologies are not protected by patents. Despite the implementation of confidentiality procedures, there is nevertheless a risk that confidential information may be disclosed.

Furthermore, competitors may attempt to develop identical or similar technologies, which could have an adverse effect on the business of the subsidiaries in question.

1.6.1.5 Litigation

The Group may be involved in litigation and disputes with third parties. Ongoing litigation is reviewed and provisions funded in the financial statements or disclosures made in the notes to the consolidated financial statements (Note 12.2 "Exceptional events and disputes").

No other state or legal proceeding or arbitration of which the Company is aware to date, either pending or threatened, has had a material impact on the financial position or profitability of the Company and/or Group in the past twelve months, or is likely to do so.

1.6.2 Operating risks

1.6.2.1 Risks associated with technological developments

In some of its markets, the Group is required to continually monitor leading edge technical and technological developments. The subsidiaries in question have substantial R&D budgets for the purpose of developing new products or solutions that best meet the needs of customers or prospects.

1.6.2.2 Risks associated with competition

Many Group buyers are increasingly looking to reduce their number of suppliers and build strong, enduring partnerships, with suppliers assisting them with their plans, and are exerting a great deal of pressure on product and service pricing. This difficulty is compounded by the economic climate, with competitors generally being inclined to accept price cuts that might be considered unreasonable in order to win orders.

In this regard, the Group's expertise, and the quality of its products and services are key success factors. The Group thus endeavours to keep quality levels extremely high across all its businesses and to obtain certification for them. The stock market listing of GROUPE GORGÉ, PRODWAYS GROUP and ECA, the Group's financial strength and low debt, the diversity of its businesses and markets, and its international footprint raise the Group's profile compared with its competitors.

1.6.2.3 Risks associated with market changes

The Group as a whole is positioned in a range of different markets (aeronautics, Defence, aerospace, 3D printing, Oil & Gas, nuclear, etc.) which can develop in opposing directions. A sharp slowdown in investment plans in one market may adversely affect the business of the subsidiary or subsidiaries in question whilst having limited consequences at Group level.

As for the 3D printing market, this market is undergoing rapid and profound change, meaning the Group must re-examine the strategy guiding its activities on a regular basis. The Group has demonstrated its agility and its capacity to update its strategy, but cannot guarantee that its choices will always be the most relevant in an evolving market like 3D printing.

As for the business of protection in nuclear environments, the potential hazards of nuclear energy are often a matter of public debate, and this may influence the approval and timing of plans to build new nuclear power stations. Our operations in protection in nuclear environments are dependent on significant contracts (construction of new power stations, significant renovations, etc.) and the delays that can frequently arise on these types of projects.

1.6.2.4 Key person risks

The Group's success and development are dependent on the skills and experience of key employees and managers. The departure or loss of a key person could adversely affect the business, financial position and results of a subsidiary or of the Group.

Group employees are naturally motivated by the commercial or technical appeal of the projects on which they work. The introduction of profit-sharing and shareholding plans may also serve as additional motivation.

The GROUPE GORGÉ management team also endeavours to ensure that a company's success is not built around an overly small group of people and that managers at subsidiaries consider drawing up succession plans for key people.

1.6.2.5 Insuring operating risks

In the course of conducting its business, the Group may be confronted with disputes, proceedings and claims concerning its activities and products. The Group has taken out insurance to cover the cost of these potential risks. However, these insurance policies contain exclusions and exceptions that make it impossible to cover the totality of the potential harm suffered. Furthermore, the amount of expenses could exceed the limits of our insurance coverage.

The insurance taken out by the Group to insure against possible risks encompasses:

- civil liability;
- property, plant and equipment;
- leased premises.

All policies are entered into with reputable insurance companies.

Specific insurance policies have been taken out for post-delivery maritime and aviation risks.

Customers are asking more frequently for substantial guarantees for post-delivery risks. For the most material contracts, we conduct a risk analysis with our insurance carrier to ensure that these risks have been appropriately covered under our civil liability policies. When necessary, additional insurance is taken out for the performance of a contract.

1.6.2.6 Performance obligation – product liability

The Group cannot totally discount the risk that it might have problems meeting a performance obligation it has contractually promised a customer. The Group has long experience managing this risk and applies controls when approving contracts. Such a risk may, nevertheless, occur and adversely impact the margin on the contract in question.

The products sold by the Group are complex and may contain design or production defects. These defects may also be caused by parts bought from suppliers. The Group may receive complaints concerning the quality of its products and these could lead to costs.

Verification and control procedures have been put in place by the Group to detect any such faults, but these may not be sufficient to detect hidden defects.

1.6.2.7 Risks associated with acquisitions

The Group has regularly acquired businesses or third party companies in the course of its development and intends to continue with this strategy as opportunities are identified.

Any acquisition involves risks related to the integration into the Group of the business or company acquired, the existence of unforeseen expenditure and the departure of key personnel from these Companies.

The Group systematically conducts financial, legal and technical audits in anticipation of these risks and negotiates asset and liability guarantees. The Group also strives to retain the individuals identified as being key personnel for its business ventures, thus ensuring the long-term future of these companies.

In most cases of acquisitions, goodwill is recognised in the consolidated financial statements. Impairment tests are carried out each year. If an impairment loss for goodwill is recognised, this could have an impact on the Group's financial situation (revenue and equity), and would indicate that the business outlook is not at the expected level hoped-for at the time of the acquisition.

1.6.3 Financial risks

1.6.3.1 Credit and/or counterparty risk

Changes to the economic situation around the world may affect our partners, customers and suppliers due to economic slowdowns and financial, geopolitical or social difficulties, or any other factors. However, given the diversity of the Group's business activities and markets, the profile of its customers (primarily institutional and major buyers) and its ability to obtain a growing number of new contracts, the Group is not exposed to a specific customer risk.

The Group as a whole is not over-reliant on any one customer, as can be seen from the percentage of consolidated revenue generated from each of the top five customers in 2018 (and for the sake of comparison, in 2017):

	2018	2017
• Customer A:	2.6%	4.7%
• Customer B:	2.5%	-
• Customer C:	2.7%	3.0%
• Customer D:	2.3%	2.6%
• Customer E:	2.2%	4.2%

In 2018, the top five customers accounted for 12.4% of the Group's revenue (compared with 17.0% in 2017). The top 20 Group customers accounted for 28.0% of revenue (35.1% in 2017). However, a Group subsidiary may have a significant volume of business with one particular customer: for example, ECA CNAI with AIRBUS, and BAUMERT with EDF. The contacts and number of transactions done with these customers make it possible to avoid concentrating the risk on too few deals.

The quality of the Group's customers and the credit management and collection procedures mean that customer credit risk can be controlled. Impairment of trade receivables represented 5.8% of trade receivables, compared with 5.4% in 2017. Past-due trade receivables are disclosed in the Notes to the consolidated financial statements, (Note 4.6 "Customers, contract assets and liabilities").

The Group's business activities are primarily concentrated in Western Europe and in this region the Group is not heavily dependent on the public sector. Internationally, the Group only deals with major buyers or public buyers. There is no exposure to a significant country risk.

Geopolitical developments in a country can complicate or suspend trade relations with that country. The diversity of countries to which the Group exports its products and services means that the impact of this risk can be limited. In 2013-2014, the Group won a number of contracts in Russia. Because of the European embargo on that country, particular attention was paid to the guarantees and contractual clauses detailed in these contracts. We regularly monitor changes in the sanctions against Russia and its nationals to limit the risks associated with this situation. The subsidiary AI GROUP, which had business dealings with Iran, was disposed of in early November 2018 due to increasing US sanctions against Iran.

The Group employs a range of sources to procure components or sub-assemblies. Given this high level of fragmentation, there is no dependence on any subcontractor or supplier. However, certain products required for the business of some subsidiaries are only available from a limited number of suppliers. Yet no risk of default by these key suppliers has been identified to date.

1.6.3.2 Liquidity risk

The liquidity risk is described in the notes to the consolidated financial statements (Note 8.3.1 "Liquidity risk"). The Group's low net debt and its financial position give it access to substantial financing, notably enabling it to fund acquisitions.

The Company specifically reviewed its liquidity risk and believes it is in a position to meet all future maturities.

1.6.3.3 Market risk

The risks associated with interest rates, foreign exchange rates, equities and other financial instruments are discussed in the notes to the consolidated financial statements (Note 8.3 "Financial Risk Management Policy"). Most international deals are denominated in euros. The foreign exchange risk is primarily tied to transactions in US dollars; forward sales are arranged regularly. The risk associated with equities and other financial instruments is marginal in light of the Group's prudent policy, and is only significant with respect to treasury shares. Interest rate risk is discussed in detail in the notes to the consolidated financial statements.

The Group is not exposed to any particular commodity risk. When a customer order is likely to expose the subsidiary in question to a commodity risk (steel, lead), an escalator clause is typically included in the contract at the subsidiary's request.

1.6.4 Industrial and environmental risks

Group Companies with sites that fall under the French "Installations Classified for the Protection of the Environment" (ICPE) regulations have made the required declarations or possess the necessary authorisations.

As for any industrial activity, our activities may involve the handling and storage of hazardous substances. The concerned companies implement the safety procedures recommended for the handling and storage of such products.

2 CORPORATE GOVERNANCE

This section on corporate governance includes the corporate governance report pursuant to article L.225-37 of the French Commercial Code, which was approved by the Board of Directors on 2 April 2019.

2.1 GOVERNANCE INFORMATION

2.1.1 Composition of the Board of Directors and special-purpose committees

The composition of the Board of Directors reflects the Gorgé family's control of the Company. However, the Company also promotes democratic and collective representation of all shareholders and the recognition of social interest through the presence of independent directors.

The Board endeavours to find Directors with complementary skills that add value to the Board's work, and achieve gender balance.

Thus, at 31 December 2018, the Board of Directors of GROUPE GORGÉ consisted of three Directors representing the majority shareholder of GROUPE GORGÉ, three Independent Directors, and one Director chosen by the employees.

Raphaël GORGÉ (Chairman and CEO), Jean-Pierre GORGÉ and Catherine GORGÉ represent the majority shareholder of GROUPE GORGÉ, which is PÉLICAN VENTURE. Jean-Pierre GORGÉ is the father of Raphaël GORGÉ and Catherine GORGÉ is the wife of Raphaël GORGÉ.

Sylvie LUCOT, Martine GRIFFON-FOUCO, and Hugues SOUPARIS are Independent Directors within the meaning of the Middlenext Code of Governance (*i.e.* Directors who do not have any links to the Company, its Group or its Management, such as might compromise the exercise of their freedom of judgement). Each year, the Board reviews the independence of each of the Independent Directors with regard to the independence criteria included in the Middlenext Governance Code.

In 2018, the Company appointed a salaried Director (Céline LEROY) pursuant to article L.225-27 of the French Commercial Code.

The statutory duration of the terms of office of the Directors is six years.

Two Board committees (the Audit Committee and the Remuneration Committee) were established. The roles and composition of these committees are presented below (see 2.1.8 and 2.1.9).

At 1 January 2019, the composition of the Board of Directors and the special-purpose Committees was as follows:

Name	Independent	Audit Committee	Remuneration Committee	Date of first appointment	Term expires	Experience and expertise contributed
Raphaël GORGÉ CEO	No	/	/	SM of 17 June 2004	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2021	Strategy, Executive management, finance, financial reporting, industry, and technology
Jean-Pierre GORGÉ Director	No	Member	/	BDM of 11 March 1991	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2020	Strategy, Executive management, industry, defence
Catherine GORGÉ Director	No	/	/	SM of 8 June 2012	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2023	Project management, 3D printing, luxury
Martine GRIFFON-FOUCO Director	Yes	/	Chairwoman	SM of 8 June 2012	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2023	Nuclear industry, Corporate management, remuneration
Sylvie LUCOT Director	Yes	Chairwoman	Member	SM of 18 June 2006	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2022	Defence, financial reporting, finance
Hugues SOUPARIS Director	Yes	/	/	SM of 18 June 2014	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2019	Technology, General management of a listed group, operations
Céline LEROY Employee Director	No	/	/	Elected in December 2018	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2023	Legal

2.1.2 Presentation of the members of the Board

Raphaël GORGÉ Chairman of the Board of Directors and CEO	**Main position:** Chairman & CEO of GROUPE GORGÉ Raphaël GORGÉ joined GROUPE GORGÉ (named FINUCHEM at the time) in 2004 after a ten-year career in finance and technology. He initiated and implemented the Group's withdrawal from the automotive sector (70% of its revenue in 2004), then steered its development toward new areas of business. Raphaël GORGÉ has been the Chief Executive Officer of the Group since 2008. He has an engineering degree from the École Centrale de Marseille and holds an advanced degree in molecular modelling. **First appointed:** SM of 17 June 2004 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2021 **Other offices and positions held within the Group:** Chairman of the Board of Directors of PRODWAYS GROUP SA* Chairman of the Board of Directors of ECA SA* Legal Representative of GROUPE GORGÉ SA as Chairman of VIGIANS (formerly BALISCO) SAS Manager of SCI MEYSSE Manager of SCI DES CARRIÈRES Chairman of STONI SAS General Manager of GORGÉ EUROPE INVESTMENT BV **Other offices and positions held outside the Group:** Deputy CEO of PÉLICAN VENTURE SAS Chairman of the Supervisory Board of SOPROMEC PARTICIPATIONS SA Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET Manager of SCI THOUVENOT Manager of SCI AUSSONNE **Offices held during the past five years in which Raphaël GORGÉ is no longer serving:** Chief Executive Officer of PRODWAYS GROUP SA* (separation of Chief Executive Officer and Chairman of the Board of Directors in October 2018) Legal Representative of PRODWAYS GROUP SA* as Chairman of CRISTAL SAS, PRODWAYS SAS, PRODWAYS DISTRIBUTION SAS, PRODWAYS RAPID ADDITIVE FORGING SAS (formerly PRODWAYS 1), PRODWAYS 2 SAS, PODO 3D SAS, PRODWAYS ENTREPRENEURS SAS, PRODWAYS CONSEIL SAS, AVENAO INDUSTRIE SAS, 3D SERVICAD SAS, AVENAO SOLUTIONS 3D SAS, IP GESTION SAS, INTERSON PROTAC SAS (until 4 October 2018) Chairman of NUCLÉACTION SAS (until 31 January 2017) Chairman of FINU 10 SAS (until 10 April 2018) Member of the Executive Committee of LA VÉLIÈRE CAPITAL SAS (until 18 October 2016) Chairman of PORTAFEU NUCLEAIRE SAS (until 13 May 2016)

* *Listed company.*

Jean-Pierre GORGÉ Director and Founder of GROUPE GORGÉ Member of the Audit Committee	**Main position:** Chairman of PÉLICAN VENTURE SAS Before founding GROUPE GORGÉ (previously named FINUCHEM) in 1988, Jean-Pierre GORGÉ held various positions in public administration, including deputy Director of the Chemical Industries Department of the French Ministry of Industry as well as SMI delegate and head of the Regional Affairs Department at the Ministry of Industry. Jean-Pierre GORGÉ has an armament engineering degree from the École Polytechnique (1962) and a degree from the Institut d'Études Politiques in Paris (1967). **First appointed:** SM of 11 March 1991 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2020 **Other offices and positions held within the Group:** Director of ECA SA* **Other offices and positions held outside the Group:** Chairman of PÉLICAN VENTURE SAS Vice-Chairman of the Supervisory Board of SOPROMEC PARTICIPATIONS SA Manager of SOCIÉTÉ CIVILE G21 Manager of SARL TROIDEMI Manager of SCI BÉTHUNE 34 (since 9 July 2018) Permanent Representative of PÉLICAN VENTURE SAS as Chairman of VIBRANIUM SAS (since 11 December 2018) **Offices held during the past five years in which Jean-Pierre GORGÉ is no longer serving:** Permanent Representative of PÉLICAN VENTURE as Chairman of FRANCEOLE HOLDING SAS (until July 2017) Permanent Representative of PÉLICAN VENTURE as Chairman of FRANCEOLE SAS (until July 2017)
Catherine GORGÉ Director	**Main position:** Chairwoman of CBG CONSEIL SAS Catherine GORGÉ began her career as a process engineer at ATLANTIC RICHFIELD, then joined the TECHNIP Group as a project engineer. After working at the Industrial Projects & Services business at GROUPE GORGÉ, she joined the luxury sector. There, she held the position of Director of Development and Operations at the PUIG group, first for the PACO RABANNE brand, then for the MAJE brand. She currently runs the company CBG CONSEIL, specialising in business consulting. Since 2014, she has carried out a consulting assignment at the "3D Printing" division of GROUPE GORGÉ. Catherine GORGÉ is also a Director of both ECA and PRODWAYS GROUP. Catherine GORGÉ has an engineering degree from the École Centrale de Marseille and holds an advanced degree in project management. **First appointed:** SM of 8 June 2012 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2023 **Other offices and positions held within the Group:** Director of ECA SA* Director of PRODWAYS GROUP SA* **Other offices and positions held outside the Group:** None **Offices held during the past five years in which Catherine GORGÉ is no longer serving:** Manager of Immobilière BENON SCI (removed in February 2014)

* *Listed company.*

Sylvie LUCOT Independent Director Chairwoman of the Audit Committee Member of the Remuneration Committee	**Main position:** Member of the Board of the AMF (until January 2019) Sylvie LUCOT was Vice-President of International Corporate Affairs at the THALES group from 2008 until her retirement in February 2014. From 1986 to 1997, she was the Director of Investor Relations at the THOMSON Group and THOMSON-CSF, and then from 1998 to 2008, at the THOMSON-CSF Group, which became the THALES Group in 2000. From 1974 until joining the THOMSON Group in 1984, she was a financial analyst at DAFSA and the French Ministry of Industry. Between 2011 and early 2019, Sylvie LUCOT was an employee shareholders' representative on the Board of the AMF. **First appointed:** SM of 18 December 2006 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2022 **Other offices and positions held within the Group:** None **Other offices and positions held outside the Group:** Member of the AMF Retail Investors Consultative Commission Member of the Office of the FAS **Offices held during the past five years in which Sylvie LUCOT is no longer serving:** None
Martine GRIFFON-FOUCO Independent Director Chairwoman of the Remuneration Committee	**Main position:** Chairwoman of GALI SAS Martine GRIFFON-FOUCO has been a Director of SETEC NUCLÉAIRE within the SETEC ENGINEERING Group since 2016. Previously she was a member of the Executive Board, Executive Vice President and Head of Corporate & Business Development at ASSYSTEM SA from 2007 to 2014. Before that she held various positions at CEGELEC, EDF and the French CEA (Atomic Energy Commission). At EDF, Martine GRIFFON-FOUCO was a member of the Executive Committee as the Director of Communications and the Director of the Blayais Nuclear Power Plant from June 1994 to November 1998. During the 1980s, she created the first "human factor" teams in the nuclear industry while at EDF and the CEA. Martine GRIFFON-FOUCO has a degree in engineering (ENSMA in Poitiers) along with, among others, a degree in psychology. **First appointed:** SM of 8 December 2012 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2023 **Other offices and positions held within the Group:** None **Other offices and positions held outside the Group:** Director of ISAE-ENSMA Manager of SCI LAUFRED Manager of SCI GALA Director of KEDGE (since June 2018) **Offices held during the past five years in which Martine GRIFFON-FOUCO is no longer serving:** ASSYSTEM SA (until March 2014) ALPHATEST SA (until March 2014) GIAT INDUSTRIES (until December 2015)

Hugues SOUPARIS	**Main position:** Chairman of SURYS
Independent Director	Hugues SOUPARIS is the founder and Chairman of SURYS (formerly HOLOGRAM INDUSTRIES), a French company specialising in document authentication and traceability and products based on the optical sciences, such as holograms, nano-structures, and digital solutions. SURYS is the designer and supplier of holograms of high-denomination euro banknotes and optical films for authenticating French biometric passports. Hugues SOUPARIS is a graduate of the École Centrale de Marseille, and specialises in the design and creation of industrial products. **First appointed:** SM of 18 June 2014 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2019 **Other offices and positions held within the Group:** None **Other offices and positions held outside the Group:** Manager of ENOWOOD Chairman of ENOWE Chairman of HOLOGRAM FOUNDATION Director of USINE IO **Offices held during the past five years in which Hugues SOUPARIS is no longer serving:** Chairman of ENOGRAM until 17 March 2017
Céline LEROY	**Main position:** General Counsel of GROUPE GORGÉ
Employee Director	Céline LEROY has been General Counsel of GROUPE GORGÉ since 2007. She earned a CAPA (Certificate of Aptitude for the Legal Profession) and a DESS (advanced degree) in corporate law and taxation at Université Paris I, then practised as an attorney at the firm of FRESHFIELDS BRUCKHAUS DERINGER in the Finance and M&A Departments before spending a year on secondment in the Legal Department of DANONE. **First appointed:** elected on 18 December 2018 **Term expires:** shareholders' meeting approving the financial statements for the financial year ending 31 December 2023 **Other offices and positions held within the Group:** Director of ECA SA* **Other offices and positions held outside the Group:** None **Offices held during the past five years in which Céline LEROY is no longer serving:** None

* *Listed company.*

The business address of the Directors is the registered office of the Company.

2.1.3 Gender balance on the Board of Directors and special-purpose committees

The Board of Directors follows the principle of gender balance with four women and three men on the Board at this time.

When electing an employee Director, every candidacy should include, in addition to the candidate's name, the name of his or her potential replacement, and the candidate and replacement must be of different genders.

In view of the size and composition of the Board, the composition of the special-purpose committees is guided more by the skills of its members than by the goal of perfect gender balance on the committees. The Remuneration Committee is currently composed of two women, and the Audit Committee is composed of one man and one woman.

The choice of Directors (other than employee Directors) is guided primarily by the search for skills that complement those already represented on the Board, knowledge of the markets in which the Group is active, and issues the Group may face.

2.1.4 Information on securities transactions by corporate officers

To the knowledge of the Company, the corporate officers and Group managers and persons referred to in article L.621-18-2 of the French Monetary and Financial Code subject to voluntary reporting of their securities transactions completed the following in 2018:

(in number of shares)	**Acquisitions**	**Disposals**
Raphaël GORGÉ	-	21,140
PÉLICAN VENTURE SAS	21,140	-

The shares disposed of by Raphaël GORGÉ were acquired by PÉLICAN VENTURE, the GORGÉ family holding company.

2.1.5 Non-conviction and conflicts of interest

As far as the Company is aware, no member of the Board of Directors or corporate officer has, over the past five years, been convicted of fraud, been involved in his/her capacity as a member of the Board of Directors or manager in a bankruptcy, receivership or liquidation, been charged and/or officially sanctioned by a legal or regulatory authority, or been barred by Court order from serving on an administrative, Management or Supervisory Board of an issuer or from being involved in the management or running of an issuer.

As far as GROUPE GORGÉ is aware, there are no conflicts of interest between the personal interests of members of the administrative bodies and their duties to the Company.

As far as GROUPE GORGÉ is aware, the Directors and executive corporate officers have not agreed to any restriction on the free transferability of any interests they may have.

2.1.6 Executive Management

2.1.6.1 Executive Management structure

At its 14 September 2011 meeting, the Board of Directors resolved that the positions of Chairman of the Board of Directors and of CEO would be held by a single person.

2.1.6.2 Scope of the CEO's powers

No restrictions were placed on the powers of the CEO when he was appointed. The CEO is therefore vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly assigned by law to the general shareholders' meeting and to the Board of Directors.

2.1.7 Conditions for the preparation and organisation of the work of the Board of Directors during the period

The rules governing the operation of the Board of Directors can be found in the Articles of Association and are set out in detail in the Board's Internal Regulations.

2.1.7.1 Frequency of Board meetings and attendance record

Over the past year, the Board of Directors met six times. Directors have a very strong attendance record (97.22%).

2.1.7.2 Calling of Board meetings

In accordance with article 15 of the Articles of Association, Board meetings may be called by any means, including verbally.

In 2018, Board meetings were called by email.

Pursuant to article L.225-238 of the French Commercial Code, the statutory auditors were invited to attend the Board meetings held to review and approve the interim and annual financial statements.

2.1.7.3 Provision of information to Directors

Directors were provided with all the papers, technical dossiers and information required to carry out their duties either when meetings were called or prior to Board meetings.

2.1.7.4 Holding of Board meetings

meetings of the Board of Directors are held at the registered office. The Internal Regulations approved by the Company's Board of Directors, allow the use of video-conferencing or other telecommunications technologies subject to the regulatory requirements for holding the meetings of the Board of Directors.

2.1.7.5 Decisions taken

In the course of the past year, the Board of Directors took routine decisions that were in the Company's best interests.

2.1.7.6 Minutes of Board meetings

Minutes of Board of Directors meetings are drawn up following each meeting and sent to all Directors at the latest before the next Board meeting.

2.1.7.7 Assessment of the work of the Board

In order to comply with Recommendation No. 11 of the Middlenext Governance Code, the Directors are invited to express their views on the functioning of the Board and on the preparation of its work at the Board meetings' approving the annual financial statements.

2.1.8 Audit Committee

The Audit Committee was set up in 2012. Currently, it consists of Sylvie LUCOT (Chairwoman) and Jean-Pierre GORGÉ.

Pursuant to article L.823.19 of the French Commercial Code and without prejudice to the powers of the Board, the Audit Committee has the following duties:

- follow the financial reporting preparation process and, where required, formulate recommendations to ensure the integrity thereof;
- monitor the efficiency of internal control and risk management systems and, where applicable, internal audit systems with regard to procedures for preparing and processing accounting and financial information, without impacting its independence;
- make a recommendation on the proposed appointment of the statutory auditors by the shareholders' meeting to the Board in accordance with regulations, and make a recommendation on the proposed reappointment of the statutory Auditor(s) to the Board in accordance with regulations;
- monitor the statutory auditors' audit of the financial statements and take the comments and findings of the H3C (French auditing oversight body) into account following the audits conducted in accordance with regulations;
- ensure the statutory auditors' compliance with independence criteria under the terms and in accordance with the procedures set out by applicable regulations;
- approve the provision of services by the statutory auditors other than the certification of the financial statements pursuant to applicable regulations;
- regularly report to the Board on the performance of its duties (including on certifying the financial statements, on how said certification contributed to the integrity of financial reporting, and on the role it played in this process); promptly inform the Board of any difficulties encountered.

In the course of preparing the interim and annual financial statements, the Audit Committee meets with the Company's statutory auditors to finalise the interim and annual financial statements and to get updates from the statutory auditors on their work. In this respect, it ensures the independence of the statutory auditors.

The Audit Committee was not required to vote during the past financial year on the provision of services by the statutory auditors other than the certification of the financial statements. It took part in discussions with the Company and the statutory auditors during the preparation of the statutory auditors' new report to the Audit Committee.

The Board of Directors followed the Audit Committee's recommendations.

2.1.9 Remuneration Committee

The Remuneration Committee was set up in 2012. Currently, it consists solely of Independent Directors, namely Martine GRIFFON-FOUCO (Chairwoman) and Sylvie LUCOT.

The Remuneration Committee is responsible for making all recommendations to the Board regarding the remuneration and benefits that corporate officers of GROUPE GORGÉ receive. These proposals involve the balance of the various components of overall remuneration (including any remuneration received from affiliates) and their allocation conditions, specifically in terms of performance.

As from the 2019 financial year, this committee also makes recommendations regarding the remuneration of corporate officers of ECA SA.

2.2 CORPORATE OFFICER REMUNERATION POLICY

2.2.1 Principles and rules established by the Board of Directors to determine the remuneration and benefits in kind of corporate officers

In accordance with article L.225-37-2 of the French Commercial Code, this section sets out the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components making up the total remuneration and benefits in kind that may be granted to executive corporate officers of GROUPE GORGÉ in respect of their term of office at GROUPE GORGÉ.

2.2.1.1 General principles of the remuneration policy for the executive corporate officers of GROUPE GORGÉ

Each year, the Remuneration Committee prepares and proposes the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components of total remuneration and benefits in kind payable to executive corporate officers on account of their offices which are then discussed with and enacted by the Board of Directors.

The Remuneration Committee is composed solely of Independent Directors.

The work of the Remuneration Committee is structured on several themes, including: the remuneration of executive corporate officers for the current year, calculation of their bonuses for the past year based on performance achieved, bonus criteria for the current year and Directors' fees. As applicable, any other remuneration and benefits in kind are reviewed.

During its work, the Remuneration Committee evaluates the individual performance of the Group's executive corporate officers, which it compares to the performance of the Company. It also takes into account the alignment of objectives with medium-term strategy, shareholder interests and changes to the Middlenext Corporate Governance Code. It also relies on external studies that indicate market practices for comparable companies. It also recognises any remuneration received by corporate officers in companies controlled by GROUPE GORGÉ (specifically its listed subsidiaries ECA SA and PRODWAYS GROUP SA) or the company controlling GROUPE GORGÉ.

Lastly, pursuant to the recommendations of R13 of the Middlenext Corporate Governance Code, the Remuneration Committee takes the following principles into account:

- **Comprehensiveness**: the remuneration determined for executive corporate officers must include the fixed portion, variable portion (bonus), stock options, free shares, attendance fees, conditions for retirement and special benefits in its overall value;
- **Balance**: each compensation component must be justified and be in the best interests of the Company;
- **Benchmark**: to the extent possible remuneration must be valued in relation to a benchmark business and market and be proportional to the Company's position, taking into account the inflationary effect;
- **Consistence**: executive corporate officer remuneration must be consistent with that of other executives and employees at the Company;
- **Clarity**: the rules must be simple and transparent, meaning the performance criteria used to determine the variable portion of remuneration or any stock options or free shares allocated must be in line with the Company's performance, correspond to its objectives, be demanding and easily explained, and be as sustainable as possible. They must be described without bringing the confidentiality of certain components into question;
- **Moderation**: remuneration must be determined and stock options or free shares allocated in a sensible manner and take into account the Company's best interests, market practices and executive performance;
- **Transparency**: annual updates to shareholders about the total remuneration and benefits paid to executives are provided in accordance with applicable regulations.

2.2.1.2 Principles relating to the setting of fixed remuneration

To date, GROUPE GORGÉ has only had one executive corporate officer, namely Raphaël GORGÉ, Chairman and Chief Executive Officer.

GROUPE GORGÉ is controlled by the GORGÉ family through PÉLICAN VENTURE.

Raphaël GORGÉ also collects a fixed remuneration from PELICAN VENTURE, GROUPE GORGÉ and PRODWAYS GROUP.

PÉLICAN VENTURE bills certain services to GROUPE GORGÉ, regardless of the management positions held by Raphaël GORGÉ at GROUPE GORGÉ.

As such, it was decided that the comprehensive fixed remuneration of Raphaël GORGÉ must be appraised in light of the remuneration received both by GROUPE GORGÉ and by the controlling and controlled companies.

This remuneration is appraised in light of executive remuneration at firms of similar size or business, the Group's overall performance, and the remuneration of the senior executives of GROUPE GORGÉ subsidiaries.

For the 2019 financial year, the Board of Directors decided to increase the overall fixed remuneration of Raphaël GORGÉ, to close the gap between his remuneration and that of senior executives of comparable-sized companies.

In the event that the Company appoints other executive corporate officers, the Company may determine the fixed remuneration of the new executive corporate officers and take into account the level of difficulty of their responsibilities, experience in the position and seniority in the Group, as well as practices of other similar and comparable companies.

2.2.1.3 Principles relating to the setting of variable remuneration

The Chairman and Chief Executive Officer receives annual variable remuneration from GROUPE GORGÉ on account of his office.

He also receives variable remuneration from PRODWAYS GROUP in respect of his position as Chairman of the Board of Directors.

On a proposal by the Remuneration Committee, the Board of Directors determines the overall amount of variable remuneration and the applicable performance criteria.

Concerning the amount of variable remuneration, the Board of Directors considers that the Chairman and Chief Executive Officer, as a significant shareholder in GROUPE GORGÉ, is more motivated by his equity interest in the Group than by the variable portion of his remuneration. However, the Board of Directors also believes that allocating variable remuneration based on performance criteria remains a good practice.

Starting in 2019, the Board of Directors decided to reduce the share of the overall variable remuneration of Raphaël Gorgé to one-third of the overall fixed remuneration (compared with one-half earlier), and retain only one quantitative performance criterion for Group performance (whereas the performance criteria set earlier included quantitative and qualitative objectives for each of the Group's divisions, depending on priorities defined by the Group and applying a weighting factor to each of the criteria).

The Company wishes to keep the performance criterion confidential.

No multiannual variable remuneration is established.

In the event that the Company appoints other executive corporate officers, it may determine their annual or multiannual variable remuneration by taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group as well as the practices of comparable firms into account.

2.2.1.4 Other remuneration and benefits in kind

The Chairman and Chief Executive Officer is not entitled to any compensation or benefits due or likely to be due on account of the assumption, cessation or change of duties or after the performance thereof.

He is entitled to a company vehicle.

The Board of Directors decided that in future, only Independent Directors not remunerated elsewhere by a significant shareholder will receive Directors' fees. Consequently, the Chairman and Chief Executive Officer will no longer receive Directors' fees.

Under unusual circumstances or in the event of exceptional success, the Board of Directors may decide to allocate non-recurring remuneration to executive corporate officers. The reasons for this decision would be explained. This exceptional remuneration would be capped at the amount of the senior executive's total fixed remuneration.

In the event that new executive corporate officers are appointed, the Board of Directors may also decide to grant benefits in kind, complementary pension schemes or bonuses, (including compensation or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof), in accordance with market practices and the executive's experience.

The Board of Directors may also grant stock options or free shares to executive corporate officers under the conditions provided by law. To do this, it is granted the necessary authorisations as voted by the shareholders' meeting.

In the event that the Board of Directors appoints one or more Deputy Chief Executive Officers, the Company pays them fixed remuneration and, where applicable, exceptional remuneration by taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group as well as the practices of comparable firms into account. The principles and criteria for variable remuneration applicable to the Chairman and Chief Executive Officer also apply to any Deputy Chief Executive Officers, including any necessary modifications.

In the event that the Board of Directors separates the offices of Chairman and Chief Executive Officer, the Company would pay the latter fixed and variable remuneration as well as, where applicable, exceptional remuneration and customary benefits in kind (company vehicle, social security regime for Company Directors, etc.), taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group, as well as the practices of comparable firms, into account. The principles and criteria for variable remuneration applicable to the Chairman and Chief Executive Officer also apply to the Chief Executive Officer, including any necessary modifications. As to the separate Chairman, he is entitled to fixed remuneration, Director's fees (provided he is also an Independent Director), and customary benefits in kind.

The payment of variable and any exceptional remuneration in respect of offices held during the 2019 financial year is subject to the ordinary shareholders' meeting approving the remuneration package of executive corporate officer(s) paid or allocated during the year.

2.2.1.5 Remuneration of the Chairman and Chief Executive Officer for 2018

The remuneration package and benefits in kind paid or allocated to Raphaël GORGÉ as Chairman and Chief Executive Officer of the Company for the 2018 financial year are summarised in the table below.

The shareholders' meeting of 7 June 2019 (5th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits in kind paid or allocated to Raphaël GORGÉ for the 2018 financial year in his capacity as Chairman and Chief Executive Officer of GROUPE GORGÉ SA:

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed compensation from GROUPE GORGÉ	€59,400	Fixed compensation paid by GROUPE GORGÉ in 2018 as from 1 April 2018
Fixed remuneration from a controlling entity	€49,600	Fixed compensation paid by PÉLICAN VENTURE in 2018
Fixed remuneration from a controlled entity	€75,000	Fixed remuneration paid by PRODWAYS GROUP as from 1 April 2018
TOTAL FIXED REMUNERATION IN RESPECT OF 2018:	**€184.000**	
Annual variable remuneration from GROUPE GORGÉ	€28,630 (amount to be paid after approval of the shareholders' meeting)	The Board of Directors of GROUPE GORGÉ, meeting on 29 March 2018, decided to allocate variable compensation of up to €42,000 gross to Raphaël GORGÉ for 2018, depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined the beginning of the year by the Board of Directors on a proposal by the Remuneration Committee. These criteria remain confidential.
Variable compensation from controlling entities	€30,000	Variable compensation paid by PÉLICAN VENTURE in 2018.
Variable compensation from controlling entities	€45,000 (amount to be paid after approval of the PRODWAYS GROUP shareholders' meeting)	The Board of Directors of PRODWAYS GROUP decided to allocate variable compensation to Raphaël GORGÉ in his capacity as Chairman and CEO (until 4 October) and then Chairman of the Board of Directors (since 4 October) of up to €50,000 gross for 2018, depending on the achievement of quantitative and qualitative criteria linked to the performance and projects of PRODWAYS GROUP. The performance criteria defined by the Board of Directors of PRODWAYS GROUP are confidential.
TOTAL VARIABLE REMUNERATION IN RESPECT OF THE 2018 FINANCIAL YEAR	**€103,630**	
Multiannual variable remuneration in cash	None	Raphaël GORGÉ does not receive any multiannual variable remuneration in cash from GROUPE GORGÉ, nor from controlling or controlled entities.
Stock options allocated	None	The Board did not grant any stock options in 2018.
Free shares allocated	None	The Board did not grant any free shares in 2018.
Exceptional compensation	None	No exceptional remuneration is due in respect of 2018.
Attendance fees	€10,000	GROUPE GORGÉ paid €10,000 in Director's fees to each Director in 2018, in respect of 2017.
Compensation, allowances or benefits for taking office	None	Not applicable.
Compensation components paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	None	No compensation is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it	None	No such agreements exist. The service agreement between GROUPE GORGÉ and PÉLICAN VENTURE is unconnected to Raphaël GORGÉ's office.
Other components of compensation granted in respect of the term of office	None	
Benefits of all kinds	**€9,964** (book value)	Raphaël GORGÉ received a benefit in kind by virtue of his office at PÉLICAN VENTURE.

2.2.2 Remuneration of executive corporate officers

The tables below present the remuneration and benefits paid to each of the corporate officers by the Company, companies controlled by GROUPE GORGÉ or the controlling company of GROUPE GORGÉ, during the past year. They are covered by the AMF recommendation on the preparation of Registration Documents.

Raphaël GORGÉ (Chairman and Chief Executive Officer) is remunerated as set out in Section 2.2.1 above.

Jean-Pierre GORGÉ (Director) is remunerated by PÉLICAN VENTURE, the company controlling GROUPE GORGÉ. This remuneration is not in connection with his term of office as Director at GROUPE GORGÉ.

Catherine GORGÉ (Director) acted as a consultant (*via* her consulting firm CBG CONSEIL) to the subsidiary PRODWAYS (2014 to 2016) and then to PRODWAYS GROUP (in 2016 and 2017) and charged fees for her services. Since 2018, CBG CONSEIL has done business through a cooperative sales contract for INITIAL and charged commissions for its services (see Table 3 and Chapter 2.5.1 below).

The total amount of Directors' fees to be allocated to the Board of Directors for 2018 was set at €60,000.

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION PAID AND THE OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairman and Chief Executive Officer	2018	2017
Remuneration due for the financial year (details in Table 2)	€98,030	€37,600
Remuneration due by a controlling company for the financial year (details in Table 2)	€89,564	€193,701
Remuneration due by a controlled company for the financial year (details in Table 2)	€120,000	None
Value of multiannual variable compensation granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of free shares granted	None	None
TOTAL FOR RAPHAËL GORGÉ	**€307,594**	**€231,301**

TABLE 2 – SUMMARY TABLE OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER

	Amounts for 2018		Amounts for 2017	
Raphaël GORGÉ, Chairman and Chief Executive Officer	**Due[4]**	**Paid[5]**	**Due[4]**	**Paid[5]**
• fixed remuneration	€59,400	€59,400	None	None
• fixed remuneration from a controlling entity[1]	€49,600	€49,600	€184,000	€184,000
• fixed remuneration from a controlled entity[2]	€75,000	€75,000	None	None
• annual variable remuneration[3]	€28,630	€27,600	€27,600	€56,750
• annual variable remuneration from a controlling entity[1]	€30,000	€30,000	None	None
• annual variable remuneration from a controlled entity[2]	€45,000	None	None	None
• multiannual variable remuneration	None	None	None	None
• exceptional remuneration	None	None	None	None
• director's fees	€10,000	€10,000	€10,000	€10,000
• benefits in kind[1]	€9,964	€9,964	€9,701	€9,701
TOTAL	**€307,594**	**€264,564**	**€231,301**	**€260,451**

(1) This remuneration was paid by PÉLICAN VENTURE, the company that controls GROUPE GORGÉ.

(2) This remuneration was paid by PRODWAYS GROUP, the company controlled by GROUPE GORGÉ. The Board of Directors of PRODWAYS GROUP decided to allocate variable compensation to Raphaël GORGÉ of up to €50 thousand gross for 2018, depending on the achievement of quantitative and qualitative criteria linked to the performance and projects of the Group. The criteria were precisely defined at the beginning of the year by the Board of Directors of PRODWAYS GROUP. These criteria remain confidential.

(3) The Board of Directors decided to allocate variable compensation of up to €42 thousand gross to Raphaël GORGÉ for 2018 (€92 thousand for 2017), depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined the beginning of the year by the Board of Directors on a proposal by the Remuneration Committee. These criteria remain confidential.

(4) Remuneration due to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.

(5) Remuneration due to the corporate officer during the financial year.

TABLE 3 – TABLE OF DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Paid in 2018	Paid in 2017
Jean-Pierre GORGÉ		
Attendance fees	€10,000	€10,000
Other remuneration[1]	€131,172	€136,910
Sylvie LUCOT		
Attendance fees	€10,000	€10,000
Other compensation	-	-
Martine GRIFFON-FOUCO		
Attendance fees	€10,000	€10,000
Other compensation	-	-
Catherine GORGÉ[2]		
Attendance fees	€10,000	€10,000
Other compensation	€30,926	€113,063
Hugues SOUPARIS		
Attendance fees	€10,000	€10,000
Other compensation	-	-

(1) The remuneration paid to Jean-Pierre GORGÉ was paid by PÉLICAN VENTURE, the company that controls GROUPE GORGÉ SA.

(2) "Other remuneration" paid to Catherine GORGÉ corresponds to fees, exclusive of tax, billed to PRODWAYS GROUP or its subsidiary INITIAL by her firm CBG Conseil.

TABLE 4 – STOCK OPTIONS ALLOCATED DURING THE PERIOD TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP ENTITY

None

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE PERIOD BY EACH EXECUTIVE CORPORATE OFFICER

None

TABLE 6 – FREE SHARES GRANTED TO EACH CORPORATE OFFICER

None

TABLE 7 – FREE SHARES MADE AVAILABLE TO EACH CORPORATE OFFICER

None

TABLE 8 – HISTORY OF STOCK OPTION ALLOCATIONS

None

TABLE 9 – STOCK OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS AND EXERCISED BY THEM

None

TABLE 10 – HISTORY OF BONUS SHARE AWARDS

Date of shareholders' general meeting	**18/12/2006**	**08/06/2010**	**08/06/2014**
Date of Board of Directors' meeting	22/02/2008	06/06/2011	12/05/2014
Total number of free shares distributed(1)	62,000	49,000	30,000
including corporate officers	31,000	-	-
Raphaël GORGÉ	*31,000*	-	-
Acquisition date of the shares	22/04/2010	06/06/2013	12/05/2016 and 31/12/2016
Date of end of the lock-up period	22/04/2012	06/06/2015	12/05/2018 and 31/12/2018
Number of shares acquired	20,668	42,000	15,000
including corporate officers	*10,334*	-	-
Raphaël GORGÉ	*10,334*	-	-
Number of cancelled shares	41,332	7,000	15,000
Free shares with ongoing acquisition period	-	-	-

(1) Distribution subject to performance conditions associated with the profits of the Group and/or of the subsidiaries.

TABLE 11 – INFORMATION RELATING TO EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION SCHEME AND INDEMNITIES FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers	Raphaël GORGÉ, Chairman and Chief Executive Officer
Employment contract	No
Supplementary pension scheme	Yes[1]
Compensation or benefits due or likely to be due on account of the end or change of office	No
Compensation relating to a non-compete clause	No

(1) Supplementary pension plan with defined contributions of 2.5% of the gross salary, paid by GROUPE GORGÉ (covered by GROUPE GORGÉ) and 2.5% of the gross salary paid by the controlling company (covered by the controlling company).

2.3 COMPANY REFERENCE TO A CORPORATE GOVERNANCE CODE AND ITS APPLICATION BY THE COMPANY

At the Board of Directors' meeting on 7 April 2010, the Company decided to adhere to the Corporate Governance Code for Middlenext VaMPa. Middlenext updated its Code in 2016. This Code can be consulted on the MIDDLENEXT website (www.middlenext.com).

The Board of Directors took note of the items in the "Items requiring careful attention" section. Most of the recommendations are respected:

Code recommendation	Compliant	Non-compliant
Recommendation 1 (Code of Ethics for Board members)	×	
Recommendation 2 (Conflicts of interest)	×	
Recommendation 3 (Board members – attendance of independent members)	×	
Recommendation 4 (information for Board members)	×	
Recommendation 5 (organisation of Board and committee meetings)	×	
Recommendation 6 (establishment of committees)	×	
Recommendation 7 (implementation of Internal Regulations for the Board)	×	
Recommendation 8 (selection of Directors)	×	
Recommendation 9 (term of office of Board members)	×	
Recommendation 10 (remuneration of Board members)	×[1]	
Recommendation 11 (assessment of the work of the Board)	×	
Recommendation 12 (relationships with shareholders)	×	
Recommendation 13 (setting and transparency of the remuneration of executive corporate officers)	×	
Recommendation 14 (preparation of succession of senior managers)		×[2]
Recommendation 15 (accumulation of employment contracts and corporate offices)	×	
Recommendation 16 (severance pay)	×	
Recommendation 17 (supplementary pension scheme)	×	
Recommendation 18 (stock options and allocation of free shares)	×	
Recommendation 19 (review of vigilance points)	×	

(1) Recommendation 10 (remuneration of Board members): since the Directors have an excellent attendance record at Board meetings and the total amount of Directors' fees remains relatively modest, the distribution of Directors' fees in accordance with the attendance record was not adopted. The new policy for paying Directors' fees excludes payment to Directors who are not independent or who represent significant shareholders.

(2) Recommendation 14 (preparation of succession of senior managers): there is no formal succession plan. The Remuneration Committee or the Board of Directors will have to reflect on this issue.

2.4 SPECIAL ARRANGEMENTS, IF ANY, REGARDING SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The Articles of Association do not contain any provision waiving the ordinary legal provisions governing the arrangements for shareholder participation in shareholders' meetings (see the partial excerpt of article 22 of the Articles of Association inserted in the Section 4.1.2 below).

2.5 REGULATED AGREEMENTS AND AGREEMENTS COVERED IN ARTICLES L.225-38 AND L.225-37-4 2° OF THE FRENCH COMMERCIAL CODE

2.5.1 Presentation of agreements

Regulated agreements

During the 2018 financial year, the Board of Directors of the Company authorised entry into the following regulated agreement: an absorption agreement between PRODWAYS GROUP, GROUPE GORGÉ and Olivier STREBELLE, under which the employment contract of Olivier STREBELLE at GROUPE GORGÉ shall be suspended until January 2020, further to his appointment as Chief Executive Officer of PRODWAYS GROUP, and that after this suspension period, Olivier STREBELLE's employment contract shall automatically end.

With regard to Olivier STREBELLE's change in status from an employee of GROUPE GORGÉ to corporate officer of a subsidiary of the Group, the need to provide him with unemployment insurance, and the Group's interest in seeing Olivier STREBELLE assume leadership of PRODWAYS GROUP, the Board of Directors of GROUPE GORGÉ has authorised entry into this regulated agreement.

In addition, at its meeting to approve the 2018 financial statements, the Board of Directors noted that there were no more regulated agreements in force that had been entered into in previous financial years.

Related-party agreements

Pursuant to article L.225-37-4 2° of the French Commercial Code, mention is made that Catherine GORGÉ (through her firm CBG CONSEIL) launched the "Luxury, Art, Design & Architecture" division (also known as "Les Créations") of PRODWAYS GROUP in 2016 and continued to develop that division in 2017. Beginning in 2018, CBG CONSEIL continued to contribute to the development of this activity in the role of a sales agent. Under the cooperative sales agreement between CBG CONSEIL and INITIAL (a PRODWAYS GROUP subsidiary), the fees invoiced by CBG CONSEIL to INITIAL in 2018 amounted to €30,926 (excl. tax).

Standard agreements

The Group treats intra-group service agreements, real estate leases and sublets between Group companies, Directors' employment contracts (apart from significant promotions or exceptional salary increases), cash management agreements, and tax consolidation agreements as standard agreements entered into under normal conditions, specifically as regards the terms and remuneration applied.

Regarding the service agreement between GROUPE GORGÉ and PÉLICAN VENTURE, see paragraph 1.5.1 of this Registration Document.

2.5.2 Statutory auditors' special report on regulated agreements and commitments

(Shareholders meeting for the approval of the financial statements for the year ended 31 December 2018)

To the Shareholders,

In our capacity as your Company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation, during the year, of agreements and commitments already approved by the shareholders' meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Agreements and commitments authorised and entered into during the past financial year

In application of article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments entered into during the past financial year that were subject to prior authorisation by your Board of Directors.

Purpose:

Authorisation to enter into an employment contract absorption agreement between PRODWAYS GROUP, GROUPE GORGÉ and Olivier STREBELLE, the new Chief Executive Officer of PRODWAYS GROUP, under which the employment contract of Olivier STREBELLE at GROUPE GORGÉ shall be suspended until January 2020.

Persons concerned: Catherine GORGÉ (Director of PRODWAYS GROUP SA and of GROUPE GORGÉ SA), Raphaël Gorgé (Chairman and Chief Executive Officer of GROUPE GORGÉ SA and Chairman of the Board of Directors of PRODWAYS GROUP SA).

This agreement provides for the suspension of the employment agreement of Olivier Strebelle at GROUPE GORGÉ until January 2020, following his appointment as Chief Executive Officer of PRODWAYS GROUP, and that after this suspension period, Olivier Strebelle's employment contract shall automatically end.

After reviewing his terms and conditions and in view of the change of status of Olivier Strebelle from an employee of GROUPE GORGÉ to corporate officer of PRODWAYS GROUP, and due the need to provide him with unemployment coverage and the interest of the Group in seeing Olivier Strebelle assume management of PRODWAYS GROUP, the Board of Directors of PRODWAYS GROUP has authorised the signing of this regulated agreement.

Agreements and commitments already approved by the shareholders' meeting

We hereby inform you that we have not been notified of any agreement or commitment already authorised by the shareholders' meeting that has been executed in the past year.

Neuilly-sur-Seine and Paris, 17 April 2019

The statutory auditors

Pricewaterhouse Coopers Audit	**RSM Paris**
David Clairotte	Stéphane Marie

2.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Our Company has developed internal control procedures with a view to achieving, to the extent possible, strict financial management and risks control, and preparing the information provided to shareholders on the financial position and financial statements.

The main risks facing the Group are discussed in Chapter 1 of the Registration Document ("Risk Factors").

The internal control system is built around the following organisation and methodologies:

2.6.1 General organisation of internal control

The Chairman & CEO, assisted by the Chief Financial Officer, established the Company's internal control system with a view to ensuring:

- the safeguarding and integrity of assets;
- the reliability of information flows.

This internal control system primarily encompasses:

- oversight of the Group's business by the introduction of a procedure for monthly reporting and analysis of sales, profit (loss) and cash flow;
- a procedure for organising the closing of accounts and the preparation of consolidated financial statements every half-year;
- a special reporting procedure for the quarterly preparation of consolidated revenue figures.

2.6.2 Group organisation

GROUPE GORGÉ SA does not carry out any industrial activities and its purpose is to:

- define and implement the Group's strategy;
- supervise the management of its subsidiaries;
- liaise with financial stakeholders such as banks and investors;
- develop and maintain common procedures in areas such as reporting, management control and accounting.

The Group is organised around three business divisions: Smart Safety Systems, Protection of High-Risk Installations, and 3D Printing. Each segment is independent with its own Executive Management, Financial Management and management control, etc..

Management at the Group's main operating subsidiaries reports directly to the Group's Executive Management.

2.6.3 Implementing internal control

2.6.3.1 Activity report

All direct and indirect subsidiaries of GROUPE GORGÉ complete the Group's reporting scorecards which include the following business indicators:

- monthly and year-to-date sales;
- monthly order intakes;
- total order book;
- significant events.

These scorecards, once approved by the Executive Management and Financial Management in the operating entities, are sent on the 5th of each month together with any notes or commentaries required to analyse and understand them.

2.6.3.2 Performance report

All direct and indirect subsidiaries of GROUPE GORGÉ prepare a monthly income statement in the Group's format with a comparison against the budget. The cash flow position and a three-month cash flow forecast are also included. These reports also include information on Working Capital Requirements (WCR), capital expenditure and significant events.

This information, together with any commentary required for understanding it and following approval by Management, is sent on the 18th of each month.

Monthly meetings are held between Group Management and Management of subsidiaries to discuss the information sent and to consider any corrective measures taken or to be taken and to update forecasts.

These monthly reports are accompanied by an end-of-year income statement, which is updated several times during the year.

2.6.3.3 Accounting close

All the Group's subsidiaries close their annual and interim financial statements on 31 December and 30 June respectively.

The interim and annual financial statements as well as the consolidation reporting are audited or partially reviewed by the statutory auditors.

Preparation meetings between Group Management and Management at subsidiaries are held at each accounting close in order to agree the relevant options for said accounting closes.

The data required for preparing the consolidated financial statements are entered in a decentralised input system. The software used is SAP BFC, with an automatic module that immediately reconciles reported intra-group transactions. An internal manual details the principles and policies applied by the Group for the purposes of preparing the consolidation reporting.

The Group's consolidated financial statements are prepared internally in accordance with applicable principles and are audited by the statutory auditors.

Following these accounting closes, all legal disclosure requirements are satisfied.

The SAP BFC software package is used for the consolidation of the financial statements as well as all budgets, reports and forecasts.

2.6.3.4 Quarterly business reports

The Group publishes its quarterly consolidated revenue. These numbers are prepared in the same way as for the preparation of the consolidated financial statements. The press releases disclosing quarterly revenue numbers are prepared on the basis of the business and profit (loss) reports as well as discussions with management at the subsidiaries.

2.6.3.5 Assessment of internal control

In 2016, the Group completed a comprehensive review of risk mapping and the internal control accounting system. The objective was to stabilise a robust and sustainable internal control system, taking into account the specificities of the Group, and to provide a reasonable level of assurance for control of the main risks. The work carried out by the Group was reviewed by one of our statutory auditors, PwC.

With regard to risk, the project began with risk identification, which took place through a set of maintenance actions. The identified risks were sorted, categorised and evaluated in terms of impact and likelihood of occurrence. The risks were regrouped on a map. Risk mapping is meant to be updated annually for each business segment and at Group level.

On the basis of the risk mapping, actions to improve risk control were defined. The most important of these actions are the strengthening and dissemination of internal control measures.

A Group internal control framework common to all GROUPE GORGÉ subsidiaries was developed to facilitate the dissemination and monitoring of good internal control practices. Critical processes were identified (accounting closure, cash, purchases, sales, inventories, HR/payroll, project management, legal and tax, R&D, control environment and general computer controls). An internal control framework was built for each process and then adapted and validated in cross-functional workshops. The sum of the frameworks for each process constitutes the Group's internal control framework. For each process and sub-process, this framework defines the risks to which the Group is exposed, the objectives of the controls to be carried out, the control activities, their frequency, responsible persons and proof of achievement.

The dissemination of the internal control framework within the Group was accompanied by self-assessment questionnaires that focused on the controls deemed to be priorities.

The use of the internal control framework within the Group is the responsibility of the entire management chain, starting with the managers (division M or CEOs of subsidiaries) who rely for this on the Administrative and Financial Managers or Directors.

2.6.4 Preparation and control of accounting and financial information for shareholders

The Chairman and CEO, assisted by Chief Financial Officer, establish the financial communications policy.

Presentations of highlights, outlook and interim and annual financial statements are put up on the Group's website when results are published. The Company also takes part in investor meetings.

2.6.5 Legal and regulatory compliance

In order to ensure that their businesses are in compliance with applicable regulations, Group companies have recourse to the Group's legal resources and to external advisers (lawyers, labour law experts and intellectual property experts).

3

FINANCIAL AND ACCOUNTING INFORMATION

3.1 2018 CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements are prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) as approved by the European Union. The accounting policies are detailed in the notes to the consolidated financial statements, in Note 3.1.6.

3.1.1 Consolidated income statement

(in thousands of euros)	Notes	2018	2017(1)
REVENUE	4.1	**296,004**	**278,225**
Capitalised production		7,806	10,526
Inventories and work in progress		819	(829)
Other income from the business	4.2	7,019	8,183
Purchases and external charges		(166,280)	(163,856)
Personnel expenses	5.2	(122,273)	(117,387)
Tax and duties		(3,672)	(3,407)
Depreciation, amortisation and provisions (net of reversals)	4.3	(14,823)	(16,545)
Other operating income and expenses		(305)	(388)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**4,295**	**(5,478)**
Non-recurring items in operating income	2.2	(2,667)	(8,156)
OPERATING INCOME		**1,628**	**(13,634)**
Interest on gross debt		(1,724)	(1,935)
Interest on cash and cash equivalents		92	23
COST OF NET DEBT (A)	8.2	**(1,631)**	**(1,912)**
Other financial income (B)		912	766
Other financial expense (C)		(391)	(962)
FINANCIAL INCOME AND EXPENSES (D = A + B + C)	8.2	**(1,110)**	**(2,108)**
Income tax	9.1	(2,526)	(4,901)
Group share of the earnings of affiliated companies	8.1.4	67	60
NET INCOME FROM CONTINUING ACTIVITIES		**(1,942)**	**(20,582)**
Net income from discontinued activities		-	-
CONSOLIDATED NET INCOME		**(1,942)**	**(20,582)**
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**(1,865)**	**(16,037)**
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS(2)		**(77)**	**(4,545)**
Average No. of shares	10.2	13,508,279	13,497,464
Earnings per share (in euros)	10.2	(0,138)	(1,188)
Diluted earnings per share (in euros)	10.2	(0.138)	(1,188)

(1) 2017 Column restated to reflect the items described in Note 1.3.

(2) Concerns the non-controlling interests of ECA group and PRODWAYS GROUP.

3.1.2 Comprehensive income statement

(in thousands of euros)	2018	2017[(1)]
NET INCOME	**(1,942)**	**(20,582)**
Currency translation adjustment	40	36
Tax relating to currency translation adjustments	-	-
Revaluation of hedging derivatives	-	-
Tax relating to revaluation of hedging derivatives	-	-
Actuarial gains and losses on defined benefit plans	581	(11)
Tax relating to actuarial gains and losses on defined benefit plans	(145)	4
Group share of gains and losses recognised directly in equity of equity-accounted companies	-	-
TOTAL OTHER ITEMS OF COMPREHENSIVE NET INCOME	**475**	**27**
of which can be reclassified subsequently to profit and loss	475	27
of which cannot be subsequently reclassified to profit and loss	-	-
COMPREHENSIVE INCOME	**(1,467)**	**(20,555)**
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**(1,477)**	**(15,993)**
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**10**	**(4,562)**

(1) 2017 Column restated to reflect the items described in Note 1.3.

3.1.3 Report of the consolidated financial position

ASSETS

(in thousands of euros)80	Notes	31/12/2018	31/12/2017[(1)]
NON-CURRENT ASSETS		**143,174**	**135,931**
Goodwill	6.1	64,639	56,638
Other intangible assets	6.2	40,303	41,279
Property, plant and equipment	6.3	27,180	26,943
Investment property	6.3	298	298
Costs of obtaining and performing contracts	4.5	1,436	2,193
Investments in affiliated companies	8.1.4	998	1,507
Other financial assets	8.1.4	4,419	3,854
Deferred tax assets	9.2	3,902	3,215
Other non-current assets	4.7	-	5
CURRENT ASSETS		**240,558**	**273,482**
Net inventories	4.4	28,256	26,800
Net trade receivables	4.6	72,665	71,522
Contract assets	4.6	53,394	44,488
Other current assets	4.7	17,938	19,210
Tax receivables payable	9.1.1	26,296	24,635
Other current financial assets		6	38
Cash and cash equivalents	8.1.2	42,002	86,789
Assets held for sale		-	-
TOTAL ASSETS		**383,732**	**409,412**

(1) 2017 Column restated to reflect the items described in Note 1.3.

3

TOTAL EQUITY AND LIABILITIES

(in thousands of euros)	Notes	31/12/2018	31/12/2017[1]
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**95,974**	**101,630**
Share capital[2]	10.1	13,503	13,503
Share premiums[2]		26,914	26,914
Retained earnings and consolidated net income[3]		55,557	61,213
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS[4]		**65,600**	**65,442**
NON-CURRENT LIABILITIES		**58,965**	**52,169**
Long-term provisions	5.3	8,945	9,934
Long-term liabilities – portion due in more than one year	8.1.1	45,309	36,314
Other financial liabilities	8.1.3	2,660	2,682
Deferred tax liabilities	9.2	1,441	2,361
Other non-current liabilities	4.8	611	878
CURRENT LIABILITIES		**163,192**	**190,170**
Short-term provisions	11	5,805	11,203
Long-term liabilities – portion due in less than one year	8.1.1	25,532	48,308
Other current financial liabilities	8.1.3	16	-
Operating payables	4.8	48,544	52,853
Contract liabilities	4.6	30,150	22,726
Other current liabilities	4.8	52,890	54,838
Tax liabilities payable	9.1.1	255	242
Liabilities held for sale		-	-
TOTAL LIABILITIES		**383,732**	**409,412**

(1) 2017 Column restated to reflect the items described in Note 1.3.
(2) Of the consolidating parent company.
(3) Including net profit (loss) for the year.
(4) Concerns the non-controlling interests of ECA group and PRODWAYS GROUP.

3.1.4 Consolidated cash flow statement

(in thousands of euros)	Notes	2018	2017(1)
NET INCOME FROM CONTINUING OPERATIONS		**(1,942)**	**(20,582)**
Accruals		10,869	19,470
Capital gains and losses on disposals		(761)	1,743
Group share of income of equity-accounted companies		(67)	(60)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7.1	**8,099**	**571**
Expense for net debt	8.2	1,631	1,912
Tax expense	9.1	2,526	4,901
CASH FLOW FROM OPERATING ACTIVITIES (AFTER ELIMINATION OF NET BORROWING COSTS AND TAXES)		**12,257**	**7,384**
Tax paid		(2,775)	(1,678)
Change in working capital requirements	7.2	(12,259)	(7,432)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**(2,777)**	**(1,726)**
Investing activities			
Payments / acquisition of intangible assets		(7,302)	(9,457)
Payments / acquisition of property, plant and equipment		(6,916)	(6,219)
Proceeds / disposal of property, plant and equipment and intangible assets		175	118
Payments / acquisition of non-current financial assets		(948)	(266)
Proceeds / disposal of non-current financial assets		134	684
Net cash inflow / outflow on the acquisition/disposal of subsidiaries	7.3	(7,165)	11,475
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**(22,023)**	**(3,664)**
Financing activities			
Capital increase or contributions		-	62,635
Dividends paid to parent company shareholders		(4,320)	-
Dividends paid to non-controlling interests		(158)	(1,129)
Proceeds from borrowings	8.1.1	17,914	14,829
Repayment of borrowings	8.1.1	(28,576)	(19,634)
Cost of net debt		(1,531)	(1,743)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**(16,671)**	**54,959**
CASH FLOW GENERATED BY (USED IN) ALL ACTIVITIES (D = A + B + C)		**(41,471)**	**49,569**
CASH GENERATED BY DISCONTINUED OPERATIONS		**-**	**-**
CHANGE IN CASH AND CASH EQUIVALENTS		**(41,471)**	**49,569**
Effects of exchange rate changes		69	(167)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	**78,983**	**29,665**
Restatement of cash and cash equivalents(2)		62	(83)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	**37,645**	**78,983**

(1) 2017 Column restated to reflect the items described in Note 1.3.

(2) Flows due to treasury shares.

3.1.5 Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Group share or owners of the parent company Capital	Share capital reserves	Treasury shares	Retained earnings and consolidated net income	Shareholders' equity - attributable to parent company shareholders	Shareholders' equity - attributable to non-controlling interests	Total Equity
2016 EQUITY	**13,496**	**26,769**	**(804)**	**28,066**	**67,527**	**31,891**	**99,418**
Impact IFRS 15	-	-	-	(184)	(184)	(117)	(302)
2016 EQUITY, RESTATED	**13,496**	**26,769**	**(804)**	**27,882**	**67,343**	**31,774**	**99,116**
Share capital transactions	7	146	-	-	152	-	153
Free share allocation plan and stock option plan	-	-	-	330	330	243	573
Treasury share transactions	-	-	(53)	-	(53)	(45)	(98)
Equity instruments	-	-	-	(339)	(339)	(240)	(579)
Dividends	-	-	-	1	1	(1,129)	(1,128)
Net income (loss) for the period(1)	-	-	*48*	*(16,085)*	*(16,037)*	*(4,545)*	*(20,582)*
Gains and losses recognised directly in equity	-	-	-	*44*	*44*	*(17)*	*27*
COMPREHENSIVE INCOME	**-**	**-**	**48**	**(16,041)**	**(15,993)**	**(4,562)**	**(20,555)**
Changes in scope	-	-	(17)	50,206	50,189	39,402	89,591
2017 EQUITY, RESTATED(1)	**13,503**	**26,915**	**(827)**	**62,040**	**101,631**	**65,442**	**167,073**
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	41	41	21	62
Treasury share transactions	-	-	-	6	6	16	22
Equity instruments	-	-	(39)	-	(39)	(20)	(59)
Dividends	-	-	-	(4,320)	(4,320)	(161)	(4,480)
Net income (loss) for the period	-	-	*178*	*(2,044)*	*(1,866)*	*(76)*	*(1,942)*
Gains and losses recognised directly in equity	-	-	-	*389*	*389*	*86*	*475*
COMPREHENSIVE INCOME	**-**	**-**	**178**	**(1,655)**	**(1,477)**	**10**	**(1,467)**
Changes in scope	-	-	7	126	133	287	419
2018 CLOSING EQUITY	**13,503**	**26,914**	**(667)**	**56,224**	**95,974**	**65,599**	**161,573**

(1) 2017 net income restated to reflect the items described in Note 1.3.

3.1.6 Notes to the consolidated financial statements

Note 1 Accounting principles

The consolidated financial statements of GROUPE GORGÉ for the year ended 31 December 2018 include:

- the financial statements of GROUPE GORGÉ;
- the financial statements of its subsidiaries;
- the proportion of the net assets and the net income of the companies accounted for using the equity method (joint ventures and partnership businesses).

The consolidated financial statements of GROUPE GORGÉ for the 2018 financial year were approved by the Board of Directors on 2 April 2019. They will be subject to approval by the next ordinary shareholder's meeting.

1.1 Standards applied

The accounting standards used to prepare the consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2018. These accounting standards are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2017, with the exception of the new standards, revised standards and interpretations applicable from 1 January 2018.

The new standards and the following interpretations applicable within the Group over the period did not have any significant effect on the consolidated financial statements at 31 December 2018:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
- amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions;
- amendments to IAS 40 – Transfers of Investment Property;
- annual improvements to IFRS 2014-2016 Cycle (December 2016);
- amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4.

The Group has not applied the following standards and interpretations, which had not been adopted by the European Union at 31 December 2018 or for which application is not mandatory as of 1 January 2018:

- standards adopted by the European Union:
  - amendments to IFRS 9 – Prepayment Features with Negative Compensation,
  - IFRIC 23 — Uncertainty over Income Tax Treatments (application from 1 January 2019),
  - IFRS 16 – Leases;
- standards not adopted by the European Union:
  - IFRS 17 – Insurance Contracts,
  - amendments to IAS 19 – Plan Amendment, Curtailment or Settlement,
  - amendments to References to the Conceptual Framework under IFRS,
  - amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures,
  - annual improvements to IFRS 2015-2017 Cycle (December 2017),
  - amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,
  - amendments to IFRS 3 – Definition of a Business,
  - amendments to IAS 1 and IAS 8 – Definition of Materiality.

These interpretations and amendments should have no material impact on the Group's financial statements.

Application of IFRS 16 - Leases in 2019

IFRS 16 – Leases will be mandatory for financial years beginning 1 January 2019.

Per this standard, all leases other than short-term leases and leases of low-value assets must be recognised on the lessee's balance sheet in the form of a right-of-use asset and in counterpart to a financial debt. At present, "operating" leases are presented off-balance sheet (see Note 4.9).

Most of the Group's leases are on real property (office buildings) and a few are on vehicles and forklifts.

The Group has identified the potential impacts of applying IFRS 16 and collected information about the features of the various leases in force.

In 2018, the Group adjusted its internal procedures on lease data collection and integrity.

The Group intends to apply this standard at 1 January 2019 using a modified retrospective approach (without restatement of the comparative period).

The two exemptions provided by the standard will be used for the following contracts:

- short-term leases, or leases with a remaining life of less than twelve months on the transition date;
- leases on assets with a low replacement value.

The Group has used the simplification measure which allows the non-assessment of whether a contract existing on the application date is or contains a lease under IFRS 16.

On the basis of this study, applying IFRS 16 to the Group's financial statements would increase the financial debt by an estimated €16.5 to €19.5 million at 1 January 2019.

1.2 Basis for preparation

The financial statements are presented in euros and are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, except in the case of derivatives and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured at amortised cost. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

The preparation of the financial statements requires that Group Management or the subsidiaries' Management make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated balance sheet, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results may differ.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of provisions for risks and charges;
- the calculation of income upon completion of work in progress;
- the calculation of pension and other post-employment benefit obligations (assumptions set out in Note 5.3).

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

1.3 Restatement of the financial information for prior years

The financial statements at 31 December 2017 were adjusted for two reasons: the final fair value measurement in 2018 related to some 2017 acquisitions; and the first-time application of IFRS 15. In the notes, the 2018 data are compared to the restated 2017 data.

1.3.1 Final fair value measurement of assets and liabilities acquired (IFRS 3R)

IFRS 3 (Revised) states that the fair value of acquired assets and liabilities must be remeasured retrospectively as though the changes had been made starting from the date of initial consolidation. The financial statements at 31 December 2017 were adjusted to reflect the final fair value measurements of the assets, liabilities and contingent liabilities acquired from AVENAO and INTERSON PROTAC.

The remeasurements concerned the valuation of intangible assets excluding deferred tax assets:

- for AVENAO, €5,934 thousand for the brand and the distribution contract;
- for INTERSON PROTAC, €670 thousand for the brand and client relations.

1.3.2 Application of IFRS 15 – Revenue from Contracts with Customers

The Group implemented IFRS 15 – Revenue from Contracts with Customers for the first time in 2018. Since the Group chose the full retrospective approach, the financial statements for 2018 include the 2017 comparative financial statements, restated to reflect the impact of applying this new standard. The opening balance sheet at 1 January 2017 was also adjusted.

The main reasons for differences between past rules and IFRS 15 are as follows:

- **Backlog**

  IFRS 15 introduces the concept of an accounting backlog ("revenue to be recognised"). The Group did not previously include the backlog in its notes to the financial statements, which is now the case. The IFRS 15 definition complies with the one previously applied by the Group. However, the backlog is adjusted on account of the adjustments applied to the recognised revenue.

- **Segmentation of contracts into performance obligations**

  In certain situations, IFRS 15 imposes the segmentation of contracts into performance obligations with differentiated profit margins. This could be the case in particular for contracts combining construction and operations. The Group has not identified any such situations in its contracts.

- **Contract costs**

  Under IFRS 15, the costs of obtaining a contract must be recognised as an asset and amortised if they represent incremental costs, *i.e.* costs the entity would not have incurred had that individual contract not been obtained, and which the entity expects to recover on the basis of the contract's expected profit. The Group sometimes bears commissions on sales that were previously recognised as expenses upon their generation. The application of this method reduces the rate of progress of the relevant contracts once they are launched, since fewer expenses are recorded and the contract costs are recognised through amortisation of the term of the contract. This method, which has generated a significant impact on revenue through implementation of the standard, only affects contracts concerned by significant costs of obtaining the contract and which have the longest terms.

- **Elements of variable consideration**

  IFRS 15 defines the total transaction price as the total amount to which an entity expects to be entitled, which may therefore include upward or downward adjustments (discounts, revisions, indexation, penalties, etc.). The Group is already identifying the elements of variable consideration and including them in the transaction price as soon as they are estimated to be highly probable. Late delivery penalties are taken into account in accordance with this principle.

- **Revenue recognition based on progress**

  Under past rules, revenue from construction contracts (representing a very significant portion of the Group's revenue) was recognised using the percentage-of-completion method.

  IFRS 15 provides criteria to demonstrate the gradual transfer of control of goods and services to the customer and recognise revenue based on progress. For sales of complex goods, it is necessary to demonstrate that the goods sold have no alternative use and that the Group has an irrevocable right to payment regarding the work completed to date (corresponding to the costs incurred to date, plus a reasonable profit margin) in the event of termination for a reason other than the Group's failure to perform. Analysis of the contract portfolio has led to the confirmation that, for major contracts, the criteria defined by IFRS 15 were met. Likewise, revenue relating to service contracts is, as previously, recognised over time based on the stage of completion of services, with the customer benefiting from such services as they are performed.

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- **Method for measuring progress**

  With IFRS 15, the method for measuring progress is based on cost (in the past, another method was based on progress over time as per milestones reached). Since the Group was already applying a cost-based progress measurement method (the rate of completion is equal to the ratio between the costs recognised to date and the total estimated costs at the end of the project), the rule now set by IFRS 15 has no impact.

- **Contract assets and liabilities**

  New aggregates have been created under assets and liabilities of the consolidated statement of financial position. Under assets, capitalised "contract costs" are classified under non-current assets, but are nevertheless taken into account in determining working capital requirements.

"Contract assets" and "contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to the share of revenue not yet invoiced to date, less customer advances. Revenue not yet invoiced is the difference between revenue calculated to date on a percentage-of- completion basis and the invoices issued. Conversely, when the invoices issued exceed the revenue recognised to date, the net amount is accounted for under deferred income and aggregated with customer advances under "contract liabilities". As the revenue recognised on a percentage-of-completion basis had not been recognised under assets less advances received, reclassifications have the effect on comparative periods of changing the total amount of the statement of financial position by a much more significant amount than the impact of IFRS 15 on income.

1.3.3 Impact of restatements on the 2017 financial statements

The impacts of the adjustments on the financial statements are described in the following tables:

(in thousands of euros)	31/12/2017 published	Impact IFRS 15	IFRS 3R adjustment	31/12/2017 restated
REVENUE	**276,685**	**1,540**	**-**	**278,225**
Capitalised production	10,526	-	-	10,526
Inventories and work in progress	(835)	6	-	(829)
Other income from the business	8,183	-	-	8,183
Purchases consumed	(165,383)	1,527	-	(163,856)
Personnel expenses	(117,387)	-	-	(117,387)
Tax and duties	(3,407)	-	-	(3,407)
Depreciation, amortisation and provisions (net of reversals)	(14,073)	(2,472)	-	(16,545)
Other operating income and expenses	(72)	(316)	-	(388)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(5,763)**	**285**	**-**	**(5,478)**
Non-recurring items in operating income	(8,094)	-	(62)	(8,156)
OPERATING INCOME	**(13,857)**	**285**	**(62)**	**(13,634)**
Financial income and expenses	(2,108)	-	-	(2,108)
Income tax	(4,814)	(104)	17	(4,901)
Group share of the earnings of affiliated companies	60	-	-	60
NET INCOME	**(20,718)**	**181**	**(44)**	**(20,582)**
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**(16,125)**	**111**	**(22)**	**(16,037)**
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**(4,593)**	**70**	**(22)**	**(4,545)**

(in thousands of euros)	31/12/2017 published	IFRS 15 impact on the financial statements at 1/1/2017	IFRS 15 impact over the period	IFRS 3R adjustments	31/12/2017 restated
NON-CURRENT ASSETS	**131,849**	**2,979**	**(739)**	**1,842**	**135,931**
Goodwill	61,272	-	-	(4,634)	56,638
Other intangible assets	34,737	-	-	6,542	41,279
Property, plant and equipment	26,943	-	-	-	26,943
Investment property	298	-	-	-	298
Costs of obtaining and performing contracts	-	2,828	(635)	-	2,193
Investments in affiliated companies	1,507	-	-	-	1,507
Other financial assets	3,854	-	-	-	3,854
Deferred tax assets	3,235	151	(104)	(66)	3,215
Other non-current assets	5	-	-	-	5
CURRENT ASSETS	**322,331**	**(43,774)**	**(5,075)**	**-**	**273,482**
Net inventories	29,800	(3,801)	802	-	26,800
Net trade receivables	161,860	(88,849)	(1,488)	-	71,522
Contract assets	-	48,877	(4,389)	-	44,488
Other current assets	19,210	-	-	-	19,210
Tax receivables payable	24,635	-	-	-	24,635
Other current financial assets	38	-	-	-	38
Cash and cash equivalents	86,789	-	-	-	86,789
ASSETS HELD FOR SALE	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**454,180**	**(40,794)**	**(5,814)**	**1,842**	**409,412**

(in thousands of euros)	31/12/2017 published	IFRS 15 impact on the financial statements at 1/1/2017	IFRS 15 impact over the period	IFRS 3R adjustments	31/12/2017 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**101,726**	**(185)**	**111**	**(22)**	**101,630**
NON-CONTROLLING INTERESTS	**65,391**	**(117)**	**70**	**98**	**65,442**
NON-CURRENT LIABILITIES	**50,404**	**-**	**-**	**1,766**	**52,169**
Long-term provisions	9,934	-	-	-	9,934
Long-term liabilities – portion due in more than one year	36,314	-	-	-	36,314
Other financial liabilities	2,682	-	-	-	2,682
Deferred tax liabilities	596	-	-	1,766	2,361
Other non-current liabilities	878	-	-	-	878
CURRENT LIABILITIES	**236,658**	**(40,493)**	**(5,995)**	**-**	**190,170**
Short-term provisions	11,300	(201)	104	-	11,203
Long-term liabilities – portion due in less than one year	48,308	-	-	-	48,308
Operating payables	52,853	-	-	-	52,853
Contract liabilities	-	25,771	(3,045)	-	22,726
Other current liabilities	123,955	(66,063)	(3,054)	-	54,838
Tax liabilities payable	242	-	-	-	242
LIABILITIES HELD FOR SALE	**-**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**454,180**	**(40,794)**	**(5,814)**	**1,842**	**409,412**

Note 2 Scope of consolidation

2.1 Accounting principles related to the consolidation scope

2.1.1 Consolidation method

The companies that are either directly or indirectly controlled by the Group are fully consolidated. Companies over which the Group exercises significant influence are accounted for using the equity method. Significant influence is assumed to exist when the Group holds more than 20% of the voting rights.

Acquisitions or disposals of companies during the year are recognised in the consolidated financial statements from the date on which the Group took direct or indirect control or gained significant influence or until the date on which control or significant influence was lost.

All significant transactions between consolidated subsidiaries are eliminated, as is income that is internal to the Group (capital gains, profits on stocks and dividends).

Consolidation is carried out with reference to the financial statements or positions as of 31 December.

The list of consolidated subsidiaries and equity interests is shown in Note 13. Certain subsidiaries, which are not significant in terms of the Group, may not be consolidated.

2.1.2 Translation of the financial statements of foreign companies

The currency in which the consolidated financial statements are prepared is the euro.

The financial statements of subsidiaries that have a different functional currency are translated into euros using:

- the official exchange rate on the reporting date, in the case of assets and liabilities;
- the average exchange rate for the year, in the case of income statement and cash flow statement items.

The average exchange rates for the year may be calculated using monthly exchange rates prorated in relation to revenue.

Translation differences arising from the application of these exchange rates are recognised under the item "Cumulative translation reserves" in consolidated equity.

2.1.3 Transactions in foreign currencies

Transactions in foreign currencies are recognised using the exchange rate applicable on the date the transactions are recognised or the hedging rate. At closing, payables or receivables denominated in foreign currencies are converted into euros at the closing exchange rate or at the hedging rate. Currency exchange rate differences on foreign currency transactions are recognised in financial income.

2.1.4 Business combinations

The Group is applying, on an advance basis, the revised IFRS 3 standard – Business combinations.

Business combinations are recognised in accordance with the acquisition method:

- the cost of an acquisition is valued at the fair value of the consideration transferred, including any price adjustment, on the date of taking control. Any subsequent variation in the fair value of a price adjustment is recognised in the income statement or in other items of the overall net income, in accordance with the standards applicable;
- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities taken over as at the date of taking control represents the goodwill, recognised in the assets in the report on the financial position.

Adjustments to the fair value of identifiable assets acquired and liabilities taken over recognised on a provisional basis (as a result of expert assessment work in progress or additional analyses) are recognised as retrospective adjustments to the goodwill if they occur within a period of one year with effect from the date of acquisition and if they result from facts or circumstances existing at the date of acquisition. Beyond this deadline, the effects are recognised directly in the income statement, as are any changes in estimates or error corrections.

For each takeover of control which involves the taking of an equity stake of less than 100%, the interest fraction which is not required (equity stakes which do not give control) is valued:

- either at fair value, in which case goodwill is recognised for the proportion relating to equity stakes which do not give control (full goodwill method);
- or at its proportion of the net identifiable assets of the acquired entity, in which case only goodwill in respect of the proportion acquired is recognised (partial goodwill method).

The costs directly attributable to the acquisition are recognised in expenses over the period during which they are incurred.

2.2 Changes in the consolidation scope

2.2.1 Transactions conducted in 2018

Changes in scope over the year are as follows:

- the deconsolidation of ECA SINDEL on 1 January 2018, due to the loss of control in the first half of 2018;
- the disposal of BUREAU D'ETUDES MAURIC securities to Company managers, without changing the consolidation method;
- the liquidation of ECA MIDDLE EAST, a subsidiary of ECA SA;
- the disposal of its goodwill by SSI in August 2018;
- the disposal of EN MOTEURS in December 2018;
- the disposal of AI GROUP in November 2018;
- the disposal of FRIESLAND INSTALLATIE EN SOLAR BV (FIS) in August 2018;
- the takeover of VARIA 3D, which was previously only 45% owned and consolidated by the equity method; the company has been fully consolidated since the second quarter of 2018. It contributed €0.4 million to revenue and -€62 thousand to the Group's net loss (not including the share of profit of associates at the beginning of the year). Goodwill was recognised in the financial statements;
- PRODWAYS GROUP's acquisition of 100% of the share capital of SOLIDSCAPE, a company specializing in 3D printing machines, which is developing technology for precision casting applications for the jewellery market. It was included in the consolidated financial statements as from mid-July 2018; it contributed €3.8 million to revenue, and -€383 thousand to the Group's net income.

SOLIDSCAPE closed its financial statements per US standards only. Financial statements per IFRS have been prepared since its consolidation. In the first half, per US standards, SOLIDSCAPE had €5.0 million in revenue and a net loss in the order of €691 thousand. The Group did not recreate the financial statements per IFRS for the first half, and considers that this would require a disproportionate effort considering the accuracy of the information expected.

The fair value measurements of the assets, liabilities and contingent liabilities acquired in 2017 from AVENAO and INTERSON PROTAC are final; they have been adjusted on previous financial statements (see Note 1.3).

The assets and liabilities of the companies acquired during the period are still being measured; they may be subject to adjustments during the 12 months following the acquisition date.

2.2.2 Contribution of business combinations

First consolidation of SOLIDSCAPE

The assets and liabilities of the two acquired companies break down as follows:

(in thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	49	-	49
Property, plant and equipment and financial assets	711	-	711
Inventories	1,308	-	1,308
Trade receivables	843	-	843
Social and tax receivables	5	-	5
Prepaid expenses	76	-	76
Cash and cash equivalents	2,842	-	2,842
Trade payables	(246)	-	(246)
Tax liabilities and operating payables	(719)	-	(719)
Deferred income	(576)	-	(576)
TOTAL	**4,292**	**-**	**4,292**

First consolidation of VARIA 3D

The assets and liabilities acquired break down as follows:

(in thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Property, plant and equipment	783	-	783
Inventories	70	-	70
Trade and other receivables	106	-	106
Cash and cash equivalents	46	-	46
Debt	(619)	-	(619)
Trade and other payables	(35)	-	(35)
TOTAL	**351**	**-**	**351**

2.3 Off-balance sheet commitments related to the consolidation scope

When it acquired 60% of the share capital of BUREAU D'ÉTUDES MAURIC in November 2016, ECA SA obtained an asset and liability guarantee of up to €500 thousand. In support of this guarantee, ECA benefits from a first-demand bank guarantee in the amount of €250 thousand. This commitment will expire on 31 December 2019.

As part of the acquisition of ELTA by ECA AEROSPACE in November 2016, ECA AEROSPACE agreed to pay an earn-out for each of the two years 2017 and 2018, on condition that ELTA's space activities exceeded a certain level of revenue, which was not achieved. ECA AEROSPACE has also made a commitment not to transfer control of ELTA within 24 months of the acquisition, as well as social commitments. ECA AEROSPACE obtained a guarantee of assets and liabilities of up to €500 thousand that is valid until the time limit plus one month for tax and social claims and for a period of 18 months for other claims (*i.e.* until 31 May 2018).

For the disposal of EN MOTEURS (December 2018), the Group granted an asset and liability guarantee of an amount equal to half the disposal price. This commitment will expire on 10 December 2020 except with regard to tax and social matters. For these, the guarantee will end when the relevant administrations' statute of limitations expires. The amount will be reduced by 40% at the end of one year, then by one-third until the end of the statute of social and tax limitations. In support of this guarantee, the Group has provided a first-demand bank guarantee in an amount equal to half of the asset and liability guarantee and with the same degression.

For the disposal of FIS (August 2018), the Group granted an asset and liability guarantee of an amount capped at €350 thousand. This commitment will expire at the end of February 2020 except with regard to tax and social matters, and at the end of May 2020 for tax considerations.

For the disposal of AI GROUP (November 2018), the Group granted a limited liability guarantee on the existence of a dispute with a former employee'. This commitment will expire with the end of the proceedings pending. The purchaser has a commitment to pay an earn-out, determined according to the company's future performance.

In the first quarter of 2015, PRODWAYS acquired the assets of NORGE Systems. The transaction was carried out with the payment of a fixed part of the price and three price additions conditional on the achievement of milestones in the further development of the 3D printer created by NORGE. A price addition of €200 thousand was paid in February 2017. The Group's debt position included a potential earn-out of €200 thousand in 2017, but the milestones that were to trigger its payment before 31 January 2019 were ultimately not achieved, so the debt was cancelled and a profit recorded.

In 2017, PRODWAYS GROUP acquired 75% of the shares comprising the share capital of IP GESTION SAS, which was itself the sole shareholder of INTERSON PROTAC. The vendors granted an assets and liabilities guarantee with a term of 18 months or 3 years. This guarantee is capped at €733 thousand in the first eighteen months, after which it will be reduced to €367 thousand for the following eighteen months. The Group did not call the guarantee.

In 2017, PRODWAYS GROUP acquired all of the shares comprising the share capital of AS3D, 3D SERVICAD, and AVENAO INDUSTRIE. The vendors granted an assets and liabilities guarantee with a term of two to three years depending on the nature of any claim. This guarantee is capped at €2 million. The Group did not call the guarantee.

In 2018, PRODWAYS GROUP acquired all the shares making up the share capital of SOLIDSCAPE. The vendors granted an assets and liabilities guarantee with a term of 18 months to eight years depending on the nature of any claim. This guarantee is capped at US $1 million or the acquisition price, depending on the nature of any claim. The Group did not call the guarantee.

In PODO 3D, CRISTAL, IP GESTION, SERES Technologies, BUREAU D'ÉTUDES MAURIC, GORGÉ NETHERLANDS, and VIGIANS, the Group is associated with minority shareholders who are managers of those companies. Shareholders' agreements provide for the possible liquidity of their holdings.

Note 3 Segment information

In accordance with IFRS 8 – Operating Segments, the segment information presented below is based on the internal reporting used by General Management to assess the performance of and allocate resources to the various segments. The General Management is the principal operational decision maker within the meaning of IFRS 8.

The three segments used correspond to the organisation of the Group by division, as follows:

- protection of High-Risk Installations division: VIGIANS and its subsidiaries (CLF-SATREM, AMOPSI, VAN DAM, CIMLEC and their subsidiaries), NUCLEACTION and its subsidiaries (BAUMERT and PORTAFEU NUCLEAIRE), SERES Technologies, and STONI;
- Smart Safety Systems division: ECA and its subsidiaries;
- 3D Printing division: PRODWAYS GROUP and its subsidiaries.

The key indicators by division presented in the tables below are the following:

- the backlog, which corresponds to revenue yet to be recognised in respect of orders recorded;
- revenue includes revenue made with other divisions;
- EBITDA;
- profit (loss) from continuing operations;
- operating income;
- the Research and Development expenses recognised in the assets during the financial year;
- other tangible and intangible investments.

3.1 Reconciliation of non-IFRS indicators and segment indicators with operating income

The Group uses non-IFRS financial information for the purposes of information, management and planning because they offer a better assessment of its long-term performance. This additional information is not a substitute for any IFRS measures of operating and financial performance. The data presented by the Group are always non-adjusted consolidated data, like the segment data, unless expressly stated otherwise.

The adjustments concern items that were isolated from operational reporting corresponding in 2018 to the impact of the Group's decision, announced at the end of 2017, to dispose of or close two foreign subsidiaries that had become non-strategic. These closings or disposals do not comply with the conditions for applying IFRS 5 – Non-current assets held for sale and discontinued operations.

Operating income includes all income and expenses other than:

- interest income and expenses;
- other financial income and expenses;
- Group share of net income of equity-accounted companies;
- corporate income tax.

To make it easier to compare financial years and monitor its operating performance, the Group has decided to isolate non-recurring items of operating income and present "profit (loss) from continuing operations". It also uses an EBITDA indicator. These indicators are not strictly accounting indicators and do not constitute IFRS financial aggregates as defined under IFRS and may not be comparable to indicators of a similar name used by other companies.

- Non-recurring items of operating income include restructuring costs, recognised or fully provisioned if they are liabilities arising from a Group obligation to third parties, which stem from a decision taken by a competent body, and which materialise before the reporting date through the announcement of said decision to third parties and provided the Group no longer expects consideration for these costs. These costs consist primarily of compensation for termination of employment contracts, severance pay, as well as miscellaneous expenses. Other non-recurring items of operating income concern the costs of acquisition and disposal of activities, amortisation of acquired intangible assets recorded under business combinations, impairment of goodwill, and all unusual items by their occurrence or amount.
- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is defined by the Group as operating profit (loss) before depreciation, amortisation, impairment, bonus share allocation charges, and non-recurring items.

The 2017 and 2018 segment income statements are reconciled below with the Group's consolidated financial statements. The aggregates between the operating profit (loss) and net profit (loss) are not followed by segment in the Group's operational reporting.

2018 Financial Year - Segment information

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems[1]	3D Printing	Structure and disposals	Segment total	Adjust-ments[2]	Conso-lidated
Backlog at start of period	103,668	94,286	4,838	(337)	202,455	2,219	204,674
Backlog at end of period	103,043	120,267	7,493	(354)	230,449	-	230,449
REVENUE	**134,318**	**101,765**	**60,895**	**1,272**	**295,705**	**298**	**296,004**
Capitalised production	712	4,955	2,139	-	7,806	-	7,806
Inventories and work in progress	(700)	1,378	134	-	812	7	819
Other income from the business	1,607	4,243	1,166	3	7,019	-	7,019
Purchases consumed	(79,783)	(53,614)	(35,863)	3,298	(165,962)	(318)	(166,280)
Personnel expenses	(52,463)	(42,422)	(26,042)	(1,196)	(122,122)	(171)	(122,294)
Tax and duties	(1,536)	(1,327)	(739)	(64)	(3,666	(7)	(3,672)
Other operating income and expenses	677	(219)	(496)	(210)	(247)	(57)	(305)
EBITDA	**2,834**	**14,758**	**1,194**	**560**	**19,345**	**(249)**	**19,097**
% revenue	*2.1%*	*14.5%*	*2.0%*	*ns*	*6.5%*		*6.5%*
Payment in shares	(19)	-	40	-	21	-	21
Depr., amort. and prov. (net of reversals)	(1,947)	(7,440)	(5,181)	(247)	(14,815)	(8)	(14,823)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**868**	**7,318**	**(3,947)**	**313**	**4,551**	**(256)**	**4,295**

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems[1]	3D Printing	Structure and disposals	Segment total	Adjust-ments[2]	Conso-lidated
% of revenue	*0.6%*	*7.2%*	*-6.5%*	*ns*	*1.5%*		*1.5%*
Restructuring costs	(1,571)	(879)	(133)	-	(2,583)	-	(2,583)
Amort. of intangible assets recognised at FV during acquisitions	-	(389)	(579)	-	(968)	-	(968)
Acquisition costs	-	-	(249)	-	(249)	-	(249)
Impact of liquidation of ECA SINDEL[3]	-	-	-	-	-	(99)	(99)
Impact of disposal of SSI business goodwill[4]	-	-	-	-	-	221	221
Impact of the disposal of EN MOTEURS, AI GROUP, and FIS	(115)	1,235	-	-	-	-	1,120
Exceptional provisions for impairment of asset values	-	-	(109)	-		-	(109)
TOTAL NON-RECURRING ITEMS	**(1,686)**	**(34)**	**(1,069)**	**-**	**(2,789)**	**122**	**(2,667)**
OPERATING INCOME	**(818)**	**7,284**	**(5,016)**	**313**	**1,792**	**(134)**	**1,628**
% of revenue	*-0.6%*	*7.2%*	*-8.2%*	*ns*	*0.6%*		*0.5%*
R&D expenses capitalised over the period	711	4,153	1,586	-	6,450	-	6,450
Other property, plant and equipment and intangible investments	2,244	2,126	4,486	58	8,913	-	8,913

(1) Expenses for ECA SINDEL (deconsolidated at 1 January 2018) and consisting essentially of charges to provisions, as well as the contribution of SSI, whose business goodwill the Group sold in August 2018, are included in the adjustments..

(2) The adjustments involve: the contribution of SSI, the cancellation of the impact of the reversal of a provision relating to SSI (€1.1 million) and the cancellation of the impact of ECA SINDEL (reversal of the provision recorded in 2017, deconsolidation result, provisions for risks and on assets involving ECA SINDEL).

(3) At 31 December 2017, the Group recorded a provision of €1.5 million concerning a major dispute with a customer related to the continued operation of ECA SINDEL. The assets tied to this client were also provisioned in the subsidiary's accounts. At 31 December 2018, the company was under court-ordered receivership; it was deconsolidated, and the net negative impact over the period (reversal of the provision recorded in 2017, deconsolidation result, provisions on assets involving ECA SINDEL) was €99 thousand.

(4) In 2017, the Group had recorded a provision for risks and charges of €1.1 million with respect to the disposal or closure of SSI. The provision aimed to cover liabilities generated from the business discontinuation and the foreseeable impairment of assets (stocks). In 2018, the provision for risks and charges was reversed and reallocated to the corresponding assets and liabilities based on their recoverable or callable value and resulting from the disposal agreement entered into on 31 August 2018. The net impact over the period was €221 thousand.

Financial Year 2017* - segment information

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems[1]	3D Printing	Structure and disposals	Segment total	Adjust-ments[2]	Conso-lidated
Backlog at end of period	74,500	116,504	2,980	(160)	193,824	4,918	198,742
Backlog at end of period	103,668	94,286	4,838	(337)	202,455	2,219	204,674
REVENUE	**131,550**	**110,800**	**34,807**	**(1,622)**	**275,534**	**2,690**	**278,225**
Capitalised production	2,253	5,049	3,224	-	10,526	-	10,526
Inventories and work in progress	(122)	(423)	(287)	-	(832)	3	(829)
Other income from the business	2,142	5,101	938	2	8,183	-	8,183
Purchases consumed	(81,352)	(61,081)	(22,377)	2,616	(162,195)	(1,661)	(163,856)
Personnel expenses	(52,936)	(43,222)	(17,167)	(1,416)	(114,741)	(1,881)	(116,622)
Tax and duties	(1,415)	(1,347)	(540)	(66)	(3,367)	(39)	(3,407)
Other operating income and expenses	(904)	1,150	235	43	524	(912)	(388)
EBITDA	**(782)**	**16,028**	**(1,169)**	**(444)**	**13,632**	**(1,800)**	**11,833**
% of adjusted revenue	*-0.6%*	*14.5%*	*-3.4)*	*-13.5%*	*4.9%*		*4.3%*
Payment in shares	(19)	-	(747)	-	(766)	-	(766)
Depr., amort. and prov. (net of reversals)	(2,787)	(7,282)	(3,537)	(111)	(13,717)	(2,828)	(16,545)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(3,588)**	**8,746**	**(5,453)**	**(555)**	**(851)**	**(4,628)**	**(5,478)**
% of revenue	*-2.7%*	*7.9%*	*-15.7%*	*-16.9%*	*-0.3%*		*-2.0%*
Restructuring costs	(163)	(442)	(138)	-	(743)	-	(743)
Acquisition costs	-	-	(194)	-	(194)	-	(194)
Amort. of intangible assets recognised at FV during acquisitions	-	(556)	(384)	-	(940)	(135)	(1,075)
Cancellation of an earn-out liability concerning ELTA	-	1,000	-	-	1,000	-	1,000
Provisions liabilities and impairment at ECA SINDEL and SSI	-	-	-	-	-	(2,633)	(2,633)
Other exceptional provisions for impairment of assets	(1,463)	(2,067)	(483)	-	(4,013)	(498)	(4,511)
TOTAL NON-RECURRING ITEMS	**(1,627)**	**(2,065)**	**(1,199)**	**-**	**(4,890)**	**(3,266)**	**(8,156)**
OPERATING INCOME	**(5,215)**	**6,681**	**(6,651)**	**(555)**	**(5,740)**	**(7,894)**	**(13,632)**
% of revenue	*-4.0%*	*6.0%*	*-19.1%*	*-16.9%*	*-2.1%*		*-4.9%*
R&D expenses capitalised over the period	2,199	4,211	1,935	-	8,345	-	8,345
Other property, plant and equipment and intangible investments	1,617	2,936	2,892	142	7,588	32	7,620

(1) Expenses for ECA SINDEL (deconsolidated at 1 January 2018) and consisting essentially of charges to provisions, as well as the contribution of SSI, whose business goodwill the Group sold in August 2018, are included in the adjustments.

(2) The adjustments concern the contributions of SSI and ECA Sindel with respect to the outcome of a significant customer dispute (ECA SINDEL) or the anticipated discontinuation of activity (SSI and ECA SINDEL).

** Restated to reflect the items described in Note 1.3.*

3.2 Reconciliation of the segment assets and liabilities

Segment assets are current assets used within the operational businesses (inventories, receivables, advances from suppliers, other operating debtors such as social and tax receivables), property, plant and equipment, and intangible assets (including goodwill); segment liabilities are trade and other payables, accrued liabilities, expenses payable, customer advances, provisions for guarantee and expenses related to goods and services sold.

The total segment assets and liabilities are reconciled as follows with the total assets and liabilities of the Group:

Financial year 2018

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Segment	Adjust-ments	Consoli-dated
Segment assets	87,274	133,2932	83,261	36,855	(35,426)	305,257	41	305,298
Other current financial assets	-	-	-	6	-	6	-	6
Deferred tax assets	860	1,908	60	1,074	-	3,902	-	3,902
Tax receivables payable	682	15,405	1,762	8,447	-	26,296	-	26,296
Other current and non-current assets	6,736	2,591	1,747	20,618	(25,363)	6,229	-	6,229
Cash and cash equivalents	4,919	6,218	25,927	4,930	-	41,993	9	42,002
TOTAL CONSOLIDATED ASSETS	**100,470**	**159,315**	**112,757**	**71,929**	**(60,789)**	**383,682**	**50**	**383,732**
Segment liabilities	60,401	49,078	19,060	1,863	(5,205)	125,197	7	125,197
Long-term provisions	3,160	4,833	863	89	-	8,945	-	8,945
Long-term debt	36,848	19,900	6,734	37,571	(30,212)	70,841	-	70,841
Financial instruments and derivatives	-	363	930	1,383	-	2,676	-	2,676
Other current and non-current liabilities	23,010	5,032	4,750	5,375	(25,372)	12,796	-	12,796
Deferred tax liabilities	3	-	1,438	-	-	1,441	-	1,441
Tax liabilities payable	88	94	73	-	-	255	-	255
TOTAL CONSOLIDATED LIABILITIES(1)	**123,510**	**79,300**	**33,849**	**46,281**	**(60,789)**	**222,151**	**7**	**222,158**

(1) Total liabilities less shareholders' equity and non-controlling interests.

Financial year 2017 [1]

(in thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Segment	Adjust-ments	Consoli-dated
Segment assets	85,407	126,640	69,533	39,584	(38,972)	282,192	7,271	289,463
Other current financial assets	-	-	31	7	-	38	-	38
Deferred tax assets	285	1,190	670	1,056	-	3,201	14	3,215
Tax receivables payable	769	15,544	1,182	7,139	-	24,635	-	24,635
Other current and non-current assets	6,171	2,015	1,546	12,352	(16,812)	5,273	-	5,273
Cash and cash equivalents	12,443	10,277	41,476	22,228	-	86,423	365	86,789
TOTAL CONSOLIDATED ASSETS	**105,076**	**155,667**	**114,438**	**82,366**	**(55,785)**	**401,761**	**7,651**	**409,412**
Segment liabilities	62,492	50,478	16,539	2,943	(7,451)	125,000	2,888	127,888
Long-term provisions	3,615	4,981	836	91	-	9,522	412	9,934
Long-term debt	43,045	23,949	4,766	43,236	(31,522)	83,474	1,149	84,623
Financial instruments and derivatives	-	434	889	1,359	-	2,682	-	2,682
Other current and non-current liabilities	16,398	4,923	4,914	5,169	(16,811)	14,592	17	14,609
Deferred tax liabilities	67	-	1,998	-	-	2,064	297	2,361
Tax liabilities payable	165	-	77	-	-	242	-	242
TOTAL CONSOLIDATED LIABILITIES[2]	**125,782**	**84,763**	**30,018**	**52,798**	**(55,785)**	**237,576**	**4,763**	**242,339**

(1) Restated to reflect the items described in Note 1.3.

(2) Total liabilities less shareholders' equity and non-controlling interests.

3.3 Revenue by geographical area

Financial year 2018

(in thousands of euros)	France	%	Europe	%	Other total	%	Total
Protection of High-Risk Installations	105,546	79%	18,522	14%	10,250	8%	134,318
Smart Safety Systems	55,727	55%	10,754	11%	35,583	35%	101,765
3D Printing	41,869	69%	11,551	19%	7,475	12%	60,895
Structure and disposals	(1,532)	120%	260	-20%	-	-	(1,272)
Adjustments	-		-		298		298
TOTAL	**201,610**	**68%**	**41,087**	**14%**	**53,308**	**18%**	**296,004**

Financial year 2017(1)

(in thousands of euros)	France	%	Europe	%	Other total	%	Total
Protection of High-Risk Installations	101,483	77%	19,773	15%	10,294	8%	131,550
Smart Safety Systems	66,900	60%	10,582	10%	33,317	30%	110,799
3D Printing	21,678	62%	9,800	28%	3,329	10%	34,807
Structure and disposals	(1,342)	83%	(280)	17%	-	-	(1,622)
Adjustments	-		663		2,027		2,690
TOTAL	**188,719**	**68%**	**40,539**	**15%**	**48,967**	**18%**	**278,225**

(1) Restated to reflect the items described in Note 1.3.

Note 4 Operational data

4.1 Recognition of income

The Group now applies IFRS 15 on revenue from contracts with customers. Its revenues comprise sales of goods, the provision of services and in large part the completion of projects. The circumstances under which revenue may recognised according to the percentage of completion, the way in which percentage of completion is measured, and the treatment of variable price elements in contracts are described in Note 1.3.

The percentage of completion method applies to project activities for which the solutions are determined for the specific and unique needs of each customer. In addition, revenue from the majority of service contracts is recognised over time since the customer receives and uses the benefits from the services provided simultaneously. Proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted. Estimates of revenue and termination costs are regularly reviewed by operational and financial managers.

If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognised independently of the project's completion. The provisions for termination losses are presented in liabilities.

The backlog corresponds to the amount of customer contracts for which revenue has not yet been recognised. The Group expects the majority of the backlog existing at end-2018 to be used within three years.

In 2018 the Group's revenue grew by 6.4%.

4.2 Other income from operations

The other income from the business mainly comprises public subsidies, research tax credits (RTC) and tax credits for competitiveness and employment (TCCE).

These subsidies and research tax credits (RTC), which partially or totally cover the cost of an asset, are recognised in the income statement at the same rate as the asset's depreciation. In 2018, the research tax credit for the period stood at €3.0 million, of which €1.1 million was recognised directly as deferred income and €1.9 million in income. The research tax credit recorded as deferred income in previous years was also recognised in the income statement in 2018 for €1.4 million. The income thereby deferred which appears in liabilities includes €5.3 million in research tax credits and €1.4 million in grants funding non-current assets not yet amortised.

(in thousands of euros)	2018	2017
Subsidies	1,230	1,402
Research tax credit	3,369	4,174
Employment and competitiveness tax credit	2,421	2,607
TOTAL OF OTHER INCOME FROM THE BUSINESS	**7,019**	**8,183**

The tax credits recognised in the income statement not deductible from tax payable appear under assets in the consolidated balance sheet under the heading "Tax receivables payable". They amount to €24.7 million, including €17.3 million of research tax credit and €7.4 million of tax credit for competitiveness and employment.

4.3 Depreciation, amortisation and provisions

(in thousands of euros)	2018	2017[(1)]
DEPRECIATION, AMORTISATION AND PROVISIONS		
Intangible assets	(6,818)	(6,363)
Property, plant and equipment	(4,899)	(4,899)
Capital leases	(876)	(903)
Costs of obtaining and performing contracts	(1,918)	(2,369)
SUBTOTAL	**(14,512)**	**(14,534)**
CHARGES TO PROVISIONS, NET OF REVERSALS		
Inventory and work in progress	109	316
Current assets	(287)	(1,280)
Liabilities and expenses	(133)	(1,047)
SUBTOTAL	**(311)**	**(2,011)**
TOTAL NET CHARGES TO AMORTISATION AND PROVISIONS	**(14,823)**	**(16,545)**

(1) 2017 Column restated to reflect the items described in Note 1.3

4.4 Inventories and work in progress

Inventories of raw materials and semi-finished and finished goods are valued at the lower of their acquisition cost or their estimated net realisable value. The cost price is calculated using the FIFO or weighted average cost method.

The methods for valuing and impairing work in progress are tailored to the context of each consolidated company. However, the valuation principles generally accepted in the field are followed, including:

- work in progress is valued at direct and indirect production costs, excluding all sales and financial costs;
- hourly production rates are based on normal activity excluding any sub-activity cost;
- when, based on the forecast revenue and cost estimates, a termination loss is probable, said loss is covered by an impairment provision for the portion included in work in progress and a provision for liabilities and expenses for the part of the costs yet to be committed.

Movements in inventories in the consolidated balance sheet are as follows:

	2018			2017(1)		
(in thousands of euros)	Gross values	Impairment losses	Net values	Gross values	Impairment losses	Net values
Raw materials	21,957	(4,983)	16,974	21,571	(5,015)	16,556
Work in progress	3,435	(210)	3,225	2,175	(287)	1,888
Semi-finished and finished goods	6,350	(1,275)	5,076	6,544	(1,494)	5,050
Goods	3,174	(192)	2,981	3,581	(274)	3,306
TOTAL INVENTORY AND WORK IN PROGRESS	**34,917**	**(6,660)**	**28,256**	**33,870**	**(7,070)**	**26,800**

(1) 2017 Column restated to reflect the items described in Note 1.3

3

Over the period, impairment net of reversals recognised in the income statement was €109 thousand.

4.5 Costs of obtaining and performing contracts

Pursuant to IFRS 15, the costs of obtaining contracts are recorded under assets and amortised. These costs concern mainly sales commissions that were previously recorded as expenses upon their generation (see Note 1.3).

(in thousands of euros)	2018	2017(1)
Contract costs	8,792	7,631
Amortisations	(7,356)	(5,438)
CONTRACT COSTS, NET VALUES	**1,436**	**2,193**

(1) 2017 Column restated to reflect the items described in Note 1.3.

4.6 Trade receivables, contract assets and liabilities

The backlog (revenue to be recognised) is indicated by division in Note 3.1.

Trade receivables are invoiced receivables entitling the issuer to payment.

(in thousands of euros)	2018	2017(1)
Trade receivables	77,127	75,619
Impairment losses	(4,462)	(4,097)
TRADE RECEIVABLES, NET VALUES	**72,665**	**71,522**

(1) 2017 Column restated to reflect the items described in Note 1.3.

Trade receivables are impaired in accordance with the simplified IFRS 9 model. As soon as impairment arises, the trade receivables are impaired for the expected losses over the remaining term.

Measurement of the credit risk of trade receivables is undertaken at customer level. Provisions for expected losses are thus measured using historic default rates of comparable customers, the ageing of receivables and the Group's measurement of risk receivable by receivable. When it is certain that a receivable will not be collected, the receivable and its impairment are recorded as a loss in the income statement.

The risk of customer default is the main credit risk to which the Group is exposed. The Group has implemented a policy of monitoring its credit risk at all of its subsidiaries.

Overdue trade receivables for which there is no provision were €22.9 million, including €7.9 million for the "Robotics and Integrated Systems" division, and break down as follows:

Overdue *(in thousands of euros)*	2018	(In %)
Trade receivables not yet due	49,763	68%
<1 month overdue	10,010	14%
1-2 months overdue	3,332	5%
2-3 months overdue	2,829	4%
>3 months overdue	6,731	9%
NET TRADE RECEIVABLES	**72,665**	**100%**

Of total receivables, almost €7.1 million was paid at 10 March 2018. The Group is not aware of additional difficulties which might justify a provision.

"Contract assets" and "contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to contracts in force for which the value of created assets exceeds the advances received. "Contract liabilities" correspond to all contracts in a situation where the assets (work in progress, receivables in progress) are less than the liabilities (advances from clients and deferred income recorded when the invoices issued exceed the revenue recognised to date). These new items arise from the application of IFRS 15 (see Note 1.3).

(in thousands of euros)	2018	2017(1)
Work in progress (A)	2,270	2,774
Receivables in progress (B)	81,315	89,103
Down-payments received (C)	30,167	47,389
Deferred income (D)	24	-
CONTRACT ASSETS (A) + (B) - (C) - (D)	**53,394**	**44,488**

(1) 2017 Column restated to reflect the items described in Note 1.3.

(in thousands of euros)	2018	2017[1]
Work in progress (A)	315	225
Receivables in progress (B)	896	1,035
Down-payments received (C)	13,646	5,656
Deferred income (D)	16,335	16,721
Other liabilities (E)	1,381	2,059
CONTRACT LIABILITIES - (A) - (B) + (C) + (D) + (E)	**30,150**	**22,726**

(1) 2017 Column restated to reflect the items described in Note 1.3.

4.7 Other current and non-current assets

	2018			2017
(in thousands of euros)	Gross values	Write-downs	Net values	Net values
Current accounts receivable	8,359	(8,359)	-	5
TOTAL OTHER NON-CURRENT RECEIVABLES	**8,359**	**(8,359)**	**-**	**5**
Advances and down-payments made	1,515	-	1,515	2,576
Other receivables[1]	4,245	(107)	4,138	3,561
Social and tax receivables	10,194	-	10,194	11,367
Current accounts receivable	3	-	3	3
Prepaid expenses	2,089	-	2,089	1,704
TOTAL OTHER CURRENT RECEIVABLES	**18,046**	**(107)**	**17,938**	**19,210**

(1) Including outstanding subsidies for €830 thousand and receivables on asset disposals of €1,326 thousand.

4.8 Other current and non-current liabilities

(in thousands of euros)	2018	2017[1]
Suppliers	48,023	51,874
Fixed asset suppliers	521	979
TOTAL TRADE PAYABLES	**48,544**	**52,853**
Advances and down-payments received	3	28
Social Security liabilities	22,737	25,690
Tax liabilities	18,486	16,368
Miscellaneous debts[2]	4,878	5,507
Deferred income	6,785	7,245
TOTAL OTHER CURRENT LIABILITIES	**52,890**	**54,838**
Conditional advances	611	878
TOTAL OTHER NON-CURRENT LIABILITIES	**611**	**878**

(1) 2017 Column restated to reflect the items described in Note 1.3.
(2) Including €2,500 thousand in probable earn-outs recognised for acquisitions.

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation.

The deferred income corresponds to subsidies and research tax credits that will be recognised as income concurrent with the amortisation of the corresponding assets (€6.7 million, see Note 4.2).

4.9 Off-balance sheet commitments related to operations

(in millions of euros)	2018	2017
Endorsements, security deposits and guarantees given	46.5	40.6
Other commitments given	-	-
TOTAL	**46.5**	**40.6**

Furthermore, GROUPE GORGÉ SA and ECA SA have given certain clients individual performance guarantees on contracts awarded to Group companies; the value of these guarantees cannot be measured.

Operating lease commitments that are restated at 1 January 2019 for application of IFRS 16 are analysed as follows:

(in millions of euros)	<1 year	1-5 years	> 5 years	Total
Property leases	3.4	9.6	2.9	15.9
Equipment leases	1.8	1.5	-	3.3
TOTAL LEASE COMMITMENTS	**5.2**	**11.1**	**2.9**	**19.2**

There are no other significant commitments related to operating activities that are not included in the financial statements.

Note 5 Employee expenses and benefits

5.1 Workforce

	31/12/2018	31/12/2017
Total workforce	2,002	2,031
Average workforce	1,829	1,921

The large difference in 2017 between the average and total workforce is due to the acquisitions of INTERSON-PROTAC and AVENAO at the end of October. In 2018, the workforce varied with changes in scope (deconsolidation of ECA SINDEL at 1 January, acquisition of SOLIDSCAPE in July, disposal of AI GROUP in November, disposal of EN MOTEURS in December) and workforce reductions on several sites.

At 31 December 2018, a little less than 10% of the total workforce was based abroad.

5.2 Employee expenses and benefits

The employee benefits are estimated in accordance with the revised IAS 19. They are broken down between short term and long term benefits.

The employees of the Group receive short term benefits such as holiday pay, sickness pay, bonuses and other benefits (other than contract termination payments) payable within the 12 months following the end of the period during which the employees provided the corresponding services.

These benefits are recognised in current liabilities and recorded in the expenses in the year in which the service is provided by the employee.

The long term benefits cover two categories of employee benefit:

- the benefits subsequent to employment, which include the allowance paid on retirement;
- the other long term benefits (during employment), which mainly concern long service awards.

The various benefits offered to each employee depend on the local legislation and the conventions and agreements in effect in each Group company.

Employee expenses include the following items:

(in thousands of euros)	2018	2017
Salaries and benefits	(84,667)	(80,206)
Social security contributions	(33,773)	(32,589)
Payments in shares	21	(766)
Shareholding plans and profit-sharing	(740)	(1,000)
Other(1)	(3,114)	(2,827)
TOTAL	**(122,273)**	**(117,387)**

(1) Mainly includes contributions to Works Council, occupational medicine, restaurant tickets, etc.

5.3 Provisions for pensions and similar commitments

The Group makes provisions for post-employment benefits (retirement pay) and long term employee benefit plans (awards). The cost of retirement and related benefits (awards) is provisioned for the remaining obligations. It is estimated for the entire workforce on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.

The discount rates are determined by reference to the yields on bonds issued by first class corporations over terms equivalent to those of the commitments on the date of valuation.

Actuarial variances are generated where differences are recorded between the actual data and the forecasts made previously, or as a result of changes in actuarial assumptions. The actuarial variances generated are recognised in the overall income statement, net of deferred taxes.

The expense recognised in the income statement includes:

- the costs of services provided during the financial year, the cost of past services, as well as any effects of any reduction or liquidation of the scheme;
- the net interest expense on bonds and hedging assets.

The provision for claims is updated annually on the basis of the prevailing fee schedules, changes to the assessment base, staff turnover and mortality assumptions and discount rates.

The main parameters used for the year are as follows:

- departure at the employee's initiative (voluntary departure);
- calculation of compensation under the collective agreement in force in each of the companies (metallurgy, SYNTEC, other);
- assumed retirement age 67;
- IBOXX discount rate in the euro zone 1.58% (1.30% in 2017);
- loading rate 50%;
- turnover: differs from one entity to another depending on the type of work, seniority and the average age of employees;
- rate of revaluation of salary calculation bases: differs from one entity to another depending on various factors;
- INSEE mortality table 2013-2015.

Change in the obligation *(in thousands of euros)*	**2018**	**2017**
OPENING PROVISION	**9,754**	**9,528**
Cost of services provided for the period	644	705
Interest on discounting	123	121
Cost of services provided	-	-
First consolidation / (deconsolidation)	(683)	251
Profit / (Loss) relating to liquidation or curtailment	(349)	(372)
Actuarial losses / (gains) generated on the obligation	(584)	(244)
Benefits paid	(134)	(234)
CLOSING PROVISION	**8,771**	**9,754**

With respect to retirement and other post-employment benefits, a 0.5 point increase in the discount rate would reduce the amount of the obligation by approximately €588 thousand. An equivalent reduction would increase the obligation by €614 thousand.

Provisions for long-term service awards amounted to €171 thousand for the financial year (*versus* €179 thousand in 2017).

5.4 Payments in shares (stock-options, share subscription warrants, allocation of free shares)

Certain employees of the Group receive a remuneration in equity instruments, for which the payment is based on shares. The costs of the free share award schemes, share subscription warrants or options are recognised in employee costs. This expense, which corresponds to the fair value of the instrument issued, is spread over the vesting period for the rights, counterbalanced by a corresponding adjustment to the shareholders' equity. The Group periodically re-examines the number of potential shares. Where applicable, it recognises the consequences of the revision of its estimates in the income statement.

There are no longer any share subscription or purchase option plans in effect for ECA or GROUPE GORGÉ.

PRODWAYS GROUP set up free share allocation schemes in 2016. Under the terms of these plans, the vesting period is at least two years. Vesting of the shares in April 2019 is conditional on presence and performance. The potential shares are those that meet the required performance conditions.

The fair value of free shares is calculated using valuation models. Changes in values subsequent to the grant dates have no impact on the initial valuation of the shares, and the number of potential shares taken into account to value the plans is adjusted at each closing date to take account of the probability of achieving the objectives of beneficiaries' performance and attendance. The valued benefit equates to a remuneration of the beneficiaries which is therefore recognised in payroll expenses, on a straight line basis over the vesting period in exchange for a corresponding adjustment in equity.

Free share allocation plans	**FSA 2014 GROUPE GORGÉ**	**FSA 02-2016 PRODWAYS**	**FSA 12-2016 PRODWAYS**
Number of recipients	2	200	239
Support share	GROUPE GORGÉ	PRODWAYS GROUP	PRODWAYS GROUP
Potential number of shares	30,000	632,200	488,500
Final allocations in the year/cancellations	- / -	- / 86,460	- / 208,120
Cumulative final allocations/cancellations	15,000 / 15,000	- / 632,200	- / 226,120
Potential share balance	-	-	262,380
Date of establishment	May 2014	February 2016	December 2016
Start of the vesting period	May 2014	February 2016	December 2016
End of the vesting period	May 2016 and December 2016	15 April 2019	15 April 2019
End of lock-up period	May 2018 and December 2018	15 April 2019	15 April 2019
Total expense recognised *(in thousands of euros)*	n/a	-	618
Potential value of the shares *(in thousands of euros)*	n/a	-	705

CRISTAL also set up a stock option plan for the benefit of an executive. At the end of that plan, the capital of the company may be increased by 27,777 shares and the holding rate of PRODWAYS GROUP may be reduced by up to 90%.

Stock option plan	**CRISTAL options**
Initial number of recipients	1
Support share	CRISTAL
Potential number of shares	27,777
Options exercised for the year/cancellations	-/-
Cumulative options exercised/cancellations	-/-
Potential share balance	27,777
Date of establishment	December 2016
Subscription price per share	€1
Start of the subscription period	July 2020
End of the subscription period	June 2021
Potential value of the shares *(in thousands of euros)*	28

5.5 Remuneration of the Directors and related parties

5.5.1 Directors' remuneration

The members of the Board of Directors of GROUPE GORGÉ received Directors' fees for a total amount of €60,000.

The Chairman and Chief Executive Officer is paid by the company GROUPE GORGÉ, by the controlled company PRODWAYS GROUP, and by the company PÉLICAN VENTURE, which is linked to GROUPE GORGÉ by a service provision agreement. In 2018, PÉLICAN VENTURE paid him total gross remuneration of €79,600 (€49,600 in fixed remuneration and €30,000 in variable remuneration) and €9,964 in benefits in kind. GROUPE GORGÉ paid him total gross remuneration of €97,000 (€59,400 in remuneration, €27,600 in variable remuneration for 2017, and €10,000 in Director's fees relating to the Board of Directors of GROUPE GORGÉ). PRODWAYS GROUP paid him total gross remuneration of €75,000 (€75,000 in fixed remuneration). The variable remunerations of the Chairman for 2018 had not yet been determined by the Board of Directors of GROUPE GORGÉ and PRODWAYS GROUP as of the date of issue of the financial statements of PRODWAYS GROUP.

5.5.2 Related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of GROUPE GORGÉ). The following transactions with related parties conducted during the year have been identified in the GROUPE GORGÉ financial statements:

(in thousands of euros)	PÉLICAN VENTURE	SOPROMEC	Main Directors	CBG CONSEIL
INCOME STATEMENT 2018				
Revenue	194	20	-	-
Other income	-	-	-	-
Purchases and external charges	(326)	-	-	(31)
Financial result	-	-	-	-
2018 STATEMENT OF FINANCIAL POSITION				
Trade accounts receivable	3	-	-	-
Debtors	-	-	403	-
Suppliers	-	-	-	-
Creditors	-	-	-	-
Deposits and guarantees received	8	5	-	-

PÉLICAN VENTURE is a holding company, and the main shareholder of GROUPE GORGÉ. It is chaired by Jean-Pierre GORGÉ, a Director of GROUPE GORGÉ. SOPROMEC is a subsidiary of PÉLICAN VENTURE. CBG CONSEIL is owned and chaired by Catherine GORGÉ, a Director of GROUPE GORGÉ.

Note 6 Property, plant and equipment and intangible assets

6.1 Goodwill

Goodwill is initially recognised at the time of a combination of businesses as described in Note 2.1.

Goodwill corresponds to the difference between the cost of an acquisition and the fair value of the Group's share in the identifiable net assets acquired. Positive differences are recognised under "Goodwill" on the assets side of the balance sheet, while negative differences are recognised directly in the income statement. Goodwill is allocated to Cash-Generating Units (CGU). The essential elements of the business are treated in the same way as goodwill. Income from the disposal of a CGU includes the exit of goodwill allocated to the business disposed of, based on the relative values of that business and the share of CGU retained.

Goodwill may be adjusted in the 12 months following the acquisition date to reflect the final calculation of the fair value of the assets and liabilities acquired.

Subsequent to their initial recognition, they are not amortised but are the subject of an impairment test on the appearance of indications of loss of value, and at least once a year. The processes for the impairment tests carried out in 2017 and 2018 are described in Note 6.4.

Net value *(in thousands of euros)*	2018	2017
At 1 January(1)	**56,638**	**45,815**
First consolidations(2)	8,586	11,318
Deconsolidated(3)	(585)	-
Other changes(4)	-	(498)
Impact of changes in exchange rates	-	-
At 31 December	**64,639**	**56,638**
Of which impairment at 31 December 2018	(498)	(498)

(1) Opening restated to reflect the items described in Note 1.3.
(2) The main entries to the consolidation scope are itemized as follows: in 2017, INTERSON PROTAC (€1,126 thousand) and AVENAO (€10,074 thousand); in 2018, VARIA 3D (€690 thousand) and SOLIDSCAPE (€7,433 thousand).
(3) Flows related to EN MOTEURS (€404 thousand) and AI GROUP (€181 thousand).
(4) Impairment losses.

Goodwill is distributed as follows:

• Smart Safety Systems	29%
• Protection of High-Risk Installations	16%
• 3D Printing	55%

6.2 Other intangible assets

Intangible assets acquired separately are recognised in the balance sheet at their acquisition cost. They are subsequently measured at amortised cost, as recommended by IAS 38 – Intangible assets. Intangible assets acquired in a business combination are recognised in the balance sheet at their fair value, determined on the basis of external valuations. These valuations are performed using generally accepted methods, based on future inflows. The value of intangible assets is tested on a regular basis for impairment.

With the exception of brands, intangible assets are amortised on a straight-line basis over their useful life, taking into account the period of legal protection, if applicable.

The value of amortised intangible assets is tested when there is any indication that their recoverable amount may be less than their carrying amount. Any impairment identified as a result of these tests is recognised under other operating income and expense.

Intangible assets acquired in a business combination are not amortised when their useful life cannot be determined. The criteria for ascertaining whether or not the useful life of an intangible asset can be determined, and the length of useful life, if applicable, are as follows:

- the reputation of the asset;
- the period over which the asset is expected to be used in the Group's operations.

The value of intangible assets with an indefinite useful life is tested for impairment at least once a year and whenever there is an indication of impairment. An impairment loss is recognised whenever the recoverable amount of an asset is found to be below its carrying amount.

Fixed assets generated internally, concerning mainly expenses for development of new projects. They are capitalised where the following criteria are strictly fulfilled:

- the technical feasibility necessary for the completion of the intangible assets with a view to its commissioning or its sale;
- the intention to complete the intangible assets and commission or sell it;
- the capacity to use or sell the intangible assets;
- the way in which the intangible assets will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from the intangible assets or for the intangible assets itself or, if the latter has to be used internally, its utility;
- the availability of technical, financial and other resources necessary to complete the development and commission or sell the intangible assets;
- the capacity to reliably estimate the expenses attributable to the intangible assets during its development.

Development costs that do not meet these criteria are expensed in the period in which they are incurred. This is notably the case for research and development work that may be carried out in connection with customer orders where the costs cannot be separated from the costs involved in fulfilling the order.

Capitalised development projects are amortised over the life of the underlying technology, generally between three and 15 years from their completion date.

Development costs are subject to impairment tests whenever there is an indication of impairment.

(in thousands of euros)	**Development projects**	**Other intangible assets**	**Non-current assets in progress**	**Total**
Gross value				
At 1 January 2018 [(1)]	**69,914**	**24,532**	**474**	**94,920**
Acquisitions	6,450	1,044	257	7,752
Changes in scope	(3,682)	(149)	-	(3,831)
Departures	(619)	(841)	(8)	(1,468)
Other changes	(59)	(285)	(83)	(427)
Impact of changes in exchange rates	15	3		18
At 31 December 2018	**72,020**	**24,304**	**639**	**96,963**
Depreciation and amortisation, and impairment				
At 1 January 2018 [(1)]	**40,233**	**13,408**	**-**	**53,641**
Depreciation and amortisation	6,269	1,469	-	7,738
Changes in scope	(3,254)	(112)	-	(3,366)
Impairment losses	21	-	-	21
Departures	(568)	(870)	-	(1,438)
Other changes	(53)	98	-	45
Impact of changes in exchange rates	16	2	-	19
At 31 December 2018	**42,664**	**13,996**	**-**	**56,660**
Net value				
At 1 January 2018 [(1)]	**29,681**	**11,124**	**474**	**41,279**
AT 31 DECEMBER 2018	**29,356**	**10,308**	**639**	**40,303**

(1) Restated to reflect the items described in Note 1.3.

Development projects and other intangible asset line items are as follows:

Net values *(in thousands of euros)*	**Structure**	**Protection of High-Risk Installations**	**Smart Safety Systems**	**3D Printing**	**Total**
Special doors for EPR	-	1,795	-	-	1,795
Wrapping		1,606	-		1,606
AUV programme	-	-	6,547	-	6,547
Mine Killer programme	-	-	1,287	-	1,287
USV programme	-	-	388	-	388
Land robots	-	-	348	-	348
IT 180 Aerial drone	-	-	990	-	990
Beacons	-	-	1,910	-	1,910
Flight simulation	-	-	1,502	-	1,502
Naval simulation	-	-	499	-	499
Imaging(1)	-	-	200	-	200
3D printers(2)	-	-	-	4,310	4,310
Other total	-	2,074	4,690	1,212	7,975
DEVELOPMENT PROJECTS SUBTOTAL	**-**	**5,475**	**18,359**	**5,522**	**29,356**
DELTAMED(3) and INTERSON(4) client relations	-	-	-	1,399	1,399
AVENAO distribution and branding contract(5)	-	-	-	5,721	5,721
INFOTRON patents(6)	-	-	345	-	345
Other(7)	280	1,182	1,342	664	3,468
TOTAL INTANGIBLE ASSETS	**280**	**6,657**	**20,046**	**13,320**	**40,303**

(1) Including revaluation of assets at fair value through acquisitions, €200 thousand.
(2) Including revaluation of assets at fair value through acquisitions, €1,338 thousand.
(3) Including revaluation of assets at fair value through acquisitions, €834 thousand.
(4) Including revaluation of assets at fair value through acquisitions, €565 thousand.
(5) Including revaluation of assets at fair value through acquisitions, €5,721 thousand.
(6) Including revaluation of assets at fair value through acquisitions, €345 thousand.
(7) Including costs and purchases of licences for ECA's new ERP for €1,002 thousand (direct costs).

R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary in protecting a technical, technological or commercial breakthrough.

In 2018, research and development (R&D) efforts related to the three divisions. The Group's research and development was mainly focused on the following areas:

Smart Safety Systems division

- Continued development of On-board Wireless Access Point (WAP) products, with the addition of a compact AWAP-MS (integrated Media Server function) version;
- Work on the EGSE (Electrical Ground Support Equipment) development programme with the completion of the TC50E-Tool, a compact EGSE with embedded T-Cell Technology modules that locate defects in an aeronautic harness on board an aircraft;
- Continued development of our "T-Cell Technology" module line;
- Year-end launch of the ELT-DT (Emergency Locator Transmitter with Distress Tracking) development programme to comply with future regulations on pre-alert for aircraft in distress;
- Work on the robot systems programme to improve decision-making autonomy, perception and cooperation between all of the Group's drones;
- Development of UMISOFT management software; execution and processing of mine warfare mission data;
- Completion of the AVP on the A18T towed array sonar;
- Improvement of the control laws for autonomous vehicles, altitude tracking, and trajectory planning;
- Completion of work on the AUV A18M (Autonomous Underwater Vehicle) and customer demonstrations including to the French Navy in 2018;

- Qualification of the deep-water AUV 18D to carry out long-term missions for oil & gas;
- Completion of an AGV (Automated Guided Vehicle);
- Continuation of development and completion of the IGUANA land robot;
- Completion of a new land robot weighing less than 25 kg;
- Development of driver evaluation modules;
- Development of simulation scenario creation and management tools.

Protection of High-Risk Installations division

- Development of a new range of modular doors initiated, allowing delayed differentiation in the production process while allowing a large range of risks to be covered.

3D Printing division

During the past three years, the Group's research and development has mainly focused on the following areas:

- improvement of DLP – MOVINGLight® polymerisation technology, with development of a new generation of machines whose first model (LD 10), more specifically dedicated to dental applications, has been on the market since the end of 2017 and has been a big success. A variant with improved productivity (LD20) has been on the market since end-2018;
- development of NORGE technology and fine-tuning of a 3D printer using selective laser sintering of plastic powders (launch of the P1000, an entry-level laser sintering manufacturing machine, in late 2016);
- development of new printing materials in the photosensitive resin and plastic polymer powders families. The goal of these developments is to create high-performance materials in terms of mechanical properties (strength and elasticity) and physical and aesthetic properties (colour and transparency) and stability over time (for liquid and viscous resins for polymerisation and for plastic powders for laser sintering);
- development of a digital impression process for feet ("Podoclic" and, now, its new version "Podostep") and an orthopaedic insole design, ordering, and 3D printing tracking software system for these orthopaedic insoles.

R&D work in progress pertains primarily to the following areas:

- 3D metal printing processes, in particular Rapid Additive Forging (RAF) technology, which is used for 3D printing of large metal parts. After developing an initial prototype using RAF technology operated in conjunction with an aeronautics partner, two new machines were ordered, confirming the merits of this technology;
- new materials in both plastic powders and photosensitive resins;
- next-generation 3D printers with continuously improving productivity and a broad range of applications, all while optimising their integration into the design and manufacturing chain of 3D-printed objects in the medical field;
- continuous development of the SCIENTIFEET solution (manufacturing design solution for orthopaedic insoles), as well as the development of new products for hearing aids and hearing protection following the acquisition of INTERSON-PROTAC in 2017, plus the addition of SURDIFUSE and L'EMBOUT FRANÇAIS, companies that were added at the start of 2019;
- development of new printers dedicated to high-precision casting and more specifically to jewellery, following the mid-2018 acquisition of SOLIDSCAPE in the USA, a recognised leader in this market.

R&D expenditure amounted to some €11.6 million in 2018. The changes were as follows:

(in millions of euros)	2018	2017
Capitalised research and development	6.5	8.3
Research and development recognised as an expense	5.2	5.8
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**11.6**	**14.1**
Total research and development as % of revenue	3.9%	5.1%
Tax credits for the year	3.0	4.2
Research and development net of tax credits	8.6	9.9

The Smart Safety Systems (ECA and subsidiaries) and "3D Printing" divisions accounted for most of the expenditure (€7.2 million and €3.3 million, respectively, out of a total of €11.6 million; €4.2 and €1.6 million in capitalised expenditure, out of a total of €6.5 million).

The Group consistently seeks external financing to cover these investments (French Defence Procurement, BPIFRANCE, FUI (French Single Inter-Ministry Fund), Europe, Regional, etc.) and uses its French tax credit for research. The Group's subsidiaries obtained research tax credits amounting to a total of €3.0 million, including €1.9 million recognised as income in the income statement for the year and €1.1 million recognised as deferred income, which will contribute to future results. Out of €3.0 million in tax credits for research, €2.5 million was utilised by the Smart Safety Systems business.

R&D expenditures are for the most part internal costs and it is very rare that R&D work is sub-contracted.

6.3 Property, plant and equipment

Property, plant and equipment primarily comprises land, buildings and production equipment, and is recognised at purchase cost, less accumulated depreciation and any impairment losses, as recommended by IAS 16 – Property, plant and equipment.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole, is depreciated separately on a straight-line basis, without taking into account the residual values. The useful lives of items of property, plant and equipment are generally considered to be the following:

- buildings: 10 to 35 years;
- technical facilities, equipment and tools: 3 to 10 years;
- other: 3 to 12 years.

The useful life of items of property, plant and equipment used in operating activities reflect the estimated life cycles of the products. The useful life of items of property, plant and equipment are reviewed periodically, and may be adjusted prospectively, if appropriate.

Depreciation is expensed in the year incurred.

Items of property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If applicable, a provision will be made on the income statement in current operating income under "Depreciation, amortisation and provisions net of reversals".

Finance leases

Properties used in the framework of a finance lease are capitalised, in consideration of a debt, when the effect of the finance lease is to transfer almost all the risks and benefits of the ownership of the properties to the Group.

Finance leases where the risks and benefits are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(in thousands of euros)	Land and buildings	Fixtures and equipment	Land and buildings held under finance leases	Equipment held under finance leases	Non-current assets in progress	Advances and down-payments	Invest-ment property	Total
Gross value								
At 1 January 2018	**15,498**	**42,913**	**6,929**	**4,441**	**1,310**	**-**	**298**	**71,388**
Acquisitions	268	6,383	-	741	190	29	-	7,612
Changes in scope	230	(1,479)	(2,500)	-	112	-	-	(3,637)
Departures	(40)	(2,055)	-	-	(127)	-	-	(2,222)
Other changes	-	941	-	-	(1,013)	-	-	(72)
Impact of changes in exchange rates	4	107	-	-	1	-	-	113
At 31 December 2018	**15,961**	**46,811**	**4,429**	**5,182**	**473**	**29**	**298**	**73,182**
Depreciation and amortisation, and impairment								
At 1 January 2018	**6,655**	**31,281**	**3,702**	**2,509**	**-**	**-**	**-**	**44,147**
Depreciation and amortisation	597	4,448	103	773	-	-	-	5,921
Changes in scope	133	(2,362)	(788)	-	-	-	-	(3,017)
Impairment losses		(115)	-	-	-	-	-	(115)
Departures	(40)	(1,241)	-	-	-	-	-	(1,281)
Other changes	3	(5)	-	-	-	-	-	(2)
Impact of changes in exchange rates	3	39	-	-	-	-	-	41
At 31 December 2018	**7,351**	**32,044**	**3,017**	**3,283**	**-**	**-**	**-**	**45,695**
Net value								
At 1 January 2018	**8,843**	**11,632**	**3,227**	**1,931**	**1,310**	**-**	**298**	**27,240**
AT 31 DECEMBER 2018	**8,609**	**14,768**	**1,412**	**1,899**	**473**	**29**	**298**	**27,487**

6.4 Impairment of fixed assets

Open-ended non-current assets are not amortised and are tested for impairment at each reporting date. These assets consist of goodwill. Goodwill impairment losses are irreversible.

Amortised assets are tested for impairment when, due to special events or circumstances, the probability of recovering their carrying amount comes into question. The appearance of loss factors specific to certain assets other than goodwill, especially R&D assets, may be grounds for testing and justify an impairment of these assets regardless of an impairment test on the CGU to which they were previously attached. These impairment factors may be related to internal factors (*e.g.* changes in the assessment of Management's ability to bring an R&D project to a conclusion or of the costs of doing so) or external events (*e.g.* changing commercial outlook). The sum of these factors influences Management's appraisal, asset by asset, of whether or not there are any future economic benefits or what those future economic benefits are. For non-current assets that are impaired, the possible recovery of the impairment is reviewed on each reporting date.

For the purposes of measuring impairment, assets are grouped into cash-generating units (CGUs), which represent the lowest level of unit generating separate cash flow.

Impairment is accounted for to match the surplus of the carrying amount over the recoverable amount of a CGU. In the absence of market value, the recoverable amount of a CGU is its value after tax, calculated using discounted future cash flow method.

The CGUs selected in the Group's current configuration and organisation are now, within the Smart Safety Systems, Aerospace, "Robotics" and "Simulation" division; within the Protection of High-Risk Installations division, CIMLEC, NUCLÉACTION, SERES and Fire Protection: within the "3D Printing", "Systems" and "Products" division.

Process for the impairment tests

A 31 December 2018, impairment tests conducted on all property, plant and equipment and intangible assets led to the recording of impairment on 3D printers capitalised for €65 thousand. This impairment constitutes non-recurring items of operating income. No impairment of goodwill was found.

In 2017, a total of €4,028 thousand had been recorded in impairment losses, of which €498 thousand concerning impairment of the CGU Simulation's goodwill.

The recoverable value of a CGU is determined using the discounted future cash flow method. The discount rate used is the weighted average cost of capital (WACC), calculated using the ten-year OAT (risk-free rate 0.76%) rate, a market risk premium and Beta calculated based on the share price of the Company and the performance of the CAC 40 index. Flows after taxes are projected conservatively over the forecast period of the relevant activity (five years) and may include a terminal value with a growth assumption of 1.5% for the Smart Safety Systems and Protection of High-Risk Installations divisions and 3% for the 3D Printing division.

The discount rates used in 2018 were 5.37% for the Smart Safety Systems division, 8.67% for the 3D Printing division, and 6.3% for GROUPE GORGÉ excluding risk premiums.

The rate was also increased by a specific risk premium set at 2 to 2.5% for the "Robotics" division (2.5% for the Robotics CGU and 2% for the Aerospace and Simulation CGU). Within the Protection of High-Risk Installations division, the specific risk premiums were 3% for the NUCLÉACTION CGU, 3.5% for the Fire Protection CGU, and 3% for the SERES CGU. In the "3D Printing" division, specific risk premiums were 3% for both Systems and Products CGUs.

The tests made include a measurement of the sensitivity of key assumptions (including operating assumptions) used to calculate the recoverable value (discount rate of +/-0.5 point (-0.5/+1 point for the Smart Safety Systems division) and growth rate to infinity of +/-0.5%).

Management does not believe that any reasonably possible change in the key assumptions used to calculate the recoverable value might lead to the carrying amount of a CGU being considerably higher than its recoverable value.

The CGUs and the discount rates used are therefore the following:

CGU	Goodwill	Discount rates, including risk premiums
Aerospace	1,332	7.37%
Robotics	17,692	7.87%
Simulation	-	7.37%
Smart Safety Systems	**19,024**	
Systems	25,695	11.7%
Products	9,780	11.7%
3D Printing	**35,475**	
CIMLEC and subsidiaries	649	9.3%
NUCLÉACTION and subsidiaries	3,766	9.3%
Fire Protection	4,921	9.8%
SERES	806	9.3%
Protection of High-Risk Installations	**10,141**	
TOTAL GROUPE GORGÉ	**64,639**	

Note 7 Details of cash flows

7.1 Calculation of cash flow

(in thousands of euros)	**2018**	**2017[1]**
Net income from continuing operations	**(1,942)**	**(20,582)**
Allowances for/reversals of depreciation, amortisation and provisions	10,971	18,978
Cancellation of capital gains and losses on treasury shares	(165)	(82)
Calculated expense linked to share-based and similar payments	62	573
Earnings of equity-accounted companies	(67)	(60)
Capital gains and losses on disposals	(761)	1,743
Other total	-	-
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**8,099**	**571**

(1) 2017 column restated to reflect the items described in Note 1.3.

EBITDA is reconciled with the operating cash flow as follows:

(in thousands of euros)	**2018**	**2017[1]**
EBITDA	**19,097**	**11,833**
Cancellation of capital gains and losses on treasury shares	(165)	(82)
Capital gains and losses on disposals	(761)	943
Calculated expense linked to share-based and similar payments	84	(193)
Appropriations and reversals concerning current assets	(1,246)	(964)
Appropriations and reversals concerning contract costs	(1,918)	(2,369)
Offsetting of reversals of provisions with an expense	(652)	(1,130)
Non-recurring items excluding charges and reversals	(2,507)	(485)
Financial income excluding financial charges and reversals	(1,246)	(2,057)
Corporation tax	(2,526)	(4,901)
Other calculated expenses	(61)	(25)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**8,099**	**571**

(1) 2017 column restated to reflect the items described in Note 1.3.

7.2 Change in working capital requirements

(in thousands of euros)	Notes	Start of the period[1]	Changes in scope	Change over the year	Other changes[2]	Currency translation adjustment	Closing
Net inventories		26,800	674	742	-	40	28,256
Net receivables		71,522	(4,194)	5,308	-	28	72,665
Contract assets		44,488	(1,310)	10,215	-	1	53,394
Advances and down-payments		2,576	(87)	(974)	-	-	1,515
Prepaid expenses		1,704	(183)	567	-	1	2,089
SUBTOTAL	**A**	**147,089**	**(5,099)**	**15,858**	**-**	**71**	**157,919**
Trade payables		51,874	(1,603)	(2,257)	-	8	48,023
Contract liabilities		22,726	(788)	8,215	-	(3)	30,150
Advances and down-payments		28	-	(24)		-	4
Deferred income from transactions		-	162	(32)		14	143
SUBTOTAL	**B**	**74,628**	**(2,228)**	**5,902**		**19**	**78,320**
WORKING CAPITAL REQUIREMENT	**C = A - B**	**72,462**	**(2,871)**	**9,956**	**-**	**52**	**79,599**
Costs of obtaining and performing contracts		2,193	-	(757)	-	-	1,436
Social and tax receivables		36,002	(664)	1,152	-	-	36,490
Current accounts receivable		8	-	(6)	-	-	2
Other receivables		3,599	(6)	(856)	80	1	2,817
SUBTOTAL	**D**	**41,802**	**(670)**	**(466)**	**80**	**1**	**40,746**
Tax and social debts		42,300	(502)	(336)	-	19	41,481
Accrued interest		6	-	(6)	-	-	-
Other payables and derivative instruments		9,059	265	(1,823)	716	118	8,335
Current accounts payable		1	-	-	-	-	1
Deferred income from subsidies and research tax credit		7,245	-	(604)	-	-	6,641
SUBTOTAL	**E**	**58,612**	**(237)**	**(2,769)**	**716**	**137**	**56,459**
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	**F = D - E**	**(16,810)**	**(433)**	**2,303**	**(636)**	**(136)**	**(15,712)**
WORKING CAPITAL REQUIREMENT	**G = C + F**	**55,652**	**(3,304)**	**12,259**	**(636)**	**(84)**	**63,886**

(1) Restated to reflect the items described in Note 1.3.
(2) The "Other changes" column contains financial inflows that do not generate cash flows.

7.3 Acquisitions/Disposals of equity holdings

Cash flows from acquisitions are summarised in the table below.

(in thousands of euros)	2018	2017
Proceeds	2,567	20,796
Payments	(12,399)	(12,508)
Cash and cash equivalents of companies acquired and disposed of	2,667	3,187
TOTAL	**(7,165)**	**11,475**

In 2018, the main flows corresponded to the acquisition of SOLIDSCAPE and the disposal of EN MOTEURS. In 2017, the Group bought INTERSON PROTAC and AVENAO.

In 2017, the €20.8 million comprising the item "Proceeds" corresponded to net proceeds from the disposal of 7.5% of the share capital of PRODWAYS GROUP by GROUPE GORGÉ. The corresponding capital gain increased the Group's equity but had no impact on the income statement.

Note 8 Financing and financial instruments

The financial assets and liabilities consist mainly of the following items:

- long term financial liabilities, short term loans and bank overdrafts which make up the gross financial debt (see Note 8.1.1);
- loans and other long term financial assets and the cash and cash equivalents which are added to the gross financial debt to arrive at the net financial debt (see Note 8.1.2);
- derivative instruments (see Note 8.1.3);
- other financial assets and liabilities (see Note 8.1.4).

8.1 Financial assets and liabilities

8.1.1 Gross financial debt

Gross financial debt includes long-term financial liabilities, short-term loans and bank overdrafts.

Financial liabilities consist primarily of current and non-current financial debt contracted with credit institutions, as well as bonds. These liabilities are initially recognised at fair value, from which are deducted, if need be, any directly attributable transaction costs. They are then valued at amortised cost based on their actual interest rate.

Several new loans were taken out during the year:

- an investment credit facility of €3 million was contracted by ECA SA in July 2018. The credit must be drawn down within 18 months and amounted to €2 million at end-2018;
- INITIAL took out three new loans to finance its investments: two bank loans in April 2018, for €300 and €700 thousand; and in June 2018, a bank loan of €1,350 thousand;
- GROUPE GORGÉ took out three new bank loans during the financial year, for a total of €13.1 million each, to refinance two bond loans reaching maturity.

Redemptions for the financial year (€28.6 million) included the bullet repayment of €14 million in bonds subscribed in 2012 and reaching maturity in 2018.

Changes in borrowings and financial debt

(in thousands of euros)	Finance lease liabilities	Bonds	Bank borrowings	Other miscel-laneous financial borrowings	Financial debt	Bank overdrafts	Gross financial debt
At 1 January 2018	**4,069**	**15,701**	**55,271**	**1,776**	**76,817**	**7,806**	**84,623**
New finance lease contracts	741	-	-	-	741	-	741
New bond subscription	-	-	17,544	370	17,914	4,826	22,740
Redemptions	(1,445)	(14,400)	(12,616)	(116)	(28,576)	(7,806)	(36,382)
Other changes(1)	-	42	61	(2)	101	-	101
First consolidation / (Deconsolidation)	(1,137)	-	449	130	(557)	(469)	(1,026)
Impact of changes in exchange rates	-	-	32	13	45	-	45
At 31 December 2018	**2,229**	**1,343**	**60,741**	**2,171**	**66,484**	**4,357**	**70,841**

(1) Changes with no impact on cash flow, related to effective interest rates and accrued interest on borrowings.

Schedule of borrowings and financial debt

(in thousands of euros)	31/12/2018	<1 year	>1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Finance lease liabilities	2,229	1,131	1,096	690	228	149	22	8
Bonds	1,343	400	943	400	400	143	-	-
Bank borrowings	60,741	18,916	41,826	7,029	16,981	2,963	13,997	857
Other borrowings	2,171	729	1,449	34	55	53	54	1,253
LONG-TERM DEBT	**66,484**	**21,175**	**45,314**	**8,152**	**17,663**	**3,308**	**14,073**	**2,117**
Bank overdrafts	4,357	4,357	-	-	-	-	-	-
GROSS FINANCIAL DEBT	**70,841**	**25,532**	**45,314**	**8,152**	**17,663**	**3,308**	**14,073**	**2,117**

The costs attributable to the implementation of loans are amortised over the term of the debt (amortised cost method) based on their true interest rate.

"Bank borrowings" of less than one year includes €12.0 million in drawdowns made by ECA over three-month periods as part of its two Revolving Credit Facilities (RCF) of €10 million each. The drawdowns can be renewed and their final maturities are July 2021 and July 2020. Therefore, ECA SA has €8 million in confirmed credit facilities, which are added to the €10 million of PRODWAYS GROUP and the €10 million of GROUPE GORGÉ.

"Other borrowings" include repayable advances received by the Group in respect of research and development in particular. These advances cannot be repaid, or only repaid partially according to the success of the operations on the basis of which they were granted.

8.1.2 Restated net cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash in hand, bank accounts, term deposits of no more than three months and marketable securities meeting the criteria in IAS 7.

Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

(in thousands of euros)	2018	2017
Marketable securities and term deposits	2,718	27,051
Cash and cash equivalents	39,284	59,738
GROSS CASH (A)	**42,002**	**86,789**
Bank overdrafts (B)	4,357	7,806
CASH AND CASH EQUIVALENTS (C) = (A) - (B)	**37,645**	**78,983**
Financial debt (D)	66,484	76,817
NET CASH (NET DEBT) (C) - (D)	**(28,839)**	**2,166**
ECA treasury shares	773	1,500
PRODWAYS GROUP treasury shares	128	165
GROUPE GORGÉ treasury shares	44	74
NET DEBT CASH, ADJUSTED	**(27,894)**	**3,905**

8.1.3 Derivative financial instruments

Composite financial instruments such as convertible or redeemable bonds are recognised in accordance with IAS 32, *i.e.* separate posting of the bond component recorded as debt at amortised cost and of the share component recognised as equity (similar to selling a stock purchase option), expenses related to the issue being recognised as equity and debt respectively in proportion to the proceeds of the issue.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange risks associated with operations. These risks mainly arise from sales in USD. The corresponding future cash flows are partially hedged by firm or optional forward exchange transactions. On initial posting, derivatives are recorded in the balance sheet at their acquisition cost. They are then valued at their fair value calculated on the basis of market prices provided by the relevant financial institutions. The Group applies hedge accounting for foreign exchange transactions according to the criteria defined by IFRS 9. This is macro-hedging, with changes in the fair value of the hedging instrument being recognised as income.

In 2018, ECA set up several forward sales in US dollars. Five transactions, involving $1.62 million in all, were in progress at the reporting date, with terms between February and July 2019. At end-2018, the fair value recognised in profit or loss was €16 thousand.

The Group uses swap agreements to manage and hedge changes in interest rates.

The derivative instruments used are backed economically by the maturities, rates and currencies of the hedged loans. These contracts involve fixed and floating exchange rates. The interest differential is recognised as financial income or expense in return for interest receivable or payable as appropriate. For these rate instruments, the Group uses cash flow hedging in accordance with IFRS 9: the instruments are recognised at their cost of acquisition and then revalued at their fair value at the closing date.

The Group's financial instruments are allocated to hedging future transactions (cash flow hedge). Thus, measurement of the change in fair value is as follows:

- the effective portion of changes in fair value is recognised in the hedging reserve until the proposed transaction is closed. When the proposed transaction is completed, the amount recognised in equity is reclassified in earnings, with the income or expense being adjusted by the actual portion of the gain or loss on the fair value of the hedging instrument;
- the ineffective portion of the change in fair value is recognised as financial income.

The fair value of swap agreements is calculated using valuation techniques based on observable market data, pursuant to IFRS 7.

PRODWAYS GROUP took out an interest rate cap in September 2016 to hedge the €10 million variable rate loan contracted with LCL. Due to early repayment of the underlying asset in 2017, this hedge was discontinued in the second half of 2017.

In October 2016, GROUPE GORGÉ took out a 1% interest rate cap to hedge the €9.5 million variable-rate loan contracted with BNP. The value in the asset balance sheet was €6 thousand at 31 December 2018.

SERES Technologies' minority shareholder has a put option, and GROUPE GORGÉ has a call option, exercisable from 2021. The minority shareholder's option was measured at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

IP GESTION' minority shareholders have put options exercisable from 2023. PRODWAYS GROUP has a call option exercisable from 2021. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

BUREAU D'ÉTUDES MAURIC's minority shareholders have put options that are exercisable under a shareholders' pact entered into in November 2016 for a period of ten years. ECA has a call option exercisable from 2017. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question. In December 2017, options were exercised by the shareholder managers, and the shares concerned were acquired by ECA to be sold to other managers of the company at the same price, in early 2018.

(in thousands of euros)	**Start of the period**	**In**	**Options exercised**	**Equity effect**	**Other total**	**Closing**
SERES Technologies purchase option	1,359	-	-	24	-	1,383
BUREAU D'ETUDES MAURIC call option	433	-	-	(87)	-	347
INTERSON-PROTAC call option	889	-	-	41	-	930
NON-CURRENT TOTAL	**2,682**	**-**	**-**	**(22)**	**-**	**2,660**

8.1.4 Other non-current financial assets

The new IFRS 9 presents three major classes of financial assets, those measured at amortised cost, those measured at fair value through other comprehensive income and those measured at fair value through profit or loss. The classification of financial assets is based on the business model under which the asset is held and the characteristics of its contractual cash flows.

The application of IFRS 9 has not had any impact on the Group's accounting methods for measuring financial assets at amortised cost (loans and receivables) or on the valuation of securities previously recognised at historical value.

Net values *(in thousands of euros)*	**2018**	**2017**
Loans	934	717
Deposits and guarantees	2,333	1,870
Non-consolidated holdings	654	748
Available-for-sale assets	-	-
Other long-term investments	498	519
TOTAL OF OTHER FINANCIAL ASSETS	**4,419**	**3,854**

Non-consolidated equity securities

(in thousands of euros)	**% control**	**Capital** *Equity*	**Gross value of securities** *Net value of securities*	**Revenue** *Net income*	**Comments**
		56	60	1,429	
CEDETI[(1)]	10.07%	309	60	45	No significant influence
		100	34	-	
MARINE INTÉRIM	34%	164	-	-)	No significant influence
		58	500	286	
WANDERCRAFT	4.69%	13,521	500	(3,852)	No significant influence
		n/a	145	n/a	
Other total	n/a	n/a	94	n/a	No significant influence

(1) Information at 30 September 2018.

Investments in affiliated companies

The movements over the year are as follows:

(in thousands of euros)	**Start of the period**	**In**	**Income**	**Currency translation adjustment**	**Exit**	**Closing**
1ROBOTICS	3	-	-	-	-	3
DENTOSMILE	901	-	94	-	-	995
VARIA 3D	603	-	24	-	(627)	-
TOTAL	**1,507**	**-**	**118**	**-**	**(627)**	**998**

8.2 Financial income and expense

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

Interest expenses correspond to the amount of interest recognised in respect of the financial debts and the interest income to the amount of the interest received from cash investments.

(in thousands of euros)	**2018**	**2017**
Interest expense	(1,724)	(1,935)
Income from other securities	(9)	-
Net income on sales of marketable securities	101	24
COST OF NET DEBT	**(1,631)**	**(1,912)**
Other interest income	436	247
Net exchange gain or loss	119	(393)
Financial allowances net of reversals	(34)	(51)
TOTAL FINANCIAL INCOME AND EXPENSES	**(1,110)**	**(2,108)**

In 2018, other financial income included €623 million in default interest received for redemptions on research tax credit receivables.

8.3 Policy for the management of risks

8.3.1 Liquidity risk

At 31 December, the Group's net cash amounted to €37.6 million (€42.0 million in cash, minus €4.4 million in bank overdrafts). The Group also has four revolving credit facilities, €28 million of which was available at the reporting date.

The Group has the funding it needs and there are no loans essential to its activity being negotiated. The Group has no bank financing that depends on the Group's rating and no significant concentration of credit risk.

The arrangements for repaying the principal loans outstanding at year-end are as follows:

Loan *(in € thousands)*	**Rate**	**Amount**	**Outstanding capital**	**Maturity**
BNP PARIBAS	E3M + 1.0%	10,000	10,000	Bullet repayment June 2021
CIC	E + 0.4%	10,000	7,500	RCF Line maturity July 2021
BNP PARIBAS	E3M + 0.8%	9,500	5,700	20 quarterly instalments from January 2017
LCL	E3M + 1.25%	4,900	4,900	Bullet repayment October 2023
BNP PARIBAS	E + 0.43%	10,000	4,500	RCF maturity July 2020
BNP PARIBAS	E3M + 1.25%	4,200	4,200	Bullet repayment November 2023
CIC	1.30%	4,000	4,000	Bullet repayment July 2023
BPIFRANCE	1.78%	5,000	3,750	20 quarterly instalments from October 2017
BPIFRANCE	1.78%	3,000	2,250	20 quarterly instalments from November 2017
LCL	0.95%	3,000	2,000	20 quarterly instalments from April 2020
BPIFRANCE	1.93%	2,900	1,740	20 quarterly instalments from March 2017
GIAC 2022 bond	E3M + 3.05%	2,000	1,500	20 quarterly instalments from October 2017
BNP PARIBAS	0.57%	1,350	1,220	60 monthly payments starting in July 2018
BPIFRANCE	1.78%	1,500	1,125	20 quarterly instalments from October 2017
BANQUE PALATINE	0.37%	1,668	1,088	20 quarterly instalments from April 2017
BANQUE PALATINE	0.37%	1,668	1,087	20 quarterly instalments from April 2017
CIC	E3M + 0.6%	1,300	1,087	24 quarterly instalments from February 2018
BPIFRANCE	0%	1,400	910	20 quarterly instalments starting in June 2017
CRÉDIT AGRICOLE	0.55%	700	596	60 monthly payments starting in April 2018
CRÉDIT AGRICOLE	0.60%	700	440	60 monthly payments starting in February 2017
SOGEBAIL (leasing)	TEC10 + 0.55%	6,320	341	48 quarterly instalments from June 2007
LCL	E3M + 0.9%	10,000	-	RCF maturity July 2020
LCL	E3M + 0.8%	10,000	-	RCF maturity December 2022, declining basis from June 2019

Leverage covenants (net financial debt / EBITDA) are associated with certain credits. They have all been honoured. The principal borrowings of GROUPE GORGÉ as well as the principal borrowings of subsidiaries may include a change of control clause.

8.3.2 Interest rate risk

Generally, the Group's policy for managing interest rate risk is to examine on a case by case basis credit agreements concluded on the basis of a variable interest rate and to consider, with the help of its external financial advisors, whether it is opportune to use *ad hoc* financial instruments to hedge, where appropriate, identified rate risks. Liabilities and assets exposed to changes in interest rates are as follows, by maturity:

(in thousands of euros)	**DD to 1 year**	**1 to 5 years**	**Beyond**
Financial liabilities(1)	19,204	22,317	2,565
Financial assets(2)	-	934	-
Net position before hedging	19,204	21,382	2,565
Off-balance sheet	-	-	-
Net position after hedging	19,204	21,382	2,565

(1) Excluding funds that do not bear interest but including bank overdrafts amounting to €4,357 thousand.

(2) Excluding marketable securities and investments for €2,718 thousand.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

Net debt exposed to interest rate fluctuations is approximately €40.4 million at 31 December 2018. A rise or fall of 100 basis points (1%) of all rates would have an impact of about +/-€404 thousand on the Group's annual pre-tax financial expense, assuming strict stability of the debt.

8.3.3 Foreign exchange risk

Foreign currency transactions are concentrated at ECA (mainly US dollar) and are developing in the 3D Printing division, specifically with the acquisition in 2018 of SOLIDSCAPE. The Group's share of revenue earned in foreign currencies remains limited, with companies in the Protection of High-Risk Installations division reporting the bulk of their euro-denominated exports.

ECA has established a policy of monitoring foreign exchange risk by anticipating all the currency flows of the Group constituted by ECA and its subsidiaries (receipts and payments), measuring the Group's net exposure by maturity and, if necessary, using currency hedging if the net position with an identified deadline warrants it. This requires an assessment of the risk of currency changes, which is issued by the Management of ECA advised by its banks. In 2018, ECA set up several forward sales in US dollars. Five transactions, involving $1.62 million in all, were in progress at the reporting date, with terms between February and July 2019.

Financial debt in foreign currencies is marginal, only a few foreign subsidiaries having temporary bank overdrafts.

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(in thousands of euros)	**USD**	**GBP**	**Other total**
Assets	7,576	464	406
Liabilities	4,122	215	1,864
Net position before hedging	3,454	249	(1,458)
Off-balance sheet position	-	-	-
Net position after hedging	3,454	249	(1,458)

A uniform exchange rate with a rise or fall of 1 cent (euro) against the major currencies could have an impact of +/-€33 thousand on the net position, assuming a strict stability of assets and liabilities.

8.3.4 Market risk

Treasury shares are held by ECA (78,360 shares), GROUPE GORGÉ (5,234 shares) and PRODWAYS GROUP (49,723 shares). These shares were acquired under liquidity contracts or in order to deliver shares when exercising rights attached to securities giving access to capital through redemption, granting stock purchase options to employees, cancelling all or some of the shares thus redeemed, delivering securities in payment or exchange in the framework of external growth transactions, or regulating the share price on the stock market.

The market value of the treasury shares at 31 December 2018 was €0.94 million (respectively €0.044 million for the treasury shares of GROUPE GORGÉ, €0.77 million for those of ECA and €0.13 million for those of PRODWAYS GROUP).

A uniform change of 10% in the price of shares could have an impact of €94 thousand on equity compared with the situation at 31 December 2018 (ECA, GROUPE GORGÉ and PRODWAYS GROUP shares).

The rest of the cash invested by the Group is in money market funds or deposits.

8.4 Off-balance sheet commitments related to financing

8.4.1 Pledges of the issuer's assets

There was no other collateral, guarantee or security at the end of the 2018 financial year other than the pledge of assets to guarantee the loans used to finance them.

8.4.2 Commitments received

GROUPE GORGÉ SA has a revolving credit facility of €10 million, confirmed until July 2020. This credit facility has not been used. It is accompanied by a change of control clause and a financial covenant.

ECA SA has a revolving credit facility of €10 million, confirmed until July 2021. This credit facility, €7.5 million of which had been used as at 31 December 2018, is subject to a change of control clause and a financial covenant.

ECA SA also has a 2017 revolving credit facility of €10 million, confirmed until July 2020. This credit facility, €4.5 million of which was used at 31 December 2018, is subject to a change of control clause.

PRODWAYS GROUP SA has a revolving credit facility of €10 million, confirmed until December 2022. It declines by €2.5 million per year starting in June 2019. It has not been used. It is accompanied by a change of control clause and a financial covenant.

8.4.3 Other commitments

There was no other collateral, guarantee or security at the end of the 2018 financial year.

Note 9 Corporate income tax

9.1 Details of corporate income tax

The tax charge on net income includes the tax payable and the deferred taxes of the consolidated companies.

The taxes related to items recognised directly in other items of total net income are recognised in other items of total net income and not in the income statement.

9.1.1 Details of corporate income tax

Breakdown of tax expense

(in thousands of euros)	2018	2017[1]
Deferred tax liabilities	249	(3,223)
Taxes payable	(2,775)	(1,677)
TAX EXPENSE	**(2,526)**	**(4,901)**

(1) 2017 Column restated to reflect the items described in Note 1.3.

Tax expense does not include research tax credits, classified as other income (see Notes 4.2 and 9.1.2). It does, however, include CVAE in the amount of €1,867 thousand in 2018 and €1,315 thousand in 2017.

Tax receivables and payable

(in thousands of euros)	2018	2017
Tax receivables	26,296	24,635
Tax payable	(255)	(242)
NET TAX RECEIVABLE / (DUE)	**26,041**	**24,393**

Tax receivables are mainly made up of research tax credit receivables for €17.3 million and CICE receivables for €7.4 million, which it was not possible to deduct from the tax charge payable.

9.1.2 Analysis of the tax charge

In accordance with standard practice and with IAS 12 and IAS 20, as the research tax credit is neither an element of taxable income, nor computed on the basis of taxable income and as it is neither a tax liquidation component nor limited to the amount of tax liquidated, it is classified as operating income.

Research tax credits for subsidiaries are recognised in current operating income rather than as a decrease in tax expense if they are not generated by research and development expenses included in the consolidated balance sheet. If they are generated by research and development expenses recognised in the consolidated balance sheet, research tax credits are recognised as deferred income in liabilities and recognised in income at the rate of future amortisation.

Contributions on Corporate Added Value (CVAE) are recognised in income tax accounts, this tax being based on value added. The Group's analysis is based in particular on the definition of income tax as defined in IAS 12 and on an IFRIC position from 2006 that states that the term "taxable income" implies a notion of a net rather than a gross amount, although not necessarily identical to the accounting income. IRAP (Italian tax, also based on value added) is measured the same way.

(in thousands of euros)	2018	2017[1]
NET INCOME FROM CONTINUING OPERATIONS	**(1,942)**	**(20,582)**
Tax Income/(Expense)	(2,526)	(4,901)
Earnings of equity-accounted companies	67	57
Earnings before tax	518	(15,738)
Tax rate	28%	33.33%
THEORETICAL TAX CHARGE	**(158)**	**5,245**
Reconciliation items		
Uncapitalised tax losses incurred for the period	(3,204)	(8,187)
Use of uncapitalised tax losses	76	56
Reassessment of deferred tax assets	51	(3,731)
Differential rates France/Foreign countries and reduced rates	(228)	(284)
Differential rates relating to the new tax reform in France	-	489
CVAE	(1,867)	(1,315)
Tax impact associated with the accounting classification of the value added contribution (CVAE) and tax credits/or tax savings on the CVAE and the theoretical restatement/cancellation on tax credit	1,430	1,864
Other permanent differences	1,372	962
ACTUAL NET TAX INCOME (EXPENSE)	**(2,526)**	**(4,901)**

(1) 2017 column restated for the items presented in Note 1.3.

The tax rate matches the parent company's current rate.

9.2 Deferred tax liabilities

Deferred taxes corresponding to time differences between the tax and accounting bases of consolidated assets and liabilities are recognised using the liability method. Deferred tax assets are recognised when their future realisation seems likely on a date which can be reasonably determined.

Future income tax breaks arising from the use of tax loss carry-forwards (including unlimited carry-forward) are recognised only when they can be reasonably anticipated.

The main timing differences are related to tax losses carried forward, to provisions for pensions and other similar benefits, to other provisions which are temporarily non tax-deductible and to capitalised development expenses. The deferred tax assets and liabilities are calculated using tax rates which will be in effect at the time of the reversal of the timing differences.

Deferred tax assets and liabilities are not discounted and are offset if they relate to the same taxable entity and have identical repayment maturities.

Breakdown of deferred taxes by type

(in thousands of euros)	2018	2017[1]
Differences over time		
Retirement and related benefits	1,961	2,071
Development costs	(4,517)	(5,622)
Grants	10	67
Finance leases	(269)	(273)
Derivative financial instruments	(30)	(67)
Fair value – IFRS 3	(1,979)	(2,030)
IFRS 15	80	47
Other total	399	535
SUBTOTAL	**(4,345)**	**(5,273)**
Temporary differences and other restatements	438	(933)
Deficits carried forward	6,398	7,112
CVAE	(30)	(51)
TOTAL	**2,461**	**855**
DEFERRED TAX LIABILITIES	**(1,441)**	**(2,361)**
DEFERRED TAX ASSETS	**3,902**	**3,215**

(1) 2017 Column restated to reflect the items described in Note 1.3.

Deficits carried forward are capitalised due to opportunities for rapid posting of these deficits. Some deferred tax assets resulting from these capitalisations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned.

Underlying tax position

Unactivated tax deficits carried forward *(bases in millions of euros)*	2018	2017
Ordinary deficits	48.0	55.0
TOTAL	**48.0**	**55.0**

Note 10 Shareholders' equity and earnings per share

10.1 Shareholders' equity

10.1.1 Capital and issue premiums

At 31 December 2018, the share capital of GROUPE GORGÉ SA amounted to €13,502,843, made up of 13,502,843 shares each with a par value of €1, fully paid up and of which 7,367,146 shares have double voting rights.

Changes in capital

	Cumulative number of shares	Amount of share capital *(in euros)*
Share capital at 31/12/2016	13,495,843	13,495,843
Share capital at 31/12/2017	13,502,843	13,502,843
Share capital at 31/12/2018	13,502,843	13,502,843

The capital was increased in 2016 by 129,000 shares, of which 114,000 were used with the use of the equity line set up in 2016 and 15,000 shares as a result of the vesting of shares as part of a bonus share allocation plan. In January 2017, a draw of 7,000 shares was carried out as part of the equity line, bringing the capital to 13,502,843 shares.

The share premiums represent the difference between the par value of the securities issued and the amount, net of expenses, of the cash contributions received by GROUPE GORGÉ SA at the time of the issue. They amount to €26,011 thousand.

10.1.2 Dividend per share

The distributable reserves of the parent company (shareholders' equity excluding share capital and legal reserve) amount to €77,949 thousand, before appropriation of the 2018 net income. They amounted to €62,190 thousand at 31 December 2017.

No dividend was paid in 2016 and in 2017. The dividend distributed in 2018 was €0.32 per share, or a total amount of €4,320 thousand.

10.1.3 Treasury shares and share repurchase plan

Share purchases made in 2018 were under the authorisation granted by the shareholders' meeting of 13 June 2018 or 16 June 2017.

On 31 December 2018, GROUPE GORGÉ SA held 5,234 treasury shares under a liquidity contract. On 31 December 2017, it held 4,748 treasury shares. The purpose of these shares can be:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilise the share's stock market price.

10.2 Earnings per share

Earnings per share are calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of shares outstanding during the year calculated on a *pro rata* basis, net of treasury shares, in compliance with IAS 33.

The diluted earnings per share take into account dilutive instruments. It is calculated from the weighted average on a *pro rata* basis for the number of shares equivalent to shares outstanding during the year. The dilutive effect of share subscription or purchase options is calculated using the treasury stock method, taking into account the average price over the period concerned.

	2018	2017 (1)
Weighted average number of shares	13,508,279	13,497,464
Dividend per share paid during the year *(in euros)*	ND	-
EARNINGS PER SHARE *(IN EUROS)*	**(0.138)**	**(1.188)**
EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(IN EUROS)*	**(0.138)**	**(1.188)**
Dilutive potential ordinary shares(2)	-	-
Diluted weighted average number of shares	13,508,279	13,497,464
DILUTED EARNINGS PER SHARE *(IN EUROS)*	**(0.138)**	**(1.188)**
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(IN EUROS)*	**(0.138)**	**(1.18)**

(1) 2017 Column restated to reflect the items described in Note 1.3.

(2) There were no potential dilutive shares at the date of issue of the financial statements.

10.3 Pledges of the issuer's assets

The Company has no knowledge of any pledges of GROUPE GORGÉ shares outstanding at the reporting date.

Note 11 Other provisions and contingent liabilities

The Group recognises a provision if it has an obligation to a third party prior to the reporting date, where the loss or liability is probable and can be reasonably estimated. In cases where such loss or liability is neither probable nor reliably measurable, but still possible, the Group reports a contingent liability in commitments (excluding the posting of contingent liabilities in the event of acquisition). Provisions are estimated on a case by case basis or on a statistical basis.

Provisions are primarily intended to cover:

- economic risks: these provisions cover tax risks identified during inspections carried out locally by tax authorities and financial risks arising primarily on guarantees given to third parties covering certain assets and liabilities;
- business risks and contingencies; these provisions comprise:
  - statistical provisions for guarantees: Group subsidiaries provide for all guarantees which may be given on equipment sales on a statistical basis. Some guarantees may cover 24 months,
  - provisions for termination losses on projects on ongoing projects,
  - provisions for work outstanding on projects already delivered;
- restructuring costs, if the restructuring was covered by a detailed plan and an announcement or project launch before the reporting date.

In contrast to the foregoing definition of a provision, a potential liability is:

- a potential obligation resulting from a past event of which the existence will only be confirmed by the occurrence or otherwise of an uncertain event which is not within the control of the Group;
- or a current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated or it is unlikely that an outflow of resources representative of economic benefits will be necessary to extinguish the obligation.

As part of business combinations, potential liabilities may be recognised as provisions in accordance with the criteria defined in the IFRS 3R standard.

Provisions for losses on completion of pending projects:

Provisions *(in thousands of euros)*	**Litigation**	**Customer warranties**	**Termination losses**	**Fine and Penalties**	**Other total**	**Total**
At 1 January 2018[(1)]	**670**	**922**	**3,532**	**39**	**6,040**	**11,203**
Appropriations	800	184	695	6	1,611	3,295
Provisions used	-	(61)	(116)	-	(3,886)	(4,063)
Reversals	(317)	(65)	(1,231)	-	(828)	(2,442)
Impact on income for the period	**483**	**58**	**(652)**	**6**	**(3,104)**	**(3,210)**
Changes in scope	(198)	(203)	(1,499)	-	(537)	(2,437)
Other changes	-	-	-	-	249	249
Impact of changes in exchange rates	-	-	-	-	-	-
AT 31 DECEMBER 2018	**954**	**777**	**1,380**	**45**	**2,648**	**5,805**

(1) Opening restated to reflect the items described in Note 1.3.

At the end of 2017, the "Other" column includes €2,633 thousand in provisions for risks for the outcome of a dispute with a major customer and the consequences of the termination of the activity of two Group subsidiaries. These provisions were reversed in 2018 and reallocated to the corresponding liabilities and impairment of assets.

Note 12 Other notes

12.1 Statutory auditors' fees

Fees billled to all Group companies by the GROUPE GORGÉ SA statutory auditors' Board are the following:

2018 *(in thousands of euros)*	**PWC**		**RSM**		**Total**	
Statutory audits, review of financial statements	364	100.0%	280	100.0%	644	100.0%
• Parent company	66	-	64	-	130	
• Fully consolidated companies	298	-	216	-	514	-
Services other than certification of the financial statements	-	-	-	-	-	-
TOTAL	**364**	**100.0%**	**280**		**644**	**100.0%**

2017 *(in thousands of euros)*	**PWC**		**MAZARS**		**Total**	
Statutory audits, review of financial statements	359	98.1%	168	100.0%	527	98.1%
• Parent company	101	-	68	-	170	-
• Fully consolidated companies	257	-	100	-	357	-
Services other than certification of the financial statements	7	1.9%	-	-	7	1.9%
TOTAL	**366**	**100.0%**	**168**	**100.0%**	**534**	**100.0%**

12.2 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

In July 2013, a fire destroyed the DEPALOR particleboard production plant in Phalsbourg. Some fire protection systems at the fire's initial break-out point are thought to have failed to function. DEPALOR and its insurance company launched a court-ordered appraisal against the various specialist companies responsible for the design, maintenance, verification and occasional work on the fire extinguishing systems of which CLF SATREM and their respective insurers. The appraiser, who in particular had to determine the causes of the damage and the causes of any malfunctions in the fire protection systems and determine their impact on the claim, concluded the following in March 2018: the problem was caused by a breach in a high-pressure hydraulic fluid pipeline attached to a chipboard press; the fluid vaporised upon contact with the heated press elements and then ignited spontaneously. The damage suffered by DEPALOR was estimated at €34 million (reconstruction as new value of the plant). The report indicates that several fire extinguishing systems appear to have been more or less faulty and were therefore not effective in fighting the primary outbreak. The sprinkler system was not triggered due to the presence of a check valve in the fire protection system. Liability for the check valve installation could not be attributed to anyone in particular. As such, it would appear that the network had been out of service for several years. None of the service providers (APAVE, AXIMA or CLF) working on the fire protection system had noted this anomaly during their work. The DEPALOR employees responsible for weekly checks and re-commissioning following the incident should reasonably have known about the anomaly. Moreover, the report shows that DEPALOR appears to have been negligent in monitoring the network's maintenance and the dust removal from its structures. The appraiser maintains that, in any event, "it is uncertain that the fire extinguishing systems, even in an operational condition, would have been effective in controlling a fire caused by the ignition of a mist of oil resulting from a breach in the high-pressure, high-flow pipeline, since the sprinkler system would have been designed mainly to neutralise the impact of the "disc" being manufactured". In August, DEPALOR's insurers filed a claim against DEPALOR, all those having worked on DEPALOR's fire protection system and their respective insurers, before the Nanterre Commercial Court. Without taking the findings of the legal appraisal into account, they requested the Court to hold that the failings of AXIMA, CLF and APAVE are directly responsible for the damages suffered by DEPALOR, and requested a joint order against those companies in the amount of €34 million. CLF considers that those claims contradict the findings set out in the appraisal, since the failure of the sprinkler system did not cause the fire, but was merely one of several factors aggravating the risk of a fire (DEPALOR's negligence, problem of dust removal from structures). Moreover, the appraisal could not determine who was responsible for installing the check valve that prevented the functioning of the sprinkler network, but it is probable that DEPALOR was aware of its existence. Unless the insurers manage to settle, this dispute is likely to continue for several years. CLF is covered by its insurance policy for €3 million with respect to this claim.

In April 2008, CIMLEC INDUSTRIE signed a contract with ETS COMMUNICATION for an unlimited telephone service as well as the renting of the equipment required for the supply of this service from a leasing company. The entire telephone service and the lease financing came to a total amount of €500 thousand. On the strength of an acceptance report signed by CIMLEC INDUSTRIE, the leasing company FRANFINANCE began to deduct the rent payments although the telephone equipment had not been delivered and the unlimited telephone service had not begun. CIMLEC Industrie stopped the payments and ended up rescinding the contract. ETS COMMUNICATION was placed under court-ordered liquidation. FRANFINANCE took CIMLEC INDUSTRIE to the Commercial

Court to claim approximately €470 thousand from CIMLEC INDUSTRIE for the implementation of the lease financing contract until its term. CIMLEC INDUSTRIE then filed a complaint against it for fraud and forgery. The investigation resulted in the case being abandoned, recording that no objective evidence was available to confirm the reality of the delivery or the subsequent use of the equipment. In any event, CIMLEC INDUSTRIE considers that FRANFINANCE cannot expect to obtain the full compensation for a contract when none of the services covered by the contract were provided. In April 2016, the Commercial Court ordered CIMLEC INDUSTRIE to pay FRANFINANCE €473 thousand. The order was recorded in the financial statements at 30 June 2016 and the amount has been fully paid. CIMLEC INDUSTRIE appealed the ruling and lost its appeal in 2017. CIMLEC INDUSTRIE appealed again in early 2018.

In 2014, BAUMERT wanted to close its establishment in Dreux in order to redeploy the business carried out on this site to its main site in Alsace in particular. Since 15 out of 16 employees refused to move, the Company was obliged to implement a plan (PSE) to safeguard the employees' jobs. Fourteen employees requested the cancellation of the PSE on the grounds that it had not been approved by the competent Regional directorate of businesses, competition, consumption, labour and employment ("DIRECCTE") and that the PSE had not been assessed by the latter with regard to the resources available to the Group to which the BAUMERT company belongs. The proceedings before the administrative courts confirmed that the DIRECCTE which approved the PSE had no jurisdiction in the area. Due to the cancellation of the PSE, the employees also initiated Labour Tribunal proceedings for dismissal without real and serious cause. BAUMERT was thus ordered by the Labour Tribunal in 2016 to pay damages to employees for an amount of approximately €460 thousand. This ruling was upheld on appeal in September 2018 for an amount finally set at €302 thousand. BAUMERT has launched legal procedings to call into question the responsibilities of the State and its lawyer, who advised the Company on the PSE, due to the DIRECCTE's lack of jurisdiction.

In 2014 and 2015, BAUMERT designed, manufactured and installed sealed doors for nine methanation units designed by NASKEO Environnement that were sold to agricultural operators. The price of this contract totalled €720 thousand for BAUMERT. The methanation units malfunctioned, which affected the performance expected by agricultural operators. Court-ordered assessments are underway at several sites or will be initiated in order to determine the causes of the malfunctions that resulted in an apparent problem with the doors' weather seal. BAUMERT currently considers that these doors were designed in compliance with the requirements of the specifications of NASKEO Environnement.

In May 2016, VAN DAM received a complaint from VINCI CONSTRUCTION UK Limited regarding sub-contracted work performed in 2008-2009 (then in 2011 for repairs) on a public building in England. The original contract for VAN DAM amounted to £2.9 million. VAN DAM had many discussions with the contractor and the owner on the origin of the problems documented and the proportionate and adapted technical solutions that could possibly be implemented to remedy the problem. VAN DAM has not however been able to access the building to carry out certain technical analyses. Since the bankruptcy of the owner (Carillon) discussions have been suspended.

In 2014, per the specifications of a project manager and an architectural firm, CLF installed a deluge system for the Theatre of Saumur. Following a power outage in 2018 and a compressor malfunction, the deluge system was triggered and the theatre was partially flooded. A joint appraisal is under way involving everyone involved in the installation (design, installation, supply, certification, and maintenance) and their insurers, to determine each party's liability.

ECA EN transferred its business in 2015. A property inspection report on departure was carried out in the presence of both parties with SCI FERCA, the lessor, at the end of December 2015. SCI FERCA sued ECA EN at the end of 2017 to restore the premises which ECA EN is allegedly responsible for and claimed €518 thousand from ECA EN in compensation. It is recalled that the Company was in the end obliged to move as a result of the non-completion by SCI FERCA, its former lessor, of all of the restoration work on the roof (asbestos removal) in the former premises.

At the end of a nine-year legal appraisal, in 9 December, SCI FERCA, ECA EN's former lessor, sued the companies in charge of the unfinished asbestos removal work (and their insurers) to claim compensation for the damage suffered due to poorly executed and incomplete asbestos removal. SCI FERCA sued ECA EN, along with the companies in charge of asbestos removal, accusing it, in its capacity as former tenant, of having hampered the asbestos removal process, which ECA EN vigorously contests.

As a reminder, a simplified merger was completed in 2018 between ECA EN and ECA ROBOTICS.

12.3 Subsequent events

On 3 January 2019, PRODWAYS GROUP acquired L'EMBOUT FRANÇAIS and SURDIFUSE in its Products division.

On 31 January, the Board of Directors of PRODWAYS GROUP issued a new bonus share plan. With this plan, 802,800 new shares could be created, if the attendance and performance conditions for the 2019-2021 financial years are met.

On 15 March 2019, the Belgian and Dutch navies awarded a contract for the supply of 12 mine-hunting ships equipped with some 100 drones to a consortium comprising NAVAL GROUP and ECA ROBOTICS. This contract, worth nearly €2 billion, will be spread over 10 years, and ECA's share of it will be approximately €450 million. This is an extremely important contract, not only for its amount, but also for the potential business in other countries.

No other significant events took place between 31 December 2018 and the date of the meeting of the Board of Directors, which approved the consolidated financial statements.

Note 13 List of consolidated companies

Company	Parent company	% control		% interest		Method	
	At 31 December 2018	2018	2017	2018	2017	2018	2017
Consolidating company							
GROUPE GORGÉ SA		Top	Top	Top	Top	FC	FC
Structure							
FINU12[1]	GROUPE GORGÉ SA	100	-	100	-	FC	-
SCI DES CARRIÈRES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands)	VIGIANS	95	95	95	95	FC	FC
GORGÉ NETHERLANDS (Netherlands)	GORGÉ EUROPE INVESTMENT	91.58	91.58	87	87	FC	FC
Smart Safety Systems							
ECA SA[2]	GROUPE GORGÉ SA	75.68	75.42	61.12	61.12	FC	FC
ECA DÉVELOPPEMENT[1]	ECA SA	100	100	61.12	61.12	FC	FC
ECA AEROSPACE	ECA SA	100	100	61.12	61.12	FC	FC
ECA AUTOMATION (formerly ECA CNAI)	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA SINTERS	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ELTA	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA DRONE[3]	ECA SA	-	100	-	61.12	-	FC
ECA DYNAMICS[1]	ECA SA	51	51	31.17	31.17	FC	FC
ECA EN[3]	ECA SA	-	100	-	61.12	-	FC
ECA FAROS	ECA SA	100	100	61.12	61.12	FC	FC
ECA MIDDLE EAST (UAE)[4]	ECA SA	-	100	-	61.12	-	FC
ECA ROBOTICS	ECA SA	100	100	61.12	61.12	FC	FC
ECA ROBOTICS BELGIUM [12]	ECA ROBOTICS	100	-	61.12	-	IG	-
ECA RSM[3]	ECA SA	-	100	-	61.12	-	FC
ECA SINDEL (Italy)[6]	ECA SA	-	99.38	-	60.74	-	FC
ECA SINDEL BRASIL (Brazil)[6]	ECA SINDEL	-	99.80	-	60.62	-	FC
EN MOTEURS[5]	ECA EN	-	100	-	61.12	-	FC
ECA MIDDLE EAST[7]	ECA SA	-	100	-	61.12	-	FC
ECA GROUP ASIA (Singapore)	ECA SA	100	100	61.12	61.12	FC	FC
BUREAU D'ÉTUDES MAURIC	ECA SA	60.06	71.47	36.71	43.69	FC	FC
SSI (United States)[1]	ECA SA	100	100	61.12	61.12	FC	FC
TRITON IMAGING (United States)[1]	ECA SA	100	100	61.12	61.12	FC	FC
1ROBOTICS (United States)[1]	ECA SA	29.89	29.89	49.51	49.51	EM	EM
Protection of High-Risk Installations							
AI GROUP[8]	VIGIANS	-	100	-	95	-	FC
AMOPSI	VIGIANS	80	80	76	76	FC	FC
VIGIANS (formerly BALISCO)	GROUPE GORGÉ SA	95	95	95	95	FC	FC

Company	Parent company At 31 December 2018	% control 2018	% control 2017	% interest 2018	% interest 2017	Method 2018	Method 2017
BAUMERT	NUCLÉACTION	100	100	99.49	99.49	FC	FC
BAUMERT CHINE[9]	BAUMERT HONG KONG	-	100	-	99.49	FC	FC
BAUMERT HONG KONG[1]	BAUMERT	100	100	99.49	99.49	FC	FC
CIMLEC INDUSTRIAL (Romania)	CIMLEC Industrie	100	100	95	95	FC	FC
CIMLEC Industrie	VIGIANS /CLF	100	100	95	95	FC	FC
CLF-SATREM	VIGIANS	100	100	95	95	FC	FC
COMMERCY ROBOTIQUE	CIMLEC Industrie	100	100	95	95	FC	FC
FRIESLAND INSTALLATIE EN SOLAR BV[10]	GORGÉ-HOEKSTRA	-	100	-	87	FC	FC
GORGÉ-HOEKSTRA HOLDING BV	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
HOEKSTRA -SUWALD TECHNIEK BV	GORGÉ-HOEKSTRA	100	100	87	87	FC	FC
HOEKSTRA-SUWALD INSTALLATIE EN SOLAR BV	GORGÉ-HOEKSTRA	100	100	87	87	FC	FC
NTS France	CIMLEC Industrie	100	100	95	95	FC	FC
NUCLÉACTION	GROUPE GORGÉ SA	99.49	99.49	99.49	99.49	FC	FC
PORTAFEU Nucléaire	NUCLÉACTION	100	100	99.49	99.49	FC	FC
SAS STONI	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI MEYSSE	PORTAFEU Nucléaire	100	100	99.49	99.49	FC	FC
SCI DES PORTES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SERES TECHNOLOGIES	GROUPE GORGÉ SA	70	70	70	70	FC	FC
SVF (formerly FINU 10)	CLF-SATREM	100	100	95	100	FC	FC
TENWHIL	CIMLEC Industrie	100	100	95	95	FC	FC
THE WIND FACTORY UK LTD	GORGÉ-HOEKSTRA	100	100	87	87	FC	FC
VAN DAM	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM ASIA	VAN DAM	100	100	87	87	FC	FC
VAN DAM MAINTENANCE AND REPAIR	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM USA	VAN DAM	100	100	87	87	FC	FC
3D Printing							
3D SERVICAD	AS 3D	100	100	56.61	56.61	FC	FC
AVENAO SOLUTIONS 3D	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
AVENAO INDUSTRIE	AS 3D	100	100	56.61	56.61	FC	FC
CRISTAL	PRODWAYS GROUP	95	95	53.78	53.78	FC	FC
DELTAMED	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
DENTOSMILE	PRODWAYS ENTREPRENEURS	20	20	11.32	11.32	EM	EM
EXCELTEC	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
INITIAL	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
INTERSON PROTAC	IP GESTION	100	100	42.46	42.46	FC	FC
IP GESTION	PRODWAYS GROUP	75	75	42.46	42.46	FC	FC
PRODWAYS AMERICAS	PRODWAYS	100	100	56.61	56.61	FC	FC
PRODWAYS GROUP	GROUPE GORGÉ SA	56.61	56.61	56.61	56.61	FC	FC

Company	Parent company At 31 December 2018	% control 2018	% control 2017	% interest 2018	% interest 2017	Method 2018	Method 2017
PRODWAYS DISTRIBUTION[1]	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
PRODWAYS CONSEIL	PRODWAYS GROUP	90	90	50.95	50.95	FC	FC
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
PODO 3D	PRODWAYS GROUP	82.07	82.07	46.46	46.46	FC	FC
PRODWAYS MATERIALS	DELTAMED	100	100	56.61	56.61	FC	FC
PRODWAYS RAPID ADDITIVE FORGING	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
PRODWAYS 2[1]	PRODWAYS GROUP	100	100	56.61	56.61	FC	FC
SOLIDSCAPE (United States)[11]	PRODWAYS GROUP	100	-	56.61	-	FC	-
VARIA 3D	PRODWAYS GROUP	70	45	39.63	25.48	EM/FC	EM

(1) Companies with no operating activities since August 2018 with regard to SSI.
(2) Control percentages for ECA reflect double voting rights.
(3) These companies were absorbed by ECA ROBOTICS at the end of 2018.
(4) Consolidated company until its closure in the first half of 2018.
(5) Deconsolidated; consolidated until 10 December 2018.
(6) Deconsolidated at 1 January 2018.
(7) Deconsolidated in the first half of 2018.
(8) Deconsolidated; consolidated until 31 October 2018.
(9) Company closed in July 2018; consolidated until that date.
(10) Deconsolidated in August 2018; consolidated until 30 June 2018.
(11) Company acquired in mid-July 2018 and consolidated starting on that date.
(12) Created in the second half of 2018.

3.1.7 Statutory auditors' report on the consolidated financial statements

(Year ended 31 December 2018)

To the shareholders' meeting,

Opinion

In application of the assignment entrusted to us by your Shareholders' meeting, we have conducted an audit of the GROUPE GORGÉ consolidated financial statements for the year ended 31 December 2018, appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations, financial position and assets and liabilities at year-end, of all of the persons and entities within the scope of consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We conducted our review in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Responsibilities of the statutory auditors' in relation to the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit in accordance with the rules of independence governing our assignments, for the period from 1 January 2018 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of EU Regulation No. 537/2014 or by the Code of Ethics governing statutory auditors.

Comments

Without calling into question the opinion expressed above, we draw your attention to Note 1.3 Restatement of the financial information for prior years in the notes to the consolidated financial statements, which presents the impact of the adoption of the new IFRS 15 – "Revenue from Contracts with Customers on 1 January 2018".

Justification of our assessment - Key audit points

Pursuant to the provisions of articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key audit points relating to risks of material misstatements which, in our professional judgement, were most significant for the audit of the consolidated financial statements for the year, as well as our responses to address such risks.

These assessments were made as part of the audit of the consolidated financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these consolidated financial statements.

Recognition of income from long-term projects

Risk identified

As indicated in Note 4.1 to the consolidated financial statements, GROUPE GORGÉ's consolidated revenue consists of a significant portion of income related to development and equipment projects or the provision of services to industrial customers.

For these projects, therefore, the revenue and margin are recognised according to percentage of completion of the project, taking into account the following items:

1. the percentage of completion is determined for each project by comparing the costs incurred at the reporting date with the total estimated costs at the conclusion of the project;
2. proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

Estimates of revenue and termination costs are regularly reviewed by operational and financial managers.

If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognised independently of the project's completion according to the best estimates of projected profits, factoring in, if needed, insurance coverage and rights to additional revenues or claims to the extent that these are probable and can be reliably measured. The provisions for termination losses are presented in liabilities.

We considered this topic to be a key point of the audit given the significance of these estimates and the importance of the judgments exercised by Management to assess the completion of projects. The modification of these estimates could have a material impact on the GROUPE GORGÉ financial statements.

Our response

Firstly, we assessed and tested the internal control procedures considered key to project accounting.

We also selected projects based on essentially quantitative criteria (amount of revenue recognised over the financial year and amount of income on completion) and did the following:

- conducted interviews with operational and financial managers to understand the judgments made in the determination of income at termination;
- reconciled recognised profit at termination with contract documents (contracts, amendments or purchase orders);

- examined project management documents to assess the consistency of the estimate of expenses at completion: for a selection of projects whose current estimates are significantly different from previous estimates, we looked for the origin of the change to the forecasts at completion in order to evaluate, based on our experience gained in previous years, the reliability of the process for monitoring costs incurred and estimating the costs necessary to finalise the project.

In addition, we also compared completions against previous estimates to assess the reliability of the estimates.

When applicable, we analysed the entities' interactions with their customers or any other project stakeholders and corroborated that information with the estimates used by GROUPE GORGÉ's Management.

Evaluation of the recoverable amount of goodwill

Risk identified

As part of its development, the Group has carried out targeted acquisitions and recognised a certain amount of goodwill.

At 31 December 2018, goodwill recorded on the balance sheet amounted to a net carrying amount of €64.6 million, representing 16.8% of assets. Each year, Management ensures that goodwill is not carried at more than its recoverable amount by performing impairment tests. For the purposes of these tests, goodwill acquired through a business combination is allocated to the cash generating units (CGUs) that would benefit from synergies.

Determining the net recoverable amount of each CGU relies on discounted future cash flow projections and requires Management to exercise significant discretion, specifically with respect to preparing forecasts and the discount and long-term growth rates to adopt.

In light of the foregoing, we considered the recoverable amount of goodwill to be a key audit point, given the inherent uncertainty linked to certain factors, such as the likelihood of forecasts used to determine the recoverable amount actually materialising.

Our response

We carried out a critical review of the methods used by Management to analyse impairment indicators and perform impairment testing. Our work consisted in:

- taking due note of the GROUPE GORGÉ's process for preparing estimates and assumptions used as part of the impairment tests;
- verifying that the discounted future cash flow projections used to determine the value in use of the cash generating units (CGUs) tested corresponds to those generated by elements comprising the carrying amount of the CGUs;
- assessing the appropriateness of assumptions used, in particular cash flow projections, the discount rate and long-term growth rate, via a comparison with past performance and external analyses available on the market context;
- reviewing the tests carried out by Management on the sensitivity of the recoverable amount of the CGUs to a reasonable change in the discount or long-term growth rates.

Finally, we assessed the appropriateness of information provided in Note 6.4 to the consolidated financial statements.

Specific verification

As required by law and in accordance with professional standards applicable in France, we also carried out the specific verifications provided for in the legal and regulatory texts of the information relating to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance specified by article L.225-102-1 of the French Commercial Code is provided in the information on the Group provided in the management report, further specifying that, in compliance with the provisions of article L.823-10 of this Code, we have not verified the information contained in this statement for fairness or consistency with the consolidated financial statements and that this must be reported on by an independent third-party.

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

RSM Paris was appointed the statutory auditors of GROUPE GORGÉ by your Shareholders' meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the Shareholders' meeting of 17 June 2015.

At 31 December 2018, RSM Paris was in the first year of its mission and PricewaterhouseCoopers Audit was in its fourth consecutive year.

Responsibilities of the management team and those in charge of corporate governance in relation to the consolidated financial statements

It is the management team's responsibility to prepare fair and accurate consolidated financial statements in accordance with IFRS as adopted in the European Union, and to implement the internal control procedures that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the consolidated financial statements, it is up to the management team to assess the Company's ability to continue as a going concern, to present, where relevant, the necessary information relating to the going concern, and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the Company's activity.

It is the responsibility of the Audit Committee to monitor the preparation of financial information and to verify the effectiveness of internal control and risk management systems and, where applicable, of internal audit, with regard to procedures for preparing and processing accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors in relation to the audit of the consolidated financial statements

Audit objective and approach

We are tasked with preparing a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements, taken as a whole, do not include any material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercise their professional judgment throughout the entire audit.

Moreover, it:

- identifies and assesses the risk of material misstatement in the consolidated financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, wilful omissions, false statements or the circumvention of internal control;
- takes note of internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of such internal control;
- assesses the appropriateness of the accounting methods adopted and the soundness of accounting estimates made by Management, as well as information concerning them provided in the consolidated financial statements;
- assesses the appropriateness of management's application of the going concern principle and, based on the information obtained, whether there is significant uncertainty with regard to events or circumstances that could jeopardise the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardise business continuity. If the auditor identifies significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the consolidated financial statements, or, if this information has not been provided or is not relevant, issues certification with reserves or a refusal to certify;
- assesses the overall presentation of the consolidated financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events;
- regarding financial information of persons or entities included in the consolidation scope, gathers adequate and appropriate information on which to form an opinion. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements, as well as the opinion issued on these financial statements.

Report to the Audit Committee

We have submitted a report to the Audit Committee, in which we present the scope of the audit assignment carried out, the work plan followed, and our conclusions. We also highlight the significant internal control discrepancies identified, with regard to procedures for the preparation and processing of financial and accounting information.

The information provided in the report to the Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the consolidated financial statements for the financial year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Audit Committee with the statement referred to in article 6 of EU Regulation No. 537-2014 confirming our independence, pursuant to regulations applicable in France, as set out in articles L.822-10 to L.822-14 of the French Commercial Code and the Code of Ethics governing statutory auditors in particular. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Neuilly-sur-Seine and Paris, 17 April 2019

The statutory auditors

Pricewaterhouse Coopers Audit	RSM Paris
David CLAIROTTE	Stéphane MARIE

3.2 SEPARATE FINANCIAL STATEMENTS 2018

3.2.1 Income statement

(in thousands of euros)	2018	2017
REVENUE	**3,468**	**3,290**
Reversals of provisions, expense transfers and other income	-	-
TOTAL OPERATING INCOME	**3,468**	**3,290**
Other purchases and external charges	1,705	2,057
Taxes and similar payments	89	74
Payroll expense	1,190	1,344
DEPRECIATION, AMORTISATION AND PROVISIONS:		
non-current assets	91	86
current assets	-	-
Other expenses	60	50
TOTAL OPERATING EXPENSES	**3,135**	**3,611**
OPERATING RESULTS (A)	**333**	**(321)**
FINANCIAL INCOME (B)	**(100)**	**1,133**
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A) + (B)	**233**	**812**
NON-RECURRING INCOME (D)	**(114)**	**18,657**
Income tax (E)	219	611
NET INCOME (F) = (C) + (D) + (E)	**338**	**20,080**

3.2.2 Statement of financial position

ASSETS

	2018			2017
(in thousands of euros)	Gross	Depreciation, amortisation & provisions	Net	
Intangible assets	434	154	280	283
Property, plant and equipment	411	250	161	194
Equity securities	75,000	6,193	68,807	68,886
Receivables related to shareholdings	30,205	-	30,205	31,515
Other long-term investments	606	-	606	605
NON-CURRENT ASSETS	**106,656**	**6,597**	**100,059**	**101,483**
Net trade receivables and related accounts	5,201	-	5,201	5,955
Other trade receivables	32,318	3,589	28,729	19,599
Treasury shares	42	-	42	72
Cash and cash equivalents	4,403	-	4,403	21,374
CURRENT ASSETS	**41,964**	**3,589**	**38,375**	**47,000**
Prepaid expenses	120	-	120	112
TOTAL ASSETS	**148,740**	**10,186**	**138,554**	**148,595**

LIABILITIES

(in thousands of euros)	**2018**	**2017**
Share capital	13,503	13,503
Share premiums	26,011	26,011
Legal reserve	1,350	1,350
Other reserves	290	290
Retained earnings	51,648	35,888
Income (loss) for the period	338	20,080
EQUITY	**93,141**	**97,122**
PROVISIONS FOR RISKS AND CHARGES	**361**	**233**
Other bonds	-	14,000
Bank borrowings	37,590	29,270
Other borrowings	60	140
Suppliers	538	604
Tax and social debts	6,452	6,471
Other liabilities	412	755
TOTAL DEBT	**45,052**	**51,240**
TOTAL LIABILITIES	**138,554**	**148,595**

3.2.3 Change in cash and cash equivalents

(in thousands of euros)	**2018**	**2017**
Net income	338	20,080
Accruals	(48)	(941)
Capital gains and losses on disposals	8	(18,140)
Other total		
CASH FLOW FROM OPERATING ACTIVITIES	**298**	**999**
Change in working capital requirements	(7,572)	(2,031)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**(7,274)**	**(1,032)**
Investing activities		
Payments/acquisition of intangible assets	(44)	(63)
Payments/acquisition of property, plant and equipment	(14)	(79)
Proceeds/disposal of property, plant and equipment and intangible assets	-	53
Payments/acquisition of non-current financial assets	(10)	(1,600)
Proceeds/disposal of non-current financial assets	340	21,047
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**272**	**19,358**
Financing activities		
Capital increase or contributions	-	152
Dividends paid	(4,320)	-
Proceeds from borrowings	13,100	3,336
Repayment of borrowings	(18,779)	(5,015)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(9,999)**	**(1,527)**
CHANGE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	**(17,001)**	**16,799**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,446**	**4,647**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,445**	**21,446**

3.2.4 Notes to the parent company financial statements

The notes, tables and comments referenced below in the list of contents to the notes are an integral part of the annual financial statements.

The financial year covers the 12 months from 1 January to 31 December 2018.

The financial statements (balance sheet, income statement) presented are as follows:

- the net balance sheet total for the year ended 31 December 2018 is €138,554,376;
- the income statement presented in list form shows a profit of €338,115.86.

The Board of Directors approved the separate financial statements of GROUPE GORGÉ on 2 April 2019.
They are to be submitted for approval to the shareholders' meeting of 7 June 2019.

Note 1 Accounting principles

The separate financial statements were prepared in accordance with the French Commercial Code, the accounting decree of 29 November 1983 and Regulation 2014-03 issued by the ANC (French accounting standards board) on revised French GAAP, as amended by ANC Regulations ANC 2015-06, 2016-07, 2017-01 and 2018-07. The basic assumptions are as follows:

- going concern;
- consistency of accounting methods;
- separateness of accounting periods.

The recommendations of the Autorité des Normes Comptables (French accounting standards authority), the Ordre des experts comptables (French association of chartered accountants) and the Compagnie Nationale des Commissaires aux Comptes (French national institution of statutory auditors) have been applied.

The basic method used to value items in the financial statements is the historical cost method.

Generally accepted accounting principles have been applied in accordance with French legislation in effect on the reporting date.

The accounting rules and methods applied are identical to those used in the previous financial year.

Note 2 Notes to the income statement

2.1 Revenue

Revenue comprises the invoicing of services provided to Group subsidiaries for €3,208 thousand and the invoicing of ancillary services or sub-letting of offices to affiliated (parent, sister) companies for €260 thousand.

2.2 Statutory auditors' fees

The fees for GROUPE GORGÉ's two statutory auditors to certify the 2018 financial statements amounted to €143 thousand.

2.3 Total payroll

The average workforce for the year breaks down as follows:

	2018	2017
Average workforce used	7	8
of which higher managerial and professional positions	6	8
of which technicians and supervisors	1	-

As regards the corporate officers:

- the members of the Board of Directors of GROUPE GORGÉ received Director's fees for a total gross amount of €60,000;
- the officers and Directors received gross remuneration of €87 thousand (fixed and variable remuneration of Raphaël Gorgé) in 2018. Two Directors (Raphaël and Jean-Pierre GORGÉ) are paid by PÉLICAN VENTURE which is linked to GROUPE GORGÉ by a services provision agreement. PÉLICAN VENTURE paid them total gross remuneration of €205,600 and €15,136 in benefits in kind.

2.4 Financial income

(in thousands of euros)	2018	2017
Investment income(1)	790	2,334
Net income from financial investments	213	153
Interest expense	(1,024)	(1,129)
FINANCIAL INCOME BEFORE PROVISIONS	**(21)**	**1,358**
Reversals of provisions for impairment of equity securities	-	-
Reversals of provisions for impairment of securities held short-term	-	-
Provisions for impairment of equity securities	(79)	(225)
Provisions for impairment of marketable securities	-	-
FINANCIAL RESULT	**(100)**	**1,133**

(1) In 2018, investment income mainly consisted of dividends received from SERES TECHNOLOGIES and interest on vendor credit granted to VIGIANS. A dividend was received from ECA in 2017 but not in 2018.

2.5 Non-recurring income

(in thousands of euros)	2018	2017
Capital gains and losses on asset disposals	(8)	18,140
Non-recurring income from management operations(1)	(324)	(735)
NON-RECURRING INCOME BEFORE PROVISIONS	**(332)**	**17,405**
Reversals of provisions(1)	346	1,485
Provisions(2)	(128)	(233)
NON-RECURRING INCOME	**(114)**	**18,657**

(1) Primarily losses in 2018 of €346 thousand on old, fully-impaired current account advances.

(2) Provisions linked to the compensation of PRODWAYS GROUP and its subsidiaries in the event of tax deconsolidation.

2.6 Corporation tax

GROUPE GORGÉ is solely liable for corporation tax as the parent company of the tax consolidation group comprising itself and the following subsidiaries:

Company	Date of inclusion
CIMLEC INDUSTRIE	1 January 2001
TENWHIL	1 January 2002
STONI	1 January 2005
NTS	1 January 2008
BAUMERT	1 January 2010
NUCLÉACTION	1 January 2010
COMMERCY ROBOTIQUE	1 January 2011
CLF-SATREM	1 January 2012
VIGIANS	1 January 2014
PORTAFEU NUCLÉAIRE	1 January 2015
SVF	1 January 2016
SCI MEYSSE	1 January 2018

PRODWAYS GROUP and its subsidiaries left the tax consolidation grouping at 1 January 2017. The deficits transferred by these companies (€16,419 thousand in total) may be compensated depending on what their use would have been. A provision of €361 thousand was created for this purpose.

At 31 December 2018, the taxable income of the consolidation group came to a loss of €2,882 thousand. At the same time, income of €278 thousand was recognised as a result of tax consolidation. Given that the previous tax loss carryforward amounted to €35,059 thousand, the remaining tax loss carryforward for the tax consolidation group came to €37,941 thousand.

2.7 Tax credit for encouraging competitiveness and jobs (CICE)

The €3 thousand tax credit for encouraging competitiveness and jobs (CICE) was offset against employee expenses in accordance with the recommendations of the ANC (in its information notice of 28 February 2013). It was used to increase equity.

Note 3 Notes to the balance sheet

3.1 Non-current assets

Property, plant and equipment and intangible assets are recorded at their acquisition cost.

Depreciation and amortisation are calculated on a straight-line basis using the following main useful lives:

- software: 3-10 years;
- office and computer equipment: 3-5 years;
- transport equipment: 5 years;
- fixtures and fittings: 5-10 years.

Equity securities are recognised on the balance sheet at their acquisition cost less any necessary estimated impairment.

Impairment may be recognised based on the value after tax of the securities, which represents the acceptable value payable to acquire the securities. Value after tax is estimated according to the value of the share of equity of the relevant entities at year-end as well as their income and short-term earnings outlook. This involves using cash flow projections. When the shares have been listed on the stock exchange, the market capitalisation of the last months is also considered.

Loans and other long-term investments are recognised at their original value less any necessary estimated impairment.

Gross values *(in thousands of euros)*	**Start of the period**	**Increase**	**Decrease**	**End of period**
INTANGIBLE ASSETS				
Other intangible assets	390	44	-	434
TOTAL	**390**	**44**	**-**	**434**
PROPERTY, PLANT AND EQUIPMENT				
Other property, plant and equipment	401	14	4	411
TOTAL	**401**	**14**	**4**	**411**
NON-CURRENT FINANCIAL ASSETS				
Equity securities	75,000	10	10	75,000
Receivables related to shareholdings	31,515	-	1,310	30,205
Loans	20	-	-	20
Other long-term investments	585	1	-	586
TOTAL	**107,120**	**11**	**1,320**	**105,811**

Depreciation and amortisation for the year amounted to €91 thousand. Total depreciation and amortisation at 31 December 2018 was €404 thousand.

The reduction in receivables related to shareholdings is mainly due to the reclassification of the share of €975 thousand in vendor credit current account advances following the disposal by VIGIANS of its interest in AI GROUP.

3.2 Schedule of receivables

The receivables are valued at their nominal value. These are, where applicable, impaired to take into account any potential difficulties in recovery.

(in thousands of euros)	**Gross amount**	**Due in less than 1 year**	**Due in more than 1 year**
Loans	20	-	20
Receivables related to shareholdings	30,205	338	29,867
Other long-term investments	586	-	586
Other trade receivables	5,201	5,201	-
Social Security and other organisations	4	4	-
State and other government authorities:			
• income tax(1)	8,445	2,721	5,724
• value-added tax	114	114	-
• other	-	-	-
Group and associated companies	23,353	19,764	3,589
Other receivables	402	402	-
Prepaid expenses	120	120	-
TOTAL	**68,450**	**28,664**	**39,786**

(1) This item includes tax credits of €8,445 thousand belonging to the tax consolidation group. The portion at <1 year corresponds to tax credits repayable in 2019.

Receivables due in more than one year mainly concern the vendor loan entered into with VIGIANS, a loan granted to STONI, impaired receivables in former subsidiaries, and tax credits receivable by the tax consolidation group.

3.3 Shareholders' equity

(in thousands of euros)	**Start of period**	**Share capital increase or decrease**	**Allocation of income**	**Distribution of dividends**	**End of period**
Capital	13,503	-	-	-	13,503
Share premiums	26,011	-	-	-	26,011
Legal reserve	1,350	-	-	-	1,350
Other reserves	290	-	-	-	290
Retained earnings	35,888	-	20,080	(4,320)	51,648
N-1 income	20,080	-	(20,080)	-	-
TOTAL	**97,122**	**-**	**-**	**(4,320)**	**92,803**
Income (loss) for the period					338
TOTAL EQUITY AT END OF PERIOD					**93,141**

The share capital is made up of 13,502,843 shares with a par value of €1 each.

3.4 Provisions

(in thousands of euros)	**Start of the period**	**Increase**	**Decrease**	**End of period**
Provisions for risks and charges	233	128	-	361
TOTAL (1)	**233**	**128**	**-**	**361**
Impairment of:				
• equity securities	6,114	79	-	6,193
• non-current financial assets	-	-	-	-
• other receivables	3,936	-	346	3,589
• treasury shares	-	-	-	-
TOTAL (2)	**10,050**	**79**	**346**	**9,782**
GRAND TOTAL (1) + (2)	**10,283**	**207**	**346**	**10,144**

The impairment of equity securities and other long-term investments relates to:

• Shares in CNAI	€3,655 thousand
• Shares in SCI DES CARRIÈRES	€2,504 thousand
• Shares in MARINE INTÉRIM	€34 thousand

3.5 Net financial debt

3.5.1 Available cash and cash equivalents

Marketable securities are recognised on the balance sheet at their acquisition cost. Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

The "Liquidities" *i.e.* in assets at 31 December 2018 reflecting an amount of €4,403 thousand comprises cash for €4,348 thousand, investment securities for €47 thousand, accrued interest acquired on time account for €1 thousand, and an interest rate cap premium for €6 thousand.

In 2016 the Company entered into a variable interest rate hedge for a new loan. The hedge chosen was an interest rate cap of 1% for a nominal initial amount of €9.5 million. The premium amount (originally €10 thousand) was recorded under financial instruments and is recognised as a financial expense for the duration of the hedge.

GROUPE GORGÉ owns 5,234 treasury shares under a liquidity contract managed by GILBERT DUPONT. At 31 December 2018 the value of treasury shares was €44 thousand.

3.5.2 Financial debt

	Gross amount	**<1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**> 5 years**
Bonds	-	-	-	-	-	-	-
Bank borrowings:							
• originally due within 1 year	-	-	-	-	-	-	-
• originally due in more than 1 year	37,590	4,447	4,449	14,451	1,143	13,100	-
Other borrowings and financial debt	60	41	-	-	-	-	19
TOTAL	**37,650**	**4,488**	**4,449**	**14,451**	**1,143**	**13,100**	**19**

GROUPE GORGÉ redeemed all of its bonds, which were due to reach maturity at end-2018 (€14 million). The redemptions were completed using a partial bank refinancing (€13.1 million).

3.6 Operating payables and other liabilities

Schedule of debts

(in thousands of euros)	**Gross amount**	**Due in less than 1 year**	**Due in more than 1 year**
Trade payables	538	538	-
Employees	128	128	-
Social Security and other social services	254	254	-
State and other government authorities:			
• income tax (1)	5,129	665	4,464
• value-added tax	918	918	-
• other taxes and similar payments	23	23	-
Group and associated companies	-	-	-
Other liabilities	412	412	-
TOTAL	**7,402**	**2,938**	**4,464**

(1) This item includes payables to Group subsidiaries arising from tax consolidation. The share due in more than 1 year corresponds to balances owing on tax credits for loss-making subsidiaries that are not repayable in 2018.

Accrued liabilities by balance sheet item

(in thousands of euros)	**Amount**
Other borrowings	41
Suppliers	261
Tax and social security liabilities	225
Other liabilities	404
TOTAL	**931**

Note 4 Transactions with affiliate companies and related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by these persons. PELICAN VENTURE is the parent company of GROUPE GORGÉ.

All transactions carried out with related parties are concluded at arm's length. The net amounts for related undertakings included in GROUPE GORGÉ SA's balance sheet and income statement items for the year ended 31 December 2018 are as follows:

(in thousands of euros)	**Directors**	**Subsidiaries**	**PÉLICAN VENTURE**
Receivables related to shareholdings	-	30,205	-
Trade accounts receivable	-	5,201	3
Current accounts receivable	-	19,759	-
Receivables related to tax consolidation	-	5	-
Other receivables	-	-	-
Deposits and guarantees received	-	11	7
Trade payables	-	49	-
Current accounts payable	-	-	-
Liabilities related to tax consolidation	-	5,129	-
Other liabilities	-	344	-
Revenue	-	3,229	194
Purchases and external charges	-	123	326
Gross remuneration	87	-	-
Attendance fees	60	-	-
Investment income	-	790	-
Other financial income	-	249	-
Financial expense	-	-	-

Note 5 Off-balance sheet commitments

5.1 Off-balance sheet commitments related to ordinary activities

- €2,400 thousand in guarantees given to banking institutions for loans granted to CIMLEC INDUSTRY.
- €1,700 thousand in guarantees given to banking institutions for loans granted to COMMERCY ROBOTIQUE.
- €341 thousand in guarantees given to banking institutions for loans granted to STONI.
- €7,225 thousand in guarantees given to banking institutions for loans granted to BAUMERT.
- €980 thousand in guarantees given to a banking institution to secure an interest-free loan for PRODWAYS.
- €700 thousand in guarantees given to a banking institution for loans granted to SVF.
- €3,300 thousand in guarantees were given to banking institutions for loans granted to AI GROUP. These commitments were terminated at end-2018 with an effective date of 15 January 2019.
- Other guarantees totalling €1,050 thousand.

5.2 Complex commitments

GROUPE GORGÉ, which owns 70% of the capital of SERES TECHNOLOGIES, has commitments to purchase the remainder of the share capital from minority shareholders. These commitments are exercisable starting in 2021.

5.3 Financial covenants

Two bank loans taken out in 2017 whose outstanding principal is €2.2 million may become due if the ratio of net consolidated debt to consolidated EBITDA becomes greater than 4.

Two bank loans taken out in 2018 whose outstanding principal is €9.1 million may become due if the ratio of net consolidated debt to consolidated EBITDA becomes greater than 3.5.

5.4 Commitments received

GROUPE GORGÉ has a confirmed credit facility for €10 million to finance general requirements or acquisitions. This credit facility is available until July 2020, as long as the ratio of consolidated net debt to consolidated EBITDA remains below 4. This credit facility has not been used.

5.5 Pledges, guarantees and sureties

None.

5.6 Retirement pay

Retirement pay was estimated at €89 thousand at the closing date.

5.7 Financial instruments

In October 2017, GROUPE GORGÉ took out an interest rate hedge in the form of an interest rate cap of 1%. The original nominal amount is €9,500 thousand.

Note 6 Subsidiaries and equity interests

(in thousands of euros)	**Capital** *Equity*	**Share** *Dividends*	**Gross value of shares** *Net value of securities*	**Loans, advances** *Warranties*	**Revenue** *Income*
ECA	4,429	61.12%	33,564	-	2,759
	51,745	-	*33,564*	-	*2,635*
MARINE INTÉRIM	100	34%	34	-	-
	164	-	-	-	-
NUCLÉACTION	273	99.49%	7.5	12,358	354
	2,811	-	*7.5*	-	*(140)*
STONI	38	100%	5,690	1,232	1,211
	436	-	*5,690*	*341*	*271*
SCI CARRIÈRES	1	100%	2,844	826	-
	(435)	-	*340*	-	*(54)*
SCI DES PORTES	1	99%	1	219	86
	12	-	*1*	-	*205*
SERES TECHNOLOGIES	80	70%	990	-	7,816
	924	*280*	*990*	-	*516*
VIGIANS	5	95%	5	35,318	4,682
	(2,067)	-	*5*	-	*(6,213)*
PRODWAYS GROUP	25,408	56.61	28,205	-	1,702
	113,121	-	*28,205*	-	*2,749*
FINU 12	5	100%	5	-	-
	4	-	*5*	-	*(1)*

Note 7 Other information

7.1 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and having consulted its advisers, the provisions considered necessary have, as applicable, been recorded in the financial statements.

7.2 Subsequent events

No major events took place between 31 December 2018 and the date of the meeting of the Board of Directors which approved the separate financial statements.

3.2.5 Report of the statutory auditors on the separate financial statements

Year ended 31 December 2018

To the shareholders' meeting

Opinion

In application of the assignment entrusted to us by your Shareholders' meeting, we have conducted an audit of the GROUPE GORGÉ separate financial statements for the year ended 31 December 2018, appended to this report.

We hereby certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We conducted our review in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Statutory auditors' responsibilities regarding the audit of the separate financial statements" in this report.

Independence

We conducted our audit in accordance with the rules of independence governing our assignments, for the period from 1 January 2018 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of EU Regulation No. 537/2014 or by the Code of Ethics governing statutory auditors.

Justification of our assessment - Key audit points

Pursuant to the provisions of articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key audit points relating to risks of material misstatements which, in our professional judgment, were most significant for the audit of the financial statements for the year, as well as our responses to address such risks.

These assessments were made as part of the audit of the financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these financial statements.

Assessment of equity securities

As at 31 December 2018, equity securities were recorded on the balance sheet with a total net carrying value of €68.8 million, representing 50% of total assets. They are recognised on the date of purchase at their acquisition cost.

When the value in use of securities is lower than their net carrying value, a provision for impairment is recorded for the difference. Value in use is determined, where applicable, based on:

- the value of the share of equity of the investment;
- an analysis of the short and medium-term results and profitability outlook of the investment, in particular through the use of cash flow projections; when equity securities are listed on the stock exchange, the market capitalisation of the last months.

Estimating the value in use of these securities therefore requires management to exercise its judgement in selecting the items to consider, depending on the investments concerned.

In this respect, we considered the estimation of the value in use of equity securities a key audit point, given the representation of equity investments on the balance sheet and inherent uncertainty linked to the likelihood of forecasts used to determine the value in use actually materialising.

Audit procedures implemented to address identified risks

Our work consisted in:

- assessing the appropriateness of the valuation method applied by management, the assumptions and figures used;
- comparing the data used to conduct impairment testing of securities with accounting data or market capitalisation of last months where applicable;
- where relevant, assessing the consistency of management's cash flow projections with subsidiaries' past performances.

We also verified the appropriateness of the information presented in Section 3.1 "Non-current assets" in the notes to the separate financial statements.

Specific verification

We also performed, in accordance with professional standards applicable in France, the specific verifications required by French legal and regulatory texts.

Information provided in the management report and in the other documents sent to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report from the Board of Directors, and in the other documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with the law, we hereby inform you that the information on payment times for trade receivables set forth in article D.441-4 of the French Commercial Code, are not mentioned in full in the management report. As a result, we are unable to attest to their true and fair nature and their consistency with the annual financial statements.

Corporate governance report

We hereby certify the inclusion, in the Board of Directors' report on corporate governance, of information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given pursuant to the requirements of article L.225-37-3 of the French Commercial Code relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from companies controlling or controlled by your Company. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to factors that your Company considers likely to have an impact in the event of a public tender or exchange offer, provided in application of the provisions of article L.225-37-5 of the French Commercial Code, we verified its compliance with the documents from which it was taken and which were provided to us. On the basis of this work, we have no observations to make regarding this information.

Other information

Pursuant to French law, we have verified that the required information concerning the acquisition and takeover of control and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

RSM Paris was appointed the statutory auditors of GROUPE GORGÉ by the Shareholders' meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the Shareholders' meeting of 17 June 2015.

At 31 December 2018, RSM Paris was in the first year of its mission and PricewaterhouseCoopers Audit was in its fourth consecutive year.

Responsibilities of the management and those in charge of corporate governance in relation to the financial statements

It is the management's responsibility to prepare fair and accurate financial statements in compliance with French accounting principles, and to implement the internal control procedures that it deems necessary for the preparation of financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the financial statements, it is up to the management to assess the Company's ability to continue as a going concern, to present, where relevant, the necessary information relating to the going concern and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the Company's activity.

It is the responsibility of the Audit Committee to monitor the preparation of financial information and to verify the effectiveness of internal control and risk management systems and, where applicable, of internal audit, with regard to procedures for preparing and processing accounting and financial information.

These financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities regarding the audit of the separate financial statements

Audit objective and approach

We are tasked with preparing a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements, taken as a whole, are free of material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the entire audit. Moreover:

- it identifies and assesses the risk of material misstatement in the financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, wilful omissions, false statements or the circumvention of internal control;
- takes note of internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of such internal control;
- assesses the appropriateness of the accounting methods adopted and the soundness of accounting estimates made by management, as well as information concerning them provided in the financial statements;
- assesses the appropriateness of management's application of the going concern principle and, based on the information obtained, whether there is significant uncertainty with regard to events or circumstances that could jeopardise the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardise business continuity. If the auditor identifies significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the financial statements, or, if this information has not been provided or is not relevant, issues certification with reserves or a refusal to certify;
- assesses the overall presentation of the financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events.

Report to the Audit Committee

We have submitted a report to the Audit Committee in which we present the scope of the audit assignment carried out, the work plan followed, and our conclusions. We also highlight the significant internal control discrepancies identified, with regard to procedures for the preparation and processing of financial and accounting information.

The information provided in the report to the Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the separate financial statements for the financial year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Audit Committee with the statement referred to in article 6 of EU Regulation No. 537-2014 confirming our independence, pursuant to regulations applicable in France, as set out in articles L.822-10 to L.822-14 of the French Commercial Code and the Code of Ethics governing statutory auditors in particular. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Paris and Neuilly-sur-Seine, 17 April 2019

The statutory auditors

PricewaterhouseCoopersAudit

A Statutory Auditing company

Member of the Compagnie Régionale de Versailles

David CLAIROTTE

Partner

RSM Paris

A Statutory Auditing company,

Member of the Compagnie Régionale de Paris

Stéphane MARIE

Partner

4

INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

4.1 INFORMATION ABOUT THE COMPANY

4.1.1 General information

Company name

GROUPE GORGÉ SA

Place of registration and registration number

RCS Paris 348 541 186

Code ISIN FR0000062671 – GOE

Date of incorporation and term

GROUPE GORGÉ was formed on 3 November 1988. Its term is 99 years, to expire on 3 November 2087.

Registered office, legal form and applicable law

Address of registered office:

19, rue du Quatre-Septembre, 75002 Paris, France.

Telephone: +33 (0) 1 44 77 94 77.

The Company is a French public limited company (*société anonyme*) under French law with a Board of Directors.

4.1.2 Corporate charter and Articles of Association

Corporate object

As set forth in article 3 of the Articles of Association, the Company's purpose is to:

- undertake any transaction directly or indirectly related to managing the securities portfolio, buying and selling securities and any related transactions, and investing liquidities;
- acquire, manage and transfer by any means holdings in any commercial or industrial companies;
- generally undertake any transaction directly or indirectly related to these purposes or to similar or related purposes.

Provisions of the Articles of Association, a charter or regulations related to the members of administrative, management and supervisory bodies

Pursuant to GROUPE GORGÉ's Articles of Association, the Board of Directors consists of 3 to 18 members subject to the exceptions provided for by law in the event of a merger. The term of office of the Directors is six years and is renewable.

Directors can be natural or legal persons. At the time of appointment, legal persons must appoint a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he or she were a Director in his/her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The Board of Directors elects a Chairman among its members who are natural persons. The Board of Directors sets the Chairman's compensation and the length of tenure, which cannot exceed his/her term of office as Director. article 14 of the Articles of Association sets a maximum age limit for the Chairman (75 years old).

The Board of Directors prepares and presents the half-yearly and annual financial statements and convenes the shareholders' meetings.

Meetings of the Board of Directors may be held as often as is necessary in the Company's interest. The Internal Regulations provide that meetings may be held by videoconference or by other telecommunication means in accordance with the regulatory requirements for holding meetings.

Quorum is achieved by half of the members of the Board of Directors and decisions are made by a majority vote of the members in attendance or represented by other Directors of the Board.

Pursuant to a Board decision dated 14 September 2011, the Directors decided to no longer separate the roles of Chairman of the Board of Directors and Chief Executive Officer. The Directors' powers are those as defined by law and have not been limited either by statute or at the time of appointment by the Board of Directors.

The Chief Executive Officer may be assisted by the Deputy Chief Executive Officers who are vested with the same powers. If the Chief Executive Officer is a Director, he or she is appointed for the length of his or her term of office as Director. The same applies for the Deputy Chief Executive Officer.

Rights, privileges and restrictions attaching to each class of the existing shares

There are no privileges or restrictions attached to certain shares or classes of shares.

"With respect to the percentage of share capital that they represent, double voting rights are conferred upon all fully paid-up shares which have been held in registered form for at least four (4) years in the name of the same holder. In the event of a share capital increase by incorporating reserves, profits or premiums, this double voting right will be attached on the date of their issuance to the new registered shares allotted free of charge to a shareholder in consideration for the old shares giving rise to such right".

(Extract from article 12 of the Articles of Association)

Steps necessary to amend shareholders' rights

The shareholders' rights may be amended by an extraordinary shareholders' meeting and, where necessary, after having been ratified by the special shareholders' meeting for shareholders benefiting from special advantages.

General shareholders' meetings

"The shareholders' meetings are convened and hold deliberations as provided for by the law.

Shareholder resolutions are made at ordinary, extraordinary or special shareholders' meetings depending on the type of decision.

Shareholders' meetings are convened by the Board of Directors, or, failing that, by those individuals named by the French Commercial Code, particularly the statutory auditors or a court-appointed agent as provided by law.

Meetings are held at the head office or in any other location stated in the convocation.

Shareholders' meetings are convened as provided by the regulations in force.

Any shareholder, regardless of the number of shares he or she holds, has the right to attend and vote at the shareholders' meetings, whether in person, by proxy, or by remote voting, under the conditions and within the time limits laid down by the regulations in force.

Shareholders may, under the conditions laid down by the legislation in force, send their voting form by mail for any shareholders' meeting, either as a printed paper copy or, on a decision by the Board of Directors recorded in the meeting notice and the convening notice, as an electronic copy.

Shareholders may, on a decision by the Board of Directors, attend and vote at any shareholders' meeting by means of video-conference or any means of telecommunication, under the conditions laid down by the regulations in force. This decision is included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO). These shareholders are thereupon considered to be in attendance at the meeting, for the purpose of counting the quorum and majority.

Remote voting forms and proxies granted to be represented at a meeting may include an electronic signature by the shareholder or his or her legal or court-appointed representative, in the form of a process in compliance with the requirements of article 1316-4, paragraph 2, of the French Civil Code, namely a reliable identification process guaranteeing its connection with the instrument to which it relates.

All shareholders have the right to access the documents required to be able to make an informed decision on the Company's management and situation.

The laws and regulations determine the type of documents as well as how they are sent and made available to shareholders.

The officers of the meeting certify as accurate the attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-mail forms.

The meetings are presided over by the Chairman of the Board of Directors or, in his or her absence, by a Deputy Chairman or another Director specially appointed for this purpose by the Board. Failing such measures, the shareholders' meeting appoints the Chairman of the meeting itself.

The duties of scrutineer shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders. The officers so appointed shall appoint the Secretary, who does not need to be a shareholder.

The minutes of the meetings will be prepared and copies or excerpts of the proceedings will be certified in accordance with law.

ordinary and extraordinary shareholders' meetings, acting according to the corresponding conditions of quorum and majority required by legal provisions, shall exercise the powers conferred on them by law. "

(Extract from article 22 of the Articles of Association)

Crossing of ownership thresholds

The Company's Articles of Association include an obligation to report crossing the thresholds of 2%, 3%, and 4%.

"In addition to governing the crossing of thresholds, any physical or legal person who, alone or together, comes to hold or ceases to hold, in any manner whatsoever, a number of shares representing more than 2%, 3% or 4% of the capital or voting rights, is required to notify the Company within a period of ten calendar days from the crossing of one of these thresholds, of the number of shares, securities giving access to the capital and voting rights attached thereto, that it holds. For the purposes of application of this statutory obligation, the participation thresholds are determined under the same conditions as legal participation thresholds.

In the event of non-compliance with the statutory requirement, the shares exceeding the undeclared fraction shall be deprived of voting rights for any shareholders' meeting held up until the expiry of a period of two years following the date of regularisation, at the request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding 5% at least of the share capital."

(Extract from article 10 of the Articles of Association)

Terms in the Company's Articles of Association regarding modifications to share capital which are more restrictive than the law

The Company's Articles of Association do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the law.

4.2 SHARE CAPITAL

4.2.1 Total subscribed share capital and potential share capital

As at 31 December 2018, the Company's share capital comprised 13,502,843 fully-paid up shares with a nominal value of €1 each.

On 22 February 2016, the Company set up a multi-year equity line financing with KEPLER CHEUVREUX. 665,000 warrants were issued that may result in the issuance of the same number of shares. 121,000 new shares were issued in 2016 and 2017, and 544,000 warrants were not exercised before the exercise period expired on 22 February 2018.

There are no potential shares relating to stock option, stock warrant or bonus share allocation plans, or other securities that may be convertible, exchangeable or associated with stock warrants, or acquisition rights and/or obligations attached to subscribe but not paid-up capital.

4.2.2 Treasury shares

Share buybacks

The share buyback in 2018 took place under the authorisations granted by the shareholders' meetings of 16 June 2017 and 13 June 2018.

a) Number of shares bought and sold during the financial year in accordance with articles L.225-208, L.225-209 and L.225-209-1 of the French Commercial Code and average purchase and sale price

In 2018, 103,644 shares of GROUPE GORGÉ were repurchased by the Company under the authorisation granted by the combined shareholders' meeting held on 16 June 2017 and 128,625 shares were repurchased under the authorisation granted by the combined shareholders' meeting held on 13 June 2018.

Accordingly, a total of 232,269 shares in GROUPE GORGÉ were repurchased during 2018 at an average price of €13.76 per share, for a total cost of €3,197,147:

- 103,644 shares of GROUPE GORGÉ were repurchased at an average price of €16.32 per share for a total cost of €1,691,556, under the authorisation granted by the shareholders' meeting held on 16 June 2017;
- 128,625 shares of GROUPE GORGÉ were repurchased at an average price of €11.70 per share for a total cost of €1,505,591, under the authorisation granted by the shareholders' meeting held on 13 June 2018.

231,783 shares of GROUPE GORGÉ were sold in 2018 at an average price of €12.90 per share under the liquidity contract.

b) Trading charges

In 2018, trading charges consisted solely of fees under the liquidity contract, which amounted to €30,000.

c) The number of shares registered in the Company's name at the end of the financial year and their value at purchase price – Fraction of the share capital that they represent

At 31 December 2018, GROUPE GORGÉ held 5,234 treasury shares (representing 0.039% of its share capital), recorded at €42,478 in the statement of financial position (€44,018 at the stock market price of €8.41 at the same date).

All of the shares are owned to stabilise the stock market price.

The above number of shares and figures are given on the basis of a nominal value of €1 per share and 13,502,843 shares making up the share capital at 31 December 2018.

The treasury shares are recorded in the balance sheet of GROUPE GORGÉ SA under "Marketable securities".

d) Cancellation of Company shares during the 2017 financial year

In 2018, the Company did not use the authorisations granted by the combined shareholders' meetings of 16 June 2017 and 13 June 2018 to reduce the share capital by cancelling shares owned by the Company up to 10% of the capital for every 24-month period.

e) Number of shares potentially used

The purpose of the repurchase shares may be:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilise the share's stock market price.

f) Potential reallocation for other purposes decided during the 2018 financial year

None.

Renewal of the share repurchase programme – Description of the share repurchase programme

Shareholders will be asked at the shareholders' meeting of 7 June 2019 to authorise the Board of Directors, with power to subdelegate, to renew the Company's share repurchase programme (eleventh resolution).

The purpose of this authorisation is to enable the Company to trade in its own shares, as provided for by law, in order to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

This authorisation falls within the legal scope of article L.225-209 of the French Commercial Code:

- it would be valid for a maximum period of 18 months and, as from its adoption by the shareholders' meeting and for the remaining balance, it would cancel and replace any prior delegation of authority to the Board of Directors to allow the Company to trade in its own shares;
- the maximum amount of shares which the Board of Directors may acquire cannot exceed 10% of the total number of shares forming the share capital, with the understanding that the Company may not hold more than 10% of the shares forming the share capital at any time;
- the maximum purchase price per share would be set at €50.

In the event that the capital is increased through capitalisation of reserves and allocation of free shares, as well as in the event of a share split, reverse share split or any other transaction affecting equity, the shareholders' meeting would delegate to the Board of Directors the power to adjust the aforementioned prices in such a way as to allow for the impact of such transactions on the share value.

It is understood that these transactions should be performed in compliance with the rules laid down by articles 241-1 to 241-7 of the General Regulations of the French Financial markets authority (AMF) on market trading conditions and timing.

4.2.3 Additional information on the share capital

TABLE OF THE HISTORY OF THE DEVELOPMENT OF THE COMPANY'S SHARE CAPITAL

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
24 February 1998	Share capital increase (listing on secondary market).	900,000	1,050,000	10 F	29,822,332 F	10,500,000 F
25 February 2000	Share capital increase by incorporating an amount deducted from the issuance premium line item.	1,050,000	1,050,000	32.79 F	(23,937,742.50) F	34,429,500 F
25 February 2000	Conversion of share capital into euros and a share capital increase to take into account the exchange rate.	1,050,000	1,050,000	5	(3,649,285.32)	5,250,000
18 February 2005	Stock split to reduce the nominal value from €5 to €1	1,050,000	5,250,000	1	-	5,250,000
24 November 2005	Share capital increase following a conversion of bonds.	5,250,000	6,183,689	1	12,183,158.06	6,183,689
25 July 2007	Share capital increase following a dividend payment in shares.	6,183,689	6,323,321	1	2,073,535.20	6,323,321
30 June 2009	Reduction of share capital by allocation to a share premium account.	6,323,321	6,323,321	0.01	6,260,087.79	63,233.21
	Share capital increase resulting from the merger of BALISCO	6,323,321	11,553,735	0.01	689,581.79	115,537.35
27 July 2009	Increase in the nominal value of the Company's shares by incorporating the premium.	11,553,735	11,553,735	1	(11,438,197.65)	11,553,735
22 April 2010	Share capital increase resulting from the acquisition of shares granted under a free share grant plan	11,553,735	11,574,403	1	-	11,574,403
27 December 2011	Share capital increase in cash.	11,574,403	12,731,843	1	7,500,211.20	12,731,843
8 June 2012	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(1,363,158.42)	12,731,843
6 June 2013	Charging of a portion of 2012 losses against additional paid-in capital.	12,731,843	12,731,843	1	(1,422,063.89)	12,731,843
6 June 2013	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(4,074,189.76)	12,731,843

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
11 March 2014	Capital increase by exercising share issue warrants.	12,731,843	12,781,843	1	1,011,167.45	12,781,843
26 March 2014	Capital increase by exercising share issue warrants	12,781,843	12,881,843	1	1,769,798.00	12,881,843
3 April 2014	Capital increase by exercising share issue warrants	12,881,843	12,981,843	1	1,852,223.10	12,981,843
15 July 2014	Capital increase by exercising share issue warrants	12,981,843	13,031,843	1	854,808.15	13,031,843
8 December 2014	Capital increase by exercising share issue warrants	13,031,843	13,081,843	1	934,437.50	13,081,843
9 April 2015	Capital increase by exercising share issue warrants	13,081,843	13,156,843	1	1,519,302.30	13,156,843
15 April 2015	Capital increase by exercising share issue warrants	13,156,843	13,181,843	1	506,434.10	13,181,843
8 July 2015	Capital increase by exercising share issue warrants	13,181,843	13,231,843	1	1,123,978.95	13,231,843
15 July 2015	Capital increase by exercising share issue warrants	13,231,843	13,281,843	1	1,122,971.95	13,281,843
7 October 2015	Capital increase by exercising share issue warrants	13,281,843	13,311,843	1	600,921.67	13,311,843
14 October 2015	Capital increase by exercising share i ssue warrants	13,311,843	13,366,843	1	1,100,697.89	13,366,843
30 March 2016	Capital increase by exercising share issue warrants	13,366,843	13,409,843	1	861,951.80	13,409,843
30 May 2016	Share capital increase resulting from the acquisition of shares granted under a free share grant plan	13,409,843	13,424,843	1	-	13,424,843
31 May 2016	Capital increase by exercising share issue warrants	13,424,843	13,439,843	1	296,033.70	13,439,843
10 October 2016	Capital increase by exercising share issue warrants	13,439,843	13,444,843	1	90,543.40	13,444,843
20 October 2016	Capital increase by exercising share issue warrants	13,444,843	13,449,843	1	89,163.00	13,449,843

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Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
21 October 2016	Capital increase by exercising share issue warrants	13,449,843	13,454,843	1	89,163.00	13,454,843
25 October 2016	Capital increase by exercising share issue warrants	13,454,843	13,459,843	1	89,360.20	13,459,843
9 December 2016	Capital increase by exercising share issue warrants	13,459,843	13,469,843	1	179,509.20	13,469,843
14 December 2016	Capital increase by exercising share issue warrants	13,469,843	13,474,843	1	89,163.00	13,474,843
26 December 2016	Capital increase by exercising share issue warrants	13,474,843	13,484,843	1	179,312.00	13,484,843
28 December 2016	Capital increase by exercising share issue warrants	13,484,843	13,489,843	1	89,656.00	13,489,843
29 December 2016	Capital increase by exercising share issue warrants	13,489,843	13,495,843	1	108,947.88	13,495,843
27 January 2017	Capital increase by exercising share issue warrants	13,495,843	13,502,843	1	114,913.02	13,502,843

TABLE AT 2 APRIL 2019 OF PENDING DELEGATIONS ON SHARE CAPITAL INCREASES GRANTED TO THE BOARD OF DIRECTORS BY THE SHAREHOLDERS' MEETING

Date	Delegation	Validity	Maximum nominal amount	Use
Combined shareholders' meeting of 16/06/2017 (9th resolution)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums.	26 months	€5,000,000	None
Combined shareholders' meeting of 16/06/2017 (10th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) with maintenance of shareholders' pre-emptive subscription rights.	26 months	€5,000,000 (1) €50,000,000 (2) (marketable securities representing receivables giving access to share capital)	None
Combined shareholders' meeting of 16/06/2017 (11th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or by a Group company), waiving shareholders' pre-emptive subscription rights, by public offer.	26 months	€5,000,000 (3) €50,000,000 (3) (marketable securities representing receivables giving access to share capital)	None
Combined shareholders' meeting of 16/06/2017 (12th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or a Group company), waiving shareholders' pre-emptive subscription rights, by a (private placement) offer as referred-to in article L.411-2 II of the French Monetary and Financial Code.	26 months	€3,000,000 (subject to legal ceiling)(3) €30,000,000 (3) (marketable securities representing receivables giving access to share capital)	None
Combined shareholders' meeting of 16/06/2017 (13th resolution)	Determining the terms for setting the subscription price where pre-emptive rights are waived, subject to the annual limit of 10% of the share capital.	26 months	10% of share capital per year, for an issue of ordinary shares or securities pursuant to the 11th and 12th resolutions	None
Combined shareholders' meeting of 16/06/2017 (14th resolution)	Delegation of authority to increase the number of shares to be issued in the event of excess demand in a capital increase, pursuant to the 10th, 11th or 12th resolutions.	26 months	15% of the original issue amount (per articles L.225-135-1 and R.225-118 of the French Commercial Code)	None
Combined shareholders' meeting of 16/06/2017 (15th resolution)	Delegation to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the capital, within a maximum 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital.	26 months	10% of the Company's share capital (3)	None

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Date	Delegation	Validity	Maximum nominal amount	Use
Combined shareholders' meeting of 13/06/2018 (16th resolution)	Delegation of powers to increase the share capital through the issue of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities to be issued, without pre-emptive subscription rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing	18 months	€3,000,000 €30,000,000(3) (marketable securities representing receivables giving access to share capital)	None
Combined shareholders' meeting of 13/06/2018 (13th resolution)	Authorisation to grant stock options to employees and/or certain company officers.	38 months	5% of the Company's share capital	None
Extraordinary shareholders' meeting of 13/06/2018 (14th resolution)	Authorisation to allocate existing or future free shares to employees and/or certain company officers.	38 months	5% of the Company's share capital	None

(1) To be charged against the maximum nominal value of the capital increases that may be carried out pursuant to the 11th, 12th and 15th resolutions.

(2) To be charged against the overall ceiling provided in the 11th and 12th resolutions.

(3) To be charged against the overall ceiling provided in the 10th resolution.

4.3 SHAREHOLDING

4.3.1 Breakdown of share capital and voting rights

The distribution of capital and voting rights at 31 December 2018 was as follows:

	31 December 2018				31 December 2017			
	Shares	**% of share of capital**	**Voting rights exercisable at shareholders' meetings(2)**	**% of voting rights exercisable at shareholders' meeting**	**Shares**	**% of share of capital**	**Voting rights exercisable at Shareholders' meetings(2)**	**% of voting rights exercisable at shareholders' meeting**
GORGÉ family(1)	7,583,125	56.16%	14,862,967	71.19%	7,583,125	56.16%	14,834,107	71.11%
Treasury shares	5,234	0.04%	-	-	4,748	0.03%	-	-
Public	5,914,484	43.80%	6,015,249	28.81%	5,914,970	43.81%	6,026,386	28.89%
TOTAL	**13,502,843**	**100%**	**20,878,216**	**100%**	**13,502,843**	**100%**	**20,865,241**	**100%**

(1) *"Gorgé Family" refers to shares held directly by Jean-Pierre Gorgé, founder of the Group, i.e. 115,219 shares, and those held directly by Raphaël Gorgé, i.e. 230,334 shares, as well as shares held by PÉLICAN VENTURE SAS, a holding company controlled by three members of the Gorgé family.*

(2) *Voting rights exercisable at the shareholders' meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the shareholders' meeting to the number of treasury shares.*

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On 21 December 2017 Norge Bank declared that it held 312,238 GROUPE GORGÉ shares, *i.e.* more than 2% of the share capital at 20 December 2017.

On 9 March 2018 Raphaël GORGÉ sold 21,140 shares to PÉLICAN VENTURE, the holding company of the GORGÉ family.

In May 2018, PÉLICAN VENTURE, the holding company of the Gorgé family, benefited from the transition to double voting rights for 50,000 shares. In 2019, 126,659 additional shares held by PÉLICAN VENTURE should receive double voting rights.

The Egepargne Croissance investment fund managed by AXA INVESTMENT MANAGERS PARIS declared that on 5 February 2019 it crossed in an upward direction the statutory 2% threshold in GROUPE GORGÉ's capital.

To the Company's knowledge, since the reporting date, no significant changes in shareholding have occurred and there are no shareholders, other than those mentioned above, directly or indirectly holding 2% or more of the Company's share capital or voting rights.

4.3.2 Voting rights of the major shareholders

In accordance with the Company's Articles of Association, GROUPE GORGÉ shares that have been held in registered form for more than four years carry double voting rights. As such, PÉLICAN VENTURE holds a certain number of shares with double voting rights (see table above).

To the Company's knowledge no shareholder's or other agreement exists that could result in a change of control of the Company.

4.3.3 Controlling shareholders

The Company is controlled by the GORGÉ family through PÉLICAN VENTURE.

There are three Independent Directors on the GROUPE GORGÉ Board of Directors, one of whom has been there since 2006. Having Independent Directors (who have no association with the Company, its group or its management that is such as to influence their free judgement) ensures that there is no abuse or misuse of power as these Independent Directors could take the appropriate action if any such abuse were discovered. One of these Directors is also Chairman of the Company's Audit Committee.

4.3.4 Information liable to have an impact in the event of a public offer

Holders of shares registered in their names for more than four years enjoy double voting rights.

The Company is controlled by the GORGÉ family through PÉLICAN VENTURE.

4.3.5 Employee shareholding

The Group's existing share subscription or purchase option plans, free shares grant plans or warrant grant plans are described in Note 5.4 of the notes to the consolidated financial statements.

In accordance with article L.225-102 of the French Commercial Code, mention is made that at 31 December 2018:

- no employees shares were held under collective management;
- 27,334 GROUPE GORGÉ registered shares were held by Group employees following the acquisition of shares under free share allocation plans.

4.4 FINANCIAL COMMUNICATION (FINANCIAL AGENDA, SHARE PERFORMANCE, DIVIDEND POLICY)

4.4.1 Stock market information

Change in price and volume traded on EURONEXT

Month	Highest (in euros)	Lowest (in euros)	Number of shares traded	Capital (in euros)
January 2018	19.04	15.86	389,837	6,768,169
February 2018	18.40	16.00	167,769	2,849,864
March 2018	17.10	14.48	150,091	2,321,165
April 2018	17.08	13.44	209,531	3,192,054
May 2018	17.36	13.92	182,802	2,810,554
June 2018	16.14	13.92	156,952	2,343,894
July 2018	15.32	13.24	113,710	1,599,248
August 2018	15.10	13.80	84,864	1,219,004
September 2018	14.30	13.28	96,266	1,325,534
October 2018	13.54	9.50	213,867	2,375,401
November 2018	10.38	8.90	266,156	2,522,445
December 2018	9.98	7.30	215,128	1,827,608
January 2019	11.04	8.26	131,088	1,285,625
February 2019	11.48	10.08	145,949	1,588,651

Source: EURONEXT.

4.4.1.1 Information on GROUPE GORGÉ shares

Since 1 April 2014, GROUPE GORGÉ meets all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree No. 2014-283), *i.e.* it has fewer than 5,000 employees and has annual revenue of less than €1,500 million or total assets of less than €2,000 million. These criteria apply to the entire Group.

GROUPE GORGÉ also joined the CAC PME index on 1 April 2014. This index, compiled by EURONEXT and launched on 27 February 2014, comprises 40 stocks from its listed SME and mid-tier firms which qualify for PEA-SMEs.

The CAC PME is identified by ISIN FR0011710375 and ticker CAPME.

The GROUPE GORGÉ share has been included in the SRD long-only deferred settlement list since 29 December 2014. The SRD long-only listing should help improve the share's liquidity.

Lastly, on 23 January 2019, GROUPE GORGÉ's share listing was transferred from the EURONEXT Paris Compartment B to Compartment C. Compartment C includes listed companies with a market capitalisation of less than €150 million.

In January 2014, the high volumes of trading observed and the keen interest from new foreign investors prompted the Group to consider the launch of an official sponsored ADR (American Depositary Receipt) Level 1 programme with BANK OF NEW YORK MELLON. GROUPE GORGÉ ADRs are securities negotiable in US dollars representing ordinary shares in GROUPE GORGÉ at a 1 to 1 ratio. They have been traded on the American OTC market since 17 January 2014 under the ticker symbol GGRGY. Since this programme was established, GROUPE GORGÉ now publishes its financial information in English as well as French. Trading in ADRs gradually slowed between 2014 and 2017. At the end of 2017 BNY MELLON suggested ending the programme. It was wound down in the first quarter of 2018.

4.4.2 Dividend policy

The Company intends to pay dividends, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

Dividends approved by the shareholders' meeting in previous years totalled:

- 2013: dividend per share of €0.32 (12,981,843 shares), or a total dividend of €4,154,190;
- 2014: dividend per share of €0.32 (13,181,843 shares), or a total dividend of €4,218,189.76;
- 2015: none;
- 2016: none;
- 2017: dividend per share of €0.32 (13,502,843 shares), or a total dividend of €4,320,909.76.

The Board of Directors will propose payment of a dividend of €0.32 per share, i.e. a total dividend of €4,320,909.76 to the shareholders' meeting of 7 June 2019.

4.4.3 Information documents

The Company communicates with its shareholders primarily *via* its website (www.groupe-gorge.com), its Twitter account, and the financial press agency ACTUSNEWSWIRE.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- 2019 Q1 revenue: 25 April 2019;
- shareholders' meeting: 7 June 2019;
- 2019 Q2 revenue: 25 July 2019;
- 2019 HY financial results: 18 September 2019;
- 2019 Q3 revenue: 24 October 2019;
- 2019 Q4 revenue: end-February 2020.

The Group holds meetings with analysts and investors, and a telephone conference with an analysts' Q&A immediately after publishing its results. The 2018 financial results were announced on 3 April 2019, and the 2019 half-year financial results will be announced on 18 September 2019.

Throughout the period of validity of the Registration Document, the following documents may be consulted at the Company's registered office:

- the Company's Articles of Association;
- all reports, correspondence and other documents included or mentioned in this Registration Document;
- the issuer's historical financial information for each of the two financial years prior to the publishing of the Registration Document.

Annual reports are available at the head office of the Company at 19, rue du Quatre-Septembre, 75002 Paris, and at www.groupe-gorge.com. The Company's press releases are issued *via* the financial wire agency Actusnews and can be consulted on leading publicly accessible stock market websites such as BOURSORAMA, BOURSIER.COM and EURONEXT.

The Company's website contains all of GROUPE GORGÉ's up-to-date financial information. All GROUPE GORGÉ press releases are readily available on it, as are all documents of relevance to shareholders such as Registration Documents, half-year consolidated financial statements and information on share buybacks.

GROUPE GORGÉ participates in Small cap and/or Midcap events, road shows, as well as other events throughout the year where the Company can present its activities and results to analysts, investors and shareholders. The Group also holds investor and analyst meetings at the trade exhibitions of most significance to the Group during the year as well as on its main activity sites (specifically PRODWAYS' Tech Center).

A Securities Service directly administers fully registered shares free of charge. Shareholders who wish to register their securities in this form may send their request to CACEIS Financial Services, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 09, France, or to their own financial advisor.

Our shareholder/investor contact, ACTUS FINANCE (52, rue de Ponthieu – 75008 Paris), is available for all questions about news and the various press releases about the Group.

5

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

5.1 GENERAL APPROACH AND METHODOLOGY

5.1.1 Specific context of the Non-Financial Performance Statement

In accordance with article R.225-105 of the French Commercial Code, GROUPE GORGÉ produces a Non-Financial Performance Statement (DPEF) for the Group scope. This statement is subject to mandatory audit by an independent third-party organisation.

This Non-Financial Performance Statement is a new step, which fits in with the continuous improvement process of the Group's social, environmental and economic commitment.

Reporting scope

The information presented in this report is consolidated and relates to the French subsidiaries with more than 50 employees at 31 December 2018, *i.e.* 16 subsidiaries in 2018, up from 14 subsidiaries in 2017. At end-2018, the latter represented 83% of the Group's workforce and 83% of the Group's revenue, compared with 74% of workforce and 79% of revenue in 2017. For practical and organisational reasons within the Group, it was relevant to retain this materiality threshold. Subsidiaries that fall below this materiality threshold, do not present any significant risk.

Method for reporting CSR indicators

The production of CSR (Corporate Social Responsibility) indicators requires setting up a system for reporting information to the GROUPE GORGÉ Financial Department. A protocol was established that describes CSR indicators uniformly and in detail.

5.1.2 GROUPE GORGÉ's CSR commitments

In 2018, GROUPE GORGÉ took the assessment of its CSR-related challenges and risks a level deeper by completing, with the support of an outside consultant, a materiality study in order to look ahead to the expectations, risks, and opportunities of sustainable development issues and our responsabilities to our stakeholders.

There were several phases to this study:

- creating segment benchmarks;
- identifying the main challenges using internal resources, specifically financial risk-mapping;
- organising internal workshops with operational employees from all divisions to validate the issues' relevance;
- CSR data collection by the Financial Department of GROUPE GORGÉ.

Through this work, the Group's environmental, social, and societal issues were identified and prioritized according to:

- stakeholder expectations;
- and their impact on the Group's business.

In ranking these risks, three potential risk levels were defined: moderate, major, and capital.

GROUPE GORGÉ evaluated its issues as well as the contribution of its mission and social and environmental initiatives on the 2030 Agenda for Sustainable Development adopted by the UN in 2015. This programme is composed of 17 Sustainable Development Goals (SDG).

The SDG are establishing themselves as the new global framework of priorities, and their translation for businesses by the Global Compact, the WBCSD, and the GRI creates a comprehensive, sustainable new CSR set of guidelines that the Group is keen to adopt.

5.2. OUR BUSINESS MODEL

GROUPE GORGÉ is an independent family-owned group that does business in high-tech industries. The Group's business is in personal and property safety and protection in extreme environments, through the Smart Safety Systems division (ECA), the Protection of High-Risk Installations division (VIGIANS), and the "3D Printing" sector (PRODWAYS GROUP).

The Group's detailed business model is presented in Section 1.2, "Overview of the Group and its businesses" in this Registration Document. The following diagram gives the Group's stakeholders a summary grid of its value-creation model.

	Our resources	**Our results and achievements / our value creation**
Financial capital	Stability guaranteed by majority family shareholding	2018 revenue: €296 million Growth in profitability
Industrial/societal capital	19 technology centres A solid network of industrial and university partnerships	• Protecting people and property • Helping our clients innovate and guiding them through their digital transformation
Intellectual capital	4% of revenue invested in R&D	Innovative new product launches: SIS: INSPECTOR 125, OCTOPODA, AWAP 3D: ProMaker V10 Printer, ProMaker L-20
Human capital	2,002 qualified employees in 6 countries	327 permanent hires 17,937 training hours in 2018
Environmental capital	5,898 KWh of electricity 1,332 KWh of gas 8,361 m3 of water	A modest environmental footprint 3D printing: a technology that reduces raw material consumtion

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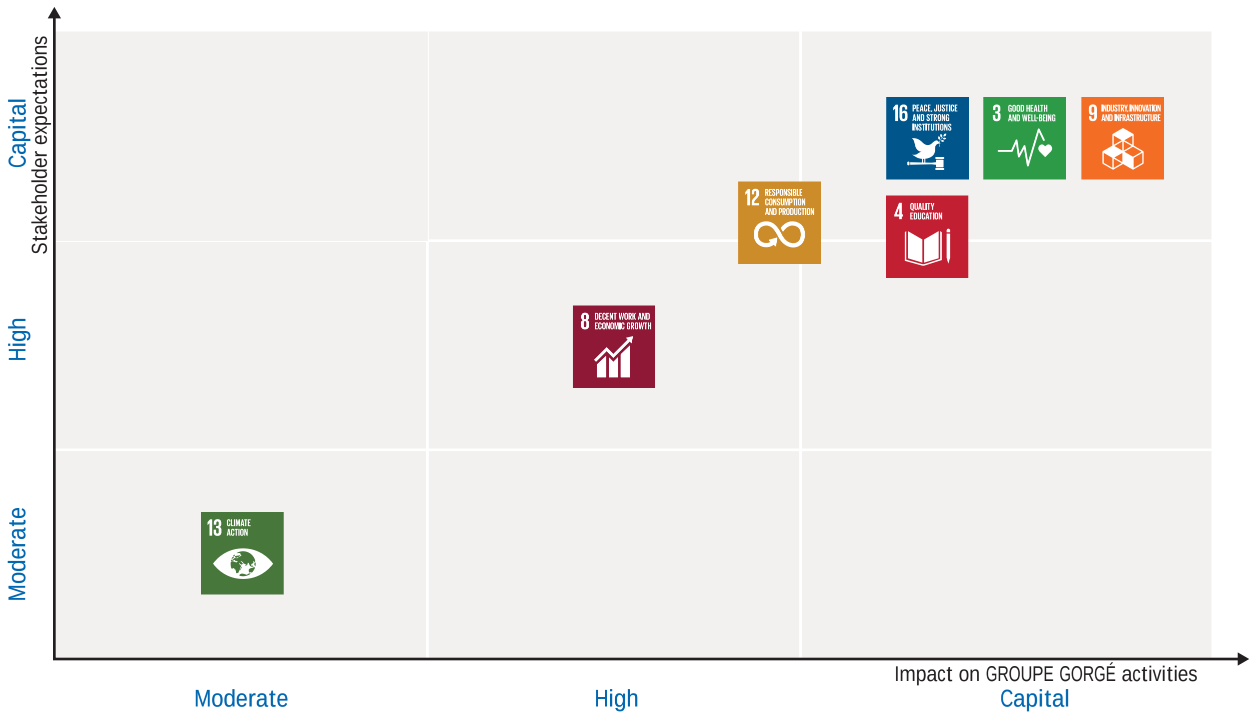
5.3 GROUPE GORGÉ'S CSR RISKS AND OPPORTUNITIES

The challenges of GROUPE GORGÉ's business have been assigned to the various Sustainable Development Goals to track the Group's CSR-related contribution and measure the actions and their associated performance.

GROUPE GORGÉ materiality matrix

The Group's materiality matrix shows the CSR issues identified as priorities for the Group. The Group's materiality study identified **10 priority challenges**, matching **seven Sustainable Development Goals**. These 10 challenges reflect the risks and opportunities identified in the risk analysis.



SDG	CSR issues	SDG	CSR issues
3 GOOD HEALTH AND WELL-BEING	• Innovation for people and infrastructure health and safety • Workplace health & safety, a commitment to all employees	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Acting as an effective, responsible, and ethical group
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Building a top player in terms of technology innovation • Making infrastructure safer	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• 3D printing: a mode of production that responds to the challenges of sustainable development
4 QUALITY EDUCATION	• Attracting and training talent	13 CLIMATE ACTION	• Activities with limited impact on climate change
8 DECENT WORK AND ECONOMIC GROWTH	• Investing in a lasting and responsible relationship with employees • Ensuring decent working conditions at our suppliers		

5.4 INNOVATION FOR PERSONAL AND INFRASTRUCTURE HEALTH AND SAFETY

Through each of its business divisions, the Group's aim is to protect people and property or provide solutions for health.

5.4.1 Smart Safety Systems: innovating for personal and property protection

Constantly at the edge of innovation since its creation, ECA has gained the trust of its clients around the world with innovative solutions for hostile, restricted, and demanding environments: defence, maritime, industry, aeronautics, mine disposal, etc. ECA's commitment is driven by all its employees: to offer its clients the best solutions for ensuring the safety of their operations.

With the development of asymmetric conflicts, the threats are changing, and the borders between armies and domestic security are shifting. In addition, troop safety and budget considerations are leading to reductions in their exposure. For the Armed Forces and Civil Security, ECA plays a leading role in cutting-edge robotics solutions for defence and security missions. The main objective of ECA's developments is to avoid personnel exposure to dangers such as Explosive Ordnance Disposal (EOD) and Improvised Explosive Devices (IED), conflicts, and terrorist threats.

For more than 70 years, ECA has been developing complete solutions for naval, ground, and air defence, security, and special forces. ECA provides complete, fully-integrated solutions that are battle-tested, integrated into the French forces for surveillance, detection, inspection, intervention, and neutralisation missions. The Group's robotic solutions rely on a complete line of remote-operated or autonomous air, ground, and sea drones. Interoperable, equipped with the most effective sensors, ready to process information in real time, these drones are the basis for solutions for identifying and neutralizing risks.

With its expertise in robotics, industrial processes, and automation, ECA designs solutions that are specially designed for hostile or restrictive environments. The Group's inspection, servicing, and maintenance solutions are specially designed for demanding environments. Starting with its line of airborne, land-based, and naval robots equipped with the most effective sensors and customized for each use, the Group has developed solutions for surveillance and inspection of infrastructures and industrial sites, or decommissioning of nuclear power stations.

In Aerospace, ECA is developing, producing, and installing innovative solutions with high technical value throughout the aircraft's life cycle. The Group is the world leader in distress beacons, which are a mandatory part of aircraft equipment. They are designed to help search and rescue authorities locate any airplane in distress. In 2017, ECA announced the launch of its "ELiTe" beacon, the first Emergency Locator Transmitter (ELT) to include a GPS transmitter as well as a system that activates on contact with water, making the activation and location of survivors in a distressed aircraft more reliable.

5.4.2 Protection of High-Risk Installations: Protecting the most demanding infrastructures

The Protection of High-Risk Installations division develops innovative custom solutions for protecting infrastructure. Its high-performance protection systems will secure the most demanding infrastructures (nuclear plants, industries, etc.) and have a direct impact on the safety of users and nearby residents.

The products and services developed meet the safety requirements for people and property (installation of high-tech doors for nuclear plants, fire safety for the service sector, and protection against industrial risks).

BAUMERT has developed a line of products for protection against natural hazards, particularly as revealed by the Fukushima disaster, for the nuclear, petrochemical, and construction industries.

The challenges of natural hazards (flooding, earthquake, landslide, tsunami, tornado, etc.) involve protecting people first and foremost, but also limiting direct damage (building repair and restoration) and indirect damage (business shutdowns, evacuee rehousing).

The nuclear industry is all the more impacted because it must consider the nuclear safety aspect in order to protect important equipment and guarantee security faced with the risk of radioactive contamination.

5.4.3 Medical: A strategic development area for 3D Printing

3D printers for medical applications are used for printing smaller objects (such as teeth) or printing with thinner walls. Whether for hospitals, universities, or research laboratories, many medical institutions are taking an interest in 3D printing technology.

In the medical segment, 3D printing is used for:

- planning surgeries with accurate anatomical models created by scanners or MRIs;
- developing custom orthopaedic prostheses and implants;
- using 3D-printed models in medical training;
- and bio-printing living tissue for testing drugs and implant placements.

Making it possible to print unique, customised parts at a reduced price, 3D printing has very quickly gained ground in this industry.

PRODWAYS GROUP's Products business includes a medical division that produces medical prostheses *via* 3D printing:

- for more than 40 years, INTERSON PROTAC has been a key player in the audiology world. The Company creates Personal Protective Equipment (PPE) type hearing protection and customised hearing aids;
- CRISTAL is a dental prosthesis laboratory;
- PODO 3D makes orthopaedic and comfort insoles.

At the same time, PRODWAYS GROUP has developed a line of 3D printers and materials specially designed for the dental segment. Its expertise in additive manufacturing for dentistry fits into its partnership with the biggest names in the industry, such as DREVE, DELTAMED, and DENTOSMILE. It is also associated with prominent dentists and leading international suppliers.

The machines are specially designed for their application and are adapted to the biocompatible materials used in the various segments. For example, the Group has developed PLASTCure, a biocompatible material that is perfectly adapted to surgical modelling.

Requirement of the medical segment

The medical segment is highly regulated. To meet the segment's very stringent requirements, the Group has set up a quality-assurance system based on standards and certifications.

In addition, the Group must comply with European Personal Protective Equipment (PPE) standards on noise-cancelling protective earplugs (EU 2016/425). The new European regulations require stricter compliance procedures, ongoing monitoring of the production process, and a quality guarantee.

As a supplier of medical devices, the Group is also subject to EN 9001 and REACH regulations. In compliance with regulations, the Group limits the risks of medical devices and informs its users of them.

Sponsorship

INTERSON PROTAC is a sponsor of AuditionSolidarité.Org, an organisation that works to improve auditory wellness for as many people as possible.

As part of its sponsorship, INTERSON PROTAC paid the *Audition Solidarité* association 1 euro for each pair of customised Pianissimo® sold and 0.50 euro for each standard Pianissimo® sold. INTERSON PROTAC also supports the association in its humanitarian missions abroad. Around the world, a team of hearing professionals works in schools for deaf and hearing-impaired children to outfit all the children with these appliances and train the teachers on the spot in their daily care. As part of its missions, INTERSON PROTAC provides *Audition Solidarité* with its expertise as a manufacturer of hearing-aid tips and also donates equipment and accessories.

5.5 BUILDING A TOP PLAYER IN TERMS OF TECHNOLOGY INNOVATION

The Group's ambition is to stay on the cutting edge of innovation. Today, the Group's R&D teams are designing the innovations of tomorrow – to more effectively meet their clients' needs in 3D printing, robotics, and infrastructure protection.

5.5.1 Innovation: A growth lever

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group's subsidiaries file patent applications when they become necessary in protecting a technical, technological, or commercial breakthrough. The Group's Research and Development policy is described in paragraph 1.3. Strategy and Outlook, Investment and R&D Policies.

The Smart Safety Systems division is developing a research programme on "robotic systems" of the future so they can develop tomorrow's robots today.

In 2018, the division announced the launch of innovative new products: the T18-M towed sonar, the new line of carrier vessels for OCTOPODA autonomous mine disposal systems, or the INSPECTOR 125, a new surface drone for its USV line in collaboration with BUREAU D'ÉTUDES MAURIC.

In 2018, €7.2 million was allocated to R&D, which is 7.0% of its revenue, compared to €9.6 million and 8.6% of revenue in 2017.

PRODWAYS GROUP has eight technology centres dedicated to specific focus areas and a team of engineers dedicated to developing the applications of the future.

The "3D Printing" division's research is in three key areas:

- machines;
- materials ;
- medical prostheses (dental, audiology, chiropody).

The Group focuses its efforts on mass production applications, particularly for the medical, aeronautic, and jewellery segments, where the benefits of 3D printing are substantial.

This capacity for innovation allowed the Group to develop several leading innovations in 2018, including the new Pro Maker V10 ceramic 3D printer and the MOVINGLight® ProMaker LD-20.

In 2018, €3.3 million was allocated to R&D, which is 5.4% of its revenue, compared to €1.9 million and 5.6% of revenue in 2017.

In the Protection of High-Risk Installations division, R&D is focused on client-specific projects, in particular special walls and doors.

In 2018, €1.2 million was allocated to R&D, which represented 0.9% of its revenue, compared to €2.6 million and 2.0% of revenue in 2017.

Patents filed

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group's subsidiaries file patent applications when they become necessary in protecting technical, technological, or commercial breakthroughs.

Thus, PRODWAYS GROUP holds a portfolio of 13 patent families to protect the formula for materials as well as the proprietary DLP MOVINGLight® technology developed in its own 3D printers, while ECA holds a portfolio of 25 patent families. To encourage and guide innovation and enhance intellectual property, an innovation charter has been written and deployed at ECA.

5.5.2 Technology sharing and heritage

The Group's view of innovation is based on openness and partnership, in many aspects:

Joint innovation projects

In 2018, PRODWAYS GROUP subsidiary INITIAL and L'ORÉAL joined forces to accelerate the development of thermoplastic parts using 3D printing.

PRODWAYS GROUP has also set up a partnership with NEXTEAM GROUP, which machines parts for the aeronautics market, focusing on innovative Rapid Additive Forging technology for 3D printing of titanium parts. The R&D work has cut material loss by more than 80% compared to traditional machining techniques.

ECA regularly participates in Europe-wide research projects. In 2018, ECA was selected for the European Defence Fund's OCEAN 2020 project. The OCEAN 2020 project brings together 42 partners from 15 European countries and works on surveillance and prohibitions at sea, and equips the relevant fleets with drones and remote-controlled submersibles. The information obtained will feed conventional systems to give military commands a complete picture of the situation at sea.

Industrial partnerships

The Group regularly forms partnerships with clients or SME or large corporations in its ecosystem to propose innovative solutions.

In 2016, NAVAL GROUP and ECA formed a technological and commercial partnership in robotic mine disposal. The first concrete application was in response to the consultation launched by Belgium as part of a Belgian-Dutch cooperative venture for the supply of 12 mine hunters.

Sharing knowledge to a large audience

Through conferences and round tables, GROUPE GORGÉ attempts to share knowledge about its business lines with any audience that may take an interest in the Group's activities.

In 2018, the Group took part in many demonstrations: in the "Tech&Co" broadcast on BFM Business, during the Extraordinary Plant, as well as in numerous trade shows. By attending these types of events, the Group seeks to promote the role of middle-market companies in France and support French innovation.

As an expert in additive manufacturing in France, PRODWAYS GROUP attends technical conferences on additive manufacturing, such as the *Journée de la Fabrication Additive* [additive manufacturing day]. PRODWAYS GROUP also holds meetings, conferences and round tables for associations, entrepreneurial clubs, students, and any other group who may take an interest in the Group's activities.

ECA is very active in the Naval and Defence industries in France. Through conferences and round tables, the Group attempts to share knowledge about its business lines with any audience that may take an interest in the Group's activities. Throughout the year, the Group organised many themed conferences with its experts at trade shows that it attended.

In 2018, ECA once again took part in the Summer Defence Conference, an annual event organised under the high patronage of the French President for all French Defence policymakers – government, military, and industrial alike – to plan the Defence of the future.

5.6 THE GROUP'S COMMITMENTS TO ITS EMPLOYEES

5.6.1 Investing in a lasting and responsible relationship with employees

8 DECENT WORK AND ECONOMIC GROWTH

Promoting long-term, appealing employment and providing all its employees with access to quality healthcare services.

5.6.1.1 Employment policy

In the high-tech industries, today's innovations – and therefore today's talent – make for tomorrow's successes. That is why developing human potential is a priority for the Group. To offer its employees a stimulating environment, the Group's subsidiaries seek to implement the best practices of HR policy.

The following indicators, except for the table below on the Group's total workforce, relate to the workforce of the selected companies, totalling 1,661 employees. In 2017, the indicators covered 1,493 employees, *i.e.* 74% of the total, and 77% at constant scope.

Total workforce of GROUPE GORGÉ and distribution by division

Human resources data corresponds to a calendar year. The population considered in the following table comprises all the Group's employees, excluding trainees. Total workforce means the number of people present within the Group at 31 December 2018 who are bound by a permanent contract, a fixed-term contract, or a trainee contract. Part-time workers are counted as one person.

	Smart Safety Systems		3D Printing		Protection of High-Risk Installations		Group head office			
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Executives and engineers	389	428	159	149	377	371	6	6	931	954
Technicians and supervisors	81	154	144	91	123	194	1	1	349	440
Employees	90	75	110	97	170	118	-	-	370	290
Workers	54	57	47	38	251	252	-	-	352	347
TOTAL	**614**	**714**	**460**	**375**	**921**	**935**	**7**	**7**	**2,002**	**2,031**

In France, the Group is established in a number of regions. Through its three business divisions, GROUPE GORGÉ provides long-term local employment.

Distribution by socio-professional categories

(%)	Men 2018	Men 2017	Women 2018	Women 2017	Total 2018	Total 2017
Higher managerial and professional positions	38	39	8	8	46	47
Technicians and supervisors	14	18	3	4	17	23
Employees	9	4	9	7	18	11
Workers	16	16	2	1	18	17
Apprentices	2	2	0	0	2	2
TOTAL	**78**	**79**	**22**	**21**	**100**	**100**

Distribution by age

(in %)	2018	2017
Less than 30 years old	18	15
30 to 39 years old	27	28
40 to 49 years old	26	28
50 to 59 years old	24	25
60 years old and over	5	4

5.6.1.2 Hiring policy

The Group wants to recruit candidates with high skill levels (engineers, graduates of prestigious universities) in a mobile labour market. Skills must often be acquired internally after hiring.

As the Group is positioned in high-tech activities that most often require its employees to have special know-how and/or expertise, it tends to recruit in the form of permanent contracts, so as to retain knowledge and know-how internally.

In 2018, 95% of the total workforce and 76% of new hires.

	2018	2017
Recruitments*:	429	300
• of which permanent employment contracts	327	239
• of which fixed-term employment contracts	84	55
• of which trainee contracts	18	6

* *Excluding transfer between Group entities.*

The table below details departures by reason.

	2018	2017
Departures:	343	281
• for economic reasons	5	3
• for other reasons	20	21
• end of contract, retirement, resignation, termination by mutual agreement	318	257

The lay-offs listed below include those, for all reasons combined, in the Group's companies for 2018 in France. As regards personnel movements, 32 of the departures involved transfers from a company within the Group that is part of the panel of selected companies.

In 2018, the Group had a turnover rate of 26.8%, up from 17.3 in 2017.

These changes are due primarily to one-time staffing cuts in the Smart Safety Systems and Protection of High-Risk Installations divisions.

Recent graduate integration and the Group's employer policy

To retain its leadership in its activities, the Group wishes to attract and retain tomorrow's talent. The Group and its divisions are active on social media, through LinkedIn and Twitter, so they can share important news and information about markets, trends, recently-won contracts, new solutions, participation in a trade show, or job offers, etc. This volume of news reflects the dynamism of the Group, which is aiming to raise its profile worldwide as an employer.

Along with this online presence, the Group's divisions are actively working on developing their employer brand and appeal.

In the Smart Safety Systems division, some fifteen schools have been identified near the Toulon, Toulouse, and Brest sites, where the programme of studies for students is well suited to the needs of ECA. Designated points of contact for these schools within the Company attend student forums and talk with students, to promote the Group's business lines. Publications about the business lines have also been created to familiarize people with the kinds of jobs available at ECA.

The Protection of High-Risk Installations division has implemented Vigians Attractivity, an attractiveness policy proposed to all its subsidiaries. The policy consists of three areas: access to sports, occupational health, and reimbursement of healthcare costs.

Among the benefits, these measures for employees' health and well-being at work reduce absenteeism, provide motivation, and strengthen team unity.

Other actions are taken under VIGIANS ATTRACTIVITY, such as entering into labour agreements and creating a working group whose members are under 30 years of age, which meets twice a year to share the younger generation's proposals with the Executive Committee

The Group practices a number of pre-employment initiatives for young graduates, with career introduction contracts, apprenticeships, end-of-study internships, and theses. In 2018, the Group welcomed 150 interns and apprentices, or 11.1% of its employees.

	2018	2017
Work/study employees	40	39
Interns	110	81

Diversity of experience on the teams

GROUPE GORGÉ believes that diversity of backgrounds is an asset for the Company. The Group strives to be a responsible employer and is vigilant that its conduct and practices be exemplary; as such, it is committed to preventing all forms of hiring discrimination.

2.0% of GROUPE GORGÉ employees had a disability in 2018, a sharp increase over 2017.

	2018	2017
Number of disabled employees	33	11

5.6.1.3 Gender parity

The tech industry is still struggling to recruit women in certain business lines. The Group has not achieved parity in all areas, but is taking action in its subsidiaries to remedy this. The Group's companies must respect the laws on equal treatment of employees.

In 2018, 8% of executives were women.

The composition of the Company's Board of Directors follows the gender parity rules set out in the Copé-Zimmermann Act.

Wage guidelines

Each Group subsidiary has its own wage policy and makes its own independent decisions regarding the wage developments of its employees, depending on its field of business and growth or its own constraints and the salary evolution of its employees.

To limit the risk of wage discrimination, ECA has established a wage guideline policy that gives IRPs access to the wage scale during the hiring process.

Women in leadership roles

Some ECA companies have joined in campaigns to promote women in business. A publication highlighting the jobs held by women at ECA was made for International Women's Day, and awareness campaigns were led in schools.

Work/life balance

Measures promoting work/life balance benefit gender parity by allowing both parents to share family responsibilities.

To this end, an agreement on flexible working hours is under negotiation, and childcare is available to employees in some subsidiaries in Toulon.

Through the VIGIANS ATTRACTIVITY policy in the Protection of High-Risk Installations division, a partnership has been put in place with some private childcare centres to attract younger workers, retain employees for at least three years, and meet a societal need for quality of working life.

In the subsidiaries, agreements on the organisation of working time and work/life balance have been signed or are under negotiation.

	2018	2017
Women in the workforce (%)	22	21
Women in management positions (%)	8	8
Women in non-management positions (%)	14	13
Women in permanent contracts (%)	21	20
Women in temporary contracts (%)	3	1

5.6.1.4 Remuneration and financial benefits

Each subsidiary has its own remuneration policy, and some have set up incentive agreements. The Group also contributes to the meal voucher programme and has set up agreements in some subsidiaries with intercompany restaurants.

Remuneration report

	2018	2017
Gross remuneration	59,804	60,108
Social security contributions	24,942	25,451
Pension liabilities: compensation paid and IAS 19 provision	540	786
Shareholding plans, profit-sharing	281	407
TOTAL	**87,760**	**86,753**

5.6.1.5 Employee relations

All of the Group's companies implement an active policy of dialogue with their employees. Meetings between employee and Management delegates are held each month in all of the Group's subsidiaries.

In addition, the Group opposes any discrimination or pressure on an employee or employee representative due to his membership in or support or opposition of a union. The communication methods internal to the Group (intranet, internal displays, newsletter, internal memos) make it possible to broadcast local and national information.

The Group's employee policy promotes the conclusion of a number of collective agreements according to the regulatory requirements of those countries where the Group is located. In 2018, as in previous years, collective agreements were signed with the employee representative bodies in the Group's subsidiaries, in particular on gender equality and working time.

5.6.2. Building skills and promoting learning opportunities

Technological developments and client expectations demand that GROUPE GORGÉ make efforts in R&D and innovation and maintain the skills of its human capital.

Developing know-how and innovation is a priority in the skills management policy of GROUPE GORGÉ. Each division has established its own skills development policy internally in response to market-related pressures.

Training plans are set up by human resources, factoring in the expectations of employees and their managers, and the strategy of Executive Management. Thus the training, development and internal promotion policy ensures employees their personal and professional development.

Transfer of knowledge and best practices from one subsidiary to another is a priority for ECA. The decision was therefore made to develop ECA Group training programmes for all project heads and business managers. These people have a pivotal role in the division in its commitment to its clients, in charge of coordinating the different teams, for the purpose of delivering the best solutions for ensuring the security, precision, reliability, and durability of solutions for clients.

In establishing this training program, ECA Group's aim was to create a common culture and a shared skills base.

Next year, VIGIANS will launch its VIGIANS ACADEMY, with the ambition of forging a partnership with the École d'Ingénieurs des Ponts [civil engineering university] to create a customised training programme for its project heads and business managers to enhance their skill sets.

Skills in 3D printing cannot necessarily be found externally. To meet its needs, PRODWAYS GROUP is setting up internal training programmes. For example, INTERSON PROTAC is training all employees internally as hearing-aid technicians. It takes three to six months for trainees to become operational.

Training report

During the 2018 financial year, nearly 17,937 hours of training were provided. Trainees made up 0.56% of the workforce used for the figures.

	2018	2017
Number of hours of training provided	17,937	18,809
Number of employees trained	926	745
Rate of access to training	56	50
Average number of hours training per employee	19	25
Budget (in thousands of euros)	746	723

5.6.3 Health & safety: A commitment to all employees

Workplace health and safety policies are managed within each Company in the Group depending on its field of business and its own constraints. The assessment of health and safety risks in relation to employees is set out in a document drawn up by each Company. Employees are also informed of these risks through the CHSCT (Committee for Health, Safety and Working Conditions), in companies where such a committee exists. Employees who work with hazardous or polluting products receive appropriate training according to the risks in relation to these products.

The BAUMERT site, a subsidiary of the Protection of High-Risk Installations division, is classified as an ICPE (a facility classified for environmental protection).

Smart Safety Systems

A majority of ECA employees work in engineering firms, but some of the work they do, specifically on location, requires certain procedures to be followed.

In light of regulations and thresholds set on work hardship and exposure to major risks in France, ECA is not exposed to this kind of work and therefore is not bound to formalise any collective agreements in the matter. As a responsible employer and in an effort to guarantee the health and safety of its employees, individual risk exposure sheets are prepared by the various committees for Health, Safety and Working Conditions (CHSCT) in the most at-risk subsidiaries. These forms are used to monitor occupational hazards and implement preventive actions.

3D Printing

Some of the division's activities require the handling and storing of hazardous substances. The concerned companies implement the safety procedures recommended for the handling and storage of such products. For example, INITIAL handles potentially hazardous powders (risk of explosion) that are harmful to health if inhaled. Strict handling and storage procedures have been established. Likewise, the use of DLP® or lasers requires certain handling precautions to protect the health of employees involved. Collecting and recycling potential contaminants is entrusted to specialised service providers.

The Group's subsidiaries produce and use personal protective equipment (PPE), *e.g.* in the INITIAL subsidiary, operators have been outfitted with 3D-printed orthopaedic insoles branded "Scientifeet" by PODO 3D to improve comfort and reduce employees' foot pain. A company study has been launched in partnership with the occupational health department, a chiropodist, and an applied biomechanics laboratory.

INTERSON PROTAC, the audiology specialist, sells hearing protection for industry to protect employees from noise in open-plan areas and plants and has supplied equipment to several of the Group's subsidiaries.

Protection of High-Risk Installations

As part of its passive fire protection business, the division has started a campaign to replace hazardous chemical agents, particularly CMR products, with a less-hazardous product. The division is subject to mandatory periodic on-site FSC testing of its sprinkler systems.

Training initiatives to reduce occupational health risks have been deployed throughout the division. This training covers:

- movements and postures; and
- chemical hazards.

Noise pollution has been identified by the division as a hazard for employees working on sites and in workshops. Inspections are performed by occupational medicine, and all employees wear earplugs.

When employing temporary workers, the division also applies a "temporary worker protection" policy.

GROUPE GORGÉ Health & Safety policy performance

The absenteeism rate as well as the number of accidents at work have been recorded as relevant workplace health and safety indicators.

	2018	2017
Number of accidents at work with absence	27	26
Number of days lost	1,447	387
Frequency rate	9.9	10.42
Severity rate	0.53	0.16
Absenteeism rate	3.06	4.71

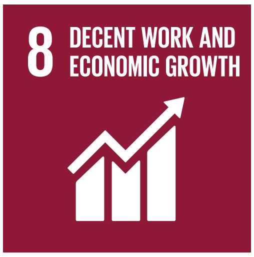
Occupational accidents concern accidents that occur at the workplace and during travelling for work, but do not include commuting accidents. The frequency rate is equal to the number of accidents expressed in millions of hours worked, the severity rate, the number of days not worked (calendar days) expressed in by thousands of hours worked.

GROUPE GORGÉ recorded 27 accidents at work, all of which included absences. The 9.9 frequency rate declined slightly from 2017, contrary to the severity rate, which increased.

5.7 RESPONSIBLE CONDUCT AND LASTING RELATIONSHIPS WITH OUR STAKEHOLDERS

The Group is aware that it is part of an ecosystem of stakeholders, with whom it is incumbent on the Group to organise balanced, ethical, law-abiding, and inspiring relationships. Thus, participants in the Group's current and future success are: employees, clients, subcontractors and other suppliers, schools, state and local government, actors in civil society, and shareholders.

5.7.1 Ensuring decent working conditions at our suppliers



The Group is not located in so-called "at-risk" geographic areas but does work with suppliers and subcontractors who may be.

Each Group company selects its suppliers and subcontractors according to their reputation, performance and reliability to ensure that they are able to help the Group to meet its business objectives.

This issue has been identified in the Smart Safety Systems division, which has included due diligence in its purchasing terms and conditions. Its Purchasing Terms & Conditions include the OECD and United Nations principles on ethics and the fight against corruption; the Group wants to include CSR criteria in the near future.

Promotion of and compliance with the ILO (International Labour Organisation) Core Conventions

As all companies of the selected panel are located in France, compliance with French regulations is sufficient to ensure promotion of and compliance with the core conventions of the ILO (prohibition of child labour, freedom of association, abolition of forced labour, etc.).

5.7.2 Building an effective, responsible, and ethical group

Given the range of activities as well as the nature of the stakeholders with whom the Group works, ethics and compliance issues must be addressed. Preventing and combating corruption has always been an important issue for the Group, whose highly international activities require special vigilance in such matters.

5.7.2.1 Fight against corruption

Business integrity contributes to the good reputation of the Group, which is committed to acting appropriately and fairly with its stakeholders.

The Group has very diverse activities that are more or less exposed to the risk of corruption. The Group deploys the eight measures combating corruption and influence-peddling, as set out in the Sapin II law, in those of its subsidiaries that are at greatest risk, based on their activity or organisation, before moving on to deployment in other less-vulnerable subsidiaries.

Typically, the challenge of fighting corruption affects the core activities of ECA, which helps governments strengthen their sovereignty by making citizens and public spaces more secure, fighting terrorism, and protecting their territory and populations. Based on its own risk-mapping, which identifies, assesses, and prioritizes the risks of corruption to which it is exposed, ECA has developed a Code of Conduct and internal prevention and training procedures and policies (e.g. all new employees receive mandatory training on compliance and best practices in business ethics during their on boarding). ## Management in the subsidiaries, the Legal Department, and the Human Resources Departments are involved in drawing up and rolling out the anti-corruption measures provided for in the Sapin II law.

The anti-corruption framework, with the eight measures laid down in Sapin II, is still being rolled out in the other business divisions of GROUPE GORGÉ.

5.7.2.2 Fair business practices

Each Group Company applies its know-how to offer reliable products to its customers. Products are generally subjected to internal quality control procedures.

The Group's economic impact is primarily located in France. The Group is transparent about its taxes and wants its fiscal policy to fit fully into its corporate responsibility strategy. The Group therefore adopts corporate behaviour that consists not only of following the laws, but also paying its fair share in taxes to the countries in which it does business.

5.8 ACTIVITIES WITH LIMITED IMPACT ON THE ENVIRONMENT AND CLIMATE CHANGE

GROUPE GORGÉ is positioned as a designer and assembler for all of its activities. The Group Companies strive to limit their environmental impact on their sites or those of their clients, while promoting sustainable practices for procuring and optimising natural resources, in compliance with applicable regulations.

In the Smart Safety Systems division, suppliers have selected their products based on safety and compliance with the expected technical specifications. ECA produces technological solutions for complex missions in hostile or restricted environments (aircraft distress beacons, DGA-rated drones, mine-disposal submarines, etc.). Above all else, ECA integrates human safety requirements and technological requirements in its products (including maintenance of its products in operating condition, or lifespan).

Generally, 3D printing is considered an environmentally-friendly technology for various reasons. It generates little waste compared to traditional manufacturing (which is done by subtracting material and so generates more waste).

5.8.1 3D Printing: A mode of production that responds to the challenges of sustainable development

3D printing, also known as additive manufacturing, consists of creating physical objects by superposing different layers of material. Most of the time, this production process is computer-assisted via digital *file* (Computer-Aided Design or CAD). Once the object has been finalized by the operator, this file is sent to a specific software that slices it up and sends it to the printer, which deposits or solidifies the material (depending on the materials and techniques used) layer by layer until the final piece is obtained.

3D printing is different from traditional manufacturing techniques (tooling, sculpture, milling, drilling, etc.). These traditional manufacturing techniques rely on blocks of material (steel, aluminium, titanium) and processes to eliminate all parts deemed extraneous in order to achieve the part's final shape (this is what is meant by subtractive manufacturing). With the 3D printing technique, objects are formed by adding material, which frees the user from the constraints of a mould, metal sheet, or metal block.

PRODWAYS GROUP's Rapid Additive Forging technology can manufacture blank parts in titanium that are close to the geometry of the final part, which will then be sent for final machining. This enables a significant reduction in material lost as shavings, which can represent up to 95% of the initial metal block in traditional machining processes.

By offering the option of printing custom-made parts on demand, manufacturers and consumers can repair objects that would otherwise be thrown out because a part is no longer available.

3D printing also means that production sites can be relocated nearer customers, thus reducing transport emissions. In 2018, PRODWAYS GROUP was given the Made In France Award by *Reporters d'Espoirs* (Reporters of Hope) for *Emploi, écologie, relocalisation: les promesses de l'impression 3D* [Employment, environment, and relocation: the promises of 3D printing].

Thanks to the new options it provides, this manufacturing process is highly sought after by all manufacturing businesses, and in particular the aeronautics industry, for rapid prototyping of geometrically complex parts, and by the medical industry for the manufacture of several different parts on the same production line.

In the majority of its activities, the Group is positioned as a designer and assembler, and has set up a material recycling process for used liquid resins and powders. Accordingly, its activities do not cause any major environmental hazards.

5.8.2 Best practices that converge with sustainable development challenges

Responsible procurement approach

The Group's processes in terms of procurement are shaped by significant technical and quality constraints. The Group subcontracts most of its production and is limited in its purchasing choices by its clients' specifications and strict regulations (REACH, UECE, ROHS, etc.).

In the interest of quality, regulatory constraints, and logistics, the subsidiary ECA ROBOTICS sources the majority of its supplies locally in the South of France, which reduces transport-related CO_2 emissions and fosters the development of the local economic fabric.

Managing resource consumption

In its production activities, the Group only assembles components purchased from suppliers, and consumes few resources.

The main impacts of GROUPE GORGÉ in terms of raw material consumption come from PRODWAYS GROUP. Raw materials are defined as raw materials for transformation (components or semi-finished products are excluded).

Powders and resins are recycled through a special waste-management channel. Moreover, parts manufacturing uses recycled polymer powders and plastic resins. The subsidiary INITIAL uses recycled powders to produce PODO 3D's new 3D-printed "Scientifeet" insoles.

Raw materials (in tonnes)	2018	2017
Powder and resins	50	42
Plaster	7.3	Not available

Water consumption

The Group has no locations in a water-stress area, and its water supply is provided by the public drinking water system. In addition, a simple measure for limiting water waste has been taken in several of the Group's companies, namely installing water-saving devices.

	2018	2017
Water consumption (m^3)	8,361	8,150

Managing end-of-life for products and waste

In its production activities, the Group only assembles components purchased from suppliers, and produces a limited volume of waste. The Group implements a number of recycling and waste prevention measures.

In the Smart Safety Systems division, the reuse of materials and "zero-waste" work sites are customary procedures that the Aerospace division applies on a daily basis. ECA invites its employees to protect the environment and reduce its activity's impact on the environment with everyday actions.

The primary waste generated by the division's subsidiaries are non-hazardous waste like wood, cardboard, and paper. This waste is systematically collected by approved organisations.

The main types of waste produced by the Smart Safety Systems division are:

Volume of waste produced (list of main types of waste) (in tonnes)	2018	2017
Paper, cardboard	60	Not available
Wood	7	Not available

In 3D Printing, parts production activities use polymer powders and recycled plastic resins. For example, ScientiFeet reuses used powders and resins to produce new 3D-printed insoles. The resins and powders are recycled *via* a special waste management channel.

Initiatives and partnerships to manage waste end-of-life have been set up in the majority of subsidiaries. Thus, INTERSON PROTAC has established an Environment Charter with the aim of being a responsible company, protecting the environment, and ramping up the inclusion of economic and environmental priorities in all aspects of its activities.

All hazardous waste produced by the subsidiaries is handled and processed in compliance with the regulations in force. The main types of waste produced by the "3D Printing" division are:

Volume of waste produced (list of main types of waste) (in metric tons)	2018	2017
Powder and resins	22	24
Plaster	6,5	Not available

Volumes of metal shavings and contaminated containers (oils and solvents) are negligible.

In the Protection of High-Risk Installations division, CLF SATREM, specialising in sprinkler-system fire protection, has laid down an eco-responsible work site policy, and has committed to:

- reducing noise pollution for local residents;
- limiting consumption;
- reducing waste;
- limiting nearby pollution;
- limiting the health risks of workers.

Volume of waste produced (list of main types of waste) (in metric tons)	2018	2017
Ordinary industrial waste	88	N/A
Cutting sand	25	N/A
Powder and resins (in metric tons)	22	24

5.8.3 Joining in the fight against climate change

13 CLIMATE ACTION

In view of its activities, the Group has a limited impact on climate change and the environment, but implements actions to reduce its environmental impact whenever possible.

The coverage rate for data relating to energy and water consumption and greenhouse gas emissions represents 90% of total surfaces occupied by panel companies. Direct greenhouse gas emissions are linked to natural gas consumption and vehicle fleets, and indirect greenhouse gas emissions are linked to electricity consumption.

In addition, the data on gas, electricity, and water consumption cover a 12-month period for all subsidiaries; however, the periods covered do not necessarily correspond to a calendar year (two rolling months maximum).

5.8.3.1 Employee travel

As a result of the Group policy of reducing employee travel, internal video conferencing and phone conferencing are commonplace, as is more widespread use of public transport.

Some subsidiaries have launched green-mobility actions for employees:

- ECA ROBOTICS, a subsidiary of ECA, has installed an electric charging station and is paying cyclists an annual bonus;
- ECA AEROSPACE, a subsidiary of ECA, keeps bicycles available, and has organised a “bicycle” day. An inter-company connection project was launched at the Toulouse site to offer employees better mobility solutions;
- some PRODWAYS GROUP subsidiaries have invested in the installation of charging stations to encourage employees to use electric vehicles. Employee car-pooling has also been promoted in the company.

In 2018, emissions from the subsidiaries' vehicle fleets totalled 2,517 teq. CO_2

	2018	2017
GHG emissions from vehicle fleets (teq. CO_2)	2,517	Not available

5.8.3.2 Energy consumption

Since 2015, several companies in the three business divisions have relocated to brand new or recently-built sites. These new buildings, which are compliant with the latest environmental standards in force, are significantly reducing energy consumption.

Heating and power to the sites are the main items of gas and electricity consumption.

	2018	2017
Gas consumption (MWh GCV)	1,332	1,539
Electricity consumption (MWh)	5,898	5,905

GROUPE GORGÉ carbon footprint

CO_2 equivalent emissions amounted to 3,166 tonnes in 2018. At constant scope and excluding emissions from the vehicle fleets for 2017, CO_2 emissions were stable.

	2018	2017
GHG emissions from vehicle fleets (teq. CO_2)	2,517	Not available
GHG emissions from vehicle fleets (teq. CO_2)	314	337
GHG emissions from electricity (teq. CO_2)	335	283
Total CO_2 emissions	3,166	620

	2018	2017*
Direct GHG emissions (teq. CO_2)	2,831	337
Indirect GHG emissions (teq. CO_2)	335	283
Total CO_2 emissions	3,166	620

5.9 REPORT OF THE INDEPENDENT THIRD-PARTY ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE PROVIDED IN THE MANAGEMENT REPORT

Year ended 31 December 2018

To the Shareholders,

As independent third-party to the company GROUPE GORGÉ, accredited by the COFRAC under no. 3-1080 [1], we hereby present our report on the consolidated statement of non-financial performance for the year ended 31 December 2018 (hereinafter the "Statement"), presented in the management report in application of the legal and regulatory provisions contained in articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Corporate responsibility

It is the responsibility of the Board of Directors to prepare a Statement in compliance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with respect to these risks as well as the results of these policies, including key performance indicators.

The Statement was prepared by applying the procedures of the Company (herein after the "Reporting Standards"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions specified in article L.822-11-3 of the French Commercial Code and the professional Code of Ethics. In addition, we put in place a quality control system including documented policies and procedures that aim to ensure compliance with ethical rules, professional standards and the applicable legal and regulatory texts.

Independent third-party entity responsibility

Our responsibility, based on our work, is to formulate a reasoned opinion expressing a moderate assurance conclusion on:

- the compliance of the Statement with the provisions specified in article R.225-105 of the French Commercial Code;
- the fairness of the information provided in application of point 3 of parts I and II of article R.225-105 of the French Commercial Code, *i.e.* the results of the policies, including key performance indicators and the actions, relating to the main risks, hereinafter "Information".

It is not our responsibility to comment on:

- the Company's compliance with other applicable legal and regulatory provisions, in particular, with respect to the vigilance plan and the fight against corruption and tax evasion;
- the compliance of the products and services with applicable regulations.

5

Nature and scope of work

Our work described below was carried out in compliance with the provisions of articles A.225-1 *et seq*. of the French Commercial Code determining the procedures in which the independent third-party carries out its mission and according to international standard ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

We conducted work allowing us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- we examined the activity of all the companies included in the scope of consolidation and the presentation of the main social and environmental risks linked to this activity;
- we assessed the appropriateness of the Reporting Standards with respect to their relevance, comprehensiveness, reliability, neutrality and understandability, taking into consideration, as necessary, good practices in the industry;
- we checked to make sure that the Statement covers each category of information specified in part III of article L.225-102-1 concerning social and environmental matters;
- we checked to make sure that the Statement presents the business model and the main risks linked to the activity of all of the entities included in the scope of consolidation, including, when relevant and proportionate, the risks created by its business relationships, its products or services as well as the policies, the actions and the results, including key performance indicators;
- we checked to make sure, when relevant with respect to the main risks or policies presented, that the Statement presents the information specified in part II of article R.225-105;
- we assessed the process of selection and validation of the main risks;
- we enquired about the existence of procedures of internal control and risk management put in place;
- we assessed the consistency of the results and the key performance indicators used with respect to the main risks and policies presented;

(1) *For which the scope of accreditation is available at www.cofrac.fr.*

- we checked to make sure that the Statement covers the consolidated scope, *i.e.* all of the companies included in the scope of consolidation in compliance with article L.233-16 with the limits specified in the Statement;
- we assessed the process of collection put in place by the entity aiming for the comprehensiveness and the fairness of the Information;
- we implemented the following for the key performance indicators and other quantitative results that we considered the most important [1]:
  - analytical procedures consisting of verifying the proper consolidation of the data collected as well as the consistency of their changes,
  - detailed tests based on sampling methods, to verify the proper application of the definitions and procedures and to compare these with the documentation. This work was carried out on a selection of contributing entities [2] and covers between 22% and 56% of the consolidated data of the key performance indicators and results selected for these tests;
- we consulted the documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important [3];
- we assessed the consistency of the Statement as a whole with respect to our knowledge of the Company.

We consider that the work that we have carried out by exercising our professional judgement allows us to formulate a moderate assurance conclusion; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work relied on the skills of four persons and took place between November 2018 and April 2019.

We also relied upon, to assist us in carrying out our work, our specialists in sustainable development and societal responsibility. We conducted interviews with the persons responsible for the preparation of the Statement.

Conclusion

Based on our work, we found no material misstatement that would cause us to question the compliance of the Statement of non-financial performance with the applicable regulatory provisions and that the Information, taken as a whole, is presented in a fair manner, and in compliance with the Reporting Standards.

Neuilly-sur-Seine, 17 April 2019

Independent third-party entity

GRANT THORNTON

French member of Grant Thornton International

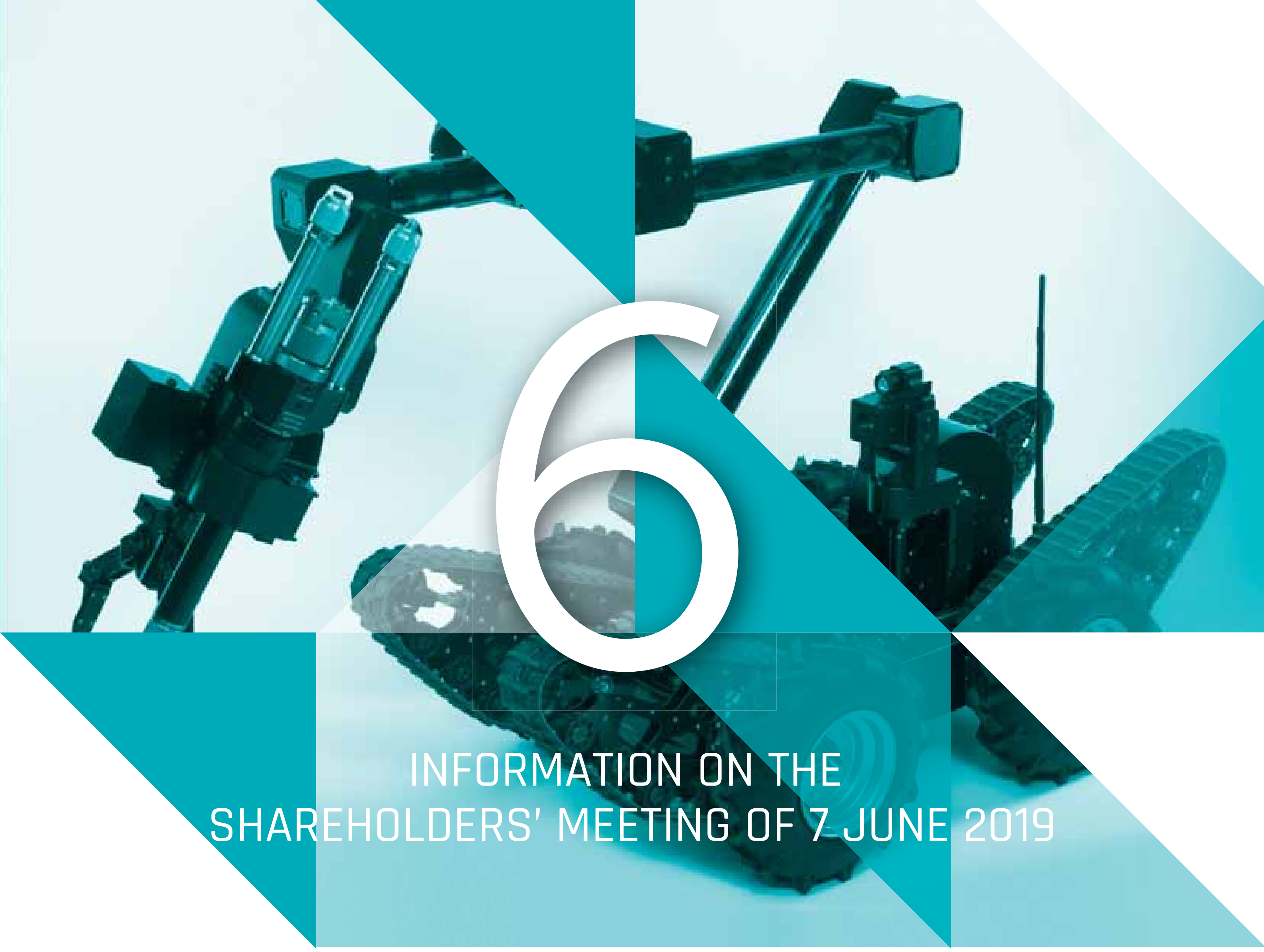
Vincent PAPAZIAN

Partner

(1) Quantitative social information: total workforce and breakdown by gender, age and geographical region; hires; departures (including terminations); number of accidents with lost time; number of lost days for accidents at work with lost time; number of theoretical hours worked; frequency rate; severity rate; number of training hours; number of persons trained. Quantitative environmental information: water consumption; electricity consumption; gas consumption; fuel consumption; direct emissions of greenhouse gases; indirect emission of greenhouse gases; quantities of waste generated; raw materials consumed.

(2) Baumert, ELTA, ECA Faros, AS3D, 3D Servicad.

(3) Qualitative information on the following parties: "Integration of young graduates and the Group's employer policy"; "Building a top player in terms of technology innovation".



6

INFORMATION ON THE SHAREHOLDERS' MEETING OF 7 JUNE 2019

6.1 REPORT OF THE BOARD OF DIRECTORS PRESENTING THE RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 7 JUNE 2019

1. Approval of the separate and consolidated financial statements for the year ended 31 December 2018 – Approval of non-tax-deductible expenses and charges (first and second resolutions)

We ask you to approve the separate company financial statements for the year ended 31 December 2018 showing a profit of €338,115.86 as well as the consolidated financial statements for the year ended 31 December 2018 showing a loss (Group share) of -€1,865 thousand.

We also ask you to approve the total amount of the expenses and charges referred to in article 39 (4) of the French General Tax Code, *i.e.* the amount of €8,800 and the corresponding tax.

2. Appropriation of income for the year (third resolution)

The appropriation of the Company's income that we are proposing complies with the law and our Articles of Association.

In light of the increased confidence of the Board in the financial soundness and outlook of GROUPE GORGÉ, we are proposing that you approve the distribution of a dividend of €0,.32 per share as follows:

- Origin of amounts to be distributed:
  - Profit from the financial year: €338,115.86
  - Retained earnings: €51,648,376.90
  - *i.e.* a total of €51,986,492.76
- Appropriation:
  - Total dividend of €4,320,909.76, *i.e.* €0.32 per share, taken from earnings for the financial year (€338,115.86) and the retained earnings account for the balance (€3,982,793.90).

After appropriation, the retained earnings amount to €47,665,583.

The dividend for the year 2018 will be detached from the share on 4 July 2019 and paid on 8 July 2019.

The dividend does not include any tax or social security withholding that could apply to the share depending on its specific situation. Shareholders are recommended to contact their usual tax advisor for more information.

If dividends are paid to a natural person domiciled in France for tax purposes, the dividend is subject to either a single 12.8% flat-rate levy on the gross dividend (article 200A of the French General Tax Code) or, optionally, to income tax according to the progressive scale after a 40% rebate (Articles 200A-2 and 158-3-1 of the French General Tax Code). This overall option is to be exercised at the time of the filing of the income statement and at the latest prior to the deadline for filing. The dividend is also subject to social security contributions at a rate of 17.2%.

The shareholders' meeting resolves that, in accordance with article L.225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company may hold at the time of payment will be allocated to "retained earnings".

Furthermore, in the event of a change in the number of dividend-paying shares compared to the 13,502,843 shares comprising the share capital at 2 April 2019, the total amount of the dividends will be adjusted accordingly and the amount allocated to retained earnings would be determined on the basis of the dividends actually paid.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, we remind you that the dividends paid in the three last financial years were as follows:

	Income eligible for the reduction		Income not eligible for the reduction
For financial year	**Dividends**	**Other distributed income**	
2015	None		
2016	None		
2017	€4,320,909.76* *i.e.* €0.32 per share		

* *Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.*

3. Approval of regulated agreements (fourth resolution)

We ask you to approve each of the regulated agreements pursuant to article L.225-38 of the French Commercial Code duly authorised by the Board of Directors.

These agreements are presented in the attached special report of the statutory auditors presented in Chapter 2.5 of the Registration Document and which will be presented to you at the shareholders' meeting.

4. Approval of the payment of variable and non-recurring remuneration due for 2018 to Raphaël Gorgé in his capacity as Chairman and Chief Executive Officer (ex post Say on pay) (fifth resolution)

The Board prepared a report on corporate governance presenting the remuneration due for 2018 to Raphaël Gorgé in his capacity as Chairman and Chief Executive Officer (see Section 2.2 of the Registration Document).

Pursuant to article L.225-37-2 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or allocated to Raphaël Gorgé for the year ended in his capacity as Chairman and Chief Executive Officer. Payment of variable and non-recurring remuneration for 2018 to Raphaël Gorgé for his duties as Chairman and Chief Executive Officer is conditional on the ordinary shareholders' meeting approving the remuneration of this corporate officer.

5. Approval of the remuneration policy for executive corporate officers (ex ante Say on pay) (sixth resolution)

In accordance with article L.225-37-2 of the French Commercial Code, your Board of Directors has created a report on corporate governance presenting the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components making up the total remuneration and benefits of any type that may be granted to executive corporate officers (*i.e.* Raphaël Gorgé as Chairman and Chief Executive Officer) for the 2019 financial year (see Section 2.2 of the Registration Document).

After reviewing this report, we ask you to approve the principles and criteria for determining, distributing, and assigning the fixed, variable, and exceptional components making up the total remuneration and benefits of any type that may be allocated to the Chairman and Chief Executive Officer in 2019.

6. Proposal to renew the delegation for implementing the share buyback programme (seventh resolution) and authorisation for the related share capital reduction (eighth resolution)

We propose that you authorise the Board of Directors, for a period of 18 months, to purchase shares of the Company, on one or more occasions, at the times it will determine, within the limit of 10% of the number of shares comprising the share capital, adjusted where appropriate in order to take account of any increase or reduction of capital that may occur during the term of the programme.

This delegation would cancel the authorisation granted to the Board of Directors by the shareholders' meeting of 13 June 2018 in its eleventh ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

We propose that you set a maximum purchase price of €50 per share and consequently, that you set the maximum amount of the operation at €67,514,215.

In view of the cancellation target, we ask you to authorise the Board of Directors, for a period of 24 months, to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under its programme to repurchase shares, and to reduce the share capital accordingly, in accordance with the legal and regulatory provisions in force (eighth resolution).

The description of the share repurchase programme set out in article 241-2 of the General Regulations of the French Financial Markets Authority is published in the terms set out in article 221-3 of said regulations and contains all useful additional information for your information about this repurchase programme (see Section 4.2.2 to the Registration Document).

7. Renewal of financial delegations

The Board of Directors would like you to delegate the necessary powers to carry out, if it deems necessary, any issues that could be necessary for the growth of the Company's activities.

This is why we ask shareholders to please renew the delegations that it held and that will soon expire, in the conditions presented hereinafter:

7.1 Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums (ninth resolution)

We ask you to grant to the Board of Directors, for a new period of 26 months, the authority to increase the capital by incorporation of reserves, profits, premiums and other amounts whose capitalisation is allowed, by the issue and allocation of free shares or by raising the nominal value of existing ordinary shares, or by a combination of the two methods.

The amount of the share capital increase resulting from the issues made pursuant to this delegation cannot exceed the nominal amount of €5,000,000. This alone will not include the overall nominal value of the additional ordinary shares to be issued later to preserve, pursuant to the law, the rights of the holders of marketable securities giving rights to shares. This ceiling would be independent from all of the ceilings specified by the other delegations granted by the shareholders' meeting.

This delegation cancels and replaces any prior delegations having the same purpose.

7.2 Delegations of authority to issue ordinary shares and/or marketable securities with maintenance or waiver of pre-emptive subscription rights

We propose to renew, in the conditions detailed here below, the delegations of authority to carry out capital increases (immediately or in the future) with maintenance or waiver of pre-emptive subscription rights.

The objective of these delegations is to give the Board of Directors the powers, at the times it so chooses, for a period of 26 months (or 18 months pursuant to the sixteenth resolution) to issue the following:

- ordinary shares;
- and/or ordinary shares giving the right to the allocation of other shares or debt securities;
- and/or marketable securities giving access to ordinary shares to be issued by the Company.

In compliance with article L.228-93 of the French Commercial Code, the marketable securities to be issued could give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it owns directly or indirectly more than half of the share capital;

7.2.1 Delegation of authority to issue ordinary shares and/or marketable securities giving access to the share capital and/or ordinary shares giving the right to the allocation of debt securities with maintenance of the shareholders' pre-emptive subscription rights (tenth resolution).

We propose to set the maximum overall nominal amount of the shares that could be issued under this delegation at €5,000,000. The nominal amount of the capital increases that could be made pursuant to the eleventh, twelfth, fifteenth and sixteenth resolutions will be charged against the aforementioned ceiling. To that ceiling would be added, where applicable, the additional amount of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving access to the Company's equity securities;

The nominal amount of debt securities that the Company can issue under this delegation cannot exceed €50,000,000. The nominal amount of the marketable securities that could be issued pursuant to the eleventh, twelfth and sixteenth resolutions will be charged against the aforementioned ceiling.

For this delegation, the issues would be carried out with maintenance of shareholders' pre-emptive subscription rights.

If the irreducible subscriptions, and any reducible subscriptions, do not absorb the issue in its entirety, the Board of Directors may take the following steps:

- limit the amount of the subscriptions, as necessary, within the limits specified by regulations;
- freely distribute all or part of the unsubscribed shares;
- offer all or part of the unsubscribed shares to the public.

This new delegation cancels and replaces any prior delegation having the same purpose.

7.2.2 Delegations with waiver of shareholders' pre-emptive subscription rights

7.2.2.1 Delegation of authority to issue ordinary shares and/or marketable securities giving access to the share capital and/or ordinary shares giving the right to the allocation of debt securities with waiver by shareholders of their pre-emptive subscription rights in a public offer (eleventh resolution).

For this delegation, the issues would be carried out in a public offer.

The pre-emptive rights of shareholders to ordinary shares and marketable securities giving access to the share capital would be cancelled, allowing the Board of Directors the option to give the shareholders a subscription priority, as allowed by law.

The overall nominal amount of shares that can be issued cannot exceed €5,000,000. To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving rights to the Company's share capital.

This amount will be charged against the ceiling for capital increases provided in the tenth resolution.

The nominal amount of debt securities that the Company can issue cannot exceed €50,000,000.

This amount will be charged against the nominal ceiling for debt securities that could be issued pursuant to the tenth resolution;

The amount payable or due to the Company for each of the ordinary shares issued, after taking into account, in the case of an issue of share subscription warrants, the subscription price of the said warrants, would be determined in compliance with the legal and regulatory provisions and would therefore be equal at least to the minimum required by the provisions of article R.225-119 of the French Commercial Code at the time when the Board of Directors uses this delegation (to date, the weighted average of prices of the last three stock market trading sessions prior to its being set, possibly less a maximum discount of 5%).

In the case of the issue of securities for compensation of securities contributed as part of a public exchange offer, the Board of Directors would have, within the limits set above, the necessary powers to decide upon the list of securities contributed for exchange, to set the conditions of the issue and the exchange parity, as well as any cash balances to be paid, and to determine the methods of the issue.

If the subscriptions do not absorb the entire issue, the Board of Directors may do the following:

- limit the amount of the issue to the amount of the subscriptions, as the case may be, within the limits specified by regulations;
- freely distribute all or part of the unsubscribed shares.

This new delegation cancels and replaces any prior delegation of powers having the same purpose.

7.2.2.2 *Delegation of authority to issue ordinary shares and/or marketable securities giving access to the share capital and/or ordinary shares giving the right to the allocation of debt securities with waiver by shareholders of their pre-emptive subscription rights, by private placement (twelfth resolution)*

For this delegation, the issues would be carried out in an offer mentioned in part II of article L.411-2 of the French Monetary and Financial Code.

The shareholders' pre-emptive subscription rights to ordinary shares and or marketable securities giving access to the capital would be removed.

The overall nominal amount of the shares that can be issued cannot exceed €3,000,000, with the understanding that it is further limited to 20% of the share capital per year. To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving access to the Company's share capital.

This amount will be charged against the ceiling for capital increases provided in the tenth resolution.

The nominal amount of debt securities that the Company can issue cannot exceed €30,000,000.

This amount will be charged against the nominal ceiling for debt securities that could be issued pursuant to the tenth resolution;

The amount payable or due to the Company for each of the ordinary shares issued, after taking into account, in the case of an issue of share subscription warrants, the subscription price of the said warrants, would be determined in compliance with the legal and regulatory provisions and would therefore be equal at least to the minimum required by the provisions of article R.225–119 of the French Commercial Code at the time when the Board of Directors uses this delegation (to date, the weighted average of prices of the last three stock market trading sessions prior to its being set, possibly less a maximum discount of 5%).

If the subscriptions do not absorb the entire issue, the Board of Directors may do the following:

- limit the amount of the issue to the amount of the subscriptions, as the case may be, within the limits specified by regulations;
- freely distribute all or part of the unsubscribed shares.

This new delegation cancels and replaces any prior delegation of powers having the same purpose.

7.2.2.3 *Determining the methods for setting the subscription price in cases when the shareholders' pre-emptive subscription rights are removed, subject to the annual limit of 10% of the share capital (thirteenth resolution)*

We hereby propose, in accordance with the provisions of article L.225-1 36-1 paragraph 2 of the French Commercial Code, to authorise the Board of Directors, which decides to carry out an issue of ordinary shares or marketable securities giving access to the share capital with waiver by shareholders of their pre-emptive subscription rights by public offer and/or by private placement (eleventh and twelfth resolutions), to derogate, within the limit of 10% of the share capital per year, from the conditions for setting the price specified in accordance with the above mentioned methods and set the issue price of the equity-equivalent securities to be issued according to the following methods: the issue price of the equity-equivalent securities to be issued immediately or in the future shall not be less than, at the choice of the Board of Directors, the lower of the following two averages:

- the average of five consecutive listed prices of the share chosen from among the last 30 stock market trading sessions preceding the setting of the issue price, possibly less a maximum discount of 10%;
- the average share price in the six months preceding the setting of the issue price, possibly less a maximum discount of 10%.

This derogatory price rule would allow the Company to have some flexibility in the choice of the reference average for calculating the issue price, in particular in the case of a fluctuating share price.

7.2.3 Authorisation to increase the amount of issues in the case of excess demand (fourteenth resolution)

We propose, as part of the above-mentioned delegations with maintenance and waiver of the pre-emptive subscription rights (tenth to twelfth resolutions), that you grant to the Board of Directors the authority to increase, in the conditions and within the limits set by law and regulations, the number of shares specified in the initial issue.

7.2.4 Delegation of authority to increase the share capital in order to compensate contributions in kind of shares and marketable securities (fifteenth resolution)

To facilitate external growth transactions, we hereby ask you to renew the delegation to the Board of Directors to increase the share capital by issuing ordinary shares and/or marketable securities giving access to the share capital in order to compensate the contributions in kind made to the Company of equity securities or marketable securities giving access to the share capital.

6

This delegation would be granted for a period of 26 months.

The total nominal amount of ordinary shares that can be issued pursuant to this delegation cannot exceed 10% of the share capital, not taking into account the nominal value of any shares issued to preserve, pursuant to the law and any contractual stipulations specifying other cases of adjustment, the rights of owners of securities giving access to the share capital of the Company. The total nominal amount of the capital increase resulting from the issues made under this delegation will be charged against the limit of the capital increase set by the tenth resolution.

This new delegation cancels and replaces any prior delegation of powers having the same purpose.

7.2.5 Delegation of authority to the Board of Directors to increase the share capital immediately or in the future, through the issue of ordinary shares or equity securities giving access to other equity securities or the right to the allocation of debt securities and/or marketable securities giving access to equity securities to be issued, with waiver by shareholders of their pre-emptive subscription rights in favour of a category of persons underwriting the Company's equity securities that might result therefrom, as part of an equity line of financing (sixteenth resolution)

This delegation will authorise the Board to increase the share capital through the issue of ordinary shares or equity securities giving access to other equity securities or the right to the allocation of debt securities, and/or marketable securities giving access to equity securities to be issued, with waiver of pre-emptive rights in favour of a category of persons underwriting the Company's equity securities resulting therefrom, as part of an equity line of financing.

Such a delegation could be used by the Company to set up an equity line with which the Company could increase its financial flexibility alongside the other financing tools it may already have in place.

As part of this delegation, we ask you to cancel the pre-emptive rights of ordinary shareholders to equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or any transferable securities issued in favour of the following category of persons: any credit institution, investment service provider, or member of an investment bank syndicate or investment fund or company undertaking to guarantee the completion of the capital increase or of any issue liable to result in a future capital increase that may be carried out pursuant to this delegation, as part of the creation of an equity line of financing.

For the bearers of transferable securities thus issued, this delegation is, as of right, an express waiver by shareholders of their pre-emptive rights to the shares to which these transferable securities will give right.

The total number of capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €3.000.000 or its exchange value in foreign currency to which ceiling will be added, as the case may be, the additional amount of shares issued to preserve the rights of security holders and other rights giving access to the share capital, in accordance with the law and any applicable contractual stipulations. This amount will be charged against the ceiling for capital increases provided in the tenth resolution.

The maximum nominal amount of debt securities that may be issued under this delegation will be set at €30,000,000 (or exchange value if the issue is in another currency). This amount will be charged against the nominal amount of debt securities that could be issued pursuant to the tenth resolution.

The issue price of the shares issued under this delegation will be determined by the Board of Directors and will be at least equal to the weighted average share price of the last three stock market trading sessions preceding its setting, and possibly less a maximum discount of 30%, taking into account where appropriate their date of entitlement to dividends; with the understanding that (i) in the event that the issue of marketable securities giving access to the share capital, the issue price of the shares that could result from their exercise, conversion or exchange shall be set, as the case may be, at the discretion of the Board of Directors, using a calculation formula defined by this latter and applicable following the issue of the said marketable securities (for example at the time they are exercised, converted or exchanged) in which case the above-mentioned maximum discount could be assessed, if the Board of Directors deems necessary, on the date of application of the said formula (and not on the date of issue of the marketable security), and (ii) the issue price of the marketable securities giving access to the share capital, as the case may be, issued by virtue of this resolution, shall be such that any amount immediately received by the Company, plus the amount that could be received by it in the exercise or conversion of the said marketable securities, for each share issued as the result of the issue of these marketable securities, is at least equal to the above-mentioned minimum amount. The 30% discount on the issue price of the shares or transferable securities allows the Company to have greater flexibility in the context of negotiations that could take place with the institutions with which the Company would be likely to set up this equity line of financing.

These delegations are granted for a period of 18 months.

7.3 Delegation of authority to increase the share capital in favour of the members of a Company savings plan (PEE) (seventeenth resolution)

We submit this resolution for your approval, in order to comply with the provisions of article L.225-129-6 of the French Commercial Code, pursuant to which the extraordinary shareholders' meeting must also vote on a resolution to increase the share capital under the conditions laid down by articles L.3332-18 *et seq.* of the French Labour Code, when it delegates its authority to carry out a capital increase in cash. As the meeting is called to vote on several delegations for share capital increases in cash, it must therefore also vote on a delegation for the benefit of members of a Company savings plan, with the observation that inclusion on the agenda of this delegation for the benefit of members of a Company savings plan also allows the Company to satisfy its three-year obligation included in the aforementioned provisions.

As part of this delegation, we propose that you authorise the Board of Directors to increase the share capital, on one or more occasions, by the issuance of ordinary shares or securities giving access to Company capital for the benefit of members of one or more Company or Group savings plans set up by the Company and/or the French or foreign companies related to it under the conditions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labour Code.

Pursuant to the provisions of article L.3332-21 of the French Labour Code, the Board of Directors may decide on the allocation, free of charge, to beneficiaries of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, in connection with (i) the matching contribution that may be paid pursuant to Company or Group savings plan regulations, and/or (ii), where applicable, the discount.

In accordance with the law, the shareholders' meeting would remove shareholders' pre-emptive subscription rights.

The maximum nominal amount of share capital increases that may be made by using the delegation is 1% of the amount of share capital reached upon the Board's decision to realise this increase, where this amount is independent of any other limit set on delegating a capital increase. To this amount would be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities.

This delegation would be granted for a period of 26 months.

It should be noted that, in accordance with the provisions of article L.3332-19 of the French Labour Code, the price of the shares to be issued cannot be more than 20% (or 30% when the non-availability provided for by the plan pursuant to articles L.3332-25 and L.3332-26 of the French Labour Code is greater than or equal to ten years) less than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issuance of shares, nor higher than this average.

The Board of Directors would have, within the limits defined above, the necessary powers to set the conditions for the issuance(s), acknowledge completion of the resulting capital increases, make the corresponding changes to the Articles of Association, charge, at its sole initiative, the costs of the capital increases to the amount of related premiums and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters.

However, insofar as this delegation seems to it neither relevant nor appropriate, the Board of Directors suggests that you reject it.

7.4 Authorisations concerning individual employee shareholders

As the authorisations allowing the Board of Directors to proceed with the allocation of stock options and free shares are still valid, we propose that they be renewed at a later shareholders' meeting.

The Board invites you to vote to approve the drafts of the proposed resolutions, with the exception of the seventeenth resolution.

2 April 2019

The Board of Directors

6.2 DRAFT RESOLUTIONS FOR THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 7 JUNE 2019

Agenda

Ordinary resolutions

1) Approval of the annual financial statements for the financial year ended 31 December 2018 – approval of non-tax-deductible expenses and charges.
2) Approval of the consolidated financial statements for the financial year ended 31 December 2018.
3) Appropriation of income for the year.
4) Special report of the statutory auditors on regulated agreements and commitments and approval of those agreements.
5) Approval of the elements of variable and non-recurring remuneration due for 2018 to Raphaël Gorgé in his capacity as Chairman and Chief Executive Officer.
6) Approval of the remuneration policy for executive corporate officers.
7) Authorisation to be given to the Board of Directors for the Company to buy back its own shares pursuant to article L.225-209 of the French Commercial Code (share repurchase programme).

Extraordinary resolutions

8) Authorisation to be given to the Board of Directors to cancel shares repurchased by the Company in accordance with article L.225-209 of the French Commercial Code.
9) Delegation of authority to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums.
10) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company) with maintenance of shareholders' pre-emptive subscription rights.
11) Delegation of authority to the Board of Directors to issue ordinary shares giving access, as applicable, to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company) with waiver of shareholders' pre-emptive subscription rights in a public offer.

12) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company) with waiver by shareholders of their pre-emptive subscription rights, in an offer mentioned in part II of article L.411-2 of the French Monetary and Financial Code.
13) Determining the terms for setting the subscription price in the case of waiver by shareholders of their pre-emptive subscription rights, subject to the annual limit of 10% of the share capital.
14) Authorisation to increase the amount of issues in the case of excess demand.
15 Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or marketable securities giving access to the share capital limited to 10% of the capital as compensation for contributions in kind of shares or securities giving access to the capital.
16) Delegation of powers to be given to the Board to increase the share capital through the issue, immediately or in future, of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing.
17) Delegation of authority to be given to the Board of Directors to increase capital by issuing ordinary shares and/or securities giving access to share capital with cancellation of shareholders' pre-emptive subscription rights in favour of members of a Company savings plan pursuant to articles L.3332-18 *et seq.* of the French Labour Code.

Ordinary resolutions

18) Powers for formalities.

Draft resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended 31 December 2018 – Approval of non-tax-deductible expenses and charges

The shareholders' meeting, ruling under the conditions of quorum and majority required for ordinary shareholders' meeting, having reviewed the reports of the Board of Directors and the statutory auditors for the year ended 31 December 2018 approves, as they were presented, the annual financial statements as of this date, returning a profit of €338,115.86.

The shareholders' meeting specifically approves the overall total, amounting to €8,800, of the expenses and charges mentioned in article 39 of the French General Tax Code, and the corresponding tax.

Second resolution – Approval of the consolidated financial statements for the year ended 31 December 2018

The shareholders' meeting, ruling under the conditions of quorum and majority conditions required for ordinary shareholders' meeting, having reviewed the reports of the Board of Directors and the statutory auditors on the consolidated financial statements as at 31 December 2018, approves those financial statements as they were presented, returning a loss (Group share) of -€1,865 thousand.

Third resolution – Allocation of income for the year

The shareholders' meeting, ruling under the conditions of quorum and majority conditions required for ordinary shareholders' meeting, on the proposal of the Board of Directors,

- ▪Records the existance, among others, of the following distributable amounts:
  - profit of the financial year: €338,115.86
  - retained earnings: €338,115.86
  - *i.e.* an amount available for allocation of income that totals €51,986,492.76
- Decide to allocate the distributable profit thus obtained as follows:
  - Overall dividend of €4,320,909.76, *i.e.* €0.32 per share, taken from the profit of the financial period (€338,115.86) and from the retained earnings for the balance (€3,982,793.90).

After allocation, retained earnings amounts to €47,665,583.

The dividend for the year 2018 will be detached from the share on 4 July 2019 and paid on 8 July 2019.

The dividend does not include any tax and/or social security withholding that could apply to the share depending on its specific situation. Shareholders are recommended to contact their usual tax advisor for more information.

If dividends are paid to a natural person domiciled in France for tax purposes, the dividend is subject to either a single 12.8% flat-rate levy on the gross dividend (article 200A of the French General Tax Code) or, optionally, to income tax according to the progressive scale after a 40% rebate (articles 200A-2 and 158-3-1 of the French General Tax Code). This overall option is to be exercised at the time of the filing of the income statement and at the latest prior to the deadline for filing. The dividend is also subject to social security contributions at a rate of 17.2%.

The shareholders' meeting resolves that, in accordance with article L.225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company may hold at the time of payment will be allocated to "retained earnings".

Furthermore, in the event of a change in the number of dividend-paying shares compared to the 13,502,843 shares comprising the share capital at 2 April 2019, the total amount of the dividends will be adjusted accordingly and the amount allocated to retained earnings would be determined on the basis of the dividends actually paid.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, you are reminded that the dividends paid in the last three financial years were as follows:

For financial year	Income eligible for the reduction: Dividends	Income eligible for the reduction: Other distributed income	Income not eligible for the reduction
2015	None		
2016	None		
2017	€4,320,909.76* *i.e.* €0.32 per share		

* *Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.*

Fourth resolution – Statutory auditors' special report on regulated agreements and commitments and approval of those agreements

The shareholders' meeting, ruling under the conditions of quorum and majority conditions required for ordinary shareholders' meeting, having reviewed the special report of the statutory auditors on the regulated agreements and commitments that was presented to it, approves the new agreements that are mentioned herein.

Fifth resolution – Approval of the elements of variable and non-recurring remuneration due for 2018 to Raphaël Gorgé in his capacity as Chairman and Chief Executive Officer

The shareholders' meeting, ruling under article L.225-100 paragraph II of the French Commercial Code, having reviewed the special report of the Board of Directors, approves the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or allocated for the year ended 31 December 2018 to Raphaël Gorgé in his capacity as Chairman and Chief Executive Officer, as presented in Chapter 2.2 of the Registration Document.

Sixth resolution – Approval of the remuneration policy for executive corporate officers

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, having reviewed the report of the Board of Directors on the remuneration policy for corporate officers established in accordance with article L.225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components comprising the total remuneration and benefits in kind that may be allocated to corporate officers by virtue of their office, as presented in this report.

Seventh resolution – Authorisation to be granted to the Board of Directors for the Company to buy back its own shares in accordance with article L.225-209 of the French Commercial Code

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, noting the report of the Board of Directors, authorises the latter, for a period of 18 months, in accordance with articles L.225-209 *et seq.* of the French Commercial Code to purchase, on one or more occasions, at times it will determine, shares in the Company, up to a maximum of 10% of the number of shares comprising the share capital, adjusted where appropriate to take account of any capital increase or reduction that may occur during the term of the programme.

This authorisation would cancel the authorisation granted to the Board of Directors by the shareholders' meeting of 13 June 2018 in its eleventh ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority;
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

The maximum purchase price is set at €50 per share. In case of operations on the capital, including division or grouping of shares or a free allocation of shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares composing the capital before the operation and the number of shares after the operation).

The maximum amount of the transaction is thus set at €67,514,215 (corresponding to 10% of the share capital at 2 April 2019 at a maximum price of €50 per share).

The shareholders' meeting grants all powers to the Board of Directors for the purpose of carrying out these operations, to approve the terms and conditions, to conclude all agreements and execute all formalities.

Extraordinary resolutions

Eighth resolution – Authorisation to be given to the Board of Directors to cancel the shares repurchased by the Company in accordance with article L.225-209 of the French Commercial Code

The shareholders' meeting, having noted the report by Board of Directors and the report by the statutory auditors:

1) authorises the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under article L.225-209 of the French Commercial Code, and to reduce the share capital accordingly, pursuant to the laws and regulations in force;
2) sets the period of validity of this authorisation at 24 months starting from the date of this meeting;
3) gives the Board of Directors all powers to carry out the operations required for such cancellations and the related reductions in share capital, amend the Company Articles of Association as a result, and complete all required formalities.

Ninth resolution – Delegation of authority to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums

The shareholders' meeting, ruling under the conditions of quorum and majority conditions required for ordinary shareholders' meetings, having reviewed the report of the Board of Directors and in accordance with the provisions of articles L.225-129-2 and L.225-130 of the French Commercial Code:

1) delegates to the Board of Directors the authority to increase the share capital, on one or more occasions, at the times and using the methods that it chooses, by incorporation of reserves, profits, premiums and other amounts whose capitalisation is allowed, by the issue and allocation of free shares or by raising the nominal value of existing ordinary shares, or by a combination of the two methods;
2) resolves that, should the Board of Directors make use of this delegation, in compliance with the provisions of article L.225-130 of the French Commercial Code, in the case of a capital increase in the form of an allocation of free shares, any rights resulting in fractional shares shall not be tradeable nor transferable and the corresponding equity securities shall be sold; the amounts resulting from such sale shall be allocated to the holders of rights within the times specified by regulations;
3) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
4) resolves that the amount of capital increase resulting from the issues carried out pursuant to this resolution cannot exceed the nominal amount of €5,000,000, not taking into account the amount necessary to preserve, in compliance with the law, the rights of holders of marketable securities giving the right to shares;
5) this ceiling is independent from all ceilings specified by the other resolutions this shareholders' meeting;
6) grants full powers to the Board of Directors to carry out this resolution, and, more generally, to take any steps and execute any procedures required for the proper execution of each capital increase, to record the completion and make any consequent amendments to the Articles of Association;
7) notes that this delegation cancels and replaces, from this date, any unused portion of any prior delegation having the same purpose.

Tenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company) with maintenance of shareholders' pre-emptive subscription rights

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors and in compliance with the provisions of the French Commercial Code, and, in particular its articles L.225-129-2, L.228-92 and L.225-132 *et seq*.:

1) delegates to the Board of Directors the authority to issue, at one or more times, in the proportions and at the times that it deems appropriate, either in euros, or foreign currencies or in any other accounting unit established by reference to a basket of currencies:
   - ordinary shares,
   - and/or ordinary shares giving the right to the allocation of other ordinary shares or debt securities,
   - and/or marketable securities giving access to ordinary shares to be issued by the Company,

   In compliance with article L.228-93 of the French Commercial Code, the marketable securities to be issued will be able to give assess to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it owns directly or indirectly more than half of the capital;
2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
3) resolves to set, as follows, the limits of the amounts of the issues authorised should the Board of Directors decide to make use of this delegation of authority:
   - the overall nominal amount of the shares that can be issued under this delegation shall not be greater than €5,000,000, further specified that the nominal amount of the capital increases that could be made pursuant to the eleventh, twelfth, fifteenth and sixteenth resolutions will be charged against this limit,
   - to this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving access to the Company's share capital,

- the nominal amount of the debt securities of the Company that can be issued under this delegation shall not be greater than €50,000,000, specified that the nominal amount of the capital increases that could be made pursuant to the eleventh, twelfth and sixteenth resolutions would be charged against this limit;

4) should the Board of Directors make use of this delegation of authority as part of the issues mentioned in 1) above:

a/ resolves that the issue or issues of ordinary shares and/or marketable securities giving access to the share capital will be preferentially reserved for the shareholders who can subscribe on an irreducible basis,

b/ resolves that if the irreducible subscriptions, and any reducible subscriptions, do not absorb the entire issue mentioned in 1), the Board of Directors may take the following steps:

- limit the amount of the issue to the amount of subscriptions, as necessary, within the limits specified by regulation,
- freely distribute all or part of the unsubscribed shares,
- offer all or part of the unsubscribe shares to the public;

5) resolves that the Board of Directors will have, within the limits defined above, the necessary powers to set the conditions for the issue or issues, determine the issue price, and record the completion of any resulting capital increases, make the corresponding changes to the Articles of Association, charge, at its sole initiative, the costs of the capital increases against the amount of related premiums and withhold from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters;

6) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Eleventh resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving access, as applicable, to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company) with waiver of shareholders' pre-emptive subscription rights in a public offer

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors and in compliance with the provisions of the French Commercial Code, and, in particular its articles L.225-129-2, L.225-136, L.225-148 and L.228-92:

1) delegates to the Board of Directors the authority to issue, at one or more times, in the proportions and at the times it deems appropriate, in France or abroad, in a public offer, in euros, foreign currencies or in any other accounting unit established in reference to a basket of currencies:

- ordinary shares,
- and/or ordinary shares giving the right to the allocation of other ordinary shares or debt securities,
- and/or marketable securities giving access to ordinary shares to be issued by the Company,

these securities may be issued as compensation for the securities that would be contributed to the Company in a public exchange offer on shares meeting the conditions set by article L.225–148 of the French Commercial Code.

in compliance with article L.228-93 of the French Commercial Code, the marketable securities to be issued will be able to give assess to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it owns directly or indirectly more than half of the capital;

2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;

3) the overall nominal amount of the ordinary shares that could be issued by virtue of this delegation cannot be greater than €5,000,000.

   To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving access to the Company's capital;

   This amount will be charged against the capital increase ceiling provided in the tenth resolution.

   The nominal amount of debt securities that the Company can issue under this delegation cannot exceed €50,000,000,

   This amount will be charged against the nominal ceiling for debt securities specified in the tenth resolution;

4) resolves to remove the shareholders' pre-emptive subscription right to ordinary shares and marketable securities giving access to the capital and/or debt securities subject to this resolution, allowing the Board of Directors the option to give the shareholders a priority right, as allowed by law;

5) resolves that the amount payable or due to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of an issue of share subscription warrants, the subscription price of the said warrants, would be equal at least to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation of authority;

6) resolves that, in the case of the issue of securities to remunerate securities contributed in the case of a public exchange offer, the Board of Directors will have, in the conditions set in article L.225-148 of the French Commercial Code and within the limits set above, the necessary powers to approve the list of securities contributed in the exchange, set the conditions of issue and the exchange parity as well as the amount of any cash balance to pay, and to determine the methods of the issue;

7) resolves that if the subscriptions do not absorb the entire issue mentioned in 1), the Board of Directors may take the following steps:

   - limit the amount of the issue to the amount of the subscriptions, as necessary, within the limits specified by regulation,
   - freely distribute all or part of the unsubscribed shares;

8) resolves that the Board of Directors would have, within the limits defined above, the necessary powers to set the conditions for the issue or issues, record completion of the resulting capital increases, make the corresponding changes to the Articles of Association, charge, at its sole initiative, the costs of the capital increases against the amount of related premiums and withhold from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters;

9) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Twelfth resolution – Delegation of authority to the Board of Directors to issue ordinary shares granting, where applicable, access to ordinary shares or the allocation of debt securities and/or securities (of the Company or a Group company), and/or marketable securities giving access to ordinary shares to be issued (by the Company or a Group company), with waiver by the shareholders of their pre-emptive subscription rights, by an offer as referred-to in part II of article L.411-2 -of the French Monetary and Financial Code

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors and in compliance with the provisions of the French Commercial Code, and, in particular its articles L.225-129-2, L.225-136 and L.228-92:

1) delegates to the Board of Directors the authority to issue, at one or more times, in the proportions and at the times it deems appropriate, in France or abroad, in an offer such as the one mentioned in part II of article L.411-2 of the French Monetary and Financial Code, in euros, foreign currencies or in any other unit of account established in reference to a basket of currencies:
   - ordinary shares,
   - and/or ordinary shares giving the right to the allocation of other ordinary shares or debt securities,
   - and/or marketable securities giving access to ordinary shares issued by the Company;

   In compliance with article L.228-93 of the French Commercial Code, the marketable securities to be issued will be able to give assess to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it owns directly or indirectly more than half of the capital;
2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
3) the overall nominal amount of the ordinary shares that could be issued under this delegation cannot be greater than €3,000,000, further specified that it will be more over limited to 20% of the share capital per year,

   To this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued to preserve, in accordance with the law and any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving access to the capital of the Company.

   This amount will be charged against the ceiling for capital increases provided in the tenth resolution.

   The nominal amount of debt securities that the Company can issue under this delegation cannot exceed €30,000,000.

   This amount will be charged against the nominal ceiling for debt securities provided in the tenth resolution;
4) resolves to remove the shareholders' pre-emptive subscription right to ordinary shares and marketable securities giving access to the share capital and/or debt securities subject to this resolution;
5) resolves that the amount payable or due to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of an issue of share subscription warrants, the subscription price of the said warrants, will be equal at least to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation of authority;
6) resolves that if the subscriptions do not absorb the entire issue mentioned in 1), the Board of Directors may take the following steps:
   - limit the amount of the issue to the amount of the subscriptions, as necessary, within the limits specified by regulation,
   - freely distribute all or part of the unsubscribed shares;
7) resolves that the Board of Directors will have, within the limits defined above, the necessary powers to set the conditions for the issue or issues, record completion of the resulting capital increases, make the corresponding changes to the Articles of Association, charge, at its sole initiative, the costs of the capital increases against the amount of related premiums and withhold from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters;
8) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Thirteenth resolution – Determining the methods for setting the subscription price where pre-emptive rights are removed, subject to the annual limit of 10% of the share capital

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors and in compliance with the provisions of article L.225-136-1, paragraph 2, of the French Commercial Code, authorises the Board of Directors, which decides to issue ordinary shares or marketable securities giving access to the share in application of the eleventh and twelfth resolutions, to derogate, limited to 10% of the share capital per year, from the conditions of price setting specified in accordance with the above-mentioned procedures and set the issue price of the equity-equivalent securities according to the following methods:

The issue price of the equity-equivalent securities to be issued immediately or in the future cannot be less than, at the choice of the Board of Directors, the lowest of the two following averages:

- the average of five consecutive listed prices of the share chosen from among the last 30 stock market trading sessions preceding the setting of the issue price, possibly less a maximum discount of 10%;
- the average of the prices of the share in the six months preceding the setting of the issue price, possibly less a maximum discount of 10%.

Fourteenth resolution – Authorisation to increase the amount of issues in the case of excess demands

The shareholders' meeting, having reviewed the report of the Board of Directors, resolves that, for each of the issues of ordinary shares or marketable securities giving access to the share capital determined in application of the tenth to twelfth resolutions, the number of shares to issue can be increased in the conditions specified in articles L.225-135-1 and R.225-118 of the French Commercial Code and subject to the limits set by the shareholders' meeting, when the Board of Directors records an excess demand.

Fifteenth resolution – Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or marketable securities giving access to the share capital limited to 10% of the capital as compensation for contributions in kind of shares or securities giving access to the capital

The shareholders' meeting, having reviewed the report of the Board of Directors and of the statutory auditors, in application of articles L.225-147 and L.228-92 of the French Commercial Code:

1) authorises the Board of Directors, following the report of the contributions auditor, to issue ordinary shares and/or marketable securities giving access to ordinary shares for use as compensation for contributions in kind transferred to the Company made up of equity securities or marketable securities giving access to the share capital of the Company when the provisions of article L.225-148 of the French Commercial Code are not applicable;
2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
3) resolves that the total number of ordinary shares that can be issued by virtue of this delegation cannot exceed 10% of the share capital on the day of this meeting, not taking into account the nominal value of the ordinary shares to issue to preserve, in compliance with the law and any contractual stipulation specifying other cases of adjustments, the rights of holders of marketable securities giving access to the share capital of the Company; The total nominal amount of the share capital increase resulting from the issues made under this delegation shall be charged against the capital increase ceiling set by the tenth resolution;
4) delegates full powers to the Board of Directors to approve the evaluation of the contributions, to decide upon the resulting capital increase, to record the completion, to charge all of the fees and duties occasioned by the capital increase against the contribution premium, to withhold against the contribution premium the amounts necessary to bring the legal reserve to one-tenth of the new capital after each capital increase and to proceed with the related modification of the Articles of Association, and to take any necessary steps to accomplish the foregoing;
5) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Sixteenth resolution – Delegation of powers to be given to the Board to increase the share capital through the issue, immediately or in future, of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing

The shareholders' meeting, ruling under the quorum and majority conditions for extraordinary shareholders' meetings, having taken note of the report of the Board of Directors and the report of the statutory auditors, in accordance with articles L.225-129 *et seq*. of the French Commercial Code, specifically articles L.225-129-2, L.25-129-4, L.225-135, L.225-138 and L.228-91 *et seq*. thereof:

1) delegates to the Board of Directors its powers to approve the issue, in one or more instalments, in the proportions and at the times it deems appropriate, in France or abroad, in euros, foreign currency or any other unit of account established in reference to a set of currencies, of ordinary shares or equity securities giving access to other equity securities or giving right to the allocation of debt securities and/or marketable securities (including all debt securities) giving access to equity securities issued;
2) decides that the marketable securities issued can consist of debt securities, can be associated with the issue of such securities or allow the issue thereof as intermediate securities;
3) decides to cancel the pre-emptive rights of ordinary shareholders to equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or any transferable securities issued in favour of the following category of persons: any credit institution, investment service provider, or member of an investment bank syndicate or investment fund or company undertaking to guarantee the completion of the capital increase or of any issue liable to result in a future capital increase that may be carried out pursuant to this delegation, as part of the creation of an equity line of financing;
4) duly notes that where necessary this delegation entails the waiver by shareholders of their pre-emptive rights to any shares to which these securities give access;
5) decides that the total number of share capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €3,000,000 or its exchange value in foreign currency to which ceiling will be added, as the case may be, the additional amount of shares issued to preserve the rights of security holders and other rights giving access to the share capital, in accordance with the law and any applicable contractual stipulations,

   This amount will be charged against the capital increase ceiling provided in the tenth resolution;
6) decides to set at €30,000,000 (or exchange value if the issue is in another currency) the maximum nominal amount of debt securities that can be issued under this delegation, given that said amount will be increased, as the case may be, by any redemption premium above par.

   This ceiling does not apply to debt securities referred to in articles L.228-40, L.228-36-A and L.228-92 paragraph 3 of the French Commercial Code whose issue is decided or authorised by the Board of Directors under the conditions set out in article L.228-40 of said Code or, in other cases, under the conditions determined by the Company in accordance with article L.228-36-A of said Code.

   This amount will be charged against the nominal ceiling for debt securities provided in the tenth resolution;
7) resolves that the issue price of the shares issued under this delegation will be determined by the Board of Directors and will be at least equal to the weighted average of the prices of the last three stock market trading sessions preceding its determination, and possibly less a maximum discount of 30%, taking into account where appropriate their date of entitlement to dividends; with the understanding that (i) in the event of the issue of marketable securities giving access to the share capital, the issue price of the shares that could result from their exercise, their conversion or their exchange is set, at the discretion of the Board of Directors, using a calculation formula defined by this latter and applicable following the issue of the said marketable securities (for example at the time they are exercised, converted or exchanged) in which case the above-mentioned maximum discount could be assessed, if the Board of Directors deems

necessary, on the date of application of the said formula (and not on the date of issue of the marketable security), and (ii) the issue price of the marketable securities giving access to the share capital, as the case may be, issued by virtue of this resolution, will be such that any amount received immediately by the Company, plus the amount that could be received in the exercise or conversion of the said marketable securities, for each share issued as the result of the issue of these marketable securities, is at least equal to the above-mentioned minimum amount;

8) specifies that the delegation thus conferred on the Board is valid for a period of eighteen months from this shareholders' meeting;
9) decides that the Board of Directors will have all powers, with the option of sub-delegation pursuant to the law, to implement, under the conditions set by law and the Articles of Association, this delegation in order specifically to:
   - decide the amount of share capital increase, the issue price (determined per the pricing conditions recorded above) and the amount of the premium that may, as applicable, be requested at issue,
   - set the dates, conditions and procedures of any issue as well as the form and features of the shares or marketable securities giving access to the share capital issued,
   - set the vesting date, which may be retroactive, of the shares or marketable securities giving access to the share capital issued and their method of payment,
   - set the list of beneficiaries in the aforementioned category of persons and the number of shares to be allocated to each of them,
   - at its sole initiative and when it deems appropriate, charge the costs, duties and fees incurred by the share capital increases carried out under the delegation mentioned in this resolution, against the amount of premiums related to these transactions and withdraw, from the amount of these premiums, the sums necessary to bring the legal reserve to one-tenth of the new share capital after each increase,
   - note the completion of each share capital increase and amend the Articles of Association accordingly,
   - in general enter into any agreement to ensure the success of the planned issues, take all measures and carry out all formalities required for the issue and listing of and trade in the securities issued under this delegation as well as the exercise of the rights attached thereto,
   - make any decision with a view to admitting the securities and marketable securities thus issued to any market on which the Company's shares are admitted for trading;
10) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Seventeenth resolution – Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to share capital without pre-emptive rights in favour of members of a company savings plan pursuant to articles L.3332-18 et seq. of the French Labour Code

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors, ruling in application of articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 *et seq*. of the French Labour Code:

1) delegates its powers to the Board of Directors, if the latter sees fit and at its sole discretion, to increase the share capital on one or more occasions, by issuing ordinary shares or transferable securities giving access to capital securities to be issued by the Company to members of one or more Company or Group savings plans set up by the Company and/or French or foreign companies related to it under the terms of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labour Code;
2) removes the shareholders' pre-emptive subscription rights for the shares which could be issued pursuant to this delegation;
3) sets the period of validity of this authorisation at 26 months starting from the date of this meeting;
4) limits the maximum nominal amount of share capital increases that may be made by using this delegation to 1% of the amount of share capital reached upon the Board's decision to effectuate this increase. This amount is independent of any other limit set on delegating a capital increase. To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities;
5) decides that the price of the shares to be issued, pursuant to paragraph 1/ of this delegation of powers, shall not be more than 20% lower – or 30% lower if the lock-in period prescribed by the plan pursuant to articles L.3332-25 and L.3332-26 of the French Labour Code is greater than or equal to ten years – than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issue of shares, nor shall that price be higher than this average;
6) decides, pursuant to the provisions of article L.3332-21 of the French Labour Code, that the Board of Directors may resolve to allocate free of charge, to the beneficiaries defined in the first paragraph above, shares to be issued or already issued, or other securities giving access to the Company's share capital to be issued or already issued, for (i) the bonus payment that may be made under Company or Group savings plan rules, and/or (ii), where applicable, the discount;
7) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

The Board of Directors may or may not implement this delegation, take all measures and carry out all necessary formalities.

Ordinary resolutions

Eighteenth resolution – Powers for formalities

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, grants all powers to the bearer of an example, a copy or an extract of these minutes in order to accomplish all filing and publicity formalities required by law.

6.3 REPORTS OF THE STATUTORY AUDITORS PRESENTED TO THE SHAREHOLDERS' MEETING

Statutory auditors' special report on regulated agreements and commitments

See Section 2.5.2. of the Registration Document.

Statutory auditors' report on capital reduction

(Shareholders' meeting of 7 June 2019 – 8th resolution)

To the Shareholders,

As statutory auditors of your Company and pursuant to the assignment set forth in article L.225-209 of the French Commercial Code in the case of capital reduction through the cancellation of shares purchased, we have drawn up this report intended to inform you of our assessment of the causes and conditions of the proposed capital reduction.

Your Board of Directors proposes that you delegate to it, for a period of 24 months from the date of this meeting, all powers to cancel, within the limit of 10% of its capital, per 24-month period, the shares purchased pursuant to the implementation of a purchase authorisation by your Company for its own shares within the framework of the provisions of the aforementioned article.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures require us to examine whether the causes and conditions of the proposed capital reduction, of a nature not to impair the equality of shareholders, are regular.

We have no matters to report on the causes and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris, 17 April 2019

The statutory auditors

PricewaterhouseCoopers Audit	**RSM Paris**
David CLAIROTTE	Stéphane MARIE

6

Report of the statutory auditors on the issue of shares and various marketable securities with maintenance and/or waiver of pre-emptive subscription rights.

(Extraordinary shareholders' meeting of 7 June 2019 – Resolutions No. 10 to 15)

To the Shareholders,

As statutory auditors of your Company, and in execution of the mission specified by articles L.228-92 and L.225-135 *et seq*. of the French Commercial Code, we hereby present our report on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or marketable securities, transactions that you are asked to approve.

Your Board of Directors proposes, based on its report:

- that you delegate to it the authority to decide on the following transactions and set the final conditions of these issues and proposes, where applicable, to eliminate your pre-emptive subscription rights, for a duration of 26 months:
  - the issue, on one or more occasions, with maintenance of pre-emptive subscription rights (10th resolution), of ordinary shares and/or ordinary shares giving rights to the allocation of other ordinary shares or debt securities, and/or of marketable securities giving access to future ordinary shares to be issued by the Company, it being specified that, in compliance with article L.228-93, sub-paragraph 1, of the French Commercial Code, the marketable securities to be issued could give access to ordinary shares to be issued by any company that owns directly or indirectly more than half of its share capital or in which it owns directly or indirectly more than half of the share capital,
  - the issue, on the French or international markets, on one or more occasions, by public offering (11th resolution), of ordinary shares and/or ordinary shares giving rights to the allocation of other ordinary shares or debt securities, and/or of marketable securities giving access to future ordinary shares to be issued by the Company, it being specified that, in compliance with article L.228-93, sub-paragraph 1, of the French Commercial Code, the marketable securities to be issued could give access to ordinary shares to be issued by any company that owns directly or indirectly more than half of its share capital or in which it owns directly or indirectly more than half of the share capital,
  - the issue, on the French and/or international markets, on one or more occasions, with waiver of pre-emptive subscription rights, in an offering such as that mentioned in part II of article L.411-2 of the French Monetary and Financial Code, by private placement and limited to 20% of the share capital per year (12th resolution), of ordinary shares and/or ordinary shares giving rights to the allocation of other ordinary shares or debt securities, and/or of marketable securities giving access to future ordinary shares to be issued by the Company, it being specified that, in compliance with article L.228-93, sub-paragraph 1, of the French Commercial Code, the marketable securities to be issued could give access to ordinary shares to be issued by any company that owns directly or indirectly more than half of the share capital or in which it owns directly or indirectly more than half of the share capital;
- to authorise it, in the 13th resolution and as part of the implementation of the delegation outlined in the 11th and 12th resolutions, to set the issue price, within the legal limit of 10% of the share capital;
- to delegate to it, for a duration of 26 months, (15th resolution), the powers necessary to carry out the issue of ordinary shares of the Company or of marketable securities giving access to ordinary shares of the Company, as remuneration for contributions in kind granted to the Company and made up of equity securities or marketable securities giving access to the capital when the provisions of article L.225-148 of the French Commercial Code are not applicable, within the limit of 10% of the capital.

The overall nominal amount of the capital increases that can be carried out, immediately or in the future, may not exceed €5,000,000 for each of the 10th and 11th resolutions, and €3,000,000 for the 12th resolution.

In addition, these ceilings will be deducted from the overall limitation on the amount of capital increases that can be made by virtue of the 10th resolution, which sets at €5,000,000 the maximum overall nominal amount of capital increases that can be made by virtue of the 10th, 11th, 12th, 15th and 16th resolutions (*capital increase by the issue of ordinary shares, equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or other marketable securities giving access to future equity securities to be issued with waiver of pre-emptive subscription rights*).

The overall nominal amount of the debt securities that may be issued may not exceed €50,000,000 for the 10th and 11th resolutions, and €30,000,000 for the 12th resolution.

In addition, these ceilings will be applied against the overall limit specified in the 10th resolution, which sets at €50,000,000 maximum overall nominal amount of debt securities on the Company that can be issued by virtue of the 10th, 11th, 12th and 16th resolutions (*capital increase by the issue of ordinary shares, equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or other marketable securities giving access to future equity securities to be issued with waiver of pre-emptive subscription rights*).

The number of shares issued for each of the issues decided under the delegations of authority granted by virtue of the 10th, 11th and 12th resolutions could be increased under the conditions specified in article L.225-135-1 of the French Commercial Code, if you adopt the 14th resolution.

It is the responsibility of the Board of Directors to prepare a report in compliance with articles R.225-113 *et seq*. of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive the preferential subscription rights and on certain other information concerning these transactions, set out in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the contents of the report of the Board of Directors on these transactions and the process for setting the issue price of the future equity securities.

Subject to the review of the conditions of the issues that will be decided upon, we have no comment to make on the procedures for determining the issue price of the future equity securities given in the report of the Board of Directors in respect of the 11th, 12th and 13th resolutions.

In addition, as this report does not specify the procedures for determining the issue price of the future equity securities pursuant to the implementation of the 10th and 15th resolutions, we cannot express an opinion on the choice of the elements used in calculating this issue price.

As the final conditions in which the issues will be carried out have not been set, we do not express an opinion on them, and consequently, on the proposal to eliminate the pre-emptive subscription rights that is made in the 11th and 12th resolutions.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report, as necessary, when your Board of Directors uses these delegations to issue marketable securities that are equity securities giving access to other equity securities or giving the right to the allocation of debt securities, in the case of the issue of marketable securities giving access to future equity securities and in the case of the issue of ordinary shares with waiver of pre-emptive subscription rights.

Neuilly-sur-Seine and Paris, 17 April 2019

The statutory auditors

PricewaterhouseCoopers Audit	RSM Paris
David CLAIROTTE	Stéphane MARIE

6

Report of the statutory auditors on the issue of ordinary shares and/or various marketable securities with waiver of pre-emptive subscription rights

(Extraordinary shareholders' meeting of 7 June 2019 – 16th resolution)

To the Shareholders,

In our capacity as the statutory auditors of your Company and pursuant to the assignment set out in articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we present to you our report on the proposed delegation of authority to the Board of Directors to decide on an issue with cancellation of preferential subscription rights reserved for any credit institution, investment service provider, or member of an investment bank syndicate or investment fund undertaking to guarantee the completion of the share capital increase or of any issue liable to result in a future capital increase that may be carried out pursuant to this delegation, as part of the creation of an equity line of financing, on which you are called to make a decision.

Your Board of Directors proposes, on the basis of its report, that, for a period of 18 months, you delegate to it the authority to decide on an issue of ordinary shares of the Company or equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or marketable securities (including all debt securities) giving access to future equity securities and to eliminate your pre-emptive subscription rights to the future marketable securities. When appropriate, it will set the final terms and conditions of this transaction.

The maximum overall nominal amount of the share capital increases likely to be carried out, immediately or in the future, may not exceed €3,000,000.

In addition, this ceiling will be deducted from the overall nominal limit of capital increases specified in the 10th resolution, which sets at €5,000,000 the maximum overall nominal amount of capital increases that can be carried out by virtue of the 10th resolution (issue of ordinary shares of the Company or ordinary shares giving the right to the allocation of other ordinary shares or of debt securities and/or marketable securities giving access to future ordinary shares to be issued by the Company, with maintenance of pre-emptive subscription rights), 11th resolution (issue of ordinary shares of the Company or ordinary shares giving rights to the allocation of other ordinary shares or of debt securities and/or marketable securities giving access to future ordinary shares to be issued by the Company, by public offering), 12thresolution (issue of ordinary shares of the Company or ordinary shares giving rights to the allocation of other ordinary shares or of debt securities and/or marketable securities giving access to future ordinary shares to be issued by the Company, with waiver of the pre-emptive subscription rights, by an offering of the type mentioned in part II of article L.411-2 of the French Monetary and Financial Code), 15th resolution (issue of ordinary shares or marketable securities giving access to ordinary shares as remuneration for contributions in kind), and 16th resolutions.

The overall nominal amount of debt securities that may be issued may not exceed €30,000,000.

In addition, this ceiling will be deducted from the overall limit specified in the 10th resolution, which sets at €50,000,000 the maximum overall nominal amount of debt securities on the Company that can be issued pursuant to the 10th, 11th, 12th and 16th resolutions.

It is the responsibility of the Board of Directors to prepare a report in compliance with articles L.225-113 *et seq.* of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive the preferential subscription rights and on certain other information concerning this transaction, set out in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the contents of the report from the Board of Directors on this transaction and the process for setting the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any share capital increase that may be decided upon, we have no comments to make on the process for setting the issue price of the future securities, set out in the report of the Board of Directors.

As indicated in the report of the Board of Directors, the waiver of pre-emptive subscription rights would be made in favour of any credit institution, investment service provider, or member of an investment bank syndicate or investment fund or company undertaking to guarantee the completion of the share capital increase or any issue liable to result in a future capital increase that may be carried out under this delegation as part of the creation of an equity line of financing. This description does not seem, to us, to meet the provisions of article L.225-138 of the French Commercial Code specifying the possibility of reserving the capital increase for categories of persons meeting determined characteristics, to the extent that the shareholders' meeting does not define with adequate precision the criteria for identifying the category of the beneficiaries of the issue envisioned.

Consequently, we cannot give you our opinion on the proposal made to you to eliminate the pre-emptive subscription rights.

Pursuant to article R.225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Paris, 17 April 2019
The statutory auditors

PricewaterhouseCoopers Audit	**RSM Paris**
David CLAIROTTE	Stéphane MARIE

Report of the statutory auditors on the issue of ordinary shares and/or marketable securities giving access to the capital reserved for subscribers to a company savings plan

(Shareholders' meeting of 7 June 2019 – 17th resolution)

To the Shareholders,

As statutory auditors of your Company and pursuant to the assignment set forth in articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to your Board of Directors to decide an increase in the share capital, through issues of shares or securities granting access to the share capital, with cancellation of preferential subscription rights, reserved for subscribers to one or more company savings plans implemented within the Group, comprising the Company and the French and foreign companies falling within the consolidation scope of the Company's financial statements pursuant to article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labour Code (*Code du travail*), a transaction that you are being asked to approve.

The maximum nominal amount of the share capital increase likely to result from this issue is set at 1% of the amount of the share capital reached upon the Board's decision to carry out this increase.

This share capital increase is subject to your approval pursuant to the provisions of article L.225-129-6 of the French Commercial Code and articles L.3332-18 *et seq.* of the French Labour Code.

Based on its report, your Board of Directors is asking that you grant it full powers, for a period of twenty-six months commencing from the date of this shareholders' meeting, to decide an issue with cancellation of your preferential subscription rights to the transferable securities to be issued. When appropriate, it will set the final terms and conditions of these issues.

It is the responsibility of the Board of Directors to prepare a report in compliance with articles R.225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified financial information drawn from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning this issue, contained in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the contents of the report from the Board of Directors on this transaction and the process for setting the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues of shares or securities granting access to the share capital that may be decided upon, we have no comments to make on the process for setting the issue price of the future securities, set out in the report of the Board of Directors.

As the definitive terms and conditions of the share capital increase have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide.

Pursuant to article R.225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Paris, 17 April 2019

The statutory auditors

PricewaterhouseCoopers Audit	**RSM Paris**
David CLAIROTTE	Stéphane MARIE

6.4 REPORTS BY THE BOARD OF DIRECTORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 7 JUNE 2019

Management report

See concordance table in Section 7.3.3 of the Registration Document

Board of Directors' corporate governance report prepared in accordance with article L.225-37 et seq. of the French Commercial Code

See concordance table in Section 7.3.4 of the Registration Document.

Report of the Board of Directors' of PRODWAYS GROUP to the shareholders' meeting of GROUPE GORGÉ, in accordance with article L.225-197-5 of the French Commercial Code

Dear Shareholders,

Pursuant to article L.225-197-4 of the French Commercial Code, we are providing you with information on the bonus share allocations made to employees and executives of PRODWAYS GROUP during the financial year ended 31 December 2019.

Pursuant to article L.225-197-5 of the French Commercial Code, this report will also be presented to the ordinary shareholders' meeting of GROUPE GORGÉ, as the controlling company of PRODWAYS GROUP.

The extraordinary shareholders' meeting of PRODWAYS GROUP held on 13 June 2018 authorized, in its 21st resolution, the Board of Directors to proceed, on one or more occasions, in accordance with articles L.225-197-1 and L.225-197-2 of the French Commercial Code, with the allocation of free Company shares, either existing or to be issued, amounting to 5% of the company's share capital, for the benefit of:

salaried employees of the Company or companies that are directly or indirectly related to it within the meaning of article L.225-197-2 of the French Commercial Code;

and/or corporate officers meeting the conditions laid down in article L.225-197-1 of the French Commercial Code.

As a consequence of this authorization, the Board of Directors of PRODWAYS GROUP has established free share allocation plans. In accordance with the law, you will find information below about these free allocations of PRODWAYS GROUP shares decided by the Board of Directors.

The Board of Directors' meeting of 31 January 2019 recorded two free share plans:

one free share plan to benefit all employees of PRODWAYS GROUP and subsidiaries based in France (the collective plan); and

one free performance share plan for certain employees and Executive corporate officers of PRODWAYS GROUP and its French and foreign subsidiaries (the selective plan).

1) Free shares allocated under the collective plan

The collective free share plan approved by the Board of Directors on 31 January 2019 for the purpose of involving employees in the Group's performance and value creation, provides for the allocation of 19,800 free shares for all employees of PRODWAYS GROUP and its French subsidiaries that are more than 50% owned. These shares were allocated uniformly among the 396 employees of the Company and its French subsidiaries, at the rate of 50 shares per employee.

The plan is set out in greater detail in the table below:

Number of shares allocated	Vesting period / Duration of lock-up period	Total number of beneficiaries	Allocation conditions and criteria	Source of shares to be allocated	Value of shares
19.800	31 January 2019 – 1 February 2021 No lock-up period	396	- No Group performance conditions - Attendance requirement as at 1 February 2021	New reserved shares	Based on the closing price of the share at 31 January 2019 (*i.e.* €3.17): 62,766€

2) Free performance shares allocated under the selective plan

The selective free performance share plan approved by the Board of Directors on 31 January 2019, with the aim of retaining key employees and involving them in the Group's performance and value creation, provides for a free allocation of 783,000 performance shares for certain employees and Executive corporate officers of PRODWAYS GROUP and its French or foreign subsidiaries.

The plan is set out in greater detail in the table below:

Total number of shares allocated	Vesting period / Duration of lock-up period	Total number of beneficiaries	Allocation conditions and criteria	Source of shares to be allocated	Value of shares
783,000	31 January 2019 – 1 February 2021, then 1 February 2022, and finally 1 February 2023 No lock-up period, except for Executive corporate officers	50	- Performance condition in reference to consolidated Group operating income for the 2019, 2020, and 2021 financial years or - Performance condition relating to the Company stock price at 31 December for the 2019, 2020, and 2021 years and - Attendance requirement at each interim vesting period (1 February 2021, 1 February 2022, and 1 February 2023)	New reserved shares	Based on the closing price of the share at 31 January 2019 (€3.17): €2,482,110

3) Additional information pursuant to article L.225-197-4 of the French Commercial Code

The tables below are compliant with the requirements of article L.225-197-4 of the French Commercial Code:

a) Free shares allocated, on this date in 2019, to the corporate officers of PRODWAYS GROUP, or by companies that are related to it within the meaning of article L.225-197-2 of the French Commercial Code

Corporate officers concerned	Number of shares	Value
Olivier STREBELLE (Chief Executive Officer)	135,000	Based on the share price at 31 January 2019 (closing price €3.17): 427,950€

b) Free shares allocated to the corporate officers of PRODWAYS GROUP, on this date in 2019, by the controlled companies within the meaning of article L.233-16 of the French Commercial Code, in respect of the offices and appointments held by said officers within said controlled companies

None

c) List of the 10 PRODWAYS GROUP SA employees, who are not corporate officers, to whom the largest number of shares has been allocated on this date in 2019 by PRODWAYS GROUP and by the companies referred to in article L.225-197-2 of the French Commercial Code

The Company has only five employees.

Employees	Number of shares allocated	Value (euros)
A	30,000 (selective plan) and 50 (collective plan)	Based on the share price at 31 January 2019 (closing price €3.17): €95,258.50
B	25,000 (selective plan) and 50 (collective plan)	Based on the share price at 31 January 2019 (closing price €3.17): €79,408.50
C	20,000 (selective plan) and 50 (collective plan)	Based on the share price at 31 January 2019 (closing price €3.17): €63,558.50
D	5,000 (selective plan) and 50 (collective plan)	Based on the share price at 31 January 2019 (closing price €3.17): €16,008.50
E	50 (collective plan)	Based on the share price at 31 January 2019 (closing price €3.17): €158.50

d) Distribution of shares among beneficiary categories

	Collective plan	Selective plan	Total	% of shares per beneficiary category
Officers	0	505,000	505,000	62.9%
Employees	19,800	278,000	297,800	37.1%
Total	19,800	783,000	802,800	100%

The Board of Directors of PRODWAYS GROUP

31 January 2019

7 ADDITIONAL INFORMATION

7.1 INFORMATION CONCERNING THE STATUTORY AUDITORS

Principal statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

Member of the Versailles Regional Association of statutory auditors

Represented by David CLAIROTTE

63, rue de Villiers – 92200 Neuilly-Sur-Seine

Statutory Auditor of the Company appointed by the combined shareholders' meeting of 17 June 2015 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

RSM Paris

Member of the Paris Regional Association of statutory auditors

Represented by Stéphane MARIE

26 rue Cambacérès – 75008 Paris

Statutory Auditor of the Company appointed by the combined shareholders' meeting of 13 June 2018 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment).

Alternate statutory auditors

Jean-Christophe GEORGHIOU

63, rue de Villiers – 92200 Neuilly-Sur-Seine Cedex

Alternate Statutory Auditor of the Company appointed by the combined shareholders' meeting of 17 June 2015 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

FIDINTER

26 rue Cambacérès – 75008 Paris Alternate Statutory Auditor of the Company appointed by the combined shareholders' meeting of 13 June 2018 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment).

7.2 PERSON RESPONSIBLE FOR THE INFORMATION

7.2.1 Person responsible for the Registration Document containing the annual financial report

Raphaël GORGÉ as Chairman and Chief Executive Officer of GROUPE GORGÉ SA.

7.2.2 Statement of the person responsible for the Registration Document

"After taking all reasonable measures for this purpose, I hereby certify that all the information contained in this Registration Document is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and earnings of the Company and of all the companies included in the scope of consolidation, and that the management report (incorporated by reference in the Registration Document, according to the cross-reference tables on pages 185 and 187) fairly presents the business trends, earnings and financial situation of the Company and of all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties they face.

I received a completion of work letter from the statutory auditors in which they state that they verified the information relating to the financial position and the financial statements included in this Registration Document which they read it in its entirety".

Paris, 17 April 2019

Chairman and Chief Executive Officer

7.3 CONCORDANCE TABLES

7.3.1 Registration Document concordance table (Appendix I of Commission Regulation (EC) No. 809/2004)

"This concordance table presents the main categories required by European Commission Regulation No. 809/2004 dated 29 April 2004 (the "Regulation") and refers readers to the relevant sections or chapters of this document, where they will find information relating to each of the categories."

No.	Entries in Appendix I of European Regulation No. 806/2004	Chapter/section	Page
1.	**Persons responsible**		
1.1	Information on persons responsible	7.2.1	180
1.2	Declaration of persons responsible	7.2.2	180
2.	**Statutory auditors**		
2.1	Name and address of the statutory auditors	7.1	180
2.2	Information on the resignation of the statutory auditors	N/A	-
3.	**Selected financial information**		
3.1	Historical financial information	1.1, 1.5.5	8, 34-35
3.2	Interim financial information	N/A	-
4.	**Risk factors**	1.6	35-38
5.	**Information about the issuer**		
5.1	History and development of the Company		
5.1.1	Legal and commercial name of the issuer	1.2.1, 4.1.1	9, 126
5.1.2	Place of registration and registration number of the issuer	4.1.1	126
5.1.3	Date of incorporation and term of the issuer	4.1.1	126
5.1.4	Head office, legal status and law governing Company business, country of origin, address and telephone number of the head office	4.1.1	126
5.1.5	Significant events in the development of the issuer's businesses	1.2.1, 1.2.2, 1.2.4	9, 10-22, 24-25
5.2	Investments		
5.2.1	Principal investments	1.3.3	27-28
5.2.2	Principal investments in progress	1.3.3	27-28
5.2.3	Issuer's principal future investments	1.3.3	27-28
6.	**Business overview**		
6.1	Principal activities		
6.1.1	Nature of operations carried out by the issuer and principal activities	1.2.2	10-22
6.1.2	New products and/or services	1.2.2, 1.2.4, 1.3.1	10-22, 24-25, 25-26
6.2	Principal markets	1.2.2	10-22
6.3	Exceptional events	1.2.4, Note 12.2 to the consolidated financial statements, 1.3.4	24-25, 102-103, 28
6.4	Dependence on patents, licences, contracts and manufacturing processes	1.6.1	35-36
6.5	Basis for any statements regarding the competitive position	1.2.2	10-22
7.	**Organisational structure**		
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7.3.2 Concordance table – Annual financial report

This Registration Document includes all sections of the annual financial report listed under article L.451-1-2 of the French Monetary and Financial Code, as well as articles 222-3 and 222-9 of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) General Regulations. The documents referred to in article 222-3 of the aforementioned regulations and the corresponding sections of this Registration Document are specified below:

	Annual financial report	Chapter/section	Page
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7.3.3 Concordance table – Consolidated management report pursuant to articles L.225-100 et seq. of the French Commercial Code

This Registration Document includes the elements of the management report mentioned in articles L.225-100 *et seq.* and L.232-1 of the French Commercial Code, as well as the report on corporate governance in application of articles L.225-37 *et seq.* of the French Commercial Code.

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7.3.4 Concordance table – Corporate governance report pursuant to article L.225-37 of the French Commercial Code

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This document is printed in compliance with ISO 14001.2004 for an environmental management system.

Designed & published by LABRADOR +33 (0)1 53 06 30 80

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